

Complete Policy Title: Capital Assets	Policy Number:
Approved by: Vice President Administration	Date of Most Recent Approval: June 2013
Date of Original Approval:	Supersedes/Amends Policy dated: Insurance and Protection of Moveable Assets-June 2009 Asset Capitalization Guidelines- May 2007 Disposal of University Surplus Assets-P160-October 1996
Responsible Executive: Vice President, Administration	Enquiries: Questions regarding this document can be addressed at finserv@mcmaster.ca
<i>DISCLAIMER: If there is a discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails.</i>	

Introduction

- The University is committed to ensuring that University's physical assets are purchased, tracked, and disposed of in the most effective and efficient manner. This policy is intended to balance the cost associated with the tracking of small dollar assets with the benefits of permanently identifying and tracking individual assets.

Purpose

- To identify responsibility for safeguarding and tracking of assets.
- To identify an approved crime prevention program to protect university owned assets.
- To identify thresholds and types of assets to be capitalized in the financial records of the University.
- To identify responsibility for disposing of surplus assets using a method that is fair and maximizes any possible remaining value.

Scope

- University wide

Definitions

- **Capital assets** are defined as equipment or goods (including software) that are used to carry out the business of the university with a useful life of greater than one year and a value of greater than \$5,000 (\$2,000 for Computer Equipment).

Policy and Responsibilities

- At the time of acquisition the requestor must follow the policies for university purchases.
- <http://www.mcmaster.ca/bms/policy/purchase/SP-01.pdf>

The chart below outlines the asset categories and dollar thresholds for capitalization.

Description	Subcode (FAS)	Account (Mosaic)	Estimated useful life (years)
Equipment /Furniture/Vehicles >\$5000	5001/5006	610000 610015 610100	5
Computer Equipment >\$2000	5011	610030	3
Computer Software /Systems >\$5000	Unique cost centre	Unique Program # or 610040	10
Renovations and Alterations >\$100,000*	5108	620000	20
Library Materials >\$1	2510-2523	680xxx	10
Buildings (Facilities use only)	4xxx	690xxx	10-40

*For Renovations and Alterations the renovation must be a 'betterment'; i.e. a renovation that extends the useful life of the asset.

- For items in the chart above with values above \$50,000 Strategic Procurement will maintain the University's centralized inventory system and issue to departments uniquely numbered McMaster asset tags which departments and faculties must affix to the items.
- Departments and Faculties should maintain their own records for capital items below the \$50,000 threshold. Records must be available in order to qualify for reimbursement from the university's insurance reserve in the case of loss or damage.
- Financial Services will depreciate capital assets on a straight line basis in accordance with the above chart of estimated useful lives.
- Departments and Faculties are responsible to ensure that appropriate security measures are in place and maintained to protect the loss of such assets and equipment.
- Departments and Faculties are accountable for the disposition of surplus equipment and, except as otherwise delegated by the Board of Governors or the President, the disposal of University assets shall be the responsibility of Strategic Purchasing. Current exclusions are the disposal of land and buildings.

Other Related Policies and Procedures:

- Procedures related to Tracking, Loss, Damage and Disposition of University Assets
 - <http://www.mcmaster.ca/bms/pdf/caprocedures.pdf>