

## How Do I Buy...

### *Auction Procedures (Used Equipment Only)*

#### **Buyer Contact Information:**

[Patricia Mullins](#)

#### **Description:**

There are situations where departments desire to purchase used equipment using auction companies. This is acceptable as long as the companies are selling equipment that they possess. Auction sites that only act as a pass-through for the sale (example: eBay) are not utilized.

#### **Policy:**

The purchase of used equipment can provide significant cost savings and is encouraged whenever practical. Used equipment is defined as being pre-owned where title has passed from the vendor or manufacturer. It does not include demonstration or factory rebuilt items being marketed by a distribution representative. Several elements need to be considered when approaching a decision of whether or not to buy used equipment.

- What is the condition of the item? Is it operational or are repairs required? If repairs or modification will be necessary, how much will that cost? Whenever possible, a university representative should view and test the item to make a first-hand determination of its condition.
- Is a warranty being offered?
- Is transportation to the university included in the asking price or is that extra?
- What is the value of the item? Most used equipment has a value range and the price being asked should fall within this range. The value range will depend upon many factors related to condition, location, and supply and demand. The value range can often be determined by researching recent prices paid for a similar item, reference manuals, or the use of a third-party appraiser. If none of these methods is feasible, a valuation estimate can be constructed by taking the price for the item when new, estimating its useful life and depreciating the purchase price for the percentage of useful life remaining.

If the above considerations can be answered to the satisfaction of the Department, prepare memo documentation substantiating these points.

If purchasing from another governmental agency, they may accept our check. However, since auction situations require a quick response and quick payment, it is understood that payment may be required by P-card. Purchase the item with a P-Card if under \$2,000. If the item is valued over \$2,000, the procurement department must authorize raising of the P-Card holder limit.

**Procedures:**

- **Permission from buyer:**

Buyer will receive an email from a department requesting permission to bid on used items available through auctions. The department email should state the items, their condition, the price, and the reason that the procurement is in the best interest of the university. The buyer should refer the department to the Used Equipment Purchasing Guidelines accessible by the following link:

[http://www.procurement.vt.edu/content/dam/procurement\\_vt\\_edu/procedures/how/Used%20Equipment.pdf](http://www.procurement.vt.edu/content/dam/procurement_vt_edu/procedures/how/Used%20Equipment.pdf)

- **Bid:**

After buyer grants permission to the department, the department may bid in the auction up to the specific dollar amount.

- **Raise P-Card Limit:**

If the department is successful and wins the auction, they then need to email the buyer with the request to raise the p-card limit to the awarded auction amount.

- **Authorization:**

Buyer notifies the p-card administrator once; the email request has been received who raises the p-card limit for this specific transaction.

- **Documentation:**

- **P-Card File:**

Department must retain copies of all emails and documentation supporting the approved transaction within the p-card file. This must include some type of purchase receipt.

- **Fixed Assets:**

DEPARTMENT IS RESPONSIBLE FOR FORWARDING A COPY OF ALL DOCUMENTATION TO FIXED ASSETS.