



AQ 1800 – SURPLUS EQUIPMENT DISPOSAL

1.0 PURPOSE

To outline the steps for disposal of Surplus Equipment.

2.0 DEFINITIONS

2.1 Assets:

TERM	DEFINITION
Building Service Equipment	Assets that are normally added to a structure in order to heat, light, ventilate, or otherwise render it serviceable, but which are not an integral part of the structure itself.
Built-in Equipment Building Components	Assets that are permanently affixed to, or part of, the building structure or interior construction and are not subject to movement, but have shorter useful lives than that of the building.
Capital Equipment	Equipment that was considered capital upon acquisition in accordance with Interior Health (IH)'s capitalization guidelines.
Equipment	Assets that possess the following characteristics: <ul style="list-style-type: none"> • A normal useful life of more than one year • Identity does not change with use. • It is not an integral part of a building. • Is usually repaired, not replaced when damaged.
Information Technology Equipment	Computers, computer hard drives, standalone hard drives,, electronic storage devices, monitors, printers, etc.
Medical Equipment	Clinical, imaging and laboratory electro Medical Equipment, excluding Information Technology (“IT”) Equipment unless it is an integral part of a medical device.
Minor Equipment	Equipment that was considered non-Capital Equipment upon acquisition in accordance with IH's capitalization guidelines.
Non-Profit Organization	A club, society, or association that's organized and operated solely for social welfare, civic improvement, pleasure or recreation, or any other purpose except profit.
Surplus Equipment	An asset that is no longer used or needed in the operations of a facility or department and therefore is considered surplus. For the purpose of this policy it includes: <ul style="list-style-type: none"> • Equipment, including Medical and non-Medical Equipment • Building Service Equipment • Built-in Equipment Building Components

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TERM	DEFINITION
	<ul style="list-style-type: none"> IT Equipment Furnishings and fixtures Fleet vehicles <p>Surplus Equipment can be either capital or operating in nature.</p>

2.2 Disposition Methods:

TERM	DEFINITION
Trade-in	A currently owned Equipment/device offered to a vendor to reduce the price of replacement Equipment being acquired by IH.
Transfer	Reallocation to another department within a site, to another site within the same external funding partner's catchment area or to another site outside of the originating external funding partner's catchment area within IH.
Sale	Ownership of the Equipment is transferred to a third party in exchange for an agreed sum of money.
Donation	Ownership of the Equipment is transferred to a third party as a gift for no exchange of money.
Scrap / Recycle	Surplus Equipment that can be used for reprocessing, for parts or reworked.
Discard / Destruction	The Equipment has reached the end of its useful life and cannot be disposed in any other fashion outlined above.

3.0 POLICY

Before Surplus Equipment leaves the residing facility the disposal process as outlined in this policy will be followed.

4.0 PROCEDURE

4.1 Identification

Department Heads, Site Administrators, Managers, or designates determine whether Equipment is surplus and approve whether Equipment can be offered for disposal.

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4.2 Determination of Funding Source of Surplus Capital Equipment

Capital Accounting is to be notified of all surplus Capital Equipment that is proposed to be disposed in order to determine the original funding source of the Equipment and to make the appropriate accounting entries. Equipment funded by external funding partners, such as Foundations, Auxiliaries or Regional Hospital Districts can only be disposed after required approvals are in place as noted in [Policy AQ 1850 Transfer or Disposal of Assets Externally Funded](#).

4.3 Medical Equipment

Biomedical Engineering must be consulted prior to the disposition of any Medical Equipment. They will assess the device to determine the available disposal options as follows:

- Safe for clinical use, i.e. operating properly and has a current Health Canada License
- Safe for educational, veterinary or humanitarian use, i.e. operating properly and does not have a current Health Canada License
- Use for parts, manufacturer return or discard

Biomed Engineering shall ensure that any confidential or sensitive information on medical devices is removed. The removal of such information must be noted on the *Transfer or Release of Assets to Third Party form*. Devices deemed to be no longer safe will be disabled with the exception of devices that are to be returned to a manufacturer/supplier.

Medical Equipment shall not be sold, donated or given to any IH employee or related party (e.g. physician), except for humanitarian, veterinary or educational facility use.

4.4 Disposal Hierarchy

4.4.1 After consideration of sections 4.1. to 4.3 of this policy, surplus Capital Equipment will be disposed of in the order as set out below:

1. Trade-In
2. Transfer to another department/service within the same site.
3. Transfer to another site within the same Regional Hospital District Area
4. Transfer to another site within IH
5. Sale by Auction, e.g. BC Government Auction or Local Auction (except for Medical Equipment)
6. Sale to a 3rd party at fair market value
7. Sale to Affiliated Services and Related Parties
8. Donation to a Non-Profit Organization
9. Scrap / Recycle
10. Sale to Employee (except for Medical Equipment)
11. Discard

4.4.2 The order described in 4.4.1 can be changed with the approval of the Chief Financial Officer.

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4.4.3 Minor Equipment disposals do not have to follow this hierarchy. However, Minor Equipment that constitutes Medical Equipment should be evaluated whether it is safe for clinical use before it can be transferred, sold or donated.

4.5 Transfer or Release of Assets to Third Parties form

For all Sales and Donations (#5 to #8, and #10 in 4.4.1 above), a *Transfer or Release of Assets to Third Parties form* (link to: [Transfer or Release of Assets to Third Parties](#)) must be completed and the original must be forwarded to Capital Accounting. The conditions included in the *Transfer or Release of Assets to Third Parties form* governs all transfers, whether at fair market value, for a nominal value, or as a donation.

The form must be signed by the cost centre manager.

4.6 Sale

- Fair market value shall be determined by the disposing department. If applicable, Provincial Health Services Authority Supply Chain (“PHSA”) will aid in this process.
- All Surplus Equipment is sold on an “as is, where is basis”.
- Sale by Auction: Contact PHSA’s Category Lead, Capital to facilitate sale by auction. (Link to: [PHSA](#))
- All sales must be approved by the cost centre manager’s supervisor.
- Sale to Employees must be governed by standards of conduct as outlined by policy AU0100, section 2.7.

4.7 Scrap / Recycle

Information Technology, Biomedical Services, Plant Maintenance or designate have the authority to scrap for parts any obsolete Equipment that has been replaced. Items with no intrinsic value will be recycled.

4.8 IT Equipment

Departments and facilities are responsible to ensure that all confidential or sensitive material is removed from the devices before submitting for disposal. They must contact Information Management Information Technology to have the information on devices removed, and to have electronic storage devices re-formatted prior to disposal. The removal of such information must be noted on the *Transfer or Release of Assets to Third Party form*. For additional information please refer to IH Security Bulletin 8 – Security Standards for the Handling of Confidential Information (October 2010).

4.9 Contaminated Equipment and Equipment Containing Hazardous Materials

It is the responsibility of the disposing department/site/facility to ensure that all Equipment subject to possible contamination or containing hazardous materials is checked by the services department that supports the Equipment (Plant Services or Biomed) or a hazardous materials consultant prior to the Equipment being declared surplus and made available for disposal. When possible, removal of the contaminated material should be pursued prior to disposal. Transport Canada regulations on transportation of dangerous goods must be followed for any disposal of contaminated goods.

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4.10 Confidential Information

It is the responsibility of the authorizing person (Department Head, Site Administrator, Manager, or designate) to ensure that the Surplus Equipment is checked for confidential information that may be contained within and that such information - whether physical (e.g. documents) or electronic - be removed from the item prior to disposal to ensure that IH is not at risk of information breaches and of inadvertent disclosure of personal identifiable information.

4.11 Costs and Proceeds of Disposition

The proceeds of disposition will be reduced with any costs incurred on disposition. Dependent on the funding source of the equipment, reimbursement of the proceeds to the original funder may be required (see policy [AQ 1850](#)). Any net proceeds of disposition from the sale of Minor Equipment will be credited to the department's operating budget. Any net proceeds of disposition from Capital Equipment will be utilized for future capital purchases, unless it was purchased with unrestricted funds, in which case they will be recorded in equity.

4.12 Role of PHSA

PHSA may facilitate the disposition of any Surplus Equipment and if doing so will ensure that the terms of this policy are met.

5.0 REFERENCES

- Transfer or Release of Assets to Third Parties Form ([link to Transfer or Release of Assets to Third Parties](#))
- AQ1850 – Transfer of Disposal of Capital Assets funded by External Funding Partners ([link to AQ1850](#))
- AU0100 – Standards of Conduct for Interior Health Employees ([link to AU0100](#))
IH Security Bulletin 8 – Security Standards for the Handling of Confidential Information (June 2019) ([link to Security Bulletin 8](#))
- Ministry of Health Services Policy Communique: Disposal of Health Authority Capital Assets and Disposition of Proceeds (May 27, 2005)
- Ministry of Health Services Financial Management Policy Manual for Health Authorities, chapter 9.4 (July 2010)

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