

Policy

Disposal of Council assets (other than land and buildings)

Responsible Manager (Title)	Manager Finance		
Adopted by Council	Date	Minute Number	
File Reference Number	ECM	Version D5.0	Review Due
Document(s) this policy Supersedes	V4.0 – 30/7/2019 – 6c.19.026		
Community Plan Linkage	Leadership – Council is accountable and representative with open and transparent leadership		

1 Purpose

To provide guidance to the General Manager and staff in applying the provisions of the Local Government Act 1993 for an accountable and transparent process in the disposal of surplus assets and materials.

2 Definitions

a) ~~“Asset” - means a~~Any asset ~~item component~~ recorded in Council’s Asset Register, excepting land (and attached buildings) and motor vehicles.

b) ~~“Motor vehicle” - means a~~Any registered vehicle, including a passenger ~~sedan or station~~[sedan, station](#) wagon, motorcycle or commercial motor vehicle including vans, utilities, buses, trucks, tractors, road making plant including graders, rollers, excavators as well as large items of plant where the preferred method of disposal is via a trade in.

3 Background/legislative requirements

Local Government Act 1993

Local Government (General) Regulation 2005 (NSW)

Councils Code of Conduct

[Australian Accounting Standards and other pronouncements of the Australian Accounting Standards board](#)

[The Local Government Code of Accounting Practise and Financial Reporting](#)

4 Policy statement

4.1 Disposal of Plant, Equipment and Goods

The General Manager has delegated authority to approve the sale of items of plant, equipment, and goods.

At all times, surplus assets or materials should be disposed of in a way that maximises returns whilst ensuring open and effective competition.

Prior to disposal, a reasonable effort is to be made to ensure Council has no need for the asset. Items of historical or cultural significance should be given special regard and any dangerous goods disposed of only in an authorised manner.

No warranty is to be offered on assets sold.

4.2 Sale of major assets

Where assets of significant value (~~being the expected sale cost is~~ more than \$100,000) are to be sold, the sale is to be by public auction or tender.

4.3 Assets with a value over \$1,000

Council will dispose of plant, equipment, and goods with an apparent value of \$1,000 or more by auction or by invitation of tenders or quotations with the responsible Manager recommending the most appropriate method of disposal. Calling for tenders or quotations will be in accordance with Council's Protocol for Quotations and Tenders. The General Manager or the Directors must authorise the sale of the item or plant, equipment or goods with an individual value or total value of more than \$10,000 ~~or more~~. Disposal of items with a value of up to \$10,000 can be authorised by a relevant Manager.

In determining the most appropriate method of disposal, the Manager must evaluate the best value for money return on the item being disposed. The Officer will take into consideration the costs that Council will incur in the disposal compared to the anticipated return from the sale.

The responsible Manager must advise the Finance Section (Assets) and/or Asset Section of the item being disposed to enable the ~~Technical~~technical and ~~Financial~~financial ~~Asset~~asset ~~Register~~registers to be managed effectively.

The Council Officer responsible for disposing of the item of plant, equipment or goods must, on disposal, except in the case of sale by public auction, obtain a signed disclaimer from the purchaser, indemnifying Council against any potential liability arising from any future use of the plant, equipment, or goods. A template of such a disclaimer is attached.

4.4 Assets with a value under \$1,000

~~These assets are considered Low Value Assets and Scrap Materials~~

~~Can~~ include:

- **Consumable materials** - sand, gravel, chemicals, paint, turf, hardware items, pavers.
- **Off-cut materials** -pipe, cables, timber, plumbing fittings.
- **Recyclable metals** -scrap metals, steel posts, brass, street signs, office furniture.
- **Technology** -IT equipment, mobile phones, cameras, calculators, computers, printers, etc.
- **Plant and equipment** -obsolete and unserviceable items such as old trailers, lawn and ride-on mowers, other parks and gardens powered tools, cement mixers, etc.
- **Office furniture** -surplus and obsolete office chairs, desks, tables, etc.

Low value assets and scrap materials have been identified as potential targets for misappropriation of assets.

Council Officers should monitor the quantities and disposal of low value assets and scrap materials to ensure that no inappropriate activities are being conducted by employees and no conflict of interests are occurring.

The method of disposal of low value assets with an apparent value under \$1,000 shall be at the discretion of the relevant Manager.

Managers are to ensure that they determine the most appropriate method of disposing of these assets, managing potential risks of corruption and that the process is documented. Disposal methods may include: -

- **Auction** - In the case of arranging a public auction, every effort should be made to make all Sections of Council aware of the auction so that disposal of all surplus assets can be accumulated and coordinated in the one event.
- **Recycling or Disposal at Landfill** – Assets of no or little value or have failed to sell and for which there is no other means of disposal should be recycled or, as a last resort, these items may be disposed of at Council's landfill.
- **Donation** - To a registered charity or community organisation located within the Council area.

Goods, materials, and plant that have been purchased and not used on a project are to be returned by employees to the relevant depot or left on vehicles to be used on the next project. Such items should not be taken from the depot or worksite by employees for their private use.

Where Council has established storage facilities for scrap materials, employees are to ensure that surplus goods and materials are placed in the storage facilities upon return to the depot and not left for potential misuse.

5 Implementation

5.1 Preparing Assets for Sale

A check must be carried out to ensure assets do not contain:

- Additional items not intended for sale.
- Confidential documents (records, files, papers).
- Documents on Council letterhead or which may be used for fraudulent purposes.

- Software (which could lead to a breach of licence or contain confidential data).
- Hazardous materials.
- As much as is practical, any 'Clarence Valley Council' or former Council identifying mark should be removed or obliterated. Those assets which have been identified by an Asset ID Tag should have this tag removed and forwarded to the Financial Accountant. Spare parts held for a particular item should, where possible, be disposed of in one parcel with the asset.

5.2 Disposal Process

- The relevant Manager identifies assets that are no longer required by Council and are suitable for disposal.
- The Manager of the relevant area arranges disposal of the assets in a manner prescribed by this Policy,
- If no-one offers to purchase the asset and the asset is of no or little value, consider donating the item to local charities, educational organisations, or community groups, and if still unwanted the asset will be disposed of by recycling or disposal at landfill. If no-one offers to purchase the asset and the asset is of significant value, the relevant Manager will determine how to best dispose of the asset in order to maximise the return to Council whilst ensuring open and effective competition. For accountability and audit reasons, the basis of the decision must be documented on the attached 'Disposal of Minor Assets Form'.
- Complete the attached 'Disposal of Minor Asset Form'.
- Once completed, the 'Disposal of Minor Assets Form' should be forwarded to the Finance section for completion and updating of the Assets Register. When completed by Finance the form should be registered in ECM and Attached to the Asset in the applicable asset register.

5.3 Conflict of Interest

The officer responsible for the disposal of any Council asset and the relevant Director or Manager must ensure that no conflict of interest occurs in or as a result of the asset disposal process. If there is a conflict, Council's conflict of interest policy must be followed.

5.4 Sale to staff/Councillors

As a general principle, sale of assets to staff is **NOT** to occur outside of a public process.

6 Related Documents

Disposal of Land Policy

Disposal of Motor Vehicles Policy

7 Attachments

- Disposal of Minor Asset Form
- Receipt by Purchaser

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DISPOSAL OF MINOR ASSETS FORM

Approval is sought to dispose of the following low value assets:

Qty	Asset ID N°	Description	Net book value	Estimated cost of disposal	Estimated market value

Reasons for Disposal (✓ tick as relevant)

Obsolete ☐ Surplus ☐

Other (provide details) ☐

Proposed Method of Disposal (✓ tick as relevant)

Auction ☐

Other (provide details) ☐

Signature Date...../...../.....
 (Manager)

Approval by General Manager or Director if value > \$10,000 (estimated Market Value)

The above disposal is approved/not approved.

Signature..... Date...../...../.....

Disposal

I,, certify that the above goods were disposed of on /.... /.... and the amount received on disposal was \$.....

Receipt No. Date/...../.....

Signature..... Date...../...../.....

Proceeds of Sale costed to Financial Project No:

Asset Register

Finance Asset Register updated on /..... /..... Signature.....

Upon completion this form must be **sent to financialaccounting@clarence.nsw.gov.au and scanned & saved in Council's records system (ECM)** Note: Ensure you attach supporting documentation where appropriate (e.g., **Auction-auction** proceeds summary)

Clarence Valley Council
Sale of Council Asset

RECEIPT BY PURCHASER

Description of Asset

.....
.....

Sale Price \$.....

I.....

of.....

acknowledge receipt of the asset which I have purchased from Clarence Valley Council.

I further acknowledge that Council has provided no warranty as to the condition or suitability of the Asset and I agree that Council will not be liable for any loss or damage (including consequential loss or damage) however caused (whether by negligence or otherwise) in respect of any use of the Asset either by myself or any other person.

Dated

Signed by the Purchaser