



## **Fixed Assets Policy**

Purpose:	The purpose of this Fixed Assets Policy is to ensure DkIT has a systematic, transparent and accountable method of monitoring and controlling the acquisition, management, transfer and disposal of the Institute's assets.	
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## Purpose

The assets of Dundalk Institute of Technology (DkIT / the Institute) are primarily used for the purposes of fulfilling teaching, learning, innovation and research activities and for related administrative purposes. The Institute is committed to ensuring that all assets are managed in accordance with current best practice in order to meet custodial, internal control, audit and insurance obligations.

The objective of this policy is to ensure DkIT has in place a systematic, transparent and accountable method of monitoring and controlling the acquisition, management, transfer and disposal of the Institute's fixed assets.

The Institute is required to maintain a Fixed Asset Register of all capitalised items and to physically account for the existence of these assets. The Fixed Asset Register may also record "Controlled Assets/Tagged Equipment" which have a value below the capitalised threshold. These include items that are sensitive, portable or prone to theft.

## Scope

The policy sets out the detailed authority and responsibilities in addition to specific requirements in terms of the acquisition, tagging, management, transfer and disposal of fixed assets.

Discrepancies or non-compliance with this policy are reported to the Vice President for Finance, Resources & Diversity for escalation as deemed necessary.

The acquisition, disposal or grant of access to assets categorised as land or buildings is not covered by this policy. Queries in relation to such disposals should be directed to the Office of Vice President for Strategic Planning, Communications & Development in line with relevant circulars, legislation etc.

## Definitions

For the purposes of this policy, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" tangible fixed assets are defined as:

*"Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in the reporting entity's activities".*

Put simply, this means a fixed asset is an asset intended for continuing use over more than one financial year.

## Roles & Responsibilities

Role	Responsibilities
Governing Body	The Governing Body is responsible for maintaining, managing, administering and investing all assets of the college. The Governing Body will therefore approve this policy along with any significant accounting policies, critical accounting judgements or key sources of estimation pertaining to fixed assets.

Finance Committee	<p>In line with the Terms of Reference of the Finance Committee supports the Governing Body in discharging their duties. Specifically the Finance Committee will provide a recommendation to the Governing Body on the following:</p> <ul style="list-style-type: none"> <li>• The appropriateness of significant accounting policies, critical accounting judgements or key sources of estimation pertaining to fixed assets.</li> <li>• The adequacy of this policy.</li> </ul> <p>The Finance Committee will also periodically update the Governing Body on the disposal of Fixed Assets, in line with the thresholds set in this policy. The Finance Committee may refer any disposal to the attention of the Governing Body, providing a recommendation on same.</p>
Executive Board	<p>The operational / day to day responsibilities for managing the assets of the Institute is delegated to the Executive Board. These 'Custodians' of assets are responsible for the stewardship, control, proper use and maintaining of assets within their areas of remit.</p> <p>Members of the Executive Board may delegate the management of assets to various members of their teams who possess in-depth knowledge on their use and maintenance. Members of the Executive Board retain decision rights, as Custodians, regarding the acquisition, maintenance and disposals of assets.</p>
Finance Office (under the remit of the Vice President for Finance, Resources & Diversity)	<p>The Finance Office is responsible for maintaining a central Fixed Asset Register of all Institute fixed assets with an individual value of (inclusive of VAT) at or above €5,000 at time of acquisition. An asset tag number will be automatically assigned to each asset item that is capitalised and tags will be attached to the asset by the Finance Office (or their nominee).</p> <p>The Finance Officer is also responsible for applying and calculating depreciation on a monthly basis along with proposing significant accounting policies, critical accounting judgements or key sources of estimation pertaining to fixed assets.</p>
All Staff	<p>All DkIT staff must take responsibility for the fixed assets (especially moveable fixed assets) in their custody and ensuring that they are used for authorised DkIT purposes only.</p> <p>At function and school level, each Head of School or Vice President (or their nominee) is responsible for ensuring that allocated assets are kept in a secure manner and monitored so that any movements/transfers/changes in location are notified using the relevant form to the Fixed Asset Section in the Finance Department.</p> <p>A monitoring system should be put in place by each department as a security measure for moveable fixed assets loaned out to students. The Finance Department will only have details of moveable fixed assets loaned out to staff.</p>

## Recognising / Capitalising Assets

The Institute will capitalise all assets where the value of the asset is greater than €5,000<sup>1</sup> (inclusive of VAT). In addition to this, all desktops, iPads, Notebooks and laptops are capitalised regardless of cost. Fixed assets costing less than €5,000 per individual item is written off to the income and expenditure account in the year of acquisition.

## Fixed Asset Classification

Fixed assets are classified under the following major categories in the financial statements:

- Land and buildings
- Assets under construction
- Furniture
- Equipment
  - To encompass artwork, equipment and fixtures & fittings
- Computer equipment
- Motor vehicles

## Purchase of Fixed Assets

All Institute fixed assets shall be procured and purchased in strict compliance with DkIT's Corporate Procurement Plan. When ordering, all fixed assets greater than €5,000, including IT equipment, (e.g. iPads, desktops, Notebooks and laptops, projectors, cameras) should be coded to the nominal account code B340.

## Initial Measurement

Fixed assets should initially be recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This may include not only its original purchase price but also costs of site preparation, delivery and handling, installation, related professional fees etc. Initial measurement will be in line with the guidance under FRS 102.

Buildings under construction are accounted for at cost based on the value of the architect's certificates and other direct costs incurred at the financial year end. Assets under Construction are not depreciated until they are brought into use.

Individual asset acquisitions that have an original unit cost of a value equal to or greater than €5,000 (incl VAT) are capitalised for inclusion on the Institute's Fixed Assets Register.

## Donated Fixed Assets

Where a department receives an asset as a gift or donation, the department must contact the Fixed Assets Section of the Finance Department to agree an appropriate valuation for the asset for the purposes of the Fixed Asset Register. These valuations are generally based on current market value and whether the asset is new or used.

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<sup>1</sup> This value applies from 1 September 2023. From 1 September 2009 to 31 August 2023 assets costing greater than €3,000 were capitalised.

## Process of Recording Assets on Business World Agresso / Fixed Asset Register (FAR)

The process of recording and capitalising assets on Business World Agresso<sup>2</sup> ("Agresso") is managed and maintained by the Fixed Assets Section of the Finance Department.

Each month, a list of fixed asset additions is compiled and then reconciled to the General Ledger on Agresso. This is to ensure that all fixed assets purchased for the month are correctly coded and all items not meeting the capitalisation limit of fixed assets are removed and re-coded.

When goods are delivered that have been coded to B340, the recipient should email a completed Fixed Asset Record Form (see Appendix 1) to the Fixed Assets Team, (email address [fixedassets@dkit.ie](mailto:fixedassets@dkit.ie)).

The Fixed Assets Section will review the form before adding the assets to the Fixed Asset Register. The Fixed Asset Register will include the following information:

- Purchase Order number
- Serial number (if applicable)
- Specification
- Description
- Quantity
- Department
- Location – Building, Floor & Room Number
- Asset Tag number
- Acquisition Cost
- Depreciation Rate
- Net Book Value

## Asset Tagging

All assets that are capitalised will be tagged and tracked in the fixed asset system, using a unique asset tag identification number. This clearly identifies the assets as being the property of the Institute.

Tagging provides an accurate method of identifying individual assets and aids in the physical tracking of all physical assets. It also assists in providing a common ground of communication for the Finance Department and the assets users.

Individuals receiving goods should inspect the items to ensure all is in order (no damage, correct asset delivered etc.) before tagging the item.

Under no circumstances should assets be stored or issued to an end user without first being tagged.

Technicians receiving IT equipment deliveries are responsible for tagging items classified as a fixed asset. Other equipment, outside the control of IT technicians, will be asset tagged by a member of the Fixed Asset Section.

Asset tags should be placed if possible where they can be easily accessible for viewing and easily identifiable without disturbing the operations of the asset.

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<sup>2</sup> Agresso is the Institute's Financial Management System

Any deviation away from the above process of tagging assets requires the authorisation of the Finance Manager or the Vice President for Finance, Resources & Diversity.

## **Depreciation**

Depreciation is an accounting method of expensing the cost of a tangible or physical asset over its useful life or expectancy. Fixed assets, with the exception of land and art, are stated at cost less accumulated depreciation. The term cost includes the purchase price plus any expenses incurred to place an asset into service (commissioning etc).

Depreciation is calculated on a straight-line basis using the following estimated useful lives:

• Land	Not depreciated
• Artwork	Not depreciated
• Buildings	50 years / 2%
• Assets under construction	Not depreciated until completed
• Furniture	5 years / 20%
• Fixtures and Fittings	10 years / 10%
• Equipment	5 years / 20%
• Computer equipment	3 years / 33.33%
• Motor vehicles	5 years / 20%

Depreciation is calculated on a monthly basis. There is no depreciation in the month of acquisition and a full month's depreciation in the month of disposal.

## **Net Book Value**

Net Book Value (NBV) is the carrying value (or book value) of an asset recorded on the Institute's Balance Sheet / Fixed Asset Register. The formula to calculate the net book value (NBV) is the purchase cost of the fixed asset less the accumulated depreciation to date.

## **Repairs & Maintenance**

Repairs and maintenance activities do not change the asset or enhance their performance and hence are not capitalised (instead expensed in period the costs are incurred). These activities are simply performed periodically on existing assets in order that they are utilised over their expected economic lives.

## **Transfer of Fixed Assets**

In order to ensure that the correct location of all assets is known and recorded centrally, it is essential that information regarding the transfer of assets is reported on a timely basis to the Finance Office to facilitate the update of the Fixed Asset Register.

If an item of fixed assets is removed from a particular location a Transfer of Asset Form must be completed and signed by the person organising the transfer (refer to Appendix 2). The original copy of this form must be signed by the relevant Custodian and then sent to the Fixed Assets Section of the Finance Department where the Fixed Assets Register is then amended accordingly.

## **Assets on Loan to Staff**

The Institute permits members of staff (with prior approval) to borrow, and remove from the premises, assets for use for Institute related activities only. No use of Institute assets is permitted which interferes, is inconsistent or conflicts with the Institute's academic mission. Borrowing Institute assets for personal use is not permitted by the Institute.

To initiate a request to borrow an asset from the Institute, the staff member completes an Assets-on-Loan Form (Appendix 3) before the commencement of the loan period. On this form the staff member clearly identifies the asset they wish to borrow, the dates and duration of the loan period, and the reason for borrowing the asset. The staff member then signs this form and passes it to the relevant Asset Custodian.

The Custodian reviews the request, ensures that the reason for the loan does not conflict with the Institute's mission and if applicable, signs the form and passes it to the technician (in the case of IT equipment) or staff member responsible for the asset. A copy of the form is then sent to the Fixed Assets Section of the Finance Department, and a copy is retained by the school/functional area.

When the staff member returns the asset after use to its rightful place within the Institute, they must contact the relevant technician/staff member to arrange for the completion of the "Confirmation of Asset Return" section of the Asset-On-Loan form. This form must be sent to the Fixed Assets Section of the Finance Department and a copy retained in each department for the purpose of fixed assets audits.

Any damage to the asset whilst on loan is the responsibility of the staff member and must be notified to the relevant Custodian when the damage occurs. Staff member's will be required to cover the cost of any damages to assets whilst on loan.

Members of staff borrowing or removing equipment from the campus should also consider insurance cover. Queries in relation to insurance should be directed to the Office of the Vice President for Finance, Resources & Diversity.

## **Lost or Stolen Assets**

All employees of the Institute are responsible for notifying the relevant Custodian if an asset is lost or stolen. The Custodian should immediately inform the Finance Office and the Office of the Vice President for Finance, Resources & Diversity. A decision on an internal investigation or need for An Garda Síochána involvement will be established and a report should be prepared and forwarded to the Vice President for Finance, Resources & Diversity.

## **Disposal of Fixed Assets**

Each Custodian is responsible for identifying and highlighting surplus or damaged assets for disposal. Obsolete assets should be written off and physically disposed of as and when required.

The disposal or grant of access to land or buildings is also not covered by this policy. Queries in relation to such disposals should be directed to the Office of Vice President for Strategic Planning, Communications & Development.

All disposals should be at market value. The principal methods of disposal are follows:



- Outright sale
- Auction by a contracted auctioneer
- Scrap - to a licensed dealer or relevant disposal company
- Recycle - to an authorised agency
- Trade in - to supplier against replacement item
- Donation to registered charities or community organisations

The relevant custodian of an asset must ensure that the sale is at market value by way of a competitive process (advertisement, public auction or seeking written quotes) in line with the relevant thresholds:

- Disposals with a NBV of less than €1,000 and where the market value would normally not exceed €1,000.

Whilst having due regard for the principles of openness and transparency, the Institute recognises that in the case of low value items, where the costs of disposals e.g. (advertising/administration etc.) are likely to exceed the proceeds from sale, public tender may not be justified.

Occasionally, individual / sole offers may be received for obsolete equipment. In the case of low value items with a market value at less than €1,000, the relevant Head of School or Vice President responsible for those assets may agree to dispose of the item(s) at their own discretion, subject to completing and returning the Disposal of Fixed Assets Form (Appendix 4) to the Finance Team, in advance of any agreement to dispose.

This is the most common form of disposal of assets and generally relates to old, obsolete or damaged equipment.

- Disposals with a NBV of between €1,000 and €10,000 and where the market value would normally not exceed €10,000.

Where the anticipated market value of the disposal is between €1,000 and €10,000, it may be proceeded with upon obtaining written approval from the Vice President for Finance, Resources & Diversity and by advertising the sale/access in the public domain. Any request for a disposal at must be accompanied with a Disposal of Capital Assets Form. Such requests should have a benchmark on what proceeds may be expected on disposal. This benchmark may be an independent valuation or similar products currently being offered by other parties.

The transaction should be open and transparent and ideally three offers in writing to acquire the asset/access rights should be procured. Should three offers not be attainable (specialised asset etc.) approval should be obtained from the Vice President for Finance, Resources & Diversity). Where the highest tender bid / offer is not accepted Finance Committee approval will be required.

Where an accounting loss on the disposal of a fixed asset exceeds €5,000 (i.e. NBV of €9,000 however the proceeds on sale is €3,500) approval is required by the Finance Committee in advance of the disposal.

- Disposals with a NBV in excess of €10,000 irrelevant of market value.

Where the book value of an asset is greater than €10,000, the Custodian shall notify the Vice President for Finance, Resources & Diversity who will table the proposal at the next meeting of the Finance Committee.

Upon obtaining Finance Committee approval, the Custodian shall organise the disposal/ granting access by way of auction or competitive tendering process. Where the highest tender bid / offer is not accepted Finance Committee approval will be required.

In each of the above scenarios it is the responsibility of the relevant Head of School or Vice President (or their nominee) to complete the Disposal of Capital Assets Form. Upon receipt of completed disposal forms, the Fixed Assets Section then updates the Fixed Asset Register and process the necessary accounting entries to record the disposal.

All assets must be adequately decommissioned prior to sale or other disposal, ensuring that assets are completely safe and uncontaminated, with all potentially hazardous materials or substances removed or made safe in accordance with current health and safety guidelines before exposure to the public. All confidential information, DkIT licenced software, files or Institute related material must be fully removed from all information systems before disposal.

### **Disposal of Fixed Assets to Staff**

From time to time, there may be instances arising where staff members wish to purchase equipment, in particular computers, laptops, iPad, iPhones, printers etc. which are no longer in use by the Institute. Furthermore, a staff member who has sole use of equipment may wish (subject to approval by the relevant Head of School / Department / Function or Vice President) to purchase it before the end of the asset's useful life.

The relevant Head of School/ Department/ Function/ Vice President must confirm the asset being disposed of is no longer required and its market value is nominal. The following procedure sets out the process to be followed in such instances to facilitate staff purchases while meeting audit requirements.

- The individual staff member should contact the Fixed Assets Section of the Finance Department, to request the NBV of the asset being purchased.
- The Fixed Assets Section will advise and revert with the NBV of the asset.
- The Head of School/ Department/ Function/ Vice President will then review and approve the price and inform the individual staff member. A minimum of €50 should be obtained.

Staff who are retiring or leaving the employment of DkIT and who wish to purchase a fixed asset such as laptops, iPhone, iPad, computers, notebooks etc., must first bring the equipment to the IT department who will delete any DkIT licenced software, files or Institute related material. This must be confirmed as having been completed by the relevant technician's signature on the Disposal of Assets Form.

The Disposal of Capital Assets Form should be completed, signed by the staff member purchasing the asset and the relevant Head of School/ Vice President and forwarded to the Fixed Assets Section of the Finance Department.

The asset(s) will transfer to the staff member on receipt of monies and completed forms by the Finance Department who will issue a receipt to the purchaser.

## **Fixed Assets Audit**

The Fixed Assets Section will periodically undertake an audit of all capitalised fixed assets. It is intended to ensure all assets are audited for their existence once every 3 years, on a rotating campus basis. This audit is driven by a physical location, which will require the auditor (a member of the Fixed Assets Section) to go to a particular location and physically scan all fixed assets with a barcode, using a barcode reader. These scanned details are then uploaded onto Agresso.

At the end of the audit, the scanned uploaded assets are then compared with the Fixed Assets Register. An audit report is then generated, showing assets that have been identified and those not identified. A list of assets not found during this process will require further investigation and corrective action taken. The input of the relevant Head of School / Department/ Function/ Vice-President will be required to resolve findings.

## **Other Relevant Policies**

The following policies can be viewed on the Institute website:

- Corporate Procurement Plan

## **Review**

This policy will be reviewed on a periodic basis.