

## **Physical Facilities Inventory System - Surplus Property Disposition Incentive Plan**

The University of Kentucky has a commitment to ensure that all available resources are managed appropriately and effectively utilized in support of the realization of its goals and objectives.

A major area of interest is the accountability, effective management, and utilization of moveable equipment. The dynamics of higher education require a constant process of acquisition, replacement, and disposition of a large volume of moveable equipment.

On August 16, 1994, the Board of Trustees approved the policy for disposition of Personal Property as an Administrative Regulation of the University of Kentucky (AR11-1.3-3).

As an incentive to dispose of moveable equipment that has remaining useful life and value but is no longer fully or productively utilized by the user department, organizational units may share in the net proceeds from the transfer or sale of moveable equipment that in the normal course of operations may not be declared surplus by the user department. The purpose of this incentive plan is to encourage user departments to identify and dispose of equipment that has remaining value but is no longer productively utilized. The transfer or sale of this equipment will allow maximization of remaining value and save potential costs of storage and depreciation.

Organizational units that participate in the surplus property disposition incentive plan will assist Surplus Property in establishing a fair market value, identifying prospective buyers, and determining appropriate advertising. The equipment will remain in the custody of the user department until it is transferred to other units or sold to external parties.

Moveable equipment must be first made available to other university units before it can be sold to external parties. Prior Board of Trustees approval is required for all external disposition of property (KRS 164A.575). The Associate Vice President for Auxiliary Services will obtain approval from the Treasurer and the Board, and conduct the external sales assisted by the user departments.

Disposal of all other equipment not covered by the Incentive Plan will be in accordance with policies and procedures established by Section E-12-4 of the UK Business Procedures Manual. Equipment acquired through the Federal Surplus Property Program is specifically excluded from the Incentive Plan.

Procedures for transfer/sale of moveable equipment under the incentive plan:

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Internal Transfers:

University departments will have the opportunity to acquire any equipment declared surplus by a user department at a fair market value established by the disposing unit as follows:

- 100% of the net sale proceeds from internal transfers will be returned to the user department.
- The user department is responsible for notifying the Surplus Property Department of the availability of the equipment.
- Surplus Property will internally advertise the availability of equipment on the Surplus WEB site "<http://www.uky.edu/Aux/Surplus>" (the University's on-line information service).
- The determination of fair market value will be based on such factors as original cost, age and condition. Surplus Property may be consulted for assistance as needed.
- Sponsored project accounts (WBS element) funded by Federal Agencies or the Commonwealth of Kentucky, and Federal agricultural accounts cannot be used as a source of funds to acquire equipment under this policy.
- All expenses, if any, will be paid from proceeds generated by the transfer.
- A-Capital Equipment Transfer Request must be attached to a Journal Voucher (JV) in order to record the transfer of equipment and related sales proceeds. Sales proceeds will be debited and credited to the appropriate revenue cost object and GL account (740250).

External Sales:

Board of Trustees approval is required for all sales of equipment to external parties. However, prior to requesting approval of the Board, the equipment must be advertised internally on the Surplus Property WEB site at <http://www.uky.edu/AuxServ/Surplus> for a period of ten working days. The Associate Vice President for Auxiliary Services will conduct all sales, either by a sealed bid process or special market negotiated sale. Generally, sealed bids will be requested for equipment having a wide market. Highly specialized equipment may have a more narrow market and may be disposed of via a negotiated sale process. The Associate Vice President for Auxiliary Services, in consultation with the user department, will determine a method of sale to be approved by the Treasurer.

- . Net proceeds from external sales will be returned to the user department according to the following:

\$25,000 or More	90%
\$10,000 - \$24,999	75%
\$5,000 - \$9,999	50%
Less Than \$5,000	25%

- Amounts not returned to user departments are necessary to support the operations of the Surplus Property Department-

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- Surplus Property in consultation with the user department will determine an appropriate sales price based on fair market value considering such factors as original cost, age and condition.
- Surplus Property in consultation with the user department will determine method of sale and appropriate advertising to reach the largest possible market.
- Surplus Property will advertise the sale, address inquiries relating to the sale and prepare all necessary documents.
- Advertising costs will be the responsibility of the user department.
- Net sales proceeds will be credited to a revenue cost object, revenue GL account 441108.