

Surplus Property Disposition Incentive Plan

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The University 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 personal property. The dynamics of higher education require a constant process of acquisition, replacement, and disposition of a large volume of personal property.

On December 15, 2020, the Board of Trustees approved [AR8:1 Disposition of Personal Property](#).

As an incentive to dispose of personal property 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 personal property 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 personal property that has remaining value but is no longer productively utilized. The transfer or sale of this personal property 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 personal property may remain in the custody of the user department until it is transferred to other units or sold to external parties.

Personal property 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 personal property per [KRS 164A.575](#). The Chief Procurement Officer will obtain approval from the Associate Vice President for Administration in accordance with processes approved by the Board of Trustees, and conduct the external sales assisted by the user departments.

Disposal of all other personal property not covered by the incentive plan will be in accordance with policies and procedures established by [BPM E-12-4 Property Disposition Policy](#). Personal property acquired through the Federal Surplus Property Program is specifically excluded from the incentive plan.

Procedures for transfer/sale of personal property under the incentive plan

Internal Transfers:

University departments will have the opportunity to acquire any personal property 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 Surplus Property of the availability of the personal property.
- Surplus Property will internally advertise the availability of personal property on the [Purchasing Division website](#).

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- 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 personal property under this policy.
- All expenses, if any, will be paid from proceeds generated by the transfer.
- A [Capital Equipment Transfer Request form](#) must be attached to a Journal Voucher (JV) to record the transfer of equipment and related sales proceeds. Sales proceeds will be debited (GL account 750255) and credited (GL account 740250) to the appropriate cost objects.

External Sales:

Board of Trustees approval is required for all sales of personal property to external parties. However, prior to requesting approval of the Board, the equipment must be advertised internally on the [Purchasing Division website](#) for a period of ten (10) working days. The Chief Procurement Officer will conduct all sales, by invitation of sealed bid, internet based auction/sale, public auction, or other method authorized by the Board. The Chief Procurement Officer, in consultation with the user department, will determine a method of sale to be approved by the Associate Vice President for Administration.

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 Surplus Property.
- 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 revenue GL account 441108.