

**NUMBER:** 1621  
**TITLE:** Asset and Surplus Property Disposition  
**APPROVED:** September 9, 2005

I. Background

The 2005 General Assembly session passed HB 2866 and SB 1327 to establish the Restructured Higher Education Financial and Administrative Operations Act. This Act allows public institutions of higher education restructured financial and operational authority as described in subdivisions A1 through A13 of Section 23-38.88 of the Act.

Pursuant to §23-38.88, *Eligibility for Restructured Financial and Administrative Operational Authority*, subdivision A1 states that public institutions of higher education shall be eligible “to dispose of their surplus materials at the locations where the surplus materials are held and to retain any proceeds from such disposal as provided in subdivision B 14 of §2.2-1124,” provided that the Board of Visitors adopts policies and procedures for handling surplus property. These policies and procedures must incorporate Code requirements regarding donations, and the reporting of proceeds from the sale of recycling of surplus materials, and a copy of such policies and procedures must be made available to the Department of General Services upon request.

II. Board of Visitors Policy

It is the policy of the Board of Visitors to optimize the University’s “return-on-investment” in assets, while maximizing the useful life of same, the *Asset and Surplus Property Disposition Policy* establishes guidelines and procedures for the centralized control for the disposition of excess, obsolete, salvageable or damaged University assets, to include (i) capitalized inventory, (iii) equipment trust fund (ETF) inventory, (iii) non-capitalized inventory with salvage value, (iv) non-capitalized inventory without salvage value, and (v) donated equipment or inventory.

III. Authority

The Vice President for Administration and Finance or the Vice President’s designee shall be responsible for interpretation, implementation and compliance of this policy. The Vice President for Administration and Finance may delegate this authority by letter.

IV. Definitions

- A. Asset - Any tangible personal property owned by the University, either with or without value, excluding real property.
- B. Budget Unit - A University agency, college, department, office or school to which a budget unit number has been assigned by the University’s Budget Office.

- C. Capitalized Assets - All assets carried on the University's inventory, which is managed and reported the Department of Materiel Management with a dollar value greater than \$5,000.00.
- D. Disposal/Disposition - The sale, replacement, trade-in, transfer, loan, scrap, discard or any other means of disposing of assets.
- E. Equipment Trust Fund (ETF) - Assets purchased with annual Commonwealth provided ETF monies, having a minimum purchase value of \$500.00, and owned by the University for a minimum of five (5) years.
- F. Non-Capitalized Assets with Salvage Value - Assets which no longer serve a functional purpose for the *Organization*, but which may be of use to another budget unit, or may be auctioned, sold, transferred, or otherwise exchanged for value.
- G. Non-Capitalized Assets without Salvage Value - Assets which no longer serve a functional purpose for the *Organization*, **and** have no market or resale value, or have no value for any other organization.
- H. Organization - University budget units responsible for inventory, care, control, custody and maintenance of *capitalized or non-capitalized assets*.
- I. Surplus Assets - Any excess, obsolete, salvageable or non-salvageable capitalized or non-capitalized assets which are sold, replaced through the budget process, transferred or loaned to another organization, scrapped, discarded or otherwise removed from service by any other means of disposal. ETF assets less than five (5) years of age cannot be placed in surplus and must be retained by the organization.

V. Specific Requirements

A. Organization Responsibilities:

The organization and their budget unit directors shall be responsible for the inventory, care, control, custody and maintenance of University assets purchased for and/or assigned to their respective budget units, and, except as otherwise set forth herein, written authorization from the Department of Materiel Management shall be obtained prior to the disposition of University assets and inventory, as described herein.

B. Disposal Methods:

The Department of Materiel Management may use any of the following methods to dispose of *surplus assets*:

- 1. Auction - Primarily used for the disposal of large pieces of equipment, vehicles, and rolling stock, and will include both on-site and electronic auctioning;

2. Competitive Bids – Both sealed and unsealed, to be determined based on the surplus asset value;
3. Donations – The University may donate surplus assets for:
  - a. Emergencies declared in accordance with *Code of Virginia*, C 44-146.18.2 or C 44-146.28; or
  - b. As set forth in the budget bill as defined by *Code of Virginia*, C 2.2-1509, provided the conditions therein are met.
4. Loan – Temporary use of the surplus asset is granted to a Budget Unit other than the Organization, or, with prior written approval from the Director of Materiel Management, another public entity or not-for-profit organization;
5. Negotiated Sale – Primarily for circumstances when, despite efforts at public auctions, competitive bids or set price sales, asset has not been sold.
6. Set Price Sales – Surplus Assets are offered to the public at predetermined “set prices”.
7. Transfer – Used to transfer to another *public agency* for a negotiated price or, with written justification, at no cost.

C. Surplus Asset Disposition Forms:

The Organization shall record the disposition of all surplus assets on the *Property Control Equipment Turn-In Form*. A copy of this form may be obtained from the Department of Materiel Management’s website.

D. Determination of Surplus Asset Value:

The determination of the salvage value of all surplus assets and inventory shall be the sole responsibility of the Department of Materiel Management.

E. Recycling of Surplus Assets or Materials:

The University strongly encourages, when appropriate, the recycling of surplus assets and materials. The Department of Material Management will coordinate these type efforts with the University’s Office of Environmental Health & Safety, and other state and federal agencies as required.

F. Proceeds from Surplus Asset Disposition or Recycling of Surplus Materials:

All proceeds from the disposition or recycling of surplus assets and inventory, with the exception of associated costs for surplus disposal preparation and transfer, will

be collected and recorded by the Department of Materiel Management, and deposited into the appropriate University accounts.

G. Reporting:

The Department of Materiel Management shall maintain all records to identify asset sales and disposals with annual reports developed to summarize revenue generated by the surplus program.