

# COLORADO STATE UNIVERSITY PURCHASING MANUAL

## I. GENERAL

- A. For purposes of this manual, surplus property is any property purchased with CSU funds or donated which is excess to need, obsolete, damaged or worn out.
- B. The goal of the surplus property program is twofold: first, to handle University surplus items to accomplish alternate use, to handle sale or other disposal, to provide reduction of storage of unusable items, and to insure maintenance of an inventory of usable items; second, to secure and utilize surplus property from other agencies when feasible and economical.
- C. This Section of the Purchasing Manual covers policies and procedures for acquiring surplus property from other agencies as well as transferring and/or disposing of property which is surplus to University needs.
- D. For the sale of Surplus Livestock, see Section 38 of the Purchasing Manual.

## II. POLICIES

- A. University property which is no longer of use to the accountable department should be promptly reported to the Purchasing Department. A department may not unilaterally dispose of any University property.
- B. The Purchasing Department has responsibility for determining the appropriate disposition of all surplus University property (other than land) and for authorizing and accomplishing such disposition.
- C. Purchasing Department may delegate authority for disposition when size, condition, value, location, etc., of the item dictates.
- D. Property surplus to a department of the University or surplus property available from State or Federal sources will be used to satisfy requirements whenever possible in lieu of purchasing new equipment or materials.
- E. Purchase Requisitions for property costing \$1,000 or more and to be paid from Federal funds must have prior screening of available property and certification of non-availability as outlined in Section PM-13 of this manual.
- F. Property purchased with Federal funds and later transferred to the University may become surplus and should be disposed of according to any stated restrictions or terms of the contract or grant. Disposal of property with any Federal restrictions should be coordinated with the Property Management Office. Property without restrictions may be disposed of according to normal University procedures.

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- G. Former Federal property which is sold should have the proceeds returned to the contract, if still open.
- H. Property purchased with Federal funds, if titled to the University, may be released to another University upon application of that University with justification for the request, agreement of the requesting university to reimburse Colorado State University for the fair commercial value and/or handling expenses; and agreement of the department head, the Property Management Office and the Purchasing Department that the property is surplus to Colorado State University needs.
- I. Property to which the Federal Government retains title will be handled by the Property Management Office.
- J. State of Colorado law prohibits University employees from purchasing surplus University property for private use. See C.R.S. 24-108-201.

### III. RESPONSIBILITIES

- A. In operation of the University surplus property program the Purchasing Department is responsible for overall monitoring of the program, for receiving and storing items declared surplus, for reassignment of property, for handling disposal in accordance with University, State and Federal regulations, for applicable coordination with the Property Management Office, for distribution of any cash proceeds from sales, and for procedures, authorization and assistance in securing State surplus property. Central Receiving will charge and/or deduct a handling fee from all cash proceeds for Central Receiving disposal actions.
- B. The accountable (possessing) department is responsible for promptly reporting surplus University property in accordance with FPI-25.10. "Disposal of University Property". Departments having requirements which may be satisfied with surplus property are responsible for so notifying and assisting Central Receiving.
- C. The Property Management Office is responsible for securing Federal surplus items required by Federal Projects, for record maintenance of government property and for disposal (to the University or other sources) of Federal property when the respective project is completed or the property becomes surplus to the project.

### IV. DISPOSAL OF SURPLUS PROPERTY

- A. The methods of disposal, the coordination and approvals required, and the disposition of funds from property sale depend in many cases upon the source of the funds which initially purchased the property. Property may be categorized as follows:

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1. Property purchased with appropriated funds.
2. Property purchased with non-appropriated funds (auxiliaries such as dormitories, food service, etc.).
3. Property received as gifts.
4. Property purchased with Federal funds with original title to the University.
5. Property purchased with Federal funds and transferred to the University when a contract or grant terminates or property no longer is needed by the contract or grant. The transfer agreement may or may not include restrictions.
6. Property received as surplus from State or Federal agencies.
7. Property purchased with Federal funds with title still retained by the Federal Government.

B. Department actions on surplus property. A department having surplus property should request one of the following actions:

1. Trade-in. The accountable department should coordinate with the Purchasing Department if it desires to trade-in an item on the purchase of a new item. If the trade-in is agreed upon, the Purchase Requisition should fully identify the item to be traded and must be accompanied with an "Equipment Accountability Change Request" (EACR) form which includes full description, manufacturer, serial number and University decal number of the item to be traded. The EACR form must be approved by Property Accounting prior to sending the Purchase Requisition to Purchasing. The form is available from the Property Management Office.
2. Cannibalization. It may be desirable and advantageous to cannibalize an item of property when that item can no longer be used for the purpose for which acquired and/or cannot be economically repaired, but its components or parts are usable in the repair or improvement of other items of property. A request to cannibalize an item should be made on the "Equipment Accountability Change Request". A statement should be included on the form indicating the need and justification for cannibalization. If the request is approved, the department will be advised by return of a copy of the form marked "approved for cannibalization" and signed by Central Receiving/Surplus Property and the Property Management Office. The original "Equipment Accountability Change Request" must be returned to Property Management and only then will the item(s) be removed from University property records. No cannibalization

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action should be taken prior to receipt of approval. **All remaining components after cannibalization must be sent to Surplus Property.**

3. Disposition by Central Receiving/Surplus Property. If the property is no longer of use to the department, it is not appropriate for trade-in and is not desired for cannibalization, it should be reported to Central Receiving for disposition. The "Equipment Accountability Change Request" (Attachment #1), should be used. Prior to any disposition action by Central Receiving/Surplus Property, the Property Management Office must first approve the "Equipment Accountability Change Request" form. Once approved Central Receiving/Surplus Property will then evaluate the request and if in the best interest of the University will indicate approval in the top right section of the form, determine the appropriate means of disposal and pick up property or under certain conditions (size, location outside of Fort Collins, etc.) authorize the department to take specific disposal action.
- C. Purchasing Department disposal actions. Upon receipt of the approved "Equipment Accountability Change Request", the Purchasing Department should review the request and if disposal seems to be in the best interest of the University, make arrangements to pick up the material or provide alternate instructions to the releasing department. All items accepted by the Purchasing Department must be accounted for as reassigned to another department or disposed of by sale, salvage or destruction. Audit trail should be maintained by noting disposition on the file copy of the "Equipment Accountability Change Request".

Upon receipt of items, decision should be made as to probable method of disposal. Items should be stored, recorded and appropriate actions taken as outlined below.

1. Items for reissue. Surplus items which are usable can be reissued to another department of the University. The Surplus Property Materials Handler will advise Purchasing Agents of available surplus items as well as review "want lists" for possible requests for specific items. Useable surplus equipment will be communicated by campus e-mail to Purchasing Agent and departments. Reissue of items will be processed on either a "fixed fee" or "fair market value" basis as set forth below:
  - a. "Fixed fee" items are department surplus items which have been reported to the Purchasing Department, which have nominal value. These items are stored in a Surplus Property Warehouse, maintained by the Purchasing Department, and are available to other departments on a minimum "fixed fee" basis. This material will be issued on a "first come - first served" basis upon presentation of an Intramural Order (IMO) to the Department. An "Equipment Accountability Change Request" form will be forwarded by the Department to the Property Management Department to show the new equipment location and responsible

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department when unit value is \$5,000 or more. A new decal will be affixed by Property Management if acquiring department pays more than \$5,000.

- b. "Fair market value" items are department surplus items which have been reported to the Department, which have more than nominal value. These items may be sold to another department at the estimated "fair market value" as established by the two departments. This type of item is usually stored in the department during the Department disposal procedure. A department desiring to secure "fair market value" material must present an Intramural Order (IMO) to the Department. The IMO must show the item(s) transferred along with description, model and serial number and University decal number, agreed price and account number. The releasing department will complete the supplying department information and forward the IMO to the Functional Accounting. An "Equipment Accountability Change Request" form must be completed by the departments to record the new equipment location and responsible department.
2. Items available for transfer to other State agencies. Periodically other State of Colorado agencies should be notified in writing of items surplus to the University and available to other State agencies.
3. Donations to educational or charitable institutions. Items no longer of use to the University may be donated to educational or charitable institutions for humanitarian, educational or public relation reasons. The Purchasing Department must approve these donations.
4. Sale by the Purchasing Department. Items which are of no foreseeable use to the University and which have some commercial value may be sold by one of the following means:
  - a. Sealed bid procedure
    - (1) Specialized items with limited marketability may be disposed of by sending letters of request for sealed bids to possible interested bidders.
    - (2) Items of wide market interest should be disposed of as follows:
      - (a) Advertisements for acceptance of sealed bids should be run at least once, preferably twice, in local/area newspapers. Ad's should adequately describe items, should contain bid terms, date and hour bids are due, address to which bids are to be mailed,

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where items may be inspected, and any other information pertinent to the bid.

- (b) Bids will be received in the Office of the Director of Purchasing at Colorado State University, will be date/time stamped when received, and will be kept in the bid file until bid opening day and time. Bids will be opened at the appropriate time by the Surplus Property Manager. All bids will be recorded against each item. Any conditions which vary from the bid terms will be noted.
  - (c) Item bids should be discussed with the department for which the items are being sold to determine that at least a minimum acceptable bid price has been obtained.
  - (d) All other aspects of the bid being equal, the bid on each item will be awarded to the highest bidder.
  - (e) Successful bidders will be notified by mail with instructions given as to where and when payment is to be made and items obtained by purchaser.
- b. Negotiated price. Specialized items or material of considerable value but with limited market may be disposed of based on a negotiated price. Prior to selling by negotiated price the Surplus Property Manger shall have determined that it is not possible or at least not practical to obtain sealed bids on the items. Examples:
- (1) Only one, or no replies to a request for sealed bids.
  - (2) Items can be traded in to a supplier of like equipment with a resultant net gain over selling items.
  - (3) Limited marketability.
- c. Auctions. Items of general demand and not appropriate to disposal by sealed bid or negotiated price may be sold at public auction. Normally such auction is widely advertised and held each spring/fall/winter at the Surplus Property Warehouse. The auction is open to the public. University personnel are prohibited by C.R.S 17-24-106.6(2)(a) from purchasing surplus or excess State property. The Surplus Property Materials Handler will obtain a list of items to be sold. Said items will have been screened by Colorado State University

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departments and will be surplus to Colorado State University. The Surplus Property Manager will arrange for the auction with the auctioneer selected. Agreement should include: date, advertising, terms, etc. The Surplus Property Manager shall be present at the auction to answer questions and act on behalf of Colorado State University.

- d. Salvage. Items of minimum value which are of no further use to Colorado State University may be sold as scrap or salvage either by sealed bid or negotiated price.
- e. Transfer of previously owned Federal property may be made upon request of another University which has the same or a similar contract/grant to that for which the property was originally purchased at Colorado State University. Before transfer may be approved there must be:
  - (1) A written request from the requesting institution listing all items requested and agreement to pay all charges in connection with the transfer, including costs of dismantling, packing, shipping, insurance, and that the requesting institution accepts accountability for the equipment. Under certain circumstances as determined by the Department Head, Property Management Office, and Central Receiving, the requesting institution may also be required to pay fair market value or provide certain property trades and/or other reimbursement.
  - (2) Dean, Department Head, Sponsored Programs, Property Management Office and the Department must approve the release of the property. When required, written authorization should be secured from the sponsor agency.
  - (3) Submission of an "Equipment Accountability Change Request", acceptable written request and above mentioned property list is necessary to change University property records.
- f. Controlled items. Radioactive and other special materials and equipment may be restricted as to disposition method and source. Disposition of such items will generally be determined and handled by the using department. Hazardous laboratory and agricultural waste chemicals shall be coordinated through Environmental Health Services.
- g. Destruction. Property which has no monetary or other value or use may be authorized to be burned, hauled to the dump or disposed of by other acceptable means.

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h. Purchasing Department Service Fees.

(1) Auctions.

- a. All unidentified proceeds to General Operations Fund 2-28840-0800.
- b. Fee of one and one-half (1 1/2) times the auctioneer fee will be the handling fee for all other auction items. If the auctioneer's fee is 12%, the handling fee would be 18%, for a total of 30% handling fee.
- c. Auction items with a minimum bid price that also have a fixed auctioneer fee will also have a handling fee equal to one and one-half (1 1/2) times the auctioneer Fee. The handling fee to be figured on the last bid on the item.
- d. Reallocations of proceeds to departments will not be made for less than \$100.00 after handling fee is subtracted.

(2) Transfer to other departments prior to going to surplus property storage. (To include transfers to other State Agencies)

- a. All transfers that the Surplus Property office handles will carry a minimum fixed fee of \$25.00 or a percent fee of 30%. The greater amount to be the handling fee.

(3) Transfers when in surplus property storage. (It should be noted that all items in storage at this point are the property of the Surplus Property Office. These items will no longer be free issue to using departments).

- a. All transfers from Surplus Property Storage will be at a minimum of a \$25.00 fixed handling fee or an agreed upon price that is in excess of \$25.00.

(4) Sealed bid disposal for individual surplus property items.

- a. A minimum fixed handling fee of \$100.00 or a percent fee of 30%, will be charged on all sealed bid disposals. The greater amount to be the handling fee.

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- (5) Negotiated surplus property items for sale.
  - a. A fixed handling fee of \$25.00 or a percent fee of 30%, the greater of which will be the handling fee for items that are sold other than at auction or sealed bid.
  
- (6) Vehicle sales (Motor Pool only)
  - a. Auction - the handling fee will be a fee of 12% plus the Auctioneer's fee. If the auctioneer's fee is 6% the handling fee would be 18%.
  - b. Sealed bid - the handling fee will be a minimum of \$25.00 per titled vehicle or a percent fee of 12%, the greater of which will be the handling fee.
  
- (7) Vehicle sales (non motor pool)
  - a. Fee of one and one-half (1/2) times the auctioneer fee will be the handling fee for all other auction items. If the auctioneer's fee is 12%, the handling fee would be 18%, for a total of 30% handling fee.
  - b. Sealed bid - the handling fee will be a minimum of \$25.00 per titled vehicle or a percent fee of 12%, the greater of which will be the handling fee.

## D. Sales receipts

- 1. All receipts from the sale of surplus property must be credited to the "Surplus Property Sales" Account Number 2-28840 for outside sales (including auctions) and 2-13070 for sales within Colorado State University. Money received is documented and deposited in accordance with FPI-23.00.
- 2. These proceeds, less the handling fee, will then be reallocated by "Journal Entry" as follows:
  - a. Contract and grants. Proceeds from the sale of property which was purchased from a contract or grant will be credited to the respective project if still open. If the Federal project has been closed, agency regulations may require proceeds to be returned to the sponsor. Purchasing will coordinate with the Property

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Management Office before selling property of this nature. If there are no restrictions, any proceeds from sales, less handling fees, will be credited to the respective department account number.

- b. Revolving funds. Proceeds, less the handling fee, from the sale of property purchased from a revolving fund will be credited to the respective revolving fund account number.
- c. Current year departmental purchase. Proceeds, less the handling fee, from the sale of property which was charged to the departmental budget allocation in the current fiscal year will be credited to the account previously charged.
- d. Vehicle sales. Most acquisitions of University vehicles are purchased under a State contract which is written to exclude the privilege of trade-in of an old vehicle. The old vehicle in such a case is disposed of through a sealed bid sale or auction handled by the Purchasing Department. Titles will be secured from Fleet Management by the Surplus Property Manager and assigned by the Director of Purchasing or his authorized representative to the purchaser. The proceeds, less the handling fee, will be credited to the respective account number.

In any case where an old vehicle is sold but would have been traded in if the situation described in the above paragraph did not exist, the credit for the sale will be used in reduction of the expenditure if both transactions are identified with each other and they both occur in the same fiscal year. Otherwise the proceeds will be recorded as indicated in g. below.

- e. Auxiliary funds. Proceeds, less the handling fee, from the sale of property purchased with auxiliary funds will be credited to the respective Auxiliary Enterprise fund account number.
- f. Gifts. Proceeds, less the handling fee, from the sale of items which were gifts to the University (when such items can be clearly identified as gifts and not purchased from appropriated or Federal funds) may be credited to the department which had accountable possession or to the Development fund account number.
- g. All other. All proceeds, less the handling fee, of a type not outlined in paragraphs a. through f. above will be credited to the miscellaneous income account of the respective department account number as may be established by the appropriation, bond resolution, etc.

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- E. Disposition of receipts. Upon receipt of payment the Surplus Property Manager will prepare an Electronic Deposit Entry crediting the amount received to the "Surplus Property Sales" account number as outlined in D-1 above.

## V. ACQUISITION OF SURPLUS ITEMS

- A. Central Receiving/Surplus Property responsibility. State surplus items are available to any University department which can use the item in accomplishing its assigned functions. Departments must purchase these items on a Purchase Order and are responsible for pickup.
- B. Receipt of State surplus property. Property may be picked up by department personnel as indicated above. Personnel picking up property will be required to receipt for the property (name and department) on the "Colorado Surplus Property Issue Sheet". The receiving individual should secure the pink copy of the issue sheet which must be attached to a Purchase Order and promptly forwarded to Accounts Payable and notify Central Receiving of the completed order.
- C. Federal government excess property is generally available only to satisfy requirements of certain Federal contracts and grants. Policies and procedures concerning requests, acquisitions, use and control for such property are covered by FPI-25.00 of the University "Financial Procedures Instructions" issued by the Controller's Office. Any questions or request for assistance concerning Federal excess property should be directed to the Property Management Office.