



**DEPARTMENT OF
BUSINESS OPERATIONS
OFFICE OF ASSET MANAGEMENT**

PUBLIC AUCTION PROCEDURES

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A. Purpose

1. To establish procedures and set forth responsibilities for directing the effective disposal of surplus and obsolete property of the Board of Education to be sold at public auction.

B. Scope

1. The Superintendent will authorize the sale of surplus property, therefore under no circumstances are items to be given away or sold to students, staff, and/or others.
2. This disposal of such property shall be conducted through public advertisement and proper bid procedures, as required by state law.

C. Objective

1. To ensure all MSCS employees are knowledgeable and in compliance with the "Public Auction" procedures to maintain integrity and accountability for the District.

D. Definition

1. Surplus property is defined as property no longer having an intended use by the system and is no longer capable of being used because of condition as defined in the Tennessee Education Laws Annotated.

E. Procedures

1. All equipment earmarked surplus property is transferred to Office of Asset Management for sale at public auction:
 - a. Verify all equipment, print report, and stage in lots according to Department, i.e., Careers & Technology, Food Services, Federal Programs Grants & Compliance.
 - b. Contact and set date for public auction with contracted Auctioneer.
 - c. The public auction is advertised in local newspapers, on MSCS website and flyers are distributed within the District.
 - d. Contact Auctioneer to begin recording lot numbers declared surplus for sale at public auction.
 - e. Prepare documents for surplus vehicles to be sold at auction:
 - (i) make all necessary copies for file i.e., title, odometer statement
 - (ii) complete paperwork for auction to include the Bill of Sale, Receipt of Title Statement and organize keys for surplus vehicles
 - (iii) titles and bill of sale are signed by Director the day of public auction
 - (iv) remove and destroy government tag from surplus vehicles
 - f. Request assistance from Security Services to provide services during auction.
 - g. Interested bidders will be allowed time to inspect the items before the auction.

- h. Each bidder is required to register to participate in public auction.
- i. Each item to be sold at the public auction shall be marked with removable tag which shall include the lot number and a space to record the successful bidder's number. The successful bidder will be given a "Lot" ticket to include bidder's number, description of item, the "Lot" number, and the price of such item.
- j. Bidders cash out procedures:
 - (i) The successful bidder of the item shall present his buyer number to the person at the sales ticket area.
 - (ii) Once the Bidder has a completed sales ticket, he/she shall be directed to the cashier.
 - (iii) The cashier shall print a cash register receipt, official receipt along with a copy of the auction sales ticket.
 - (iv) The bidder shall present the auction sales ticket and receipt to a MSCS employee for assistance in removal of purchased item(s).
 - (v) All bidders are given two (2) additional business days to remove purchased property from our facility.
 - (vi) If the purchased item is not taken by the successful bidder from the premises at the time of sale, the successful bidder shall be required to produce his/her copy of the receipt & sales ticket.
- k. Items not paid for and removed from facility by the successful bidder, will be held and sold at the next public auction and/or properly disposed within Inventory Management Policy 3013 and Business Operations Disposal SOPs.
- l. The surplus inventory list is updated, and surplus items are retired from inventory database.
- m. Finance verifies federal accounting codes for deposit of revenue generated from public auction.
 - (i) Deposit funds collected into various funds generated from public auction and request receipt.
 - (ii) Submit payment request to Finance to pay for auctioneer services provided at public auction.
 - (iii) A copy of auction records is forwarded to Internal Auditing.

F. Departmental Approvals

1. Office of Asset Management
2. Chief of Business Operations
3. Superintendent

G. Federally Funded Departmental Approval

1. Executive Director of Federal Programs, Grants and Compliance
2. Executive Director of Careers & Technology
3. Executive Director of Exceptional Children & Health Services
4. Director of Nutrition Services

H. Terms and Conditions of Sale

1. All sales completed under these procedures will be on the basis of “as is, where is” with no warranty applies. All items will be sold to the highest bidder. All sales are final and cash and/or certified cashier’s check will be required at the time of sale.
2. Notices shall be posted at site of public auction advertising the prospective bidders that each item offered for sale will be sold “as is, where is, and that Shelby County Schools Board of Education makes no representation or warranty of any kind as the condition, operability or performance of any item to be sold, or of its suitability for any particular purpose, and that the bidder assumes all responsibility and risk in connection with the use of the items purchased.
3. A contracted auctioneer shall publicly auction all items.
4. Any item not paid for and/or left behind for a period of more than three (3) days after the date of the public auction will be considered as abandoned, and the District shall have the right to dispose of in the same and/or in any manner whatsoever.
5. All proceeds generated from the sale of surplus and obsolete property that was purchased with federal funds shall be returned to the programs for which the equipment was originally purchased.
6. MSCS employees are not allowed to participate in the “**Live**” public auction during working hours unless they are off the clock.

I. Document Retention

1. Copies of the itemized list of surplus items, cash count sheets, lot tickets, official receipt book(s) and auction sales tickets at each public auction shall be maintained by the Office of Asset Management.
2. The Division of Procurement Services shall issue bids for auctioneer services in order to obtain the best possible pricing for the District to conduct auctions for the sale of surplus equipment to public, review all documents and make recommendations to Board of Commissioners.

References

1. BOE Policy 3013
2. T.C.A. 49-6-2006
3. T.C.A. 49-6-2007
4. T.C.A. 12-2-403
5. MSCS Inventory Procedures Manual

Procedures for Disposal of Property:

The Office of Asset Management is responsible for directing the effective disposal of surplus and obsolete property. Surplus and obsolete property may be auctioned, transferred, or destroyed. Surplus property is defined as property no longer having an intended use by the system and is no longer capable of being used because of condition as defined in the Tennessee Education Laws Annotated.

1. Transfer

Once a list of surplus and obsolete property has been developed, the Department of Business Operations will circulate an “availability list” among all schools and departments. The Department of Business may approve the inter-departmental transfer of surplus items, or if a transfer is not feasible, or there is no response to an item appearing on the availability list, then the Department of Business Operations may dispose of the property by any approved means deemed appropriate.

2. Sale

All sales of surplus, obsolete, or abandoned property must be approved by the Superintendent, or his designee may choose one of the following methods of disposition:

a. Public Auction

A public auction is one method of selling certain types of surplus and/or obsolete property. Auctions are advertised in local newspapers, MSCS website, and circulated among through inter-office mail to interested parties. The Division of Procurement Services shall issue a formal bid for auctioneer services to obtain the best possible pricing for the District to conduct auctions for the sale of surplus equipment to public, review all documents and make recommendations to Board of Commissioners.

For all auctions, the following procedures shall be observed:

- a. Surplus property is staged in lots and compiles general categories list of items for sale with inventory control tag with lot number.
- b. Interested parties will be allowed time to inspect the items before the auction. All surplus property for sale shall be placed organized according to departments in order to accurately account for revenue collected during public auction.
- c. As items are sold, the successful bidder must present proof of purchase to a MSCS employee to verify items that have been paid for prior to removal of equipment from facility.
- d. All items will be sold to the highest bidder. Only cash or certified cashier’s checks will be accepted. **No side deals for sale of surplus items shall be conducted on MSCS sales floor by any successful bidder(s) and/or a MSCS employee.**
- e. In some instances, the Chief of Business Operations or his designee may establish minimum prices for any item being disposed.
- f. Deposit funds collected into various revenue funds generated for sale of surplus equipment.
- g. The Inventory Management System is updated, and surplus items are retired from inventory database.

b. Donated

Items may be donated and/or transferred to any county or to municipality within the county for public use, without the requirement of competitive bidding or sale.

Procedures for Disposal of Property continued:

c. Sealed Bids

Sealed bids may be used as a method of property disposal and shall be required when disposing of equipment or large quantities of materials with a fair market value of \$500 or more. Sealed bidding procedures shall not apply when property is sold at public auction. Sealed bids shall be advertised in the local newspaper(s) and Procurement Services on-line bidding web-application.

d. Salvage

Surplus property which has been determined to be unusable by the District and has no salvage, or other economic value may be destroyed by a scrap/junk dealer, recycler, city landfill, or responsible bidder.

3. Sale of Products – Proceeds

All proceeds generated from the sale of surplus and obsolete property that was purchased with federal funds shall be returned to the programs for which the equipment was originally purchased.

4. Terms and Conditions of Sale

Depending on the nature of the items and the method of sale selected, the following terms and conditions shall be used:

- a. All sales completed under this procedure will be based on “as is, where is” with no warranty applies. All items will be sold to the highest bidder. All sales are final and cash and/or certified cashier’s check will be required at the time of sale.
- b. Shelby County Schools Board of Education makes no representation or warranty of any kind as the condition, operability, or performance of any item to be sold, or of its suitability for any particular purpose, and that the bidder assumes all responsibility and risk in connection with the use of the items purchased.
- c. Any item not paid for or left behind for a period of more than three (3) days after the date of the public auction; will be considered as abandoned, and the District shall have the right to dispose of in the same and/or in any manner whatsoever.
- d. All public auctions both on-site and internet must be advertised in a newspaper general circulation at least seven (7) days prior to the sale of surplus equipment. All internet public auction sales must be open for bidding for at least seven (7) days. All advertisements must be in accordance with T.C.A. 49-6-2006(c)(2).

5. Declaration of Surplus Equipment:

Asset Management, in collaboration with the appropriate administrator for federal programs/projects as deemed appropriate, shall submit a recommendation to the Superintendent to declare non-technology items as surplus and for the disposal of such items.

Information Technology shall determine if technology equipment meets established criteria for declaration as surplus; and where applicable, in collaboration with the appropriate administrator for federal programs/projects as deemed appropriate, submit a written recommendation to the Superintendent or his/her designee for approval to declare such items as surplus.

Office of Asset Management Public Auction Responsibilities

1. Collaborate and obtain lists of items to be sold at public auction from each respective department to include, Careers & Technology (CTE), Central Nutrition Center (CNC), Facilities Maintenance, Central Warehouse, Federal Programs & Grants, Exceptional Children, Pre-K, and the Auto Shop (vehicles from various departments are funneled through the auto shop). (90 days before the auction date)
2. Once the items have been deemed surplus and compiled into a list, they get delivered to the Farmville warehouse for staging and asset verification. (1-2 months before auction date)
3. All items are then separated and staged in the warehouse by department/funding source. Items will be separated by CNC equipment, CTE equipment and furniture, Pre-K Furniture and equipment, items originally purchased with general funds to include lawn equipment, furniture, musical instruments and equipment and all other miscellaneous items group and staged for best appearance. (continuing-as items are being brought into the warehouse)
4. Verify current status of all equipment earmarked to be sold to include description, APECS item number, MCS barcode, MSCS barcode, serial number, model number, manufacturer, acquisition date, original cost, program & project, and condition. (continuing-as items are being brought into the warehouse)
5. Assign asset tags numbers to all equipment without a barcode and not in the inventory database. Label all equipment to be sold with removable color-coded tag to include buyer's number, description of the item and the lot number. (continuing-as items are being brought into the warehouse)
6. Create labels for all styles of furniture clearly identifying what it is as well as the quantity. (continuing-as items are being brought into the warehouse)
7. Vehicles-Verify MCS, (if applicable) MSCS, VIN number and vehicle number. Indicate with stamp on the window that the Office of Asset Management has verified the information with a check mark and OAM and the vehicle number for easy identification. 1-month before the auction date)
8. Responsible for compiling a master list of all items earmarked to be sold at public auction for the Superintendent to declare as surplus. The master list is provided to Chief of Business Operations to obtain the Superintendent's approval. (1 month before the auction date)
9. The public auction is advertised in local circulars and MSCS website at least seven (7) days prior to the auction date.
10. Transfer all equipment earmarked for sale at public auction to **8223-400** (Sales)
11. Verify and print complete inventory list all equipment in **8223-400** (Sales)

12. Contact federal departments to verify federal accounting codes are included on master list. The proceeds received from the public auction shall be returned to the respective federal departments along with general funds. (1-2 weeks before the auction date)
13. Pull vehicle files and update:
 - a. make all necessary copies for file i.e., title, odometer statement
 - b. complete paperwork for auction to include the Bill of Sale and Receipt of Title Statement (1 week before the auction date)
 - c. organize keys on board and complete envelope for each vehicle (day before auction)
 - d. ensures that bill of sale and titles are signed by the CBO prior to public auction (1 week before auction)
 - e. Indicate the lot number and vehicle number on window of each vehicle for easy identification (as soon as vehicles have been verified)
14. Provide auction supplies: currency straps, stamps, pens, bill counter, and calculator to the Finance department. Also, clean and organize workspace where the finance department will receive proceeds from the auction. (1-2 days before the auction)
15. Create and Secure “Cash only” and “Pickup Deadline” signs are posted as well as any other essential information to be visible to the public (day before the auction)
16. Print extra flyers as needed. (auction preview day-auction day)
17. Assist public with questions regarding auction process (preview day-auction day)
18. Set a date for school administrators may review items earmarked to be sold at auction two (2) weeks prior to the scheduled date.
19. Assist with getting lunch ordered and solidified for the correct number of people working the auction. (1-2 weeks before auction date) Pass out box lunches to employees who are working at the auction. (auction day)
20. Record selling price for all active assets in the database. (during auctions as bidders cash out)
21. Retire and update inventory database to reflect all equipment and furniture has been sold. (after auctioneer provides all successful bids, bidders cash out and records are reconciled)
22. Verify items that were not sold and/or purchased and abandoned after the last pick up date. All abandoned surplus items will be properly disposed of.

Departmental Roles and Responsibilities

Department	Role and Responsibilities
CNC	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition and list of furniture/supplies.
Federal Programs	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition and list of furniture/supplies.
Auto Shop	Identify and provide list of MSCS vehicles and salvaged vehicles earmarked to be sold at public auction to include asset tag number, VIN, SCS Fleet No., description, manufacturer, model, dept, purchased date, cost, condition. Provide keys to vehicles and assist public during inspection of vehicles.
CTE	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition and list of furniture/supplies.
Mallory Warehouse	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition equipment. Ensuring all items removed from MSCS facility by successful bidder has been paid for.
SPED	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition and list of furniture/supplies.
Finance	Collect proceeds from the sale of surplus equipment, furniture, and vehicles sold at the public auction.
Internal Audit	Observe the overall auction process and procedures during the auction to include OAM processes, Inventory Control/Central Warehouse processes, Finance processes, Security processes and the Auctioneer.
Custodial Operations	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition and list of furniture/supplies.
Security	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition for equipment, Security services during public auction, and escort Finance to bank to make deposit.
Pre-K	Identify and provide list of items earmarked to be sold at public auction to include asset tag number, description, manufacturer, serial number, model no., program/project, purchased date, cost, condition and list of furniture/supplies.

Central Warehouse Public Auction Responsibilities

1. Once a date has been confirmed, collaborate, and assist departments as needed with transporting items to be sold at public auction to the warehouse to include, Careers & Technology (CTE), Central Nutrition Center (CNC), Facilities Maintenance, Federal Programs & Grants, Exceptional Children, Pre-K, and the Auto Shop.
2. Prepare the warehouse Inventory Control area to receive items to be staged in the auction. Removing items that can be discarded to the dump or scrap metal yard. Ensuring obsolete equipment is picked up by the recycling vendor.
3. Separate and stage in the warehouse by department/funding source. Items will be separated by CNC equipment, CTE equipment and furniture, Pre-K Furniture and equipment, items originally purchased with general funds to include lawn equipment, furniture, musical instruments and equipment and all other miscellaneous items group and staged for best appearance. **All items earmarked to be sold at public auction should be staged sixty (60) days prior to the scheduled auction date.** (Continuing-as items are being brought into the warehouse)
4. Post “Cash only” and “Pick up Deadline” signs as well as any other essential information to be visible to the public one day before the preview day.
5. Assist public with questions regarding auction process during the preview day and auction day.
6. Set a date for school administrators to review items earmarked to be sold at auction forty-five (45) days prior to the scheduled auction date.
7. Order Port-A-Johns and have delivered day before preview day.
8. Assign personnel to verify purchased items, matching the successful bidder’s paid receipt with lot numbers to the lotted surplus items prior to removal from SCS facility for all pick up dates.
9. Provide forklift and pallet jack assistance for large/heavy items to be loaded.
10. Assist with verifying items that were not sold and/or purchased and abandoned after the last pick up date.

Terms and Definitions

- **Lot**: The term used to describe an individual item or group of items that are being offered at auction for sale as a single unit.
- **Lot Number**: The specific number assigned to a surplus items in an auction. Auctions, and their corresponding catalogues, typically proceed in numerical sequence by lot number.
- **Salvage Vehicle**: A personal vehicle acquired by the District due to at-fault wreck.
- **Program/Project**: Designated federal project used to purchase district assets
- **Buyer Number**: Number assigned to each registered bidder at the public auction
- **Paid Receipt**: A receipt stamped “PAID” by Finance and given to successful bidder after payment in cash and/or certified cashier’s check.
- **Auctioneer**: An independent Contractor who conducts auctioneer’s services
- **MSCBOE**: Memphis-Shelby County Board of Education
- **Personal Property**: items other than real property used in the operations or activities of the District (e.g., machinery, tools, furniture, vehicles, band instruments, and other apparatus with a minimum useful life expectancy of five (5) years); and sensitive minor equipment (e.g., computers, external peripherals, and weapons). This shall not include miscellaneous items such as consumables (food), a stapler, tape dispenser, and computer mouse, etc.
- **Obsolete Personal Property**: personal property that has reached the end of its useful life with the District that is (1) out of date; (2) unrepairable, (3) unserviceable; and/or (4) more economical to dispose of than to repair.
- **Excess Personal Property**: personal property that may have useful life remaining but is no longer required for use by a specific school or non-school location as determined by supervisors with budgetary authority (including principals).
- **Capitalized personal property**: district-owned personal property (including any leased item) that (1) has an acquisition cost/value of at least \$5,000; and (2) a minimum useful life expectancy of five (5) years of more.
- **Non-capitalized personal property**: district-owned personal property that has an acquisition cost/value of \$4,999 or less.
- **Removed/Retired inventory**: personal property that is taken off the active inventory of a specific school and/or non-school location.
- **Disposal/Disposition**: processes resulting in the removal of personal property from District records by transfer, donation, sale, or destruction (or other actions).

- **Sensitive Personal Property**: district-owned personal property regardless of value that requires special control and accountability due to unusual rates of loss, theft or misuse, or security considerations (e.g., laptops, iPads, and cameras).
- **Surplus Personal Property**: personal property no longer having an intended use by the District or no longer capable of being used because of its condition and declared as such by the Superintendent or his/her designee.
- **Fraud**: an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in unauthorized benefits to himself and/or another person. It includes any act that constitutes fraud under applicable Federal or State Law.
- **COLOR CODES**:
 - Manilla tag – items purchased with General funds.
 - Blue tag – items purchased with Title I Federal funds.
 - Green tag – items purchased with CTE Federal funds.
 - Yellow tag – items purchased with Food Services Federal funds.
 - Orange tag – items purchased with Pre-K & SPED Federal funds.

Auctioneer's Public Auction Responsibilities

AUCTIONEER shall provide professional auctioneer service for Shelby County Board of Education (MSCBOE) surplus MSCBOE contract for Auctioneer Services. All auctions shall be conducted under the following rules and guidelines:

- Neither Auctioneer nor any of its employees, agents, subagents, nor associates, nor the employees of MSCBOE will be eligible to bid on or buy surplus personal property and/or MSCBOE owned real property either surplus, acquired in tax sale or by any other means sold in any auctions for MSCBOE under provisions of contracted services. **No side deals for sale of surplus items shall be conducted on MSCS sales floor by any successful bidder(s) and/or a MSCS employee.**

THIS REQUIREMENT SHALL BE ANNOUNCED PRIOR TO THE START OF ALL AUCTIONS.

- All surplus Personal Property placed into the auction by MSCBOE will be sold to the highest bidder, "**AS IS**", "**WHERE IS**", without warranty of any kind. MSCBOE will provide necessary personnel to arrange preparation and make ready for sale, on the business day immediately prior to auction, the surplus personal property to be placed into auction.
- The AUCTIONEER is responsible for assigning lot numbers to all surplus personal property and provides the Office of Asset Management of the lots of surplus personal property list prior to five (5) business days prior to the auction.
- In addition to the bid amount, AUCTIONEER shall charge the buyer a buyer's premium on all sales of surplus personal property in an amount equal to ten percent (10%) of the bid price, with added together is the total sale price.
- At the consummation of each public auction of surplus personal property, MSCBOE shall pay AUCTIONEER from the proceeds of the sale a commission equal to ten (10%) of all monies collected at the sale.
- The auctioneer will advertise all internet public auctions on their company's website for at least seven (7) days prior to the auction date. All surplus items will be sold to the highest bidder. All public auctions advertisements must be in accordance with T.C.A. 49-6-2006 (c)(2).
MSCBOE will bear the actual expenses of advertising and setup except as agreed upon in writing by Auctioneer and MSCBOE.
- At the time of settlement of each auction, AUCTIONEER shall submit to MSCBOE a completed accounting of all income and expenses related to the sale of personal or real property, including a detailed computer printout of all personal and/or real property sold and a copy of the relevant sales contract, if any. The MSCBOE shall receive a disbursement of all monies within ten (10) business days of the date of each auction.

DEPARTMENTAL CONTACTS

Name	Department	Email	Phone
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