

State Agency User Manual

South Carolina Surplus Property Office

March 2026

SC Department of Administration
Division of State Agencies Support Services
Surplus Property Office
1441 Boston Avenue
West Columbia, South Carolina 29170



STATE AGENCY USER MANUAL

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PART A – INTRODUCTION

Surplus property is all state-owned supplies and equipment, not in actual public use, with remaining useful life and available for disposal. In accordance with the SC Procurement Code and the SC Code of Regulations (§19-445.2150), the disposition of all surplus property shall be conducted by the Surplus Property Office (SPO) at such place and in such manner determined most advantageous to the state. All governmental bodies must identify surplus items and declare them as such, and report them in writing to the SPO Manager within 90 days from the date they become surplus. The SPO shall deposit the proceeds from such disposition, less expense of disposition, in the state's general fund unless a governmental body makes a written request to retain such proceeds, less cost of disposition, for the purchase of like kind property by indicating reimbursement required on the Turn-in Document (TID) form.

PART B – MISSION

The primary mission of the SPO shall be to receive, warehouse and dispose of the state's surplus property in the best interest of the state. The central warehousing of state surplus property will allow all state agencies and other political subdivisions one location to acquire needed property which otherwise might escape the system and be sold to the public.

The purpose of this program shall be to provide the following:

- Elimination of costs related to the warehousing, insurance, and accounting systems necessary to fulfill an agency's surplus property responsibility;
- Maximization of proceeds by disposing of property as soon as possible after it becomes excess to an agency's needs;
- Establishment of priorities in the disposal process that encourage keeping assets in public use if possible;
- Conversion of surplus fixed assets into available funds on a timely basis for offsetting the cost of new, like equipment.

PART C – REPORTING OF SURPLUS PROPERTY

Within 90 days from the date property becomes surplus, it shall be reported to the SPO on a Turn-in Document (TID) form provided by the SPO.

A separate TID form shall be prepared for each group of property by its location and contact person. Like items with no serial numbers will be accounted for on a TID form in lots. For example, thirty filing cabinets would be listed on a TID form as one lot of thirty filing cabinets rather than listing each individually. This process is the same for all like items including desks, chairs and tables.

The SPO requests that like computers or IT equipment are turned in on a separate TID form from other property to allow for faster processing. For example, laptops would be listed on one TID form by serial number, while desktops and monitors would be listed on a separate TID form by serial number. This allows for proper identification and tracking of property through the inventory system. (See IT equipment disposal procedures)

The specific item-by-item instructions for preparing the TID form are as follows:

1. Enter the date the TID form is submitted to the SPO;
2. Internal assignment of a report number if required by the reporting agency;

3. Total acquisition cost will auto-fill as property is listed in Item 13;
4. Enter reporting agency information;
5. Request that proceeds be reimbursed to the reporting agency to purchase like equipment. If left blank or "No" is checked, the net proceeds will be returned to the state general fund. If a specific fund reimbursement code exists, please include. If not, leave blank;
6. Enter reporting agency contact information for individual creating TID form;
7. Enter reporting agency information for individual approving TID form. The SPO will not accept a TID form created and approved by the same individual;
8. Enter date reporting agency requests to relinquish control of property;
9. Enter physical location of surplus property. Use separate TID forms for each physical location;
10. Signature and date of reporting agency representative releasing the property at the time of property screening;
11. Signature and date of the SPO screener – copy will be left with the reporting agency;
12. SPO use only – completed at the time of receipt at SPO facility;
13. Complete required items in the listing table for each item or lot of items:
 - A. Item Number – auto-filled;
 - B. Commodity Code (SPO use only);
 - C. Year Purchased – year in which the reporting agency acquired the property;
 - D. Description – List general property details;
 - E. Decal Number – SCEIS asset number is applicable, leave blank if not;
 - F. Quantity
 - G. Unit of Measure – same as unit in original acquisition;
 - H. Per Unit – original cost per unit;
 - I. Total – will automatically populate;
 - J. SPO Use Only - Items marked J by the SPO are considered junk. They will not be picked up or disposed of by the SPO, but shall be disposed of in accordance with Part F of this manual;
 - K. SPO Use Only - After receipt of the property, the service charge shall be assigned in accordance with Part H of this manual.

State vehicles must be reported on a TID form by location as they become excess. Upon receipt of the approved TID and the completed State Fleet SASS-0677A form authorizing the disposal of a state-owned vehicle, the controlling agency must deliver the vehicle to the SPO within 21 days unless the SPO determines to sell the vehicle on site.

Upon receipt of a completed TID form, the SPO will screen the reported property to determine whether it is surplus or junk.

IT EQUIPMENT CERTIFICATION AND DISPOSAL PROCEDURE

This process is for the proper sanitization, certification, turn-in and disposal of information technology (IT) equipment owned by any state or public agency, as defined by the SC Code of Laws §30-1-10(B), that has been designated for disposal by the SPO. All state and public agencies are required by law to comply with the "Information Media Disposal Procedure – SCDIS-501" as published by the SC Department of Administration's Division of Information Security to ensure that any sensitive information has been removed.

Information technology (IT) equipment is defined as any device with electronic memory storage capabilities to include the following items:

- Computers (desktop and laptop);
- Portable hard drives;
- Copiers and multi-function office machines;
- Printers
- Optical storage devices;
- Cellular and smart phones;
- Handheld computing devices and tablets.

This listing is not all-inclusive. Other types of equipment with electronic memory storage capability may qualify as IT equipment.

The following steps are to be followed for the disposal of IT equipment:

1. The owning agency should identify IT equipment that no longer has a useful life to the program area to determine which equipment to declare as surplus and complete a TID form that includes only IT equipment.
2. The completed TID form should then be transmitted to the owning agency's internal information technology department or outside IT service provider to coordinate the sanitization of surplus IT equipment prior to disposal. The sanitization process must comply with the "Information Media Disposal Procedure – SCDIS-501" as published by the SC Department of Administration's Division of Information Security.
3. Equipment that contains confidential or sensitive data may be approved for destruction, on a limited basis, by the SPO prior to sanitization at the discretion of the Surplus Property Officer or his/her designee. Items that are requested to be disposed of by destruction are to be submitted on a completed TID form to the SPO with a written request and justification for review. No destruction is to proceed without written approval from the SPO. Requests for destruction are generally limited to IT equipment utilized by an agency head, specialized IT equipment that has limited market value, or equipment that is agency use specific.
4. Once the equipment has been sanitized, the agency will complete an "IT Equipment Disposal Certification" form and attach it to each device, and the agency will forward the completed TID form to the SPO.

PART D – SCREENING

Upon receipt of a completed TID form, an SPO screener will visit the reporting agency and physically check the property listed on the TID form to determine whether it is surplus or junk. The screening function shall be accomplished statewide on a timely basis. The schedule will be determined by the screener based on the TID forms received. The SPO will screen and pickup property at all state agencies.

The screener will affix an SPO control number to each item as he/she screens to distinguish between items declared as surplus and junk. The screener will leave with the agency a signed copy of the TID form indicating these designations.

PART E – RELOCATION AND PICKUP

Upon completion of the screening process each agency should relocate all property marked for pickup by the SPO to a central location area for pickup. The SPO will schedule staff to pickup

property coded as surplus and transport to the SPO facility. Property will be picked up within 180 days from the date of the completion of screening.

Upon consultation and agreement with the generating agency, surplus property may remain at the agency's location for sale on-site if deemed by the SPO to be a more cost effective method of disposal.

PART F – DISPOSAL OF JUNK

Upon completion of the screening process all property which was coded as junk by the SPO screener will not be picked up by SPO staff, but will remain at the reporting entity's location. The owning agency shall have the responsibility for disposing of the "junk" property as per the SC Code of Laws §11-35-3850.

Upon declaration as junk, if the owning entity determines to sell the property, it shall advertise the property in a newspaper of general circulation for 15 days in advance of sale. If the owning entity chooses not to sell the junk, it shall be disposed of properly, transported to a landfill or disposal facility, provided that these facilities are approved for such disposal. Some items considered to be junk may be picked up by SPO if these items can be recycled to avoid costs to the agency at the discretion of the SPO.

PART G – DISPOSAL OF SCRAP

A contract may be established statewide for the disposal of scrap to include: scrap metal, metal and plastic drums, batteries, tire carcasses, etc. In the absence of such a contract, these items will be subject to the provisions of Part F of this manual. No hazardous materials (i.e. oil, paint, chemicals, etc.) will be handled by the SPO.

PART H – FEE SCHEDULE

The State Surplus Property Program shall operate solely from service charges retained from the sale of surplus property. The following fee schedule is established to fund all program costs and will be reviewed periodically to ensure adequacy and equity in the program:

- Schedule A
Service charge is the first \$175.00 of sale proceeds. Items included under this schedule: vehicles, boats, boat motors, farm tractors, farm equipment and other equipment with a unit acquisition cost in excess of \$5,000 except as enumerated in Schedule E.
- Schedule B
Service charge is the first \$45.00 of sale proceeds. Items included under this schedule: miscellaneous property with a useful life of two or more years at date of purchase and a unit acquisition cost of \$5,000 or less. Examples are furniture, office equipment and machines, food service equipment, lawn mowers and other items not covered under Schedule A.
- Schedule C
Service charge shall be the first \$20.00 of sale proceeds. Items included are expendable supplies. Examples are paper, office supplies, hardware, custodial supplies, etc.

- Schedule D
Confiscated property. Service charges shall be five percent of available sale proceeds plus expenses which is necessary to cover the administrative cost associated with this program.
- Schedule E
Special Public Sales. Service charges shall be five percent of the first \$250,000 of sale proceeds, plus expenses. Items included under this schedule: aircraft, ships, computer and related high tech equipment or any item which would require a public sale solicitation from a highly specialized market, or whose unit acquisition cost exceeds \$25,000. Schedule E may also be used to recoup additional costs incurred by SPO or to more equally return money to agencies as the SPO Manager deems appropriate.

PART I – DETERMINATION OF SALES PRICE

The responsibility for the determination of the sales price rests with the SPO. The SPO shall consult with agencies to determine the sales price if deemed appropriate.

PART J – DISPOSITION CYCLES

Time frames and disposal priorities for the disposal of surplus property shall be as follows:

- Cycle 1 – State Agency Cycle. Beginning with the Monday following the week during which property is received by the SPO, state agencies shall have a five working days priority period in which to purchase surplus items. (Except vehicles, which require SFM approval to purchase regardless of intended use)
- Cycle 2 – Public Agency Cycle. In the second week of the two week restriction period, public agencies and nonprofit, tax-exempt health or educational institutions shall be allowed to purchase. State agencies will also be allowed to purchase during this time period, but without priority. (Except for vehicles where this priority will be for the full two weeks)
- Cycle 3 – Public Sale Cycle. Upon completion of the two week disposal cycle, the remaining items shall be available to the public, on a first come, first served basis, at the same price offered in the initial disposal cycle for a period of two weeks. All eligible public entities will also be allowed to purchase in this cycle, but without priority.
- Cycle 4 – Final disposition by Competitive Public Sale. Upon completion of the public sale cycle, all surplus property shall be offered through any suitable means of disposition that SPO deems beneficial to the state and state agencies. This could include online sales, sealed bids, live auction, recycling, lotting.

When surplus property is sold via the competitive sealed bid process, notification of such sale shall be given through a notice of sale at least 15 days prior to the bid opening date. The sale shall also be announced through advertisement in newspapers of general circulation and/or the SC Business Opportunities (SCBO) publication. The notice of sale shall list the supplies or property for sale; designate the location and how property may be inspected; and state the terms and conditions of sale and instructions to bidder including the place, date and time set for bid opening. Bids shall be opened publicly.

Award shall be made in accordance with the provisions set forth in the notice of sale and to the highest responsive and responsible bidder provided that the price offered by such bidder is deemed reasonable by the SPO Manager or his designee. Where such price is not deemed reasonable, the SPO Manager or his designee may reject the bids in whole, or in part, and negotiate the sale provided the negotiated sale price is higher than the highest responsive and responsible bid.

Property may also be sold at a public auction by an experienced auctioneer. The notice of sale shall include, at a minimum, all terms and conditions of the sale and a statement clarifying the authority of the SPO manager or his designee to reject any and all bids.

- Other Means of Disposal. Some types and classes of items can be sold or disposed of more economically by some other means of disposal including barter. In such cases, and also where the nature of the supply or unusual circumstances necessitate its sale to be restricted or controlled, the SPO Manager or his designee may employ such other means, including but not limited to appraisal, provided the SPO Manager makes a written determination that such procedures are advantageous to the state.

PART K – ISSUES (BILL OF SALE)

When an official from an eligible public entity visits the SPO they will present their ID card to the customer service representative to establish eligibility (in accordance with guidelines for eligibility set forth in the 41 CFR Part 101-44.207). Upon completion of selection of desired property, the customer service representative will enter the transaction into the inventory system creating a state property bill of sale (pre-numbered form). The following information is recorded on the bill of sale: buying institution, SPO number (agency number, TID form number), line number, cycle number, description, type of sale, fee schedule, quantity and unit sales price. The bill of sale must be signed by the signatory authority of the eligible entity or a letter of authorization must be attached. At the time of sale, the eligible entity shall receive a copy of the bill of sale. Property must be picked up within seven business days from the date of purchase. A copy of the bill of sale must be presented to the customer service representative for release at the time of pickup.

PART L – DAILY SCHEDULE

The SPO warehouse will observe the following hours of operation: Monday through Friday, 8:00 AM through 4:30 PM. The SPO warehouse is closed on official state holidays.

PART M – TRADE-IN SALES

Governmental bodies may trade-in property, with an original unit purchase price that did not exceed \$5,000. The trade-in value of the property must be applied to the purchase of new, like items. When the original unit purchase price exceeds \$5,000, the governmental body shall refer the matter to the SPO Manager or his designee for disposition.

The SPO Manager or his designee shall have the authority to determine whether property shall be traded in and the value applied to the purchase of new, like items or classified as surplus and sold in accordance with the provisions of the SC Procurement Code. When the original purchase price exceeds \$100,000, the SPO Manager or his designee shall make a written determination as to its reasonableness and document such trade-in transaction. The agency should submit a TID form to include the new or like item to be procured and price, the

description of the item being traded, the year purchased, make, model, serial number, unit, original acquisition cost, and the current condition of the property and the trade-in value offered.

A sole source sale should contain all the information listed above, as well as comply with the criteria for a trade-in request. In addition there must be a written explanation by the department head explaining why this is sole source procurement and that it falls into the sole source procurement parameters. The SPO Manager or his designee will make a determination as to the trade-in being approved or classified as surplus and sold according to the provisions of the SC Procurement Code.

A competitive bid trade-in sale should contain all the information listed above, as well as fit into the criteria for a trade-in request. In addition there must be a written explanation by the department head explaining why the item is being traded. Attached should be the original invitation to bid and the qualified bid responses. The SPO Manager or his designee will then make the determination to approve the competitive bid trade-in or classify it as surplus and sell according to the provisions of the SC Procurement Code.

PART N – TRANSFER OF STATE-OWNED PROPERTY

Transfers of state owned property can only be done by authorization of the SPO Manager or his designee. A request for transfer form must be filled out to include the agency requesting transfer and agency code, address, agency contact person, and an authorized signature.

The transfer document must include an itemized list of all items being transferred with description, model, serial number, unit, original acquisition cost and a total acquisition cost.

The transfer document must also include the eligible donee's: address, agency contact person authorized to sign and receive state owned property, and a contact number for the person authorized to sign for state owned property.

Eligibility will be determined by the SPO Manager or his designee, and an up to date eligibility file shall be maintained at the SPO.

PART O – UNAUTHORIZED DISPOSAL

The ratification of an act of unauthorized and/or improper disposal of state property by any persons without the requisite authority to do so by an appointment or delegation under the SC Procurement Code rests with the SPO Manager.

- **Corrective Action and Liability**
In all instances of an unauthorized disposal of state property, the head of the disposing agency shall prepare a written determination describing the facts and circumstances surrounding the act, corrective action being taken to prevent any future recurrence, and action taken against the individual committing the act. The written determination shall be submitted to the SPO Manager within ten days after the completion of the determination.

PART P – REMOVAL OF LOST OR STOLEN PROPERTY

Upon discovering that state property has been lost or stolen, the owning agency should contact local authorities and have a police report completed.

Once the police report has been obtained and reviewed, the reporting agency will review its internal property procedures to determine if changes are required to prevent future occurrences of loss or theft.

The agency will create a TID form listing the lost or stolen property and attach the police report, current procedures and any new procedures if it was determined that the loss was preventable. The agency will submit the completed TID and supporting documentation to the SPO for review.

PART Q – SALE OF STATE PROPERTY TO RETIRING EMPLOYEES

The sale of surplus state-owned property to a retiring state employee is subject to the following conditions:

- To qualify for the purchase of state-owned property, a retiring employee must have formally stated an intention to retire from active state service within ninety days and be eligible to receive a retirement benefit or a disability retirement benefit immediately upon leaving active service.
- Property to be sold to a retiring state employee must be declared, in writing, as surplus by the agency head of the controlling agency.
- A retiring state employee may purchase only property assigned to and used by the employee while in service to the state. A written statement from the agency head attesting to the assignment of such property during active service and a justification as to why the employee should receive special treatment with respect to a particular piece of property must be part of the request to purchase.
- A retiring state employee is limited to the purchase of one item of equipment except where the SPO Manager determines that a logical grouping exists. Examples of logical groupings include: (a) boat, motor, and trailer, or (b) desk and credenza.
- All proceeds from such sales, minus fees or charges assigned by the SPO, will be returned to the general fund unless the agency justifies a need to keep the funds to finance the replacement of the surplus property.
- Motor vehicles considered for sale to a retiring state employee must meet disposal criteria established by State Fleet Management. Minimum mileage or age requirements for surplus disposition and sale shall be those in effect at the time of the proposed sale.
- Any property that has a specified replacement schedule whether by age, mileage, or use cannot be declared surplus for employee purchase unless the minimum requirement for surplus disposition and sale have been met.
- The established sales price, plus applicable taxes, shall represent the most accurate or current assessment of the value of the asset. Any deviation from this standard must be supported by a written determination and approved by the SPO Manager.
- The approval of the SPO Manager or his designee shall be required for all purchases of property valued at less than \$2,500 upon submission of proper documentation and necessary appraisals. Approval by the Executive Director of the SC Department of Administration is required for purchases of property valued at more than \$2,500 but less

than \$5,000. In no case will the direct sale of property valued in excess of \$5,000 be approved.

- These procedures apply to all sales of state property to retiring state employees unless otherwise directed by the SC Code of Laws. All requests for the sale of property to retiring state employees must be directed to the SPO Manager.