



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

OP 63.08: Property Management

DATE: June 1, 2009

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to define the scope of property management at Texas Tech University. This OP consolidates in one document the property, purchasing, insurance, and sponsored programs requirements pertaining to real and personal property.

REVIEW: This OP will be reviewed in November of odd-numbered years by the managing director of Physical Plant with recommended revisions forwarded through the associate vice president for operations to the assistant vice president for financial affairs and controller and the chief operating officer and senior vice president for administration and finance by December 15.

POLICY/PROCEDURE

1. Background

As a state-supported educational institution, Texas Tech University must meet the requirements of the state Purchasing and General Services Act (Texas Government Code § 403.271 [a] and [b]) with regard to personal property, and the Texas Capital Trust Fund (Texas Government Code § 403.271 [a] and [b] and § 2201.002) relating to real property. These requirements apply regardless of funding source.

2. Definitions

- a. The comptroller of public accounts has defined personal property as all non-consumable property having an acquisition cost of \$5,000 or more, or any property of the state of Texas, which, due to the nature of the asset, is required to be managed by the state.
- b. Texas Capital Trust Fund defines real property as land, land improvements, buildings, and building improvements.
- c. The comptroller of public accounts has defined controlled property (\$500 to \$ 4,999.99) as:
 - (1) Data projectors
 - (2) Stereo systems
 - (3) Cameras
 - (4) Video recorders/laserdisc players (TV, VCR, camcorder)
 - (5) Desktop CPUs - not Apple
 - (6) Printers - not portable
 - (7) Desktop CPUs - Apple
 - (8) Portable CPU laptops – not Apple

(9) Portable Apple CPUs/laptops

- d. Property Custodian – the individual responsible for the safekeeping of all property within the department who may be held financially responsible for the loss, damage, or misuse of university property. The custodian must report to the property manager if new equipment has not been tagged within a timely manner (please see section 2 c. for type of equipment that requires tags). This is usually the department head, unless the responsibility has been delegated by the department head to another individual.
- e. Property Manager – the designated university representative to the comptroller of public accounts for all university assets and systems office assets.
- f. Banner Fixed Asset System – the university’s internal system used to track assets, balance expenditures, and inventory.
- g. Sponsored Projects – any project funded from a source outside the university (e.g., grants, contracts, etc.)

3. **Responsibility**

- a. Under the General Services Act as mentioned above, it is the responsibility of the property manager to account to the comptroller of public accounts (CPA) for all personal property.
- b. The CPA permits that a "custodian" may be designated for specific items of personal property who will then have responsibility to manage, control, and account for those items within their department.

The department head and/or custodian shall ensure that the *Temporary Use of Equipment Authorization Form* (Attachment D) is submitted annually at scheduled inventory to the property manager whenever equipment is removed from the department.

If the item is transferred from another institution or agency, the department receiving the item must notify Property Inventory so that the item may be added to the department’s inventory.

If the item is fabricated on campus, the department must notify Property Inventory so that the item may be added.

- c. It is the responsibility of Procurement Services to provide the following information to the university property manager at the time of payment for those items defined in section 2. a, b, and e for inclusion in the fixed asset system:
 - Description
 - Manufacturer
 - Cost
 - Date of acquisition
 - Paid accounts
 - Purchase order number
 - Paid voucher number
 - IVs and JVs
 - Custodian

d. Tagging

- (1) It is the responsibility of each department to inform the university property manager when they receive items that meet the definition of personal and controlled property. The property management office will place a numbered inventory label that identifies the equipment as property of Texas Tech University and the state of Texas.
 - (2) Tagging equipment costing less than \$5,000 and that is not controlled (due to its nature) is optional for the individual department.
- e. Coding – it shall be the responsibility of Purchasing to ensure proper coding of all items meeting definitions in section 2.a, b, and e.
- f. Donated equipment (Grants/Contracts) – it shall be the responsibility of the Office of Institutional Advancement to provide the university property manager with the description, manufacturer, value, date of acquisition, and custodian.

4. **Procedures**

a. Fixed Asset System

Maintained by the Property Inventory manager, the following data is included:

- (1) Inventory Tag Number - The number assigned by TTU to the specific item
- (2) Description - Description of the item (e.g., typewriter)
- (3) Model Number - Model of the item (e.g., Selectric III)
- (4) Manufacturer - Manufacturer of the item (e.g., IBM)
- (5) Serial Number - Serial number assigned by the manufacturer
- (6) Cost - Purchase price or other established value for the item, such as fair market value, at the time of donation
- (7) Date Acquired - Date purchased or otherwise identified as belonging to TTU
- (8) Banner R number for Custodian - Code for the department to which the item is assigned
- (9) Building and Room Number - Location of item
- (10) Paid Account(s) - Account number(s) from which item was paid
- (11) Grant/Contract Number - Grant/contract number of paid account (if applicable)
- (12) Custodian - Individual to whom item has been assigned
- (13) Purchase Order Number - Number assigned by the Purchasing Department at time of procurement

- (14) Paid Voucher Number, – or Banner Reference number to paying document
Reports sorted by any of these data elements will be available in Cognos.

b. Fabrication of Equipment

There are times when equipment that is needed for a project is not available, or when the equipment that is needed can be constructed for less than the cost to purchase the equipment. This practice is referred to as "fabrication of equipment."

The account fund 7J0060 should be used when the equipment to be fabricated meets the criteria for capitalization (acquisition cost of \$5,000 per fiscal year or more and a useful life of at least one year). This account fund is not to be used for those projects that do not meet the criteria for capitalization.

Prior approval from the property manager is required for these projects. Complete Attachment H and send this form with the requisition to purchase materials that are to be used for the fabrication of equipment. This applies to all purchases, including procurement card purchases.

c. Deletions

Items may be deleted from the Fixed Asset System only after receiving approval from the state auditor. The process of obtaining that approval starts with the submission of the *Request for Authority to Remove Equipment from Departmental Inventory* form (Attachment A) by the department head, and the *Request to Delete Property Which Cannot be Located as a Result of Theft or Loss* form (Attachment B).

Software shall be deleted from computers before they are transferred or surplus, unless the license is transferable.

Missing equipment shall be reported to Property Inventory immediately by completing the *Missing or Stolen Property Report* form (Attachment C). Deletion of missing personal property may be requested only after that property is not found for a minimum of two physical inventories and/or two calendar years from the date it was determined that the equipment was missing.

Stolen property must be reported to TTU police within 48 hours from the time the theft is noticed. The *Missing or Stolen Property Report* form also shall be completed and sent to Property Inventory. The request to delete the stolen property shall be sent at the same time as the form.

When there is reasonable cause to believe that state property has been lost, destroyed, or damaged through the negligence or fault of any state official or employee, the loss, destruction, or damage shall be reported immediately to the state auditor and the attorney general, as required by Texas Government Code § 403.271 (b). The attorney general may elect to investigate the matter and, if the investigation discloses that the state has sustained an injury through the fault of a state official or employee, the attorney general shall make written demand upon such state official or employee for reimbursement to the state for the loss so sustained.

If a university vehicle of any type is deleted from inventory, the Vehicle Fleet Management Office (TTU - Physical Plant, MS/Box 43142) will be provided a fully executed copy of Attachment A, *Request for Authority to Remove Equipment from Departmental Inventory*

form. University vehicles being disposed of as surplus property shall also comply with OP 80.04 on Disposal of Motor Vehicles as Surplus Property.

d. Trade-in of Equipment and Vehicles

Equipment that has become inadequate for the needs of the department may be used as a trade-in toward the purchase of new equipment when the property custodian determines that such action is in the best interest of the university. The department must file a *Request for Authority to Remove Equipment from Departmental Inventory* (Attachment A) for broken, obsolete, or unserviceable equipment, stating that the equipment will be used as a trade-in toward the purchase of new equipment. The amount allowed for the equipment to be used as a trade-in must be shown on the request to have the equipment deleted from inventory.

If a university-owned vehicle of any type is to be traded toward another vehicle and is to be deleted from inventory, the department making the trade will comply with the guidelines provided in OP 61.10 on Painting University Vehicles and Equipment, OP 72.15 on Purchasing/Leasing Motor Vehicles, and OP 80.07 on Vehicle Fleet Management Program. The Vehicle Fleet Management Office will be provided a fully executed copy of Attachment A, *Request for Authority to Remove Equipment from Departmental Inventory*.

e. Cannibalization of Equipment

In some instances, the benefits to the university from cannibalization of obsolete equipment may outweigh the benefits that would otherwise be realized from the sale of the equipment or the transfer of the equipment to another department. In such cases, the department must submit the *Request for Authority to Delete Equipment from Departmental Inventory* (Attachment A) to Property Inventory. The equipment should not be dismantled prior to the approval of this request.

f. Changes

Any of the data elements maintained in the Personal Property Inventory System may be changed. All changes shall be submitted in writing to the university property manager for input into the Fixed Asset System.

g. Vehicle Transfers

If a university-owned vehicle of any type is transferred to another department within the university, the transferring department will provide a fully executed copy of the *Request to Transfer Equipment between Departments* (Attachment E) to the vehicle fleet manager for approval. The transfer request must include justification and appropriate approvals as outlined in OP 72.15. Upon approval, the vehicle fleet manager will forward the request to the property manager. Non-approved requests will be returned to the department that originated the request with recommendations for disposal.

h. Donated Vehicles

Motor vehicles donated to the university must comply with all the standards set forth in OP 80.07 on Vehicle Fleet Management Program and OP 02.03, Acceptance of Gifts and Grants from Private Philanthropic Sources. Acceptance of the vehicle is subject to approval by the Vehicle Fleet Management Office. The Office of Institutional Advancement shall provide information outlined in section 3.f to the university property manager.

5. Equipment Purchased from Sponsored Projects Funds

Upon accepting a grant or contract, TTU becomes bound by the sponsor's property management regulations. TTU recognizes that there may be conflicts between sponsor regulations and state law. Determination of applicability is based upon the source of funds used in the purchase of an item.

Obtaining Approval to Purchase Equipment for Federally Sponsored Projects

a. Sources of Information

- (1) Property Inventory will update annually, or as otherwise requested, and provide to the Office of Research Services (ORS) a list of equipment that has been classified as suitable for use on federally sponsored projects. Items that have a life expectancy of less than one year and/or cost less than \$5,000 are excluded from this list.
- (2) ORS will make this list available to principal investigators and other project administrators for review. In addition, ORS will maintain records on each federally sponsored project that can be used to determine whether the purchase of any item of equipment covered by this OP is authorized.

b. Authority to Procure

Before making procurement, principal investigators and other project administrators of federally sponsored projects are required to:

- (1) Have authority to purchase or rent equipment on a project;
- (2) Conduct a search to determine if a suitable item of equipment is already on campus and available for their use;
- (3) Obtain a certificate of non-availability for equipment items costing \$5,000 or more to be purchased for NASA contracts;
- (4) Obtain a certificate of non-availability for automatic data processing equipment (ADPE) items costing \$1,500 or more to be purchased for DOD contracts; and
- (5) Obtain a certificate of non-availability for industrial plant equipment (IPE) items costing \$10,000 or more to be purchased for DOD contracts.

c. Timely Procurement

It is TTU policy that equipment for a federally sponsored project will not be purchased unless 60 days or more remain until the final project expiration date. Exceptions to this policy will be made only in special cases and only with the approval of the associate vice president for research.

The Sponsored Programs Accounting and Reporting Office will maintain current expiration dates on all federally sponsored projects in the financial accounting system. This data is available to ORS from the inquiry features of the TechFIM System.

d. Administrative Procedures

When principal investigators and other project administrators wish to purchase equipment covered by this OP, the following actions are required:

- (1) A requisition is prepared and submitted to ORS that will verify that purchase or rental is authorized by the terms of the project, including authority to re-budget funds where necessary. ORS will originate an *Authorization to Purchase Equipment for a Sponsored Federal Project* (now included as part of the E-Purchase Order and E-Requisition) for each purchase request, and will complete Part A to verify that authority exists for the purchase.
- (2) The project administrator will review the list of on-campus equipment that is suitable for use on sponsored federal projects to determine if similar-type items are available. If they are, the administrator will investigate and determine if the items are suitable for use and if satisfactory arrangements can be made for loan or transfer of the equipment. If the results of the review and investigation are negative, the facts attesting to that will be documented in the *Authorization to Purchase Equipment for a Sponsored Federal Project*.
- (3) After completing the actions required by (b) above:
 - (a) If the equipment is for use on a NASA contract and has an acquisition cost of \$5,000 or more, the project administrator and ORS will prepare a DOD Industrial Plant Equipment Requisition (DD Form 1419). The form will be signed by the project administrator and ORS and forwarded for screening to: Administrative Contracting Officer, Department of the Navy, ONR Resident Representative, Room 582 Federal Building, 300 East 8th Street, Austin, Texas 78701. If, as a result of the screening, the equipment is not available, the DD Form 1419 will be returned with the non-availability certificate. Section d of Attachment C will be completed, and a copy of the DD Form 1419 and the non-availability certificate will be attached. ORS will verify that more than 60 days remain before expiration of the project. If 60 or fewer days remain and/or receipt of the equipment before that date cannot be expected, ORS will substantiate the reasons why an exception to policy has been made.
 - (b) If the equipment is IPE and for use on a DOD contract, and has an acquisition cost of \$10,000 or more, the project administrator and ORS will prepare a DOD Industrial Plant Equipment Requisition (DD Form 1419). The form will be processed in the same way as in (c) 1).
 - (c) If the equipment is ADPE and for use on a DOD contract, and has an acquisition cost of \$1,500 or more, the project administrator and ORS will prepare a DOD Industrial Plant Equipment Requisition (DD Form 1419). The form will be processed in the same way as in (c) 1).
- (4) After completing the actions required by (b) above, if DOD or NASA non-availability certificates are not required, ORS will verify that more than 60 days remain before expiration of the project. If 60 days or less remain and/or the receipt of equipment before that date cannot be expected, ORS will substantiate the reasons why an exception to policy has been approved.

- (5) ORS will then forward the TTU requisition, with the completed authorization (*Authorization to Purchase Equipment for a Sponsored Federal Project*) and substantiating information attached, to the Purchasing Office for procurement action.

e. Procurement Action

The Purchasing Office will process purchase requests that have been approved by ORS in accordance with the above procedures, Texas Government Code, Chapter 2155, and the Regents' Rules. The Purchasing Office will provide a copy of each approved *Authorization to Purchase Equipment for a Sponsored Federal Project*, with attachments, to Sponsored Programs Accounting and Reporting.

- f. Property Inventory personnel will tag equipment, and all data outlined in section 4.a will be entered into the Fixed Assets System. If title to the equipment is vested with the federal government, the equipment will be tagged with a "U.S. Government Property" label.

6. Title to Equipment

a. Title

- (1) Title to purchased equipment vests in TTU and the state of Texas. Equipment purchased with sponsored project funds is also subject to sponsor regulations regarding title.
- (2) Title to transferred equipment vests in TTU and the state of Texas unless the former owner notifies the university in writing of other arrangements or conditions.
- (3) Research Services will advise the TTU property manager where title vests, as part of their review of property requisition purchased under sponsored projects.
- (4) Title to loaned equipment does not vest in TTU and the state of Texas.
- (5) Title to donated equipment vests in TTU and the state of Texas by virtue of the fact that TTU is a Texas state agency.
- (6) The presumption in all cases is that title vests in TTU and the state of Texas unless explicitly stated otherwise by an authoritative source.

b. Disposition

- (1) If title vests in TTU and the state of Texas and there are **no** sponsor (donor) regulations or advice pertaining to disposition of property:
 - (a) After the approval of the CPA (and the Department of Information Resources in the case of computer and telecommunications hardware and software), the item may be transferred to another agency of the state of Texas; or
 - (b) The item may be declared surplus and disposed of in accordance with OP 63.07, Disposal of Surplus, Obsolete, or Uneconomically Repairable Inventory.
- (2) If title vests in TTU and the state of Texas and there **are** sponsor (donor) regulations or advice pertaining to disposition of property:

- (a) After the approval of the CPA (and the Department of Information Resources in the case of computer and telecommunications hardware and software), the item may be transferred to another agency of the state of Texas; or
 - (b) The item may be declared surplus and disposed of in accordance with OP 63.07; or
 - (c) The item may be disposed of in accordance with sponsor (donor) regulations or advice, provided TTU and the state of Texas are reimbursed at fair market value in proportion to the percentage of TTU/state participation in the acquisition cost.
- (3) TTU and the state of Texas have no control over loaned equipment other than stewardship responsibilities to protect such property from loss, damage, or unauthorized use. Disposition is completely at the discretion of the owner.

7. Private Use Prohibited

Equipment that the university owns or for which it is responsible shall not be used for personal purposes. University-owned or controlled equipment should not be removed from the university premises. In the event a tagged item of equipment needs to be removed from university property to an employee's personal residence or other like property to accomplish university work, a *Temporary Use of Equipment Authorization* (Attachment D) must be completed and forwarded to Property Inventory. Both the temporary custodian and the property custodian (department chairperson) must sign the *Temporary Use of Equipment Authorization*. In the event that the temporary custodian is also the department chairperson, the approval of the dean or the associate vice president is also required. All equipment that is university-owned or controlled must be tagged as property of the university before it can be removed from the university premises.

8. Annual Physical Inventory

State law requires that a complete physical inventory be taken each fiscal year. Departmental personnel will be assigned with the most recent listing from the TTU Personal Property Inventory System to accomplish the inventory. The listing and instructions will be provided by the university property manager.

All discrepancies found on the federal portion of the annual physical inventory shall be reported to the cognizant federal property administrator. Federal property found to be lost or stolen shall be reported to the TTU property manager in the same manner as state property (see section 4.c) so that it can be forwarded to the federal property administrator for responsibility determination. Federal property that is no longer required for a project should be reported to the TTU property manager as soon as the determination is made.

All other inventory discrepancies will be reported in writing to the university property manager and via the Protégé database.

Property Inventory personnel will be available to assist and advise departments that encounter problems during the physical inventory.

9. Changes to Departmental Inventory

Changes to departmental inventories may be requested by use of the following forms. Instructions for completion of these forms are also included as attachments to this OP.

Attachment A: Request for Authority to Remove Equipment from Departmental Inventory (For Broken, Obsolete, Unserviceable, or Surplus Property)

Attachment A1: Instructions

Attachment B: Request to Delete Property Which Cannot Be Located as a Result of Theft or Loss

Attachment B1: Instructions

Attachment C: Missing or Stolen Property Report

Attachment C1: Instructions

Attachment D: Temporary Use of Equipment Authorization Form

Attachment D1: Instructions

Attachment E: Request to Transfer Equipment between Departments

Attachment E1: Instructions

Attachment F: Inter-Agency Property Transfer Request

Attachment F1: Instructions

Attachment G: Request to Add Equipment to Departmental Inventory that has been Discovered or Transferred from Off-campus or Donated

Attachment G1: Instructions

Attachment H: Fabrication of Equipment Authorization

Attachment H1: Instructions
