

# Tennessee Technological University

## Inventory Control Policies & Procedures

Revision 1.0.C  
TTU Business Services

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# Inventory Control

## Equipment

Equipment consists of all nonexpendable personal property, such as machinery, implements, tools, furniture, vehicles and other apparatus with a unit cost of \$5,000 or more and a minimum useful life expectancy of one year. The cost of equipment includes the purchase price, transportation costs, installation costs and other direct costs of readying for use.

Equipment acquired by donation or the intent of donation such as acquisitions of one dollar, should be recorded on the basis of an appraisal of the fair market value at the date of acquisition.

### 1.1 Personal Property

**1.1.1 Furniture -** Movable furniture that is not a structural component of a building. Examples include, but are not limited to desks, tables and office workstation systems. Furniture is depreciated over a useful life of twenty (20) years.

**1.1.2 Office and Operational Equipment -** Office and operational equipment other than computers and peripherals. Examples include, but are not limited to, mail processing systems and telephone systems. Office and operational equipment are depreciated over a useful life of ten (10) years.

**1.1.3 Computers and Peripheral Equipment -** Computers and peripheral equipment are depreciated over a useful life of five (5) years. Examples include, but are not limited to, desktop computers, laptop/notebook computers and printers. Computer software should be expensed.

**1.1.4 Educational and Scientific Equipment -** Classroom or laboratory equipment used to conduct the normal program of educational and research activity. Examples include, but are not limited to, electronic instruments, lab equipment, surveying equipment and radio equipment. Educational and scientific equipment are depreciated over a useful life of ten (10) years.

**1.1.5 Motorized Vehicles** - Examples include, but are not limited to, cars, mini-vans, vans, boats and light general-purpose trucks. Motorized vehicles are depreciated over a useful life of five (5) years.

**1.1.6 Heavy Equipment** - Examples include, but are not limited to, buses, heavy general-purpose trucks, forklifts, snowplows and agricultural equipment. Heavy equipment items are depreciated over a useful life of ten (10) years.

**1.1.7 Athletic Equipment** – Examples include, but are not limited to, portable basketball backstops, shooting trainers and fitness systems. Athletic equipment items are depreciated over a useful life of ten (10) years.

**1.1.8 Audio Visual Equipment** – Examples include, but are not limited to, desktop projectors, plasma displays and video conferencing systems. Audio visual equipment items are depreciated over a useful life of ten (10) years.

**1.1.9 Musical Instruments** – This category consists of any musical instrument such as pianos, pipe organs and clarinets. Musical instruments are depreciated over a useful life of ten (10) years.

**1.1.10 Physical Plant Maintenance Equipment** – Examples include, but are not limited to, mowers, floor scrubbers and power sweepers. Physical plant maintenance equipment items are depreciated over a useful life of ten (10) years.

**1.1.11 Photographic Equipment** – Examples include, but are not limited to, film processors and cameras. Photographic equipment items are depreciated over a useful life of ten (10) years.

**1.1.12 Food Service/Kitchen Equipment** – Examples include, but are not limited to, ovens, serving carts and ice machines. Food service/kitchen equipment items are depreciated over a useful life of ten (10) years.

**1.1.13 Library Holdings** - Library holdings include library, music, artistic and reference materials. Examples include, but are not limited to, books, periodicals, microfilm, microfiche, government documents, films, videocassettes, audiocassettes, phonorecord compact disc - audio, slide set, filmstrip, transparency, maps, multimedia kit, three-dimensional models, non-catalogued pamphlets, computer software manuscripts and archival, photograph and compact disc. Library holdings are depreciated over a useful life of ten (10) years. Library holdings will be adjusted at year-end to reflect the current value less applicable depreciation.

**1.1.14** Livestock - Livestock should be expensed.

## **1.2 Purchases**

All equipment items must be purchased through the Purchasing Office, regardless of cost. (Tennessee Code Annotated §12-309 and §12-329)

## **1.3 Classification of Equipment**

Representatives of Purchasing, Accounts Payable and Grant Accounting (if grants or contracts are involved) will confer with the requisitioner to resolve any questionable classifications of purchases as supplies or equipment in order to provide for proper coding of the expenditure.

## **1.4 Requisitions**

Requisitions submitted for equipment purchases shall use the equipment requisition form.

## **1.5 Inventories of Equipment**

For each item of equipment purchased, a permanent inventory number will be assigned by the Property Officer.

## **1.6 Tagging**

Inventory numbers will be assigned and equipment items tagged by the Property Officer or designee after delivery and acceptance.

## **1.7 Inspection**

All equipment items will be visually inspected by the person accepting the shipment upon delivery. The Property Officer or his/her designee will be notified if there is damage to an equipment item.

## **1.8 Deviations from Specifications**

If the supplier deviates from the specifications and/or the quantities stipulated on the purchase order, the deviations must be noted. For technical or scientific equipment, the requisitioner will notify the Property Officer of deviations if these are unacceptable and he/she intends to return the item(s).

## **1.9 Damaged or Defective Equipment**

The requisitioner will ultimately decide whether or not items are acceptable. If an item is returned, the requisitioner will inform the Property Officer via a memorandum detailing the item(s) being returned and the reason. If the item already has a property tag affixed, a [Request for Change of Accountability Form](#) must accompany the memorandum. If a defective item is returned for repair or replacement at the vendor's discretion, the requisitioner will maintain a record of the tag number of the item being shipped. If the vendor replaces the item, the

requisitioner will, upon receiving the replacement, immediately notify the Property Officer by memorandum or [Request for Change of Accountability Form](#) of the tag number of the item replaced and request tagging of the replacement.

### **1.10 Completion of Delivery Copy of Purchase Order**

When delivery of an item is made to an administrative unit by Central Receiving, a representative of the administrative unit receiving the material will sign and date the "Delivery" copy of the purchase order when the item is delivered and return the copy to the deliverer.

### **1.11 Special Inspections or Testing**

The requisitioner must indicate on the requisition those items that must be inspected or tested at a location other than Central Receiving before final acceptance/rejection will be made. This request will be noted on the purchase order by Purchasing. The Property Officer will assign property numbers and affix them to the equipment when he/she is notified of acceptance by the requisitioner. (See also Inventory Control Policies and Procedures, Sections [1.7](#) and [1.8](#).)

### **1.12 Requests for Change of Accountability**

The Request for Change of Accountability Form ([Exhibit IC-1](#)) is used by all academic and administrative officers to report any changes of accountability or building location of equipment items. This form is also to be used to report transfers to other administrative units, surplus, salvage and lost or stolen equipment. This form is sent to the Property Officer immediately after the transfer is completed; it is required in addition to other forms necessary (e.g., IDTs, memos or police reports) for the transfer. (Also see [Inventory Control Policies and Procedures, Section 8](#).)

### **1.13 Computer Listing of Property**

A copy of the computer listing of each administrative unit's inventory will be sent to the academic or administrative officer annually. Equipment that has been paid for and tagged since the last listing is included on the listing. Any variations between the University's listing of inventory and administrative unit's inventory shall be reported immediately to the Property Officer by means of the required [Request for Change in Accountability Form](#).

### **1.14 Coding and Depreciation of Equipment**

Equipment will be coded and depreciated in accordance with the code and useful life as defined in [Exhibit IC-2](#), Equipment Class Codes.

### **1.15 Accountability for Equipment**

The academic or administrative officer is responsible for all equipment in administrative units under his/her supervision.

### **1.16 Employee-Owned Items**

The University will assume no responsibility for employee-owned items. Such items must be removed when the employee ceases to be employed by the University.

### **1.17 Missing Items**

As required by the law of the State of Tennessee (TCA §8-19-501), all missing items must be reported immediately. The head of an administrative unit shall notify University Police immediately upon discovery of the missing item(s), requesting an officer's investigation and report. University Police will send a copy of the report to the Property Officer immediately upon conclusion of their investigation. All missing property shall be included in the Property Loss Report submitted monthly to the Tennessee Board of Regents. (See [Inventory Control Policies and Procedures, Section 8.1.](#))

### **1.18 Use of State Property**

**1.18.1** State property can only be used for state business. If state property is requested to be removed from campus to pursue job-related activities at other locations, a TTU Property Loan Request Form must be completed by the individual requesting such action and approved as indicated by the form prior to removal of the property from campus. The approved request form shall then be sent to the Property Officer for record retention.

**1.18.2** Newly purchased equipment must not be removed from the campus before it has been properly identified with an inventory tag.

**1.18.3** For equipment regularly used for on-site scientific research or experimentation, gathering of data, field measurements or related uses, records are to be maintained by the academic or administrative officer detailing the whereabouts of the equipment, who is in possession of the item, what the item is being used for and the expected date that the item will be returned to the campus.

**1.18.4** Equipment properly obtained from authorized campus dispensaries include audio-visual equipment or other educational aids dispensed by the Library Media Center or the Learning Resource Center may be required for off-campus presentations or related uses. Records for such items shall be maintained according to the established procedures of the authorized dispensary.

# Surplus Property

## 2.1 Requests for Transfer to Surplus

Administrative units which have items on their equipment inventory that are not being used may request to declare such items University surplus using the Request for Change of Accountability Form ([Exhibit IC-1](#)). (See [Inventory Control Policies and Procedures, Section 8](#).) The Property Officer will make the required inventory adjustments. Departments are to notify the Director of Custodial and Grounds via [Surplus Pickup Request Form](#) (available on the Facilities Website) regarding surplus items that require transfer to surplus storage.

## 2.2 Requests for Transfer from Surplus

Administrative units may request acquisition of University surplus property available in University surplus storage. If the property is classified as equipment, a Request for Change of Accountability Form must be processed before physical transfer of the property in order to accurately record the inventory status of the equipment. Departments are to notify the Director of Custodial and Grounds via work order or memorandum regarding surplus items that require help in transferring from surplus storage.

## 2.3 Declaration as Surplus

The Property Officer is responsible for declaring as University surplus any property that is no longer needed by the University or where future needs do not justify cost of maintenance and/or storage. (TCA §12-2-404)

## 2.4 Disposal of Surplus

University surplus property or scrap shall be disposed of as provided in [Inventory Control Policies and Procedures, Section 9](#).

## 2.5 Requests for Change of Accountability of Equipment Items

No administrative unit may sell, scrap, salvage for parts, or otherwise dispose of any University equipment until a Request for Change of Accountability Form ([Exhibit IC-1](#)) has been completed and approved by the Property Officer. (See [Inventory Control Policies and Procedures, Section 8](#).)

# Real Property

## 3.1 Plant Assets

Records of expenditures for plant assets as classified below shall be maintained by the Business Office to determine the amount of funds "Invested In Plant" for the University.

## 3.2 Additions and Improvements to Land and Buildings

Additions and improvements valued at or above \$50,000 should be capitalized if the expenditures meet the criteria listed below. Additions and improvements less than \$50,000 should be treated as repairs and maintenance even though they have the characteristics of capitalized expenditures. All doubtful cases as to the expected benefits of the addition or improvement should also be expensed.

**3.2.1 Additions** - An addition consists of a new unit or the extension, expansion or enlargement of an existing asset. An addition results in an increase in quantity.

**3.2.2 Improvements** - A substitution that increases the quality of an asset. An improvement results in: (a) an increase in the useful life of the asset beyond the original estimate; or (b) an increase in its operating efficiency or capacity. Alterations that modernize rather than improve the quality of the asset should be expensed unless the alteration is so extensive as to increase the estimated life of the asset.

Land improvements are functional and cosmetic improvements that ready land for its intended use. Examples include, but are not limited to, site improvements such as landscaping (including shrubbery, flowers, trees), retaining walls, parking lots, fencing, sidewalks, sculptures and artwork. Land improvements are normally depreciated over a useful life of twenty (20) years.

Leasehold improvements include, but are not limited to, the construction of new buildings and reconstruction and improvement of existing buildings. If option to renew lease for additional years is uncertain or the likelihood of renewal is uncertain, the leasehold improvements are generally depreciated over the lesser of the original term of the lease or useful life of the asset.

Re-roofing costs should not be capitalized unless they are part of a major renovation of a building. Asbestos removal costs that can be identified should be expensed.

### **3.3 Land**

Land is a non-depreciable asset with costs that directly relate to the land's unlimited life.

All land acquired by the University should be recorded at its purchase price, including not only the contract amount but also all other costs relative to its acquisition. Related costs include costs incurred in closing such as title to the land, attorney's fees and recording fees; costs incurred in getting the land in condition for its intended use, such as excavation, grading, filling, draining and clearing; assumption of any liens, mortgages or encumbrances on the property; and any additional land improvements that have an indefinite life. Land acquired through forfeiture should be capitalized at the total amount of all taxes, liens and other claims surrendered, plus all other costs incidental to acquiring ownership and perfecting title.

Land acquired by donation or the intent of donation such as acquisitions of one dollar, should be recorded on the basis of an appraisal of the fair market value at the date of acquisition. The cost of the appraisal itself, however, should not be capitalized.

### **3.4 Buildings**

Buildings consist of relatively permanent structures, including all permanently attached fixtures, machinery and other appurtenances that cannot be removed without damaging the building or the item itself, erected for the purpose of sheltering persons or property. Examples include, but are not limited to such items as academic buildings, residence halls, apartments and barns. All buildings valued at or above \$100,000 should be capitalized. Buildings valued at less than \$100,000 should be expensed. Buildings are normally depreciated over a useful life of forty (40) years.

Buildings acquired by purchase should be capitalized at their total purchase price. This includes the contract amount, unpaid taxes assumed, legal and closing fees and all expenditures necessary to place the property into acceptable condition for its intended use.

Buildings acquired by construction should be capitalized at their contract price plus all other costs relative to their acquisition. Included are such items as architectural and engineering fees, costs of building temporary construction offices, fees for permits and licenses, easements and allocable overhead, if applicable.

Buildings acquired by donation, or the intent of donation such as acquisitions of one dollar, should be recorded on the basis of an appraisal of the fair market value at the date of acquisition. The cost of the appraisal itself, however, should not be capitalized.

### **3.5 Infrastructure**

Infrastructure is defined as improvements related to the skeleton structure and function of the campus. Examples include, but are not limited to, roads, steam lines, chiller systems, storm sewers, tennis courts, sewer lines, severe weather systems, athletic scoreboards, turfs, lighting, radio or television towers, water lines, signage, all-weather track, telecommunications and computing wiring and energy management systems. Improvements valued at or above \$50,000 should be capitalized. Improvements valued at less than \$50,000 should be expensed. Infrastructure items are normally depreciated over a useful life of twenty (20) years.

# Grants

## 4.1 Non-purchased Equipment

Equipment obtained by loan, gift, etc., in connection with state or federal grants or contracts shall be reported by account number to the Property Officer and the Grant Accountant of the Business Office, including any contractual stipulations or requirements.

## 4.2 Inventory of Equipment

Equipment purchased using state or federal grant or contract funds shall be included in the University's inventory. In such case, the inventory record shall be notated of the portion of the acquisition cost of the asset funded by state / federal monies.

## 4.3 Accountability for Property

In contractual agreements between the grantor and the University where title to all grant or contract furnished property remains vested with the grantor, the University will maintain accountability for this property. The equipment will be added to the administrative unit's inventory (See [Inventory Control Policies and Procedures Section 1.12](#)), will appear on the computer inventory listings and will have a Tennessee Tech inventory tag affixed. The tag will be removed upon the return of the equipment to the grantor. A Request for Change of Accountability Form should be processed and the Tennessee Tech inventory tag number should be removed prior to transfer of property to Grantor.

# Leased Property

## 5.1 Tagging

Equipment purchased by lease purchase agreements should be tagged and recorded as University property, with appropriate inventory asset record notation made indicating funding source. (See [Inventory Control Policies and Procedures, Section 1.13](#))

## 5.1 Negotiation of Lease Agreements

All lease agreements must be negotiated by the Purchasing Office.

# Inventory Records

## 6.1 Procedures for Purchase Orders and Inventory

After a purchase order for equipment has been issued, a property inventory file of equipment purchase orders will be initiated to (1) maintain a record of activity until completion of the order (equipment received and accepted) and (2) serve as the beginning of a permanent inventory asset record. The following items will be included in the permanent inventory asset record:

**6.1.1** Fund code, organization code and account code (FOAP) from which payment for asset is made

**6.1.2** Administrative unit responsible for asset

**6.1.3** TTU property tag number (asset #) assigned

**6.1.4** Description of asset (e.g. automobile, microscope, projector, etc.)

**6.1.5** Manufacturer name

**6.1.6** Serial number (if applicable)

**6.1.7** Model number (if applicable, some "build to specs" equipment items do not have a model number)

**6.1.8** Vendor's name and address

**6.1.9** Purchase order number and date (month and year)

**6.1.10** Date of arrival

**6.1.11** Cost of asset (includes freight and installation charges, if applicable)

**6.1.12** Classification code ([See Exhibit IC-2](#)).

**6.1.13** Permanent Location (Building and room number where the item is located.)

## **6.2 Inventory Listings**

All equipment acquired by an administrative unit since the last inventory listing will appear at the end of the next listing.

# Procedure for Receiving Equipment

## 7.1 Shipments Received by Central Receiving

**7.1.1** Unless otherwise specified on the purchase order, equipment items are received by Central Receiving. Upon delivery of items to an administrative unit from Central Receiving, a representative of the administrative unit will sign and date the "Delivery" copy of the purchase order to signify acceptance of item(s).

**7.1.2** When TTU property tag is affixed to the item, the permanent location of the asset is noted in the asset record. This information will be included on the next inventory listing provided for the administrative unit. An incorrect location should be reported to the Property Officer on a Request for Change of Accountability Form ([Exhibit IC-1](#)).

**7.1.3** When partial shipments of purchase orders are delivered to an administrative unit, the administrative unit representative shall indicate the quantity received upon each delivery by Central Receiving. Multiple deliveries may be recorded on the same delivery copy of a purchase order.

## 7.2 Shipments Received Directly by Departments

Administrative units to which equipment is delivered directly from the carrier to the administrative unit's facility (e.g., Agriculture Pavilion, Craft Center, etc.) shall notify the Property Officer of the arrival of the equipment in order to schedule a time for inventory of the equipment.

# Request for Change of Accountability

## 8.1

Use of the Request for Change of Accountability Form ([Exhibit IC-1](#)) applies ONLY to equipment appearing on the University's equipment inventory. It is not required for items not defined as equipment under current University policy. A Request for Change of Accountability Form is to be used to report equipment lost, stolen, relocated, to be transferred to another administrative unit, to be traded, to be returned to grantor, to request permission to salvage equipment, or to reclassify equipment as surplus. A separate form is necessary for each requested change of accountability. The head of the administrative unit responsible for the equipment should initiate the processing of the form. After the Request for Change of Accountability Form is approved by the Property Officer, a copy of the form will be distributed to administrative unit(s) affected by the change.

### 8.1.1 Missing Equipment

If equipment is discovered missing, University Police should be contacted immediately. (See [Inventory Control Policies and Procedures, Section 1.17](#).) University Police will conduct an investigation, file a report and forward a copy of the report to the Property Officer. The head of the administrative unit responsible for equipment is to complete a Request for Change of Accountability Form and send to the Property Officer. A list of missing equipment shall be included in the Property Loss Report submitted monthly to the Tennessee Board of Regents.

### 8.1.2 Transfer of Equipment to Another Unit

A department may, with proper authorization, transfer equipment to another department or administrative unit. Prior to the physical transfer of the equipment, a Request for Change of Accountability Form must be completed to record the change of account and/or location to indicate in the inventory records the unit responsible for the equipment after the transfer.

### 8.1.3 Change of Location of Equipment

A Request for Change of Accountability Form is to be processed by the unit responsible for the equipment any time the permanent location of an inventoried asset changes.

#### **8.1.4 Request to Salvage Equipment**

Salvage equipment includes items that are irreparable or that for which the cost of repair exceeds its present value. To request that equipment be declared salvage, a Request for Change of Accountability Form is to be completed and sent to the Property Officer, who will determine the method of disposal. The Property Officer is responsible for the proper disposal of all equipment, including salvage, scrap and equipment that may be used for parts.

#### **8.1.5 Surplus Equipment**

Surplus equipment includes usable equipment that is no longer needed by the University or that for which future needs do not justify the cost of maintenance and/or storage. To declare equipment surplus, a Request for Change of Accountability Form is to be completed by the head of the administrative unit responsible for the equipment and sent to the Property Officer, who will determine the proper method of disposal. If assistance is required in removal of surplus equipment from its permanent location, such request should be made to the Director of Custodial and Grounds by the administrative unit responsible for the equipment.

#### **8.1.6 Equipment Trade-In**

Equipment may be traded in on like equipment within the confines of a competitive bid process during the acquisition of new equipment. (See [Inventory Control Policies & Procedures, Section 9.4.6](#)) In such cases the head of the administrative unit responsible for the equipment shall complete a Request for Change of Accountability Form. The completed form is to be sent to the Property Officer for removal of the equipment from the administrative unit's inventory listing.

#### **8.1.7 Return to Grantor**

Whenever equipment purchased with grant funds is returned to the grantor (See [Inventory Control Policies and Procedures Section 4.3.](#)), a Request for Change of Accountability Form is to be completed by the head of the administrative unit responsible for the equipment and sent to the Property Officer, who will remove the equipment from the administrative unit's inventory listing.

#### **8.1.8 Other**

Should a change in the status of an asset occur that is not covered by any of the descriptions listed above, a Request for Change of Accountability

Form is to be completed by the head of the administrative unit responsible for the equipment and sent to the Property Officer. The "other" category should be selected on the form, and the circumstances resulting in the change should be specified on the form. The Property Officer will then determine the status of the equipment and make any necessary changes to the administrative unit's inventory listing.

# Disposal of Surplus Property

The following policies and procedures are issued in accordance and conjunction with **TBR Policy 4-02-20-00**.

## 9.1 Definition

“Surplus personal property” means that personal property which has been determined to be obsolete, outmoded, unusable or no longer usable by the University, or property for which future needs do not justify the cost of maintenance and/or storage. Such property must be declared “surplus personal property”; provided however, property need not be declared surplus where disposition is through the trade-in method.

## 9.2. Responsibility for Surplus Property

**9.2.1** The President or designee has the responsibility of declaring personal property to be surplus property. The Property Officer is designated as the individuals at the University responsible for the disposal of surplus property and the communications and procedures concerning the disposal of surplus property.

**9.2.2** The Property Officer shall be responsible for the maintenance of accountability on all items of surplus property and shall ensure that adequate audit and inventory trails on all items of surplus property are maintained.

## 9.3 General Rules

**9.3.1** Surplus personal property is either usable property, which shall be transferred or sold, or unusable property, which may be destroyed, as hereafter provided.

**9.3.1.1** Surplus personal property which is perishable food may be destroyed without delay or notification.

**9.3.1.2** Surplus mattresses may be destroyed or may be otherwise disposed of only upon compliance with TCA 12-2-403.

**9.3.1.3** Surplus personal property which is determined to be unusable by the University and of little or no salvage or other economic value may be destroyed by an appropriate method.

**9.3.1.4** The University shall follow the procedures described in [Inventory Control Policies and Procedures, Section 9.4.1](#) prior to disposal of all other surplus personal property.

**9.3.2** Surplus personal property in which the Federal government or other entity has a legal interest should be transferred to such entity when no longer needed.

**9.3.3** It is unlawful for any state official or employee, including TBR employees, to purchase from the state except by bid at public auction any surplus property during the tenure of his office or employment or for six (6) months thereafter. A purchaser who violates this provision is guilty of a misdemeanor under TCA 12-4-412.

**9.3.4** For all sales to individuals except at public auctions, the University shall obtain from the purchaser a signed disclaimer certifying the purchaser is not a state or TBR employee and that the purchaser is not buying the property for or on behalf of any state or TBR employee.

**9.3.5** All employees of the TBR and their immediate families shall be ineligible to bid for or purchase surplus personal property except by bid at public auction.

**9.3.6** Possession of surplus personal property sold to the general public under any method prescribed under [Inventory Control Policies and Procedures, Section 9.4.1](#) shall not pass until payment is made by cash, or if payment is made by cashiers check or certified check, possession shall not pass until the check is honored by the drawee bank.

**9.3.7** Possession shall pass to TBR institutions and schools, political subdivisions of the state and other governmental entities upon receipt, by the University, or purchase vouchers of such institutions or schools, political subdivisions or other governmental entities. Title to motor vehicles sold as surplus property to political subdivisions and other governmental entities shall be closed as to transferee when title is passed.

## **9.4 General Procedures for Disposal**

**9.4.1** No article of personal property may be disposed of as surplus except by one of the following methods:

**9.4.1.1** Trade-in where such is permitted due to the nature of the property or equipment and subject to provisions of TCA 12-4-403 and the rules of this policy;

**9.4.1.2** Transfer to other institutions within the TBR System;

**9.4.1.3** Transfer to other state agencies;

**9.4.1.4** Sale to eligible political subdivisions of the state and other governmental entities;

**9.4.1.5** Public auction, publicly advertised and held;

**9.4.1.6** Sale under sealed bids, publicly advertised, opened and recorded;

**9.4.1.7** Negotiated contract for sale, at arm's length; but only in those instances in which the availability of the property is recurring or repetitive in character, such as marketable waste products;

**9.4.1.8** Disposition through the Department of General Services as provided in the Department Rules and Regulations;

**9.4.1.9** Donations to a public school or public school system;

**9.4.1.10** Sale by Internet auction. (Also see [Inventory Control Policies and Procedures, Section 9.4.7.](#))

**9.4.2** If University property is declared surplus, the method of disposal shall be determined by the responsible authority from the alternatives set forth in [Inventory Control Policies and Procedures, Section 9.4.1.](#) Written documentation for the selection of method of disposal shall be maintained. The trade-in method, where property is of the nature appropriate for trade-in and transfer to other institutions or schools in the TBR System shall be the first and second priority methods, respectively, for disposal of surplus personal property, except for waste products, which shall be disposed of as further provided in this policy. In the selection of other methods of disposal, the following criteria shall be considered:

**9.4.2.1** The character, utility and functionality of the property;

**9.4.2.2** The economics of disposal in light of all relevant circumstances attendant the proposed disposal, including the condition and climate of the potential market and present estimated market value of the property, transportation costs and other cost factors associated with disposal; and

**9.4.2.3** Sound fiscal and budgetary policy and practices.

**9.4.3** The method of disposal selected in the preceding section shall be implemented pursuant to the specific procedures set forth in this policy for such disposition.

**9.4.4** The Property Officer shall be responsible for the maintenance of accountability on all items of surplus personal property, and shall ensure that adequate audit and inventory trails on all items of surplus personal property are maintained. Such authority shall make the final determination of the fair market value of surplus personal property for purposes of calculating reimbursements to the transferring institution or school and to determine whether property may be destroyed pursuant to [Inventory Control Policies and Procedures, Section 9.3.1](#)

**9.4.5** Nothing shall prohibit the University from simultaneously providing notice of an intended disposition of surplus personal property to TBR institutions and schools and all state agencies as specified in [Inventory Control Policies and Procedures, Section 9.4.1](#). In such event, if no TBR institution or school has requested the property within thirty (7) days of the initial notice, the first state agency which had requested the property within such time shall be entitled to receive the property.

**9.4.6** Items that must be replaced may be traded in on replacement property. In connection with the trade-in method of disposal, the following functions shall be performed:

**9.4.6.1** Invitations to bid are sent requesting bids with trade-in and without trade-in.

**9.4.6.2** Evaluations of the condition and fair market value of the property to be disposed of will be made.

**9.4.6.3** Utilizing a comparison of the bid and the evaluation prepared, a determination will be made whether it is in the best interest of the University to dispose of the property by trade-in or another appropriate method.

**9.4.7** Except where the trade-in method is utilized or where the property is to be disposed of as a waste product, surplus personal property shall be publicized on an authorized Internet auction site. Such property shall be available to TBR and other state agencies as provided in [Section 9.4.5](#) and then proceed to public bidding, unless otherwise disposed of in accordance with the methods specified in [Inventory Control Policies and Procedures, Section 9.4.1](#).

**9.4.7.1** Notice of intended disposal by Internet auction shall be posted on the Internet. Such notice shall specify and reasonably describe the property to be disposed of, the date, time, manner and conditions of disposal, all as previously determined by the University.

**9.4.8** Surplus materials such as scrap metals, paper and paper products, used lumber, bottles and glass and similar materials of nominal value classified as scrap may be sold by the Property Officer directly to dealers at the current market value without soliciting bids. The University shall keep a record of the volume and unit price of such materials sold on the scrap market.

**9.4.9** Waste products which are subject to storage and are normally accumulated until such quantities are available to make a sale economically feasible, shall be sold under sealed bids as follows:

**9.4.9.1.** Invitations to bid shall be mailed to known buyers of the particular item.

**9.4.9.2** Three (3) firm bids shall be secured where possible.

**9.4.9.3** Sealed bids shall be publicly opened ten (10) days after the invitations to bid are mailed.

**9.4.9.4** The highest bidder shall be notified of the date for removal of the property and the method of acceptable payment.

**9.4.9.5** A file shall be maintained for each disposal for the purpose of documenting the sale, including all documents and information pertinent to the disposal.

## **9.5 Departmental Responsibilities**

**9.5.1** A department desiring surplus property pickup should notify the Facilities Department utilizing a Surplus Pickup Request Form, available online at the Facilities website. If the property requesting to be picked up is equipment, a [Request for Change of Accountability Form](#) is to be completed and fully processed prior to removal of the equipment item from its location.

**9.5.2** If a department desires to transfer an equipment item to another University department, an acceptable agreement to both departments should be negotiated. A "[Request for Change of Accountability Form](#)" is to be executed by both departments and sent to the Property Officer. Once an agreement is reached, the proper interdepartmental transfer will be initiated by the selling department.

**9.5.3** If a department desires to trade in an item, the requisition for the new purchase shall include a description, the TTU Property Tag No. and the condition (i.e. good, fair, poor, etc) of the item being traded. The resulting purchase order shall contain a note to the Property Officer that shall be used to make the appropriate adjustment to the department's inventory.

## **9.6 Income from Sale of Surplus Property**

All income received from the sale of University surplus property will be credited to the University's Salvage Income account.

## **9.7 Limitations**

University property cannot be sold by a department. (See Inventory Control Policies and Procedures, Sections 9.2 and 9.6.)

## **9.8 Exceptions**

Surplus personal property may be disposed of by a method other than those listed in Inventory Control Policies and Procedures, Section 9.4.1 only upon request by the President or his designee and approval by the Chancellor or his designee.

## **Exhibits**

[\[Click Here For Exhibits\]](#)