1.0 PURPOSE AND SCOPE

The objective of this policy is to establish procedures and guidelines for the approval and control of all capital expenditure, the disposal and transfer of fixed assets.

2.0 KEY DIRECTION STATEMENT

As a fellowship based organisation, the Royal Australasian College of Surgeons commits to ensuring the highest standard of safe and comprehensive surgical care for the community we serve through excellence in surgical education, training, professional development and support.

3.0 VALUES

- Service and Professionalism
  - performing to and upholding the highest standards
- Integrity
  - upholding professional values
- Respect and Compassion
  - being sympathetic and empathetic
- Commitment and Diligence
  - being dedicated, doing one’s best to deliver
- Collaboration and Teamwork
  - working together to achieve the best outcome

4.0 BACKGROUND

This policy was designed to ensure that the capital expenditure, fixed asset disposal and transfer process complies with the College objectives and strategies. The goal of the reporting process is to ascertain that the appropriate planning and management have been undertaken prior to major items being purchased by the College.

5.0 BODY OF POLICY

5.1 Capital Expenditure

Capital expenditure is expenditure on an asset which will provide a benefit over a number of years such as a computer or workstation.

Capital expenditure applies to assets that have a cost of $1,000 (excluding GST) or over.

The categories of capital expenditure are classified by asset type as per the fixed asset register and the general ledger. These types are:
- Plant & Equipment
- Computer Equipment
- Buildings
- Library
5.2 **Budgets**

5.2.1 Requirements for capital expenditure should be included in the capital expenditure budget prepared annually by all divisions, departments and regional offices.

5.2.2 The capital expenditure budget will be included as part of the total annual budget package for review and approval by Council. This approval does not provide authorisation for capital expenditure to be incurred. No commitment for expenditure of capital items should be undertaken on behalf of the College until all relevant requirements set out in this policy are complied with.

5.2.3 In situations where capital expenditure is justified by the generation of profits or cost savings in future years, the relevant forecasting and feasibility study/report will need to be included in the evaluation of capital expenditure.

5.3 **Expenditure Increases**

In circumstances where expenditure increases by 5% or more beyond the limit approved in the budget, the excess above 5% is required to be treated as for requests for unbudgeted capital expenditure (refer to 6.8).

5.4 **Authorisation of Capital Expenditure**

5.4.1 All requests require approval in accordance with the Delegations Manual.

5.4.2 Any requests for expenditure on IT hardware or software must be forwarded to the Manager, Information Technology for approval. The IT Manager is responsible for the evaluation of all requests relating to IT for all College activities.

5.5 **Replacement of Assets**

5.5.1 In situations where capital expenditure relates to the replacement of an asset, the residual value of the existing asset cannot be offset against the purchase price of the new asset.

5.5.2 Any application that relates to the replacement of an existing asset should refer to the age, condition and reasons why the asset has been replaced.

5.6 **Disposal of Fixed Assets**

In the case of fixed assets being scrapped or replaced, a ‘Request for Disposal of Fixed Assets’ form (attachment 2) should be completed and submitted.

5.7 **Transfer of Fixed Assets**

When fixed assets are transferred between departments, divisions or projects of the College, a ‘Request for Transfer of Fixed Assets’ form (attachment 3) must be completed and submitted.

5.8 **College Projects**

5.8.1 College projects are funded externally and their term may vary from one year or more.

5.8.2 The only difference between projects and ordinary capital expenditure is that project capital expenditure is recorded in the Fixed Asset register at $1 per item with the remainder of the cost expensed fully to xx.3xxx.1674 project expenditure in the year incurred. This ensures that there is a record in the asset register of each capital item as well as ensuring that the full cost is immediately taken up in the Project accounts when incurred.

5.8.3 Project capital expenditure must comply with this policy in all respects.
6.0 PROCEDURES

6.1 When preparing budgets, managers must consider any capital expenditure purchases that will be required within the following 12 months. Values are required for each item and wherever possible, quotations should be obtained to verify the budget estimates.

6.2 All requests for capital expenditure in excess of $1,000 must be submitted on a 'Request for Capital & Project Expenditure' (CAPEX) form (attachment 1), together with copies of quotations from suppliers. Wherever possible at least two alternative quotes should be obtained.

6.3 All expenditure on equipment of <$1,000 should be expensed to either:

- xx.xxxx.1651 Office Equipment ($1,000)
- xx.xxxx.1663 Other Equipment ($1,000)
- xx.xxxx.1674 Project Equipment

6.4 Quotes are not required for IT hardware or software as the College has a preferred supplier.

6.5 CAPEX request forms must be fully completed by the originating department prior to submission to the Finance Department for processing. A copy of the department/divisions capital expenditure budget highlighting the item should be attached. Any incomplete forms will be returned to the originating department and may delay the review and approval process.

6.6 All requests for capital expenditure require approval in accordance with the delegations manual.

6.7 Items must not be purchased prior to the originating department receiving an approved copy of the CAPEX form from Resources.

6.8 Requests for unbudgeted capital expenditure are required to be offset against an existing budget. Unbudgeted requests that do not include an alternative source for funding the item will not be approved.

6.9 Tax invoices for approved capital expenditure are to be forwarded to the Finance Department for payment in accordance with the College Delegations Manual and Accounts Payable Policy. Each tax invoice must either have a copy of the approved CAPEX form attached or must have the approved CAPEX form number clearly written on the tax invoice.

6.10 Disposals of fixed assets must be made in accordance with the Delegations Manual.

6.11 Disposal of fixed asset forms and transfer of fixed asset forms must be completed, authorised and forwarded to the Finance Department for processing.