

## Finance and Accounting Manual

### Asset Disposal Procedures – Plant and Equipment

Approved by the Chief Financial Officer on 15 March 2011

Date of effect: 1 January 2011

Updated for Delegation amendment: 4 October 2011

Updated: 25 September 2012

Updated for Delegation amendment: 17 February 2014

Updated for Delegation amendment: 26 May 2017 (commencing 1 June 2017)

#### 1. Overview

##### 1.1 Purpose

To provide asset disposal procedures for plant and equipment items owned by the University.

##### 1.2 Coverage

This procedure applies to all University staff involved in the disposal of surplus or obsolete furniture, computer equipment, office equipment (eg, photocopiers, facsimile machines) and specialist equipment owned by the University.

This procedure **does not** cover:-

- Motor Vehicles
- Investments
- Patents – managed by Sydnovate
- Library Materials – managed by Library
- University Museum Collections and Art Collections – managed by Curators
- Leased equipment
- Land and Buildings.

#### 2. Procedures and Guidelines

##### 2.1 General Information

The University is required to ensure that the procedure for disposal of assets achieves the best value for money and is conducted in an efficient, effective and transparent manner. Asset disposals must always be adequately documented and approved in accordance with the Delegations of Authority, and must be processed in the PeopleSoft Asset Register by the School/Administrative Unit.

Responsibility for the use, maintenance, custody, transfer and disposal of plant and equipment that are in the Asset Management systems (CAPAS and EXPAS) resides with the School / Administrative Unit.

Campus Infrastructure Services co-ordinate the requirements for furniture and other equipment relating to refurbishment/building projects.

The University maintains the following records in the Asset Management system:-

- (i) Capital assets: assets having an individual cost of \$10,000 or more (GST exclusive). These assets are included in the Asset Management system (CAPAS) from invoices processed in the accounts payable system against account classes 5350 to 5370.

Depreciation is calculated in the asset management system and the written down value (ie, net book value) is maintained. Financial Control and Treasury Unit is responsible for the asset management system information and oversees the annual stocktake of these assets.

(ii) Expensed assets: assets having an individual cost of less than \$10,000 (GST exclusive). These assets are included in the Asset Management System (EXPAS) from invoices processed in the Accounts Payable System against account class 5302. Annual stocktake is not required for these assets.

## **2.2 Disposal Procedures**

### **2.2.1 Approval to dispose of the asset**

The School/Administrative Unit must identify and confirm the reason for the disposal of the item. Reasons for the disposal include:-

- a) no longer required (excess to needs),
- b) surplus to current or immediately foreseeable needs,
- c) part of an asset replacement program,
- d) unserviceable or beyond economical repair,
- e) technologically obsolete and operationally inefficient.

The written down value of the item is used in determining the level of approval needed. Approval is required even when the written down value has reached zero in the asset management system.

All assets to be disposed of require prior approval in writing from the Head of School/Administrative Unit, on an [Asset Disposal](#) form. For items above \$10,000 written down value, additional approval must be obtained from a delegated officer under part 6.10 in the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#).

### **2.2.2 Historical, Cultural and Scientific Items:**

Surplus plant and equipment items that may have historical, cultural or scientific significance must be offered by Schools/Administrative Units to the University's museums or collections.

Macleay Museum	Senior Curator	Phone 9036 6486
Nicholson Museum	Senior Curator	Phone 9036 6485
University Art Collection	Senior Curator	Phone 9351 4004

Schools/Administrative Units must complete an [Asset Transfer Notification](#) form and have it processed in the PeopleSoft Asset Register for the adjustment of the custodian and location of the item.

### **2.2.3 Obsolete, Unserviceable or Beyond Economical Repair Assets that cannot be sold**

Items that are obsolete, unserviceable or beyond economical repair and cannot be sold must be written off. Written approval must be obtained from a delegated officer under part 6.10 in the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#).

Schools/Administrative Units must destroy or dispose of the item in an appropriate manner, considering the nature of the goods and potential environmental impacts. Campus Sustainability of Campus Infrastructure Services should be contacted for assistance with regard to items with environmental considerations.

Schools/Administrative Units must ensure that all items being disposed of do not contain software, University information or logos.

Schools/Administrative Units must complete an [Asset Disposal](#) form and must process the disposal in the PeopleSoft Asset Register in order to remove the item from the Asset Management system. School/Administrative Units should retain the Asset Disposal Form for seven years for audit purposes.

#### **2.2.4 Trade-in of Assets**

Where trade-in of an existing item is included in the acquisition of a new item, the External Requisition and PeopleSoft purchase order must separately show details of the item being acquired and its cost, details of the item being traded in, the trade-in value and the net amount of the order. The cost of the item being purchased should be charged to the appropriate expenditure account class and the proceeds from the trade-in should be credited to the appropriate income account class. An [Asset Disposal](#) form must be completed with details of the item traded in and must be processed in the PeopleSoft Asset Register by the School/Administrative Unit. Details of the asset purchased including the pre-printed asset tag number, serial number, location and custodian must be forwarded with the invoice for payment to Accounts Payable, Procurement Services.

#### **2.2.5 Sale of Assets valued up to and including \$10,000 (estimated market value)**

Items valued up to and including \$10,000 estimated market value can be disposed of by sale. The School/Administrative Unit must establish the estimated market value based on previous sales, from advertisements or other sources such as newspapers and internet auctions. Where no market value is available the written down value should be used. It is essential that the process whereby the market value is estimated be properly documented, including keeping copies of relevant advertisements, etc.

The Head of School/Administrative Unit is responsible for ensuring that there is an arm's length transaction between the seller and the buyer and for approving the sale in writing. The buyer cannot be either the contact officer or the delegated officer for the sale.

The item for sale should be advertised for a minimum period of 4 weeks on the Financial Services [Asset Disposal](#) web page and include sellers contact details, item description and location and reserve price (estimated market value). Items are available to Australian buyers, with transportation costs to be met by the buyer and purchase at the buyers risk.

All bids received must be reviewed by the School/Administrative Unit contact officer and must be kept confidential. A copy of the bids received must be attached to the [Asset Disposal](#) form. Bids received will be categorised into:-

- Internal applicants (offer by another School/Administrative Unit of Sydney University) and
- External applicants (offer by student, staff, organisation or individual).

Priority will be given to Internal use by another School/Administrative Unit of the University, providing the offer is acceptable to the Head of School/Administrative Unit disposing of the item. Where Internal applicants are not accepted the Head of School/Administrative Unit must provide an explanation as to the reason on the [Asset Disposal](#) form. The offers received must be documented and the Head of School/Administrative Unit must approve the successful offer. The Head of School/Administrative Unit can re-advertise the item(s) for sale.

An [Asset Disposal Terms and Conditions of Sale](#) form must be completed by the buyer before the item is released. The original of the form should be retained by the selling School/Administrative Unit and attached to their copy of the [Asset Disposal](#) form.

For Internal sales to another School/Administrative Unit of the University, a journal transfer will be done by the selling School/Administrative Unit. An [Asset Transfer Notification](#) form

must be completed by the transferring School/Administrative Unit and processed in the PeopleSoft Asset Register by the transferee (receiving) School/Administrative Unit.

For External sales, payment must be through the University Cashier by cash, electronic funds transfer or bank cheque and an official University receipt issued to the purchaser. Upon production of an original official receipt the School/Administrative Unit can then release the item to the purchaser. For External sales, the sale is subject to GST. If the buyer requests a tax invoice, it must be issued within 28 days for items greater than \$82.50 (GST inclusive). External sales must be paid for before the goods are released – the issue of a tax invoice is not payment.

For External sales, Schools/Administrative Units must complete a [Deposit/Receipt Cashiers Office](#) form and send it to University Cashier, G02 (fax: 8627 8640).

Schools/Administrative Units must ensure that all items being disposed of do not contain software, University information or logos.

Schools/Administrative Units must complete an [Asset Disposal](#) form and attach it with the list of bids received and the copy of the [Asset Disposal Terms and Conditions of Sale](#) form and process the disposal in the PeopleSoft Asset Register. School/Administrative Units must retain these documents for seven years for audit purposes.

#### **2.2.6 Sale of Assets valued more than \$10,000 (estimated market value) or specialised equipment**

Items valued more than \$10,000 estimated market value or specialised equipment can be disposed of by auction or sale. Financial Control and Treasury should be contacted to provide advice on the appropriate method of disposal.

#### **2.2.7 Donations to schools, charities or non-profit organisations**

If no acceptable offers are received for serviceable items under sections 2.2.5 or 2.2.6 of these procedures, then the items may be donated to charities (under the Charitable Fundraising Act), schools or colleges or community/non-profit organisations.

Campus Infrastructure Services can assist with the transport of the item to the organisation with any costs being met by the School/Administrative Unit.

Items **cannot** be given to staff or students free of charge.

Schools/Administrative Units must ensure that all items being disposed of do not contain software, University information or logos.

Schools/Administrative Units must complete an [Asset Disposal](#) form and must process the disposal in the PeopleSoft Asset Register and must retain the documents for seven years for audit purposes.

### **2.3 Disposal of Assets acquired for Research Activities**

Generally, assets acquired for research activities using external research grant funding belong to the University and therefore the above procedures on asset disposal apply. Each research grant will have terms and conditions regarding ownership of assets acquired during the research project using grant funds.

Chief Investigators of research grants that transfer to another Australian University during the course of their research project may apply for the administration of the research project to be transferred to their new University, including assets acquired for the research project. Approval to transfer assets is subject to the terms and conditions of

the research grant and usually requires agreement by the relevant Head of School at the University of Sydney. School/Administrative Unit must complete an [Asset Disposal](#) form and must process the disposal in the PeopleSoft Asset Register and must retain the documents for seven years for audit purposes.

The Financial Control and Treasury Unit can assist in this matter.

## 2.4 PeopleSoft Accounting Entries

Income received from the sale of assets is to be credited to the following account classes by Schools/Administrative Units:

For External Sales

- (a) Where original Purchase Price was less than \$10,000 (GST exclusive)  
Class 3401 Sale of Expensed Assets
- (b) Where original Purchase Price was \$10,000 or above (GST exclusive)  
Class 3800 Sale of Capital Assets

For Internal sales – to another School/Administrative Unit of the University

Class 3319 Internal Income General

(Note: The matching internal expense class to be used is 6751)

For External sales Financial Control and Treasury will account for the carrying amount of capital assets sold.

For Internal sales the School/Administrative Unit must amend the new location and custodian of the item in the PeopleSoft Asset Management system.

## 3. Internal Controls

### 3.1 Responsibilities/Accountability

<i>Officers</i>	<i>Responsibilities</i>
University staff involved in the disposal of obsolete or surplus assets	<ul style="list-style-type: none"> <li>• ensuring that surplus or obsolete assets are identified and disposed of promptly</li> <li>• ensuring the correct classifications are used for receipting of proceeds on disposal of assets</li> <li>• processing promptly of all transfers and disposals in the PeopleSoft Asset Register</li> </ul>
Heads of Schools/Administrative Units involved in the disposal of obsolete or surplus assets	<ul style="list-style-type: none"> <li>• checking and approving asset disposals and ensuring the procedures are followed in accordance with the delegations of authority</li> </ul>
Financial Control and Treasury Unit	<ul style="list-style-type: none"> <li>• reconciling monthly the asset proceeds account classifications with the proceeds figure on the Retirements Report from the asset management system</li> </ul>

## 4. Related Information

4.1 Resources and weblinks.

### (i) Training Materials

### (ii) References

- [Asset Disposal Web Page](http://sydney.edu.au/finance/asset_management/disposal)  
sydney.edu.au/finance/asset\_management/disposal
- [University of Sydney \(Delegations of Authority – Administrative Functions\)](#)

[Rule 2016](#)

sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/72&RendNum=0

- [Finance and Accounting Manual](#)  
intranet.sydney.edu.au/working/finance-management/finance-accounting-manual

(iii) **Forms**

- [Asset Disposal](#)  
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/asset\_disposal.xls
- [Asset Disposal Terms and Conditions of Sale](#)  
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/assetdisposal\_terms\_cond.pdf
- [Asset Transfer Notification](#)  
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/asset\_transfer.xls
- [Deposit/Receipt Cashier Office](#)  
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/depositreceipt\_cashier.xls

4.2 University procedures superseded or replaced by this procedure:

(i) Finance and Accounting Manual

- Asset Disposal Procedures: 16 November 2010

## 5. Contact and Review

### 5.1 Contact

Unit: Financial Control and Treasury  
Phone: 9351-2663  
Fax: 9351-5861

### 5.2 Review

The Chief Financial Officer will approve changes to financial procedures and guidelines and will co-ordinate changes to financial policy, with the Vice-Chancellor delegated to approve University financial and infrastructure policy.

Amendments to forms, schedules and weblinks will be processed by Financial Services.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the Financial Services website under:-

- [FAM Amendments](#)
- [Amendments to Forms](#)

Please forward suggestions and comments on the Finance and Accounting Manual via email to [finance.enquiries@sydney.edu](mailto:finance.enquiries@sydney.edu).