



*Effective Date: June 12, 2018*

## ASSET DISPOSAL

### Definitions

- The following definitions apply to this Policy:
  - Assets** - are fixed and non-fixed assets belonging to or under the care of Cowichan Tribes (i.e., furniture, equipment, vehicles, computer hardware/software, art, etc.);
  - Disposal** - refers to the sale, trade-in, donation, destruction, recycling, scrapping, junking, discarding as waste, or other appropriate method for getting rid of assets;
  - Fair Market Value** - is the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not under any compulsion to transact;
  - Market Value** - is the value of an asset in the market place, regardless of its initial purchase price or residual value;
  - Redeployment** - refers to the reallocation of a surplus asset to another department of Cowichan Tribes for the purposes of the asset being used by the receiving department in its operations, thereby increasing the life cycle of the asset;
  - Surplus Assets** - Cowichan Tribes' assets that are at the end of their useful lives, or are no longer required;
- Please refer to Cowichan Tribes' "Definitions Guide for Policies and Procedures" for the definitions of other terms used in this Policy and the associated procedures.

### Policy Directive:

Cowichan Tribes' surplus assets shall be disposed of in a reasonable and accountable manner while obtaining the highest net value for the assets.

### Related Cowichan Teaching

*"Take care of the Earth and take only what you need"*

### Applicable Legislation and Standards

- Cowichan Tribes' practices regarding the disposal of surplus assets must comply with applicable legislation, standards, and Cowichan Tribes' laws, policies and procedures, including:
  - The *First Nations Fiscal Management Act*;
  - First Nations Financial Management Board (FNFMB) Standards;
  - Cowichan Tribes First Nation Financial Administration Law (the FAL); and
  - Public Sector Accounting Standards of the Public Sector Accounting Board.



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### Reason for Policy

4. The objectives of this Policy include:
  - i) Providing guidance, and setting out the requirements for the disposal of Cowichan Tribes' surplus assets, including clarifying the related roles and responsibilities;
  - ii) Ensuring Cowichan Tribes disposes of surplus assets in a reasonable, cost-effective, transparent and accountable manner;
  - iii) Obtaining the highest net value for Cowichan Tribes' surplus assets; and
  - iv) Ensuring Cowichan Tribes' practices regarding the disposal of surplus assets comply with all applicable requirements.

### Consequences of Non-Compliance with Policy

5. Potential consequences of non-compliance with this Policy include:
  - i) Lack of directions and clarity with respect to the disposal of Cowichan Tribes' surplus assets;
  - ii) Inappropriate transparency, accountability and costs associated with disposal of surplus assets;
  - iii) Surplus assets being disposed of at below fair market value; and
  - iv) Breach of legislation, standards or Cowichan Tribes' laws, policies and procedures.

### Policy Application

6. This Policy applies to or affects Cowichan Tribes':
  - i) Chief and Council;
  - ii) Finance and Audit Committee;
  - iii) General Manager and all other officers, department managers and employees;
  - iv) Finance Department and Information Systems (IS) Department; and
  - v) Any other person(s) with the formal authority to dispose of assets on behalf of Cowichan Tribes (i.e., contractors, agents, etc.).
7. This Policy applies to various categories of assets owned by or under the care of Cowichan Tribes. Please see Appendix A for the types of assets that are included and excluded from the scope of this Policy.

### Policy Requirements

#### Approvals

8. Assets belonging to or under the care of Cowichan Tribes must not be disposed of without the appropriate prior written approval in accordance with this Policy.
9. The prior written approval of the General Manager is required for disposal of assets valued up to \$50,000.



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10. The prior written approval of Council is required for disposal of assets valued over \$50,000.
11. Surplus assets with no residual value or offsetting revenues may be donated subject to the approval of the General Manager.
12. No asset belonging to, or under the care of, Cowichan Tribes may be privately sold or disposed of by any employee, member of Council, or any other person.

### **General**

13. There must be a reasonable and valid cause to dispose of an asset.
14. Surplus assets shall be disposed of:
  - i) Using a method of disposal that is cost-effective; and
  - ii) In a manner which provides the best return for Cowichan Tribes.
15. Sale, tender or trade-in of surplus assets must be based on fair market value.
16. Surplus assets must be removed and disposed of as soon as practicably possible after they become surplus to minimize storage related costs and to avoid deterioration or damage to assets which may reduce the potential value.
17. Surplus assets suspected of having health and safety issues or being contaminated with hazardous waste and materials must undergo a health, safety, and hazardous materials assessment before the asset is disposed of.
18. Any surplus computer hardware, software and other information technology assets are to be disposed of in conjunction with the IS Department.
19. Surplus assets must have all confidential and sensitive information removed from the asset prior to its disposal.
20. All surplus assets destined to be sold or donated must be done on an “as is, where is” basis with no warranties or guarantees expressed or implied.
21. All sales of surplus assets must be final.
22. Cowichan Tribes shall make and retain the proper records respecting the disposal of its assets, as per pertinent records management requirements.

**Procedures: [Asset Disposal](#)**



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### **Roles and Responsibilities**

23. The responsibilities of Council include approving the disposal of surplus assets with an estimated value of over \$50,000.
24. The responsibilities of the Finance and Audit Committee include making recommendations to Council respecting the disposal of surplus assets with an estimated value of over \$50,000.
25. The responsibilities of the General Manager include:
  - i) Approving the disposal of assets with an estimated value of up to \$50,000; and
  - ii) Making recommendations to the Finance and Audit Committee on the disposal of surplus assets with an estimated value of over \$50,000.
26. The responsibilities of Cowichan Tribes' Finance Department include:
  - i) Managing the surplus asset disposal processes and ensuring that all the necessary related approvals are received;
  - ii) Complying with proper accounting and audit procedures, including adjusting Cowichan Tribes' master asset inventory register to reflect asset disposal; and
  - iii) Documenting asset value assessments, decisions, actions, ownership transfers, and other matters regarding the disposal of surplus assets.
27. The responsibilities of Cowichan Tribes' IS Department include:
  - i) Assessing the condition, and if requested estimating the fair market value of surplus information technology assets; and
  - ii) Assisting department managers in deleting any sensitive or confidential information from surplus information technology assets before they are disposed of.
28. The responsibilities of department managers include:
  - i) Identifying to the General Manager any asset to be disposed of, recommending method of disposal, and obtaining the required approval(s) for the disposal;
  - ii) Preparing the surplus assets for disposal including deleting any sensitive or confidential information from the assets; and
  - iii) Ensuring that assets destined for disposal are adequately screened for health and safety issues, including materials that maybe harmful to the environment, and that any assets that pose a health and safety risk are reported to the General Manager and disposed of in a safe, appropriate and legitimate manner.

### **Approval to Dispose of Surplus Assets**

29. When a department has a surplus asset, the department must request written approval from the General Manager to dispose of the surplus asset.
30. The prior approval of Council is required for the disposal of surplus assets valued at over \$50,000 through a Council resolution prior to any sale agreement being made or before



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the assets are delivered.

### **Reasons for Disposal or Redeployment of Surplus Assets**

31. An asset shall be considered for disposal or redeployment within Cowichan Tribes, as applicable, because it is:
  - i) No longer needed due to changes in operational requirements, procedures, functions and usage patterns and cannot be redeployed within the same unit;
  - ii) Technologically obsolete or incompatible with other assets;
  - iii) Damaged or does not work properly, and beyond economical repair;
  - iv) Too costly to operate and maintain;
  - v) No longer complying with workplace health and safety standards, or is found to contain materials which may make it an environmental or health hazard;
  - vi) Occupying storage space and is not needed in the foreseeable future; or
  - vii) In conflict with space reallocation or reconfiguration plans.

### **Surplus Computer Hardware, Software and other Information Technology Assets**

32. Wherever the IS Department cannot further the life cycle of an information technology asset within Cowichan Tribes, the asset shall be disposed of as per this Policy and Procedures.
33. Before disposing of an information technology surplus asset, departments must, with the assistance of the IS Department as applicable, prepare the asset for disposal and search it thoroughly in order to find and remove all confidential or other sensitive information.

### **Options for Disposal**

34. When an asset becomes surplus, Cowichan Tribes shall dispose of it in a manner that maximizes the useful life of the asset without incurring costs that exceed the benefits derived from doing so.
35. The Finance Department shall dispose of surplus assets using the method deemed by Cowichan Tribes to provide the best return in terms of market value or outcome such as:
  - i) Competitive bids (sale by public tender or auction);
  - ii) Negotiated sale;
  - iii) Trade-in; or
  - iv) Cost minimizing disposals (donate, destroy, recycle, scrap, etc.).

### **Fair Market Value**

36. The fair market value must be determined for all surplus assets as a prior condition of obtaining approval for their disposal or redeployment.
37. Fair market value assessments of a surplus asset shall be undertaken by the Finance Department, which shall take into account the asset's original purchase price, age,



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usefulness, condition, and possible current market value.

38. The Finance Department shall consult the IS Department when assessing the fair market value of information technology assets.
39. The Finance Department may engage the services of an appraiser to determine the fair market value of a surplus asset if the expected value of the asset is considered to be worth more than \$10,000 and the fair market value is difficult to assess internally.

### **Trade-In**

40. Where there is a potential market value for a surplus asset and a new or replacement asset is being purchased, Cowichan Tribes may pursue a trade-in to improve the purchase price wherever a trade-in maximizes the net return or value outcome for Cowichan Tribes.
41. The process of arranging a trade-in shall be managed by the respective department in consultation with the Finance Department.

### **Donations**

42. Where Cowichan Tribes has determined that a surplus asset has no residual value, and where its disposal is unlikely to produce revenues to offset (or exceed) the related disposal costs, the surplus asset may be donated.
43. Before a donation of a surplus asset is approved, the Finance Department must confirm that the surplus asset satisfies the requirements listed in the above section.
44. The prior written approval of the General Manager is required for all donations of surplus assets.

### **Proceeds from Disposal of Assets**

45. A cheque payable to Cowichan Tribes, or cash, is required at the time of the sale before a surplus asset is released or delivered.

### **Use of Agents to Dispose Surplus Assets**

46. Cowichan Tribes may in some circumstances engage an agent to undertake the disposal of surplus assets by sale where necessary due to staffing levels, workload, or the nature or value of the surplus asset (i.e., rare, heritage, unique or high value).
47. Where an agent is engaged to undertake the disposal of surplus assets by sale on behalf of Cowichan Tribes, the Finance Department shall advise the agent in writing of Cowichan Tribes' instructions relating to the sale. Instructions shall include timeframes, target revenue and reserve price as applicable.

### **Records Management**

48. Cowichan Tribes shall ensure that the appropriate records are made respecting the



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disposal of Cowichan Tribes' assets, and that all related records and documents are retained in a secure manner, as per Cowichan Tribes' Financial Records Management Policy and Procedures, including records relating to:

- i) The identification and description of surplus assets, and why they are considered to be surplus;
- ii) All approvals, decisions, and actions respecting the disposal of surplus assets;
- iii) The method used to dispose of surplus assets, including donations, trade-ins, etc.;
- iv) The fair market value of surplus assets and any related revenues from their disposal;
- v) Asset ownership transfers (internal or external); and
- vi) Costs associated with the method used to dispose a surplus asset.

### **Related Cowichan Tribes' Policies**

- Capital Asset Management Policy and Procedures;
- Financial Records Management Policy and Procedures;



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APPENDIX A:

**Asset Categories Covered by Asset Disposal Policy and Procedures**

**A) Asset Included within the Scope of the Asset Disposal Policy and Procedures**

Cowichan Tribes' Asset Disposal Policy and Procedures applies, but is not limited, to the following asset categories:

- i) Office equipment, including electronic equipment;
- ii) Furniture and lighting;
- iii) Maintenance and industrial equipment, and tools;
- iv) Communication equipment (i.e., cell phones, etc.);
- v) Pieces of art including paintings, carvings, sculptures, pictures, etc.;
- vi) Assets with heritage and cultural value;
- vii) Information technology related assets including computer hardware (such as personal computers, laptops, etc.), software, peripherals, other forms of electronic media, etc.;
- viii) Vehicles; and
- ix) Other machinery and equipment.

**B) Asset Excluded from the Scope of the Asset Disposal Policy and Procedures**

Cowichan Tribes' Asset Disposal Policy and Procedures do not apply to various asset categories, including:

- i) Intellectual property
- ii) Records and information;
- iii) Financial assets;
- iv) Seized or confiscated property;
- v) Land and parking lot; and
- vi) Portables, buildings, building improvements, or other structures owned or leased by Cowichan Tribes.