

04.701 Asset Management

ORGANIZATION

The University of North Texas Purchasing and Payment Services Department is comprised of the following five divisions: Purchasing Services, Payment Services, Customer Services, HUB/Entity and Asset Management (formerly Property & Inventory Control), which includes Office Supply and Central Receiving. Organizationally, the department is a unit of the Controller's Office. The Director of University Purchasing and Payment Services & HUB Coordinator leads the department. The University PPS Associate Director for Asset Management provides daily supervision of the Asset Management Division, including Office Supply and Central Receiving. The Asset Management Division is charged with the responsibility of managing the personal property acquired with both State and non-State funds, and any donations to the University of North Texas System Administration. References herein to "agency" or "agency property" refer to the University System Administration and University System Administration property.

As a State-supported institution of higher education, the University System Administration must meet the requirements of personal property management as specified in House Bill 39, 72nd Legislature, Second Called Session. As a result of this law the State Comptroller of Public Accounts (State Comptroller) assumed the responsibility for the accounting of all State personal property.

DEFINITIONS

PERSONAL PROPERTY: As defined by the State Comptroller, personal property is any possession of the State of Texas having sufficient value to warrant inclusion in the fixed assets portion of any official statement(s) of financial condition, or any possession of the State of Texas that, due to the nature of the asset, is required to have management controls placed upon it. Personal property does not include consumable items nor does it include real property such as land or buildings, improvements to land or buildings, or infrastructure.

CAPITALIZED ASSETS:

As defined by the State Comptroller, are possessions that meet the above personal property criteria and that have a single unit value of \$1,000 or greater and an estimated useful life of more than one year.

CONTROLLED ASSETS:

As defined by the State Comptroller, assets that qualify as personal property but do not meet the capitalization threshold and that must be secured and tracked due to the nature of the item. The controlled dollar threshold is \$500, with firearms being the only exception. The dollar threshold for firearms is \$1. This property is identified in the State Comptroller's State Property Accounting (SPA) User's Manual. The System Administration has included two additional exceptions. They are as follows: 1) computers will have a \$1 threshold, 2) Federal funds purchases will have a \$500 threshold.

EXPENSED ASSETS:

As defined by the State Comptroller, assets that are not required to be reported to the State Comptroller's State Property Accounting system and should be regarded as those items expensed by the agency. However, these assets may be reported to the State Property Accounting system in order to assist the agency with internal control over the asset.

EQUIPMENT HELD IN TRUST:

As defined by the State Comptroller, assets held by an agency on behalf of a non-state entity (such as art collections owned by families, estates, and others) and which are under the temporary control of the agency.

RESPONSIBILITY

Pursuant to Texas Govt. Code Ann. sec. 403.273 (Vernon Supp. 1993), the head of each State agency is responsible for the custody and care of State property in the agency's possession. It is the responsibility of the property manager to maintain the records required, through the State Comptroller, and be the custodian of all property possessed by the agency. The State Comptroller allows that a "custodian" may be designated for specific items of personal property. The custodian will then have responsibility for those items. At the System Administration, items acquired by or for specific departmental use or benefit are assigned to individual departments or accounts.

The liability, as prescribed by Texas Govt. Code Ann. sec. 403.275 (Vernon Supp.1993), may attach on a joint and several basis to more than one person in a particular instance. A person is pecuniary liable for the loss sustained by the State if: 1) agency property disappears, as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care for its safekeeping; 2) agency property deteriorates as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care to maintain and service the property; or 3) agency property is damaged or destroyed as a result of an intentional wrongful act or of a negligent act of any State official or employee (see New Employee Packet for copy of this law).

The department head of each System Administration department shall delegate the custodianship of all departmental property to the System Administration employee who is

the end user. The assignment of personal property is made, in writing, via the System Administration's asset management system.

The System Administration's asset management system "accountability report" will be the authorized medium for delegating custodial responsibility to the end user level via his/her employee identification number. This report must be continuously maintained and its integrity upheld at the departmental level. The custodian is responsible for the safekeeping and maintenance of all delegated property and may be held pecuniary liable for its loss, damage, theft, or misuse.

Whenever personal property accountability changes due to an employee of the System Administration terminating his or her employment, or transfers from one System Administration department to another, a personal property exit inventory may be conducted, at the discretion of the department head, on all property directly assigned to that employee. If this exit inventory is not conducted the department head is responsible for the personal property until such time that it is reassigned to a specific employee. In the event of the termination or reassignment of a System Administration department head, the exit inventory would apply to all directly assigned property. However, the appropriate dean or vice-president may require a complete departmental inventory since the System Administration department head is the primary custodian for the departmental property.

The completed inventory report shall be signed by the employee. Final results of this inventory shall be sent to the appropriate department head, dean, or vice-president with a photocopy forwarded to Asset Management Division.

Any discrepancies in this exit inventory would cause the employee liability section of the policy manual to be applied (see section 4.3.03.02). If necessary, a State Comptroller's **Missing or Stolen Property Report for State Departments, Institutions, and Agencies** form would be completed, declaring the property as either missing or stolen, with or without negligence (see "Other Disposal Methods-Missing or Stolen Property" section 4.3.10).

The agency must know where all assets are located at all times, whether on-campus or off-campus.

The System Administration department head must authorize any off-campus use of State property. This authorization is complete upon the completion and submission of a **Property Custody Receipt** form through the System Administration department head to the Asset Management Division. This authorization of off-campus use must constitute official State business and approved property shall not be used for personal purposes (Texas Govt. Code Ann. sec.403.273 (Vernon Supp. 1993). Whenever agency property is shipped or taken out of the country the department and responsible party must complete all necessary U.S. Customs Office documentation assuring that the property can be returned to the agency.

When the possession of agency property is entrusted to a person other than the property manager, the property manager shall require a written receipt from the person receiving custody of the property. This is accomplished by signing the certification statement on the cover sheet of the department's annual inventory report. In the case of property being loaned between two State agencies, the agency head of each agency shall sign the written authorization relieving the property manager of responsibility for the property which is subject to the receipt.

TAGGING OF PERSONAL PROPERTY

CAPITAL AND CONTROLLED:

Personal property that meets the State Comptroller's definition of capital and controlled assets will be tagged with a uniquely numbered property tag. This tag will include the statement "Property of University of North Texas System."

EXPENSED:

Personal property that meets the State Comptroller's definition of expensed property, is identified to have a risk, and is cost effective to tag, will be tagged with a property tag including the statement "Property of University of North Texas System." This property tag will not be uniquely numbered.

It is System Administration's procedure to affix a System Administration property tag to personal property after it has been received, inspected, and written up by Central Receiving personnel. Property tags will be provided to the departments, along with the receiving reports. The department accountholder is responsible for insuring that the property tags for expensed property are properly affixed to the items delivered.

Other situations where expensed property tags will be provided to the departments include the following:

1) property delivered directly to the department, 2) departmental personnel take delivery directly from the vendor at the vendor's location, 3) shipping container not readily available to be opened due to the nature of the item, 4) ordering department requires that the property be opened, inspected, and evaluated by trained personnel at the using department before acceptance and tagging, and 5) emergency repair item.

ANNUAL PHYSICAL INVENTORY

State law requires that a complete physical inventory be conducted each fiscal year. This inventory will be conducted by each department assigned personal property. The Asset Management Division will provide a current listing and inventory instructions (inventory packet) to each department. This listing will include all capital and controlled property.

The condition of the property and all discrepancies found in the listing while conducting this inventory will be reported in a fashion detailed in the inventory instructions.

Upon completion of the departmental inventory the System Administration department head must sign and return the complete inventory packet as instructed within the inventory instructions.

All new or revised location changes must be made by each custodial department within two (2) weeks after completion of their annual inventory report. Departments that do not have on-line access to the University System Administration's asset management system should advise the Asset Management Division, in writing, upon return of their annual inventory report advising of their inability to update. The Asset Management Division will then perform this updating process for the department.

The beginning of the System Administration's annual inventory period is January 31st of each year.

The System Administration is required by State law to forward to the State Comptroller, within forty-five (45) days after the completion of the annual inventory, a signed statement describing the method used to verify the inventory and a copy of the inventory (Texas Govt. Code Ann. sec. 403.273(f), (g) (Vernon Supp. 1993). This copy is maintained in the Property and Inventory Control Division.

The System Administration will conduct an annual statistical sampling (spot-check) verification of departmental property. The selection of property included in this verification process is based upon the following criteria: 1) one percent of the department's total capital/controlled property count, 2) greater selection sensitivity toward high dollar value items, 3) a higher ratio of "high risk" (controlled) property, and 4) the sampling will be taken from the total database.

ADJUSTMENTS TO THE PROPERTY INVENTORY

Adjustments to personal property inventory records may be accomplished by one of several methods. Examples of these methods are as follows, but are not limited to this listing: 1) direct purchase via State, local, gift, or Federal funds, 2) donations, 3) manufactured by the agency, 4) discover and add (undetermined sources), 5) interagency transfer in or out, 6) surplus property acquisition, 7) sales, 8) lost, 9) stolen, 10) disassembled for parts, 11) traded-in, 12) released to grantor/donor, 13) statutory deletion, 14) lease/purchase or installment purchases.

GIFTS-IN KIND (DONATIONS)

Gifts to System Administration must follow policy as outlined in the University of North Texas Policy Manual, Vol. II, section 7.2.

The State Comptroller requires that all gifts or donations be appraised and that its method of appraisal be reported to the State Comptroller at the time the property is placed on the System Administration's property records. It is the responsibility of the department receiving the gift or donation to secure this appraisal. Any cost associated with this appraisal will be the responsibility of the recipient department. The approved methods of appraisal are as follows: 1) invoices or other documents stating original cost, 2) manufacturers price list, 3) distributor and supply company catalogs, 4) industry publications and trade journals, 5) public records and tax assessment records, 6) realtors, appraisers, and bankers, and 7) other (this method should be used sparingly and documented).

The Library's library materials account is exempt from reporting donated materials that are to be cataloged until the end of the fiscal year. These figures are to be reported to the Asset Management Division for inclusion in the System Administration's asset management system.

MANUFACTURED:

Property manufactured by the System Administration will be appraised according to labor and material costs.

DISCOVER AND ADD (FOUND OR ACQUIRED VIA UNDETERMINED SOURCES):

Property acquired via undetermined sources will be appraised according to the State Comptroller approved methods of appraisal.

TRANSFER OF PROPERTY

SYSTEM:

The **Interdepartmental Transfer/Release of Property and Instructional Fee Certification** form is used to authorize the Asset Management Division to transfer property from one account number to another account number. This form should be initiated by the relinquishing department.

INTERAGENCY:

The **Property Transfer Notice** form is used to initialize the transfer of personal property between State agencies. This transfer may be completed with or without monetary reimbursement. The process is completed electronically between the two (2) agencies via the State Comptroller's State Property Accounting (SPA) system's on-line approval. Accountability for the property rests with the transferring agency until all procedures have been applied and the receiving agency acknowledges receipt of the property electronically through the State Comptroller's State Property Accounting (SPA) system.

The unit initiating the interagency transfer should first inform the campus of the availability of the property before it is made available for another state agency.

POLITICAL SUBDIVISION or ASSISTANCE ORGANIZATION:

The **Certification of Transfer of Property to a Political Subdivision or Assistance Organization** form is used by the Asset Management Division to transfer or sell property between the System Administration and a political subdivision. The unit initiating the political subdivision or assistance organization transfer should first inform the campus of the availability of the property before it is made available to a political subdivision or assistance organization. Any System Administration unit may initiate the search for an interested political subdivision or assistance organization. The transfer or sell process must be coordinated through the Asset Management Division.

An assistance organization means: 1) a nonprofit organization that provides educational, health, or human services or assistance to homeless individuals; and 2) a nonprofit food bank that solicits, warehouses, and redistributes edible but unmarketable food to an agency that feeds needy families and individuals. A nonprofit organization must meet the qualifications as required by the IRS Code § 501 (c) (3).

DISPOSAL OF SURPLUS AND SALVAGE PROPERTY:

Property which becomes surplus, salvage, obsolete, or uneconomically repairable will be disposed of under the direction of the Asset Management Division. This includes all types of property, except carcinogens and radioactive materials and devices, e.g. EPA regulated materials, solvents, etc. Departments generating this type of property must contact the Risk Management and Environmental Services office to coordinate its disposal.

If title vests with the System Administration and there are no sponsor/donor regulations pertaining to the property, then following the policies of the State Comptroller and, if necessary, the approval of the State Department of Information Resources (DIR), in the case of some computer and telecommunication hardware and software, the property may be transferred to another state agency, political subdivision, or assistance organization.

If title vests with the System Administration and there are sponsor/donor regulations pertaining to the disposition of the property, then dispose of in accordance with the sponsor/donor regulations.

PROPERTY TRANSFER:

Property which is declared surplus by a department may be transferred to another System Administration department, another State agency, political subdivision, or assistance organization. The System Administration community must be advised that said property is available for on-campus redistribution before a commitment is made with another State agency, political subdivision, or assistance organization. These redistribution efforts must

be coordinated with the Asset Management Division. This transfer may be made with or without monetary reimbursement. Any reimbursement should be credited to the same funding source from which the property was originally acquired. If this reimbursement is to be made between the System Administration and another State agency, political subdivision, or assistance organization, the department should coordinate the payment efforts with the Asset Management Division and the Payment Services Division.

To accomplish a transfer of property between System Administration departments see the Transfer of Property-System section; to another State agency see the Interagency section; to a political subdivision see Political Subdivision or Assistance Organization section.

RETIRE TO SURPLUS:

Property which is to be retired to surplus should be listed on an **Interdepartmental Transfer/Release and Instructional Fee Certification** form. The relinquishing department should also complete a Facilities "work order," either by telephone or completion of the form, requesting pickup and delivery of the property to the surplus storage facility. This service is provided at no charge to the department.

Upon receipt of the form and property, Asset Management Division personnel will verify the receipt of the property. Upon completion of this process the property will be transferred to the appropriate surplus property account.

The Asset Management Division will maintain surplus property accounts for: 1) educational & general, 2) pledged auxiliary enterprises, 3) non-pledged auxiliary enterprises, and 4) board designated.

Pursuant to Texas Government Code, Section 2175.126, data processing equipment that is not disposed of in accordance with the referenced section will be transferred to the Texas Department of Criminal Justice.

Pursuant to Texas Government Code, Section 2175.304, before disposing of surplus property the System Administration shall offer instructional materials or equipment on the Texas Higher Education Coordinating Board's Internet website for the purpose of allowing public schools or school districts the opportunity of acquiring the System Administration's surplus property. This acquisition may be with or without monetary consideration. If more than one public school or school district seeks to acquire the same property on substantially the same terms then the System Administration shall give preference to a public school that is considered low-performing by the commissioner of education or to a school district that has a taxable wealth per student that entitles the district to an allotment of state funds under Subchapter F, Chapter 42, Education Code.

RETIRE TO SALVAGE:

Salvage property (property that is broken beyond economical repair, worn out, or disassembled for parts) may be declared as salvage by the user department. The user

department may retain the disassembled property for useable parts and make written request to the Associate Director for Asset Management, via the completion of the **Dismantled for Parts Certification** form, for the property to be deleted from System Administration's property records. This property may be released for sale as scrap to the Asset Management Division via the completion of an **Interdepartmental Transfer/Release and Instructional Fee Certification** form.

When property is determined that it no longer has any value whatsoever to the System Administration and the cost to bring it to an operational condition is not economically feasible, the department should make written request to the Associate Director for Asset Management, via the completion of the **Certificate of Destruction** form, for the property to be properly disposed of and deleted from the System Administration's asset management system.

SALE OF SURPLUS/SALVAGE:

Arrangement for sales of equipment or supplies may be made only through the Vice Chancellor for Finance and/or the University Associate Director for Asset Management. All surplus or salvage property will be stored in designated surplus property storage areas. Any exception to these designated areas must be approved by the Associated Director for Asset Management. Disposal of used tires and batteries will be under the direction of Facilities.

Refrigeration equipment which must be scrapped may be placed in the scrap yard ONLY AFTER the refrigerant has been reclaimed by authorized Facilities personnel and the completion of a **Certification of Removal of Refrigeration Coolant and Capacitors** form affixed to the unit. Units with refrigeration which are suitable for reuse may be sold as surplus without removal of the refrigeration coolant and capacitors.

Terms and conditions of the surplus/salvage property sale will be outlined in detail in the bid document assigned to each sale. All sales are public sealed bid offerings, or public auctions, with high bidder(s) being awarded the product and/or equipment. All sales will be advertised in the local newspaper for at least one day and in other publications if warranted.

No System Administration personnel, either faculty or staff, shall bid on surplus/salvage property which they were in whole or in part, responsible for declaring as surplus/salvage.

All property is sold on a "where is/as is" basis and the System Administration will not be held responsible for its condition, quality, quantity or warranty, either expressed or implied. The System Administration reserves the right to reject any or all bids and to waive any or all formalities. All other bid performance standards will be set by the Vice Chancellor for Finance and/or the University Associate Director for Asset Management.

The current State sales tax rate will be assessed against all product or equipment sold, with the exception of items exempted by the State Comptroller of Public Accounts and/or parties properly completing a Texas Sales Tax Resale Certificate.

DISPOSITION OF SALE REVENUE:

All revenue from the sale of surplus/salvage property will be used first to defray the direct cost of the sale (e.g. advertising, print cost, etc.). The only exception to this disposition of revenue is when the appropriate vice-president and the Vice Chancellor for Finance approve, in writing, the direct deposit of the sale revenue into a predetermined account. Any remainder will be deposited to the Unrealized Revenue accounts for: 1) educational & general, 2) auxiliary enterprises – pledged, and auxiliary enterprises – non-pledged.

DISPOSITION OF DATA PROCESSING STORAGE DEVICES

In an effort to minimize the System Administration's risk toward: 1) the violation of software license agreements, 2) the unauthorized release of confidential information, and 3) the unauthorized disclosure of trade secrets, copyrights, and other intellectual properties, the System Administration shall regulate the disposition of all System Administration owned data processing storage devices. The term disposition is intended to mean, but is not limited to, the sale or transfer via a state interagency transfer, transfer to a state political subdivision or assistance organization, used as a trade-in on the acquisition of new equipment, or offered in a public sale of old, obsolete, damaged, nonfunctional, or surplus data processing equipment containing storage devices, i.e. hard disk drives, optical storage devices, etc., either internal or external. Unless specified by the contract or law, it is the intent of the System Administration to erase all software and data files from all data processing storage devices before their official disposition. This disposition does not refer to the movement of the device within the units of the System Administration.

The department recognized as the direct custodian of the storage device by the System Administration's asset management system will be responsible for the erasure of the storage device before it is released to the Asset Management Division for proper disposition, transfer, or used as a trade-in.

The erasure of the storage device should be accomplished by the utilization of a recognized and established software utility program, which can be supplied by the Asset Management Division, which will write over the entire storage device. The department releasing the device or their assigned network manager's office will certify that the storage device has been erased via the write over utility program. The Asset Management Division will provide the certification document, the **Certification of Erasure of a Data Storage Device** form, necessary to certify this procedure. The description of the utilized utility program will be recorded on the certification document.

DISPOSAL OF ABANDONED PERSONAL PROPERTY:

OTHER DISPOSAL METHODS:

DELETIONS:

Items may be deleted from System Administration's inventory records only after receiving approval from the Office of the State Auditor.

MISSING PROPERTY:

Missing property should be reported to the Asset Management Division immediately by completing the State Comptroller's **Missing or Stolen Property Report for State Departments, Institutions, and Agencies** form. This report is maintained in the Asset Management office for a minimum of two (2) physical inventories and/or two (2) calendar years from the date that it was first determined to be missing. Deletion of missing personal property may be requested only after that the two (2) year requirement has been met.

A designated System Administration official, with a rank greater than the University Associate Director for Asset Management, must sign, date, and determine negligence on the part of the person responsible for the property. The property is then reported to the State Comptroller via on-line electronic notification.

See Responsibility section for a State employees' pecuniary liability.

STOLEN PROPERTY:

Stolen property must be reported, by the department having custody, to the University Police within forty-eight (48) hours of identifying the theft. The stolen property must be reported to the Asset Management Division immediately by completing the State Comptroller's **Missing or Stolen Property Report for State Departments, Institutions, and Agencies** form.

A designated System Administration official, with a rank greater than the University Associate Director for Asset Management, must sign, date, and determine negligence on the part of the person responsible for the property. This report is faxed to the Office of the State Auditor within 24 hours of submitting a deletion request to the State Comptroller.

See Responsibility section for a State employee's pecuniary liability.

TRADE-IN OF PROPERTY:

PROPERTY LIAISONS:

There will be the establishment of school or college level (departmental level where college/school is not applicable) property liaisons that will be responsible for advising

departmental personnel under their jurisdiction on all personal property policy and procedures as advised by the University Asset Management Division.

FEDERAL SURPLUS PROPERTY PROGRAM ACQUISITION:

The establishment of an internal control is necessary to identify and authorize individuals for the acquisition of surplus property. For this purpose the Surplus Property Acquisition Authorization form must be completed and be on file in the University Asset Management Division. This form is valid for only one (1) fiscal year and must be renewed annually. The responsibilities of the authorized employee will be stated within the authorization form.

Any surplus property received by System Administration from any source whatsoever must be reported to the University Asset Management Division and processed through the department.

Federal surplus property acquired through the Texas Building and Procurement Commission's Federal Surplus Property Program is subject to the federal and state restrictions as detailed in the certifications and agreements outlined in the their application for eligibility.

MERCHANDISE FOR RESALE INVENTORY:

An inventory of all merchandise for resale on hand as of August 31 of each fiscal year will be furnished by each department having merchandise for resale. This inventory must be prepared in triplicate, with the original and duplicate transmitted to the University Office of Financial Reporting no later than August 31 of each year. If for any reason it is impossible for any department to complete this inventory by August 31, it should be communicated with the University Office of Financial Reporting for the purpose of arriving at an understanding that will prevent any delay in the closing of the books (V.T.C.S., Education, section 51.001).

In addition to the prescribed annual inventory of August 31, the Vice Chancellor for Finance may find it necessary to require monthly, or less frequent, inventories of departments having merchandise for resale in order to have current operating information for proper management.