I. Purpose
The purpose of this procedure is to provide guidelines for the disposal of State surplus property.

Excluded from this procedure are materials consumed during normal business activities or materials purchased for resale or internal sales to other departments at UW-Stout.

II. References
State Procurement Manual PRO-F-3
State Accounting Manual, Section VI Revenues, 11 – Surplus Property Proceeds s.181.0103(17), Wis. Stats., organized under Chapter 181 s.66.0301(l), Wis. Stats
UW-Stout Administrative Procedure 017: Disposal of Surplus Computers

III. Definitions

A. “State surplus property” means supplies, materials or equipment with the following characteristics:
   1) It does not meet program needs because of one or more of the following:
      a. It does not function in whole or in part.
      b. It is technologically obsolete.
      c. It is otherwise not useful to the program.
      d. It is not needed in the foreseeable future to meet program responsibilities.
   2) It will not be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.
   3) Given appropriate type, net proceeds may be credited to the Budget Stabilization Fund according to the guidelines established by the State Controller’s Office. For further information, refer to the State Accounting Manual at http://www.doa.state.wi.us/docs_view2.asp?docid=2492.
B. “State replacement property” means supplies, materials or equipment with the following characteristics:
   1) It is due to be replaced because of one or more of the following:
      a. It is beyond the specified date established in an agency replacement schedule.
      b. It meets established Department replacement criteria.
      c. It is technologically obsolete.
      d. It does not function in whole or in part.
   2) It will be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.

C. “Gift or donation” means supplies, materials or equipment with the following characteristics:
   1) It has not been procured by a state agency.
   2) It has been given to a specific state agency for that agency’s benefit.
   3) If a gift is never put into programmatic use and is sold, it is assumed that the donor’s intent was for proceeds to benefit that agency. In such cases, gifts will not be considered a replacement asset or surplus property as defined in PRO-F-3, and proceeds will be returned to the recipient agency.
   4) If a gift is received and put into programmatic use, it will be considered either replacement property or surplus property as defined in PRO-F-3 at the time of disposal. If the asset is determined to be surplus property as defined in PRO-F-3 at the time of disposal, net proceeds will be returned to the Budget Stabilization Fund unless the terms of the donation specifically require all such disposal proceeds to remain with the agency.

IV. Procedures
It is the responsibility of the director of Procurement and Materials Management to dispose of surplus property. This responsibility shall include the advance approval of all surplus property sales, arranging for sale of property, depositing revenue from sales, preparing reports and maintaining records in accordance with Wisconsin Statutes.

A. Disposal of state surplus property may occur by:
   1) Transfer or sale of property to another state agency. Prior to disposal, agencies should communicate the availability of surplus property to other agencies.
   2) Transfer or sale to a municipality, as defined in s.66.0301(l), Wis. Stats. Sale price will be determined to be at fair market value.
   3) Sale to public by one of the following four methods:
      a. Competitive bid
      b. Public auction
      c. Open negotiated and documented sale
      d. Offer to public at fixed sale price established by department
4) Trade-in on replacement equipment. A comparison will be performed to determine whether it is more advantageous to trade-in the property or to sell it separately.
5) Donation to a verified nonprofit corporation (organization as defined in s.181.0103(17), Wis. Stats., organized under Chapter 181).
6) Sale for salvage value.
7) Scrap for no or limited value.
8) Destruction when security/confidentiality (e.g., state seals) is required or when other methods of disposal might be hazard to the public (e.g., chemicals).

B. Notes on Disposal:
1) Donations of state property to private individuals, for-profit organizations or state employees are prohibited.
2) Donations to nonprofit corporations (organizations) must be advertised (such as, in a newspaper of general circulation, Internet announcement, or bulletin board posting) and the donation must occur in a competitive manner. No single nonprofit corporation (organization) may be singled out for donation. Verification of nonprofit status may be required.
3) Sales to state employees are prohibited unless items are sold at announced public sales or auctions.
4) There are restrictions on the disposal of certain major appliances, including air conditioners, clothes washers and dryer, dishwashers, freezers, microwave ovens, ovens, refrigerators and stoves.

C. All surplus property must be declared surplus by completing a Surplus Declaration form and attaching photographs or drawings of equipment or furniture before it is dismantled. The Surplus Declaration form is available at http://www.uwstout.edu/bfs/pmm/surplus/surplusdec.pdf.

D. The property must be identified as surplus property, replacement property or gifts at the time approval is given for disposal.

E. Property (equipment) must remain intact (do not dismantle) until surplus forms are submitted and approved by Surplus Property.

F. The Surplus Property office will make arrangements to pick up surplus property.
V. **Proceeds from Sale of State Surplus Property/State Replacement Property**

All proceeds will be deposited in accordance with the State of Wisconsin – State Accounting Manual, Section VI Revenues, Sub-section 11 – Surplus Property Proceeds.

A. **Proceeds from the sale of all surplus property/replacement property will be deposited into the 136 Surplus Property account.** The Procurement and Materials Management office will track surplus items. The proceeds will be accounted for based on the type of appropriation that was used to originally purchase the asset.

B. **Handling and selling costs related to surplus property can be deducted from the sales proceeds.** The following are examples of allowable deductions from the sales proceeds:

1) Staff time (including overtime)
2) Storage expenses
3) Advertising
4) Transportation expenses
5) Legal expenses
6) Insurance expenses
7) Preparation expenses
8) Repayment of master lease obligations or other debt on the property that is outstanding at the time of the sale

C. After reducing the net proceeds in the 136 account by allowable expenses and allocations for replacement property, **the Procurement and Materials Management office will clear the 136 account annually by transferring the remaining proceeds to the university’s 193 account (963 UW System account).** These amounts are periodically transferred by DOA into the Budget Stabilization Fund – Fund 286.
D. **Proceeds from the sale of replacement property:**

The Procurement and Materials Management office will allocate revenue back to the department based on the type of appropriation used to originally purchase the asset.

<table>
<thead>
<tr>
<th>Appropriation type of original purchase</th>
<th>Proceeds from sale of replacement property</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPR</td>
<td>Proceeds will be transferred from the 136 surplus account to the appropriate 131 account by activity code. For the purchase of replacement property, the department must request spending authority through Procurement and Materials Management. Procurement and Materials Management will initiate the request to Budget, Planning and Analysis. Budget, Planning and Analysis will make the request to UW system Financial Services.</td>
</tr>
<tr>
<td>PR</td>
<td>Proceeds will be transferred from the 136 surplus account to the surplusing department to be used for replacement property. Proceeds will be recorded as revenue in the appropriation that originally purchased the property.</td>
</tr>
<tr>
<td>PR Federal</td>
<td>Proceeds will be accounted for in accordance with the requirements for the related federal program.</td>
</tr>
<tr>
<td>Other</td>
<td>Proceeds will be accounted for in accordance with State of Wisconsin – State Accounting Manual, Section VI Revenues, Sub-section 11 – Surplus Property Proceeds.</td>
</tr>
</tbody>
</table>

V. **Records**

The Procurement and Materials Management office will have primary responsibility for record keeping and ensuring compliance with this procedure.
VI. Approvals

Marilyn Mars, Director
Procurement & Materials Management

Date

Kim Schulte-Shoberg, Associate Controller
Business & Financial Services

Date

Diane Moen, Vice Chancellor
Administrative & Student Life Services

Date