

Policy Analysis: Surplus Materials Disposal #4.51 – 2/2010

Policy Objective:

To ensure that surplus property is first utilized to the fullest and most reasonable extent possible, to assist and advise on the disposal of surplus in a fair, economical and ecological manner, and to provide for appropriate retirement of financial and capital investments.

Applies To:

All university faculty, staff, students, and visitors

Explicit Policy Requirements: (Items for which non-compliance will result in a policy Exception):

The following items are explicitly defined in the policy and should be considered as policy requirements; items which if not followed, will result in policy “exceptions.”

Ref #	Description	Page	Para
1	<ul style="list-style-type: none">The sale, transfer or disposal of surplus property must have signature approval of the appropriate dean or vice president.	1	I.D.
2	<ul style="list-style-type: none">Only Surplus Materials Disposal is authorized to dispose of university property, through sale, donation, auction, scrapping or other prescribed methods.	1	II.C.
3	<ul style="list-style-type: none">Chemical recycling, second use of chemicals, and the disposal of unusable chemicals, radioactive or hazardous materials, and contaminated equipment, material, and supplies are to be disposed of through Environmental Health and Safety.Equipment, material, and supplies acquired through any active or closed sponsored project administered through the Office of Sponsored Programs may not be disposed of through Surplus Material Disposal without prior documented authorization from the OSP director or purchasing.Motor vehicle disposal is the responsibility of Transportation & Parking.	2	III. A.
4	<ul style="list-style-type: none">Computer Equipment – Must be released to Surplus Materials Disposal and may not be disposed of in any other way. They offer data destruction services to comply with federal regulations and university policy.	2	III.B.
5	<ul style="list-style-type: none">Regional campuses may implement local procedures for the disposal of surplus property with the approval of the manager of surplus materials disposal.	2	III. C.
6	<ul style="list-style-type: none">Ownership of Assets – University property which is taken out of service by the department or college must be transferred to another department, donated to a 501(c)(3) charitable organization or released to Surplus Materials Disposal by the	2	IV. B.

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	Dean/VP or his/her designee.		
7	<ul style="list-style-type: none"> Items are released to Surplus Materials Disposal by completing a disposal request through the automated Surplus Property Management System (SPMS). Use of this system to dispose of surplus property is mandatory. System user training is provided by Surplus Materials Disposal and is required for new users. 	3	IV. D.
8	<ul style="list-style-type: none"> Capital assets are accounted for at the department or college level by owner organization and location. 	3	I. B. 2.
9	<ul style="list-style-type: none"> Capitalized asset disposal requests must be initiated from each asset's owner organization in the university financial system. The SPMS will not permit disposal of an asset from a different organization than its owner organization. 	3	I.B.5
10	<ul style="list-style-type: none"> The department or college makes the decision whether to track non-capitalized assets in the university financial system. 	4	I. C.2.a.
11	<ul style="list-style-type: none"> Disposal requests for non-capitalized assets may be initiated from any valid organization. 	4	I.C.2.b.
12	<ul style="list-style-type: none"> Departments and colleges are responsible for retiring non-capitalized assets tracked in the university financial system. 	4	I.C.2.d
13	<ul style="list-style-type: none"> Equipment may be traded-in when purchasing a replacement item. The department must document the trade-in on the purchase order for the replacement item, and retire the asset in the asset management system. The department retains full value received on the trade-in item. The department is responsible for all costs of moving and storing the item. 	5	I.E.
14	<ul style="list-style-type: none"> Transfer or sale of property between colleges and departments is permitted and requires interdepartmental transfer requests be completed in the SPMS to record the transactions. Value and price determinations may be negotiated between the organizations. 	5	I.F.
15	<ul style="list-style-type: none"> Useable items received into the surplus warehouse are made available for transfer to departments and colleges every Monday from 8:00 A.M. – 3:30 P.M. Items available for transfer from the warehouse may be viewed on the Surplus Inventory page in the SPMS. Departments and colleges may place items on hold for one week to make arrangements for pick-ups. An authorized 100W is required when transferring items to departments and colleges from the surplus warehouse. 	5	I.G.1.
16	<ul style="list-style-type: none"> Sale of highly technical or specialized equipment, including medical, construction, scientific, laboratory, and computer equipment may be conducted by the department or college only with prior approval from Surplus Materials Disposal. 	6-7	I.G.3.

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	<ul style="list-style-type: none"> • Departments and colleges conducting the sales may advertise in newspapers, trade publication or web sites. • Upon approval from Surplus Materials Disposal, trade-ins, sales back to the manufacturer, and sales to equipment resellers or recycling companies is permitted. • Departments and colleges may offer the items for sale through a sealed bid process. Surplus Materials Disposal has the ability to conduct online sealed bids through the SPMS at the request of the department or college. • For items sold outside the SPMS, departments and colleges must complete the AM0001 equipment retirement form and forward it to the Asset Management department when the items are taken out of service. • Upon completion of the sale, a copy of the equipment retirement form and the payment must be sent to Surplus Materials Disposal. Proceeds from these sales will be deposited by Surplus Materials Disposal into the specified chartfield combination provided by the department or college. 		
17	<ul style="list-style-type: none"> • University property may be donated to IRS designated 501(c)(3) charitable organizations, such as schools, churches, shelters, etc. • Departments and colleges donating the university property must complete a disposal request in the SPMS indicating which organization is to receive the donation • Prior to donating, the department or college must receive a copy of the IRS letter granting the organization 501(c)(3) tax exempt status for auditing purpose. 	7	I.H.
18	<ul style="list-style-type: none"> • Surplus property may be delivered by departments and colleges to the surplus warehouse. Deliveries are accepted Monday, Wednesday, Thursday, and Friday from 7:00 A.M. – 3:30 P.M. • University vehicles, rental trucks or moving companies may be used to transport surplus property. Any cost incurred will be paid by the department or college. • Disposal requests for self delivery of surplus property are initiated and approved in the SPMS by departments and colleges, and a self delivery manifest is printed by department. A copy of this manifest must accompany the delivery of surplus property. 	7	II.A.1.
19	<ul style="list-style-type: none"> • At the request of the department or college, Surplus Materials Disposal will schedule delivery of surplus property by contracting with a freight vendor. • These disposal requests must be initiated and approved by the department or college in the SPMS, and Surplus Materials Disposal will generate the manifest from the college disposal request in the SPMS and schedule the delivery. The movers must have a copy of this manifest before picking up the 	8	II.B.

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	<p>property.</p> <ul style="list-style-type: none"> Surplus Materials Disposal will receive and match the invoices for these deliveries to the corresponding manifests and recoup the cost from the departments and colleges through an interdepartmental billing in the university financial system within the next general ledger monthly reporting cycle. A copy of the invoice and a copy of the journal entry are sent to the requesting department for reconciliation purposes. 		
20	<ul style="list-style-type: none"> All items received in the surplus warehouse are accounted for by comparing the number and type of items received to the manifest in the SPMS. For capital or OSP assets, tag numbers are verified for each item. For non-capital assets, a total count of the items received is verified. Any adjustments to the manifest due to tag number errors, extra or missing items requires corrections to the original disposal request in the SPMS by initiating department or college. Once these corrections are made, the disposal request must be re-approved by the department or college and, where applicable, OSP. 	8	III.A.

Summary of Potential Policy Exceptions:

- The sale, transfer, or disposal of surplus property does not have signature approval of the appropriate Dean/VP.
- The unit is disposing of university property through sale, donation, auction, scrapping, or other prescribed methods without going through Surplus Materials Disposal.
- Chemical recycling, second use of chemicals, and the disposal of unusable chemicals, radioactive or hazardous materials, and contaminated equipment, materials, and supplies are disposed of through Surplus Materials instead of EHS.
- Equipment, material, and supplies acquired through any active or closed sponsored project administered through The Ohio State University Office of Sponsored Programs (OSP) are disposed of through Surplus Materials Disposal without prior documented authorization from the OSP director of purchasing.
- Motor vehicles are disposed of through Surplus Materials instead of Transportation and Parking Services.
- Computer equipment is disposed of by the unit instead of Surplus Materials Disposal.
- Regional campuses implemented local procedures for the disposal of surplus property without the approval of the manager of Surplus Materials Disposal.
- The college/office is not accounting for their capital assets (owner organization and location).

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- Units are not documenting assets that have been sold outside the SPMS with the AM0001 and/or not forwarding the completed AM0001 form to Asset Management when the item is taken out of service.
- Failure to use the Asset Management system for capital assets costing more than \$5000.
- Missing tags on assets.
- Items are released to Surplus Materials Disposal without the unit completing a disposal request through SPMS.
- New users are accessing SMPS without completing the required training.
- The department is not tracking non-capital equipment.
- The units are not retiring non-capitalized assets in the university financial system.
- The unit does not document the trade-in value on the purchase order for the replacement items and/or retire the traded-in asset in the asset management system.
- Units are transferring assets without completing the inter-departmental transfer request in the SPMS.
- Units are transferring items from the surplus warehouse without an authorized 100W.
- The unit is selling highly technical or specialized equipment, including medical, construction, scientific, laboratory, and computer equipment without prior approval from Surplus Materials Disposal.
- Units are processing trade-ins, sales back to the manufacturer, and sales to equipment resellers or recycling companies without approval from Surplus Materials Disposals.
- Units are not submitting the completed AM0001 form and payment to Surplus Materials Disposal upon completion of the sale.
- Units are not completing a disposal request in SPMS for property donated to charitable organizations, such as schools, churches, shelters, etc. and/or are not obtaining a copy of the IRS letter granting the organization 501(c)(3) exempt status prior to donating.
- Departments are not initiating and approving disposal requests for self delivery of surplus property and/or not printing and including a copy of the self delivery manifest with the delivery of the surplus property.
- Units are not correcting adjustments to the original manifest and resubmitting the approved request in the SPMS for tag number errors, extra or missing items, etc.

Policy Areas of Potential Student Life Interpretations and/or Follow-up with Business & Finance:

The following items are potential areas of policy interpretation, left to the discretion of Student Life:

Ref #	Description	Page	Para
1	Does SL IT dispose of all computer equipment through Surplus or do they have approval to do otherwise?	2	III.B.
2	Is SL required to complete interdepartmental transfer requests when moving items within an AVP area?	5	I.F.

Areas of Consideration for Defining as “Reasonable” in the ICS:

N/A

Potential Training Topics:

- Surplus Property Management System Online Training
- Procurement & Payment Process
- Managing your department’s capitalized equipment