PROPERTY, PLANT AND EQUIPMENT DISPOSAL PROCEDURE (FMPM)

CONTENTS

1 PURPOSE ............................................................................................................................................................. 1
2 SCOPE .................................................................................................................................................................. 1
3 PROCEDURE ....................................................................................................................................................... 1
   Disposing of property, plant and equipment ......................................................................................................... 1
   Disposing of information communication technology (ICT) equipment ................................................................. 2
   Methods of disposal .............................................................................................................................................. 2
   Portable and attractive items ................................................................................................................................ 4
4 RESPONSIBILITIES ............................................................................................................................................. 4
   Compliance, monitoring and review ...................................................................................................................... 4
   Reporting ............................................................................................................................................................... 4
   Records management ........................................................................................................................................... 5
5 DEFINITIONS ....................................................................................................................................................... 5
   Terms and definitions ............................................................................................................................................ 5
6 RELATED LEGISLATION AND DOCUMENTS .................................................................................................... 5
7 FEEDBACK ........................................................................................................................................................... 5
8 APPROVAL AND REVIEW DETAILS ................................................................................................................... 5

1 PURPOSE

1.1 The purpose of this procedure is to provide clear direction to staff on the process for disposing of University property, plant and equipment. Ensuring consistent application of this procedure across the University facilitates the accurate and timely accounting for the disposal of all assets and portable and attractive items in the University's Financial Management System and, in turn, supports the provision of relevant information for reporting and decision-making purposes.

1.2 This procedure also contributes towards meeting the University's obligations under the Financial and Performance Management Standard 2009 by ensuring the existence of an asset management system that provides for disposing of and writing-off assets.

2 SCOPE

2.1 This policy applies to all items of property, plant and equipment recognised by the University and to all staff responsible for the disposal of asset-related activities in accordance with the Delegation of Authority Policy (FMPM) and organisational structure of the Finance and Planning Division, Facilities Management Directorate and other relevant Responsibility Centres.

3 PROCEDURE

Disposing of property, plant and equipment

3.1 Prior to the disposal of University property, plant and equipment, a disposal assessment addressing the following criteria must take place:
   - increased cost of continued repairs and maintenance
   - productivity and quality of older assets compared to new technology
   - availability of substitute university assets, and
• cost of new assets.

Other specific criteria that are relevant to the decision-making process, is also to be considered as necessary.

3.2 Once the decision to dispose of an item of property, plant and equipment has been made, the relevant responsibility area asset contact must complete an Asset Disposal Form and obtain approval as per the Delegation of Authority Policy (FMPM). The University asset tags must also be removed and attached to the form prior to forwarding to the Financial Accounting team for processing. It is important that the Asset Disposal Form is prepared and provided to the Financial Accounting team in a timely manner to ensure the necessary accounting entries can be captured in the University's financial statements.

Disposing of information communication technology (ICT) equipment

3.3 The responsibility for the disposal of all ICT equipment rests with the Information and Technology Directorate (IaTD). When an item of ICT equipment is no longer needed or is to be retired, the custodian must log a TaSAC request for collection by IaTD. ICT equipment consists of desktop computers, laptops, printers, mobile phones, iPads and tablets. Note: a TaSAC request is not required for replacement computer equipment as part of an IaTD roll-out of new computers.

3.4 IaTD Field Services will complete the Asset Disposal Form and obtain approval as per the Delegation of Authority Policy (FMPM). The asset tag should be removed from the equipment and attached to the Asset Disposal Form, then forward to the Financial Accounting team for processing.

Methods of disposal

Internal transfer

3.5 The transfer of ICT equipment is co-ordinated and managed by IaTD, all requests for a transfer of these items must be logged through TaSAC.

3.6 Other assets and attractive items may be transferred to another responsibility area within the University. To initiate a transfer of equipment between responsibility areas, an email must first be sent to the campus mailing list specifying the equipment is surplus to requirements and is available for transfer, the current condition, specifications, and number of items available.

3.7 Upon agreement of transfer, the staff member receiving the asset must complete the relevant form to record the changes to asset details (specifically the location, custodian and responsibility area) and forward to the Financial Accounting team for processing.

3.8 If no interest is received from the email to the campus mailing list, it is to be assumed that the asset has become excess to requirements and another method of disposal must be selected.

External sale

3.9 University assets cannot be sold externally without publically advertising their availability.

3.10 For the external sale of numerous low cost items, e.g. computers, disposal must take place through Queensland Government Supply and Disposal who will arrange collection and transportation to a government auctioneer.

3.11 For the external sale of specialised equipment, the responsibility area may begin negotiations with an interested party (e.g. the University has a boiler that is excess to requirements, and the company maintaining the equipment is interested in acquiring it).

3.12 The following details must be provided to the interested party:
  • brand
  • model
  • year
• number of items, and
• contact name and number.

3.13 The interested party must provide written notification of the proposed purchase price (inclusive of GST). If the price is acceptable to the responsibility area, then all documentation must be forwarded to the Deputy Vice-Chancellor (Finance and Planning) for consideration and approval. Upon receiving approval for the sale the custodian must complete an invoice requisition in the finance system to have an invoice raised. The invoice must be paid prior to the release of the equipment.

3.14 Any requests for external sale outside of this procedure must be forwarded to the Deputy Vice-Chancellor (Finance and Planning) for approval prior to the commencement of the sale negotiation process.

Assets and attractive items disposed with termination of employment

3.15 The awarding of any assets or attractive items to an employee as part of their termination of employment can only be approved by the Vice-Chancellor and President. Details are to be forwarded to the Financial Accounting team for processing and to assess any fringe benefits tax liabilities.

3.16 Employees with a salary package vehicle who are interested in purchasing the vehicle on termination of employment, must contact the Procurement Advice team to obtain the current market value of the vehicle, and the Financial Accounting team to finalise their salary package commitments. The purchase of salary packaged vehicles must be approved by the Deputy Vice-Chancellor (Finance and Planning), and finalised prior to the employee ceasing employment with the university.

Trade-in

3.17 Trade-in of assets will generally apply to the disposal of motor vehicles. The sale and/or trade-in of all motor vehicles are to be approved by the Principal Advisor, Procurement Advice team.

3.18 Once an appropriate trade-in has been approved, the Procurement Advice team will complete an invoice requisition through the finance system for the total trade amount, noting the GST status of the transaction. All supporting documentation should be attached to the requisition.

3.19 Upon receipt of payment for the invoice, the asset will be released. The Procurement Advice team will then prepare the Vehicle Checklist, noting the date of disposal/trade, the details of the new vehicle, and the exclusive of GST trade value, and forward to the Financial Accounting team. The Financial Accounting team will arrange disposal approval and process the disposal of the asset in the asset register.

Donation

3.20 Generally, University assets cannot be sold externally without publically advertising their availability. However, exceptions may be made in circumstances where research indicates there is no market demand for low cost items that have been assigned for disposal. In such circumstances, where it is unlikely that the cost of advertising will produce an appropriate return, assets or attractive items may be donated to the following groups:

• Government schools, colleges or educational units, or
• Non-profit community organisations (e.g. scouts, rotary clubs)

3.21 Items to be donated are to be approved by both the responsibility area and the Deputy Vice-Chancellor (Finance and Planning) prior to donation as per the Delegation of Authority Policy (FMPM).

Scrapping or recycling

3.22 For disposal of assets that are no longer in working condition or have been replaced. An Asset Disposal Form must be completed and approved in accordance with the Delegation of Authority Policy (FMPM). Once approved, the asset tag must be removed from the equipment and attached to the form. The completed form must then be sent to the Financial Accounting team in a timely manner, for processing in the asset system.

3.23 For items considered to be obsolete, approval must be obtained from the responsibility area and the Deputy Vice-Chancellor (Finance and Planning) as per the Delegation of Authority Policy (FMPM). Obsolete
equipment is considered to be equipment that is still within its useful life but due to changes in technology (for example) the equipment is no longer fit for purpose. The asset tag should be removed, attached to the Asset Disposal Form and forwarded to the Financial Accounting team for processing.

3.24 For the disposal of assets that are to be scrapped, including the disposal of items to be used for parts, an Asset Disposal Form is to be completed and approved by the responsibility area as per the Delegation of Authority Policy (FMPM). Once approved the asset tag should be removed from the equipment and attached to the form. The completed form must be sent to the Financial Accounting team in a timely manner for processing.

3.25 For equipment that is to be scrapped, but not used for parts, the items must be rendered unusable. An Asset Disposal Form must be completed and approved in accordance with Delegation of Authority Policy (FMPM), the asset tags removed and attached to the completed form, and forwarded to the Financial Accounting team for processing. Physical disposal should be in accordance with Council By-Laws and the University’s principles for green disposal.

Loss or theft

3.26 In the case of theft of University property, plant and equipment from a University campus, the relevant Campus Security must be advised immediately, and an email forwarded to the Financial Accounting team for advice regarding insurance claims.

3.27 In the case of theft from a private home or motor vehicle, the Police must be called immediately and the Police Report Number forwarded to the Financial Accounting team for insurance purposes. Once it is established that the item is not recoverable an Asset Disposal Form should be completed, noting the police report number and forwarded to the Financial Accounting team for processing.

3.28 When an item is noted as lost or missing, a thorough search for the item is to be initiated. If, after one week the item cannot be located, the responsibility area must prepare the Asset Disposal Form and identify the reason for disposal as either ‘Lost’ or ‘Missing’. The form must then be accompanied by an explanation of the circumstances and the steps taken to locate the lost or missing item.

3.29 All lost items with a value greater than $500 must be reported to the Deputy Director, Financial Accounting and Operations for recording in the Losses Register.

Portable and attractive items

3.30 This procedure also applies to the disposal of portable and attractive items as maintained in the University’s Asset Register.

4 RESPONSIBILITIES

Compliance, monitoring and review

4.1 The Deputy Director, Financial Accounting and Operations is responsible for implementation and compliance with this procedure.

4.2 All Directors/Managers/Deans/Heads of Division etc are responsible for ensuring that all necessary processes detailed in this procedure are completed, documented and approved by the relevant approval authority. This includes the prompt identification of items of property, plant and equipment for disposal, determination of the appropriate method of disposal and completing Asset Disposal Forms.

4.3 The Financial Accounting team is responsible for processing disposals in the University’s Financial Management System and for confirming and monitoring the appropriate approval of all disposals in accordance with the Delegation of Authority Policy (FMPM).

Reporting

4.4 There are no additional reporting requirements.
Records management

4.5 All records relevant to this document are to be maintained in a recognised University recordkeeping system.

5 DEFINITIONS

5.1 Terms not defined in this document may be in the University glossary.

Terms and definitions

Property, Plant and Equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period. For the purposes of this procedure, this definition incorporates items referred to as ‘fixed assets’ and ‘assets’.

6 RELATED LEGISLATION AND DOCUMENTS

- AASB116 Property, Plant and Equipment
- AASB140 Investment Property
- Delegation of Authority Policy (FMPM)
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Framework for the Preparation and Presentation of Financial Statements
- Government Land Legislation and Policies
- Losses Policy (FMPM)
- NCAP7 Disposal of Non-Current Assets

7 FEEDBACK

7.1 University staff and students may provide feedback about this document by emailing policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

<table>
<thead>
<tr>
<th>Approval and Review</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval Authority</td>
<td>Council</td>
</tr>
<tr>
<td>Advisory Committee to Approval Authority</td>
<td>Audit, Risk and Finance Committee</td>
</tr>
<tr>
<td>Administrator</td>
<td>Deputy Vice-Chancellor (Finance and Planning)</td>
</tr>
<tr>
<td>Next Review Date</td>
<td>02/08/2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval and Amendment History</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Approval Authority and Date</td>
<td>Council 14/07/2014</td>
</tr>
<tr>
<td>Amendment Authority and Date</td>
<td>Audit, Risk and Finance Committee 02/08/2017</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
</tr>
</tbody>
</table>