



Financial Services Division

## ASSET DISPOSAL POLICY

<b>Date approved:</b>	14 July 1998	<b>Date Policy will take effect:</b>	Immediately	<b>Date of Next Review:</b>	October 2010
<b>Approved by:</b>	Administrative Committee				
<b>Custodian title &amp; e-mail address:</b>	Associate Director Financial Services <a href="mailto:finance_managers@uow.edu.au">finance_managers@uow.edu.au</a>				
<b>Author:</b>	Finance Manager				
<b>Responsible Faculty/Division &amp; Unit:</b>	Financial Services Division				
<b>Supporting documents, procedures &amp; forms of this policy:</b>	<a href="#">Asset Disposal Form</a>				
<b>References &amp; Legislation:</b>	<a href="#">Public Finance and Audit Act, 1983 (NSW)</a> <a href="#">Delegations of Authority Policy</a> <a href="#">Segregation of Duties Guidelines</a> <a href="#">Conflict of Interest Policy</a> <a href="#">Environmental Policy</a> <a href="#">OHS Purchasing Guidelines</a>				
<b>Audience:</b>	Public – accessible to anyone				
<b>Expiry date of Policy:</b>	Not applicable				



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## 1 Purpose of Policy

1. The purpose of this policy is to provide the means for the disposal of non-fixed assets.
2. The policy aims to achieve the best possible outcome for the University by gaining the best available net return when selling and to ensure the University is even-handed, open and honest in all dealings.
3. The best value outcome to the University must be a major consideration when disposing of assets.
4. Asset disposal decisions, and the reasons for taking them, should be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.
5. Non-disposal of obsolete equipment only takes up space and deprives the University of income without any offsetting benefit. Units are therefore encouraged to dispose of such equipment but goods should only be disposed of consistent with the processes set out in section 4.
6. Disposal should be based on a fair market value for each surplus item. The price established will be based on current market value and condition of the equipment.
7. Consideration has been given to identifying the risks and the areas most susceptible to fraud and the policy is designed to be consistent with our fraud prevention measures.
8. In the interests of promoting probity, fair dealing and openness, units must not sell or otherwise transfer surplus assets to staff (or their relatives or friends) unless arising from a public competitive process i.e. tendering or advertised sale which is open to the public. Where a member of the public and the staff member offer an equal price, the item must be sold to a member of the public.
9. The sale price must be the best market price and under no circumstances may goods be donated to staff.
10. Many decisions in this policy require an assessment of the market value of an item. Such assessments should be undertaken by the Head of Unit. The Head should take into consideration the original purchase price, the age of the equipment, an assessment of the usefulness of the equipment and of its possible market value. Consultation with Financial Services or Information Technology Services (in the case of IT equipment) is strongly recommended as Heads are accountable for asset disposal decisions.
11. This policy is consistent with the requirements of the Public Finance and Audit Act and other relevant regulatory requirements.

## 2 Definitions

Word/Term	Definition (with examples if required)
Assets	applies to the terms 'asset(s)', 'stores', 'item(s)', 'equipment', 'furnishings' and 'goods' as used throughout this policy and refers to items with an original purchase value of more than \$5,000, or, items costing more than \$500 that continue to provide value after one year from their date of purchase. It does not include buildings or other forms of fixed assets but may include building fittings.
Authorised Officer	refers to a Dean of Faculty, the Director of an Administrative Division, the University Librarian or any other person specified in the relevant financial delegations.
Market value	means the value of an item in the market place and is regardless of its initial purchase price or residual value.

## 3 Application & Scope

Not Available

## 4 Reasons for Disposal

1. Items can be available for disposal because they are:
  - a. required to be disposed of under a particular policy eg. motor vehicles
  - b. no longer required due to changed procedures, functions or usage patterns;
  - c. occupying storage space and not being needed in the foreseeable future;
  - d. reaching their optimum selling time to maximise returns;
  - e. no longer complying with occupational health and safety standards;
  - f. found to contain hazardous materials (Disposal of such items should only be carried out after prior discussion with the [Manager, OH&S](#)); and/or
  - g. beyond repair but able to be sold for scrap. Responsibilities of Head of Unit

## 5 Responsibilities of Head of Unit

1. Heads should be aware that:
  - a. each unit is responsible for managing the disposal of its surplus assets;
  - b. they are accountable for all decisions they take in the disposal process;
  - c. they should take into account the costs of undertaking disposal activities;
  - d. proper accounting and audit procedures should be observed and all decisions documented;
  - e. agents engaged to undertake selling activities need clear instructions;
  - f. special consideration should be given to items of potentially hazardous and pollutant stores likely to have an impact on the environment.

## 6 Options for Disposal of Assets

1. Assets identified for disposal may be dispensed with using the procedures below. Acceptable methods of disposal are:
  - a. Sale by public tender;
  - b. Private Sale;
  - c. Donated to a community service organisation;
  - d. Private sale by an agent acting for the University;
  - e. Transfer of the asset to another unit of the University;
  - f. Trade-in;
  - g. Junked or destroyed or cannibalised.
2. Choice of the most appropriate disposal option will normally be influenced by the nature of the goods for disposal and by their location and market value.
3. In all cases, assets disposed of must be reported on an 'Asset Disposal' form to ensure they are removed from the central asset register.
4. A more detailed description of each disposal option is set out below:

## Tender

- a. Items with an initial cost of \$10,000 or more must be disposed of by public tender unless the item is more than 10 years old.
- b. Other items may be disposed of by tender where the items are known to have a market value but the amount is unclear.

- c. Tendering is the most expensive disposal procedure and should only be undertaken where there is a clear net return to the University from such a process.

## **Sale**

- d. Private sale involves assigning a price to the item(s) and publicising the items availability for sale and the price in a suitable manner. This may range from a newspaper advertisement to a general email notice.
- e. To ensure a fair price is paid in the case of a private sale, an independent person (outside the Unit concerned and with appropriate expertise eg. Information Technology Services (ITS) in the case of computers) should be involved and confirm that the sale price is appropriate.
- f. Prospective buyers should be given adequate opportunity to inspect the goods prior to sale. Collection or forwarding of the goods is normally contingent on the presentation to the University of evidence of payment of the sale price.
- g. The item may on receipt of an offer, be sold to the first person to make such an offer.
- h. The provision relating to the sale of items to staff as outlined in section 1, paragraph 8 above must be observed.

## **Donations**

- i. Where the University has determined that goods have no residual value, and where their disposal is therefore unlikely to produce offsetting revenue, it may authorise the donation of the goods to another organisation.
- j. Ideally, such donations should be to organisations and not to individuals. Organisations with a community service role are recommended. This includes schools, charities and volunteer organisations.
- k. Donations must be approved by a delegated approving officer and there must be confirmation by Financial Services that the goods have no residual value and no significant market value.

## **Using disposal agents**

- l. A unit may in some circumstances engage an agent to undertake the disposal by sale of goods.
- m. Where an agent is to undertake sales on behalf of the University, it is important to advise the agent, in writing, of the University's instructions relating to the sale. Information might include timeframe for sale, target revenue, condition and location of assets, reserve price, and end-user restrictions.
- n. This advice is the formal agreement or contract with the agent and constitutes the authority for the agent to undertake the sale in accordance with the University's requirements. The advice should be signed by an authorised officer.

## **Transfer to another Unit**

- o. In some cases, an asset may have no use for one unit but may be of value to another unit within the University. In such case, the asset may, with the agreement of both Units be transferred. Such transfer may be at no cost to either unit or entail a fee or price negotiated by the two units concerned.

## **Trade-In**

- p. Items may be traded in where this maximises the net return to the University. The asset number of the item traded-in and the value of the trade-in should be shown on the Purchase Order.

## Destroyed or Cannibalised Plant and Equipment

- q. Items with no market value and no use to any other organisation or person may be destroyed in an appropriate and safe manner.
- r. An [Asset Disposal Form](#) must be completed and authorised by the Head of Unit and forwarded to Financial Services for updating the central asset register.

## 7 Roles & Responsibilities

Not Available

## 8 Version Control and Change History

Version Control	Date Effective	Approved By	Amendment
1	14 July 1998	Administrative Committee	New Policy
2	October 2007	Finance Manager	Reviewed
3	6 May 2009	Vice Principal (Administration)	Migrated to UOW Policy Template as Policy Directory Refresh