

- PROCEDURE -

**Asset Management - Disposal –
Goods (including inventory)**

Procedure Statement

Purpose

To provide TAFE SA staff with appropriate guidance for the proper disposal of goods, including inventory, to provide the best financial return to TAFE SA.

This procedure supports the Asset Management Policy.

Scope

This procedure applies to all TAFE SA staff (including contractors, volunteers, hourly paid instructors (HPIs) and casuals).

This procedure applies to the disposal of goods (including inventory) that:

- are no longer required by TAFE SA
- are unserviceable
- are obsolete from a technical perspective
- are part of an asset replacement program
- have reached an optimal selling time.

This policy does not apply to the disposal of real property (lands and buildings), nor does it apply to the disposal of leased vehicles, for example vehicles leased through LeasePlan.

Roles and Responsibilities

Goods will be disposed of in line with Procurement Services SA requirements, in particular those described in the [Procurement Services SA Disposal Guideline](#) and [Treasurer's instructions 18](#) Facilities and Projects role within the disposal process will facilitate the processes of disposing differing aspects of the disposal process.

All employees involved in the disposal of goods will avoid engaging in conduct that is misleading or deceptive and must not make unauthorised representations to prospective buyers about the standard, quality, or value of salvaged goods.

Position	Responsibility
Chief Executive	Ensures that goods are disposed of in a manner consistent with the objectives of the State Procurement Act 2004 and in alignment with Procurement Services SA policies and guidelines, in particular the Procurement Services SA Disposal Guidelines The Chief Executive has the authority to dispose of goods up to any value and sub-delegates that authority to specific Salvage/Disposal delegates within TAFE SA. Refer to TAFE SA Legislations and Delegations website .
Salvage/disposal delegates	Responsible for ensuring that the disposal of goods is undertaken in a manner that:

	<ul style="list-style-type: none"> • provides for ethical and fair treatment of participants • ensures probity, accountability, and transparency of process • ensures that the maximum net return for TAFE SA is achieved • mitigates the possibility of liability issues arising because of the disposal.
Executive Directors, Directors and Educational Managers	Responsible for ensuring that the disposal of goods from within their directorates or TAFE SA campuses: <ul style="list-style-type: none"> • is endorsed by an appropriate workgroup delegate • is undertaken in accordance with Procurement Services SA and TAFE SA policies.
Strategy and Infrastructure	Responsible for: <ul style="list-style-type: none"> • preparation and promulgation of policies and procedures, instructions and forms relating to the disposal process • overseeing compliance with Procurement Services SA policies and guidelines • reporting on and communicating disposal activity as appropriate • approving and providing advice and guidance to TAFE SA on all matters relating to disposal of goods.
ICT Services	Responsible for the identification and preparation of surplus ICT Equipment (for example ensuring the secure removal of any TAFE SA data on that equipment) ready for disposal via auction by Facilities and Projects.

Procedure Detail

Summary

TAFE SA utilises the five-step disposal process defined in the [Procurement Service SA guideline](#)

Step 1	Decision to dispose
Step 2	Estimate the value
Step 3	Select an appropriate disposal method
Step 4	Obtain approval
Step 5	Undertake and evaluate disposal

All goods are to be sold at the buyer's risk and no warranty as to the condition of the goods is to be provided.

Step 1: Decision to dispose

The decision to dispose may arise for various reasons including (but not limited to):

- no longer required due to changed procedures, functions, or usage patterns
- no longer complying with WHS requirements
- occupying storage space and unlikely to be required in the foreseeable future
- reaching optimum selling time to maximise returns
- containing hazardous materials
- beyond repair or useful life
- upgrading to newer technology
- quitting inventory stock.

Before commencing the disposal process, the possibility of internal transfer within TAFE SA or to other government agencies should be considered. Where goods are to be transferred internally within TAFE SA, the salvage/disposal delegate must ensure that any financial management requirements, including completion of a [FIN 50 - Plant & Equipment Asset Movement form](#), are adhered to. The salvage/disposal delegate must also ensure hazard identification and risk assessment occurs using the [Request for Approval to Dispose of Goods & Hazard Checklist](#) form, to ensure all requirements of WHS Regulation 204 are met. WHS Regulation 204 [Work Health and Safety Regulations 2012](#) requires decommissioning or dismantling:

- to occur as far as is reasonably practicable without risk to health and safety of any person
- to be carried out by a competent person
- that person carrying out the decommissioning or dismantling is provided with available information for eliminating or minimising risk to health or safety.

Consideration should be given to retaining goods (especially plant or equipment) where storage is not an issue and where the goods may be useful for the provision of spare parts. Workgroups must consider ongoing expenses before committing to this option.

Step 2: Estimate the value

The disposal value is generally the estimated market value. Estimated market value is the value that can reasonably be expected to be received upon sale of the goods.

Where TAFE SA does not have the in-house expertise to assign an estimated market value, for example for high value or complex goods, it may be necessary to obtain a professional valuation.

Where a written down value exists (assets with an original purchase price greater than or equal to \$10,000 which appear on the fixed assets register), the written value may be used to determine the value. (Written down value is the purchase price, less the accumulated depreciation.)

Step 3: Select an appropriate disposal method

The Director, Facilities and Projects has overarching responsibility for the management of disposal processes for TAFE SA. The coordination of disposal across TAFE SA (including determining the most appropriate method of disposal for goods

with an estimated market value up to \$30,000) is the responsibility of Facilities and Projects.

Available disposal methods and associated responsibilities are:

- public auction
- trade in
- donations
- recycling/sale as scrap/destruction
- waiver of competitive process for disposal
- tender or written quote
- Sale to TAFE SA staff
- firearms and explosives
- motor vehicles
- ICT equipment.

Public auction

TAFE SA has established a service level agreement with Evans and Clarke Auctioneers for the provision of general auction services excluding motor vehicles and physical property.

Facilities and Projects will determine which supplier is to be used for auction services on a case-by-case basis.

Trade In

Before entering any trade-in arrangement, salvage/disposal delegates (or project Managers, where assigned) must evaluate the trade-in value offered against possible returns from other options.

Trade-ins must be managed in conjunction with Facilities and Projects Managers who are authorised to make purchases to the gross value of the transaction.

Donations

TAFE SA may donate goods which have been declared surplus, to charitable or not-for-profit community organisations. However, the act of donating goods is still a form of disposal and can therefore only be authorised by a salvage/disposal delegate.

The transfer of ownership of goods through the act of donation does not necessarily remove any liability associated with their continued use. Prior to making donations, Managers and salvage/disposal delegates must consider risks faced by TAFE SA resulting from the continued use of the goods.

Donations must only be managed by salvage/disposal delegates.

Recycling/sale as scrap/destruction

Where goods have little or no resale value, or it is uneconomic to offer them for sale (that is, where cost exceeds net financial return), goods may be dumped. WHS standards must be observed when dumping and items must be rendered inoperable prior to dumping in accordance with [Work Health and Safety Act 2012](#) and WHS Regulation 2012.

Dumping of hazardous goods is illegal. A registered disposal company must be engaged to dispose of unsaleable hazardous goods. Some machine/equipment may contain asbestos and other hazardous substances. Disposal of asbestos and other hazardous substances must be treated carefully. Advice should be sought from Strategy and Infrastructure.

Scrap materials, for example steel off cuts, brass turnings and other ferrous or non-ferrous metals, are to be disposed of through contractors arranged by local workgroup delegates. Items being disposed to scrap must be rendered inoperable prior to disposal in accordance with [Work Health and Safety Act 2012](#) and WHS Regulation 2012

Waiver of competitive process for disposal

Sales may be negotiated directly with an individual buyer (such as outside of a competitive process) only where **at least one** of the following applies:

- thorough market research has been undertaken and a conclusion that the market is limited to a single buyer has been reached
- the goods are located on a supplier's premises and the cost of removal would be uneconomical or impractical
- the buyer is another South Australian government agency
- it is uneconomical to dispose of by a contracted auctioneer.

Direct sales of surplus assets must only be managed by the salvage/disposal delegate.

Tender or written quote

Sale by public tender can be an effective option, especially for the sale of high value or unusual goods.

Tenders may be managed by the TAFE SA salvage/disposal delegate or by an approved external service provider.

Sale to TAFE SA staff

Employees must not derive an unfair advantage through purchasing salvaged TAFE SA goods. The sale of goods to staff outside of a public process is not an acceptable method of disposal.

Firearms and explosives

Firearms and explosives must be disposed of in accordance with the [Procurement Services SA Disposal Guideline](#).

Motor vehicles

Vehicles that have been 'donated' for use in TAFE SA programs must be disposed of in accordance with the agreement entered with the donor company.

Where there is no agreement between the parties (such as TAFE SA and vehicle supplier/manufacture), the disposal of TAFE SA owned vehicles should be undertaken as per this procedure. Prior to disposal, vehicle compliance plates must be checked to confirm whether the vehicle is approved for on-road use and any impediments must be disclosed through the auction process.

Other TAFE SA owned vehicles such as trailers and buses can be disposed of as general equipment, in line with this procedure.

ICT equipment

Surplus ICT equipment is to be disposed of through one of the TAFE SA contracted providers of auction services (as determined by Strategy and Infrastructure). However, TAFE SA also retains the right to dispose of surplus ICT equipment via a Computer Recycling Scheme (CRS), as may operate from time to time, which provides recycled computers to South Australian government schools.

ICT Services is responsible for the identification and preparation of surplus ICT equipment (for example, ensuring the secure removal of any TAFE SA data on that equipment) ready for disposal via auction by Procurement.

Mobile phone handsets purchased by TAFE SA for use by TAFE SA staff, when no longer required, are to be returned to ICT for disposal in accordance with internal ICT processes.

Step 4: Obtain approval

The disposal of goods must be approved by a salvage/disposal delegate with an appropriate salvage/disposal delegation as published on the TAFE SA Delegations/Authorisations intranet page [Delegations \(tafesa.edu.au\)](https://www.tafesa.edu.au).

Disposals up to \$30,000 (for a single item, estimated market value)

A [Request for Approval to Dispose of Goods & Hazard Checklist](#) must be endorsed by the local Manager or director and approved by the appropriate salvage/disposal delegate prior to commencement of the disposal process.

Disposals in excess of \$30,000 (for a single item, estimated market value)

A [Disposal Plan](#) form must be completed prior to commencement of the disposal process.

The disposal plan must be endorsed by the local director and approved by an appropriate salvage/disposal delegate prior to commencement of the disposal process.

Facilities and Projects will nominate the disposal plan. The project Manager will be responsible for the management of the disposal process in line with the approved disposal plan.

Step 5: Undertake disposal

All disposals (auction sale/scrap disposal/donation) must not proceed until a [Request for Approval to Dispose of Goods & Hazard Checklist](#) or [Disposal Plan](#) (whichever is relevant) has been approved by a salvage/disposal delegate.

Security, collection, and transportation

Facilities and Projects is responsible for ensuring the safe custody of salvaged goods until sold and collected by the purchaser, or otherwise disposed.

Where goods are to be sold through a third party, Facilities and Projects is responsible for arranging the collection.

Where goods are being transferred internally within TAFE SA campuses, Facilities and Projects is responsible for arranging the transport of the goods.

Hazards and hazard risk assessments

The disposal of hazardous materials must only proceed in accordance with WHS and [Environmental Protection Authority](#) requirements.

The salvage/disposal delegate (or project Manager where assigned) must ensure that any hazards associated with the disposal of plant or transportable buildings are identified and actioned appropriately in accordance with [TAFE SA WHS procedure – Hazardous Materials](#)

The salvage/disposal delegate (or project Manager) must ensure that a [Request for Approval to Dispose of Goods & Hazard Checklist](#) form has been completed by a person with appropriate knowledge and experience of the item (within TAFE SA this may be, but is not necessarily, the relevant lecturer or educational Manager).

A copy of the completed Hazard Checklist Form is to be provided to any potential purchaser or recipient along with a [Conditions of Sale / Acceptance of Goods / Plant](#) form. This includes donation and transfer processes. Where the disposal is managed by an auctioneer, the salvage/disposal delegate (or project Manager) must ensure that the auctioneer is aware of any identified hazards. The Hazard Checklist form is to be provided to the auctioneer for this purpose.

Where decommissioning/dismantling is required, such decommissioning/ dismantling must be undertaken by a competent person.

Where plant is to be disposed of by dumping, a competent person must render the plant inoperable prior to dumping. Where appropriate, for example for paints/thinners or items with asbestos, Facilities and Projects will be advised to undertake the disposal via the current waste contracts.

Consider whether the item of plant contains, or could contain, asbestos. If material in the plant is not identified as asbestos but a competent person reasonably believes that the material is asbestos or asbestos contained materials, it must be assumed that the material is asbestos. If asbestos is present or assumed to be present, the salvage/disposal delegate must ensure a thorough risk assessment occurs in accordance with the approved SafeWork SA [How to Manage and Control Asbestos in the Workplace Code of Practice](#), in consultation with Facilities and Project and WHS consultants, and that campus asbestos registers and asbestos management plans are updated.

Collection of hazardous and or heavy items must be undertaken in accordance with the correct loading legislation. It is the responsibility of the purchaser to ensure compliance. However, if incorrect collection methods are being employed, TAFE SA

can refuse the collection and request that the purchaser uses appropriate transportation methods.

Signed copies of all must all be retained by the initiating worksite and filed appropriately in Content Manager per the TAFE SA [Records Management policy](#).

Asset registers/financial reconciliation

Assets with a purchase price > \$10,000 (GST exclusive)

The approving salvage/disposal delegate is responsible for reporting disposals in accordance with the requirements of relevant TAFE SA financial management reporting procedures through completion of a [FIN 50 - Plant & Equipment Asset Movement form](#). The completed form must be emailed to Shared Services SA (SSSA) and the TAFE SA Major Asset register updated.

Reconciliation

SSSA undertakes annual high-level monitoring of disposal object codes and annual stock-takes of assets (major equipment) with a purchase price > \$10,000 (GST exclusive) in conjunction with Facilities and Projects.

Reporting

Activity/compliance reporting

Facilities and Projects is responsible for the capture and maintenance of all records relating to disposals and for coordinating any annual reporting requirements. Higher level salvage/disposal delegates must provide any relevant information including completed forms to Facilities and Projects for this purpose.

Compliance reporting will periodically be undertaken by TAFE SA Internal Audit which may examine the following:

- sales processed by salvage/disposal delegates beyond their delegated authority
- sale prices achieved.

Forms

The following forms, referenced in this procedure, are available from the TAFE SA Facilities and Projects website, under [Salvage & Disposal](#):

- Request for Approval to Dispose of Goods & Hazard Checklist
- Disposal Plan
- Conditions of Sale / Acceptance of Goods / Plant.

Definitions

Term	Definition
Goods	Includes inventory, raw materials, work-in-progress and final goods, ICT equipment, plant.
ICT equipment	Includes personal computers, laptops, and peripheral equipment. The term excludes photocopiers and multi-functional offices machines.
Plant	Includes any machinery, its related equipment, appliances, implements or tools and components or fittings excluding manually powered hand-held tools or equipment.
Salvage and disposal delegate	'Delegate' - A nominated delegate who has the authority to approve the disposal of goods within specified limits.

Associated Documents and References

Reference Number	Document/Reference Title
Code of Ethics	<u>Code of Ethics for the South Australian Public Sector</u>
PPMF TAFESA 1104 -	<u>Procurement Policy</u>
PPMF TAFESA 143 -	<u>Procurement – Disposal Policy – Goods (including inventory)</u>
Procurement Services SA	<u>Procurement Services SA Disposal Guideline</u>

Document Control

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