

PROPERTY, PLANT AND EQUIPMENT POLICY (FMPM)



CONTENTS

1	PURPOSE.....	1
2	SCOPE.....	1
3	POLICY STATEMENT	2
	Policy framework.....	2
	Recognition of property, plant and equipment.....	2
	Categories of property, plant and equipment.....	2
	Acquisition of property, plant and equipment.....	2
	Capitalisation or expensing of costs	3
	Asset register	3
	Asset planning.....	3
	Significant planning	4
	Equipment sign-out register	4
	Portable and attractive items	4
	Security	4
4	RESPONSIBILITIES	4
	Compliance, monitoring and review.....	4
	Reporting.....	5
	Records management.....	5
5	DEFINITIONS	5
6	RELATED LEGISLATION AND DOCUMENTS.....	5
	Related Legislation and Supporting Documents.....	5
7	FEEDBACK.....	5
8	APPROVAL AND REVIEW DETAILS.....	5

1 PURPOSE

- 1.1 The purpose of this policy is to outline the principles of asset management and planning across CQUniversity to ensure the consistent and prompt identification, acquisition and management of the University's asset base.
- 1.2 This policy also contributes towards meeting the University's obligations under the [Financial and Performance Management Standard 2009](#) by ensuring the existence of an effective asset management system to provide for the identification, acquisition, management and recording of assets and to ensure compliance with relevant statutory and regulatory requirements

2 SCOPE

- 2.1 This policy applies to all items of property, plant and equipment recognised by the University and to all staff responsible for the identification, acquisition, management, planning, recording and approval of asset-related activities in accordance with the [Delegation of Authority Policy \(FMPM\)](#) and organisational structure of the Finance and Planning Division, Facilities Management Directorate and other relevant Responsibility Centres.

3 POLICY STATEMENT

Policy framework

- 3.1 The [Financial Management Practice Manual](#) (FMPM) is the University's financial management policy framework. As such, this policy forms part of and must be read in conjunction with the FMPM.

Recognition of property, plant and equipment

- 3.2 Property, plant and equipment are classified as assets of the University and are recognised in the statement of financial position in determining the overall position for the financial year. In accordance with the Australian Accounting Standards Board's [AASB116 Property, Plant and Equipment](#), property, plant and equipment will only be recognised in the statement of financial position when it is probable that future economic benefits will eventuate as a result of the asset and that the asset possesses a cost or other value that can be measured reliably.

Recognition thresholds

- 3.2.1 The Queensland Government's Non-Current Asset Policies for the Queensland Public Sector [NCAP 1 Recognition of Assets](#) mandates minimum asset recognition thresholds for recognising items of property, plant and equipment in the balance sheet. Items that do not meet the asset recognition thresholds below must be expensed in the period of acquisition.
- 3.2.2 The following minimum asset recognition thresholds apply to all purchases of property, plant and equipment:
- land \$1
 - buildings \$10,000
 - plant and equipment \$5,000
 - infrastructure \$10,000
 - heritage and cultural assets \$1, and
 - work in progress – no limit applies.

All minimum asset recognition thresholds are exclusive of GST

Categories of property, plant and equipment

- 3.3 The University's property, plant and equipment incorporate the following:
- freehold land
 - freehold buildings
 - plant and equipment
 - leasehold improvements
 - infrastructure
 - library collections
 - construction in progress, and
 - other work in progress.

Acquisition of property, plant and equipment

- 3.4 The acquisition of all property, plant and equipment must be in accordance with the University's [Procurement Policy \(FMPM\)](#), [Procurement Principles \(FMPM\)](#) and [Procurement Procedure \(FMPM\)](#) and with appropriate approval in accordance with the [Delegation of Authority Policy \(FMPM\)](#).

Capitalisation or expensing of costs

- 3.5 On initial recognition of an item of property, plant and equipment, all costs incurred in purchasing or constructing the item and getting it ready for use can be capitalised to the value of the asset
- 3.6 The Financial Accounting team will have in place processes to ensure that all capital works in progress are recorded and accounted for in accordance with [AASB116 Property, Plant and Equipment](#) and the Queensland Government's Non-Current Asset Policies for the Queensland Public Sector [NCAP 1 Recognition of Assets](#) and will include monthly reconciliations, capitalisation, warranty/defect and accruals procedures

Asset register

- 3.7 A record of all assets in excess of the asset recognition threshold must be recorded in the University's asset register. Each asset register must contain sufficient information to:
- identify and locate each asset and its components
 - record the acquisition of new assets
 - calculate depreciation in accordance with the approved accounting policy
 - calculate revaluation amounts in accordance with the approved accounting policy
 - record impairment
 - calculate the gain or loss on disposal, and
 - record the write-off of assets no longer required.
- 3.8 The University currently maintains four asset registers as follows.

Fixed asset register

- 3.8.1 The Fixed Asset Register is maintained by the Financial Accounting team within the University's Financial Management System and incorporates plant and equipment, artworks, leasehold improvements and freehold land held by the University.

Buildings and infrastructure

- 3.8.2 The Buildings and Infrastructure Register is maintained by the Financial Accounting team and incorporates freehold buildings and infrastructure held by the University.

Heritage collection

- 3.8.3 The Heritage Collection Register is maintained by the CQ Collections Officer and incorporates the University's historical collections.

Investment property

- 3.8.4 The Investment Property Register is maintained by the Financial Accounting team and incorporates all investment properties owned by the University.

Asset planning

- 3.9 The Facilities Management Directorate maintains a Strategic Asset Management Plan (SAMP) to facilitate the effective management of the University's assets. The SAMP focuses on the life cycle of the University's asset base and its subsequent alignment with the service delivery priorities of the University. In addition, the SAMP provides information pertaining to capital development, facilities management and maintenance of University assets and provides a framework for better practice in the planning, provision, management and eventual disposal of such assets

Significant planning

- 3.10 In accordance with the [Financial and Performance Management Standard 2009](#), where the cost of acquiring or improving a physical asset is significant, an evaluation must be undertaken before making the acquisition or carrying out the improvement. The performance of completed significant assets must then be reviewed to ensure the objectives of the University in acquiring, maintaining or improving the asset were met.
- 3.11 Staff are to use the University's [Business Case Procedure](#) to determine whether or not an acquisition or improvement is considered significant, and the subsequent actions required.

Equipment sign-out register

- 3.12 Each Responsibility Centre is responsible for ensuring that assets and attractive items are physically controlled, accounted for and managed appropriately. Each Responsibility Centre must actively monitor all instances where University assets and attractive items leave the control of the Responsibility Centre by way of an equipment sign-out register.
- 3.13 The register should record the following information:
- name of the borrower
 - contact details of the borrower
 - description of the item
 - asset or attractive item tag number (where applicable) or loan equipment identifier
 - date of loan
 - signature of the borrower, and
 - date equipment returned.
- 3.14 The register must be forwarded to the Responsibility Centre Manager for review and signed-off on a quarterly basis.

Portable and attractive items

- 3.15 Portable and attractive items are tangible items that have a value of \$500 or more (exclusive of GST) but less than \$5000 (exclusive of GST). Examples may include desktop computers, laptops, cameras, mobile phones, iPads and tablets etc.
- 3.16 Because of their susceptibility to loss or theft, such items will be recorded in the fixed asset register for physical control purposes but will be recognised as expenditure in the University's financial statements.

Security

- 3.17 Only authorised staff and visitors will be permitted access to University assets. Where appropriate, security measures including patrols, cameras, alarms, etc will be utilised for high cost and high risk assets, and staff will at all times be responsible for the appropriate use and storage of assets provided to them.

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Deputy Director, Financial Accounting and Operations is responsible for managing the implementation of this policy and for ensuring that its provisions are adhered to and applied consistently across the University.
- 4.2 The Director, Facilities Management is responsible for the University's asset planning and maintenance activities in accordance with the Strategic Asset Management Plan.
- 4.3 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Reporting

- 4.4 There are no additional reporting requirements.

Records management

- 4.5 All records relevant to this document are to be maintained in a recognised University recordkeeping system.

5 DEFINITIONS

- 5.1 **Property, Plant and Equipment** are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period. For the purposes of this policy, this definition incorporates items referred to as 'fixed assets' and 'assets'.
- 5.2 Terms not defined in this document may be in the University [glossary](#).

6 RELATED LEGISLATION AND DOCUMENTS

Related Legislation and Supporting Documents

[AASB116 Property, Plant and Equipment](#)

[AASB140 Investment Property](#)

[Business Case Procedure](#)

[Delegation of Authority Policy \(FMPM\)](#)

[Expenditure Policy \(FMPM\)](#)

[Financial Accountability Act 2009 \(Qld\)](#)

[Financial and Performance Management Standard 2009 \(Qld\)](#)

[Financial Management Practice Manual](#)

[Framework for the Preparation and Presentation of Financial Statements](#)

[NCAP 1 Recognition of Assets](#)

[Procurement Policy \(FMPM\)](#)

[Procurement Principles \(FMPM\)](#)

[Procurement Procedure \(FMPM\)](#)

7 FEEDBACK

- 7.1 University staff and students may provide feedback about this document by emailing policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
Advisory Committee to Approval Authority	Audit, Risk and Finance Committee
Administrator	Deputy Vice-Chancellor (Finance and Planning)
Next Review Date	02/08/2020

Approval and Amendment History	Details
Original Approval Authority and Date	Council 14/07/2014
Amendment Authority and Date	Audit, Risk and Finance Committee 02/08/2017
Notes	