



# Oakland University

## Administrative Policies and Procedures

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**SUBJECT:** PROPERTY MANAGEMENT

**NUMBER:** 360

**AUTHORIZING BODY:** VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

**RESPONSIBLE OFFICE:** UNIVERSITY SERVICES

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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 provision 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 \$5,000. These items are recorded in the

Fixed Asset module of Banner, the University's enterprise system.

**Government-Owned Property:** Includes all Property owned by or leased to a government under the terms of a grant or contract. It includes both government-furnished Property and University-acquired Property.

**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:** As used in this policy, refers to 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:** As used in the context of this policy is defined as 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:** An official Oakland 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 a department of the Finance and Administration Division responsible for fixed asset control and surplus disposal.

**Request to Take Equipment Off-Campus:** An Oakland 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 disposal.

## **PROCEDURES:**

### **A. General**

Financial reporting of fixed assets, capitalization, depreciation and other balance sheet transactions are primarily the responsibility of the PMO, with advice and support from the Controller's Office.

Federal Circular Number OMB A-110, available on the website: [www.omb.gov](http://www.omb.gov), prescribes uniform standards governing management of Property awarded by grants or agreements by the federal government. Oakland 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 follow the University's purchasing procedure as specified in [OU AP&P #1000 Procurement Policy](#). The following account codes should be used for purchases of non-expendable Property:

- An item which meets the current cost minimum threshold for Capitalized Property will use account codes S001 through S027. Non-expendable Property valued less than this amount is charged to account code S080.
- 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 an Oakland University 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, Alumni and Community Engagement and are recorded only after approval by the Gift In Kind Committee and are in compliance with [OU AP&P #500 Gifts 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 buying department. It is the responsibility of the buying department, upon receipt of the Property, to make 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 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. 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 Oakland 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 Oakland 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 (\$5,000). These items will usually not be reported to PMO nor recorded in the Fixed Assets system. However, for Property requiring capitalization, the Responsible Department must use Oakland 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, are recorded at the total cost and assigned a University Property tag and number. The assigned Property tag 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 and trade in value. The following items are excluded from the value of the Property: handling charges, storage charges and maintenance or 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. Departments that do not complete the inventory within the allotted time may be charged a fee commensurate with the additional time spent by the PMO in an effort to collect the information. 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 annual physical inventory process, 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 re-use 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 Property**

Personally owned Property kept on campus and subject to being confused with University Property should be reported to the PMO and identified as the Property of the individual. The University is not responsible for the loss or damage to personally owned Property; 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 equipment at their homes or at another Off-Campus location. Such loan of Property must have prior written approval from the department head or Dean using the form provided on the PMO website. University Property taken off 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.

During the period of the loan, the stated Property becomes the liability and responsibility of the employee having custody. University insurance coverage does not apply to items removed from University locations.

### **N. Property Associated with Departing Employees**

Each department is responsible for establishing a procedure for ensuring that departing employees (staff or faculty) do not remove University Property. Employees are required to return to their department any University-owned 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 Office of Research Administration (OGCSR), 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) Circulars A-21 and A-110, 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 contract officers 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 purchase of non-expendable 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 requisitioning 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 plates or 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 should 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 OGCSR 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 OGCSR. 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 OGCSR Administrator must request disposal instructions from that agency. The disposal instructions will direct whether the University is relieved of further accountability; or 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 original 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 OGCSR 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).

OGCSR 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 OGCSR 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 OGCSR 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, OGCSR will act as the primary interface with the agency. The PMO will participate and provide support.

## **9. Contract Property Closeout**

OGCSR 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 OGCSR 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.

OGCSR 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 OGCSR 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 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:**



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