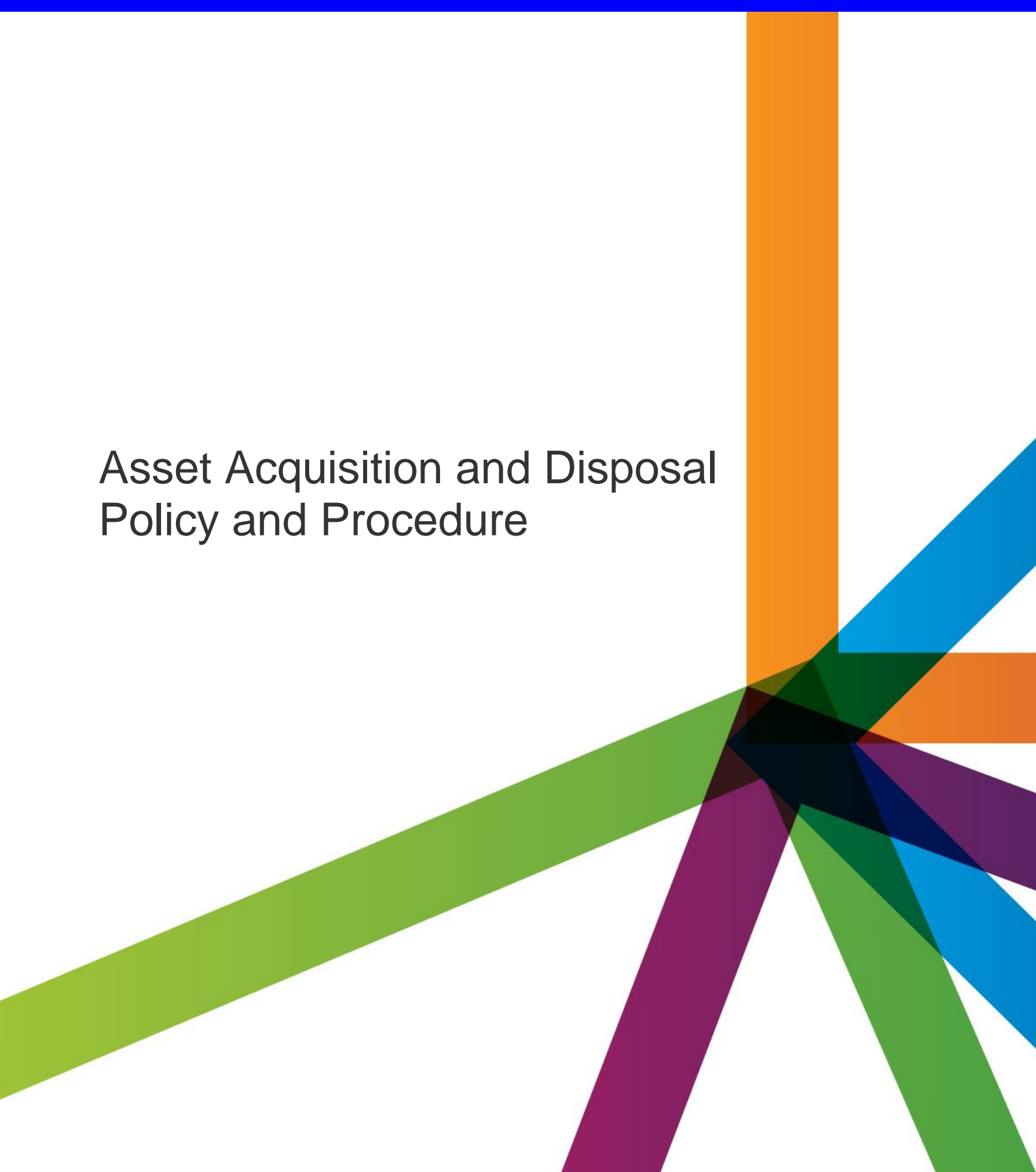


Illawarra Shoalhaven Joint Organisation Policy Manual

Asset Acquisition and Disposal Policy and Procedure

An abstract graphic design featuring several overlapping, thick, colored lines that radiate from a central point on the right side of the page. The colors include orange, blue, green, purple, and black. The lines are of varying lengths and angles, creating a dynamic, geometric composition.

1. PURPOSE

The purpose of this Policy and Procedure is to ensure a systematic, accountable and transparent method for the acquisition and disposal of assets deemed required or surplus to the requirements of the Illawarra Shoalhaven Joint Organisation (the ISJO).

2. SCOPE

This Policy applies to all asset acquisition and disposal processes within the ISJO regardless of the physical location of an asset or managing business unit.

Definitions

In this policy:

“Asset” is defined as a physical resource controlled as a result of past events and from which future operational benefits are expected to flow.

For the purpose of this policy, “asset” is defined as an item that has been capitalised / added to the asset register / will be depreciated in accordance with accounting standards.

“Beyond economic repair” means a classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.

“Motor vehicle” means a passenger sedan or station wagon, motorcycle or commercial motor vehicle including vans, utilities, buses and trucks.

“Significant value” means an asset with a deemed value in excess of \$500.

3. Disposal rules and requirements

3.1 Authority

Asset acquisition processes must conform to the limits of financial delegation as in place and periodically updated within the organisation.

The CEO / Executive Officer has sole authority to approve disposal of assets that are surplus to requirements.

The CEO / Executive Officer will make decisions on the disposal of assets following receipt of advice / recommendations from Divisional Managers.

3.2 Acquisition Rules

The following purchase rules apply to the acquisition of any item – capital or otherwise – by the ISJO:

Purchase Value (Inc. GST)	Procurement Process	Quotation Type
\$0 - \$1,000	Purchase Order / Credit Card	Not applicable

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Purchase Value (Inc. GST)	Procurement Process	Quotation Type
\$1,000 - \$10,000	Purchase Order + one formal quotation	Written quotation
\$10,000 - \$24,999	Purchase Order + two formal quotation	Written quotation
\$25,000 - \$49,999	Three formal quotations with specification	Written quotations
\$50,000 - \$249,000	3 formal quotations with specification	Selected – written quotation Open – written quotation as specified in the documentation
\$250,000 and above	Formal tender process in accordance with Local Government Act 1993 and Local Government (General) Regulation 2005 requirements	Formal tender process

A purchase cannot be made without a funding source within the approved ISJO Budget.

3.3 Asset Register

Any physical item with a purchase value (inclusive of GST) in excess of \$100 must be entered into the ISJO's Asset Register.

A separate natural account is provided in the ISJO's Finance System (61016) that will automatically add an asset to the register, allow for depreciation and then provide a value for potential disposal value.

Items with a purchase price less than \$100 (inclusive of GST) do not need to be added to the Asset Register and can be expensed.

3.3 Disposal rules

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 no other organisation in the area has a 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.

3.4 Conflict of interest

The officer responsible for the acquisition and disposal of any ISJO asset must ensure that no conflict of interest occurs in or as a result of the asset acquisition and disposal process.

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3.4 Reasons for disposal

A decision to dispose of an asset may be based on one or more of the following:

- Obsolescence
- Non-compliance with work health and safety standards
- No use expected in the foreseeable future
- No usage in the previous six months (Stores Stock items).
- Optimum time to maximise return
- Discovery of hazardous chemicals or materials present in the asset
- Uneconomic to repair.

3.5 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 ISJO 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 "Illawarra Shoalhaven Joint Organisation" identifying mark should be removed or obliterated. Spare parts held for a particular item should be disposed of in one parcel with the asset.

4. Asset disposal methods

4.1 Method of disposal of assets

The principal methods of disposal of assets are:

1. Auction - for items of significant value a reserve price will be agreed to between the relevant officer and the auctioneer prior to the auction
2. Dumping – for assets which have no or nominal value only
3. Donation to a registered charity or community organisation
4. Trade In – for motor vehicle assets.

4.2 Sale to staff / ISJO Board Members and staff of related entities

No ISJO assets are to be sold to staff of the ISJO, to members of the Board or to employees of a Member Council without the prior written approval of the CEO.

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4.3 Donations to community groups / charities

This method of disposal may not be used for asset with an estimated value of more than \$500. All donations of assets with a value exceeding \$500 are to be reported to the ISJO Board before any transfer of ownership.

Donations of assets may only be made with the authority of the CEO / Executive Officer and only after exploring all avenues for recouping a fair value for the ISJO. ISJO staff should only consider donations in response to a formal written request.

In considering any request, staff should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias
- A check should be made to ensure the group is not a disguised business operation providing funds or remuneration to the principals
- A check should be made to ensure the group is non-profit and that the intended use of the asset is non-commercial (i.e., non-profit)
- Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the CEO / Executive Officer
- The charity/community group must remove the asset themselves and at no cost to the ISJO.

4.4 Destruction of assets classified as beyond economical repair

Where an asset is classified as beyond economical repair the asset must be destroyed or recycled, with the destruction being witnessed by another responsible officer nominated by the responsible Director.

4.5 Sale of Information Technology (IT) equipment

All ISJO data and software applications are to be securely wiped from any computer / hard drives identified for disposal. Advice on this wiping process is to be obtained from the IJSO's current IT external services provider. All external asset tags and labels connecting a device to the ISJO must also be removed.

At least three purchase price quotations must be sought for IT items with a deemed value in excess of \$500.

4.6 Sale of motor vehicles

Motor vehicles assets are to be either sold via a public auction or traded in at the time of replacement. Advice on procedure is to be obtained from the ISJO's fleet services provider.

4.7 Sale of office furniture and equipment

At least three purchase price quotations must be sought for office furniture / equipment items with an asset register deemed value in excess of \$500.

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Items with a low or negligible value (valued at less than \$50 in the Asset Register or no value in depreciated terms) may be disposed of via means of a resource recovery / recycling or other disposal method.

5. Asset disposal procedures

5.1 Disposal process

- The Manager of the relevant area identifies assets that are surplus to the ISJO's requirements and are suitable for disposal. The Manager makes a recommendation, in accordance with Policy, to the CEO / Executive Officer that disposal take place and by what means
- The relevant Manager completes the Disposal of Assets Form (Attachment 1) ensuring that the CEO / Executive Officer approves the disposition of the asset(s) and signs the Asset Disposal Form.
- The Manager of the relevant area arranges disposal of the assets in accordance with the Policy provisions applying to the type / value of the item(s)
- The completed Asset Disposal Form filed in accordance with the ISJO's Records Management Policy. A notation is to be attached to the form indicating the outcome of the disposal process including any financial outcome and the budget area to which the funds were directed.
- The following should also be filed:
 - A copy(ies) of any receipt or other proof of disposal from the contracted auctioneer, a licensed dealer or a waste disposal / recovery site.
 - A Board resolution in cases of donation of assets with a value exceeding \$500
 - Any letter acknowledging receipt of an asset from the recipient.

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Illawarra Shoalhaven Joint Organisation Disposal of Asset Form

Approval is sought to dispose of the following:

Asset ID / Number	Description

Reasons(s) for Disposal		Explanatory notes
Obsolete	<input type="checkbox"/>	
Replacement Program	<input type="checkbox"/>	
Written Off	<input type="checkbox"/>	
Other	<input type="checkbox"/>	

Any funds received will be utilised for the following purpose

Recommending Manager

Manager Name & Title	
Signature	
Date	

CEO / Executive Officer approval

Signature	
Date	
Disposal Notes	

I certify that the above goods were disposed of

Date of disposal

Funds received if any (exclusive of GST)	
GL to which funds received have been directed	
Sales documentation / receipts attached	
Asset Register updated	
Manager Name & Title	

Signature	Date	
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