

Section:	Finance (FN)
Subject:	Capital Assets
Legislation:	
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APPROVED: \_\_\_\_\_  
President and CEO

## POLICY

The policy of the Board of Governors is to ensure the effective and efficient acquisition, management and disposal of SAIT capital assets.

## PROCEDURE

### DEFINITIONS

#### Betterment

A cost incurred to enhance the service potential of a tangible capital asset. In general, service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity, associated operating costs are lowered, the useful life of the asset is extended or the quality of the output is improved.

#### Building component

A significant portion of a renovation and/or new construction cost that can be measured and amortized separately.

#### Bulk capitalized assets

Selected items of material value to SAIT as a whole that are capitalized into a central pool (bulk capitalized), such as modular furniture and library book purchases. The threshold applies to the combined cost of all items that SAIT purchases, and not to each individual purchase.

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### Capital asset acquisition

An acquisition that meets all of the following requirements:

- All computers are recorded as capital assets. This includes central infrastructure as determined by the Capital Assets section, Finance department.
- Has a cost equal or greater than \$5,000 at the time of purchase (including GST, net of rebate).
- Has a useful life that extends beyond one year.
- In certain circumstances, items with a cost less than \$5,000 are still considered capital assets.
- Is held for use in the provision of services on a continuing basis.
- Is not intended for sale in the regular course of business.

### Capital asset categories

Capital assets are classified according to the following categories and average useful life periods:

- Building components – Estimated useful life
- Buildings – 40 years
- Computer hardware and software – 3 years
- Furnishings, equipment and library – 10 years
- Leasehold Improvements – Length of lease (including expected renewals)
- Renovations – 10 or 25 years
- Vehicles – 5 years

### Capital costs

The cost of a capital asset includes the purchase price (including GST, net of rebate) and all costs directly attributable to the acquisition, construction, development or betterment of the asset, including installing the asset at the location and bringing the asset to the condition necessary for its intended use.

## PROCEDURE

1. The Supply Management section, Finance Department, is responsible for procuring all capital assets. To initiate the procurement process, the school/department must submit a requisition to Supply Management, indicating if the acquisition is new or is a replacement of an existing asset.
2. When capital assets have special infrastructure requirements, the school/department acquiring the asset is responsible for consulting with the Facilities Management and/or Information Technology Services departments. The school/department must obtain confirmation that a plan is in place for the appropriate infrastructure to support the new

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asset before purchasing or accepting a donation of the asset.

3. The school/department receiving the donated capital asset is responsible for contacting the Alumni and Development department before accepting the donation and completing the Gift in Kind form. Donated capital assets are recorded at the fair market value as of the date of the contribution. If the donor is not paying for all costs required to bring the asset into working condition, the school/department receiving the asset is responsible for funding these costs out of the school/department capital budget.
4. All capital assets (excluding bulk capitalized assets) are assigned a physical asset tag, issued by Capital Assets. Each tag is labeled as "Property of SAIT" and includes a unique inventory tracking number.
5. Costs to be capitalized for renovations, repairs and new construction costs include those that meet the criteria of a betterment or capital asset as determined by Capital Assets. Costs incurred to plan a capital project are capitalized if the project is approved within the same fiscal year. The Guideline for Renovations, Repairs, and New Construction provides further clarification on this topic and is available through Capital Assets.
6. Compliance
  - a) Non-compliance with this procedure constitutes misuse of SAIT property.
  - b) Depending on the nature and magnitude of lack of compliance, Capital Assets will notify:
    - i) The employee's direct supervisor, manager, dean and/or director.
    - ii) The director of Finance, the division vice president and the CFO and vice president, corporate services, if the non-compliance is serious.
  - c) Lack of compliance may result in disciplinary action up to and including termination of employment, as per procedure [HR.4.4.1 Corrective Action Procedures](#).

## POLICY/PROCEDURE REFERENCE

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| FN.14.1   | Capital Assets policy                  |
| FN 14.1.2 | Management of Capital Assets procedure |
| FN 14.1.3 | Disposal of Capital Assets procedure   |

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