

# UC Davis Policy and Procedure Manual

## Chapter 350, Supplies and Equipment

### Section 18, Acquisition of Government Excess and Surplus Property

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Responsible Department: Materiel Management

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#### I. Purpose

This section describes eligibility to purchase surplus and excess property and the procedures for making such purchases.

#### II. Definitions

- A. Federal excess property—property that is no longer required by the holding Federal activity and is available to other Federal agencies or Federal contractors such as the University.
- B. Federal surplus property—property that has been screened by Federal agencies, determined to be surplus, and made generally available to eligible institutions through the State Department of General Services, Federal Surplus Property Program (State FSPP).

#### III. Policy

- A. Government-owned supplies and equipment that have been determined to be excess or surplus to Federal agencies are made available to eligible institutions or recipients of Federal contracts.
- B. The purchaser of excess or surplus equipment pays only the costs of service and handling for these items.
- C. Screening certification that suitable equipment is not available for shared use is required for all equipment purchases. Refer to Section 350-24, Equipment Screening and Sharing.

#### IV. Federal Excess Property

Recipients of Federal contracts may acquire excess property under the conditions described below.

- A. Conditions of transfer
  - 1. The transfer of Federal excess property to recipients of Federal contracts requires the approval of the sponsoring agency.
  - 2. The property or equipment requested must be authorized for use under the terms of the particular contract and must be intended by the requestor for no other use.
  - 3. Handling, service, packing, and shipping costs must be borne by the requestor. (There is no charge for excess property itself.) Contract funds may be used for these expenses.
  - 4. Savings of contract funds that result from substitution of Federal excess property for other property must be reported to the sponsoring agency.
  - 5. Title to excess property remains with the Federal government. Upon request of the University or at the initiative of the agency, title may subsequently be transferred to the University on the understanding the property will be used for the contract activity for which it was obtained, and for comparable purposes upon termination of the contract, so long as the property has a useful life.
- B. Accountability
  - 1. Federal excess property is classified as inventorial or noninventorial in accordance with the University's classification standards (see Section 350-50), unless the contract under

which it is acquired sets a more restrictive standard. Inventory records must be maintained as outlined in Section 350-55.

2. Upon termination of a Federal contract, government-owned property must be returned to the sponsoring agency, unless title is transferred to the University in accordance with provisions in IV.A.5, above.

C. Recorded value

For Federal excess property on which title has transferred to the University, items are recorded in inventory records at the original acquisition cost indicated on the transfer document or as furnished by the specific agency involved.

**V. Federal Surplus Property**

- A. Departments operating under Federal cost-reimbursement contracts may not use contract funds to purchase surplus property, except under the following circumstances:
  1. The contract proposal budget included a request for funds to purchase an identical item and funds were provided by the contract to make the purchase, or
  2. Acquisition of the item is so necessary to the continuance of research under the contract that, although the purchase was not contemplated in the proposed budget, contract funds would have to be expended for purchase of the item from commercial sources. In this instance, detailed justification and approval of the sponsoring agency is required.
- B. Acquisitions made with Federal grant funds must comply with the terms of the grant.
- C. Title to surplus property purchased by the University is transferred to the University.
- D. Equipment secured from the State FSPP is recorded at fair market value on the date of transfer of title to the University. The schedule used by the State to calculate fair market value is used for this purpose. If initial repairs are necessary to put the equipment into operating condition, the cost is added to the fair value of the equipment.
- E. All property acquired through the State FSPP, including both equipment and supply items, must be placed in use for the purpose for which acquired within one year of receipt and continued in use for that purpose for one year from that date. If this is not done, the University recipient must notify the State FSPP and the property must be returned or otherwise made available for transfer or disposal by the State FSPP.
- F. Handling, service, packing, and shipping costs must be paid by the University for State-acquired surplus property.
- G. Property with a unit cost of \$5,000 or more and passenger motor vehicles regardless of acquisition cost (except aircraft or vessels 50 feet or more) are subject to the following additional restrictions:
  1. The property shall be used for the purposes for which it was acquired and for no other purposes.
  2. There shall be an 18 month period of restriction that will expire after the property has been used for the purposes for which it was acquired. There shall be a longer period of restriction for major equipment as designated by the State FSPP.
  3. The University recipient shall not sell, trade, lease, lend, bail, cannibalize, encumber, or otherwise dispose of property, or remove it permanently for use outside of the state from the date it receives the property through the period of restriction without the approval of the Federal General Services Administration (GSA) or State FSPP. Violators of this restriction are obligated to pay the Federal GSA or State FSPP the proceeds of the

disposal or fair market value as determined by the GSA or FSPP.

4. If the University recipient determines that the property is no longer suitable, usable, or further needed for the purposes for which it was acquired any time between the date of receipt through the period of restriction, the recipient shall promptly notify the State FSPP and either return the property; release to another recipient, state, or federal agency; or sell or otherwise dispose of the property (see Section 350-80) as directed by the State FSPP. Proceeds shall be remitted to the State FSPP promptly.
5. The University recipient shall make reports on the use, condition, and location of the property as directed by the State FSPP.

## **VI. Procedures**

### **A. Ordering Federal excess property**

1. The department (recipient of Federal contract funds) determines whether the needed equipment is available for shared use (see Section 350-24). If it is not, the department consults the current Federal GSA or Department of Energy bulletins to determine if suitable equipment is listed as Federal excess property.
2. If suitable equipment is listed, the department requests that the area GSA Office place a hold on the item. The item will be held for 14 days to allow time for the necessary approvals.
3. The department completes the Transfer Order (provided by the GSA) and equipment screening requests if required. (See Section 350-24.) The Transfer Order must show the ordering department as the point of receipt unless the physical location of the unit makes this impractical.
4. The department initiates a Requisition (PR) for payment of service and handling fees and sends a copy of the Transfer Order to the Purchasing Department using the Cover Sheet for Requisition Attachments.
5. The department initiates a Vendor Invoice in DaFIS and sends a copy to Accounts Payable for payment of service and handling fees.
6. Inventory records must be maintained in accordance with Section 350-55.

### **B. Acquiring Federal surplus property**

1. The department head determines whether the needed equipment is available for shared use (see Section 350-24). If it is not, the department representative contacts the Purchasing Manager for authorization to contact the State FSPP to determine if the item is available as surplus.
2. The department must obtain prior approval for acquisition of certain items:
  - a. Fleet Services Manager must approve acquisition of automotive vehicles.
  - b. Associate Vice Chancellor—Facilities—Operations and Maintenance must approve acquisition of structures or shelters.
3. The department completes State Form GSSP-3 (Distribution Document) provided by the State FSPP.
4. The department initiates a Requisition (PR) for payment of service and handling fees and sends a copy of State Form GSSP-3 using the Cover Sheet for Requisition Attachments to the Purchasing Department.
5. The department initiates a Vendor Invoice in DaFIS and sends a copy to Accounts

Payable for payment of service and handling fees.

6. Inventory records must be maintained in accordance with Section 350-55.

#### **VII. Further Information**

Further information may be obtained by contacting the Purchasing Department or Equipment Management.

#### **VIII. References and Related Policies**

- A. Business and Finance Bulletin BUS-29, Management and Control of University Equipment, 6/14/05 (<http://www.ucop.edu/ucophome/policies/bfb/bus29.html>).
- B. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
  1. Section 330-10, Approval Authorization.
  2. Section 350-21, Departmental Purchase Delegations.
  3. Section 350-24, Equipment Screening and Sharing.
  4. Section 350-25, Procurement Through the Purchasing Department.
  5. Section 350-50, Classification of Inventorial Equipment.
  6. Section 350-55, Care and Control of Equipment.
  7. Section 350-80, Disposition of Excess and Surplus Property.