

Policy #: 430.0
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Next Review: June 12, 2020

TITLE: SURPLUS PROPERTY DISPOSAL POLICY

I. PURPOSE

This document establishes the guidelines for the disposal of designated assets and supplies at University Enterprises Corporation (UEC). These requirements are used to provide accurate records for the disposition of property and campus reporting per institutional policies and federal regulations. These guidelines will be utilized for the disposal of assets purchased with UEC general funds as well as all assets and materials (including computing devices) purchased through Sponsored Programs.

II. GUIDELINES AND PROCEDURES

A. Equipment

1. Disposition of Equipment purchased from UEC general funds:

- 1.1. A University Request for Property Survey form must be completed for equipment that a department deems as surplus or non-functional. The custodial department will advise on the present location, condition and current use of the item prior to forwarding to the UEC Executive Director for approval to dispose.
- 1.2. The UEC Executive Director will review and forward the Request for Property Survey form to the University Property Management Department for disposition and removal from fixed asset ledger if required.
- 1.3. The campus Property Management Department will determine best means of disposal – sale, trade-in, donation, or discard.
- 1.4. To ensure proper internal controls and segregation of duties, no item of property shall be sold, transferred, or disposed of outside the campus, without prior approval of UEC and the University Property Management Office.

2. Disposition of Equipment purchased from Sponsored Programs, Non-Federal Awards:

- 2.1. Will follow disposition guidelines mentioned in Section II.A.1. or the guidelines in the sponsored agreement, whichever is more restrictive (ICSUAM 11003.13)

3. Disposition of Equipment purchased from Sponsored Programs, Federal Awards:

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, UEC must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award.

- 3.1. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency. Please refer to Section A, 1.1 for disposal instructions.
- 3.2. If the Federal awarding agency fails to provide requested disposition instructions within 120 days of the request, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by UEC or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit UEC to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- 3.3. UEC may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, UEC must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- 3.4. In cases where UEC fails to take appropriate disposition actions, the Federal awarding agency may direct UEC to take disposition actions.
- 3.5. Federally funded equipment to be transferred from UEC to the University must be processed through the University Property Management Department with the following order of priority:
 - 3.5.1. The program or project for which it was acquired as long as needed, whether or not the project or program continues to be funded by a Federal award
 - 3.5.2. Activities under a Federal award from the Federal agency that funded the original project
 - 3.5.3. Activities under a Federal award from other Federal agencies, including consolidating equipment for information technology systems

- 3.6. Refer to 2 CFR 200.313(e). Refer to ICSUAM Policy 11003.13 Externally Funded Equipment and Property Management.
(<https://calstate.policystat.com/policy/6597062/latest/>)

B. Supplies

Principal Investigators (PI's) should use supplies (including the cost of computing devices) in a timely manner to avoid accumulating excess supplies at the termination of the project. Supplies remaining at the termination of a project should be the rare exception. Replenishment or stocking up of supplies is typically unallowable.

Purchases of supplies made towards the end of an award will require a written justification explaining the need. These costs could be considered unallowable under the cost principle rules which stipulate that costs must be reasonable, necessary or provide benefit to the award charged.

1. Disposition of Supplies purchased from Sponsored Programs, Non-Federal awards:

- 1.1. Will follow disposition guidelines mentioned in Section II B 2 or the guidelines in the sponsored agreement, whichever is more restrictive.

2. Disposition of Supplies purchased from Sponsored Programs, Federal awards:

- 2.1. Supplies Greater Than \$5,000 (2 CFR 200.314)
- 2.2. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, UEC must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The value is calculated in the same manner as for equipment (2 CFR 200.313).
- 2.3. As long as the Federal Government retains an interest in the supplies (2 CFR 200.314 (b)), UEC must not use supplies acquired under a Federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.
- 2.4. To determine if project closeout is required please refer to agency regulations, or contact Sponsored Programs Administration (SPA). You may be required to provide the details for any unused supplies. SPA will assist you in the reporting process.

Approval:

To be Approved by the UEC Board of Directors on June 12, 2020