



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

OP 63.07: Disposal of Surplus, Obsolete, or Uneconomically Repairable Inventory

DATE: October 27, 2009

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish policy and procedures for the disposal of surplus, obsolete, or uneconomically repairable property.

REVIEW: This OP will be reviewed in May of odd-numbered years by the managing director of Physical Plant with recommended revisions forwarded through the associate vice president for operations to the assistant vice president for financial affairs and controller and then to the chief operating officer and senior vice president for administration and finance by June 15.

POLICY/PROCEDURE

1. Disposal of Surplus Property

a. Disposal Policy

Property that becomes surplus, obsolete, or uneconomically repairable will be disposed of under the control of the TTU property manager. This includes all types of property, except carcinogens and radioactive materials, and devices that are covered by other TTU OPs. Departments should contact Environmental Health and Safety for disposal of carcinogens and radioactive materials.

b. General Procedure for Disposal of Surplus Property

(1) Property Transfers

- (a)** Property that is surplus may be transferred to another department, activity, or state agency. The transfer will be made on a non-reimbursable basis unless the administrator originating the transfer makes prior arrangements with the recipient for reimbursement. Any proposed reimbursement arrangement should be reviewed with the property manager beforehand to ensure that it will be authorized. Any reimbursement must be credited to the same funding source from which the equipment was purchased.
- (b)** To accomplish a pre-arranged transfer, the administrator will prepare a *Request to Transfer Equipment between Departments* form for an intra-TTU transfer (OP 63.08, Attachment E) or an *Inter-Agency Property Transfer Request* form for a transfer to another state agency (OP 63.08, Attachment F) and forward it to the property manager. When the intra-TTU transfer is made on a reimbursable basis, a *Request for Interdepartmental Cost Transfer* form (OP 62.27, Attachment A) will accompany the equipment transfer request form. When a transfer to another state

agency is to be made on a reimbursable basis, the property manager will arrange for the director of Accounting Services to handle the necessary billing.

(2) Declaration as Surplus

- (a) Regarding property to be declared as surplus, the administrator will report equipment that is carried on departmental inventories to the property manager by using a *Request for Authority to Remove Equipment from Departmental Inventory* form (OP 63.08, Attachment A). To request pickup of surplus property not inventoried, send an e-mail to john.rodriguez@ttu.edu with details of property to be removed.
- (b) Upon receipt of the e-mail and after removal, the equipment will be transferred to the surplus property inventory, where it will be available for transfer to other departments on a non-reimbursable basis. During the time that the equipment is available for transfer, it will be kept at the TTU Warehouse located at 4611 Erskine.
- (c) Surplus equipment carried on the inventory (valued at \$5,000 or more) may be transferred at no cost to any TTU department upon completion of the *Request to Transfer Equipment between Departments* (OP 63.08, Attachment E) with a signed copy sent to the property manager, MS 3142.

Surplus equipment that is not carried on inventory (valued at less than \$5,000) and that does not have management controls placed upon it (any firearm, regardless of cost, and the following items, if above \$500: data projectors, stereo systems, cameras, video recorders/laser disk player [TV, VCR, camcorders], computers, printers, and laptops) may be transferred to any TTU department at no cost, upon completion of an e-mail to Property Inventory requesting the property. The requesting department is responsible for picking up the inventory.

c. Property Inventory Sales Procedures

- (1) Property Inventory will conduct sales, as needed, and the items not sold (after an auction) will be destroyed and disposed of by Property Inventory. At no time will computers or related equipment be included in an auction. All computers will be sent to TDCJ for use/disposal (unless they are donated to a state agency, school district, or other qualified entity).
- (2) Auctions
 - (a) Auctions will be conducted when enough merchandise is available, as determined by the property manager.
 - (b) Property Inventory will develop a descriptive listing of all items available for auction.
 - (c) Property Inventory will have the auctioneer advertise the auction in local newspapers as needed.
 - (d) Refinished items sold at auction will be assigned a reserve minimum bid.
 - (e) Lot numbers will identify all merchandise.

- (f) An auctioneer will sell all items by the lot number.
 - The auctioneer will provide detailed documentation of total gross sales and expenses, including original receipts for expenses.
 - Property Inventory will receive the check from the auctioneer for the net auction proceeds.
 - All deposits will be made in accordance with established university policy as per OP 62.05.

- (3) Individual Sales are not allowed (see (2) above).
- (4) Departments of the university and the Health Sciences Center can view available surplus equipment every Wednesday from 1:30 p.m. to 2:30 p.m. at the TTU Warehouse (Quaker), 4611 Erskine. The property manager will send any change in the viewing schedule via TechAnnounce should the need arise.
- (5) Property Inventory staff may remove any item from an auction prior to its disposal if a university or Health Sciences Center department expresses a need for the item.

d. Scrap metal

All scrap metal should be placed in the scrap metal container controlled by the property manager. The scrap metal shall be sold to the company supplying the container. Auxiliaries may dispose of their own scrap metal and/or surplus property at a public sale or turn it over to the property manager for disposition. If auxiliary activities choose to dispose of their own scrap metal, they shall obtain prior approval from the property manager. The proceeds from any scrap sale conducted by an auxiliary activity must be deposited to a TTU account with a copy of each official university receipt provided to the property manager.

- e. Physical Plant's Transportation Services area will dispose of tires.
- f. Refrigeration equipment may be placed in the scrap metal container only after an authorized person has removed the refrigerant using the approved process. Used refrigerators and freezers may be transferred to another department only after Environment Health and Safety has verified that no hazardous materials were stored in it. The property manager must approve all transfers and be provided with documentation certifying no hazardous materials were present at inspection.
- g. The Environmental Health and Safety Department will dispose of batteries, paint, chemicals, and other hazardous materials.

2. **Other Surplus**

Other surplus property that has a substantial salvage value will be sold at public auction after it has been determined that the equipment cannot be used by any other TTU or TTUHSC department. Surplus property not sold will be disposed of as deemed appropriate by the property manager. Prior authority must be obtained from the property manager if a department has surplus property for which it would be advantageous to the university to make special provisions for disposal.

a. Exceptions

Instances may arise where it is not economically feasible to move surplus property from the department to the surplus sale holding area or where it becomes necessary to dispose of surplus property without waiting to advertise formally for bids. In such cases, the property manager may sell the property in the manner most advantageous to TTU needs.

b. Disclaimer

Where bids are solicited for sale of surplus property, TTU shall reserve the right in all instances to reject any and all bids and to waive any or all formalities.

c. Disposition of Proceeds

Any proceeds from the sale of surplus property will be used first to defray the direct costs of the sale, and then ten percent of any remainder, but not less than \$ \$800.00, will be used to defray the overhead costs of the Surplus Property operations. Any remainder will be credited to the department or activity. The credit will be made to the same funding source from which the equipment was purchased. In the case of buildings or of property that cannot be identified with a department or activity, the excess funds will be credited to Educational and General Funds local income. The sale of surplus property purchased with funds from a federally sponsored project shall be subject to the applicable federal property management standard (OMB Circular A-110 or equivalent), which generally requires that the proceeds be returned to the sponsoring agency. Prior approval by the managing director of Sponsored Programs Accounting and Reporting must be obtained before equipment purchased with funds from federally sponsored projects is offered for sale.

3. Disposal of Abandoned Personal Property

See OP 76.09

4. Disposal of Radioactive Materials and Radiation Producing Devices

See OP 60.11

5. Disposal of Final Federal Property Inventory

a. Grant

All property purchased under a project that has been funded by a federal grant transfers to TTU at the end of that grant unless the award specifies otherwise.

b. Contract

If property is not transferred to TTU per the federal contract instructions, TTU may negotiate with the funding agency at end of the contract to transfer said equipment to support another federal grant.