

BUSINESS POLICY LETTER

TO: All Members of the University Community

2006:05

DATE: May 2006

DISPOSAL OF SURPLUS PERSONAL PROPERTY

(Supersedes 2001:10 & 2003:17)

I. POLICY

Surplus personal property is defined as any physical asset for which the University has no operational need in the foreseeable future. These assets will be disposed of under the direction of the Associate Vice President for Finance by methods that will result in a sale for the highest price from a responsible purchaser, or by trade, destruction, or donation.

II. SCOPE

Disposals of any purchased (capitalized, or expensed), gifted, leased, or borrowed equipment by any University unit.

III. APPROVALS

Surplus personal property is identified and approved for disposal by the responsible department manager. The disposal method and the distribution of proceeds are approved by the Associate Vice President for Finance. The following methods may be considered for the disposal of surplus personal property.

A. Disposal by sale:

1. The preferred method is by public sale.
2. Other methods, with the specific approval of the Associate Vice President for Finance, include sale by advertised bid, invited bid, private bid or auction.

Note: The University will reserve the right to reject any and all bids or proposals.

B. Disposal by destruction or by donation by may be approved by the Associate Vice President for Finance where the cost of the sale is estimated to exceed the proceeds of the sale or the recommended method is in the University's best interest. Disposal by disassembly for other University use (parts, consumed in instructional use, etc.) must be approved the asset custodian's dean, director or designee.

1. Donations are restricted to approved not-for-profit institutions or agencies only.
2. Disposal by destruction is defined as the removal of non-functional and obsolete assets to a commercial landfill, other approved method of permanent waste

disposal, or the disassembly of such assets for spare parts, educational purposes or operational use within the University.

IV. RESPONSIBILITIES:

Personal property assets are acquired by the University for the purpose of supporting its programs and operations. The physical care and safeguarding of such assets are the responsibility of the asset custodians. The asset custodian will contact:

- A. Accounting Office, Property Control (ext. 3906), for direction regarding:
 - 1. Disposal by sale in place or donation.
 - 2. Disposal by destruction or disassembly for other University use.
 - 3. Recording the transfer of surplus personal property to Storage.
 - 4. Exchange of personal property.
 - 5. Disposals of gifts by any method within two years of their receipt by the University.
 - 6. Fixed Asset System (FFX) records.
 - 7. Use of the FFX software.
- B. Manager of Business Services (ext. 2920) for direction regarding:
 - 1. Disposal in a public sale.
 - 2. Disposal to a commercial waste facility.
 - 3. Disposal to a commercial salvage facility.
 - 4. Inventory of goods stored in surplus personal property storage facilities.
 - 5. Transfers of surplus personal property to storage.
 - 6. Transfers of goods from surplus personal property storage facilities to University use.
- C. Purchasing for direction regarding disposal by trade-in on a purchase order.

V. PROCEDURES:

- A. Transferring assets for disposal:
 - 1. All movable surplus personal property that is to be sold will be transferred to a location designated by the Manager of Business Services.
 - 2. The transferring asset custodian will:
 - a. Prepare the Equipment Transactions form in triplicate (see attachment) indicating a transfer to storage.
 - b. Obtain supervisory approval on the form.
 - c. Notify the Manager of Business Services that equipment for sale needs to be moved.
 - 3. The Manager of Business Services will:
 - a. Arrange for moving the surplus property from its current location to the storage facility.
 - b. Sign one copy of the Equipment Transactions form and return it to the transferring custodian.
 - c. Retain the two copies of the Equipment Transactions form pending arrival at storage.

- d. Upon arrival of the property at the storage location, enter the name of the location on the Equipment Transactions form, sign the form as the new custodian, and provide Property Control with one copy. Hold the remaining copy until disposal.
- e. Record the property item in the storage location inventory record.
4. Property Control will:
 - a. Record the transfer of Fixed Assets between custodians.
 - b. Provide a report of the recorded transfer to the transferring custodian and to the Manager of Business Services. (**Note:** Either or both parties are to notify Property Control immediately if there are any discrepancies on the report.)
- B. Disposal of assets by public sale:
 1. When a sufficient quantity of assets have been accumulated, the Manager of Business Services will:
 - a. Prepare a sale bill.
 - b. Advertise the items both on- and off-campus.
 - c. Include notice that all items are available for reassignment (transfer) within the University.
 - d. Provide notice to all University departments that surplus property is available for transfer up to the day prior to the sale.
 - e. Remove tags for surplus property sale items only after University department transfers are identified (see FFX transfer procedures).
 - f. Conduct a public sale.
 - g. Charge the costs of the sale to account 4-16112, established for that purpose.
 - h. Upon sale of any personal property, provide Property Control with one copy of the Equipment Transactions form with any fixed asset tags attached and the disposal box checked.
 - i. Relieve the storage location subsidiary inventory record accordingly.
 2. The Business Office will:
 - a. Provide a cashier for the public sale who will receipt and deposit all proceeds received from the sale.
 - b. Support the deposit with receipt forms containing the amount of the sale and/or suitable description of the assets.
 - c. Send all Miscellaneous Receipt Forms to the Accounting Office for recording in account 4-16112.
 3. Property Control will:
 - a. Review the Equipment Transactions forms and the asset tags.
 - b. Record the appropriate asset disposal transactions on FFX.
 - c. Distribute the net proceeds of the sale when requested and approved by the Associate Vice President for Finance. (**Note:** An asset disposal report will then be provided to the Manager of Business Services who must notify Property Control immediately of any discrepancies on the report.
 - d. Provide the Associate Vice President for Finance with an annual Personal Property Disposal report.
- C. Disposal of assets by other than public sale:
 1. The appropriate department manager will send a proposal for disposal to the Associate Vice President for Finance for approval. The proposal will include:

- a. The recommended disposal method.
 - b. An Equipment Transactions (disposal notice) form.
 - c. The estimated or known proceeds.
 - d. Justification for excluding the asset from disposal by public sale.
2. Upon approval, the Associate Vice President for Finance will provide the Finance office with a copy of the approved proposal and:
 - a. Forward proposals for trade or exchange to Purchasing, who will assist the unit manager in accordance with Purchasing procedures.
 - b. Return proposals for donations, destruction or disassembly to the unit managers with instruction to proceed.
 3. The department manager will complete the transactions, depositing all funds received by the Business Office, crediting the proceeds and charging the costs of sale to account 4-16112, and provide Property Control with the fixed asset tags and a notice of the disposal on the Equipment Transactions form.
 4. The Finance office will maintain a file of pending disposals (other than public sales) to be cleared as disposal notices are received and recorded by Property Control.
 5. Property Control will record the disposal transaction on FFX and clear Finance's pending disposal file.

VI. RELATED POLICIES AND PROCEDURES

Disposal of Real Property -- Board of Trustees
Purchasing Policy
Fixed Assets System (FFX) Procedures
Billing, Remittance Handling and Deposits Policy - BPL 97:03



Richard Duffett
Vice President for Administration and Finance

BPL06:05

Contact Office: Finance

