

ASSET DISPOSAL PROCEDURE RULES INCLUDING GUIDANCE ON LOSS AND THEFT

INTRODUCTION

- 1 These procedure rules have been produced to provide officers with clear guidance on the required process to follow when disposing of Council assets (other than buildings and land) that are obsolete, broken beyond reasonable repair or surplus to requirements. **Under no circumstances will council officers be permitted to purchase any such items.** These procedures are not to be used for the disposal of major capital assets such as buildings and land.
- 2 Officers should, where possible, try to avoid disposing of items by arranging for them to be placed into a skip, which subsequently ends up at a council landfill site.

WHAT IS THE PROCESS?

- 3 The first step is to estimate the value of the item(s) to be disposed of. The value of the item(s) will need to be estimated as accurately as possible to ensure that the correct method of disposal is used. The following methods can be applied to estimate the value of the item(s):
 - By obtaining a quotation or preliminary bid
 - Previous knowledge and experience
 - Research (internet, trade publications etc.)
- 4 Officers will need to be vigilant and identify any items they feel may be antique, collectable or listed building items. Such items may be of a high value or integral to the building and in such cases the approval of the Chief Officer prior to disposal will need to be obtained. It is also important that archives are consulted in relation to such items.
- 5 It is important to ensure that details such as values and item descriptions are accurately recorded and evidenced to ensure a clear audit trail of the disposal process. This can be done by using the form at Annex D of this policy.
- 6 Once the value of the item(s) for disposal has been estimated, officers need to check this against the competition requirements set out in Annex A of this policy.

WHAT ARE KEY DISPOSAL CONSIDERATIONS?

7 Before decisions are made regarding the correct method of disposal, officers must first determine if the item is in working order and therefore in saleable or re-usable condition. It may be that the item has only recycle or scrap value. Once established that the item is re-useable or saleable the following needs to be considered:

- **Re-Use or Relocation** - Assets can be re-used or relocated to other departments or service areas within the council. The items can be advertised through the council's internal bulletin board found on the council's intranet site or through the directorate business support units.
- **Obtaining quotes from outside agents** - This process can be done in a number of ways dependant upon the estimated value of the asset(s) to be disposed (refer to Annex A).

A Disclaimer form (Annex B) must be completed where items are sold or transferred to external bodies or individuals.

OTHER CONSIDERATIONS

- 8 **Risk** – Officers must take reasonable steps to ensure that items to be disposed of are disposed of in such a way that the risk to the council is appropriately mitigated. Risks may include:
- 3rd party claims (where injury is caused by using the disposed of item).
 - Breaches of legislation (e.g. Data Protection Act as a result of insufficient data cleansing of computer equipment).
 - Reputational damage (arising from adopting environmentally unfriendly disposal routines).
- 9 **IT Hardware disposal** – Surplus IT equipment must be disposed of through the ICT service desk by calling ext: 2222 who will log the request and arrange for collection of the equipment.
- 10 IT equipment that is in a serviceable condition or can be cost effectively repaired is then relocated within the council. IT equipment that is beyond economical repair is disposed of through a company located in Stockport called Data IQ. In all cases, surplus IT equipment must be disposed of through the relevant service IT team to ensure that current Data Protection and Health and Safety laws are adhered to.
- 11 **Ink consumables** – Used Ink consumables are recycled through a Leeds-based company called K2. Empty Ink consumables should be returned to the IT Business Support Team where collection is made by K2.

- 12 **Mobiles phones** – Unwanted/broken mobile phones can be recycled through Regeneris free of charge. To arrange this facility the IT Business Support Team can be emailed on itadmin2@york.gov.uk .
- 13 **Rented / Leased equipment** – Equipment must not be covered by any rental or lease agreement (e.g. photocopiers).
- 14 **Keep accurate records** – In accordance with Annex A, accurate records must be kept documenting asset disposals. In order to demonstrate good practice, a record of all asset disposals by any method must be made and should include the following information (Annex D):
 - Item description including the make, model and serial number.
 - If the item is antique, collectable or a listed building item.
 - Estimated value of item to be disposed including supporting evidence.
 - Method of disposal (auction, recycled etc.)
 - Date of disposal.
 - Reason for disposal (obsolete, broken beyond economical repair.)
 - Name of officer authorising disposal.
 - Sale receipts (retained for audit).

VAT

- 15 Items to be disposed of may be subject to VAT. Generally VAT is charged at the standard rate; however there are exceptions to this, for example when goods are sold to specific types of organisations. Where applicable the VAT element must be recorded. For further information and advice the VAT Officer within the Resources Corporate Finance team should be contacted.

RECEIPTS OF INCOME

- 16 All sales of assets should be accompanied by a receipt and a completed Disclaimer Form (Annex B). The Disclaimer should be signed and completed by both the council officer and the supplier, with the original copy being retained by the council and a copy given to the supplier for their records.
- 17 All assets sold or otherwise disposed of must be reported to the central finance team using the form at Annex D. All income should be paid to the department's relevant budget code.

REPORTING OF LOST AND STOLEN ASSETS

City of York Council Financial Regulations – Supplementary Guidance

- 18 The purpose of this section of the guidance is to establish appropriate reporting procedures for lost or stolen council property, including instances of theft. This procedure applies to all council property whether or not the property is recorded in the council's Asset Register.
- 19 Lost, stolen or missing items must be reported immediately by the responsible department to the council's Internal Audit service (Veritau Ltd) and where the item is insured, the insurance team. This can be done using the "Report of Lost or Stolen Property" form attached at Annex C. Where the item value is in excess of £500 or an insurance claim is to be made, the incident should be reported to the police and a police incident number recorded on the form.
- 20 It is a requirement of the Financial Regulations, to which this document provides supplementary guidance, that each department files a "Report of Lost or Stolen Property" form whenever council property is lost, stolen or missing, whether or not the item is on the departmental equipment inventory. It is equally important that where the item does form part of the departmental inventories (which record all furniture, fittings, equipment and plant and machinery above £500, as set out in the council's Financial Regulations) that the item is removed from the inventory.

Annex A

Competition requirements in the sale of Council Assets

All equipment disposals and sales should follow this approved procedure and look to obtain best consideration:

<u>Estimated Asset Sale Value (£)</u>	<u>Procedure to be followed</u>
0 – 5,000	Value for money – <ul style="list-style-type: none"> Relocation to other service areas within City of York Council. Obtain quotes from outside agents.
5,000 – 30,000	Verbal quotations <ul style="list-style-type: none"> Officers must seek and document at least three competitive quotes from purchasers or by placing a public advertisement.
30,000 – 100,000	Written quotations <ul style="list-style-type: none"> All assets that fall into this category must be notified to Chief Financial Officer and their approval received before quotations are sought.
100,000 and above	Competitive Tender <ul style="list-style-type: none"> Where an asset has a value in excess of £100K Executive Member approval will be required and all such disposals must be reported to the CFO in advance of any action been taken to dispose of the asset.

POINTS TO NOTE

- i) All equipment to be disposed of is checked to ensure it is in good working order. A manager or senior member of staff must verify the working condition before the item is written off.
- ii) A written record of the disposal/sale is retained and signed by the manager authorising the disposal/sale (Annex D), a copy is sent to the corporate finance team and details of the disposal are recorded in the departmental inventory.
- iii) An official receipt must be provided when an item is sold and the income coded to the correct financial ledger code.
- iv) If items are lost or stolen the departmental inventory will need to be amended to reflect this.
- v) Sales to staff are strictly prohibited. Under no circumstances will consideration be given to allowing staff to purchase obsolete or surplus assets or items of equipment.

Annex B

Disclaimer
Disposing of Assets

Directorate/Department:

Representative Officer:

Contact Details:

Full Description of Item(s) to be Disposed:

Items are purchased / obtained from City of York Council on a bought as seen basis.

I/we the undersigned take ownership of the above item(s) at own risk and understand that City of York Council accepts no liability for any damage or injury caused to persons or property resulting from the transportation, storage or use of the item(s) listed above.

Signed:

Date:

Organisation:

Annex C



Report of Lost or Stolen Property

SECTION A	
Department	
Address	Tel No.

SECTION B - THE INCIDENT	
Date	Time am/pm
Location	
Who discovered it and when?	
STATE FULLY THE CAUSE OF THE LOSS/DAMAGE AND HOW IT OCCURRED	

SECTION C	
Please answer the following questions if applicable to the incident:-	Delete as Appropriate
Questions 3 & 4 are compulsory	
1. Is a burglar alarm installed at the premises? If YES, was it operational at the time of the incident? If no alarm installed, have you enquired about one? Give details	YES/NO YES/NO YES/NO
2. Do you have a strongroom in the premises? If YES, was the strongroom in use? If YES, were the goods stolen taken from there	YES/NO YES/NO YES/NO
3. WHAT PRECAUTIONS ARE YOU TAKING TO PREVENT A RECURRENCE OF THE LOSS	
4. WERE THE POLICE ADVISED?	
IF <u>YES</u>, WHEN AND WHICH POLICE STATION PLEASE PROVIDE INCIDENT NUMBER	
5. Were the premises unoccupied at the time of the incident?	YES/NO
6. Have you suffered a loss of this nature within the last 3 years? If YES, give details:-	YES/NO

SECTION D					
				Value at the	Value after

City of York Council Financial Regulations – Supplementary Guidance

Description of Articles lost or damaged	From whom originally purchased	Date Acquired	Original Price Paid £	time of loss or damage £	damage £

SECTION E - DECLARATION BY OFFICER

Name

Job Title

Department

Signature Date

PLEASE RETURN THIS FORM TO:-
Internal Audit (Veritau Ltd)
West Offices
Station Rise
YORK
YO1 6GA



Asset Disposal Form

Directorate :

Department :

Description of Asset :

Asset Value :

Ledger Code :

/

Is the Asset on an outstanding lease?

YES / NO

Has the Asset been removed from the department inventory?

YES / NO

Has the correct approval been sought to comply with financial regulations?

YES / NO

Authorising Officer :

Copy to : Central Finance.