I. Purpose

This section provides the policy and procedures for selling and disposing of agricultural by-products resulting from teaching, research, or other University activities.

II. Definitions

A. Agricultural by-product—saleable surplus agricultural commodities including agronomic grain and forage crops, surplus animals, and animal products.

B. Handling costs—expenses associated with making an agricultural by-product available for sale (e.g., recordkeeping, storage, harvesting, advertising).

C. Net income—sales revenue remaining following payment of handling costs associated with the sale of an agricultural by-product.

III. Policy

A. Agricultural by-products resulting from University activities are sold in a manner that will not result in a net loss to the University.

B. When the sale of an agricultural by-product will result in a net loss or if the net monetary gain is negligible, it may be sold to another campus department or non-University nonprofit organization to recover handling costs, or donated to a non-University organization.

C. Sales of agricultural by-products to University employees of the department producing or selling the product, or to their near relatives, are prohibited except when sold during a public auction or sale, or when purchased through a vendor under contract with the University who simultaneously offers the same commodities to the general public.

IV. Roles and Responsibilities

A. Department

1. Determines the surplus status of agricultural by-products.

2. Maintains internal inventory and accounting controls for all disposed agricultural by-products.

3. Sells surplus agricultural by-products in one of the following ways:

   a. Public auction or sale to the highest bidder based on fair market value as determined by published sources (e.g., Wall Street Journal), recent auction results, current local newspapers, or USDA AMS Market News National Weekly Pricing Report.

   b. Sale under contract to a vendor, organization, or individual based on fair market value (see Section 330-05).

   c. First come, first served sale based on fair market value when the availability and price of the agricultural by-product is made known to the general public through newspaper advertising.
d. Private sale to an individual based on fair market value when sale through one of the methods above would result in a net loss.

4. Disposes of agricultural by-products in an appropriate manner, as described above, when sale would result in a net loss.

5. Completes RDB Form D750, securing appropriate approvals and attaches required supporting documentation for sale.

6. Handles cash in accordance with the requirements of Section 330-55.

7. Ensures the buyer accepts the product as is and releases the University from any liability after completion of the sale; and provides proof of insurance before entering University property for removal of the product.

B. Department head approves the department sale of surplus agricultural by-products.

C. Dean/Vice Chancellor/Vice Provost
   1. Approves the sale of agricultural by-products if the department head is the person directly responsible for disposition.
   2. Approves and documents exception to policy on RDB Form D750.
   3. Approves acceptance of donation of agricultural by-product after sale if it is necessary to teaching, research, or other University activities, and the donated value does not exceed the sale price to the buyer.

D. Accounting and Financial Services
   1. Verifies that sales have been recorded in University accounts.
   2. Forwards gift documentation to Advancement Services.
   3. Performs post-audit review.
   4. Performs follow-up on RDBs for which settlement has not been made within 30 days of date available.

E. Advancement Services addresses any tax issues related to the sale of a gift.

F. Buyer
   1. Removes the agricultural by-product from University property promptly following sale.
   2. Reimburses the University for any damage to property or equipment during removal.

V. Further Information
   A. Additional information and RDB Form D750 is available from Accounting and Financial Services; 530-757-8511.

VI. References and Related Policies
   A. Institutional Animal Care and Use Committee Policies and Guidelines, Policy 36, Adoption of Animals Used in Research and Teaching.
1. Section 260-25, Gift Processing and Acknowledgement Procedures.
2. Section 330-05, Business Contracts.
4. Section 340-09, Sales of University Goods and Services to Non-University Users.
5. Section 380-16, Conflict of Interest.