

 <b>CAPILANO UNIVERSITY</b>		<b>POLICY</b>	
Policy No.		Officer Responsible	
<b>B.218</b>		Vice-President, Finance and Administration	
Policy Name			
<b>Capital Assets</b>			
Approved by	Replaces	Category	Next Review
<b>Board</b>	<b>E.203 Capital and Operating Expenditures</b>	<b>Finance</b>	<b>April 2027</b>
Date Issued	Date Revised	Date in effect	Related Policies
<b>April 30, 2024</b>	<b>NEW</b>	<b>April 30, 2024</b>	<b>B.215 Spending and Signing Authority Policy B.313 Procurement Policy</b>

## 1. PURPOSE

The purpose of this policy is to establish the framework for the administration of Capital Assets at Capilano University (“University”).

## 2. DEFINITIONS

**“Amortization”** the process of gradually expensing the initial cost of an asset over its useful life.

**“Capital Assets”** comprising Tangible identifiable assets that:

- a) have a cost that meets or exceeds the University’s asset Capitalization Threshold;
- b) have useful economic lives extending beyond a fiscal period;
- c) are used or intended to be used on a continuing basis, to provide services or for administrative, maintenance or repair purposes and are not intended for sale in the ordinary course of operations; and
- d) the University has title to or have been financed by means of a Capital Lease.

**“Capital Lease”** a payment method used to acquire a Capital Asset whereby substantially all the benefits and risks incidental to ownership of the asset will be transferred from the lessor to the lessee at the conclusion of the payment term.

**“Capitalization Threshold”** the minimum cost for an asset or group of similar assets acquired concurrently, that must be capitalized and not charged as an operating expense.

**“Cost”** is used in this policy to mean the amount of consideration given up by the University to acquire, construct, develop or better a Capital Asset and includes all costs directly attributable to the acquisition, construction, development or betterment (enhancements to the service potential) of the capital asset including installation at the location and in the condition necessary

for its intended use. Cost also includes asset retirement cost that may arise. For a contributed Capital Asset, cost is fair value at the date of contribution. In unusual circumstances when fair value cannot be reasonably determined, cost should be a nominal value.

**“Tangible”** is used in this policy to mean easily seen or recognized, or able to be touched or felt.

**“Useful Life”** the estimate of the period over which a Capital Asset is expected to be used by the University or the expected number of production or similar units that can be obtained from the capital asset by the University. The life of a Capital Asset may extend beyond its useful life to the University.

### **3. SCOPE**

This policy applies to all Capital Assets owned or held under a Capital Lease by the University.

### **4. POLICY STATEMENT**

#### **Capital Asset planning and authority**

- 4.1 The Vice President Finance and Administration will prepare an annual and multi-year capital plan that covers all activities relating to the acquisition, construction, development, maintenance, and disposal of Capital Assets by the University. The annual and multi-year capital plan must be developed as part of the university’s integrated planning and budgeting process and will be reviewed by the Finance Committee and approved by the Board of Governors each year.
- 4.2 The annual and multi-year capital plans must identify new capital projects, major capital projects that are in progress and departmental capital budgets.
- 4.3 New capital projects are those projects that the university is planning for. Projects may be at different stages in development such as project identification, business case development or vendor selection, and could be dependent on receiving funding from the Ministry or external sources.
- 4.4 Board of Governors approval of the new capital projects included in the annual and multi-year capital plan authorizes management to proceed with the work required to move the projects to the next stages. A separate briefing report will be presented to the Board of Governors for these projects to authorize the acquisition of the Capital Asset.
- 4.5 The Vice-President Finance and Administration will report and compare actual expenditures and significant variance relating to the University’s capital plan to the Finance Committee.
- 4.6 The procurement process for Capital Assets must comply with B.313 Procurement Policy and related procedures.

- 4.7 Financial authority for the acquisition, disposal or write-down of Capital Assets is governed by B.215 Spending and Signing Authority Policy.
- 4.8 As prescribed in the *University Act (s50)* the Ministry responsible for post secondary education must approve the transfer, disposal or lease of the University's land.

#### **Recording and reporting capital assets**

- 4.9 The University's accounting policies for Capital Assets and Capital Leases must comply with Generally Accepted Accounting Principles for not-for-profit organizations issued by the Public Sector Accounting Board ("PSAB").
- 4.10 The basis for amortization and applicable amortization rates will be determined based on best practices for similar organizations and asset types.
- 4.11 The Vice-President Finance and Administration will regularly review the amortization method, Useful Life and remaining unamortized cost of significant Capital Assets and ensure that revisions are made when clearly appropriate.
- 4.12 An asset acquired by way of a Capital Lease that meets the definition of a Capital Asset must be recorded and reported on the University's statement of financial position as a Capital Asset.
- 4.13 Obligations associated with the retirement of Capital Assets must be recognized and disclosed in accordance with PSAB 3280 - Asset Retirement Obligations.
- 4.14 Capital Assets that are no longer being used on a continuing basis and are considered surplus to requirements must be disposed of at fair value and in accordance with B.313.1 Procurement Procedures.

#### **Custody and control of Capital Assets**

- 4.15 The Vice-President Finance and Administration is responsible for implementing systems and processes to account for and monitor custodial responsibilities for the University's Capital Assets including measures to:
- a) identify and record Capital Asset acquisitions, leases, disposals, amortization, and write-downs in the University's accounting system;
  - b) safeguard Capital Assets from damage or theft;
  - c) maintain Capital Assets in a condition to ensure their continuing economic value;
  - d) track the existence, location and condition of Capital Assets;
  - e) confirm and reconcile the existence and fair value of all significant assets to the University's accounting records each year; and

- f) ensure that confidential, personal or other sensitive information is removed from any assets, equipment or media prior to disposal.
- 4.16 Systems and processes to implement custodial responsibilities may be based on the delegation of custodial responsibilities to managers for Capital Assets physically located within or affiliated to their responsibility centers.
- 4.17 The Vice-President Finance and Administration is responsible for implementing an asset tracking system that identifies all Capital Assets and key information including physical location, cost, accumulated amortization, net carrying value and Useful Life.
- 4.18 The Vice-President, Finance and Administration is responsible for assessing risks to the University's Capital Assets and implementing strategies such as insurance, to mitigate such risks.

## **5. DESIGNATED OFFICER**

The Vice President, Finance and Administration is the Policy Owner, responsible for the oversight of this Policy. The Administration of this Policy and the development, subsequent revisions to and operationalization of any associated procedures is the responsibility of the Director, Financial Services.

## **6. RELATED POLICIES AND GUIDANCE**

- B.313 Procurement Policy
- B.215 Spending and Signing Authority Policy
- B.313.1 Procurement Procedures.

## **7. REFERENCES**

- University Act
- CPPM Procedure Chapter I: Tangible Capital Assets
- Generally Accepted Accounting Principles
- PSAB 3150 - Tangible Capital Assets
- PSAB 4230 - Capital Assets Held by Not-for-profit Organizations
- PSAB 3280 - Asset Retirement Obligations
- PSG 2 Leased Capital Assets Guideline