

# Asset Disposal Policy



<b>Subject:</b> Asset Disposal	<b>Owner:</b> Revenue and Financing Manager	<b>Issue Date:</b> 25/01/2017
<b>Team responsible for this Policy:</b> Corporate Services	<b>Approval:</b> Chief Financial Officer	<b>Review Date:</b>
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## 1. Purpose

To provide clear guidance to staff on how, and when to dispose of Council property.

## 2. Scope

Assets are the property of the Council and it is therefore essential that the act of disposing of an asset is in accordance with Council policy, procedures and audit requirements.

The proper recording of an asset disposal provides for an accurate account of profit or loss in the Council's financial statements.

Disposal of an asset may be necessary as a result of the asset becoming redundant, obsolete replaced by an upgrade, damaged, stolen or simply surplus to requirements.

## 3. Authorisation & Disposal

The initial decision to dispose of an asset should come from the third tier manager responsible for the asset. This should occur when the manager becomes aware that the asset is redundant, obsolete, replaced, damaged, stolen or surplus to requirements. Written authorisation to dispose of the asset must be obtained from the Chief Financial Officer or the Chief Executive prior to commencing this process.

### 3.1 Methods of Disposal

To establish a perceived value, find examples of like items being sold in similar circumstances by other sellers. The evidence collected on the value must be made available to the Chief Financial Officer and Chief Executive Officer in order that they may confirm the perceived value is reasonable.

#### **Under \$50**

If the perceived value of the asset is \$50 or less then list it on TradeMe for sale as an auction to the public. Circulate an all-staff email to publicise the sale. Highest bidder wins. Buyer must pick-up. Council staff should not waste their time posting low value items.

#### **\$50-\$5,000**

If the perceived value falls between \$50 and \$5,000 then list it on TradeMe for sale as an auction to the public. Confirm reserve with Financial Accountant and Chief Financial Officer or Chief Executive. Obtain additional publicity via Council notice board and local newspaper as appropriate. Large items should be listed as pick up only.

#### **Over \$5,000**

Assets over \$5,000 perceived value may be sold via online public auction with associated publicity however in unusual circumstances the asset may be disposed of in other ways prescribed by Chief Financial Officer and duly authorised by the Chief Executive Officer (i.e. if we are disposing of a large number of like items of high value we may use specialists e.g. Turners Auctioneers or a local vehicle dealer for motor vehicle disposals or technology specialists for IT equipment no longer required.)

If the asset is damaged or worn in a way that may create a risk to a subsequent user then attempt to sell the object as scrap to a scrap professional or have it delivered to the nearest recycling facility. This process should also be used if the asset is unable to be sold or has no realisable value.

Regardless of how the asset is disposed of, if the asset was on the fixed asset register (even if the book value had depreciated to zero) you must notify the Financial Accountant of the disposal and complete the asset disposal form which is available from:

<S:\OrganisationAdmin\FORMS\finance\Asset Disposal Form.pdf>

### **3.2 Reserve Prices for Auctioned Items**

When disposing of an asset by auction the reserve should not be less than the book value unless there is a tangible reason, such as market belief that the asset is obsolete or the condition of the asset is such that it is reduced in value. With vehicles, obtain a dealer quote for buying the vehicle and use that as the reserve in an auction.

### **3.3 Notes for disposal of technology**

If disposing of technology that holds data, the officer of Council handling the disposal must ensure that any privileged or confidential data has been removed from the hard drive or memory of the device before making it able to be acquired privately. If this is not possible then the device or its hard drive should be destroyed.

### **3.4 Notes for disposal of vehicles**

Once vehicles are disposed of, the officer of Council handling the disposal must ensure that the transfer of ownership is notified to the New Zealand Transport Agency, the new owner is made aware of their responsibility to notify the New Zealand Transport Agency and that the vehicle is removed from the Insurance Schedule of Vehicles.

## **4. Risk mitigation**

As with the sale of any Council property it is important that Council remains impartial about the people or companies to whom these assets are sold. Council should not be exposed to allegations of preference being given to staff members, elected members or their families. Please consider this fact when selling anything.