

## **COUNCIL POLICY: ASSET DISPOSAL**

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<i>Date Adopted:</i>	<i>26 July 2011</i>
<i>Committee Reference:</i>	<i>Corporate and Community Services Committee Meeting; 19 July 2011; Item No 2.1</i>
<i>Amended Date:</i>	<i>26 November 2013; 28 June 2016</i>
<i>Contact Officer:</i>	<i>Chief Finance Officer</i>
<i>Next review date:</i>	<i>30 June 2019</i>
<i>File Reference:</i>	<i>12/13/002; 04/15/004</i>
<i>Related Policies/Local Laws/Legislation:</i>	<i>Local Government Act 2009 (the Act) Local Government Regulation 2012 (the Regulation) FI01.07CP; Recognition of Non-current Assets Policy FI01.11AP; Portable and Attractive Items Policy FI01.13CP; Procurement Policy</i>
<i>Related Documents:</i>	<i>Asset Disposal Guidelines (Attachment A) Delegations Register Procurement, Contracting and Asset Disposal Manual Ethics, Probity and Accountability Better Purchase Guide (CMC Guidelines)</i>

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### **OBJECTIVES**

The objective of this policy is to establish appropriate guidelines for the disposal of items, including assets, owned or controlled by Council that are surplus to requirement or otherwise redundant. This Policy does not apply to Council's information records.

#### **Corporate Plan:**

<i>Priority Area</i>	<i>Organisational Sustainability Council strives to be a high performing and financially sustainable organisation with robust governance structures based on the principles of risk management and continuous improvement. We offer a safe, positive work environment, value and reward our staff and are committed to providing ongoing development and training.</i>
<i>Strategy</i>	<i>Implement effective risk management and maintain contemporary business processes.</i>

### **POLICY STATEMENT**

Section 104 of the Act requires that Council's financial management systems have regard to the sound contracting principles when entering into a contract for the disposal of assets. To

ensure these requirements are satisfied, the following sound contracting principles will be considered when undertaking disposal activities and making decisions about disposals:

- (a) value for money; and
- (b) open and effective competition; and
- (c) the development of competitive local business and industry; and
- (d) environmental protection; and
- (e) ethical behavior and fair dealing.

#### Value for money

Disposal processes and decisions will be made by officers with delegated authority and will be based on sound judgement as to the likely costs and benefits of available options.

#### Open and effective competition

Subject to the exemptions listed in Attachment A, all disposal will be undertaken by tender or auction.

#### The development of competitive local business and industry

Where it is considered there may be interest from local business or industry, the disposal processes will be advertised on Council's website and/or in local media.

Disposals (other than valuable non-current assets) by donation to local not-for-profit organisations will be implemented for items (e.g. computers) which are of use to those organisations but unlikely to provide significant revenue from sale.

#### Environmental protection

Wherever practicable, disposal processes will promote the re-use or recycling of goods.

Disposal by transfer to landfill will be used where:

- re-use or recycling is not economically viable;
- re-use or recycling attempts for those or similar goods have not proved successful; or
- the goods could pose an unacceptable health or safety risk to purchasers.

#### Ethical and fair dealing

Councillors and Council officers will declare any potential conflict of interest which may arise by their involvement in a disposal. Disposal processes will not be structured to favour Councillors, Council officers or their associates.

Council recognises that in addition to its statutory obligations, it has a strong moral obligation to establish disposal processes and to ensure that disposal decisions are made with appropriate level of probity and in the public interest.

#### **Lost or stolen Council property**

Council acknowledges its obligation of care and control of Council assets and resources and requires that any items lost, damaged or stolen be dealt with in accordance with Section 307A of the Regulation.

## SCOPE

This policy applies to all Councillors and Council employees.

## DEFINITIONS

### Assets

For purpose of this policy comprise items of plant, equipment, furniture, fittings and stock but do not include:

- materials deposited as waste at a Council waste management facility e.g. scrap metal
- abandoned vehicles
- seized or impounded items
- gifts as defined in Council's *Gifts and Personal Benefits Policy*

### Reportable Loss

Means a loss resulting from:

- the commission of an offence under the Criminal Code or another Act;
- the corrupt conduct of a councillor, local government employee or local government worker; or
- conduct of a contractor of the local government that would be corrupt conduct if the contractor were a councillor, local government employee or local government worker.

### Valuable Non-Current Asset

In accordance with Section 224(6) of the Regulation, a valuable non-current asset is land or another non-current asset that has an apparent value that is equal to or more than the following limits:

- Land; no limit
- Plant or equipment; \$5,000
- Any other type of non-current asset; \$10,000

Note: above values are exclusive of GST.

## RESPONSIBILITIES

Policy Author	Chief Finance Officer
Policy Owner	Chief Finance Officer
Guidelines and procedures - <i>Attachment A: Asset Disposal Guidelines</i>	Chief Finance Officer

**Approved By:**

**SCENIC RIM REGIONAL COUNCIL**  
**28 June 2016**

## ATTACHMENT A: ASSET DISPOSAL GUIDELINES

### Valuable Non-Current Assets

As required by Section 227 of the Regulation, Council can not enter into a contract for the disposal of a valuable non-current asset unless it first invites written tenders for the contract in accordance with Section 228 of the Regulation or offers the asset for sale by auction.

#### Exceptions for valuable non-current asset contracts

Section 236 of the Regulation provides for the following exemptions to Section 227:

- (a) The valuable non-current asset:
  - (i) was previously offered for sale by tender or auction but was not sold; and
  - (ii) is sold for more than the highest tender or auction bid that was received.
- (b) The valuable non-current asset is disposed of to:
  - (i) a government agency; or
  - (ii) a community organisation.
- (c) For the disposal of land or an interest in land:
  - (i) the land will not be rateable land after the disposal; or
  - (ii) the land is disposed of to a person whose restored enjoyment of the land is consistent with Aboriginal tradition or Island custom; or
  - (iii) the disposal is for the purpose of renewing the lease of land to the existing tenant of the land; or
  - (iv) the land is disposed of to a person who owns adjoining land in accordance with the criteria set out in Section 236(1)(c)(iv) of the Regulation; or
  - (v) all or some consideration for the disposal is consideration other than money and the criteria set out in Section 236(1)(c)(v) of the Regulation is met; or
  - (vi) the disposal is for the purpose of a lease for a telecommunication tower; or
  - (vii) the disposal is of an interest in land that is used as an airport or for related purposes and the criteria set out in Section 236(1)(c)(vii) of the Regulation is met.
- (d) For the disposal of a valuable non-current asset, other than land, by way of a trade-in for the supply of goods or services:
  - (i) the supply is, or is to be, made under Part 3 of the Regulation; Default Contracting Procedures; and
  - (ii) the disposal is, or is to be, part of the contract for the supply.
- (e) the Minister exempts Council from complying with Section 227 of the Regulation.

Exemptions (a) through (d) require a Council resolution prior to disposal of the asset.

All exemptions relating to the disposal of land or an interest in land except for b), c)ii) and e) require value of the consideration to be equal to, or more than, the market value of the land or the interest in land, including the market value of any improvements on the land.

A written report about the market value of land or an interest in land from a valuer registered under the *Valuers Registration Act 1992* who is not an employee of Council is evidence of the market value of the land or the interest in land.

Where the disposal is being undertaken in conjunction with the purchase of a replacement asset, the disposal may be conducted as a trade-in rather than as a separate contract provided the purchase is undertaken as a properly tendered or quoted purchase contract.

### Other Assets

#### Costs of Storage

For items other than valuable non-current assets, Council staff should take into consideration the direct and indirect costs of storing items until disposal occurs prior to making the decision to place items in storage. These costs include:

- Storage costs; Council aims to minimise items held in storage that are no longer required for business purposes. This contributes to an overall shortage of storage space, which may result in additional paid storage space being sourced.

- Obsolescence; some items can become out of date very quickly if left in storage resulting in any benefit from eventual disposal being lost.
- Deterioration; some items will deteriorate if left in storage, particularly if the storage location is not completely secure from weather.
- Internal resources; items that are stored will require Council staff to manage, move and eventually dispose of them. The value of stored items should be considered in the context of the internal resources required to manage them.

### Public Auctions

The preferred method of disposals is by public auction; however, the cost of conducting public auctions will often exceed the sale proceeds.

If public auctions are held all disposals that are offered for sale must follow an open process by advertising in local media.

### Online Auctions and Tenders

Online auctions and tenders may be utilised as disposal methods.

If online auctions or tenders are held all disposals that are offered for sale must follow an open process and be advertised on Council's website.

### Scrap Items

Officers designated as Asset Custodians will be given delegated authority to dispose of any assets under their control which are obsolete or redundant (referred to as "Scrap Items"). Items which are considered unlikely to provide a positive return at auction or to be of interest to a local not-for-profit organisation may be disposed of as:

- selling the scrap items through a Council-controlled recycling outlet domiciled at any of the waste facilities;
- sold or offered to an entity that deals in scrap items; or
- waste.

Any other process must be approved by the Chief Executive Officer.

### Donation to local not for-profit organisations

Expressions of interest will be invited from local not-for-profit organisations for the donation of assets (e.g. computers) which may be of use to those organisations but are unlikely to provide significant revenue from sale. Details of items currently available for donation will be advertised on Council's website.

Donations may also occur if resolved by Council.

Any other process must be approved by the Chief Executive Officer.

### Library Stock

Library stock considered by the Regional Librarian to be of no further use may be offered for sale at a book fair or donated to a local not-for-profit organisation. Book fairs will be advertised on Council's website and included in public notices.

### **Record Keeping**

It is important to provide a systematic and accountable method of controlling the recording, tracking and disposal of Council's fixed assets ensuring that the value of such assets is properly recorded and their depreciation, impairment and write-off are all reported accurately in the Council's financial statements and management reports.

All disposals must be documented, whether sold or scrapped, and authorised by the delegated officer. A copy of the disposal form is to be forwarded to the Finance Department to ensure that, where required, items are removed from Council's asset register or portable and attractive items register.

Where an item of property, plant and equipment is disposed of that has been recognised as a non-current asset under the *Recognition of Non-Current Assets Policy*, the custodian must forward a completed Asset Purchase and Disposal Form to Council's Finance Department. Disposal of fleet assets should be recorded on the Fleet Asset Purchase and Disposal Form.

For all other disposals the custodian must forward a completed Portable and Attractive Purchase and Disposal Form to Council's Finance Department.

## **Forms Required**

### Asset Purchase and Disposal Form

Use for obtaining and recording all information and signatures relating to assets recognised as a non-current asset under the *Recognition of Non-Current Assets Policy*.

### Fleet Asset Purchase and Disposal Form

Use for obtaining and recording all information and signatures relating to fleet assets recognised as a non-current asset under the *Recognition of Non-Current Assets Policy*.

### Portable and Attractive Purchase and Disposal Form

Use for obtaining and recording all information and signatures relating to other disposals.

## **Lost or stolen Council property**

Section 307A of the Regulation contains recording and notification requirements where Council has experienced the loss of an asset.

Where Council becomes aware that property is damaged or missing it must record details of the loss by completing the Damage or Loss to Vehicle, Plant or Property Form.

If the loss of an asset has a total value of more than \$1,000 or is a reportable loss, Council must notify the Minister and auditor-general within 6 months of becoming aware of the loss. For money, notification must occur if the loss is more than \$500.

For a loss resulting from the commission of an offence under the Criminal Code or another Act, Council must also immediately notify the police.

For a loss resulting from fraud or corruption, Council must also immediately notify the Crime and Corruption Commission.

Where required, the officer responsible for items that may have been stolen must notify the police.

The Finance Department must be notified immediately and will notify the Minister, auditor-general and Council's insurance agency where required.

The appropriate disposal form must also be completed and forwarded to the Finance Department.

Where property has been damaged by a member of the public and the following conditions are satisfied:

- a) the cost of replacement is more than \$1,000;
- b) the damage is considered to be the result of a negligent or deliberate act; and
- c) a person or entity has been identified as responsible.

If determined by the Chief Executive Officer or Chief Finance Officer there is considered to be a reasonable chance that recovery actions would result in a positive financial outcome to Council, Council will pursue recovery of costs.

### **Responsibility for Stored Items**

It is the responsibility of the Department storing items to ensure that items are appropriately managed and subsequently disposed of, including meeting any associated costs.

### **Asset Custodians**

The following officers are designated as Asset Custodians and have delegation to dispose of Scrap Items as defined below:

<b>Asset Class</b>	<b>Asset Custodian</b>
Council facilities fixtures, fittings and furniture including office furniture	Manager Property and Operations
IT equipment and office equipment	Manager Information Services
Depot / workshop equipment and tools	Director Infrastructure Services
Plant, fleet and equipment	Director Infrastructure Services
Library books	Regional Librarian
Obsolete stores	Chief Finance Officer
Used and returned / unused construction materials (roads and drainage) – not stock	Manager Works

**Approved By:**

**SCENIC RIM REGIONAL COUNCIL  
28 June 2016**

**ATTACHMENT B: FORMS**

**ASSET PURCHASE AND DISPOSAL FORM**

Scenic Rim Regional Council

10-Jun-2011

This form is used to notify the Scenic Rim Regional Council Financial Management Branch of the acquisition or disposal of Assets with an original value of more than \$5,000	
Original to Finance Officer (Assets)	Copy to: <input type="text"/>
<b>Purchase</b> <input type="checkbox"/> <b>and/or Disposal</b> <input type="checkbox"/>	
<b>Asset Number</b>	<input type="text"/> (allocated by Finance) <b>Class</b> <input type="text"/>
<b>Date of Purchase</b>	<input type="text"/> <b>Job No. (Ledger)</b> <input type="text"/>
<b>Amount Paid</b>	<input type="text"/> \$ <input type="text"/> <b>GST Exclusive</b>
<b>Asset Description</b>	<input type="text"/> <input type="text"/>
<b>Make/Model</b>	<input type="text"/>
<b>Serial Number</b>	<input type="text"/>
<b>Directorate</b>	<input type="text"/>
<b>Department</b>	<input type="text"/>
<b>Location / Building</b>	<input type="text"/>
<b>Address</b>	<input type="text"/> <input type="text"/>
<b>Custodian</b>	<input type="text"/>
<b>Expected life (Yrs)</b>	<input type="text"/> <b>Residual Value estimate</b> \$ <input type="text"/>
<b>Supplier</b>	<input type="text"/>
<b>Date of Disposal</b>	<input type="text"/> <b>Auction/Trade or Write-off</b> <input type="text"/>
<b>Disposed Asset No.</b>	<input type="text"/>
<b>Amount Received</b>	<input type="text"/> \$ <input type="text"/> <b>GST Exc</b>
<b>Asset Description</b>	<input type="text"/> <input type="text"/>
<b>Reason for Disposal</b>	<input type="text"/>
<b>Signed by Purchaser/ Disposer</b>	<input type="text"/> <input type="text"/>
<b>Date</b>	<input type="text"/>
<b>Finance Use Only-</b>	<b>Entered by Finance Officer:</b> <input type="text"/> <b>Date:</b> <input type="text"/>



# FLEET ASSET PURCHASE AND DISPOSAL FORM

## FLEET ASSET PURCHASE AND DISPOSAL FORM

Scenic Rim Regional Council

Updated 15/04/2011

This form is used to notify the Scenic Rim Regional Council Financial Management Branch of the acquisition or disposal of Fleet Assets with an original value of more than \$5,000 (Capital) or less than \$5,000 (P&A)			
Original to Finance Officer (Assets)		Copy to: <input style="width: 150px;" type="text"/>	
Purchase <input type="checkbox"/> and/or Disposal <input type="checkbox"/>			
Asset/Fleet Number	<input style="width: 100%;" type="text" value="FL-"/>	Group Code	<input style="width: 100%;" type="text"/>
Date of Purchase	<input style="width: 100%;" type="text"/>	FBT (Yes/No)	<input style="width: 100%;" type="text"/>
Amount Paid	\$ <input style="width: 150px;" type="text"/> GST Exclusive		
Asset Description	<input style="width: 100%;" type="text"/>		
Make/Model	<input style="width: 100%;" type="text"/>		
Registration or Serial No.	<input style="width: 100%;" type="text"/>		
Load Carrying Capacity	GVM <input style="width: 50px;" type="text"/>	- Kerb Wt <input style="width: 50px;" type="text"/>	= <input style="width: 50px;" type="text"/> Tonnes
Directorate	<input style="width: 100%;" type="text"/>		
Management	<input style="width: 100%;" type="text"/>		
Section	<input style="width: 100%;" type="text"/>		
Location/Town	<input style="width: 100%;" type="text"/>		
Area	<input style="width: 100%;" type="text"/>		
Fleet Driver/Custodian	<input style="width: 100%;" type="text"/>		
Supplier	<input style="width: 100%;" type="text"/>		
Date of Disposal	<input style="width: 100%;" type="text"/>	Auction/Trade or W-off	<input style="width: 100%;" type="text"/>
Disposed/Traded Asset No.	<input style="width: 100%;" type="text" value="FL-"/>	Auction Company	<input style="width: 100%;" type="text"/>
Amount Received	\$ <input style="width: 150px;" type="text"/> GST Exc    End Km's <input style="width: 100%;" type="text"/>		
Asset Description	<input style="width: 100%;" type="text"/>		
Reason for Disposal	<input style="width: 100%;" type="text"/>		
If most required information on invoice - copy to be attached if available			
Signed by Purchaser/ Disposer	<input style="width: 100%;" type="text"/>		
Date	<input style="width: 100%;" type="text"/>		
<b>Finance Use Only-</b>			
Entered by Finance Officer: <input style="width: 50px;" type="text"/>		Date: <input style="width: 100px;" type="text"/>	
<input type="checkbox"/> FS Work Order created		<input type="checkbox"/> Plant Hire Rate recorded	

PORTABLE AND ATTRACTIVE PURCHASE AND DISPOSAL FORM

PORTABLE AND ATTRACTIVE PURCHASE AND DISPOSAL FORM

Scenic Rim Regional Council

8/03/2013

This form is used to notify the Scenic Rim Financial Management Branch of the acquisition or disposal of items with an original value of less than \$5,000

Original to Finance Officer (Assets) Copy to: \_\_\_\_\_

Purchase  Disposal

Item Number \_\_\_\_\_ (sticker allocated by Finance) Register  
 Portable & Attractive  
 Test & Tag  
 Other \_\_\_\_\_

Date of Purchase/ Disposal \_\_\_\_\_

Amount Paid \$ \_\_\_\_\_ GST Exclusive/ Inclusive

Item Description \_\_\_\_\_

Make/Model \_\_\_\_\_

Serial No. \_\_\_\_\_

Department/ Area \_\_\_\_\_

Location / Building \_\_\_\_\_

Responsible Officer \_\_\_\_\_

Title \_\_\_\_\_

Supplier \_\_\_\_\_

Reason for Disposal \_\_\_\_\_

If most required information on invoice - copy to be attached if available

Signed by Purchaser/ Disposer \_\_\_\_\_  
Date \_\_\_\_\_

Finance Use Only- Entered by Finance Officer: \_\_\_\_\_ Date: \_\_\_\_\_