

ASSET DISPOSAL AND WRITE DOWN POLICY

Section	Finance and Technology
Contact	CFO, Finance
Last Review	September 2019
Next Review	September 2024
Approval	C19/78

Purpose:

The purpose of this policy is:

- To ensure assets are sold at a fair market price and the disposal of assets is conducted in an efficient, effective, transparent and adequately documented and approved manner that is compliant with legislation.
- To ensure assets sold or otherwise disposed of are correctly removed from the fixed assets register, balance sheet and insurance schedules.
- To ensure that any Write Downs are in accordance with accounting policies and are adequately authorised.

Definitions:

Asset: includes, but may not be limited to equity investments, equipment, furniture and fittings, library collections, artworks, software, intangibles, vehicles, land and buildings for which the University may have legal title. Assets also include Crown owned land and buildings used by Massey University.

For this policy, Assets specifically exclude cash and cash equivalents and debtors.

Disposal: the sale, demolition, alienating, gifting or recycling of assets owned by the University or the disposal of assets declared surplus to University requirements.

Write down: Refers to a situation where an asset's carrying amount in the balance sheet is considered to be higher than its recoverable amount and therefore needs to be written down to its recoverable amount.

Policy:

The following applies:

- To ensure compliance with University accounting policies and financial reporting standards,
 - Finance must be advised of all asset disposals where the original purchase cost of the asset exceeds \$2,000 or the asset is recorded on the University's central fixed assets register.
 - Proceeds from the sales of assets must be correctly and expediently recorded in the University's Finance System (Currently TechnologyOne).

- Any write downs must comply with the University's accounting policies. Contact the Chief Financial Officer (or delegates) for further information in this regard.
- Budget centres disposing of assets should consult the Asset Financial Procedures or contact the Finance team for guidance on the financial requirements of the disposal process.
- University property that is declared surplus to requirements must be disposed of in accordance with current law and regulations stipulated by the Secretary of Education. Refer to the Tertiary Education Commission (TEC) website for guidance on the asset disposal thresholds, notification and approval requirements. Link to the TEC Website <https://tec.govt.nz/teo/working-with-teos/tei/asset-management-teis/>
- The Deputy Vice-Chancellor Finance and Technology (or delegate) must approve the sale, write down and/or disposal of all assets with Vice-Chancellor and Council approval for certain strategic and material assets as per the financial delegations framework. The Chief Financial Officer (CFO) can approve the sale, write down and/or disposal of any assets with a book value of less than \$5,000.
- Property assets should be independently valued as follows:
 - by one registered valuer where the disposal value is expected to be \$10 million or less;
 - by one registered valuer where the disposal value is expected to be between \$10 million and \$20 million as long as the potential purchaser(s) has also obtained an independent valuation from a registered valuer; and the potential purchaser(s) is willing to share that valuation. If the purchaser is not willing to share the valuation, Massey is to obtain a second valuation. If it is not possible, or is not practical to obtain a second valuation, SLT may approve the waiving of the requirement of a second valuation; and
 - or if the disposal value is expected to be over \$20 million two registered valuers. If it is not possible, or is not practical to obtain a second valuation, SLT may approve the waiving of the requirement of a second valuation.

prior to being offered to the market for sale.

- Fixed assets that are declared surplus must be disposed of by public tender, auction, or by other such means as to ensure a transparent and competitive process is undertaken.

Audience:

All staff

Relevant Legislation:

Education Act 1989 and amendments
Finance Act 1989
Crown Entities Act 2004

Legal Compliance:

Ss 203 of the Education Act 1989 states that every tertiary institution (under than Act) is a “Crown Entity” for the purposes of the Public Finance Act 1989. All monies received by a crown entity must be banked into its bank account as soon as practicable.

S192 (4) of the Education Act 1989 requires written consent from the Secretary of Education

PBE International Public Sector Accounting Standard (IPSAS)

There is a materiality limit on the value of the assets to be sold. To ascertain the legality of sale of any University owned assets contact the Chief Financial Officer (or delegate).

Related Procedures:

[Equipment Disposal Process and Procedures](#) (link to ITS website)

[Delegations of Authority Document](#)

Asset Financial Procedures

Document Management Control:

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