

Oklahoma State University Policy and Procedures

TRADE-OUT

3-0144
BUSINESS & FINANCE Controller
March 2007

INTRODUCTION

1.01 The trade, barter, exchange or giving of any University property, goods, services or anything of value shall be accomplished in strict accordance with the following procedures and consistent with related existing University policies and procedures. Acquisition of goods and services through the trade or exchange of tangible personal property or the performance of services constitutes a contractual agreement.

1.02 This policy is not applicable to gift receipts. Gift receipts shall be processed in accordance with applicable OSU Foundation procedures.

RELATED POLICY

2.01 Acquisition of and contracting for goods, equipment, and services shall be governed by Oklahoma State University Policy and Procedures Letter 3-0145, Purchasing, and 3-0147, Small Order Purchases. No institutional real or personal property can be used as a part of a trade-out agreement. Property disposal shall be governed by Policy and Procedures Letter 3-0126, Disposition of Surplus Property.

2.02 Acquisition and trade-in of equipment is clearly defined in existing policy. Trade or exchange of equipment outside the University system must be accomplished through the requisitioning process.

2.03 Equipment acquired with fair market value, at the time of receipt, in excess of the capitalization threshold shall be reported to the moveable equipment inventory section according to Policy and Procedures Letter 3-0125, Inventory of Moveable Equipment.

PROCEDURES

3.01 Department heads shall be responsible for monitoring and reporting trade-out activity originating in their respective areas.

3.02 The Trade-Out Agreement form, Exhibit 1, shall be used for all trade-out agreements which have a declared value of the small dollar purchase limit or less.

Copies of all agreements executed at the department level shall be forwarded to the Purchasing Department.

3.04 Proposed agreements which have a declared value in excess of the small dollar purchase limit shall be approved by the appropriate dean or division head and forwarded to the Purchasing Department for processing.

3.05 Trade-Out Agreements valued in excess of the small dollar purchase limit shall be subject to solicitation of formal quotations and those which exceed the formal bid limit shall be subject to competitive bids.

3.06 Trade-Out Agreements valued in excess of Board approval purchase limit shall be subject to prior approval by the Board of Regents for Oklahoma State University and the A&M Colleges.

3.07 The Purchasing Department shall provide copies of all executed trade-out agreement forms to University Accounting and appropriate departments.

A. University Accounting will record the declared value of the executed trade-out agreements in the financial statement reporting process. The value of a nonmonetary asset acquired in exchange for another nonmonetary asset is the fair market value of the asset surrendered to obtain it. The fair value of the asset received shall be used only if it is more clearly evident that the fair value of the asset surrendered.

B. University Accounting shall also bear the responsibility of Form 1099 reporting for trade-out transactions. Form 1099 reporting requirements are the same for trade-out transactions as for monetary transactions.

C. Any OSU employee receiving personal gain from a trade-out transaction should have the appropriate amount reflected as an employee benefit in the employee's W-2 Form.

3.08 Any penalty, assessed under IRS Codes or any other regulatory or statutory pronouncement for misrepresentation in completing the Trade-Out Agreement form, will be borne by the originating department.

3.09 Exceptions to this policy shall be subject to prior approval by the Board of Regents for Oklahoma State University and the A&M Colleges.

Approved: March 2007

