

Northwest Indian College

ASSETS FOR COMPUTER SERVICES

NON-FIXED ASSET DISPOSAL POLICY

Content:

1. General
2. Definitions
3. Reasons for disposal
4. Responsibilities of Directors of Programs
5. General Procedures for Disposal of Non-Fixed Assets
6. Options for Disposal of Non-Fixed Assets
7. Procedures for Tendering for Disposal of Non-Fixed Assets
8. Special Provisions Relating to IS Equipment
9. Other Issues

1 General

The Goal of this procedure is to provide the means for the disposal of non-fixed assets.

- 1.1** This policy's aim is to achieve the best possible outcome for the Northwest Indian College (NWIC) and the departments within the administration. The goal is to obtain the best available net return when selling liquidation goods and to ensure the administration is even-handed, open and honest in all dealings with regard to transfers or liquidation of goods by sale or donation.
- 1.2** The best value outcome to the Northwest Indian College must be a major consideration when transferring or disposing of non-fixed assets.
- 1.3** The department seeking a disposal should document non-fixed asset disposal decisions, and the reasons for liquidating non-fixed assets. Not only does this assist in auditing and other explanations, but also it highlights successes and problems for future reference.
- 1.4** Non-disposal of obsolete equipment only takes up space. NWIC Department Directors and Program Managers are therefore encouraged to dispose of such equipment, but goods should only be disposed of consistent with the processes set out in section 5.
- 1.5** Disposal should be based on a fair market value for each surplus item. The price established will be based on current market value and condition of the equipment. Consideration has been given to identifying the risks and the areas most susceptible to fraud and the policy is designed to be consistent with fraud prevention measures.

Many decisions in this policy require an assessment of the market value of an item. The NWIC Program Director under which the non-fixed asset is designated should participate in such assessments. Determining the market value should take into consideration the original purchase price, the age of the equipment, an assessment of the usefulness of the equipment

DRAFT

and of its possible market value. Consultation with Financial Services, Information Services and the purchasing office is strongly recommended.

- 1.6 In the interests of promoting integrity, fair dealing and openness, NWIC Departments and Programs must not transfer surplus non-fixed assets to staff members (or their relatives or friends) unless arising from public competitive process i.e.: tendering or advertised sale which is open to the public. Where a member of the public and a staff member offer an equal price, the item must be sold to a member of the public. The sale price must be the best market price and under no circumstances may goods be donated to staff.

2 Definitions

- 2.1 **'Non-fixed Assets'** applies to item(s), equipment, furnishings and goods as used throughout this policy and refers to items with a greater life than 1 year or an original purchase price of more than \$2,000.
- 2.2 **'Authorized Officer'** refers to a senior administrator, President, Departmental Director or any other person specifically relevant to asset management.
- 2.3 **'Market value'** means the current value of an item in the market place and is regardless of its initial purchase price or residual value.
- 2.4 **'Tender'** to complete a sale by cash.
- 2.5 **'Cannibalize'** to disassemble, render no longer useful and utilize parts for other repairs.

3 Reasons for disposal

Items can be available for disposal when the non-fixed computer asset is:

- No longer required due to changed procedures, functions or usage patterns;
 - Occupying storage space and not being needed in the foreseeable future;
 - Reaching their optimum selling time to maximize returns;
 - No longer complying with occupational health and safety standards; (1)
 - Found to contain hazardous materials (1);
 - Beyond repair but able to be sold for scrap;
- (1) Disposal of such items should only be carried out after prior discussion with Department Director and the NWIC Safety Officer.

4 Responsibilities

- 4.1 Each Department Director is responsible for initiating a disposal of its departments computer related surplus assets;
- 4.2 Directors are responsible for taking into account the particulars of their funding source obligations relative to asset management/disposal;
- 4.3 Directors must work with the I.T. Department to ensure any financial considerations relative to asset management and disposal activities are met. The I.T. Department may require a portion of the proceeds to help offset these costs;

DRAFT

- 4.4 The Department is responsible to ensure all proper accounting and audit procedures are observed and all decisions documented at the I.T. Department Office;
- 4.5 The I.T. Department has the primary responsibility for the facilitation of asset disposal once the Department Director has initiated the process.
- 4.6 The I.T. Department is the primary contact for all Contracted Agents ‘Auctioneers’.
- 4.7 Special consideration should be given to items of potentially hazardous and pollutant stores likely to have an impact on the environment;
- 4.8 See also Section 8.5 for other special considerations.

5 General Procedures for Disposal of Non-fixed assets

- 5.1 Directors shall identify and document assets for disposal (asset tag number, physical description).
- 5.2 Department Director shall deliver the non-fixed asset to the I.T. Department for disposal with a signed Asset Disposal Form;
- 5.3 I.T. Department will determine the market value of the non-fixed asset(s) and facilitate process for disposal, including obtaining necessary signatures;
- 5.4 I.T. Department will work with the Department Director to select the appropriate and/or preferred disposal option;
- 5.5 Accounting Office will collect and bank the revenue after sale if non-fixed asset is worth resale and facilitate any transfer of funds necessary to the Department;
- 5.6 Accounting office will record Directors asset information to meet internal administration and reporting requirements;

6 Options for Disposal of Assets

Choosing your most appropriate disposal option will normally be influenced by the nature of the goods for disposal and by their location and market value.

In all cases, non-fixed assets disposed of must be reported on an “Asset Disposal” form to ensure they are removed from the central asset register.

Disposal of non-fixed assets shall be conducted in the following priority:

6.1 Trade in

The Department may use non-fixed assets as a trade in when this maximizes the net return to the Northwest Indian College. The asset tag number of the item traded-in and the value of the trade-in should be written on the purchase requisition form.

DRAFT

6.2 Transfer of the non-fixed asset to another department of Northwest Indian College

In some cases, a non-fixed asset may have no use for one Department but may be of value to another within the Administration. In such a case, the non-fixed asset may, with the agreement of both Departments be transferred, in some cases a committee shall be formed to determine the final outcome of transfers (such as moving whole or parts of departments from one facility to another and who should get to move shall be determined by said committee). Any costs relative to such transfers are to be negotiated between the Department Directors, with coordination of the I.T. Department.

6.3 Transfer to another NWIC entity

If the non-fixed asset cannot be utilized within the NWIC Administration, the non-fixed asset may be transferred to another NWIC entity (Satellite Colleges, etc.). Any costs relative to such transfer are to be negotiated between the Department Director and the other NWIC entity, with coordination of the I.T. Department.

6.4 Donated to a community organization

Where the Department Director and I.S. Department has determined that goods have no residual value, and where their disposal is therefore unlikely to produce offsetting revenue, it may authorize (with approval of the NWIC Administration) the donation of the goods to another organization or Tribal community service program.

Ideally, such donations should be to organizations and not to individuals. Organizations with a community service role (i.e., schools, charities, cultural programs and volunteer organizations) are given priority. Donations must be approved by the donating Departments Director and there must be signed confirmation by the appropriate staff, including the I.T. Department, that the goods have no residual value, no significant market value or are appropriate for donation to the receiving party.

All non-fixed assets donated shall be provided in “as is” condition – there is no implied or specific guarantee or liability associated with such donations.

6.5 Junked or destroyed or cannibalized

Items with no market value and no use to any other Department, organization or person may be destroyed in an appropriate and safe manner.

An ‘Asset Disposal’ form must be completed and authorized by the Department Director and forwarded to the I.T. Department office for updating the central assets record.

7 Special Provisions to IS Equipment

Disposal of all IT Equipment shall be in conjunction with the NWIC IT Department. Absolute care and caution is necessary to ensure information contained within such equipment is protected. Department Directors may transfer IT Equipment within their respective department(s) without physically transferring the equipment through the IT Department; IT equipment that is transferred outside of a department must go through the IT Department to ensure information is not inadvertently transferred with the equipment.

DRAFT

- 7.1 IS equipment such as computers; keyboards, printers, monitors and software used by the NWIC Administration in large numbers will be disposed with the direct guidance of the NWIC IT Department.
- 7.2 Because of the rate of change in technology equipment, large numbers of machines become obsolete on a regular basis and most machines have no residual value after a 3-5 year period of use.
- 7.3 The IT Department shall be responsible for certifying whether or not machines and equipment are obsolete and/or have no residual or market value.
- 7.4 The IT Department shall facilitate disposal of equipment determined to be obsolete and/or have no value to NWIC in the most cost effective manner.
- 7.5 Generally, donation of the equipment is the recommended approach as a community service organization may be able to extract some use out of the equipment.

8 Other Issues

8.1 Administration Liability

The NWIC Administration offers no warranty on the condition of the goods it donates, sells or otherwise disposes of. The request for tender, auction catalogues or any other sales documentation should provide as full a description of the items as possible, specify that goods are sold, transferred and/or donated 'as is, 'where is', and invite prospective buyers to inspect the goods before the sale.

Where there are known faults or wear or some other flaw in the item being disposed of, these must be clearly stated to any prospective buyer.

The documentation must advise that the NWIC Administration will not admit any claims on the grounds of defective goods, errors in description or error in quantity. A buyer may, however, lodge a claim for a pro rata adjustment of the purchase price should there be a deficiency between the quantity of goods described and those available at the time of pick up.

8.2 Sales Tax

Sales tax is not applicable to the resale of goods purchased free of sales tax. This is the case even if the equipment is still packed in its original packaging and has never been used.

8.3 Revenue from sales

In general, the proceeds from sales are to be credited to the Accounting Office budget. If an agreement for the retention of such revenue has been entered into, then the receipts are to be handled in accordance with the terms of that agreement.

In some cases the NWIC Administration may not be able to arrange disposal of some equipment unless the donor agrees or the NWIC Administration may be required to pay proceeds to that donor. The responsibility lies with the NWIC Accounting Department arranging to meet all such requirements.

DRAFT

8.4 Lost or Stolen Equipment

Lost or stolen equipment must be reported to the Department Director immediately the situation is discovered. The Department Director & Department Manager will ensure that the incident is recorded and an investigation is conducted. Where appropriate the Department Director and or Department Manager will ensure that these matters are reported to the police.

8.5 Unintentional Loss

Departments should check that non-fixed assets for disposal do not contain material that is not intended for disposal. By neglecting to make appropriate checks Departments may be embarrassed later. Examples of material that should be cleared from non-fixed assets before disposal are:

- Stationary-particularly printed stationary, which could be misused, or used for fraudulent purposes;
- Software, the unauthorized movement of which could breach license agreements;
- Records, files, papers or whiteboards containing information which, if disclosed, could breach privacy legislation;
- Hazardous stores, the transfer of which could create legal liabilities;

8.6 Insurance

The Facilities Office shall ensure all necessary insurance(s) are transferred to cover the non-fixed asset.