

# Asset Management Procedure

## Section 1 - Context

(1) This procedure provides business rules to ensure compliance with accounting standards related to capitalisation and depreciation/amortisation of tangible and intangible assets used by the RMIT Group.

## Section 2 - Authority

(2) Authority for this document is established by the [Financial Management Policy](#).

## Section 3 - Scope

(3) This procedure applies to all assets owned or controlled by the RMIT Group, including library collections and works of art.

## Section 4 - Procedure

### RMIT Assets

(4) All assets purchased, constructed or loaned must be recorded in RMIT's accounting systems to enable RMIT to comply with relevant accounting standards. This includes all:

- a. tangible assets costing over \$5,000 (excluding GST)
- b. intangible assets costing over \$500,000 (excluding GST)
- c. assets leased by RMIT with a purchase price over \$5,000 (excluding GST) and a lease duration of 12 months or more
- d. library assets and works of art, regardless of value.

### Recognition of Assets

(5) The cost of an item of property, plant and equipment (PPE) will only be recognised as an asset if:

- a. it is probable that future economic benefits associated with the item will flow to the entity, and
- b. the cost of the item can be measured reliably.

(6) The initial cost of an asset should include:

- a. the purchase price, including import duties
- b. any directly attributed costs associated with bringing the asset to a position of use (e.g. installation or delivery fees)
- c. an initial estimate of costs of decommissioning the item, where RMIT is obligated to do so.

(7) Central Finance Operations is responsible for identifying assets requiring capitalisation. Organisational units may flag items, such as capital projects, for review.

## **Stocktake**

(8) A progressive three-year cyclical stocktake of PPE is undertaken to ensure operational areas maintain effective asset control.

(9) Central Finance Operations initiates the stocktake and provides fixed assets listings to operational areas.

(10) Operational areas are responsible for day-to-day stewardship of assets, including verifying their existence and condition during the stocktake and advising Central Finance Operations of any discrepancies.

## **Depreciation and Amortisation**

(11) Each PPE and leased asset must be depreciated, with the exception of land and artwork asset classes.

- a. PPE depreciation is calculated on a straight-line basis over the estimated useful life of the asset.
- b. Leased assets are depreciated based on the lease's term on a straight-line basis.

(12) An intangible asset is amortised on a straight-line basis over its estimated useful life from the date it is available for use.

- a. The useful life of an asset must be reviewed and confirmed for year-end reporting.
- b. The intangible assets must be assessed for indicators of impairment for each year-end.

## **Revaluation**

(13) An independent valuation to ensure that fair value is determined from market-based evidence must be undertaken at least:

- a. every three years, for all land and buildings
- b. every five years, for artwork.

## **Change of Location, Transfer and Loan**

(14) Operational areas must notify Central Finance Operations about any asset change of location, transfer to another area, loan to an outside institution or loan to an RMIT staff member.

(15) Loans to outside institutions and/or RMIT staff must have the prior approval of the relevant operational areas of RMIT. It is the borrower's responsibility to cover costs associated with removal and return, and to insure against losses.

## **Asset Maintenance and Disposal**

(16) All assets must be kept with due regard for safety and security and maintained in good working order.

- a. Maintenance, control and safety of assets remain the responsibility of the individual departments.
- b. All surpluses, unserviceable or obsolete assets should be notified to Central Finance Operations and disposed of without undue delay.
- c. Responsible areas of the leased assets must ensure that all leased assets meet the relevant occupational, health and safety requirements.

(17) RMIT must ensure the disposal of assets is correctly accounted for with an appropriate audit trail in place.

(18) In the event of early termination of lease or disposal of a leased asset, Central Finance Operations must be notified in a timely manner.

(19) Assets with a nil book value (fully depreciated) are reviewed annually. Any asset carried at nil book value for five years or more is written off unless the relevant operational area requests its retention and advises Central Finance Operations accordingly. This provision generally applies to the Equipment, Furniture and Fittings asset class and the Library Collection asset class.

## Responsibilities

(20) Organisational units are responsible for obtaining appropriate approval for capital expenditure.

(21) Property Services Group is responsible for reviewing property-related work in progress (WIP) projects.

(22) Information Technology Services is responsible for reviewing IT-related WIP projects, whether it be a tangible or intangible asset.

(23) Areas of RMIT that receive donated assets must advise Central Finance Operations about each donation and the fair value of the donation.

(24) Staff purchasing assets are responsible for ensuring that all purchases comply with purchasing processes and meet the relevant occupational, health and safety requirements

## Section 5 - Guidelines and Instructions

(25) Refer to the following documents which are established in accordance with this procedure:

- a. [Asset Management Guideline](#)
- b. [Asset Capitalisation Guideline](#)
- c. [Asset Disposal Instruction](#)
- d. [Asset Stocktake Instruction](#).

## Section 6 - Definitions

Asset	RMIT assets include: 1. property, plant and equipment (PPE) purchased, constructed or developed with RMIT resources, irrespective of source of funds that are owned and controlled by the respective entity 2. PPE loaned or donated by/to RMIT 3. intangible assets 4. leased assets (where the lease term is longer than 12 months or the leased item's purchase price exceeds \$5,000).
Asset exclusions	Exclusions are only acceptable when local financial legislation conflicts with RMIT's policy. Exceptions must be reported to the Chief Financial Officer for reporting and consolidation purposes.
Fixed Assets Register	The Fixed Asset Register is maintained by the Central Finance Operations, and records the cost, depreciation, transfer, disposal and location details of all accountable fixed assets.
Intangible assets	An asset that is not physical in nature.

Leased PPE	<p>A rented or hired asset with a lease term longer than 12 months and a purchase value for the leased item greater than or equal to \$5,000. Examples include, but are not limited to:</p> <ol style="list-style-type: none"> <li>1. building rental leases managed by Property Services Group</li> <li>2. rental of computers and other IT equipment managed by Information Technology Services</li> <li>3. hire of multi-functional printers managed by Procurement</li> <li>4. motor vehicle leases managed by the Fleet Coordinator.</li> </ol>
Property, plant and equipment (PPE)	<p>Property, plant and equipment with a capitalisation value as approved by the management of RMIT on an annual basis and with a useful life over one year:</p> <ol style="list-style-type: none"> <li>1. plant</li> <li>2. office furniture</li> <li>3. motor vehicles</li> <li>4. land and buildings</li> <li>5. furniture and fittings</li> <li>6. equipment</li> <li>7. artwork</li> <li>8. library collection</li> <li>9. leasehold improvements</li> <li>10. assets held off-campus</li> </ol>

Status and Details

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Policy Owner	James Morgan Chief Financial Officer
Policy Author	Tom Weir Director, Central Finance Operations
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Glossary Terms and Definitions

**"RMIT Group"** - RMIT University and its controlled entities (RMIT Europe, RMIT Online, RMIT Vietnam, RMIT University Pathways)