



## TEXAS TECH UNIVERSITY

### Operating Policy and Procedure

#### **OP 63.08: Property Management**

**DATE:** June 25, 2014

**PURPOSE:** The purpose of this Operating Policy/Procedure (OP) is to define the scope of property management at Texas Tech University System and Texas Tech University.

**REVIEW:** This OP will be reviewed in August of even-numbered years by the managing director of Financial Services & Tax (FST), the managing director of Procurement Services, and the chief of police with substantive revisions forwarded through the assistant vice president for financial & managerial reporting services to the vice president for administration and finance and chief financial officer and the university counsel.

#### **POLICY/PROCEDURE**

##### **1. Background**

As a state-supported educational institution, Texas Tech University System (TTUS) and Texas Tech University (TTU) 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.

Specific requirements for property purchased with federal funds can be found in OP 65.14, Federal Equipment. If the property was acquired with non-state fund sources or by donations, the requirements associated with those funds or donations must be met.

The inventory system is subject not only to these requirements, but also to those of the State Auditor's Office.

##### **2. Definitions**

- a. **Controlled Property**–The Comptroller of Public Accounts (CPA) has defined controlled property as certain property, which, due to the nature of the asset, is required to be managed by the state. Controlled property includes handguns and rifles regardless of acquisition cost and certain other property with an acquisition cost of \$500 to \$4,999. Please refer to Attachment K for a complete list of controlled property class codes.
- b. **Personal Property**–The CPA 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.
- c. **Real Property**–The Texas Capital Trust Fund defines real property as land, land improvements, buildings, and building improvements.

- d. **Property Custodian**–The property custodian is an employee of TTUS or TTU to whom property has been assigned. The property custodian is responsible for the safekeeping of all property within the department and may be held financially responsible for the loss, damage, or misuse of university property. The property custodian is usually the department head, unless the responsibility has been delegated by the department head to another employee.
- e. **Property Manager**–The property manager is an employee in FST who has been designated as the property manager for TTUS and TTU and is charged with the responsibility of accounting for all institutional property to the CPA for the state of Texas.
- f. **Surplus Property**–Property that becomes surplus, obsolete, or uneconomically repairable will be disposed of under the control of the surplus property manager. Please refer to OP 63.07 for the policy and procedures regarding surplus property.
- g. **Surplus Property Manager**–The surplus property manager is an employee in Procurement Services who has been designated as the surplus property manager for TTUS and TTU and is charged with the responsibility for the disposal of surplus property in accordance with OP 63.07.

### 3. **Responsibility**

- a. **Property Manager**–Under the General Services Act, it is the responsibility of the property manager to account to the CPA for all TTUS and TTU personal property. The property manager is an employee within the FST department. To comply with State Property Accounting policies, Property Management is also responsible for conducting spot check audits or inventory reviews on all certified or uncertified inventories by organization. Organizations are randomly selected for this process. The audit will include verifying asset tag number, serial number, and room number where the asset is located.
- b. **Financial Services & Tax**–It is the responsibility of the Property Inventory group within FST to place a numbered inventory label that identifies controlled property or personal property as property of Texas Tech University and the state of Texas. If applicable, based on funding source, Property Inventory is responsible for placing an additional tag identifying assets as property of U.S. Government.
- c. **Department/Property Custodian**–Items of personal property are assigned to individual departments. The department head is usually the property custodian of personal property assigned to the department and is responsible for the safekeeping of the items. 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 his/her department.
  - (1) The property custodian must report to the property manager if new equipment has not been tagged within a timely manner. An email should be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu).
  - (2) The property custodian must complete the *Temporary Use of Property Authorization Form* (Attachment D) and retain the completed form for his/her departmental inventory records. If the equipment is being loaned to another department, the equipment should be transferred to that department through the online inventory system. Return of the equipment to the lending department should also be done through the online inventory

system. If the equipment is being loaned outside of the state or country, the property custodian must submit the *Temporary Use of Property Authorization Form* to [property.management@ttu.edu](mailto:property.management@ttu.edu). Please refer to OP 61.01, Use of University Facilities, Equipment, Vehicles, Supplies, and Services for Private Purposes Prohibited.

- (3) The property custodian must notify the property manager if an item is transferred from another institution or agency to the department so that the item may be added to the department's inventory. See section 4.b. below.
  - (4) The property custodian must notify the property manager if an item is fabricated on campus by the department so that the item may be added to the department's inventory. See section 4.b. below.
  - (5) The property custodian is responsible for tracking property costing less than \$5,000.00 and items not on the controlled asset list. If the property custodian desires to track these items with inventory tags, tagging can be requested from [property.management@ttu.edu](mailto:property.management@ttu.edu).
  - (6) The property custodian is responsible for certifying an annual inventory through the online Property Inventory System ([www.fiscal.ttuhs.edu/propinv/](http://www.fiscal.ttuhs.edu/propinv/)).
- d. Procurement Services—It is the responsibility of Procurement Services to ensure proper coding of all purchases and payments meeting the definition in sections 2.a., b, or c above.
  - e. Institutional Advancement—It is the responsibility of the Office of Institutional Advancement to provide the property manager with the description, manufacturer, value, date of acquisition, and name of designated property custodian for all donated property so that the item may be added to the department's inventory. An email should be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu).

#### 4. Procedures

- a. Fixed Asset System—The Fixed Asset System is maintained by FST, Property Inventory group. The following data are included:
  - (1) Inventory Tag Number—The number assigned by TTU to the specific item;
  - (2) Description—Description of the item (e.g., computer);
  - (3) Model Number —Model of the item (e.g., Precision 390);
  - (4) Manufacturer—Manufacturer of the item (e.g., Dell);
  - (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 TTUS or TTU;
  - (8) Department Org Code—Org Code for the department to which the item is assigned;

- (9) Building and Room Number–Location of item;
  - (10) Custodian–Individual to whom item has been assigned;
  - (11) Paid Account(s)–Account number(s) from which item was paid. This also includes grant/contract number of paid account (if applicable);
  - (12) Purchase Order Number and Paid Voucher Number(s)–Number(s) assigned by the Procurement Services Department at the time of procurement and Banner reference number for invoice payments related to the purchase order; and
  - (13) P-Card Purchases–Computers with a unit cost of more than \$500 are considered controlled assets by the state and must be properly tagged and tracked. These transactions must be processed in TechBuy. Under special circumstances, Procurement Services will make an exception and allow the purchase. Notification of the credit card purchase must be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu). Computers costing less than \$500 will be allowed on the P-Card.
- b. Additions to Fixed Asset System

(1) Purchases

If an item is purchased through TechBuy, the information required to add the item to the Fixed Asset System is provided by Procurement Services to FST.

(2) Transfers In

If an item is transferred from another Texas institution or Texas agency, the department receiving the asset must submit an *Inter-Agency Property Transfer Request* (Attachment F) to [property.management@ttu.edu](mailto:property.management@ttu.edu) so that the item can be added to the Fixed Asset System.

Equipment Transfers in from the Following:

- Out-of-State College or University–Any university/college that is outside the state of Texas, such as Northeastern University, Stanford University, etc.;
- Private Institution–Any higher education institution within the state of Texas that is not part of the state system, such as Trinity University in San Antonio, Texas; or
- Non-Texas State Agency–Any state agency outside the state of Texas, such as New Mexico Health Department

Equipment transfers to Texas Tech University from any of the above require that the out-of-state college/university, private institution, or non-Texas state agency complete the *Out-of State, Private Institution, or Non-Texas State Agency Incoming – Property Transfer Receipt Form* (Attachment L) and submit it to Property Management for processing. Usually, these transfers are a result of a principle investigator (PI) coming to the university from another university, institution, or agency with equipment that is not received by the university Development Office. The property manager or a designee must be made aware of any equipment transferred to the university if the transfer is not received through the university Development Office.

If there is a question whether the agency or institution is classified as one of the entities listed above, please contact the Property Management Office for assistance and clarification.

A written explanation for the transfer, along with any payments that will be received for the equipment, must accompany an *Out-of State, Private Institution, or Non-Texas State Agency Incoming – Property Transfer Receipt Form* and be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu). A physical inventory must be completed by the department receiving the equipment before signing off on the property transfer receipt form.

Once completed with the required signatures and approvals and received by Property Management, Property Management will add the transferred equipment that meets the controlled or capitalized thresholds to the department's inventory listing. Property Management will also assign the appropriate tag numbers and tag the equipment that has been confirmed as received.

(3) Fabrication of Equipment

If an asset is fabricated on campus, the department must submit a *Fabrication of Equipment Authorization* (Attachment H) to [property.management@ttu.edu](mailto:property.management@ttu.edu) so that the item may be added to the Fixed Asset System.

There are times when equipment needed for a project is not available or when it can be constructed for less than the cost to purchase the equipment. This practice is referred to as “fabrication of equipment.” When the equipment to be fabricated meets the criteria for capitalization (acquisition cost of \$5,000 or more and a useful life of at least one year) or as a controlled asset (defined in Attachment K), prior approval from the property manager for these projects is required, and an email should be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu) requesting approval. When purchasing the materials needed to fabricate equipment in TechBuy, complete the *Fabrication of Equipment Authorization* form and attach this form to your purchase requisition or reference the original purchase order if it is for a continued project. When purchasing materials needed to fabricate equipment with the procurement card, complete the *Fabrication of Equipment Authorization* form and send the form and a copy of the receipt/invoice to [property.management@ttu.edu](mailto:property.management@ttu.edu).

Account code 7J0060 should be used when the equipment to be fabricated meets the criteria for capitalization. This account code is not to be used for those projects that do not meet the criteria for capitalization.

(4) Donated Vehicles

Motor vehicles donated to the institution must comply with all the standards set forth in OP 80.07, 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.

c. Deletions from Fixed Asset System

(1) Surplus Property

Transferring inventory items to surplus is done through the online property inventory system (<https://www.fiscal.ttuhs.edu/propinv/>). Step-by-step instructions are provided in Attachment A. Please refer to OP 63.07, Disposal of Surplus, Obsolete, or Uneconomically Repairable Inventory.

(2) Missing or Stolen Property

(a) Missing, Damaged, or Destroyed Property—Missing, damaged, or destroyed property should be reported immediately to [property.management@ttu.edu](mailto:property.management@ttu.edu) by completing the *Request to Report Missing or Damaged Property Report* form (Attachment B). Misplaced property is not considered missing. All efforts should be made to determine that the equipment is actually missing. If missing property is a computing device, the institutional information security officer must be notified immediately. Missing property may be deleted only after that property is not found for a minimum of two physical inventories and/or two calendar years from the date that the property was reported missing. Damaged or destroyed property may be deleted immediately depending on the circumstances reported by the property custodian.

(b) Stolen Property—Stolen property must be reported to Texas Tech Police Department immediately after the theft is noticed. If the stolen property is a computing device, the institutional security officer must be notified immediately. The *Request to Delete Stolen Property Report* (Attachment C) must be completed and sent with a copy of the police report to [property.management@ttu.edu](mailto:property.management@ttu.edu).

(3) Vehicles

If a university vehicle of any type is deleted from inventory, an email should be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu) and the Vehicle Fleet Management Office. Institution vehicles being disposed of as surplus property shall also comply with OP 80.04, Disposal of Motor Vehicles as Surplus Property. The *Request for Authority to Remove Vehicles from Department Inventory* form must be filled out and sent to Fleet Management. This form is found under OP 80.04.

(4) Items with Software and Data Files

Departments are responsible for software and data files on computing devices and equipment before they are transferred or surplused unless the software license is transferable. In the event that the computing device contains any confidential information in electronic media, the department is responsible to ensure that all electronic media is destroyed prior to being transferred or surplused.

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 institution. The department must send an email to

[property.management@ttu.edu](mailto:property.management@ttu.edu) and the Vehicle Fleet Management Office (in cases of vehicle trade-ins) stating that the equipment will be used as a trade-in toward the purchase of new equipment. The amount allowed for the equipment used as a trade-in must be shown on the request to have the equipment deleted from inventory. The purchase order number that was used to order the new equipment and references the trade-in must be included in the deletion reason section. In the event the equipment is a computing device that contains confidential information in electronic media, the department shall destroy all electronic media before trade-in. Requirements for the replacement of equipment acquired with federal funds can be found in OMB Circular A-110 C.34(e).

If an institution-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 80.01, Painting University Vehicles and Equipment, OP 72.15, Purchasing/Leasing Motor Vehicles, and OP 80.07, Vehicle Fleet Management Program.

e. Property Transfers

Property that is surplus to a department or activity may be transferred to another TTU department through the online Property Inventory System at [www.fiscal.ttuhs.edu/propinv](http://www.fiscal.ttuhs.edu/propinv). For an inter-agency transfer, the property custodian should prepare an *Inter-Agency Property Transfer Request* form (Attachment F) for transfers to another state agency and send it to [property.management@ttu.edu](mailto:property.management@ttu.edu).

The transfer will be made on a non-reimbursable basis unless the department originating the transfer makes prior arrangement with the recipient for reimbursement. Any proposed reimbursement arrangement, except directly between the losing and gaining accounts, must have the prior approval of the managing director of FST and the assistant vice president for financial & managerial reporting to ensure compliance with state rules and regulations. When a transfer to another state agency is to be made on a reimbursable basis, the managing director of FST and the assistant vice president for financial & managerial reporting will arrange for FST to handle the necessary billing.

If an institution-owned vehicle of any type is transferred to another department within the institution, the transferring department will provide a fully executed copy of the *Request to Transfer Vehicles 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 [property.management@ttu.edu](mailto:property.management@ttu.edu). Non-approved requests will be returned to the department that originated the request with recommendations for disposal.

NOTE: Property purchased with federal funds may only be transferred or disposed of in accordance with O P 65.14, Federal Equipment.

f. Cannibalization of Equipment

In some instances, the benefits to the institution 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 contact [property.management@ttu.edu](mailto:property.management@ttu.edu). The equipment should not be dismantled prior to the approval of this request.

g. Changes

If any data in the Fixed Asset System is incorrect, changes can be made by the property custodians. Requests for assistance should be emailed to [property.management@ttu.edu](mailto:property.management@ttu.edu). Requests to add equipment that has been discovered should be made by completing a *Request to Add Property to Departmental Inventory that has been Discovered* form (Attachment G). Changes in location of equipment should be made by the property custodian through the online Property Inventory System at [www.fiscal.ttuhs.edu/propinv](http://www.fiscal.ttuhs.edu/propinv).

h. Other Dispositions

If a department believes it has a need to dispose of an item in a manner that is not addressed in the items above, it must send an email to [property.surplus@ttu.edu](mailto:property.surplus@ttu.edu) to determine the appropriate action.

5. **Title to Equipment**

a. Title

- (1) Title to purchased equipment vests in TTUS/TTU and the state of Texas. Refer to OP 65.14, Federal Equipment, for title regulations governing equipment purchased with federal funds.
- (2) Title to transferred equipment vests in TTUS/TTU and the state of Texas unless the former owner notifies the institution in writing of other arrangements or conditions upon accepting the equipment.
- (3) Title to loaned equipment does not vest in TTUS/TTU and the state of Texas.
- (4) Title to donated equipment vests in TTUS/TTU and the state of Texas by virtue of the fact that TTUS/TTU is a Texas state agency.
- (5) Title to equipment acquired/fabricated under a state or private grant vests in TTUS/TTU and the state of Texas unless the award terms and conditions state otherwise.
- (6) The presumption in all cases is that title vests in TTUS/TTU and the state of Texas unless explicitly stated otherwise by an authoritative source.

b. Disposition

- (1) If title vests in TTUS/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 TTUS/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;
  - (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.

#### 6. **Private Use Prohibited**

Equipment that the institution owns or for which it is responsible shall not be used for personal purposes. Institution-owned and controlled equipment should not be removed from the premises. In the event a tagged item of equipment needs to be removed from institution property to an employee's personal residence or other like location to accomplish work or business "at home," a *Temporary Use of Equipment Authorization Form* (Attachment D) must be completed and the department should retain the form for its departmental inventory records. For property that is removed out of the university, out of state, or out of the country, 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 appropriate vice president/vice provost is also required. These forms must be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu). 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. When loaned equipment is returned to the department, notification should be sent to [property.management@ttu.edu](mailto:property.management@ttu.edu) for removal of the loan status.

Please also refer to OP 61.01, Use of University Facilities, Equipment, Vehicles, Supplies, and Services for Private Purposes Prohibited.

#### 7. **Annual Physical Inventory**

State law requires that a complete physical inventory be taken each fiscal year. OMB Circular A-110 C.34(f)(3) requires the physical inventory requirement for equipment acquired with federal funds and federally owned equipment. This inventory will be taken by the property custodian using the most recent listing from the Fixed Asset System. The listing and instructions will be provided through the online Property Inventory System at [www.fiscal.ttuhs.edu/propinv](http://www.fiscal.ttuhs.edu/propinv).

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

## 8. Insurance

The institution does not insure against the loss or damage of most property. If insurance does not exist, departments must replace lost, damaged, stolen, or destroyed property from their own departmental funds. For high value items that need to be insured, submit an email to [techbuy.purchasing@ttu.edu](mailto:techbuy.purchasing@ttu.edu). The cost of insurance must be covered by the department.

## 9. Reports

External report requirements will be managed and coordinated between FST and SPAR.

## 10. Changes to Departmental Inventory

Changes to departmental inventories may be completed through the online Property Inventory System ([www.fiscal.ttuhs.edu/propinv](http://www.fiscal.ttuhs.edu/propinv)) or by use of the following forms. Instructions for completion of these forms are also included as attachments to this OP.

[Attachment A: Online Instructions for Moving Inventory Items to Surplus](#)

[Attachment B: Request to Report Missing or Damaged Property Report](#)

[Attachment C: Request to Delete Stolen Property Report](#)

[Attachment D: Temporary Use of Property Authorization Form](#)

[Attachment E: Request to Transfer Vehicles between Departments](#)

[Attachment F: Inter-Agency Property Transfer Request](#)

[Attachment G: Request to Add Equipment to Departmental Inventory that has been Discovered](#)

[Attachment H: Fabrication of Equipment Authorization](#)

[Attachment I: Request to Transfer Property to another Institution \(Outgoing\) \(see OP 65.14\)](#)

[Attachment J: Subcontractor Form \(See OP 65.14\)](#)

[Attachment K: Controlled Property Class Codes](#)

[Attachment L: Out-of-State University, Private Institution, or Non-Texas State Agency Incoming-Property Transfer Receipt Form](#)

[Attachment M: Request to Have Property Picked up by Surplus](#)