



GOLDEN PLAINS SHIRE

ATTACHMENTS

**Under Separate Cover
Ordinary Council Meeting**

6.00pm Tuesday 24 September 2019

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ASSET DISPOSAL POLICY



Asset Disposal Policy

ASSET DISPOSAL POLICY

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ASSET DISPOSAL POLICY

1. PURPOSE

1.1 The purpose of this policy is to:

- 1.1.1 Outline the responsibilities and controls relating to the identification and disposal of Council owned assets and consumable materials, including plant and equipment, hereafter called Property and Equipment.

2. SCOPE

2.1 This policy provides guidance to any persons who have responsibility for the identification of Council assets that are no longer 'fit for purpose' and which are required to be disposed of in the approved manner.

3. POLICY STATEMENT**3.1 Disposal Authority**

The authorisation and notification of Property and Equipment that is 'no longer fit for purpose' to the Councils requirements must be in accordance with functional level of disposal authority and final approval by the Finance Manager.

Requests for disposals are based on the functional level of employees (refer to disposal table below). The department responsible will notify the Finance Manager of the proposed disposal method and then seek final approval from the Director Corporate Services prior to disposal of the asset.

3.2 Responsibility and Disposal Methods

Details of the 'no longer fit for purpose' assets should be provided in writing to the area responsible for disposal – refer to the below table.

The responsible area will determine the most appropriate disposal method and determine the process for sale and/or physical disposal.

In determining the most appropriate process, the following key policy parameters apply for all disposals;

- 3.2.1 Maximising the net return to Golden Plains Shire Council, after considering disposal costs.
- 3.2.2 Community or Council benefit opportunities derived from asset transfer to volunteer and not for profit organisations.
- 3.2.3 Legislative and Government requirements.
- 3.2.4 Environmentally responsible disposal.
- 3.2.5 The safety of Golden Plains Shire Council's employees, customers and members of the general public.
- 3.2.6 Assurance of security and protection of Golden Plains Shire Council's data, customer information and intellectual property.

ASSET DISPOSAL POLICY

4. PROCEDURES

4.1 Disposal Responsibility

The following table summarises the functionality disposal responsibility, asset types and appropriate disposal methods available:

Asset type	Responsible owner for Disposal	Disposal method (refer below for further information on these methods)
Communications equipment Computer Hardware & Software Stock – <i>including scrap metal</i> Survey equipment Vehicles Plant (includes mowers etc) Printing & Photographic equipment	ICT and Digital Transformation department ICT and Digital Transformation department Finance department ICT and Digital Transformation department Finance (Fleet) department Finance (Fleet) department ICT and Digital Transformation department	Public auction, tender or Expressions of Interest Selective tender Trade in Dumping Scrap/Salvage Approved Community Group
Land & Buildings	Corporate Services – Governance	Public auction, tender or Expressions of Interest Private treaty
Furniture & Fittings	Finance department	Public auction, tender or Expressions of Interest Selective tender Trade in Dumping Scrap/Salvage
Infrastructure (Portable & fixed)	Works department	Replacement contract that includes disposal Public auction, tender or Expressions of Interest Community Group submission and transfer Selective tender Trade in Demolition Dumping Scrap/Salvage

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4.2 Disposal Methods

Please Note: Specific requirements for each disposal method are outlined below:

4.2.1 Public Auction, Tender or Expressions of Interest

The principles of an "arm's length" process must be adhered to. Appropriate public advertising, marketing, timing and notice for sale are to be considered.

4.2.2 Selective Tender

Selective Tender may be used for disposal of Property and Equipment under the following provisions:

- Items with a market value up to \$2,500 require at least one [1] verbal quotation and the approval of the Director Corporate Services.
- Items with a market value between \$2,501 and \$33,000 require at least two [2] written quotations.
- Items with a market value between \$33,001 and \$149,999 require at least three [3] written quotations.

4.2.3 Trade-in

An estimate of market value of the Property and Equipment must be determined prior to proceeding with purchase of the replacement item.

The purchase of the replacement item will be undertaken in accordance with the Procurement Policy.

Alternative disposal options should be considered in conjunction with "trade-in" to ensure the best possible return to Council.

4.2.4 Land and Buildings - Public Auction or Tender / Private Treaty

The internal approval process for land and building sales is defined in Golden Plains Shire Council's Instrument of Delegation;

Golden Plains Shire Council must ensure that sale of land transactions are at all times transparent to the community, in accordance with the Local Government Best Practice Guideline for the Sale, Exchange, and Transfer of Land, and with section 189 of the Local Government Act 1989.

https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0028/48628/Local-Government-Best-Practice-Guideline-for-the-Sale-and-Exchange-of-Land.pdf

4.2.5 Dumping / Recycling

Dumping / Recycling may be undertaken for assets where the market value, taking into consideration all associated disposal costs, makes it uneconomical for sale.

Dumping does not include the salvage and sale of scrap.

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Disposal to employees is not permitted in lieu of dumping, scrap or salvage. Employees are not permitted to access dumped, scrap or salvaged Plant and Equipment for personal/private use.

Consideration of environmental, safety and security aspects must be made.

4.2.6 **Scrap / Salvage**

Scrap / Salvage refers to the provision of material, such as scrap material that has a salvageable value to a third party merchant.

- Items under \$2,500 require at least one [1] verbal quotation and the approval of the Director Corporate Services.
- Items with a value between \$2,501 and \$33,000 require at least two [2] written quotations.
- Items over \$33,000 require at least three [3] written quotations.

Employees are not permitted under any circumstances to access or purchase for personal / private use Plant and Equipment (including scrap / surplus material) identified for scrap or salvaging.

4.2.7 **Replacement Contract Includes Disposal**

It is acknowledged that the replacement or refurbishment of major items of infrastructure will in many cases involve a single contract for the upgrade/replacement and removal of the asset and not involve a separate process of disposal.

Costs incurred for disposal of the asset are recurrent in nature and should not be included as capital expenditure.

4.2.8 **Community Groups**

Council may provide community groups the opportunity to submit an expression of interest for assets that have reached their useful life at Council in accordance with Council's asset management policy.

Where Council identifies an asset that is no longer 'fit for purpose' however, believes may provide benefit to a community group or a volunteer group, this asset may be offered to individual or multiple groups. This process will be consistent with the community grant process whereby following notification the community group submits its request to Council for a particular asset and the item will be granted to the Community group.

The preferred community group is to arrange collection of assets from the Council.

If plant and equipment is being transferred to a Community or Volunteer group then all equipment is to be transferred fully serviced and fit for use unless otherwise agreed. Any obsolete attachments or spare parts associated with equipment being transferred, will be included with the transfer.

Community groups who are recipients of assets must agree in writing before

ASSET DISPOSAL POLICY

purchasing or being in receipt of any asset, that no warranty is given or implied by Council in respect of the suitability and condition of the asset for the purchaser or recipient and that Council will not be responsible for the asset in any respect following the sale or donation.

In considering any submission, officers should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias;
- Where the community group is seen as appropriate but there is a potential claim of bias, the matter should be referred to Director Corporate Services, who will adjudicate the claim or refer the matter to the CEO; and
- The community group must facilitate the removal of the asset themselves.

Note: The sale of assets direct to employees is not an approved method of asset disposal. Employees interested in purchase of assets being disposed of, where appropriate, will need to go through the selected market process – ie, auction or public tender – and must not have any involvement in the disposal process.

4.3 **Transferring Assets Within Council**

Where practicable and reasonable, the relevant Department will notify all departments of the Plant & Equipment identified as surplus for possible utilisation and transfer within the Council.

4.3.1 *Notification of Assets for Disposal & Transferred Assets*

Notification must be forwarded to the Finance Department of all Plant & Equipment disposals and transfers, including all asset details – ie, description, asset number, etc.

4.4 **Thefts and Losses**

The requirements in relation to thefts and losses are prescribed in the Theft and Losses Rules, issued pursuant to the Financial Management Act 1994, issued by Department Treasury & Finance (DTF);

The following outlines the main considerations once a theft or loss is discovered;

- Notify the Police immediately if criminal activity suspected. A police report should be obtained.
- Involve Internal Audit in the process, especially if fraud or theft is suspected.
- Fraud or theft must be reported to the Department Manager who will advise the Finance Manager.
- Contact Corporate Services, People and Culture for appropriate insurance claim follow-up.

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4.5 **Regulatory Requirements for Disposal of Plant**

Departments disposing of plant must ensure copies of risk assessments, plant manuals and any operational information is provided with the item of plant.

If plant is to be sold for scrap metal the supplier of plant must advise in writing to the receiver that the plant is intended for use as scrap material.

4.6 **Buyer's Risk**

Irrespective of the disposal method applied, all prospective buyers must be advised in writing that the asset is disposed of, with any faults, at the buyer's risk ('as is where is'). Buyers are to rely on their own investigations regarding the condition and function of the asset and Council will not be responsible for any repairs to or maintenance of the asset.

5. **RESPONSIBILITIES**

Compliance, monitoring and review

5.1 This policy sits in the Directorate of Corporate Services, with the Finance Manager responsible for ensuring the policy:

- aligns with Australian Accounting Standards, relevant legislation, government policy and Council's requirements;
- is implemented and monitored (i.e. the policy is followed, reflects the changing policy environment, and emerging issues are identified); and
- is reviewed to evaluate its continuing effectiveness (e.g. achieving its purpose, remains relevant/current.)

Reporting

5.2 No additional reporting is required.

Records Management

5.3 Council must maintain all records relevant to administering this policy in accordance with the *Public Records Act 1973*.

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6. DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Terms and definitions

Term	Definition
<i>Asset</i>	<i>A resource with economic value that Council owns or controls with the expectation that it will provide a future benefit</i>
<i>Disposal</i>	<i>The process of getting rid of by giving or selling to someone else</i>
<i>Trade-In</i>	<i>A used article accepted as part payment for another item</i>
<i>Public Auction</i>	<i>An auction held on behalf of a government in which the property to be auctioned is either property owned by the government, or property which is sold under the authority of a court of law or a government agency with similar authority</i>
<i>Selective Tender</i>	<i>A procedure whereby only tenderers selected by the Council may tender for the Contract</i>

7. RELATED LEGISLATION AND DOCUMENTS

Local Government Act 1989, Section 189

Local Government Best Practice Guidelines for the Sale, Exchange and Transfer of Land

Australian Accounting Standards

Golden Plains Shire Council;

- Procurement Policy
- Community Grants Program Policy
- Asset Management Policy
- Asset recognition, Valuation and Revaluation Policy

8. POLICY OWNER

8.1 Manager Finance is the policy owner.

ASSET DISPOSAL POLICY

9. DOCUMENT INFORMATION

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NOTES:	

ASSET DISPOSAL POLICY

10. ATTACHMENT 1 - PHYSICAL (NON-PROPERTY) ASSET DISPOSAL ASSESSMENT AND EVALUATION REPORT

Asset identification: (Confirm system)	
Asset Location:	
Asset description: (Attributes)	
Ownership Details:	
Asset formally used for: (Describe)	
Valuation of Asset:	\$
Estimated cost of disposal or rationalisation:	\$
Estimated market value:	\$
Reason for Disposal or rationalisation:	
Proposed method of disposal or rationalisation:	

Recommendation: (Υσε απροπριατε δεσχιπιτορσ το ουτλινε τηε ρεχομμενδατιον φυλλψ)
That the asset as described is deemed to be no longer required to meet Council’s agreed services or there is no clear need for Council to retain ownership of the asset.

Justification:
(Αδδιτιοναλ χομμεντσ ανδ φυστιφιγατιον φορ προποσινγ το δισποσε οφ ορ ρατιοναλισε τηε ασσετ)

Name of person making the assessment
.....Position.....Date ___/___/_____

Approval of Manager Projects and Property
DECISION: The above disposal/rationalisation is: (please circle) APPROVED NOT APPROVED

I,.....certify that the above asset can be disposed of
in accordance with Council Asset Disposal Policy.
Signature:.....Date ___/___/_____

Approval of Director
Name:.....Signature:.....Date ___/___/_____

Approval of Chief Executive Officer
Name:.....Signature:.....Date ___/___/_____

Date and number of Council Resolution (if required)
Date ___/___/_____ Resolution No.....

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12. ATTACHMENT 2 - LAND (PROPERTY) DISPOSAL OR RATIONALISATION ASSESSMENT AND EVALUATION REPORT

Asset identification: (Confirm system)	
Council Property No:	
Street Address:	
Parcel description: (Vacant/Non Vacant) (Attributes)	
Title Details:	
Total Area of Land:	
Zoning:	
Current Council Valuation:	\$
Current land use:	
Estimated cost of disposal or rationalisation:	\$
Estimated market value:	\$
Proposed method of disposal:	

Recommendation:

Justification:

Name of person making the assessment
.....Position.....

Approval of Responsible Department Manager
.....Date ___/___/___

DECISION: The above disposal/rationalisation is: (please circle)

APPROVED/ NOT APPROVED

I,.....certify that the above asset was disposed of in accordance with Council Asset Disposal Policy.

Signature:.....ate ___/___/___

Approval of Responsible Director
Name:.....Signature:.....Date ___/___/___

Approval of Chief Executive Officer
Name:.....Signature:.....Date ___/___/___

Date and number of Council Resolution (if required)
Date ___/___/___ Resolution No.....

RESERVE AND PROVISION FUNDING POLICY



Reserve and Provision Funding Policy

RESERVE AND PROVISION FUNDING POLICY

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RESERVE AND PROVISION FUNDING POLICY**1. PURPOSE**

- 1.1 The purpose of this policy is to:
- 1.1.1 Ensure that Golden Plains Shire Council has established Reserve Funds that account for income that has been received from specific sources for a future application,
 - 1.1.2 Establish requirements around the creation of Reserves, transfer to reserves and subsequent expenditure of funds from these reserves, and
 - 1.1.3 Establish a mechanism for the funding of provisions.

2. SCOPE

- 2.1 This policy is applicable to both Discretionary and Statutory Reserves and includes creation of reserves, transfers of funds to reserves and subsequent usage of funds from reserves.
- 2.2 The following are excluded from this policy:
- 2.2.1 Asset Revaluation Reserves that arises under the Australian Accounting Standards as it relates to the change in asset values rather than the collection of funds, and
 - 2.2.2 Employee Entitlement Provisions accounted for in Council's Balance Sheet as they relate to change in liability values rather than the collection of funds.

3. POLICY STATEMENT

- 3.1 GPSC will maintain both Statutory and Discretionary Reserves that acknowledge the receipt of funds from particular sources to be applied to programs that are consistent with the purposes of that Reserve Fund.
- 3.2 For the purposes of efficient financial management it is acknowledged that in lieu of borrowings, Reserve Funds may be used to assist funding specific projects and are not designed to assist in general operations of Council.
- 3.3 Reserves represent a future commitment, or aspirations of projects. To ensure prudent financial management of these funds expenditure from these Reserves should form part of the Annual Budget program as approved by Council.
- 3.4 Provisions will be funded from cash balances when expended. Transfers from provisions should form part of the Annual Budget program to ensure funds are available.
- 3.5 As at 30 June each year GPSC's recorded cash balances will, as a minimum, be equivalent to the total of the Statutory and Discretionary Reserves balance.

RESERVE AND PROVISION FUNDING POLICY**4. PROCEDURES****4.1 Statutory Reserves**

The use of funds from Statutory Reserves is governed by legislation (or other legal requirements) and records Council's future expenditure commitments. Statutory Reserves are also funds collected from developers or funding bodies that represent future obligations. These are separately accounted for to ensure sound financial management of future operations.

Where statutory funds are collected to fund future infrastructure there are legal requirements that govern how the funds must be spent. This may include expending the funds in accordance with the terms and conditions of the funding or on projects in the vicinity of the developments that the funds were collected in respect of.

4.2 Discretionary Reserves

As a general rule, income and expenditure should be budgeted in the financial year in which it occurs and should not be "set aside" in reserves for future use. However, GPSC does in some instances create discretionary reserves where:

- It is anticipated that extensive works will require funding over a period of time
- Funds are collected specifically for funding of capital works
- Council feels the need to isolate additional cash amounts to complement actual or contingent liability balances
- There is a legal or legislative requirement

4.3 Transfer of Funds to Reserves

Amounts transferred to individual discretionary and statutory reserves come from a variety of sources including:

- Open Space Contributions – contributions received in lieu of open space land to provide improved recreational facilities will be transferred to Reserves in the financial year the contributions are received
- Developer Contributions – contributions collected from property developers to develop new community infrastructure (such as footpaths, fencing, streetscape works and lighting) will be transferred to Reserves in the financial year the contributions are received
- Budget Transfers – transfers determined as part of the budget process (e.g. unexpended projects)
- Quarry Levy – funds collected from quarry operators utilized to maintain the local road network utilised by the quarries
- Waste Management – excess of waste management charges collected from customers less waste management expenses with funds committed to

RESERVE AND PROVISION FUNDING POLICY

future waste management expenses to ensure the full cost of the waste function is met by waste charges without any adverse impact on the budget

4.4 Transfer of Funds from Reserves

All transfers of funds from a reserve must be for the agreed purposes for which the Reserve was created. Reserve transfers will be reported as part of the Annual Budget and Annual Financial Statement process.

- Transfers approved as part of the budget process – in most cases the transfer of funds from reserves will be approved as part of the Annual Budget process. For example - capital works projects need to include details of project funding including any planned use of reserves. Projects are then evaluated and submitted to Council for approval.
- Transfers of funds in excess of approved budget – in cases where a transfer of funds from a reserve was approved in the budget but subsequently a higher level of funding is required from reserves, approval must be sought before transfers are made. For transfers less than 10% variance and \$20,000 to budget Director Corporate Services approval is required, and for any variances greater than 10% and \$20,000 Chief Executive Officer approval is required.
- Transfer of funds not approved as part of the budget process – from time to time there may be a requirement to transfer funds from a reserve for purposes not foreseen when the budget was developed. Any such transfer from a reserve for purposes outside of budget must be approved by the Chief Executive Officer.

4.5 Transfer of Funds to Provisions

Provisions may be statutory or discretionary, with the following held by GPSC:

- Statutory provisions – employee entitlements
- Discretionary provisions – landfill restoration and gravel pit restoration

Amounts transferred to discretionary provisions are included as part of the Annual Budget process.

RESERVE AND PROVISION FUNDING POLICY

5. RESPONSIBILITIES

Compliance, monitoring and review

- 5.1 This policy sits in the Directorate of Corporate Services, with the Finance Manager responsible for ensuring the policy:
- aligns with Australian Accounting Standards, relevant legislation, government policy and Council's requirements;
 - is implemented and monitored (i.e. the policy is followed, reflects the changing policy environment, and emerging issues are identified); and
 - is reviewed to evaluate its continuing effectiveness (e.g. achieving its purpose, remains relevant/current.)

Reporting

- 5.2 No additional reporting is required.

Records Management

- 5.3 Council must maintain all records relevant to administering this policy in accordance with the *Public Records Act 1973*.

6. DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Terms and definitions <delete if not required>

- 6.1 **Reserves** are funds that have been set aside from Operating and Capital income for future funding of Capital projects or operating commitments. From an accounting perspective the value of these funds are recorded in Equity Balance Sheet ledger accounts. There are two main categories of Reserves – Statutory Reserves and Discretionary Reserves.
- 6.2 **Statutory Reserves** relate to where the usage of funds is governed by legislation (or other legal requirements) to record GPSC's future expenditure commitments. Reserves include:
- Recreation Lands (Open Space)
 - Developer Contributions
- 6.3 **Discretionary Reserves** are records of future commitments kept at Council's discretion to ensure sound financial management of GPSC's operations and include:
- Unexpended Project Reserve (carry forward projects)
 - Long Service Leave
 - Quarry Levy
 - Waste Management

RESERVE AND PROVISION FUNDING POLICY

6.4 **Provisions** are the recognition of liabilities of uncertain timing or amount. Discretionary provisions recognised by GPSC include:

- Landfill Restoration
- Gravel Pit Restoration

Council may choose to establish additional Discretionary Reserves in order to contribute to anticipated future cash commitments that may result from such liabilities.

7. RELATED LEGISLATION AND DOCUMENTS

Local Government Act 1989

Australian Accounting Standards

8. POLICY OWNER

8.1 Manager Finance is the policy owner.

RESERVE AND PROVISION FUNDING POLICY

9. DOCUMENT INFORMATION

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