

SURPLUS PROPERTY SALES

I. Purpose

Effective May 28, 2025, the Board of Trustees, through the President, entered a Memorandum of Understanding (MOU) with the Department of Shared Administrative Services, regarding the disposition of “Surplus Commodities,” as defined at Arkansas Code Annotated § 19-61-601. Pursuant to the MOU, the Director of the Office of State Procurement (OSP), issued a Delegation Order to the University’s agency procurement officials (APOs). The Delegation Order, subject to certain conditions, exempted University institutions with APOs from using the services of Marketing and Redistribution division (M&R) and authorized the APOs of the University to make determinations regarding when it is in the State’s best interest to dispose of surplus commodities through: (a) sale; (b) lease; (c) cannibalization; (d) donation (to other Arkansas public entities or not-for-profit organizations under Ark. Code Ann. § 19-61-602); (e) destruction or other appropriate disposition permitted or required by law, pertinent rules, the Delegation Order, and this policy.

The purpose of this policy is to provide a uniform systemwide policy regarding the disposition of surplus commodities for each campus, division or unit to incorporate and adopt in developing their own policy that is consistent with and supplemental to applicable law, the MOU, and the Delegation Order. Applicable law includes the Arkansas Procurement Law, Ark. Code Ann. § 19-61-101 et seq.; the General Accounting and Budgetary Procedures Law, Ark. Code Ann § 19-4-101 et seq.; the Arkansas Computer and Electronic Solid Waste Management Act, Ark. Code Ann. § 25-34-101 et seq.; and laws governing the sale of surplus commodities to not-for-profit organizations under Act 1020 of 2013, codified at Ark. Code Ann § 22-1-101.

II. Property Stewardship

The University will strive to be a good steward of its resources by putting them to their highest and best use in the service of its mission in a way that earns and keeps the public trust. The University surplus disposal program will be an effective, efficient, and ethical one by maximizing value, minimizing waste, and following all applicable ethics laws and policies.

A. Maximizing value. The University will strive to maximize the value it receives for its surplus commodities by using whatever lawful means of disposal is likely to realize the best return with minimal process cost. This will often be listing commodities in an online public auction, but there are circumstances where certain commodities, such as specialized medical equipment, may yield a better price through a negotiated sale or by advertising in a specialized market.

- B. Minimizing waste. The University will strive to reduce the cost of carrying surplus inventory, the attendant costs of sale or disposal, and the amount of unproductive space it dedicates to storing surplus commodities.
- C. Following law and policy. All University personnel participating in the surplus disposal program are expected to do so in a manner that comports with the ethical standards set forth in Board Policy 335.1 and that complies with all applicable law, the MOU, and the Delegation Order. If applicable law, the MOU, or Delegation Order is or becomes inconsistent with this policy, then the applicable law, the MOU, or Delegation Order controls.

Any attempt by a University employee or official to unethically realize personal gain through the disposition of surplus commodities at the expense of the University through fraud, self-dealing, conflict of interest transactions, or other unethical conduct that deprives the University of the fair market value of its commodities is strictly prohibited and grounds for termination and/or other appropriate disciplinary action or sanction, including criminal prosecution, as may be appropriate under the circumstances and applicable law.

III. Definitions

- A. Terms not defined in this policy shall be given their meaning as defined in Arkansas Procurement Law and General Accounting and Budgetary Procedures Law, as applicable, or their commonly accepted plain and ordinary meaning if not given any special definition.
- B. Unless the context of this policy clearly indicates otherwise, the following terms shall have the meanings assigned to them below.
 - 1. “Cannibalization” means dismantling a nonexpendable surplus commodity for parts to be used as replacements or as components of other machines or devices.
 - 2. “Commodities” generally means the same as defined at Ark. Code Ann. § 19-61-103 but for purposes of this policy is specifically limited to commodities owned by the University and excludes general intangibles like intellectual property and good will.
 - 3. “Expendable commodities” means commodities that are typically used up or consumed in normal use or that otherwise fall outside the definition of nonexpendable commodities.
 - 4. “Fleet vehicle” means a passenger motor vehicle that is registered with the Arkansas Department of Finance and Administration as part of the state’s fleet of state-owned vehicles.

5. "Information technology electronics" means any electronic device with memory storage capabilities, including, without limitation, computers as defined at Arkansas Code Annotated § 25-34-103(2), portable hard drives, and any handheld computing devices, tablets, or other "consumer electronic item" as defined at Arkansas Code Annotated § 25-34-103(3)(A) that has memory storage capabilities.
6. "Nonexpendable commodities" means all tangible commodities having an original acquisition cost of more than \$2,500 per unit and a useful life of more than one year.
7. "Surplus commodities" means any commodities no longer of use to the University campus or unit in possession of it. This definition includes obsolete commodities, scrap materials, and nonexpendable commodities that have completed their useful life cycle.

IV. Restrictions/Special Commodity Categories

- A. Only APOs who have received required training and delegated authority from the State Procurement Director pursuant to the Delegation Order are authorized to manage the disposition of University owned commodities. All sales or disposal of University owned personal property must be at the direction of and documented by an APO who has delegated authority from the State Procurement Director.
- B. Certain categories of commodities require special consideration, and their disposition falls outside of the generally applicable procedures provided under this policy. APOs should check with General Counsel to help ensure the appropriate disposition of commodities that fall within the following categories:
 1. Commodities governed by specific law. Commodities which have prescribed disposal procedures and restrictions under applicable federal or state law, including, without limitation, such items as firearms, law enforcement insignia, certain law enforcement equipment (such as a blue light or blue lens cap), commodities containing hazardous substances, and any medically prescribed device that is unsafe for use without the supervision of a licensed practitioner.
 - a. Information Technology Electronics: The disposition of information technology electronics is governed by the Arkansas Computer and Electronic Solid Waste Management Act, codified at Ark. Code Ann. § 25-34-101, et. seq., and any policy established under Ark. Code Ann. § 25-34-104.
 - b. Hazardous waste: Any commodities that meet the definition of "hazardous waste" under the Hazardous Waste Management Act can only be disposed of in conformity with the Act and the rules, permits,

and orders issued under its authority by the Division of Environmental Quality.

2. Commodities acquired with grant funds. Some grants may contain specific conditions governing the disposal of property purchased with grant funds. For federal grant awards, some typical restrictions and requirements regarding the disposal of property purchased with a federal award are outlined in the Uniform Guidance provided at 2 CFR § 200.310-316. The applicable disposal procedures may depend on the type of property, its value, and the grant's terms.
3. Commodities acquired through a conditional donation or contract. Some commodities may have been donated to the University under a gift agreement or acquired through an agreement with certain conditions attached to them regarding their disposal. In such cases the terms of the gift agreement or other applicable agreement should be honored if lawfully permitted.
4. Fleet vehicles. The Delegation Order explicitly excludes the disposition of fleet vehicles from the authority it delegates. The disposition of fleet vehicles must be arranged with M&R.

V. General Procedural Requirements

Every campus, division, or unit process must provide for the tracking of the lawful disposal of University assets. Any University employee or official who wishes to have University owned commodities sold or otherwise disposed of as surplus must follow the process adopted at his or her campus or division. This can be done using a surplus property process in the University's enterprise resource planning system (currently Workday) or through a Surplus Property Disposal Report, as applicable at his or her campus. At a minimum, requestor must provide the following information:

- A. Reason why the commodity is no longer needed;
- B. Description of any efforts to offer property within the institution or the UA System;
- C. Item descriptions sufficient for identification, to include make, model, date of purchase, original cost, serial number, asset number;
- D. Source of funding for the original purchase of the commodity;
- E. Intended method of transfer, to include:
 1. public auction or other sale
 2. online surplus sales platforms
 3. transfer to System Institutions
 4. transfer to other state higher education institutions or school districts;
 5. transfer to state agencies

6. transfer to nonprofit entities
7. cannibalization
8. designation and sale as scrap

- F. Dollar amount offered, as applicable. If the commodity has no market value, a description of how such determination was reached.
- G. Description of any relationship between requestor and intended recipient, as applicable.

The proposed disposition cannot proceed without approval by the Vice Chancellor for Finance and Administration, the APO, or their designees. Upon all signature approvals being obtained, the APO or designee will take steps to determine the optimal means of disposition and have oversight of the method of transfer and completion of applicable records or documents. APOs and any designee exercising oversight over the disposal of surplus shall complete all training and obtain all certifications required by M&R or other governing authorities pertaining to surplus property disposal.

Every disposition of surplus, including any determinations made in the process, must be documented to leave a clear audit trail and promote accountability. An invoice to the recipient of any surplus or a donation transfer receipt shall be generated to document the lawful disposition of the commodity.

VI. Permissible Means of Disposal

Except as further limited or conditioned by University policy, the MOU, or the Delegation Order, APOs with delegated authority and appropriate training are authorized to make any of the determinations that the State Procurement Director or the Director's designee are legally permitted to make regarding the proper and lawful disposition of University commodities. Such determinations will depend, in part, on the commodity's nature, asset classification, condition, and apparent value. Depending on such factors, proper disposition may include:

- A. Internal transfer. A University campus, division, or unit may be given an opportunity to claim surplus property of another University campus, division, or unit for reuse. The inventory manager or property services office must be notified of any such asset transfer so that records can be updated.
- B. Sale to Public Entities. For at least 20 days, serviceable surplus items must be held for sale to other eligible tax-supported agencies, such as public institutions, counties, cities, school districts, public schools, and police departments, at fair and reasonable prices.
- C. Public Auctions. After the 20-day period for state and tax-supported institutions, surplus commodities may be made available to the general public through public

auctions, which may be conducted on site or through the University's online auction service provider.

- D. Destruction/Cannibalization. Some surplus commodities that are determined by the APO, by rule or by individual determination, to have no significant market value or are in poor condition may be cannibalized and/or sold as scrap to dealers or otherwise lawfully disposed of. Specific processes must be used for the disposition of information technology electronics.
- E. Leases. While less common than sales, leases of surplus property may be an option. State law authorizes agencies to lease out surplus property if the leasing of the property is not otherwise prohibited by law or vested in another state agency.
- F. Sale of Computers and Electronic Equipment to University Employees. If the University campus, division, or unit has adopted a policy pursuant to Ark. Code Ann. § 25-34-104 allowing the sale of computers and Information Technology Electronics to University employees, this may be an option.
- G. Donation. Surplus commodities may only be donated to tax supported entities or to Arkansas non-profit organizations for a public purpose consistent with the mission of the University with written approval by the President or the Vice President for Finance, if valued at or over \$20,000, or by the applicable Chancellor or chief executive officer of the campus or University division if valued at less than \$20,000. Requests are initially submitted in writing to the APO, who must maintain a copy of the original written request and the written determination for audit purposes.

December 4, 2025