



ASSET DISPOSAL

Department	Finance	Policy No.	0340-82
Section	General	Date Approved by Board	June 20, 2024
Repeals		Board Resolution #	RD/24/06/31

Amended		Board Resolution #	
Amended		Board Resolution #	
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1. Purpose

1.1 The intent of the Asset Disposal Policy is to maximize the life cycle of a Regional District asset prior to considering its disposal, determine the best value for the asset disposal and to establish authorization controls for asset disposal.

2. Scope

2.1 Assets are the property of the Regional District. Upon disposal, the difference between the net proceeds on disposal of an asset and the net book value of the asset should be accounted for as a revenue or expense in the statement of operations. Tangible Capital Asset (TCA) disposals in the accounting period may occur by sale, destruction, loss or abandonment.

2.2 This policy does not include facilities, real property, water systems, sewer systems or utilities infrastructure. All facility, real property and infrastructure disposals must be pre-approved by the Regional District Board of Directors and comply with the Local Government Act.

3. Definitions

3.1 Accumulated Amortization: Represents the total to date of the periodic amortization charges relating to the TCA since the asset was placed in use.

3.2 Amortization: Is the process of allocating the cost of an asset, net of its residual value, over its estimated useful life. Amortization allocates the cost of a TCA in a systematic manner over the asset’s useful life.

3.3 Disposal: A process of preparing, negotiating, and concluding a contract which involves the alienation of an asset no longer needed by the Regional District by means of a sale,



trade-in, transfer, donation, recycle, or disposal. At this time, the cost and accumulated amortization of the asset is reduced to zero.

- 3.4 *Estimated Useful Life*: Is an estimate of the period over which a tangible capital asset is expected to be used. It is the period over which an asset will be amortized and is often shortest of the physical, technological, commercial or legal life.
- 3.5 *Fair Market Value*: Refers to the amount obtainable from the sale of an asset in an arm's-length transaction between willing parties, less the selling costs.
- 3.6 *Information Technology (IT) Asset*: Refers to any tangible resource that an organization or individual utilizes to store, process, transmit, or manage information and data. IT assets can include hardware components like computers, servers, networking equipment, and mobile devices.
- 3.7 *Net Book Value*: The difference between the cost of a tangible capital asset and both its accumulated amortization and the amount of any write-downs.
- 3.8 *Real Property*: Land and structures that are permanently attached to the land. In order for a structure to be considered part of the real property, it must be integrated with or affixed to the land.
- 3.9 *Surplus Asset*: An asset owned by the Regional District but not utilized in the course of current operations.
- 3.10 *Tangible Capital Asset (TCA)*: A non-financial asset having physical substance that:
 - a) is held for use in production or supply of goods or services, rental to others, administrative purposes, development, construction, maintenance or repair of other Tangible Capital Assets.
 - b) has a useful economic life extending beyond one year
 - c) is to be used on a continuing basis
 - d) is not held for resale in the ordinary course of operations.

4. Policy

4.1 Thresholds for Disposal Approval

- a) The Board must be informed of the intent to dispose of assets having a historical cost in excess of \$100,000.



b) Asset approval thresholds:

HISTORICAL COST VALUE	AUTHORIZED APPROVAL
\$0 to \$999	No approval required
\$1,000 to \$49,999	Department Head and Finance Department
\$50,000 to \$99,999	CAO
Over \$100,000	CAO & Regional Board disclosure

4.2 Designation of an Asset for Disposal

- a) To initiate the disposal of an asset, staff must review the request with their department head or designate to coordinate and approve the disposal.
- b) Staff responsible for the asset will coordinate the disposal in a manner deemed appropriate, as outlined in Section 4.3.
- c) In the event of an internal transfer of a function specific asset deemed to be a surplus asset but still having economic life, the asset can be transferred to another function at net book value.
- d) Staff responsible for the disposal of any asset must ensure that no conflict of interest occurs in or, as a result of, the asset disposal process.
- e) Staff and immediate family members of staff are prohibited from obtaining disposal assets unless participating in a public auction, public sale, public bid or internet process.

4.3 Methods of Surplus Asset Disposal

- a) The Regional District’s asset may be disposed of using the following methods:
 - i. *Trade-in:* An asset at the end of its economic life can be traded in for another asset of similar use and purpose as a replacement asset.
 - ii. *Public offering:* All disposal assets are to be classified “as-is, where is” basis unless agreed to prior to disposal and approved on the Asset Disposal Form. Offer for sale accessible by the general public in one of the following manners:
 - 1. A public auction held by a bona fide auctioneer and advertised by the auctioneering company.
 - 2. A public sale managed internally by staff, advertised for a minimum of two weeks prior to the sale through a variety of means including local newspaper, Regional District’s website and related social media, posted public notice or another format.



3. A public bid or tender listed for a minimum of two weeks with a minimum bid price to be determined prior to the sale on platforms such as government surplus auctions (govdeals.ca and BC Bid).
- iii. *Donation:* Consider donating surplus assets. A surplus asset or asset at the end of its economic life must meet the following criteria for donation:
 1. Must provide clear and positive community benefit.
 2. Registered charitable organizations, educational institutions and government entities are examples of organizations for consideration of donating surplus assets.
 3. All assets to be donated must receive Board approval prior to donation.
 - iv. *Recycling:* If an asset at the end of its economic life is not sold, traded-in or donated, it will be recycled to the fullest extent possible, minimizing environmental impact.
 - v. *Waste:* Should alternative disposal methods be determined to not be viable, the asset can be disposed of as waste.
- b) Staff should make all reasonable efforts to clean and present the asset in best used condition. If economical, consider repairs or replacement of defects to maximize the re-sale value of the asset.
 - c) Best practice and judgement will be used to prevent excessive time spent in disposition of obsolete or low valued items better suited to being recycled or placed in a landfill.
 - d) All attempts should be made to dispose of the asset at fair market value.
 - e) If the item is of a technical nature, e.g. computer equipment, a request must be forwarded to the IT Department to check the status of the equipment. In the case of IT equipment, only upon the recommendation of the IT Department will items be disposed of. The **IT Asset Disposal Section 4.4** below should be followed for disposing of any IT equipment. Preference shall be given to a not-for-profit disposal/repurposing company dedicated to minimizing electronic waste by responsibly recycling and repurposing used electronics.
- 4.4 Information Technology Asset Disposal:
- a) The disposal of IT assets owned by the Peace River Regional District will be done in a secure and confidential manner.



- b) The integrity of information data contained in IT assets must be maintained. Information assets which are sensitive or valuable must be protected at all times and not released to the public.
- c) The IT Manager or designate shall be responsible for the monitoring and implementation of the disposal of all IT assets and shall advise on the appropriate methods of destruction of the physical media that may contain sensitive data.

4.5 Storage of Assets Designated for Disposal

- a) Assets awaiting disposal will be stored in the Peace River Regional District warehouse or administration building; whichever is deemed appropriate.
- b) Storage in other Peace River Regional District facilities may be coordinated by staff and relevant facility staff as necessary.