
UCLA Procedure 720.2: Acquisition and Disposal of Surplus and Salvage University Property

Issuing Officer: Assistant Vice Chancellor, Corporate Financial Services
Responsible Dept: Equipment Management
Effective Date: July 1, 1998
Supersedes: UCLA Procedure 720.2, dated 8/1/90

I. REFERENCES

II. GENERAL POLICY

III. ACQUISITION PROCEDURES

IV. DISPOSAL PROCEDURES

I. REFERENCES

1. Letter from President David S. Saxon: Allocation of Income from Sale of Surplus University Property, to Chancellors, 12/5/75;
2. UC Business and Finance Bulletin BUS-29, Management and Control of University Equipment;
3. UC Business and Finance Bulletin BUS-38, Disposal of Excess Material and Transfer of Federally-Funded University-Owned Material.

II. GENERAL POLICY

It is the policy of the University that each campus is responsible for the administration and implementation of a property inventory control system which includes use, care, maintenance, safekeeping of the property under the control of campus departments or units, provisions for maximum use of all property, and handling of surplus property.

A. Acquisition of Surplus or Salvage University Property:

Departments may preferentially acquire surplus University property before it is put on public sale or otherwise disposed of outside the campus (as per Section II.C.2.). Requests for surplus University property are screened against available items on file with the Equipment Management Department.

B. Declaration of Property as Surplus and Establishing Fair Market Value:

1. Department heads have the authority to declare University property assigned to their custody as excess to departmental needs.
2. The campus Property Administrator is delegated the authority to declare all property as surplus to the University.
3. The campus Property Administrator is delegated the authority to establish fair market value for surplus property, or to advise department heads of the appropriate procedures or methods for establishing fair market value.

C. Disposal Methods and Authorities:

When it has been determined that the surplus property is of no immediate use within the University system, it may be disposed of in whichever one of the following methods is considered to bring the highest net return or benefit to the University:

1. Trade-in on new equipment: Property to be traded in on new equipment shall be listed on the *Purchase Requisition* forwarded to the campus Purchasing Department.
2. Public sale to the highest bidder: Property, except for vehicles, having an individual or lot value currently estimated at \$10,000 or more, must be offered for sale to other University locations before it is placed on public sale.
3. Sale on a first come first served basis: This can be done only if a fair market value has been established by the Property Administrator (as per Section II.B.3.) and the availability and price of the item(s) are made known to the general public through appropriate means.
4. Private sale to an individual or surplus property dealer: This can be done when sale by the methods in C. 1., 2., or 3. above is either not feasible or the cost and effort involved by those methods would be disproportionate to the return expected, and the Property Administrator has determined that the sale price is reasonable (as per Section II.B.3.).
5. Donations of surplus property to an organization outside the University: This can be done if the market value of the surplus property is below the costs required for handling, record keeping, storage, and other costs associated with trade-in or sale, and either the specific prior review and approval of the Campus Counsel has been secured, or the Campus Counsel has given blanket approval for donation of specific categories of surplus property to educational institutions, other governmental bodies, or non-profit organizations. In all cases in which donation is proposed, department heads must submit a written request to the Property Administrator for review and approval prior to initiating a donation.

D. Disposal by Sale or Trade-In:

1. Sales of University property require the prior approval of the campus Property Administrator.
2. Sales or trade-in of property originally purchased with extramural funds must also comply with the specific terms of the relevant contract or grant. Selling departments are responsible for contacting the Equipment Management Department to ensure that the University has title to property originally purchased with extramural funds prior to initiating a sale. Often, prior approval for sale or trade-in of such property must be obtained, in writing, from the funding agency. Such approval is obtained through the Office of Sponsored Research or the Equipment Management Department.
3. The limitation of sales to certain employees and their near relatives is as follows:
 - a. No one employed in a Materiel Management Department, or a near relative of such employee, may buy surplus property being sold by Materiel Management either directly or through a public sale.
 - b. No one employed in a department originating surplus property or a near relative of such employee, may buy any surplus property originating in that department either directly or through a public sale.
 - c. The principal driver of a University-owned motor vehicle, or a near relative of such employee, may not buy such motor vehicle either directly or through a public sale.
 - d. Near relative is defined as husband, wife, mother, father, daughter, son, sister, brother, and step-relatives and in-laws in the same relationship.
 - e. Requests for any exceptions to this policy should be directed, in writing, to the Property Administrator for administrative approval prior to initiating a sale.
4. Allocation of the sale proceeds to departmental accounts when surplus property is traded-in or sold is as follows:
 - a. When University property is traded-in, the department releasing the property will be credited with the trade-in allowance.

- b. Funds from the sale of University property selling for less than \$1,000, shall be deposited directly to the departmental account of the custodial department releasing the property to Sub 03, 05, 07, or 08 and object code 9270. (Exception: Auxiliary and Service Enterprises, UCLA Medical Center, and University Extension will deposit the sale proceeds to their income account.)
- c. Funds from the sale of University property selling for \$1,000 or more, shall be recorded as income to the Excess and Surplus Property (ESP) Program income account. (Exception: Auxiliary and Service Enterprises, UCLA Medical Center, and University Extension will deposit the sale proceeds to their income account.) The proceeds, less the ESP Program administrative fee, will then be credited to the custodial department releasing the property.
- d. Proceeds from sales, but not transfers or trade-ins, credited to a specific account by the ESP Program may be carried forward into the fiscal year subsequent to the fiscal year of the sale. Departments wanting to use this authority must notify Corporate Accounting, in writing, of any balance (not otherwise encumbered) they wish to carry forward.

III. ACQUISITION PROCEDURES:

Department Purchasing Surplus Property from Another Department

RESPONSIBILITY	ACTION
Department purchasing surplus property	<p>Contacts department selling surplus property with an offer to purchase after learning of availability through UCLA Dollar Saver or other sources. If offer is accepted, prepares and sends Recharge Order Request to selling department.</p> <p><u>Note:</u> The UCLA Dollar Saver Monthly Newsletter is available from the Equipment Management Department and online at: (www.equipment.ucla.edu)</p>
	<p>Coordinates moving arrangements with selling department.</p> <p><u>Note:</u> Section IV, Department disposing of surplus property, describes actions by selling and property management departments to transfer custody and sale proceeds.</p>

IV. DISPOSAL PROCEDURES

Department Disposing of Surplus Property

Note: The UCLA Preferred Surplus Dealers List is available from the Equipment Management Department and online at (www.equipment.ucla.edu)

RESPONSIBILITY	ACTION
Department disposing of surplus property	Declares property is surplus to departmental needs as per authority in Section I.B. of this procedure.
	Contacts Equipment Management Department to ensure that the University has title to property originally purchased with extramural funds prior to initiating a disposal.
	If inventorial, prepares and sends Equipment Inventory Modification Request (EIMR) form to Equipment Management Department to remove item(s) from inventory records.
	If <u>property is to be traded in on new equipment</u> , lists following information on Purchase Requisition: manufacturer's name and model number, serial number, UCLA property number, location of item, and original Purchase Order number, if known.
	If <u>property is to be donated</u> to an educational institution, governmental body, or non-profit organization: <ul style="list-style-type: none"> • Market value of surplus property must be below costs required for handling, record keeping, storage, and other costs associated with trade-in or sale. • Department head must submit a written request to the Equipment Management Department for review and approval by the Property Administrator and/or Campus Counsel's Office prior to initiating the donation.
	If <u>property has no resale value</u> , contacts the campus waste management contractor for pick-up and disposal.
	If <u>property is to be sold</u> : <ul style="list-style-type: none"> • If selling department wants to advertise items in the UCLA Dollar Saver, sends Dollar Saver Ad Form to Equipment Management Department. • Locates buyer and negotiates sale. California sales tax must be added to price of item unless the buyer presents a California Resale License, is another UCLA department, or other UC campus. • Approves release of property upon receipt of either Recharge Order Request from a UCLA department or cash payment from a dealer/individual. If <u>sale price is less than \$1,000</u> : <ul style="list-style-type: none"> • For recharge sales to campus departments, upon receipt of Recharge Order Request, prepares Interdepartmental Recharge Request (use Sub 03, 05, 07, 08 and object code 9270) and sends to Office of Accounting Services to recharge department making purchase and to credit directly to selling department's account. • For cash sales, prepares Department Deposit Record (use Sub 03, 05, 07, 08 and object code 9270) and deposits payments at Main Cashier's Office to credit directly to their departmental account. If <u>sale price is \$1,000 or more (including lot sales)</u> : <ul style="list-style-type: none"> • For recharge sales to campus departments, sends Recharge Order Request with EIMR form to Equipment Management Department. • For cash sales, prepares Department Deposit Record and deposits payments at Main Cashier's Office to credit directly to ESP Program <u>income account 268310-68310</u>. Sends copy of above form with EIMR form to Equipment Management Department. • (Exception: Auxiliary and Service Enterprises, UCLA Medical Center, and University Extension <u>income accounts</u> are credited.

RESPONSIBILITY	ACTION
Equipment Management Department	<p>Reviews EIMR form against inventory list. If inventorial equipment is involved, removes inventorial item(s) from selling department's inventory records. If sale is to a campus department, transfers item(s) to inventory records of department making the purchase.</p> <p>If sale price is \$1,000 or more, sends Recharge Order Request (or copy of Department Deposit Record if cash sale) with copy of EIMR form to ESP.</p>
Excess and Surplus Property (ESP)	<p>If sale price is \$1,000 or more, prepares and sends necessary forms to Corporate Accounting to allocate net proceeds: Interdepartmental Recharge Request and Transfer of Funds forms to credit and charge appropriate departmental accounts. An administrative fee is deducted from proceeds of the sale, and proceeds of the sale are credited to the account number and cost center, if applicable, specified by the selling department and fund number 68310.</p> <p>(Exception: Auxiliary and Services Enterprises, UCLA Medical Center, and University Extension <u>income accounts</u> are credited.)</p>

Issuing Officer

/s/ Susan K. Abeles

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Questions concerning this policy or procedure should be referred to the Responsible Department listed at the top of this document.
