

Capital Asset Acquisition and Disposal

Acquisition

Requests for Purchase

All requests for purchase of items or services are to be forwarded to the Bookkeeper. The Bookkeeper will then present the request to the Executive Director who will evaluate the request. Approval for requests must be made in writing. Upon approval, the Bookkeeper will make arrangements for securing the item or service being requested.

ALLOWABLE EQUIPMENT COSTS:

Depreciable Equipment - Includes depreciation charges for capital equipment (any item costing \$1000 or more). Computation of depreciation is based upon the acquisition cost of the item excluding: (1) any cost borne by the Federal Government through other federal grant programs, and (2) any idle or excess equipment.

Depreciation

Adequate property records must be maintained and the straight-line method of computing depreciation must be used with an assumed life of five years for most items. When equipment is replaced, the value received for the old equipment less the salvage value and any unrealized depreciation charges are deducted from the acquisition cost of the new equipment.

Nondepreciable Equipment - Small equipment items costing less than \$1000 may be expensed (purchased outright) during the fiscal year in which they were purchased. This equipment is expensed to the Equipment Expense Account.

Leased Equipment - The cost of leased equipment is allowable, to the extent of its reasonableness as sound business policy. Equipment obtained by lease/purchase agreement must be depreciated.

Asset Identification

At minimum, all assets acquired that have a value of \$1,000 or more will be tagged by the Administrative Coordinator and entered into the Inventory Database at the time that they are received. Other items valued less than \$1,000 may be tagged with MOPS identification numbers and entered into the Inventory database. Location reports from the Inventory Database are verified at a minimum of once a year, more often if major changes occur.

Asset Disposal

The Administrative Coordinator will be responsible for the disposal of agency owned surplus and obsolete material, goods and equipment.

Obsolete Material, Goods and Equipment are defined as material, goods and equipment no longer usable in the service for which they were purchased, and cannot be used safely, or economically for any other purpose.

Surplus Material, Goods and Equipment are materials, goods and equipment in excess of operating, maintenance, repair, or spare parts requirements; or any item not having a use within the foreseeable future.

Departments having surplus, or obsolete material, goods, or equipment shall notify the Administrative Coordinator who will arrange for disposal.

Notice shall include:

- Complete description of the goods including brand name, model and serial numbers where applicable,
- Inventory number where applicable

The Administrative Coordinator will add to the notice:

- Date of purchase
- Purchase price

The Administrative Coordinator will dispose of surplus and obsolete material, goods and equipment by the method that best obtains maximum value including:

1. Transfer to another area
2. Return to supplier for refund or credit
3. Trade-in on the purchase of replacement equipment
4. Donation to other non-profit agencies
5. Scrap disposal in accordance with all Federal and Provincial regulations

If the asset is returned, traded-in, donated, or scrapped, it will be removed from the inventory with an explanation in the comments and the Bookkeeper will be notified.