

OAKLAND UNIVERSITY

ADMINISTRATIVE POLICIES AND PROCEDURES

360 PROPERTY MANAGEMENT

SUBJECT:	PROPERTY MANAGEMENT
NUMBER:	360
AUTHORIZING BODY:	VICE PRESIDENT FOR FINANCE AND ADMINISTRATION
RESPONSIBLE OFFICE:	UNIVERSITY SERVICES / PROPERTY MANAGEMENT
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RATIONALE: To establish a consistent, efficient and timely process for managing Property at Oakland University (University), including acquisition, control and reporting. The Property Management Office (PMO), working with University operating departments, will ensure accountability for University Property. A well administered Property management process is a basic and necessary internal control for any organization.

POLICY: The University is the sole owner of Property purchased with University funds. No individual or subdivision (department, school or college) of the University directly owns Property. Such units may have responsibility for Property in their custody; but, title rests either with the University or with the outside agency that funded the Property to the University for specific purposes. Title to Property purchased with contract or grant funds is vested in accordance with the provisions of the specific contract, grant or agency policy.

Individual departments obtaining Property are responsible for its use, maintenance and security. Departments are responsible for notifying the PMO of any equipment status changes including transfer, disposal or loss. The PMO is responsible for implementation and oversight of the subject policy and its procedures.

SCOPE AND APPLICABILITY: This policy applies to all administrators, faculty, staff and students who are in possession of University Property.

DEFINITIONS:

Capitalized Property: Any tangible asset, item or Property having a useful life of more than one year and an acquisition cost equal to or greater than the Capitalization Threshold. These items are recorded in the Fixed Asset module of Banner, the University's enterprise system.

Capitalization Threshold: \$5000

Government-Owned Property: Includes all Property where the title is retained by the government. This may include Property purchased with government funds, or Property furnished by the government.

Government-Funded Property: Includes all Property acquired with government funds (grant or contract) where the title vests with the University.

Hazardous Waste: A waste with properties that make it dangerous or potentially harmful to human health or the environment or that exhibits at least one of the following characteristics – ignitability, corrosiveness, reactivity, or toxicity. Hazardous Wastes can be liquids, solids, contained gases, or sludge which are by-products of manufacturing processes or simply discarded commercial products, such as cleaning fluids.

Inventoried Property: Equipment or items identified with a University identification tag number and recorded in the University's fixed asset database.

Off-Campus: Any location other than the central campus or University satellite operations - that is, where Property would normally reside for inventory purposes and for University business. Examples of "Off-Campus" include the personal residences of faculty, students or staff, as well as at travel locations.

Principal Investigator (P.I.): In a research environment, the individual who ensures proper accountability and control of Property. This is the individual who is responsible for the grant or contract.

Property: A tangible item owned by, or in possession of, the University which is nonexpendable - that is, not consumed in use and retains its original identity during the period of use. This typically includes vehicles, furniture, electronics and other equipment. It does not include real Property (land or buildings) nor expendable supplies.

Property Inventory Report: A detailed listing of Capitalized Property for a department or organization showing the description, acquisition cost, date of purchase and other essential information.

Property Release Form: A University form used to reassign or release University Property. This form may be found on the Property Management website.

Responsible Department: The operating department responsible for, or having custody of, University Property.

Property Management Office (PMO): The Property Management Office is responsible for fixed asset control and surplus disposal.

Request to Take Equipment Off-Campus: A University form used to temporarily remove equipment from campus for work directly related to University business. It is available on the PMO website.

Surplus Property: A non-expendable item of Property which no longer has useful value to the Responsible Department and is being considered for repurposing or disposal.

PROCEDURES:

A. General

Financial reporting of fixed assets, is handled by the PMO and Controller's Office. Asset tag management and system updates for acquisitions and disposals are handled by PMO. Depreciation and other balance sheet transactions are handled by the Controller's Office.

Federal Circular Number OMB 2 CFR 200, available on the website: www.omb.gov, prescribes uniform standards governing management of Property awarded by grants or agreements by the federal government. The University will observe these government standards when applicable.

All University Property that is transferred, loaned, sold or otherwise disposed of, must be processed through the PMO prior to a change in status and regardless of perceived current value. OU AP&P #365 Surplus Property Disposal addresses the disposition of Property that is no longer deemed to be of value to a Responsible Department.

B. Purchase

When acquiring Property, departments are to abide by OU AP&P #1000 Procurement Policy. The following account codes should be used for purchases of Property:

- An item which meets the current Capitalization Threshold for Capitalized Property will use account codes S001 through S027.

Property valued less than the Capitalization Threshold is to be charged to account code S080. S079 is used for high risk of theft equipment such as laptops, iPads and tablets.

- Property that is a component of another piece of previously purchased Property will use the account code of the original purchase.

C. Gifts In Kind (Donated Items)

Property acquired by gift, with a documented fair market value that meets the definition of Capitalized Property is to be assigned a Property tag and recorded by the PMO. The date the gift is accepted is considered the date of acquisition. The acquisition amount recorded in the University's fixed asset records is the fair market value shown on the Gift In Kind Review Form as documented by an appropriate third party. If the fair market value is not validated, the Gift In Kind will be recorded at a value of \$1.00.

Donated items must be processed through Development, and Alumni Relations (DAR) and are recorded only after approval by the Gift In Kind Committee and are in compliance with OU AP&P #500 Gifts, Pledges and Grants.

Gifts of bound volumes, pamphlets, documents and other collections are recorded by the Library and do not become part of the Property Management records.

D. Fabricated Property

An equipment item that would qualify as Capitalized Property that has been fabricated by a department of the University must be reported to PMO. The information reported to PMO must include:

- A description of the completed item
- Location of the item
- Name and fund number of the Responsible Department
- The value of the Property; including the cost of all component parts, all supplies and materials, labor costs, freight and insurance.

If the fabrication consists of components that have been purchased on Purchase Orders, the Purchase Order numbers should also be provided.

E. Modular Furniture

Modular furniture, by its nature, is designed to be used in different configurations and combinations and may be reconfigured later. Because each module/piece can be used or discarded and tracking by piece is not reasonable, modular furniture will be excluded from Capitalized Property.

F. Receipt of Property

Generally, Property is received through the Central Receiving department unless constraining circumstances dictate that delivery be routed directly to the Responsible Department. The Responsible Department, upon receipt of the Property, must perform a thorough inspection of the Property to determine that it is as ordered and that there is no concealed damage. If the shipment is not correct, discrepancies are to be noted and the Central Receiving Department and the Purchasing Department are to be notified.

G. Identification and Labeling of University Inventoried Property

The PMO will determine which items satisfy the criteria for inclusion in the University inventory. At a minimum, all items which meet the criteria for Capitalized Property will be inventoried. Items such as laptops, iPads, tablets and similar portable computing devices must be coded as S079 and a Property Tag is not required. The PMO will notify the Accounting Department if, upon review of a purchase which was coded as equipment (S001 through S027), believes that all or part of the acquisition cost should be recorded in a different asset category (such as a building improvement).

All Inventoried Property is identified, marked with an University Property tag and recorded in the University's fixed asset database following payment of the associated invoice. It will remain so identified as long as it is in the custody or control of the University. This identification is to be removed or obliterated from the Property only when sold, scrapped, or otherwise disposed of. If a Property tag is missing or removed, the PMO should be contacted for a replacement.

The PMO is responsible for initiating the application of the University Property tag to the asset. This physical application may be delegated to the Responsible Department.

At its discretion, and with agreement from the PMO, a Responsible Department may use its own numbering system and tags only for identifying Property it wishes to manage below the Capitalization Threshold. These items will usually not be reported to PMO nor recorded in the Fixed Assets system. However, for Capitalized Property, the Responsible Department must use University Property tags in lieu of, or in addition to, departmental tags. Use of departmental tags does not negate the provision that the University is the sole owner of Property.

H. Property Rented or Leased

Property acquired by lease with option to purchase, or other types of installment purchases, is to be recorded at the total cost and assigned a University Property tag and number. The assigned tag and number will serve to identify the Property throughout the utilization period or if eventually purchased.

I. Recording Value of University Property

The PMO is responsible for recording the value of all University Property obtained or acquired through any fund source or as a gift. In recording Property value, the following are included: freight charges, custom duty charges, assembly costs, insurance costs for shipments, trade in value, handling and storage charges. The following items are excluded from the value of the Property: training, maintenance, and warranty contract costs. Educational discounts are deducted from the value of Property; but, discounts for timely payment of invoices are not.

J. University Property Physical Inventories

A physical inventory of all University Property identified as active items in the Fixed Asset system will be completed on a rolling basis every other year and the results reconciled with the University's database records. The inventory is physically performed by the Responsible Department and is accomplished by verifying the inventory information provided by the PMO.

While the inventory task itself rests with the Responsible Department, the responsibility for monitoring the successful completion of inventories and maintaining the accuracy of the University records rests with the PMO. The PMO may call for a special audit to confirm inventory counts when circumstances dictate.

Any difference between quantities determined by the physical inspection and those shown in the University's database must be investigated to determine the cause of the difference. Shortages will be handled according to this policy's paragraph "O" – "Lost, Damaged Destroyed or Stolen Property". Property which should have been previously recorded as a fixed asset, but was not, will be added to the University database and supporting documents retained by the PMO.

Following completion of the physical inventory, the PMO will prepare a written summary report and self-analysis and distribute the report to appropriate internal control organizations.

K. Release of Idle University Property

Property no longer needed or used by a department should be released as surplus to the PMO for potential repurposing within the University or for disposal (see OU AP&P #365 Surplus Property Disposal). Indefinite storage of idle Property is not cost-effective. It uses valuable space, risks potential loss or misuse and requires continued maintenance of inventory records. This especially applies to electronics and Hazardous Waste items where increased age reduces the value through obsolescence and may increase the cost of disposal.

L. Personally Owned Items

Personally owned items kept on campus and subject to being confused with University Property should be reported to the PMO and identified as belonging to an individual. The University is not responsible for the loss or damage to personally owned item; nor is it insured by the University. See OU AP&P #1050 Risk Management/Insurance Policies and Procedures.

M. Taking Property Off Campus

Occasionally, in the performance of job duties, faculty or staff members may need to use University Property at their homes or at another Off-Campus location. Such use of Property must have prior written approval from the department head or Dean using the form provided on the PMO website. Laptops, iPads and similar portable computing devices are excluded from this requirement. University Property removed from campus must be used only for University business and must be returned to its campus location as soon as the Off Campus work is completed. Normally, office furniture may not be taken off campus.

See OU AP&P #1050 Risk Management/Insurance Policies and Procedures for insurance implications related to Off Campus use of Property.

N. Property Associated with Departing Employees

Each department is responsible for establishing a procedure for ensuring that departing employees (staff or faculty) properly surrender University Property. Employees are required to return to their department any University Property whether on or Off Campus. The only exception is where the item was purchased with funds from sponsored grants and contracts and, pursuant to the terms of use, the Property may be transferred to another entity. This exception requires the concurrence of the Research Office, the PMO and the Vice President associated with the Responsible Department.

O. Lost, Damaged, Destroyed or Stolen Property

Departments must have appropriate safeguards in place to prevent loss, damage, destruction or theft of Property. It is the Responsible Department's duty to complete a Property Release Form and notify the PMO in the case of any such event.

If damaged Property is not going to be repaired and remain in use by the Responsible Department, it must be sent to the PMO and documented with a Property Release Form.

Theft or any disappearance of Property should also be immediately reported to the Oakland University Police Department and to the Risk Management Department.

Key control is an important factor in helping to prevent theft of Property from campus. See OU AP&P #350 Key Control for further information.

P. Government Funded Property

Given that the University often uses equipment purchased with federal funds, it is required to comply with the Office of Management and Budget (OMB) Circular 2 CFR 200, Federal Acquisition Regulations (FAR) Part 45 and all agency regulations as stated in the particular grant agreements.

Specifically, these requirements apply to the need for an effective Property management program to ensure that costly research Property is fully utilized and that unnecessary purchases of additional Property are avoided.

Because of the variance in rules and regulations across agencies for managing government funded Property, it is emphasized that Principal Investigators and Research Office staff must be familiar with specific contractual requirements before initiating the following processes: (1) acquisition, (2) cannibalization, (3) disposal, (4) safekeeping, (5) vesting of title, and (6) accountability.

1. Equipment Screening and Acquisition Careful screening of the list of current University Property is to take place prior to the purchase of Property to ensure that the Property is needed and that the need cannot be satisfied with Property already in the possession of the University.

Requisitions for federally funded Property will be screened prior to issuance of a purchase order to avoid duplication and unnecessary purchases of Property. The guidelines and responsibilities for completing the screening requirements are as follows:

Screening for Property valued from \$5,000 to \$9,999 will be carried out by the department or unit and will be restricted to screening of like Property under the custody of that department or unit. The PMO is available to assist in identifying this category of Property.

Screening for Property with a unit value of \$10,000 or more will be carried out by a joint effort of the department and the PMO with the process initiated by the Responsible Department. This screening will encompass the total pool of like Property in the custody of the University.

2. Identification of Government-Owned Property

Each Responsible Department is responsible for identifying, marking, and recording Government-Owned Property promptly upon receipt. The PMO will furnish tags for attachment to the Property. The Property remains so identified as long as it remains in the custody, possession or control of the University.

In addition, all Federal-Government-Owned Property will be tagged by the PMO as "Property of U.S. Government". If the Property prohibits tagging because of the size or nature of the item, items will still be assigned a tag number and be recorded in the Fixed Asset database. Significant components of a modular unit should be individually tagged.

3. Property Acquired Under Grants and Contracts

Capitalized Property acquired using contract or grant funds but which immediately vests with the University, shall be identified in the fixed asset system with the contract or grant number. Identifying these items as contract or grant Property is the responsibility of the Research Office and the PMO. These items are commingled with all other University Property within the University's Property management inventory system.

During the period of a grant or contract, the Principal Investigator (P.I.) determines the utilization of Property acquired, ensuring that it is in accordance with the contract and only used for the purpose for which it was designed. Current needs will be reviewed so that excess items may be identified and reported to Research Office. Federal agencies retain the authority to define the use and transfer status of Government-Owned Property.

Upon closeout of a grant or contract for which title to the Property remains with a federal agency, the Research Office must request

disposal instructions from that agency. The disposal instructions will direct whether the University is relieved of further accountability, if the Property is to be returned to the agency, or specify that it be sold and a portion of the proceeds be returned to the agency. The PMO must be notified of the resulting directive and will be responsible for recording such disposal or transfer of Property.

Reports on Capitalized Property acquired through grants or contracts are available from the PMO on an ad hoc basis -- based upon correct coding within the Fixed Asset records.

4. Record Keeping

Electronic data records related to Property are maintained in the Fixed Assets module of Banner in order to establish control and verify status. The PMO has data entry responsibility for these updates and will flag government owned items using the code for the Federal Government in the "Titled-To" data field. Where possible the asset record should include (1) manufacturer, model and serial numbers, (2) acquisition date and cost, (3) unit of measure and location, and (4) date of the most recent activity.

Retention of backup documents related to Property is the responsibility of each department affiliated with their particular step in acquisition of the Property – the Responsible Department, Purchasing, Accounts Payable and Property Management. The Research Office is responsible for interacting with governmental agencies regarding such documentation.

5. Maintenance, Care and Accountability

It is the responsibility of the P.I. to ensure that Government-Owned Property is maintained and repaired by qualified personnel and to keep suitable documentation of such actions when they occur. The P.I. also holds accountability for Property that is deemed missing for any reason.

6. Government Property Reporting

Certain federal funding agencies rely upon reports from the University (as a contractor) regarding the value of Government-Owned Property and the number of items held at the University. Reports are typically completed based upon the specific needs of each funding agency (e.g., Department of Defense, National Institutes of Health).

Research Office is responsible for submitting such reports consistent with FAR regulations and supplements. PMO shall support this process by physically verifying Property status annually and provide ad hoc reports from the Fixed Assets system as needed.

7. Subcontractor Control

The University, when acting as a prime contractor, has responsibility for all Property awarded or provided by a funding agency. Accordingly, subcontractors are responsible to prime contractors for Property under its control. The Research Office is to ensure that each subcontract entered into by the University where federal Property may come under the control of the subcontractor must contain specific provisions concerning the responsibility for the care, custody, and use of the Property.

8. Assessment and Audit related to Government-Owned Property

The University will ensure that its Property management systems are effective and periodically conduct internal reviews and audits. Such self assessments should be conducted by an objective party outside of Research Office and PMO. Results of such reviews/audits pertaining to Government-Owned Property should be retained and held available for potential government review.

In the event that a cognizant agency, such as the Office of Naval Research, contacts the University regarding an audit of Government-owned Property, Research Office will act as the primary interface with the agency. The PMO will participate and provide support.

9. Contract Property Closeout

Research Office shall review each contract that is in the closeout process to identify Property accountable to it and reconcile the list with the Fixed Asset system records. A final Property report shall be prepared by Research Office according to the contract guidelines and submitted to the appropriate agency. As part of the final Property report, direction for disposition of Government-Owned Property should be requested -- including, if in the best interest of the University, transfer of title to the University.

Research Office should advise PMO if the Government specifies transfer of Property from a completed contract to another active contract, or transfers title to the University. Any issues or discrepancies related to Property must be resolved before contract closeout.

10. Financial Accounting -- Depreciation and Use Charges

Under applicable federal regulations, indirect cost charges for depreciation cannot be made for the portion of Property acquired with federal funds even though title rests with the University. In addition, University financial statements should not include depreciation expense for Property titled to a federal agency. The Controller's Office will work with the PMO and Research Office to ensure compliance in this calculation and that the University's fixed asset records indicate the source of funds.

RELATED POLICIES AND FORMS:

OU AP&P #350 Key Control

OU AP&P #365 Surplus Property Disposal

OU AP&P #500 Gifts, Pledges and Grants

OU AP&P #620 Environmental Health and Fire Safety

OU AP&P #880 System Administration Responsibilities

OU AP&P #1000 Procurement Policy

OU AP&P #1050 Risk Management/Insurance Policies and Procedures

OU AP&P #1370 Central Receiving

APPENDIX: