

DISPOSAL OF CAPITAL ASSETS AND PURCHASED INTANGIBLE ASSETS

Section: Finance (FN)

Subject: Capital Assets and Purchased Intangible Assets

Legislation:

Effective: October 17, 2008

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September 1, 2016 (reformatted); February 13, 2019; June 5, 2024

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 and purchased intangible assets.

PROCEDURE

DEFINITIONS

Obsolete asset An asset that has no remaining physical, technological, commercial or legal life.

Purchased intangible asset An identifiable non-monetary economic resource which is without physical substance and acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangible assets acquired through a transfer, contribution, or inter-entity transaction are not purchased intangible assets. Software is not an intangible asset, as it is accounted for as a tangible capital asset in accordance with Public Sector Accounting Standards.

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GOVERNING PRINCIPLES

1. The disposal of SAIT capital assets and purchased intangible assets must be managed in a fair and equitable manner. The interests of SAIT must take precedence when the method of disposal is chosen.
2. This procedure does not apply to the disposal of buildings or to renovation projects.

PROCEDURE

1. All disposals) must be communicated to the Capital Assets section, Finance department, using the Capital Assets Disposal form or the Computer Evergreen Order Request Form and with approval of the dean, director or designate. The Capital Assets Disposal form is attached as Schedule A, an Associated Document to this procedure. For disposal of capital assets, refer to [FN.12.1.1 Signing Authority](#) for approval limits based on the acquisition cost or if donated, the original assessed value.
2. The school/department that owns the capital asset or purchased intangible asset when it is identified for disposal continues to be responsible for the asset until the disposal process is completed.
3. Net proceeds of sale of SAIT property are accounted for in SAIT's general fund when disposed by tender or auction. Net proceeds of sale for trade-ins are accounted for in the school/department's fund. All payments received for proceeds of sale are to be forwarded to Finance.
4. To ensure compliance with regulations, laws, safety standards and security requirements:
 - a) All disposals of computers or network assets must be arranged through the Information Technology Services department or school/department technical support.
 - b) All disposals of scrap must be requested via the Capital Asset Disposal Form and arranged through the Facilities Management department.
 - c) The school/department disposing of the asset is responsible for funding any disposal costs.

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5. Capital assets and purchased intangible assets may be disposed of using one of the following methods.
 - a) Scrap, when the asset is considered unsafe or damaged beyond repair or is an obsolete asset.
 - b) Donation to a charitable organization, when the need for the asset has been identified. Due to SAIT's registered charity status, capital assets may only be donated to another registered charitable or non-profit organization.
 - c) Reassigning for parts, if it is cost effective to take apart that asset and use the parts to repair other assets. Facilities Management must be contacted to arrange for disposal of any remaining scrap.
 - d) Trade-in (instead of using the tender process), when the school/department is purchasing a new asset and a better value or discount can be achieved as a result of the trade-in transaction. Trade-in transactions must be coordinated through the Supply Management section, Finance.
 - e) Tender, when the asset has a remaining useful life, is a specialized or valuable asset and the expected proceeds will exceed \$50,000. The tender process is administered by Supply Management and involves a formal public process. Where proceeds are expected to be below \$50,000 in value but auction is not considered a reasonable avenue of disposal, sales of assets are allowed without a public tender. Supply Management must be involved in both public tenders and sales of assets. This applies to both capital assets and purchased intangible assets.
 - f) Auction, when disposal by donation, reassigning for parts, trade-in or tender is not possible or beneficial to SAIT. Auction transactions must be coordinated through Supply Management.
 - g) Evergreen of computer replacements. These are identified on the Computer Evergreen Order Request Form and approved by the dean, director or designate and by the Evergreen Committee chairperson.
6. Capital assets originally acquired by donation may have contractual restrictions regarding the method of disposal, including eligibility as a surplus item. Schools/departments are responsible for working with the Alumni and Development department to ensure compliance

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with contractual restrictions.

7. The loss or theft of capital assets is considered a disposal and requires the submission of a Capital Asset Disposal form. All disposal forms for loss or theft must be approved by the division vice president and the CFO and vice president, corporate services. The school/department that owns the capital asset is responsible for reporting the loss or theft, as well as the existence and nature of any sensitive data contained within that asset, to the Security department and the coordinator, insurance management, Finance.
8. Compliance
 - a) Non-compliance with these procedures 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](#).

ASSOCIATED DOCUMENTS

Schedule A Capital Assets Disposal form

POLICY/PROCEDURE REFERENCE

FN.14.1	Capital Assets and Purchased Intangible Assets policy
FN.14.1.1	Acquisition of Capital Assets and Purchased Intangible Assets procedure
FN.14.1.2	Management of Capital Assets and Purchased Intangible Assets procedure

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