

System-wide Policy: FI0610 - Surplus Property	
Version: 10	Effective Date: 09/10/2018

FI0610 – Surplus Property

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Objective:

To provide policies and procedures for the transfer, sale, and other methods of disposal for university surplus property.

Policy:

Definition

1. Surplus property means any property such as movable equipment or supplies (opposed to real property such as land or building) a department determines to be obsolete, or unusable or property for which future needs do not justify the cost of maintenance and/or storage.

General Policy

2. The Chancellors or designee for each location shall designate a department or individual responsible for the disposal of all surplus property and the communications of applicable policies and procedures for their location. For purposes of this policy, this department or individual is referred to as the surplus property personnel. University departments not physically located on a campus will use the surplus property personnel

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located closest to them or they will work remotely with the personnel from their campus/institute to dispose of surplus property in the most efficient manner that complies with this policy.

Responsibilities of the Department

3. When feasible a department should attempt to determine if their surplus property can be used by another university department. If the two departments agree on a transfer, the issuing department should prepare Form T-64, Equipment Inventory Change/Delete Request, to transfer ownership and accountability to the receiving department. If financial consideration is involved, the two departments shall determine the amount and transfer the funds through a transfer voucher. See [FI0605 - Equipment](#).
4. If the property can be traded-in to reduce the cost of replacement equipment, the department must work with their purchasing department on this transaction. If purchasing determines that trading-in the property is more advantageous than selling it, the purchasing department will issue a purchase order for the purchase of the new equipment. The department is then responsible for completing Form T-64 to remove the traded-in equipment from their official inventory records. See [FI0605 - Equipment](#).
5. If the property can't be transferred to another university department or traded-in, the **department must contact their surplus property personnel and follow their policies and procedures for the disposal of the property**. Departments are not authorized to dispose of property, sell it, or permanently transfer it to an external organization (even if it is another governmental agency or non-profit).
6. The form must require the signature of the **department head or designee** declaring the property surplus. Electronic or digital signatures are acceptable.
7. The department is responsible for retaining a copy of all surplus property documents for six years, including signed forms transferring the surplus property from their possession. The department is also responsible for verifying that the surplus property has been removed from their inventory records. This should be done annually.
8. Surplus property, which the federal government or other entity owns, should be transferred to that entity when no longer needed. If applicable, Form T-64 should be completed by the department to remove this property from our inventory records.

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Responsibilities of Surplus Property Personnel

9. Each surplus property department is responsible for completing a form(s) for departments to declare property as surplus. The forms must be approved by the Controller's Office, see below for forms for the Knoxville area and Health Science Center, and at a minimum contain the following:
 - Name and location of the department declaring the property as surplus.
 - Location of the property such as building and room number.
 - Departmental contact information including e-mail and telephone.
 - Itemized description of each piece of equipment that has a UT tag number. Non-tagged items do not have to be itemized, if impractical (i.e., 100 classroom chairs).
 - The form must require the signature of the department head or designee that is declaring the property surplus and the campus surplus department personnel who are picking up the property. Electronic or digital signatures are acceptable.
 - The form(s) must require the identification of all computers or other devices that may potentially store confidential information.
 - The form(s) must require the identification of any chemicals or equipment that may be considered radioactive, hazardous, toxic, or require special handling to comply with applicable environmental regulations.
 - The form must allow for routing to the Controller's office for removal or transfer of surplus property.
10. The surplus property personnel are responsible for developing procedures to ensure that all computers, hard drives or other equipment that may store university data have been sanitized and the data is unreadable before the equipment is disposed of or sold.
11. The surplus property personnel are responsible for contacting their safety officer(s) or other appropriate personnel whenever property is being declared surplus from a lab or whenever any equipment may contain hazardous material that may pose a safety concern. Surplus property personnel are responsible for developing procedures with their safety officer(s) to ensure that all potentially hazardous chemicals and equipment are disposed of in a manner that complies with applicable federal, state and university regulations.

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12. Surplus property personnel are responsible for ensuring that an adequate audit and inventory trail exists for all items of surplus property. This would include from the time that property is transferred to their possession until the sale or disposal of the item.
13. Surplus property personnel are responsible for determining, which of the following disposal methods is the most advantageous. One of these methods must be used:
 - Publically advertised auction.
 - Transfer to another university department.
 - Publically advertised sale under sealed bids.
 - Internet auction.
 - Negotiated contract for sale at arm's length (conducted among unrelated parties), but only for property that becomes surplus regularly, such as livestock, forestry products, and marketable waste products, but not motor vehicles.
 - Transfer to other state agencies, student association or public school systems.
 - Sale to state and other governmental entities.
 - Transfer to non-profit entities approved by the Tennessee Department of General Services.
 - The property may be destroyed by an appropriate method, if it is determined that it has no salvage or economic value.
14. The System Risk Management Office must approve of the disposal method for any property involved in an insurance claim.
15. The surplus property department is responsible for forwarding all applicable documents to the Controller's office for all university tagged equipment that is disposed of by them or transferred by them to another university department. This must occur as soon as the property is no longer in their possession.
16. When a surplus property department (or designee) decides to dispose of surplus property by public auctions or sealed bids, these proposed sales must be publicly advertised and publicly held. The surplus property department (or designee) conducting the sale must advertise it in at least two public places in the county or counties in which the sale is to be made. The notice must describe the property, date, time, place, manner, and conditions of the sale. The sale must not be held sooner than seven, nor later than fifteen, days after the last day of the public notice (excluding weekends and holidays).

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17. No person, firm, or corporation may be sent invitations to bid on proposed sales unless no other market has been found for the property without requesting such bids. Prospective buyers for various types of surplus property may be sent copies of the published notice, or they may be notified that a public notice has been posted on a stated date.

Responsibilities of the Controller's Office

17. The equipment records section of the Controller's Office is responsible for removing and transferring all surplus property items reported to them. They are also responsible for distributing annual equipment inventory verification reports to each department for their review and approval.

Sanctions Relating to the Sale of Surplus Property

18. The surplus property department (or designee) conducting the sale must ensure that all prospective purchasers are aware of the following sanctions:
- It is a felony punishable by a fine of \$5,000 to \$10,000 and/or imprisonment from one to ten years for any person to make any arrangement, contract, agreement, trust, or combination of these among persons or corporations which is designed to or tends to control the price the university receives for such property or the cost to the purchaser of such property. In addition to this penalty, a state or university employee who violates this provision may be removed from employment and prohibited from such employment for five years.
 - It is also a misdemeanor punishable by a fine of \$500 or two-and-one-half times the value of the property bought, whichever is greater, for any state/university official or employee to purchase any surplus property from the university (except by bid at public auction) during his or her tenure of office or employment and for six months thereafter. For all sales except public auctions, the surplus property department (or designee) conducting the sale must obtain from each purchaser a signed disclaimer certifying that the purchaser is not a

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state or university employee and that the purchaser is not buying the property for or on behalf of any state or university employee.

Exceptions

19. Surplus property may be disposed of by a method other than those listed in this policy upon approval of the campus/institute's chief business officer (or designee) and the university's chief financial officer.

FORMS:

- [S-1- Surplus Property](#)
- [S-2 Computer Surplus Form](#)
- [S-3 - Surplus Equipment Decontamination Form](#)

UTHSC Forms:

- [S-1 - Surplus Property -UTHSC](#)

PROCEDURES:

Knoxville:	http://budget.utk.edu/fiscal-policy/
Health Science Center:	https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&
Institute of Agriculture:	https://ag.tennessee.edu/Pages/UTIApolicies.aspx
Martin:	http://www.utm.edu/departments/finadmin/procedures.php
Chattanooga:	http://www.utc.edu/business-financial-affairs/fiscalpolicies.php

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FOR MORE INFORMATION:

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Related Policies: [FI0605 - Equipment](#)