



Disposal of goods and property

Any assets belonging to a public sector organisation must be accounted for appropriately, from their procurement to disposal.

Introduction

Tangible public resources include large equipment, vehicles, mobile phones, stationery, and building and landscaping materials.

Each asset has a value until that asset has been written off or sold. It must be stored and managed appropriately, even if it is no longer used.

Disposal of public resources

Public sector organisations frequently need to dispose of depreciated, redundant or excess goods, property and other stock. In some cases, income from disposal can be significant. Examples include:

- ▼ selling land and buildings
- ▼ trading in vehicles and machinery
- ▼ upgrading communication devices, and
- ▼ selling scrap metal.

In Tasmania, individual public sector organisations are generally responsible for their own disposals. There are some exceptions, such as motor vehicles managed by the Government's Fleet Manager and real property.

Misconduct risks associated with the disposal of resources

Common misconduct risks related to the disposal of goods and property by a public sector employee include:

- ▼ deliberately under-valuing public assets scheduled for disposal, with the aim of personally purchasing the items
- ▼ stealing, or otherwise misappropriating, surplus goods
- ▼ manipulating disposal processes for their own or a friend's benefit
- ▼ misappropriating or redirecting the proceeds of asset sales, and
- ▼ providing confidential information about tender prices before the completion of the process.



CASE STUDY

The NSW Independent Commission Against Corruption (ICAC) investigated allegations that the general manager of a local council had, amongst other things, abused his entitlement to a council-funded car for personal use by selling it without first purchasing it as required under his contract. The ICAC further alleged that the general manager provided false or misleading material to the council concerning the sale.

In August 2005, the council's general manager had ordered a new car for his personal use as part of his employment contract. The total cost of the vehicle at the time was \$42,331, of which there were \$7,554.90 worth of extras. A little over two years later, in November 2007, after making a request, the council's chief financial officer told the general manager that the vehicle was worth \$19,945.

The ICAC investigation found that the general manager made arrangements in November 2007 to privately sell the vehicle for \$26,000. The general manager kept a \$500 holding deposit paid by the purchaser and directed the purchaser to write two cheques; one for \$19,945 to be made out to the council, and another for \$5,555 to be made out to the general manager. The second cheque was banked in the general manager's private bank account.

The ICAC found that the general manager was not entitled to any part of the sale price for the vehicle unless he had first purchased it and that, despite making false statements to the contrary, he had not purchased the vehicle at all. In addition to the \$6,055, the ICAC identified the corrupt benefit to the general manager involved avoiding the risks and inconvenience of following the proper procedure for disposing of this vehicle.

Extract from NSW ICAC [investigation](#)¹

Follow procedures to avoid misconduct

Your organisation will have clear and transparent procedures for the disposal of goods and property. These are in place to reduce misconduct risk and maintain a good perception of public money expenditure.

You must follow all procedures and report any suspected misconduct. Speak to your manager if you are not sure of what to do.



CASE STUDY

The Victorian Independent Broad-based Anti-corruption Commission (IBAC) conducted Operation Continent, which was an investigation into allegations of corrupt conduct council employees at a works depot.

In early 2013, Mitchell Shire Council notified IBAC of allegations of corrupt conduct by council employees at the Broadford Works Depot. The allegations investigated by IBAC included:

- ▼ unauthorised work by council employees, using council materials, in return for cash payments
- ▼ invoicing of the council for work not undertaken and improper use of council staff and property by an external contractor
- ▼ theft of council equipment and property, including fuel, tools and vehicle parts, by council employees, and
- ▼ fraudulent purchasing of goods by council employees.

The IBAC investigation confirmed fraudulent purchasing but did not substantiate the other allegations.

However, the investigation did reveal a number of issues in the conduct, management and supervision of the depot, including poor record keeping, a lack of registers for managing physical assets, inadequate controls such as regular audits and effective separation of duties and inappropriate relationships with external contractors.

Extract from Victorian IBAC [investigation summary](#)²

¹ <https://www.icac.nsw.gov.au/investigations/past-investigations/2011/burwood-council-operation-magnus>

² <https://www.ibac.vic.gov.au/publications-and-resources/article/investigation-summary---operation-continent>

The Commission can help

We are available to provide support and assistance with identifying, reporting, investigating, managing and preventing misconduct: prevention@integrity.tas.gov.au or 1300 720 289.

For more Misconduct Prevention resources go to www.integrity.tas.gov.au/resources