



Linked UNSW Policy	Property, Plant & Equipment
Responsible Officer	Director, Corporate Finance & Advisory Services
Contact Officer	Senior Manager, Capital Asset Management & Reporting, Corporate Finance & Advisory Services
Review	Every year
Effective Date	1 January 2015

Objective

This procedure outlines the process to record and account for Property, Plant & Equipment (PPE) transactions, determined in accordance with UNSW policies and accounting policies, at a business unit (i.e. Faculties, Schools and Divisions) level in NS Financials.

2. Basis of Accrual

2.1 Capitalisation methodology: Fixed assets (other than Rare books and Library holdings) costing \$5,000 or more, are capitalised and can be tracked through the Assets tracking report. Furniture is not capitalised but expensed to Account 5600 (Other Exp – Equip Furniture).

Assets costing less than \$5,000 coded to the relevant asset profiles can also be tagged, and captured in the tracking report. Please refer to the Assets Help sheet for further information on asset definitions and asset profiles.

2.2 Classes of PPE: The University's assets are categorised as follow:

- Land
- Capital work-in-progress
- Campus Buildings
- Off-Campus Properties
- Leasehold improvements
- Works of Art
- Computer equipment
- Motor vehicles
- Other plant and equipment
- Library holdings
- Rare books

2.3 Costing: Assets are recorded in the NS Financials Assets module (AMS) at their cost or fair value in line with the policy on Property, Plant & Equipment. The depreciation expenses are charged monthly, to the various depreciation expense accounts through the AMS, as well as through manual journals where required.

3. Accounting Procedure

3.1 Accounts Payable (A/P)

To purchase assets, Schools/ Faculties raise Purchase Orders (PO). On receiving the asset, the PO is updated to reflect the 'goods received' status. Once the PO has been receipted, AP automatically receive a notification that the invoice is to be paid. (The payment can be made only if the PO has been receipted. In the case of prepayments (e.g. milestone payments), the buyer will raise the PO in account 5411 - Asset prepayment account).

In the case of prepayments, the buyer will split the PO into multiple lines where each PO line indicates a milestone payment. Once the milestone is due for payment, the buyer will “receipt” the PO line accordingly and on receipt of this notification, AP will pay the relevant invoice.

3.2 Asset Management System (AMS)

The A/P - AMS interface captures asset information based on the PO details. Details of receipted POs and paid invoices appear on the Pre-AM load table which the Assets Administrator runs each week. On review of these transactions on the Pre-AM load table by the Asset Management Unit, the goods that have been fully receipted / commissioned will be uploaded onto AMS. The new assets created in AMS are interfaced into the GL each weekend.

Asset prepayments are also tracked using the Pre-AM load table. The Assets Administrator will only upload these assets to be interfaced to the GL once the related POs have been fully receipted. When an asset has been 100% prepaid and the goods have been received and commissioned, the buyer will assign an asset tag number when receipting the final line of the PO. This informs the Assets Administrator that the assets has been commissioned and can be capitalised in AMS. For assets with a value of > \$100k, the Assets Administrator will also confirm with the relevant faculty finance manager that the assets in question have been commissioned.

All additions or deletions to AMS are made by the Assets Management Unit staff only.

All capitalised assets are categorised in one of the following classes:

Classes of PPE	Profile ID in the AMS	Accounts used in PeopleSoft	
		For acquisition	For capitalisation
Land	LAND	5001 (Equip Land)	2100 (Land)
Buildings	BUILDINGS	5100 (Buildings)	2202 (Buildings at Cost)
Capital Work –in-progress (Buildings under Construction)	WIP_BUILD	<ul style="list-style-type: none"> • 5614 Equip Misc Chargeable Works • 5619 Capital Project Authority Fees • 5623 Capital Projects Consultants Operating expenditure=> 5616 Equip Contactors No P/Tax	2203 (Buildings Work In Progress)
Student Accommodation	BLDG_SA&RP	5103 Student Accom & Residential	2030 (Property - Domestic)
Leasehold Improvements	TBA	<ul style="list-style-type: none"> • 5614 (Equip Misc Chargeable Works) • 5619 (Capital Project Authority Fees) • 5623 (Capital Projects Consultants) Operating expenditure=> 5616 (Equip Contactors No P/Tax)	2220 (Leasehold Improvements)

Computer Equipment	COMP_CAP COM_NETWORK	5200 (Computer Equipment >\$5,000)	2300 (Computer Equipment & Peripheral)
Motor Vehicles	MOTOR	5300 (Motor Vehicles)	2400 (Motor Vehicles)
Other Plant & Equipment	EQ_CAP10YR (Other Plant and Equipment other than Office Equipment)& EQ_CAP5YR (Office Equipment)	5630 (Plant & Equipment >\$5,000)	2705 (Other Plant and Equipment)
Works of Art	ARTWORK	5400 (Works of Art)	2500(Works of Art)
Rare Books	LIB_RARE	5505 (Rare books)	2605 (Rare books)
Library Holdings	LBOTH	5512 (UNSW Research Collection) 5520 (Library E-Research Books)	2600 (Library holdings)

3.3 Asset acquisition process flow

(a) All classes of PPE (Other than Library holdings and Capital/ Construction projects)

	Area responsibility	Timing/ Response based on	Action	Capitalisation in AMS
1	Schools/ Faculties	Request for asset purchase through 'Purchase Requisition' form.	Raise PO* and submit to the vendor	Account codes: As per table above Entry generated by AMS: Dr. Asset capitalisation accounts Cr. Expense (Acquisition) accounts
2	Schools/ Faculties	On receipt of asset	Tag^ the asset and receipt the PO.	Timing of capitalisation in AMS: Transaction date (i.e. date of receipt of asset)
3	A/P	As the invoices fall due, irrespective of whether the goods have been received or not.	Payment of invoices	Value: Cost of acquisition (as per PPE policy)
4	Assets Unit within Corporate Finance (AM unit)	Monthly- completed 1 wk prior to monthly closing	Review the A/P - AMS interface, and 'Prepayment A/c 3338' to ensure all capitalisable assets are capitalised on receipt.	

* Assets Purchase Orders (PO error alert): All assets purchases should be coded to the relevant asset categories in accordance with the Assets help sheet. The buyer is sent email alerts on a daily basis to highlight any assets orders raised incorrectly. The buyer can correct the PO through links provided in the email alert. Further details of the Assets help sheet and the PO error alert can be found at:

www.fin.unsw.edu.au/sites/default/files/forms/asset_help_sheet_0.pdf

^ Tagging will enable faster tracking of the assets. Please contact the assets unit for tags. For further information on tracking and stocktaking please refer to the procedure on Stocktake.

(b) Assets acquired at no cost or for a nominal consideration (e.g. Donations)

	Area responsible	Timing/ Response based on	Action	Capitalisation in AMS
1	Schools/ Faculties (School Managers & Finance Managers)	On receipt of asset	<p>Tag the asset and submit to Finance via email the asset tracking report for your Faculty, which contains:</p> <ul style="list-style-type: none"> • PO Data: Business Unit, PO number if any, description and chart-field • Asset information: Tag number, serial number, location, custodian department and custodian <p>[Please submit a consolidated tracking report with comments (updates) for your Faculty/ Division to the Assets Unit.] The Assets Unit will get in touch to request any further information required to record the asset in the register. No further forms, authorisations or signs off are required.</p> <p>Buyer/PO Creator can run the tracking report periodically as appropriate.</p> <p>Buyer can follow up any discrepancies with the Central Buying team or Accounts Payable as relevant.</p>	<p>Account codes: As per table above.</p> <p>Entry generated by AMS:</p> <p>Dr. Asset capitalisation accounts Cr. Expense (Acquisition) accounts</p> <p>Also the credit to expense accounts is transferred to A/c 0931 (Other-Miscellaneous Income) by AM unit.</p> <p>Timing of capitalisation: Transaction date (i.e. date of receipt of asset) Value: Fair value which are supported by written valuations from an independent or third party</p>
2	Assets Unit within Financial Control (AM unit)	Monthly- completed one week prior to monthly closing	Update the AMS based on the tracking reports received to ensure all capitalisable assets are capitalised on receipt.	

(c) Assets acquired under Grant, which are not owned by UNSW

(i.e. Equipment valued over \$5,000 purchased under external grant monies that are to be returned to the Grantor at the completion of the project)

	Area responsible	Timing/ Response based on	Action	Capitalisation in AMS :
1	Schools/ Faculties	On receipt of asset	Raise PO and submit to the vendor Expense the cost incurred	Account codes: Expensed to Account 5638 -Equipment not owned by the UNSW (not subject to stocktaking requirements) Entry generated by AMS: Dr. A/c 5638- Equipment not owned by the UNSW Cr. A/P Timing of capitalisation: Transaction date (i.e. date of receipt of asset) Value: Fair value which are supported by written valuations from an independent or third party

(d) Capital/ Construction projects

Refer to procedure on 'Accounting for Capital Projects' for more information.

(e) Leased assets

Refer to procedure on 'Leasing Arrangements' for more information.

3.4 Retirements, Disposals & Transfers (i.e. sale, donation, trade-in, transfer of ownership from UNSW to another entity, or write-off)

3.4.1 Write-offs or Retirements:

The Asset Custodian and/or School Manager are required to submit the asset write off or retirement details to the Faculty Finance Manager via the asset tracking report template.

The Finance Manager will consolidate all the responses and email both a PDF version as well as the excel template of the asset tracking report with comments about the proposed disposal to the Assets Administrator to obtain approval in accordance with the NSW Register of Delegations and to update the register. The email should be sent to the Assets Unit and the School Managers and requestors should be copied on the correspondence.

The asset tracking report requires the School/Department to identify one of the following reasons for recommending the write-off:

- a. Beyond Economic Repair (B) e.g. damaged, broken
- b. Obsolete (O)
- c. Surplus to Requirements (S)
- d. Theft (T) – Incident Report is to be submitted

The Assets Administrator will consolidate all disposal requests and email the disposal worksheet (standard email template) to the Senior Manager, Capital Assets Management and Reporting and/or Director Finance (as per the Register of Delegations) for approval.

Where a large number of fully depreciated assets are required to be disposed, the Assets Administrator will use the mass retirement or spreadsheet upload functionality in PeopleSoft to take the assets off the Asset register.

After approval and actioning of the disposals, the Assets Unit will provide asset disposal reports and transfer reports to the Finance Managers as part of the routine management reporting, to confirm the disposals.

3.4.2 Sale, Donation or Trade-in:

The Asset Manager and School Manager are required to submit the information regarding the trade-ins, donations and sales, to the Faculty Finance Manager via the asset tracking template.

The Finance Manager will consolidate all the responses and email the excel template of the asset tracking report with comments about the proposed disposal to the Assets Administrator to obtain approval in accordance with the NSW Register of Delegations and to update the register. The email should be sent to the Assets Unit and the School Managers and requestors should be copied on the correspondence.

The approval process is the same as detailed in Sec.3.4.1.

3.4.3 Asset Relocation:

The Asset Custodian and/or School Manager are required to submit the asset transfer details to the Faculty Finance Manager via the asset tracking report template.

The Faculty is required to identify one of the following reasons for the transfer of the asset:

a. Loan (L) – for long term loans of assets to other units, staff or student within the University (i.e. period exceeding six months). The staff or student ID is recorded and entered as the new custodian in the AMS.

b. Transfer (T) – for transfers between Schools or Departments.

Short term loans of assets to other units, staff or student within the University (for period of 6 months or less) should be recorded on a register held at School/Department level, with the following information:

- School /Department name
- Location
- Asset ID
- Tag Number
- Description of asset
- Borrower's ID (Department & Staff or student ID)
- New location
- Date of Loan
- Date of Return

(No transfers or adjustments are made to the assets register based on verbal advice.)

Any asset transfer between Faculties and Divisions require approval from relevant Finance Managers.

3.4.4 Gain/ Loss on Disposal: (All classes of PPE):

The disposal of an asset in the AMS will generate the appropriate general ledger entries to clear the relevant assets' accounts, and record the net proceeds in Account 3242 (Debtors Asset disposal). The net gain/ loss on disposal is accounted for in the relevant gain/ loss accounts. During the month, the proceeds realised are credited to various 'Proceeds' accounts, through the A/R system. This necessitates a journal to set off the proceeds against the debtors' account, which is raised monthly by the Assets Management Unit. Refer to 'Chart of Accounts' in the Accounting Manual for details of relevant accounts codes.

3.5 Faculties/ Divisions: Asset Tracking

The business units can use the Asset Tracking report to manage their assets and plan capex expenditure for future periods. Any changes to the assets register can be communicated to the Assets unit through the tracking reports.

Query for asset tracking report: UNSW_AM_AGING_COST_NBV_3

Another report (F91_PO_DEPT_TRACKING_3) is available to track the status of all Purchase Orders especially the assets purchases.

3.6 Impairment

Refer to 'Impairment procedures' for details.

3.7 Depreciation

Refer to procedure on 'Accounting for depreciation expense' for details.

4. Operational aspects

4.1 Cost centres/ Business Units (i.e. Faculties, Schools and Divisions)

Costs relating to Computer and Other Plant and Equipment are charged to the relevant departments. Works of Art and Motor Vehicles are managed centrally by the Curator and Facilities Management (FM) respectively.

Library holdings and Rare books, (are mainly used by the students), and are managed centrally by the Library. As it is not possible to split the costs for these asset types among various departments, the related costs for these assets will continue to be charged centrally, to the department in charge of the asset.

Campus land and buildings have been historically recorded centrally. Construction costs relating to Buildings, Student accommodation and leasehold improvements (through capital projects), are managed by FM, and recorded centrally.

ENDS