

Asset Procedure - Disposal/Sale

Section 1 - Background and Purpose

(1) These Procedures relate to the disposal (including sale, donation, transfer and write-off) of University assets to ensure the University operates in accordance with statutes, regulation and government policies with regard to these activities.

Section 2 - Scope

(2) Refer to the [Asset Management Policy](#).

Section 3 - Policy Statement

(3) Refer to the [Asset Management Policy](#).

Section 4 - Procedures

Part A - Introduction

(4) These procedures apply to both items on the University Fixed Asset Register, and also items of value that are not on the Fixed Asset Register (due to either being below the \$5,000 threshold when purchased, or not being identified as an individual asset when acquired).

(5) When considering safe and appropriate disposal of University Property, staff are requested to consider the most appropriate method of disposal from the options listed below, taking into consideration the following (further details on these items are included in clauses 6 through 13):

- a. Appropriate authorisation for disposal (clauses 8 through 13); and
- b. All related safety frameworks, including the [Health and Safety Policy](#) (particularly in relation to disposal of hazardous or dangerous materials; and
- c. the [Electrical Safety Act](#) (clauses 8-13); and
- d. any decommissioning requirements (clauses 8-13); and
- e. Sustainability governance and practices, and
- f. The conduct of a risk assessment where circumstances indicate; and
- g. The University's [Code of Conduct](#).

Transfer of University Property Internally

(6) Prior to the disposal of University property, departments and centres are first requested to consider advertising items for disposal (that have some value/or operational life remaining) freely throughout the University in case other

areas within the University have a use for them.

(7) If a School or Operational Unit has located another School or Operational Unit who has use for & confirms a desire to take management of the University Property; the following action should be taken:

- a. Ensure all electrical safety requirements (refer below) are completed prior to transfer
- b. The School or Operational Unit previously holding the asset should complete an 'asset transfer request' form (available from the Finance Website)
- c. The form should be submitted to the Senior Officer Finance Administration for processing
- d. The responsibility for the safekeeping of the asset, and all associated depreciation and upkeep expenses, will then be transferred to the new school or operational unit from the effective transfer date.

Pre-Disposal Requirements

(8) The flowchart below provides a framework for staff on the process to be followed when considering disposal of University Property:

(9) When a department or centre identifies an asset for disposal, they must first identify whether it is on the Fixed Asset Register, and if so what its original purchase price and current book value is. For assistance with this staff should contact their Finance representative. If the asset is not on the Fixed Asset Register (that is, the item may not have been treated as an asset for University purposes), these procedures will still apply. However the adjustment to the Fixed Asset Register (via 'retirement with revenue' or 'retirement without revenue' forms) will not be necessary.

Special Requirements for Electrical, Computer, Mechanical, Laboratory or Technical Equipment

(10) Prior to transfer, donation or sale of any electrical equipment, it must be deemed to be safe for the proposed re-use by a competent authority (a licensed Electrical Inspector), and conform to current regulatory requirements (refer to Energy Safe Victoria guidelines).

(11) Prior to the sale, transfer, donation or disposal of computer equipment, please refer to Information Services for guidance on appropriate timing and method of disposal (including de-commissioning requirements).

(12) Prior to sale, transfer, donation or disposal of other mechanical or technical equipment, decommissioning may be required. This includes decontamination of laboratory or technical equipment. For further advice on whether decommissioning is required please contact the manufacturer.

(13) Where circumstances indicate, a risk assessment should occur as part of the pre-disposal process.

Authorisation for Disposal

(14) Directors, Deans and Senior Executive Officers in various semi-autonomous areas have a delegation to authorise write-offs and disposal of University property equivalent in value to their expenditure delegation under Table of Authorities. The original purchase value of each item will determine the level of delegation required.

(15) If the original purchase price is in excess of the authority of the Directors, Deans and Senior Executive Officers, then the disposal matter is to be referred to the Committee for Disposal of University Property consisting of:

- a. Director, Financial Operations
- b. and Departmental Representative

(16) The Committee for Disposal of University Property will make a recommendation for disposal to the Chief Financial Officer for approval.

Part B - Disposal of University Property by Sale

(17) Items for sale should first be advertised in the "University News".

(18) If advertising in the "University News" proves unsuccessful, then items for sale which have an estimated value exceeding \$1,000 shall be advertised at least once in a Melbourne or relevant Regional newspaper, trade journal or eBay or the original equipment supplier be invited to tender for the obsolete items.

(19) If the above methods prove unsuccessful, approved recyclers should be considered for items such as photocopiers, computer and office machines. If this option is also exhausted, then the items may be donated (Part C), or sustainably disposed of by notifying the Maintenance Manager, Infrastructure and Operations, and details submitted to:

- a. Your Finance Representative if the disposed items are not on the Fixed Asset Register, for reporting to the CFO annually; or
- b. The Senior Officer Finance Administration, along with a completed 'retirement without revenue' form (available on the finance website) if the assets are on the Asset Register.

(20) Costs associated with sustainable disposal are payable by departments and centres.

Processing the Sale / Receipt of Funds

(21) If a sale of University property is to take place (once authorisation is received per Part A), the department or centre should:

- a. Identify whether the item to be sold is on the Fixed Asset Register. For assistance with this, staff should contact their Finance representative.
- b. Complete a 'request to raise a tax invoice' form (found on the Finance Website), and send it to the 'Billing to Revenue' department (Accounts Receivable).

(22) If the Asset is on the Fixed Asset Register

- a. Include the asset number, barcode and serial number, and description of the asset being sold on the 'request to raise a tax invoice' form, and ask for the invoice be returned to the department.

(23) If the Asset is not on the Fixed Asset Register

- a. Include the asset description and as much details as possible (e.g. approximate year of purchase, age, serial number if relevant) on the 'request to raise a tax invoice' form and ask for the invoice be returned to the department.

(24) Once the invoice has been received by the department/centre, the purchaser:

- a. Should be notified in writing by the selling Department/centre, with the invoice attached for the disposal; and
- b. Must present the invoice and pay the Cashier by cash, Bank Cheques, Master Card, VISA Card or Bank Card before taking possession of the goods for disposal; and
- c. Must present the receipt to the selling department which will note the invoice number before taking possession of the asset.

(25) Once the purchaser has taken possession of the asset, the selling department/centre should:

- a. Submit details of the sale of disposed items by completing a 'retirement with revenue' form (available on the

Finance website), attaching a copy of the invoice and the receipt, being sure to quote the asset number, and other relevant details such as barcode and serial number of the sold asset.

Part C - Disposal of University Property by Donation

(26) When contemplating donating University Property, the Head of School/Operations Unit Manager must determine that the equipment is no longer of use to their School or any other School in the University or is unlikely to be so in the future.

(27) When considering the donation to external bodies/individuals, staff must adhere to the University's [Code of Conduct](#). It is not expected that University property will be donated to current or past employees or students. All staff should be aware that the donation of property to past, current or future employees may incur a fringe benefit cost. Prior to any transaction of this kind, the Financial and Tax Accountant must be consulted.

(28) Donations of University Assets are subject to the delegation requirements in clauses 8 through 13.

(29) If approved, staff must ensure that all details from the asset are recorded prior to physical possession passing from the University to the recipient (including asset number, barcode, serial number, description), and after physical possession of the property has passed from the University to the recipient, the area previously responsible for that property (school, college or central administration department) must complete and submit a 'retirement without revenue' form available from the Finance website.

(30) If the asset was not identified on the Fixed Asset Register (see Part A), the 'retirement without revenue' form is not required, however your Finance representative must be notified for reporting to the CFOO annually.

Part D - Disposal of University Property by Trade-In

(31) Full details of the traded-in item, such as serial number, description, trade-in value, University asset number, etc. are to be shown on the official Purchase Order for the new item.

(32) Note that Motor Vehicles are not normally traded in, but are sent to auction after the new vehicle is purchased.

(33) Once the Trade-In is complete and the value known, the area previously responsible for the asset must complete and submit a 'retirement with revenue' form to the Senior Officer Finance Administration in Finance to update the Fixed Asset Register. If the asset was not identified on the Fixed Asset Register (see Part A), the 'retirement with revenue' form is not required, however your Finance representative must be notified for reporting to the CFOO annually.

Part E - Disposal of University Property by Write-off

(34) In the situation (either via the annual stock-take, or via a periodic review of the managing operational unit/school) where the operational unit/school becomes aware that an asset is lost, stolen, or broken and not working (where the future economic value of the item is zero), that asset must be removed from the Fixed Asset Register via the 'retirement without revenue' form. This transaction is commonly referred to as an Asset 'write-off'. Disposal via write-off is subject to the Authorisation requirements in clauses 8 through 13.

(35) If a staff member suspects that an asset has been stolen or intentionally damaged, they should immediately notify University Security and the Manager in charge of the area.

(36) Where an asset is identified as requiring 'retirement without revenue' the operational unit/school should:

- a. identify the asset number and other details of the asset in question (contact your finance representative for

- help if this is unknown); and
- b. complete a 'retirement without revenue' form (found on the Finance Website); and
- c. have the 'retirement without revenue' form authorised appropriately before submitting to the 'Senior Officer Finance Administration' for processing.

(37) Where the asset identified is not found on the asset register, the 'retirement without revenue form' is not required; however your Finance representative must be notified for reporting to the CFOO annually.

Part F - Disposal of Low Value Assets

(38) Where the disposal of an asset is to take place, staff must first identify whether the item to be disposed is on the Fixed Asset Register. For assistance with this, staff should contact their Finance representative.

(39) Where an asset identified for disposal is not found on the Fixed Asset Register:

- a. the guidelines shown in Parts A to E regarding various methods of disposal will apply;
- b. The retirement with/without revenue forms will not be required; and
- c. Your Finance representative should be advised for reporting to the CFOO annually.

Part G - Disposal of Research Equipment

(40) University procedures for the disposal of assets (refer Parts A to E of this document) apply to all items purchased from research funds except for research equipment that, under the terms of the grant, may be disposed of only as directed by the grantor and/or the revenue generated by the disposal returned to the grantor, in which case the terms of the grant will apply.

(41) Where the University's policies and procedures apply, the application of revenue shall be determined by the DVC Research.

Part H - Transfer of Research Equipment

(42) In circumstances where there is a proposal/requirement to move Research Equipment; and

- a. A Chief Investigator (normally through the School) requests that a piece of equipment is transferred to another institution; and
- b. Where relevant, the granting body has approved the transfer of the grant to another institution.

(43) The Chief Investigator (normally through the School) requests approval from the Deputy Vice-Chancellor (Research and Industry Engagement) to move the equipment. The minimum amount of information to be provided to the Deputy Vice-Chancellor (Research and Industry Engagement) to enable this decision:

- a. A description of the equipment, including current location and purchase date;
- b. A description of the project, including duration and current outcomes;
- c. Whether the equipment was funded by a Research Grant or the University and;
- d. If funded by a Research Grant whether the equipment was approved to transfer to the University at the completion of the project.

(44) The Deputy Vice-Chancellor (Research and Industry Engagement) must then determine:

- a. Whether the equipment can physically and appropriately be so moved; and

- b. If so, whether the ownership of the equipment is to be passed to the other institution, retained by the Chief Investigator or retained by the University.

(45) If the transfer of the Equipment to another institution is approved by the Deputy Vice-Chancellor (Research and Industry Engagement):

- a. Where the Ownership of the Equipment will be retained by the Chief Investigator or is to be passed to the other Institution:
- i. All costs of removal to the other institution will be borne by:
- the grant, if the conditions of the grant so permit and funds are available for the purpose in the grant; or
 - The other institution; and
 - That institution is responsible for arranging all insurance it requires to cover the equipment from the time the equipment is removed from the University, and the safe transport of the equipment to the other institution.
- ii. Where the University will retain ownership of the equipment (equipment on loan): All costs of removal to the other institution, and all costs to return the equipment and if necessary re-installation at its original site will be borne by:
- the grant, if the conditions of the grant so permit and funds are available for the purpose in the grant; or
 - The other institution and;
 - The University's insurance policy will cover the equipment while in transit to and from the other institution and while at that institution.

(46) When an item of Research Equipment is transferred to another institution or to the Chief Investigator, a 'retirement without revenue' form (available from the Finance website) is to be completed, authorised and sent to the Senior Officer Finance Administration for processing (including asset number, serial number, barcode number and any other relevant details).

(47) When an item of Research Equipment is transferred to the University, this will be treated as either a 'donation' (an 'arrival of asset on campus' form should be completed and forwarded to finance) or 'Property on Loan' (refer [Property on Loan, Lease or Hire Policy](#)).

(48) Note: Costs of removal include the cost of any structural alterations or minor works necessary to remove the equipment from its site, where relevant, any costs associated with 'making good' the area the equipment was removed from and, if occasion arises, to install the equipment when it is returned to its original site.

(49) Any variations to the above procedures are subject to approval by the Deputy Vice-Chancellor (Research and Industry Engagement). Should the Deputy Vice-Chancellor (Research and Industry Engagement) approve a variation to the above procedures, the Chief Financial Officer should be notified.

Part I - Accounting Treatment for Divestment Projects

(50) When divesting land and building property it is important to ensure enabling works are capitalised where possible as detailed in clauses 53 through 56 and the building or land value is re-valued as detailed in clause 57 below prior to the sale of the property.

Accounting Treatment for Divestments - Enabling Works

(51) Where enabling works will be taking place on sites to be divested, and those enabling works are improving the

property; and it can be reasonably expected will potentially increase the value received for the property (compared to if those works were not executed); then an Asset under Construction should be established to capture those works.

(52) Examples of the kinds of enabling costs that may be processed to an asset under construction include (but are not limited to): refurbishment/decoration, asbestos removal, works to exterior grounds (fencing, garden, roads, drainage), works to demolish a derelict building on the land, all fees associated with gaining permits for and executing re-zoning of land, or subdivision of land, planning permits (including project management fees associated with planning permits, re-zoning etc.).

(53) Examples of costs that cannot be considered an asset, and must be expensed when incurred include (but are not limited to): sales commission and marketing costs, best use studies, project management fees for divestments.

(54) Where an asset under construction has been established, it must be settled prior to the divestment taking place (and also prior to the final re-valuation referred to below).

Accounting Treatment for Re-valuations

(55) All property being sold requires a valuation by the valuer general prior to sale. Once the valuation has been received, the land and building on the LTU financial system will be re-valued to the valuer general valuation prior to the divestment taking place (the increase/decrease in value will be processed to the revaluation reserve). The property will only sell if it surpasses this valuation, therefore the loss on sale should be eliminated by this process.

Section 5 - Definitions

(56) For the purpose of this Procedure:

- a. The definition of an asset can be found in the [Asset Procedure - Asset Definition and Asset Class](#).
- b. Divestment - for the purposes of this paper, divestments refers to the divesting of land and building property.

Status and Details

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Author	Joe Dimasi
Enquiries Contact	Finance