

2.24

HANDLING OF OBSOLETE OR REDUNDANT ASSETS

Policy number: 033A Finance Committee 12/11/2007

Scope: This Policy document contains the rules and regulations of the SU with regards to the scrapping or selling of assets, including items under R2000 which are not classified as assets, and the handling of unsold items out of the Second-hand Goods Store.

Policy:

All scrapping or selling of used assets must be dealt with in conjunction with the department: Funds and Asset Management, irrespective of out of which funds the original acquisition was made and irrespective of whether it was donated for a specific project.

Asset register items will only be removed from the assets register once the entire process with regards to the scrapping or selling of these assets, as stated below, are adhered to.

1. SELLING OF ASSETS

The following procedure applies:

- **COMPUTERS AND PRINTERS**

Internal Departments/Divisions always have the first option on any purchase of equipment. An advertisement must be placed by the concerned department/division (the seller) in the Daily Bulletin/Campus News. A minimum selling price as determined by the department: Funds and Asset Management is available on request.

Should there be no internal interest within the SU by a department/division for the advertised items and with the written consent of the department: Funds and Asset Management, the items may be sold to external parties or staff members in their private capacity, on condition that the advertisement was placed at least 3 times in the Daily Bulletin/Campus News and that the items are at least older than 3 years. These items must be sold at the minimum suggested price as provided by the department: Funds and Asset Management.

Any unsold items must be returned to Information Technology without the transfer of any funds.

- **COMPUTER EQUIPMENT PURCHASED WITH RESEARCH FUNDS**

A researcher has the first option of purchasing computer equipment, acquired with research funds generated by him/her upon leaving the service of the University on condition that the concerned Department Head as well as the Dean has recommended this. The minimum suggested selling price, as provided by the department: Funds and Asset Management is payable, on condition that the selling price is also approved by the Department Head as well as the Dean.

- **SPECIALISED EQUIPMENT**

The item must be advertised in the Bulletin/Campus News at the recommended selling price by the Departmental Chairperson/Department Head concerned and approved by the department: Funds and Assets Management.

These items may be advertised and sold externally should there be no internal interest for the asset concerned after being advertised for at least 3 times in the Bulletin/Campus News.

It can be arranged in the case of where equipment was granted to a specific staff member by a Statutory Council and the staff member concerned takes a position at another institution of higher learning that the assets concerned be transferred to the institution concerned without compensation.

- **FURNITURE AND OFFICE EQUIPMENT**

Departments/Division within the University would always get preference before any private sale can be considered. Items must be advertised in the Bulletin/Campus News unless the Departmental Chairperson/Division Head is aware of a potential internal buyer (within the SU).

No furniture or equipment (other than computer equipment) may be sold to external institutions without the written consent of the department: Funds and Asset Management.

All unsold items will, on request to the department: Funds and Asset Management be removed by the Purchasing department but without the transfer of any funds. The Purchasing department will sell these items on a tender basis from the Second-hand Goods Store.

SELLING PROCEDURE:

- A request for the interdepartmental selling of assets together with a complete list of items must be sent by the seller (Departmental Chairperson/Division Head) to the department: Funds and Assets Management.
- Department: Funds and Assets Management will provide the recommended selling price and will grant the necessary authorization for interdepartmental sales.
- The redundant assets must be advertised by the seller, subject to the above-mentioned conditions.
- The recommended selling price, as obtained by the department: Funds and Assets Management must be authorized by the Dean/Division Head.
- Any personal involvement with regards to the sale of goods should be declared by the seller or decision maker of the transaction to his/her line manager before the sales transaction to any family member or close relation takes place. The sales transaction should then be handed over to an unrelated staff member unless the authorization of the Dean concerned is granted to allow the initial seller/decision maker to continue the transaction.
- The proceeds of the sale of assets (irrespective of its nature) that were originally purchased from institutional funds, departmental research funds or any other "own" funds and sold within the University gets transferred systematically between the cost centres involved and the account number: 5228. In the case where the assets involved are non-asset-register-items the funds must be transferred by means of an interdepartmental requisition using account number: 5227.
- The seller must submit a written request to the department: Funds and Assets Management for the private sale of the unsold items in the case where, after the minimal 3 advertisements there is still no internal interest in the advertised items and the department/division complied with the above-mentioned requirements.
- The proceeds with regards to the sale of goods to external institutions/ people in their private capacity, of assets (irrespective of its nature) that were originally purchased from institutional funds, departmental research funds or any "own" funds must be deposited in the relevant cost centre of the seller and the account number: 7070 (sales of asset register items) or 7075 (sales of non-asset register items).
- The selling price of unsold items (after advertising) can be reduced with the authorization of the concerned Dean/Departmental Chairperson.

- The proceeds from obsolete laboratory equipment to external institutions/ people in their private capacity, that was originally purchased from the University's budget funds, must be deposited in the relevant departments XXXXB cost centre and the account number: 7070 (sales of assets register items) or 7075 (sales of non-asset register items). The transfer of funds gets done systematically between the relevant cost centres and account number: 5228 in the case of internal sales of assets register items and in the case where non-asset register items were sold the proceeds gets deposited in account number: 5227 by means of an interdepartmental requisition.
- All asset-items purchased out of the Stellenbosch Trust funds that has fallen into disuse, must be reported to the Senior Director: Research. A written motivation with regards to the replacement of items must be handed in to the Senior Director: Research in the case where the current user of the above-mentioned item wants the proceeds to purchase new research equipment. The proceeds of the sales, in conjunction with the Senior Director: Research, should be relapsed into the Stellenbosch Trust funds for reallocation if no new research equipment is intended to be purchased with these proceeds.

Program EBR001P must be completed by the department/division after the sale of asset register items in order to put the department: Funds and Assets Management in the position to scrap the asset from the register or to be able to transfer the asset to the new OU.

After the completion of selling of non-register items, all concerned documentation regarding the buyer and final selling price, must be send to department: Funds and Asset Management for auditing purposes.

2. UNSOLD ASSET-ITEMS

- **Collection and Storage of stock**

In the case where there is no interest in the advertised asset-items and the principles prohibits the selling of the asset-item to external institutions or staff members in their private capacity or in the case where the department/ division wants to dispose of second-hand asset-items from the department/ division concerned, the department/division can contact the department: Funds and Assets Management for the removal of excess asset-items. The department: Funds and Assets Management will forward the request to either Information Technology in the case of computer equipment or the Purchasing department in the case of furniture and office equipment but without the transfer of any funds.

The purchasing department will not receive any items for the sole purposes of storage. All furniture and office equipment that gets taken into the Second-hand Goods Store becomes available for redistribution, gets sold off by tender or gets sold as scrap. Any proceeds made from these items sold out of the store get deposited into the central budget and account number: 7075.

The Purchasing department must on request to the department: Funds and Assets Management, in the situation where the removed furniture and office equipment can be redistributed and in the event of it being on the asset register transfer the asset-items to the Second-hand Goods Storeroom. The purchasing department can direct a request to the department: Funds and Assets Management for the transfer of asset-items to the new departments/ divisions should the asset-items get reallocated to another department/ division. In the case where reallocation was not possible within the two month window period, a request should be sent from the Purchasing department to the department: Funds and Assets Management for the removal of the asset-item from the asset register. The asset-item will be removed from the asset register once the request for scrapping has been received.

- **SALES OF STOCK**

The Second-hand Goods Store will advertise daily on the Daily Bulletin to keep the departments aware of available inventory at the Purchasing department. Stock that does not get reallocated to departments/division within two months will be sold through a tender process held once a month. Stock that does not get sold during the tender process will be sold as scrap. A minimum of 3 quotations for these items are required.

- **MANAGEMENT OF THE PROCESSES**

The Purchasing department is responsible for the collection of the stock and the placement of the inventory list on the Daily Bulletin. The purchasing department will also be responsible for the tender process and the scrap sales, this includes the record keeping of items that have been in the store for more the 2 months.

- **STORAGE OF STOCK**

A definite distinction is made between stock that has been in the store for less than 2 months, stock that has been there 2 months (tender sales) and stock that has not been sold during the last tender process (scrap material).

Contact department:

Funds and Assets Management