

<b>DISPOSITION OF SURPLUS PROPERTY</b>	<b>3-0126</b> <b>BUSINESS &amp; FINANCE</b> <b>JULY 1990</b>
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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.

Revised: July 1990

# Oklahoma State University Policy and Procedures

**FEDERAL PROPERTY MANAGEMENT STANDARDS**

**3-0127**

**BUSINESS & FINANCE**

**OCTOBER 1989**

## POLICY

1.01 The University Business Manager is designated as the staff member responsible for government property control. The University Business Manager has in turn charged the Coordinator of Property and Inventory Control with the responsibility of maintaining inventory records for all accountable equipment regardless of the funding source. The policies and procedures recited herein present uniform standards governing management of property furnished by the federal government or property for which cost was charged to a project supported by a federal grant or other agreement. By reference, the Federal Acquisition Regulations (FAR) are made an integral part of this policy and procedure letter.

1.02 Because of the variance in rules and regulations across governmental agencies governing acquired or furnished federal property, it is emphasized that principal investigators, divisional or college research directors, and contract officers must be familiar with specific contractual instrument requirements for property before: (1) acquisition, (2) cannibilization, (3) disposal, including transfer or sale, (4) safekeeping, (5) vesting of title, and (6) accountability. This caveat applies regardless of whether equipment is procured with grant or contract funds furnished by a sponsoring agency or obtained through a federal surplus property program.

1.03 For purposes of these guidelines, government furnished property is any property that has been acquired directly by the government and subsequently delivered or otherwise



made available to the University for its use. Contractual agreements governing acquisitions from federal or state excess property pools require equipment items not meeting the University's definition of equipment to be held as accountable property. In these instances, the agreement conditions prevail over Oklahoma State University policy. By reference, Policy and Procedures Letter 3-0125, Inventory of Movable Equipment, is made an integral part of this policy and procedures letter.

## PROCEDURES

### Definition of Equipment

2.01 The University, in conformity with state statute, defines an item as accountable equipment if it has a useful life of five years or more with an acquisition cost of at least \$250 per unit and is a complete and independent item which does not lose its identity or become a component part of another item. In some instances, external agencies that award grants, contracts, or other type agreements to the University define accountable equipment less stringently. Grant or project directors should therefore be aware that a purchase requisition for non-accountable equipment (usually referred to as expendable or exempt) as defined by an external awarding agency's contractual document is processed and classified as equipment in accordance with University policy and state law. Title to non-accountable (expendable) equipment usually vests in the University at acquisition.

### Title to Equipment

2.02 Title to federally-owned nonexpendable equipment costing \$5,000 or more vests as set forth in the contract. Under Federal contracts, title to equipment purchased with contract funds costing \$5,000 or more vest as set forth in the contract (reference FAR Clause 52.245-5©(4) and FAR 35.014). Under federal grants, title to federally-owned equipment remains with the federal government. Title to nonexpendable personal property acquired with project funds shall vest as set forth in OMB Circular A-110, Attachment N 5. and 6.

2.03 Care needs to be taken in disposing of equipment to ensure the University is reimbursed for its participation, if any, in the original acquisition cost. The University may also be given authorization to sell the equipment; or the University is authorized to sell the

equipment if disposition instructions are not received within 120 days after notification of equipment availability. If equipment is sold and there is University participation in the original cost, the University is authorized to recover its percentage share of the total equipment cost from the sale proceeds plus 10% or \$100, whichever is greater, for handling and selling expenses.

2.04 Generally, title to equipment costing less than \$5,000 is vested in the University upon acquisition (reference FAR 52.245-5©(4)).

2.05 Capital expenditures for general purpose equipment are allowable as direct contract charges only when approved in advance by the sponsoring agency. General purpose equipment is defined as equipment costing \$500 or more for which use is not limited to medical, scientific or other technical activities. The value may vary from agency to agency. Examples of general purpose equipment include desks, typewriters, motor vehicles and data processing equipment.

2.06 Capital expenditures for special purpose equipment are not allowable as direct charges unless the acquisition is approved in advance by the sponsoring agency. Special purpose equipment is those items of nonexpendable equipment costing \$1,000 or more per unit and used only for research, medical, scientific or other technical activities.

2.07 Most sponsoring agencies require prior approval from their appropriate contracting officer before any item of equipment costing \$1,000 or more is procured. Approval to purchase may be made by letter of authorization. Items that are itemized in the approved proposal budget are usually considered to have met the prior approval required by most federal agencies. However, to prevent disallowance of cost, caution should be exercised to assure the agency's requirements are met. In some cases, screening for the equipment through federal property agencies may be required.

2.08 As an absolute safeguard against cost disallowance, project directors are urged to submit requests and receive in writing authorization for purchase from the appropriate federal agency contracting officer. Approval for purchase is treated as official documentation and kept on file in the Office of Grants and Contracts Financial Administration.

## Purchasing Equipment on Grant or Contract Accounts

2.09 Careful screening is required before acquiring or requisitioning equipment to ascertain that equipment which is needed is either already in use or not in the possession of Oklahoma State University. To ensure compliance with federal government regulations, the following procedure will be followed prior to the requisitioning of any equipment purchased with funds provided by federal sponsoring agencies.

2.10 The University's policy on the acquisition of equipment is that all items of equipment with a value of \$1,000 or more will be screened against all available Oklahoma State University equipment prior to purchase. This policy applies regardless of the federal funding source (reference DOD FAR 45.302-71, DOD FAR 45.302-72, and NASA FAR 18-45.7001 covering DIPEC, ADPE, and EVS screening).

2.11 Research directors responsibilities -

- a. The research director will screen all proposed equipment purchases with a value greater than \$1,000 against the available computer printout of Oklahoma State University equipment.
- b. In the event that screening does not identify the availability of similar proposed equipment, the requisition, accompanied with an executed certificate indicating screening action, will be forwarded to the Purchasing Department for procurement action via Grants and Contracts Financial Administration.
- c. In the event that the equipment item is available, the research director shall coordinate between the department requesting the item and the department in custody of an available item to assure that it will satisfy the requirement.

2.12 Purchasing Department responsibilities - Equipment purchases with a value of more than \$1,000 will be processed in accordance with normal purchasing procedures when the requisition is accompanied with a NOT AVAILABLE certification (Exhibit I) from the college research director.

2.13 All equipment certifications are kept on file in the Grants and Contracts Financial Administration Office.

### Lost, Stolen, Damaged or Destroyed Equipment

2.14 The University is responsible for replacing or repairing equipment that is stolen, damaged, or destroyed. Any loss or theft of equipment must be reported to the Security Department and Inventory Section. The Inventory Section will report the loss to Grants and Contracts, which will make the loss or theft report to the appropriate sponsoring agency. The Inventory Section will reflect the loss or theft on the movable equipment inventory.

2.15 Any equipment that is willfully damaged or destroyed must be repaired or replaced with University funds. It is inconsistent with federal property regulations to cannibalize furnished or acquired property without authorization from the cognizant federal agency.

### Depreciation and Use Charges

2.16 Under applicable federal regulations, indirect cost charges for depreciation cannot be made for that equipment or that portion of equipment acquired with federal funds even though equipment title has been transferred to the University. The University's inventory records indicate the source of funds; therefore, the federal participation, if any, is excluded in the University's calculation of use charges.

### Inventories

2.17 Periodic inventory reports required by sponsoring agencies are rendered by Grants and Contracts in coordination with the Property Coordinator. Final project inventory reports are rendered by Grants and Contracts Financial Administration.

2.18 Under existing University policy for Inventory of Movable Equipment, Policy and Procedures Letter 3-0125, responsibility for care, custody, and maintenance is assigned to the principal investigator and department head. This responsibility and accountability carries the companion responsibility to physically count at least annually equipment items and reconcile the results with the inventory records. Equipment inventory listings are furnished by the Inventory Section. Any differences in the physical count and inventory records are to be reported to the Inventory Section, for notification of the Grants and Contracts Financial Administration Office and the appropriate sponsoring agency. By

reference, University Policy and Procedures Letter 3-0125 is made an integral part of this letter.

2.19 There may be instances wherein a principal investigator will receive an item of government property directly from a federal agency without the knowledge of the Inventory Section, Grants and Contracts Financial Administration, or the college research director. In these instances, it is the responsibility of the principal investigator to report such receipt to the Inventory Section so that the property can be entered on University records and tagged. This requirement also applies to any department that obtains property from a federal surplus property program. Any items, regardless of source, meeting the criteria as accountable equipment as previously set out in 2.01 must be tagged and placed on the University inventory.

#### **Transfer of Property to Other Institutions**

**2.20 In some cases, property may follow a principal investigator if he/she transfers to another institution. Property which has been purchased with grant or contract funds or otherwise provided by a sponsor will be transferred upon receipt of proper request and sponsor authorization if title has not been vested in the University and no law, agreement, or regulation exists to indicate that the University may logically expect to obtain title to the property. Where title to grant or contract purchased property or furnished property has been vested in the University or will become so vested in the normal course of events, transfer will only be approved when no need for it exists within the University.**

**2.21 The following conditions must be met (not necessarily in the order listed) before a transfer of property can be approved by the University:**

- a. All requests for transfer of property will be coordinated by and through the dean and/or director having administrative responsibility for the contract(s) or grant(s) involved.**
- b. A written request must be received by the dean and/or director (a. above) from an authorized representative of the proposed recipient organization stating in detail what property is being requested and that**

**the recipient organization will accept responsibility for the items transferred.**

**c. Written approval must be received by the dean and/or director (a. above) from an authorized representative of the sponsoring agency unless title to the property has been unequivocally transferred to the University.**

**d. Provision must have been made in writing by an authorized representative of the sponsor or receiving organization for the University to be reimbursed for any costs which it may incur incident to the transfer. If the removal of major items of equipment will result in significant costs to make the space usable, these costs also must be approved for reimbursement. Care must also be taken to ensure that the University is reimbursed for its participation, if any, for the original acquisition cost of the property.**

**e. A positive statement by the department or school head will be forwarded to the appropriate vice president through the dean and/or director (a. above) to the effect that no need exists for such equipment in the foreseeable future. Approval by the dean (director) or an authorized representative will be evidence also that no such need exists elsewhere within his/her area of responsibility.**

**f. The appropriate vice president will decide whether it is in the best interest of the University to approve transfer of the item(s) in question or whether title should be retained by the University.**

**2.23 Despite transfer of the principal investigator to another institution, the equipment does not have to be transferred if:**

**a. The University retains the project for which the equipment was acquired and, with the approval of the federal granting agency, places the project under a new director.**

**b. The cost of transferring the equipment, as determined by the granting agency, would be excessive relative to its then current value.**

**c. The new grantee does not require the equipment to continue the project.**

#### Special Test and Plant Equipment

2.24 FAR 45.505-5 and FAR 45.506© promulgate specific and stringent record-keeping standards for special test equipment and plant equipment costing \$5,000 or more. It is critical to the University that these requirements are met to the satisfaction of various federal audit agencies. By reference, FAR 45.505-5 and FAR 45.506© are made an integral part of this Federal Property Management Standards policy.

#### Reports of Government Property

2.25 The property accounting records will contain data so as to report annually the dollar amount of federal government-owned property, such as land, building, and plant equipment. The report shall be prepared and forwarded to the assigned federal government property administrator in accordance with FAR 45.505-14 and the corresponding FAR supplement paragraphs.

2.26 DOD FAR Supplement (DFAR) 45.505-6 requires submission of a DD form in 1342 for each item of Industrial Plant Equipment as defined by DFAR 45.301.

2.27 NASA FAR Supplement 18-45.505-670 requires submission of a DD Form 1342 for each item of Contractually Reportable Equipment as defined by NASA FAR Supplement 18-45.501.

2.28 FAR Clause 52.245-5 alternate I requires a listing of all equipment to which title vests in the contractor under subparagraph ©(4) of the clause within 10 days following the end of the calendar quarter during which it was received. This listing should be forwarded to the contracting officer.

#### Excess Federal Government-Owned Property

2.29 Federal government-owned property which becomes excess to the requirements of a contract or grant, shall be reported to the sponsoring agency for disposal instruction as promptly as possible after the item is determined excess. Notification should be made by

use of the standard Form 1428 or DD Form 1342. (See FAR 45.606-1, DFAR 45.608-71 and NASA FAR Supplement 18- 45.7102.)

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