

Flinders Campus Community Services

Disposal of Assets Policy

First Approved by Board:	December 2008 Meeting 6/08
Date last amendment:	
Contact person:	Finance Manager

1. Introduction

Flinders Campus Community Services (FCCS) owned assets that are considered surplus to requirements or are beyond economical repair will be disposed of in accordance with the following procedures.

1.1 Principles

- Assets that are surplus to the requirements of FCCS must be disposed of in a manner that achieves the net maximum benefit to FCCS.
- Disposal of assets must be conducted with probity.
- Authority to dispose of assets under department control is as per the prescribed transaction limit contained within the Financial Delegations Policy. All authorities must be co-approved by the General Manager for Department Managers or the Board for the General Manager.
- Assets disposed of as a Trade-In on new equipment is not subject to this policy other than its accounting treatment. It is accepted that Trade-Ins meet the requirements of this Policy through adherence to probity, valuation, payment and efficient removal.
- All Managers are responsible for ensuring compliance with this procedure.
- Sale proceeds return to the department cost centre that is responsible for the asset.

1.2 Definitions

1.2.1 Net maximum benefits are determined by the proceeds from disposal less all costs associated with the disposal. Costs include direct selling costs eg advertising as well as direct costs such as the cost of staff time involved in the disposal.

1.2.2 Probity means the process must have integrity. The acid test is “would a reasonable person, in possession of all relevant facts, agree that the action taken was reasonable”. Conflicts of interest must be managed in accordance with the University Conflicts Policy” and the General Manager will arbitrate.

1.2.3 Department Manager is the person who is financially responsible for managing the department costs.

2. Preparation for Disposal

2.1 Valuation

Department Managers must determine a value for the item to be disposed and document this. Methods of valuation may include reference to classified advertisements for commonly traded items eg computers and formal valuations. Formal valuations are more likely to be of benefit where items are of a current value greater than \$5,000 and the existing value is difficult to determine eg art works, specialised equipment.

2.2 Data

All data stored in the asset must be removed. This includes documents in filing cabinets as well as information stored electronically eg in computers. The clean up process must

remove the data. In a computer the hard disk should be reformatted as simply deleting files does not actually remove them from the hard drive.

2.3 Due Care

FCCS will not knowingly dispose of an item that is unsafe. Departments should take reasonable steps to ensure the item sold is safe. However FCCS will not warrant that items are safe.

3. Disposal Process

Surplus assets may be disposed of by any method that will provide net maximum benefit to FCCS whilst maintaining probity. Assets with no net economic value may be scrapped. Methods may include:

- Trade in
- Sale by private treaty
- Auction/Tender
- Donation

3.1 Guidelines for Disposal by Sale

1. Should the expected sale price be \$2,000 or less the Department Manager will determine the appropriate method of sale.
2. Should the expected sale price be greater than \$2,000 but not more than \$5,000, the Department Manager will arrange for:
 - (a) an entry to be placed in a circulated FCCS publication, advertising the asset for sale at a fixed price, not less than any trade-in price. Sale of the asset will be on a first come first served basis; or
 - (b) the asset to be offered for sale by tender/auction. In either case, the Department Manager may also arrange for the item to be advertised for sale in a newspaper, trade journal or on the Internet.
3. For all assets disposals over \$5,000 the Board will be notified and then the Department Manager will arrange for the asset to be offered for sale by tender. This will involve at least one notice being placed in a circulated FCCS publication and, it may also involve notice being placed in the Advertiser or a trade journal, depending on the nature of the asset in question. Alternatively assets may be provided to an auctioneer for sale by auction.

3.2 Warranties

Items are to be sold on an "as is" basis with no warranty or guarantee. This should be included in the documentation for the sale.

3.3 Disposal to FCCS Staff

Disposal of surplus equipment to FCCS staff may cause a conflict of interest, but may provide the maximum net benefit to FCCS. In this case, the relevant Department Manager must ensure that the price charged is fair and reasonable and document the basis for this. Staff may not approve the sale of items to themselves.

If equipment is sold to staff below 75% of the purchase price it is GST-free and providing it is sold at the current market value then no FBT is payable.

3.4 Sales Contract

A written record of the sale should be prepared and signed by FCCS and the purchaser unless this is impractical. The documentation must include:

- the names of the parties to the contract;
- the sale price;
- a description of the items including serial number and other identifying symbols;
- that there is no warranty;

- title to the items does not pass until the sale proceeds have been paid eg cheques have been cleared.

Unless otherwise agreed, removal of the asset shall be at the purchaser's expense. The time and place for the removal of the asset will be specified by FCCS.

A sample sale document is appended. Department Managers may use this or another contract provided it meets the above requirements. Exemptions may be approved by the General Manager.

3.5 Payment Method

Payment should normally be made by cash or bank cheque. Payment by cash, credit card or Eftpos should be made through the Cashier's Office and a receipt will be provided. For amounts of \$5,000 or more, personal cheques will not be accepted. Payment must be received prior to the item being handed to the purchaser.

3.6 Accounting Requirements

Assets with an original acquisition value of \$5,000 or more:

- Department Managers are responsible for the following:
 - preparation of the "Asset Retirement Form"
 - forward the Asset Retirement Form and receipt to Finance Manager
- Administration Department is responsible for:
 - reviewing the disposal process
 - removing the asset from the Assets Register
 - ensuring the integrity between the General Ledger and Assets Register

For assets with an acquisition value of less than \$5,000, Department Managers are responsible for notifying the Finance Manager of the asset disposal. All proceeds received from the disposal of assets are returned to the department holding the asset.

3.7 Preparing the disposal form

The Assets Retirement Form must be completed by the Department Manager or Finance Manager, ensuring that all details pertaining to the disposal of the asset are entered on the retirement form. This includes:

- asset tag number
- description of asset
- method of disposal, eg. sold, transferred to another department.

3.8 Accounting for Trade ins

Where items are traded in for new acquisitions, the respective disposals and acquisitions shall be treated as separate transactions. The accounts shall reflect the cost of assets acquired before trade-in as gross capital expenditure, and net profit/loss on disposals as abnormal income/expenditure.

3.9 Taxation Requirements

As a registered charitable institution, the supply of second hand goods by FCCS is GST free if the selling price is either:

Less than 50% of the GST inclusive market value

OR

Less than 75% of the acquisition cost inclusive of GST (Reference: "A New Tax System (Goods & Services Tax) Act 1999, Division 38-250 (1) (b) (ii) & (2) (b) (ii))

If the above requirements are met there is no need to provide the purchaser with a tax invoice. If the above requirements are not met, GST will apply at the rate of 10% and a tax invoice is required. This can be arranged with the Finance Manager.

SALES CONTRACT

between

FLINDERS CAMPUS COMMUNITY SERVICES INC

Trading as Flinders One

ABN 53 390 033 434
(Seller)

and

Purchaser
ABN

for the

Sale of

(description of items to be sold including serial number(s) and other identifying symbols)

Price: \$

INTENT

**Flinders Campus Community Services (FCCS) and
are entering into this Agreement for the sale of the above item(s).**

TERMS AND CONDITIONS

- 1. The items being sold are those as registered above.
- 2. The sale price is listed above.
- 3. Purchased on an as it stands basis.
- 4. There is no warranty or guarantee on the items(s) listed above.
- 5. Title to the item(s) does not pass until payment has been made and the seller has received the proceeds. In the case of payment by cheque this shall mean the date on which the cheque is cleared.

SIGNED:

On behalf of *Name of Buyer*

On behalf of Flinders One

by Date

by Date

.....
(title)

.....
(title)

FLINDERS CAMPUS COMMUNITY SERVICES

ASSET RETIREMENT FORM

Asset Number: Date:

Department Location:

Asset Description:

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.....
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Method of Disposal:

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.....
.....

Asset Disposal by:

Authorised by: