

# INFORMATION TECHNOLOGY AND SECURITY, NEBRASKA STATE COLLEGE SYSTEM

**POLICY: 7014 Inventories and Disposal of Surplus Personal Property**

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## BOARD POLICY

### Inventories

An inventory of all non-expendable personal property shall be maintained throughout the System. Each College and the System Office shall be responsible for maintaining central inventory records for all moveable capital equipment, performing physical inventories, reconciling physical inventories to the related records and reconciling equipment additions and deductions on the inventory system to the general accounting system.

For the purpose of this policy, non-expendable personal property includes: Tangible personal property owned, leased, controlled or possessed by an institution. Such property must satisfy three criteria:

1. Is not consumed in the normal course of business;
2. Has a unit value of five thousand dollars (\$5,000) or more; and
3. Has an economic useful life that exceeds two years.

Moveable equipment that does not meet these personal property definitions is not reported for financial reporting purposes (capitalization) but each institution is responsible for developing a formal, written institutional policy with respect to inventories of non-capital equipment and defining an appropriate level of control for such equipment. A higher level of control should be exercised over non-capital items that are easily converted to personal use, such as computer components, certain chemicals or pharmaceuticals.

Procedures should be in place to ensure that newly acquired items are promptly added to the inventory records, that items removed from use are deleted from the inventory records, and that a physical inventory is conducted annually to compare assets on hand to those listed on the inventory records. Location of equipment should be updated as necessary to reflect the current status of the inventory; it is essential that persons taking the physical inventory be able to locate all items listed on the inventory promptly.

All personal property identified as state property shall be indelibly tagged, marked or stamped as belonging to the State of Nebraska. All property purchased with non-state funds shall also be tagged, marked or stamped with appropriate identification and a separate inventory maintained.

If any property identified in the inventories is lost, destroyed or unaccounted for due to negligence or carelessness, proper steps shall be taken to recover such property or the reasonable value thereof from the responsible party.

Each College shall file the inventory record of all property including furniture and equipment, as of June 30, with the DAS Materiel Administrator by August 31 of each year.

### Disposal of Personal Property

This policy shall apply to the disposal of personal property, except for personal property being disposed of as a trade-in on the purchase of other like personal property.

Any item of capital equipment which has been determined to be surplus to the needs of the institution, or has ceased to function with respect to its regular operation, and which is unlikely to be used in its present form in the future, must be removed from the inventory. Each institution shall develop written procedures to ensure that items removed from use are identified and removed from inventory/cost records.

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### **Definitions**

*Property* includes all furniture, equipment, vehicles, and scientific or academic instruments purchased or otherwise acquired by a College or the System Office. Responsibility for the property belongs to the College or System Office where the purchase was made and not any individual department of the College.

*Surplus property* is defined as usable or unusable property, which has been declared excess or surplus to the needs of the College. Individuals or departments do not have the authority to dispose of any such property. The disposal of property for any College must be approved by the President, or Vice President for Administration and Finance. The disposal of property for the System Office must be approved by the Chancellor or Vice Chancellor for Finance and Administration or General Counsel.

### **Exceptions to Surplus Policy**

Title to federally purchased property may be retained by the federally sponsored agency or vested in the College depending on the regulations of the agency and the requirements of the research project. Any federal requirements must be followed regarding any federally purchased property that is declared excess or surplus.

Materials consumed in the day-to-day operation of the College are considered supplies and are not managed or accounted for as property or equipment and may not be designated as surplus property. However excess supplies may be disposed of in a like manner as described below.

### **Process**

Property that is no longer needed by a department of the College shall first be made available to other departments at the College. Surplus items will be deemed to have no value when they are transferred between departments, therefore the selling of items between departments will be prohibited. If no other College department is interested in the surplus property, the items should be offered first to the other Colleges or System Office. If the other Colleges or System Office are not interested, then the items may be disposed of by publically advertised auction, sale by fixed price, sale by negotiated price, sale by sealed bids, or in the case of items that no longer are operable, by destruction in accordance with the procedures described below. All items will be sold "as is" with no return and/or refund. All approvals for sale or disposal shall be signed by the President or Vice President for Administration and Finance at the Colleges or by the Chancellor or Vice Chancellor for Finance and Administration or General Counsel for the System Office on a form approved by the Chancellor.

1. Sale by publically advertised auction - Surplus items may be sold at auction if the auction is advertised in local/area newspapers and a minimum of fifteen (15) calendar days shall have elapsed between the time formal bids are advertised or called for and the time of their opening.
2. Sale by fixed price – Surplus items may be sold by fixed price to other state agencies, public school districts or nonprofit entities if the price can be reasonably estimated. Items sold by fixed price should have the method of determining the fixed price on file for review by interested parties. Fixed price items will be limited to Nebraska entities. Library materials that are no longer in use and deemed surplus in accordance with this policy may be sold at a fixed price to the general public. All such sales shall adhere to the approved cash handling procedures at each College.
3. Sale by negotiated price – Surplus items may be sold by negotiated price to other state agencies, public school districts or nonprofit entities if a fixed price cannot be reasonably determined. A record of the negotiation should be kept on file for review by interested parties. Negotiated price items will be limited to Nebraska entities.

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4. Sale by sealed bids – Surplus items may be sold by sealed bids if the bidding process is advertised in local/area newspapers and a minimum of fifteen (15) calendar days shall have elapsed between the time formal bids are advertised or called for and the time of their opening. Receipt of three sealed bids is preferred. If advertising protocol is followed and less than three bids are received, the College may accept less than three. At no time will a College employee be eligible to purchase surplus items by sealed bids. As an alternative to sealed bids, online auction houses may be used when deemed appropriate, with each College establishing procedures and adequate internal controls, which must be approved by the Chancellor in advance.
  5. Destruction – If a surplus item is not sellable or is unusable, the item may be destroyed by recycling the item or transferring item to the local waste disposal facility. The person delivering the surplus item to the waste disposal facility should make every effort to remain on site until the items delivered to the waste disposal facility have been destroyed. Whenever practical, the unusable item will be recycled. Recycling is appropriate for metal items and e-waste.
  6. Surplus Firearms – Surplus firearms must be turned over to the Nebraska State Patrol or other local law enforcement agency. Donated firearms may be returned to donor, if possible.

Revenues from the sale of surplus property, less standard commission/sales costs, will be deposited in the appropriate College funds, as directed by the President.

Hard drives shall be erased on all computers declared surplus. Hazardous waste shall be dealt with according to all applicable laws and regulations. All labeling that identifies the College or State of Nebraska must be removed.

Any items traded-in on new purchases are not surplus property, but need to be approved in writing by the President or Vice President for Administration and Finance for the Colleges or by the Chancellor or Vice Chancellor for Finance and Administration or General Counsel for the System Office prior to the trade-in.

Legal Reference: RRS 81-1118.02

All Officers, Department, and Agencies; State Property; Inventory

Policy Adopted: 3/11/94

Policy Revised: 11/11/95

Policy Revised: 5/21/01

Policy Effective: 7/1/10

Approved: 6/3/10

Policy Revised: 3/25/11

Policy Revised: 4/20/12

Policy Revised: 3/15/13