

Oklahoma State University Policy and Procedures

DISPOSITION OF SURPLUS PROPERTY	3-0126 ADMINISTRATION & FINANCE August 2010
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POLICY

1.01 The responsibility and authority for disposition of any item of property owned by Oklahoma State University, or non-owned property under the care, custody and control of the University, are specifically assigned to the President or designee. It is the policy of the University that previous to the sale or transfer of property outside the University, all departments shall be notified of the surplus items and shall be given preference for use, except in instances where contractual requirements might dictate a different course of action. It is also the policy of the University that other colleges under the OSU/A&M Board of Regents be notified of surplus items and shall be given preference over the general public, except in the instances noted above.

1.02 No item of property shall be sold, transferred, or disposed of outside of OSU without following the guidelines of the OSU/A&M Board of Regents. The following information shall be maintained when considering property for disposal:

- A. Detailed listing of items recommended for disposition, to include asset tag number (if applicable) and description of item(s). If no asset tag number is available, numbers should be assigned to each item to assist in identifying the non-inventoried items.
- B. Condition of each item
- C. Current book value or estimated current value of each item
- D. Reason(s) why such items are no longer useful to the institution and should be disposed

1.03 The information necessary to consider disposal of property shall be transmitted to the Assistant Director, Asset Management, who shall maintain disposition request information for audit and review by the Board of Regents. Transmittal of this information from the department shall be achieved by use of the Fixed Asset Disposal form (Exhibit 1). Asset Management shall send notification of available surplus property to OSU departments as well as other colleges under the OSU/A&M Regents after receiving and reviewing the completed Fixed Assets Disposal form.

1.04 Disposal of property outside the University shall be accomplished through cash sales by publically advertised sealed bids, public auctions, online public auctions, or any other method approved by the OSU/A&M Board of Regents. The method of disposal is at the discretion of the Assistant Director, Asset Management and the responsible department, after taking into consideration the condition of the property, the number of items available for sale, the anticipated public demand for the items, and the amount of storage available.

1.05 Surplus property may also be reutilized according to the rules of the OSU/A&M Board of Regents. Reutilization allows the University to make excess surplus property available to a public school district without compensation or to other Oklahoma governmental agencies in lieu of disposal by public auction or sealed bid. Reutilization may occur following the period of time allowed for OSU departments and A&M schools to claim surplus for their use. Educational agencies and programs will be given first preference. Records documenting reutilization will be included with the other surplus equipment reports maintained by the institution.

1.06 The policy does not preclude the University of disposing of equipment items or supplies through trade-in toward the purchase of new items of a like or similar nature, vehicles excepted. Where new items are being purchased through competitive bid, the trade-in of old equipment will be allowed. The disposal form should cross reference the purchase order number or similar information that will tie the trade-in disposal method to the new purchase. The purchase request should be written to detail the purchase as well as item(s) offered for trade-in by asset tag number or some other means of equipment identification.

1.07 The Assistant Director, Asset Management (through the Director of Budget Operations), has been delegated the authority and responsibility for the sale and disposal of any University property, regardless of value, which is deemed scrap, salvage, and/or surplus to the University's needs. The procedures listed below are intended to give guidance to departments in the handling of surplus equipment, materials, and supplies.

1.08 All surplus, obsolete, or inoperative equipment and materials are to be moved to the surplus warehouse only after request for disposition has been requested via a Fixed Assets Disposal form. Final disposition by sealed bid, public auction, or other approved means is completed once notification is made to the Board of Regents. The timing of this procedure will allow for ample dissemination of information to other OSU departments as well as other colleges under the Board of Regents prior to sale of the item via aforementioned methods. In the event an item(s) is transferred to another University department, the price, if any, will be arranged between the releasing and receiving departments. Paragraph 2.10 herein addresses transfers from the surplus warehouse.

1.09 Sealed bids from OSU employees housed in the immediate area of Asset Management or their immediate family will not be considered.

PROCEDURES

2.01 The department declaring equipment scrap, salvage, and/or surplus, completes a Fixed Assets Disposal form, hereafter called a disposal form. This form is completely filled out, providing adequate information to request disposition of a department's surplus equipment and to notify other OSU departments, other A&M schools and the Board of Regents. This document is approved and signed by the department head and dean or appropriate director and vice president. The original copy of the disposal form should be returned to Asset Management, 210 Whitehurst, after the form is complete.

2.02 Upon receipt of the completed disposal form, the contents of the form are reviewed for correct information, ownership restrictions, and appropriate signatures. If computer equipment is included on the disposal form, then decommissioning forms and certificates of hard drive destruction should be provided for each computer listed on the disposal form. The decommissioning form (Exhibit 2) is also reviewed for correct information, relationship to the disposal form, and appropriate signatures. As reviews of disposal forms are completed and no corrections are needed or the appropriate corrections have been made, the items contained on disposal forms are compiled by Asset Management in a listing that is distributed at the beginning of each month to all deans, directors, and department heads via electronic mail. The format distributed in this manner provides contact names and numbers associated with items being disposed so departments may contact the disposing custodian if there is an interested in obtaining surplus equipment for use in their area. Copies of the available equipment are also sent to other colleges under the Board of Regents and to the Executive Secretary of the Board, thus meeting the reporting requirement as directed in Board rules. Requests for information and/or transfers of surplus, obsolete or junk property shall be forwarded to the responsible department of record.

2.03 If surplus equipment can be utilized by another department, arrangements for the transfer from the department of record (the releasing department) will be made by the department requesting such items (the receiving department). To initiate the transfer of surplus equipment, a Fixed Assets Transfer form shall be completed as follows:

- A. The releasing custodian department shall complete the Fixed Assets Transfer form, hereafter referred to as a transfer form, with the item nomenclature, asset tag number, current book value, location and condition for each piece of equipment or supply being transferred.
- B. The releasing department, in completing the transfer form, provides the releasing custodian name and number, name and phone number of the releasing department contract person and the signatures of the releasing department head and dean or appropriate director and vice president.
- C. The releasing department, upon completing the transfer form with all appropriate information, keeps a copy of the form for their records and forwards the original document to the receiving department.
- D. The receiving department will provide their custodian name and number, review the transfer for correctness, identifies the new location of the equipment being transferred, and makes noted on any changes that may affect the equipment in its new location. The department head of the receiving custodian signs the transfer form, acknowledging receipt and acceptance of the asset item(s). Once those actions are taken, the receiving department keeps a copy of the form for its files and forwards the original to Asset Management, 210 Whitehurst.
- E. Departments should be aware that the transfer from moving inventory accountability for equipment shall reflect the original acquisition cost and accumulated

depreciation, regardless of the transfer price agreed to between the selling and buying units.

2.04 The cost transfer for property items, if any, will be accomplished by Campus Vendor Invoice originated by the selling unit. The revenue sub-code for the releasing or selling department shall be 0392 while the expense sub code for the receiving or buying department will be 41xx or 42xx.

2.05 As disposal requests are received, they are reviewed and added to the monthly surplus reports. At the beginning of each work week, the disposal requests received in the previous week are prepared and submitted to the surplus warehouse manager with requests to remove surplus from the responsible custodian departments. The pickup request will provide department and contact information to the surplus warehouse manager. The weekly submission of this information to the surplus warehouse manager expedites the removal of surplus from departments in a more timely manner.

2.06 The surplus warehouse manager uses the information from Asset Management to pick up the equipment from the releasing department. At no time prior to receipt of an approved copy of the disposal form should the surplus warehouse manager pick up or receive surplus equipment from a releasing department. The surplus property is stored in the surplus warehouse until it can be disposed of through transfer to another department, or sold through public auction if it is not used elsewhere on campus or in the A&M system. If available, the asset tag indicating departmental ownership shall be maintained on each piece of equipment while it is in the surplus warehouse. The asset tag shall only be removed as surplus equipment is being readied for a public auction. Once tags are removed, they are returned to Asset Management for use in comparing disposal records and removing items from the University's Fixed Asset system.

- A. Surplus warehouse staff, when visiting departments to load approved surplus equipment, may only load what is listed on the Fixed Assets Disposal form(s) provided to the surplus warehouse manager by Asset Management.
- B. Any locked file cabinets, file cabinets containing paperwork, bookshelves containing books, paperwork or other files stored thereon, file boxes containing files or any other storage unit that has been listed on a Fixed Asset disposal form and approved for removal by surplus warehouse staff will not be removed until it is unlocked and all files and documents are removed by the department surplus the storage units. Departments failing to comply will have to resubmit their request once they have unlocked and removed all files and documents. If files and documents are to be destroyed, the department should refer to Policy and Procedure letter 3-0190, "Records and Document Retention, Security and Control" for the prescribed means of records and document disposal.

2.07 The Assistant Director, Asset Management, will use the original copy of the disposal or transfer form to update the master inventory file by moving equipment presented for disposal to the surplus inventory custodian or transferring equipment between custodians.

2.08 On a monthly basis, an updated surplus inventory custodian account report is available on ePrint. This report is used as a control to check items which should be in the surplus warehouse (through the procedures aforementioned) and to respond to departmental inquiries on availability of specific surplus items.

2.09 The surplus warehouse manager is to notify the Assistant Director, Asset Management, when equipment and/or materials are available for disposition. This notification shall include a listing of the items by inventory number available for disposition.

2.10 If surplus equipment can be utilized by another department, arrangements for transfer from the surplus warehouse to the requesting department will be made by the surplus warehouse manager. Any University employee may visit the warehouse by appointment or at regularly scheduled times to screen for any equipment that has potential usefulness to his/her department. Listed below are the procedures that will be followed for interdepartmental transfer of equipment:

- A. Upon receipt of a request for transfer of surplus property(ies), the surplus warehouse manager completes a Physical Plant Department transaction showing the issuing of specific items of property (and inventory numbers if applicable), has the person picking up the items sign for the items, and sends copy 2 of the transaction to Asset Management. It shall be the responsibility of the department requesting transfer of goods from the surplus warehouse to affect the physical move of the goods from the warehouse to the department requesting transfer. This move may be done by personnel of the department requesting the transfer, or may be affected by a campus order to have the items moved by Physical Plant personnel at a cost to the department.
- B. When the Assistant Director, Asset Management, receives the Physical Plant Division transaction, a review of the transaction is completed to determine if the asset(s) being transferred was on the Fixed Assets system prior to its initial disposal. If so, a copy of each asset record is made in the Fixed Assets system, the Asset Number previously assigned is amended, replacing the first digit of "0" with "1" and the asset is readded to the system at the original historic cost and accumulated depreciation value. A new asset control sheet is created for the asset and is placed in the departmental custodian file along with the copy of the Physical Plant order transferring the asset out to a new responsible custodian. If the asset did not exist on the Fixed Assets system previously, the Physical Plant transaction is filed in the new responsible custodian file and no action is taken in the Fixed Assets system.
- C. The receiving department head indicates his/her approval of the transaction by signing new asset control sheet, if one is generated. The new responsible custodian

department keeps one copy of the asset control sheet while the signed copy is returned to Asset Management.

Materials and Supplies

2.11 There may also be instances wherein departments will have consumable materials and supplies classified as scrap, salvage, obsolete, or excess to departmental needs. Materials and supplies carrying such classification shall also be reported to the Assistant Director, Asset Management. Reporting of availability should be by the Fixed Asset disposal form. The releasing department is urged to include the nomenclature of the items, quantity, location of storage, and the departmental contact person.

2.12 Depending on the space available, the number of items, and anticipated public demand, the items may be disposed of through sealed bid or public auction. If it is decided after consultation with the departmental representative that sale by public sealed bid is not appropriate, the items will be moved to the surplus warehouse and stored until final disposition.

Public Auction and Sealed Bid

2.13 The Assistant Director, Asset Management, is delegated the authority and charged with the responsibility for making all arrangements for sale of property either through sealed bid or public auction. The firm or individual to conduct the University's auction will be chosen through sealed competitive bids. Department representatives are not authorized to execute agreements for auctioneer services or sell items by sealed bid. Sealed bids from OSU employees housed in the immediate area of Asset Management or their family will not be considered as stated in section 1.09.

2.14 The Assistant Director, Asset Management, will publicly disseminate notice of the sale through an extant mailing list and newspaper advertising for all sales, whether public auction or sealed bid.

2.15 All sealed competitive bids will be received by the Assistant Director, Asset Management, and held for public opening as announced in the sale advertisement. After public opening and tabulation of bids, the custodian department(s) responsible for the property is furnished a tabulation of all bids received. Acceptance or rejection of bids is at the option of the custodian departments. Asset Management is responsible for writing acceptance letters to successful bidders, collecting the sale proceeds, and remitting sales tax as required by law. Successful bidders must have an official University receipt covering payment for their bid (given by Asset Management at time of payment by bidder) before items can be released. Other activities involved with the notification and collection procedures are as follows:

- A. Collect proceeds from sales along with the appropriate sales tax
- B. Prepare Sales Tax Report and remit sales tax to Oklahoma Tax Commission on a monthly basis

- C. Deposit sales proceeds to designated departmental account. Proceeds from sales are to be placed in an account within the fund group that provided funding for the original purchase.
- D. Coordinate preparation of necessary documents to remove the equipment items from the University inventory

2.16 The Assistant Director, Asset Management, will coordinate all aspects of public auctions. This responsibility will include the collection and depositing of auction proceeds.

2.17 Departments will be expected to furnish personnel as needed for the conduction of any auction, sale by sealed bid, or other approved method of sale held in their behalf.

Equipment Reutilization

2.18 The University may make excess surplus property available to a public school district without compensation or to other Oklahoma governmental agencies in lieu of disposal by public auction or sealed bid. Reutilization may occur at the conclusion of the prescribed time that surplus equipment is available to University departments and other A&M institutions is accomplished according to state statute.

2.19 Surplus property may also be reutilized to assist Oklahoma governmental agencies in the acquisition of computer, education, and office equipment. Educational agencies and programs will be given first preference.

2.20 Records of such disposals shall be included in the Surplus Equipment Report maintained by the University.

2.21 Requests for reutilization opportunities shall be presented in writing on the letterhead of the requesting educational or governmental agency to the Asset Management office. The requests will be handled on a first come, first served basis. Requests are valid for one year from the letter date. New requests must be submitted each year.

2.22 Educational or governmental agencies benefiting from equipment reutilization must provide written verification from their agency authorizing them as their agent when receiving property. The agent will sign a release transferring the reutilized equipment from the University to the agency receiving the equipment.

2.23 Reutilization of surplus equipment may also occur in the case of local, state or national disaster relief efforts. In order to allow reutilization of surplus for disaster relief efforts, a governmental state of emergency must be declared. If surplus equipment becomes available for reutilization, the appropriate disposal forms may still be submitted to the Asset Management office. Asset Management will be the point of contact with the Stillwater Chapter of the American Red Cross. The American Red Cross will in turn work with the Federal Emergency Management

Agency to assess current situations. They will then contact Asset Management with a list of specific needs.

2.24 If Asset Management is contacted with the list of specific needs, a notice will be sent via email to Deans, Directors, and Department Heads, the Administrative Officers' listserv, and the Departmental Inventory Custodian email list, making the University system aware of the immediate needs.

2.25 If a University department has surplus equipment in working condition and meets the needs stated by Red Cross in time of a disaster, the department should complete a disposal form for that surplus and deliver it immediately to Asset Management. Asset Management staff will be in contact with the Red Cross offering a list of available items and will make arrangements for the items to be claimed at your location by the Red Cross staff. Red Cross requests a single point of contact from the University. That shall be Asset Management.

2.26 In ALL cases, surplus equipment that will be reutilized must have Fixed Assets Disposal forms completed, computer decommissioning forms completed, if needed, and all approving signatures obtained before surplus is available for relief efforts. All efforts for surplus reutilization must be coordinated through the Office of Asset Management.

2.27 The efforts in relief drives must be accomplished at no additional cost to the University.

Department Relocations, Storage of Unused Equipment

2.28 As new or remodeled facilities become available for occupation by different departments, moving time is deemed as an opportunity to dispose of unwanted and unused equipment. Departments planning to move or remodel should add to their schedule adequate time to complete the Fixed Asset disposal form and follow the aforementioned processes. Asset Management will work with each department to help meet their needs and review, if necessary, the items available for disposal.

2.29 Departments should keep in mind that their disposal requests, once reviewed by Asset Management, are forwarded to the surplus warehouse, where schedules are established for removal of items on disposal forms. The schedules may or may not meet departmental needs so advanced planning of disposal needs will aid in making certain that scheduling needs are met.

2.30 Departments that leave behind surplus property following relocation may be charged for all work done via campus vendor invoice. It is the responsibility of the vacating department to insure that the area they are leaving is free from all unneeded and unwanted surplus and refuse. If the area is left with surplus and/or refuse, the department vacating the premises may be charged for all work done by Asset Management, Surplus, or any other department that take efforts to clear the area of remaining surplus and garbage.

2.31 Departments storing surplus equipment in storage rooms, vacant office space, vacant classroom or lab space or in public areas shall take efforts to complete the proper Fixed Assets

Disposal forms to clear these areas. While some equipment is held for future use by departments, stockpiling of surplus equipment uses valuable space that may be used to house faculty, staff, or students. As biennial space inventory walkthroughs are completed by the Facilities Utilization Specialist from Budget and Asset Management, photos will be taken if areas are discovered that house surplus equipment. Asset Management will work with departments to dispose of surplus property and free space that may be used by the department.

2.32 Departments shall refrain from storing surplus equipment in public hallways and other public service areas. Storage in these areas threatens life safety measures in those offices, classrooms, and buildings that are served by these public service areas. Departments may face safety code violations, fines, and additional costs in removing equipment stored in public service areas.

2.33 Preparation for the beginning of each fall semester includes establishment of new classroom space and office space for faculty and staff. To better serve each department in meeting potential space needs, planning for the fall semester should begin at the end of the spring semester with completion of Fixed Assets Disposal forms to clear areas of surplus equipment.

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