

BF4027 - Disposal of Surplus Personal Property

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Responsible Official: Executive Vice President and Chief Operating
and Financial Officer

Responsible Office: Procurement and Contract Services

Policy Statement

The following policy on disposal of surplus personal property is adopted by the President, to expressly provide for the disposal process and requirements.

Surplus property is personal property owned by the University that has been determined obsolete, outmoded, unusable or no longer usable by the University or for which future needs do not justify the cost of maintenance and/or storage. Disposal of such property must be in accordance with this policy.

The Director of Procurement and Contract Services is the designated administrator for disposal of University surplus property. The Physical Plant Department is responsible for the pick-up, delivery, and maintenance and/or storage of surplus personal property.

All University employees share responsibility for equipment and shall fully understand Policy [BF4025 - Equipment Inventory](#), to ensure the proper approvals, care, and security of any equipment which is used or observed.

Purpose

To describe the general rules, general disposal procedures, trade-in on replacement, transfer to State higher education institutions, transfer to other State agencies, sale of surplus property to governmental entities, public auctions and sales under sealed bids, and disposal of waste products.

Definitions

Cannibalization	University property in which serviceable parts are removed for use in the repair of other equipment.
Hazardous Materials	A substance or material, which has been determined by the Secretary of Transportation to be capable of posing an unreasonable risk to health, safety, and property when transported in commerce, and which has been so designated.
Salvage	University property that is no longer useful as a unit in its present condition but may have some value as scrap, usually because parts from it may be recovered and reused.
Surplus Personal Property	Personal property which has been determined to be obsolete, outmoded, unusable or no longer usable by the University, or property for which future needs do not justify the cost of maintenance and/or storage. Such property must be declared "surplus personal property" by the President or designee of the University; provided however, property need not be declared surplus when disposition is through the trade-in method.
Zero Value	University property that has reached its useful life and frequently has limited value.

Procedures

- I. General Rules**
- A. Surplus personal property is either usable property, which shall be transferred or sold, or unusable property, which may be destroyed, as hereinafter provided:
1. Surplus personal property which is perishable food may be destroyed without delay or notification.
 2. Surplus mattresses may be destroyed.
 3. Surplus personal property which is determined to be not usable by the University and of little or no salvage or other economic value may be destroyed by an appropriate method.

4. The University shall follow the procedures described in Section II.C of this policy, prior to disposal of all other surplus personal property.

B. Surplus personal property in which the Federal Government or other entity has a legal interest should be transferred to such entity when no longer needed.

C. It is unlawful for any state official or employee, including University employees, to purchase from the state except by bid at public auction any surplus property during the tenure of his office or employment, or for six (6) months thereafter. A purchaser who violates this provision is guilty of a misdemeanor under T.C.A. § 12-2-412.

D. For all sales to individuals except at public auctions including internet auction, the University shall obtain from the purchaser a signed disclaimer certifying the purchaser is not a state employee and that the purchaser is not buying the property for or on behalf of any state employee.

E. All employees of the University and their immediate families shall be ineligible to bid for or purchase surplus personal property except by bid at public auction.

F. Possession of surplus personal property sold to the general public under any method prescribed under Section II.C of this policy shall not pass until payment is made by cash, or if payment is made by cashier's check or certified check, possession shall not pass until the check is honored by the drawee bank.

G. Possession shall pass to state higher education institutions, political subdivisions of the state, and other governmental entities upon receipt, by the University, of purchase vouchers of such institutions, political subdivisions, or other governmental entities. Title to motor vehicles sold as surplus property to political subdivisions and other governmental entities shall be closed as to transferee when title is passed.

II. General Disposal Procedures

A. The President or designee shall declare personal property to be surplus personal property prior to disposition as such; provided however, property need not be declared surplus when disposition is through use of the trade-in method.

B. The President delegates the Director of Procurement and Contract Services as the designated administrator (hereinafter referred to as “responsible authority”) for disposal of University surplus personal property. The Physical Plant Department is responsible for the pick-up, delivery, and maintenance and/or storage of surplus personal property. The department chair, activity head, or designated departmental equipment inventory representative shall declare usable University personal property surplus to their needs by utilizing the trade-in method or the [Fixed Asset Workflow system](#). Both methods shall be consistent with this guideline and University policy [BF4025 - Equipment Inventory](#).

1. Utilizing the Trade-in Method. This is the preferred method of disposing surplus personal property, if such property is suitable for trade-in. Items that must be replaced may be traded in on replacement property. Departmental personnel shall submit an approved [Equipment Transaction Record](#), along with an approved purchase requisition to Procurement and Contract Services. The [Equipment Transaction Record](#) must be completed through the Fixed Asset Workflow system, in accordance with University policy [BF4025 - Equipment Inventory](#). The Procurement and Contract Services Department will solicit bids requesting prices with trade-in and without trade-in and receive and review the bids. Based upon the evaluation of the condition and fair market value of the property to be disposed and comparisons of bids, a determination will be made as to whether it is in the best interest of the University to dispose of the property by trade-in or by one of the other methods of disposal.
2. Utilizing the Fixed Asset Workflow system. - Departmental personnel shall declare usable items as surplus by entering the items into the Fixed Asset Workflow system, in accordance with University policy [BF4025 - Equipment Inventory](#). A work order is completed for all equipment to be picked up by Physical Plant. University-owned computers and portable devices or media must have all confidential and official University data erased from the equipment prior to its transfer out of the department. Contact your Local Service Provider (LSP) to remove data from the equipment. Decals are to remain on the equipment.
3. Cannibalization, Zero Value Property, Scrap, and Hazardous Materials – University property that has been

declared cannibalized or zero value using an Equipment Transaction Record should be disposed of in the most cost effective manner in accordance with University Policy BF4025, Equipment Inventory. Decals, if any, should be removed and sent to the Property Accounting Office with the transaction record. This will assure that inventories will accurately reflect listings of property assigned to the individual department or activity. Quantities of scrap or unusable materials removed from inventory listings as a result of cannibalization or zero value declaration should be reported to Physical Plant by work order for scheduled removal. Electronic devices, such as circuit boards, computers, monitors and printers are considered hazardous materials when not used as intended. Such hazardous materials cannot be disposed in the trash or garbage. Departmental personnel shall request removal of hazardous materials by completing the Equipment Transaction Record, along with a memorandum to Physical Plant staff describing each item and its location, and the name and phone number of the departmental contact person. Physical Plant staff will contact the designated contact person to schedule an appointment to pick up the items. Other equipment (may include, but not be limited to, centrifuges, refrigerators, vacuum pumps, etc.) that has in the past or may presently contain hazardous materials must be properly decontaminated and have a completed Equipment Release Form attached prior to being picked up by Physical Plant staff.

4. Departments may check availability of many surplus items. To view surplus items, contact Physical Plant staff at 678-2270 to set up an appointment. For transfer of equipment from one department to another, contact the relinquishing department and complete the [Equipment Transaction Record](#), if appropriate.
5. For transfer of equipment from one department to another, contact the relinquishing department and complete the [Equipment Transaction Record](#), if appropriate. The physical transfer is the responsibility of the departments involved.

C. The Director of Procurement and Contract Services is responsible for the disposal of surplus personal property utilizing one of the following methods in accordance with this policy:

1. Trade-in, when such is permitted due to the nature of the property or equipment and subject to the provisions of T.C.A. § 12-2-403 and the rules of this policy;
2. Transfer to other state higher education institutions
3. Transfer to other state agencies;
4. Sale to eligible political subdivisions of the state and other governmental entities;
5. Public auction, publicly advertised and held;
6. Sale under sealed bids, publicly advertised, opened and recorded;
7. Negotiated contract for sale, at arm's length; but only in those instances in which the availability of the property is recurring or repetitive in character, such as marketable waste products;
8. Disposition through the Department of General Services as provided in the Department Rules and Regulations;
9. Donations to a public school or public school system;
10. Sale by Internet auction.

D. If the President, responsible authority or designee declares the property to be surplus personal property, the method of disposal shall be determined by the responsible authority from the alternatives set forth in Section II.C of this policy. Written documentation for the selection of method of disposal shall be maintained by the responsible authority.

E. The trade-in method, when property is of the nature appropriate for trade-in, and transfer to other state higher education institutions shall be the first and second priority methods, respectively, for disposal of surplus personal property, except for waste products which shall be disposed of as further provided in this policy.

F. In the selection of other methods of disposal, the following criteria shall be considered:

1. The character, utility and functionality of the property;
2. The economics of disposal in light of all relevant circumstances attendant the proposed disposal, including the condition and climate of the potential market and present estimated market value of the property, transportation costs, and other cost factors associated with disposal; and
3. Sound fiscal and budgetary policy and practices.

G. The method of disposal selected in the preceding section shall be implemented pursuant to the specific procedures set forth in this policy for such disposition.

H. The responsible authority at the University shall be responsible for the maintenance of accountability documentation on all items of surplus personal property, and shall ensure that adequate audit and inventory trails on all items of surplus personal property are maintained.

I. Such authority shall make the final determination of the fair market value of surplus personal property for purposes of calculating reimbursements to the transferring institution and to determine whether property may be destroyed pursuant to Section I.A.3.

J. Nothing shall prohibit University from simultaneously providing notice of an intended disposition of surplus personal property to all state higher education institutions and all state agencies as specified in Section IV.A and V.A below.

K. In such event, if no state institution has requested the property within seven (7) days of the initial notice, the first state agency which had requested the property within such time shall be entitled to receive the property upon reimbursement as provided in Section V. below.

III. Trade-In on Replacement

A. Items that must be replaced may, subject to the requirements of this section, be traded in on replacement property.

B. The responsible authority of the University shall perform the following functions in connection with the trade-in method of disposal:

1. Issue invitations to bid asking for bids with trade-in and without trade-in and receive and review bids;
2. An evaluation of the condition and fair market value of the property to be disposed of; through comparisons of bids and the evaluation prepared, make a determination whether it is in the best interests of the University to dispose of the property by trade-in or by one of the other methods of disposal.

IV. Transfer to State Higher Education Institutions

A. Except when the trade-in method is utilized or when the property is to be disposed of as a waste product, the responsible authority at the University shall provide to the President, or his/her designee, or appropriate departments and/or individuals at all other state higher education institutions, a notice of intended disposition which shall include;

1. The name of the individual to contact for additional information;
2. The location of the property for inspection;
3. A description of the property;
4. The condition of the property; and
5. The original cost and fair market value of the property as determined by the responsible authority.

B. The initial notice of available surplus personal property may be made at periodic intervals for the purpose of consolidating notices on numerous items of such property for convenience.

C. The first institution which makes a written request for the available surplus personal property shall be entitled to receive such property.

D. In the event that no institution requests transfer of available surplus personal property within seven (7) days of the date of the initial notice, the property may be disposed by means of another appropriate method of disposal.

V. Transfer to Other State Agencies

A. When transfer to other state agencies is the method of disposal selected; the responsible authority of the University shall provide notice of the intended disposition to the commissioner or chief executive officer of all state agencies which shall include all information specified in the notice required by Section IV.A.

B. The first state agency which makes a written request for the available surplus personal property shall be entitled to receive such property.

C. In the event that no state agency requests transfer of available surplus personal property within seven (7) days of the date of the initial notice, the property may be disposed by means of another appropriate method of disposal.

VI. Sale of Surplus Property to Governmental Entities

A. Political subdivisions of the state and other eligible governmental entities may purchase surplus personal property by submission of sealed bids for such property to the responsible authority of the University no later than two (2) days prior to a public auction held for disposal of such property.

1. Such bids shall be opened two (2) days prior to such public auction and the highest bid shall be selected unless the responsible authority decides that the highest bid does not represent the fair market value.
2. The responsible authority may reject such bids and may negotiate with the political subdivisions of the state and other entities which have submitted bids in order to obtain a fair market value. In the event negotiation does not result in a fair market value, such property shall be disposed of by public auction.

B. Political subdivisions of the state and other governmental entities shall retain possession of surplus property purchased from the University for at least one (1) year unless disposal is approved by the Board of Standards. Any profit realized from the resale of such property shall revert to the state or the University as their interests may appear.

C. Any sale of automobiles by the University to a county, municipality or other political subdivision or governmental entity shall become null and void and such property shall revert to the state, or the University as their interests may appear, in the event that such political subdivision or governmental entity does not transfer the registration of title to such automobile to its name within seven (7) days after the sale.

VII. Public Auctions and Sales Under Sealed Bids

A. Public auctions and sales under sealed bids, as provided in this policy, shall be publicly advertised and publicly held.

1. Notice of intended disposal by public auction or sale under sealed bid shall be entered by the responsible authority of the University in at least one (1) newspaper of general circulation in the county or counties in which the disposal is to be made reasonably describing the property and specifying the date, time, place, manner, and conditions of the disposal.
2. The advertisement shall be entered in the public notice or equivalent section of the newspaper and shall run not less than one (1) day.

3. The disposal shall not be held sooner than seven (7) days after the last day of publication nor later than fifteen (15) days after the last day of publication of the required notice, excluding Saturdays, Sundays and holidays.
4. Prominent notice shall also be conspicuously posted for ten (10) days prior to the date of disposal, excluding Saturdays, Sundays and holidays, in at least two (2) public places in the county or counties where the disposal is to be made.
5. Furthermore, notice shall be sent to the county court clerks.

B. A mailing list shall be developed for mailing to eligible governmental entities and potential buyers of surplus items.

C. No person, firm or corporation shall be notified of any public auction or sale except as provided by this policy.

D. University should attempt to include as many items in each sale as is practical and feasible.

E. All notices of sales of such property shall provide that the property is to be sold "as is" with transportation costs assumed by the purchaser. The notice shall state that the only warranty provided, expressed or implied, is the seller's right, title and interest in the property sold.

F. All sales by bid or auction shall be with reserve, and when bids received are unreasonably below the fair market value as determined by the responsible authority of the University, all bids shall be rejected and the property shall be thereafter disposed of pursuant to other acceptable methods of disposal.

VIII. Disposal of Waste Products

A. Marketable waste products such as paper and paper products, used lumber, bottles and glass, rags, and similar materials of nominal value classified as scrap may be sold directly to dealers at the going market rate without soliciting bids. University shall keep a record of the volume and unit price of such materials sold on the scrap market.

B. Waste products which are subject to storage and are normally accumulated until such quantities are available to make a sale economically feasible shall be sold under sealed bids as follows:

1. Invitations to bid shall be mailed to known buyers of the particular item;
2. Three firm bids shall be secured when possible;
3. Sealed bids shall be publicly opened and recorded ten (10) days, excluding Saturdays, Sundays, and holidays, after the invitations to bid are mailed;
4. The highest bidder shall be awarded the contract and shall be notified of the date for removal of the property and the method of payment which will be acceptable;
5. A file shall be maintained for each disposal for the purpose documenting the sale and should include all documents and information pertinent to the disposal.

C. Anything to the contrary notwithstanding, surplus personal property which is determined to be unusable and of little or no salvage or other economic value may be destroyed by the University as provided in Section I.A.3.

IX. Sale by Internet

A. Notice of intended disposal by Internet auction shall be posted on the Internet. Such notice shall specify and reasonably describe the property to be disposed of, the date, time, manner and conditions of disposal, all as previously determined by the responsible authority.

X. Exceptions

A. Exceptions to this policy which are consistent with state law may be granted by the President and Chair of Board of Trustees or his or her designees upon request by the president or director of the transferring institution, or their designees.

B. The President or his or her designee may not approve a method of disposal which is not specified in Sections I.A. or II.C. of this policy.

Related Forms

Equipment Release Form <http://www.memphis.edu/ehs/pdfs/equiprelform.pdf>

Links
