

Oklahoma State University Policy and Procedures

DISPOSITION OF SURPLUS PROPERTY

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BUSINESS & FINANCE
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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 his 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 require 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 advance approval of the OSU/A&M Board of Regents. Information necessary for the consideration of property for disposal includes:

- a. Detailed listing of items recommended for disposition, to include **inventory** number (if applicable) and description of item(s)
- b. Condition of each item
- c. 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 the consideration of property shall be transmitted to the Coordinator of Property and **Inventory** Control who shall request disposition approval from the Board of Regents. Transmittal of this information from the department shall be achieved by use of the Report of Surplus, Obsolete and Junk Property form or the Movable Equipment **Inventory** Change Request form available from the **Inventory** Section (see pages 3-0125.12 and 3-0125.8). The **Inventory** Section shall send notification of available surplus property to OSU departments as well as other colleges under the OSU/A&M Regents after receiving the completed Report of Surplus, Obsolete and Junk Property report or the Movable Equipment **Inventory** Change Request (ICR) form.

1.04 Disposal of property outside the University shall be accomplished by sealed bid or public auction. The method of disposal is at the discretion of the Property Coordinator after taking into consideration the condition of the property, the number of items available for sale, and the anticipated public demand for the items and the amount of storage available.

1.05 In connection with every cash sale of surplus property, it is the intent of the University to offer sale through a publicly advertised auction or by sealed written bids. The method of disposal, whether by public auction or sealed bid, is at the discretion of the Property Coordinator 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.

1.06 The policy does not preclude the University of disposing of items of equipment 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 purchase request should be written to detail the purchase as well as item(s) offered for trade-in.

1.07 The University Business Manager (through the Property Coordinator) 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 approval for disposition has been granted by 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 removal of the item from the responsible department (as detailed in section 2.02). 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 the **Inventory** Section or their immediate family will not be considered.

PROCEDURES

2.01 The department declaring equipment scrap, salvage, and/or surplus, completes a Report of Surplus, Obsolete and Junk Property, hereinafter called Report of Surplus. This form is completely filled out, providing adequate information to request disposition from the Board of Regents. This document is approved and signed by the department head and dean. The original copy of the Report of Surplus should be returned to the **Inventory** Section, 208A Whitehurst, after the form is complete.

2.02 Upon receipt of the completed Report of Surplus, the **Inventory** Section lists the item(s) for disposition on the next Board of Regents report. After the cutoff for inclusion of items for the Board report, a listing of all items reported as surplus, obsolete, or junk for that period is compiled by the **Inventory** Section and sent out to all department heads via labels generated from the **Inventory** Section data base. Copies of the available equipment are also sent to other colleges under the Board of Regents direction at this time. 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 will be made by the department wishing to have such items (the receiving department). To initiate the transfer of surplus equipment, a ICR form shall be completed as follows:

- a. The responsible department and associated **inventory** account numbers should be filled in at the top of the form, reflecting the new responsible department name and number.
- b. Complete the acquisition date. This should be the date on which the transfer of items occurs.
- c. Complete the addition section of the ICR as follows: **Inventory** number which equipment was tagged with upon purchase of OSU, quantity consecutively numbered items to be transferred, AC (acquisition code) of A5 (Interdepartmental transfer; this code will both remove the **inventory** item from the releasing department as well as place the **inventory** record on the **Inventory** listing of the new, receiving department), description of item(s) being transferred, location of equipment in receiving department in terms of building number and room number. Departments should be aware that the **Inventory** Change Request moving **inventory** accountability for equipment will reflect the original acquisition cost, regardless of the transfer price agreed to between the selling and buying units.
- d. Under the section entitled "Releasing Department" complete the **Inventory** account number for the department of record. The signature of the department head of the releasing department must appear on this form.
- e. The ICR form must also bear the signature of the new responsible department head under the section shown as "Receiving Department."
- f. The releasing department may retain the blue copy of the ICR form, while the receiving department may retain the yellow copy.
- g. The completed ICR form is to be forwarded to the **Inventory** Section where the **inventory** data base will be updated.

2.04 The cost transfer for property items will be accomplished by Campus Vendor Invoice originated by the selling unit. The sub-code for transferred equipment will be 331X or 332X, respectively, for the buying and selling departments.

2.05 After the Board of Regents has approved the disposition of the property submitted in the Report of Surplus and no other department or college (under the Board of Regents) has requested

transfer of the property to their department, the **Inventory** Section shall approve the Report of Surplus and forward a copy of the report to the surplus warehouse manager to be used to effect the transfer of the property to the surplus warehouse.

2.06 The surplus warehouse manager uses the information from the **Inventory** Section to pick up the equipment from the releasing department. At no time prior to receipt of an approved copy of the Report of Surplus should the surplus warehouse manager pick up or receive surplus equipment from a releasing department. The surplus property is stored until it can be disposed of through transfer to another department, or sold through public competition if it is not used elsewhere on campus. The **inventory** tag indicating departmental ownership shall be maintained on each piece of equipment while it is in the surplus warehouse.

2.07 The Property Coordinator will use the original copy of the Report of Surplus to update the master **inventory** file.

2.08 On a monthly basis, the **Inventory** Section will obtain a copy of the updated surplus **inventory** account printout. This printout 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 Property Coordinator 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 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 the **Inventory** Section. It shall be the responsibility of the department requesting transfer of goods from the surplus warehouse to effect 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 effected by a campus order to have the items moved by Physical Plant personnel at a cost to the department.

- b. When the Property Coordinator receives the Physical Plant Division transaction, a ICR form is typed up from the information provided. Copies 1-3 of the ICR form are sent to the receiving department for signature.

c. The receiving department head indicates his approval of the transaction by signing copies 1-3 of the ICR. Copy 3 is retained by the department head and copies 1 and 2 are returned to the **Inventory** Section.

d. The Property Coordinator uses copies 1 and 2 of the ICR to update the master **inventory** file and surplus **inventory** file.

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 Property Coordinator. Reporting of availability should be by the Report of Surplus, Obsolete and Junk Property 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 Property Coordinator 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 the **Inventory** Section or their family will not be considered as stated in section 1.09.

2.14 The Property Coordinator 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 Property Coordinator and held for public opening as announced in the sale advertisement. After public opening and tabulation of bids, the department(s) owning the property is furnished a tabulation of all bids received. Acceptance or rejection of bids is at the option of the owning departments. The **Inventory** Section 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 the **Inventory** Section 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 Property Coordinator 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 an auction or a sale by sealed bid.

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