



Policy Name: Property Management Policies and Procedures		
Effective Date: 07/01/2014	Revision Date: 10/01/2016	Department/Area/Division: LS/AD/FA
Department/Area Policy #:		Departmental Contact: Tony Johnson, Senior Executive Director

Purpose:

Provide policies and procedures for identifying, controlling, disposing, and assigning responsibility for property.

Policy Statement:

The University of Alabama's Property and Inventory Management (PIM) Department is responsible for ensuring that adequate accountability systems are established and administered for University and sponsoring-agency equipment. PIM is also responsible for providing a public record of state or federal property, as specified in Federal Acquisition Regulation (FAR), Part 45, "Government Property"; Title 2, Code of Federal Regulations (CFR), Chapter II, Part 200.

The following policy for University-wide property management outlines the responsibilities and procedures developed in response to this need.

The University is committed to maintaining proper accountability and control over its equipment. It is the responsibility of every employee of the University to abide by the following property management policy and procedures.

These policy and procedures are applicable to all equipment purchases regardless of the funding source, including the following:

- Equipment purchased from any University fund, including grant, state, or gift funds,
- Equipment donated or transferred to the University by external entities, and
- Equipment purchased by related foundations for use by the University.

Definitions**A. Capital Equipment/Property**

Any apparatus, instrument, appliance, item of machinery, or piece of furniture costing \$5,000 or more that is moveable.

1. University-Owned Property - all property acquired by the University by whatever means, with title to the property being vested in the University. Where applicable, University-owned property is subject to the laws of the State of Alabama as well as to this policy, and items purchased on contracts and grants are subject to Code of Federal Regulations (CFR), Chapter II, Part 200, FAR Part 45, and grant agreements.
2. University-Controlled Property - all property acquired by the University by whatever means, title to the property being vested in someone other than the University. Where applicable, University-controlled property is subject to the terms and conditions of any contract, grant, agreement, regulation, or other obligation under which the University assumed possession, as well as to this policy. In addition to University policies, items purchased on contracts and grants and controlled by the University are subject to Code of Federal Regulations (CFR), Chapter II, Part 200, FAR Part 45, and grant agreements.



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B. Department

Any budgeted unit of the University or any other function or activity operating under the auspices, sponsorship, or control of the University's Board of Trustees.

C. Department Head

Any officer, dean, director, chairperson, manager, or similar employee charged with the supervision of a department.

D. Property Manager

An employee charged with the responsibility for all equipment matters covered by this policy.

Threshold and Inventory Control Requirements

A. Property Subject to Inventory Control

Generally, property subject to inventory control (i.e. equipment) should satisfy the following requirements in order to be included:

- Moveable (not permanently affixed to a building or structure)
- Have a life expectancy of one (1) year or more
- Have an acquisition value of \$5,000 or more
- An identity not altered materially through use

Property subject to inventory control would typically include the following:

- Office equipment
- Lab equipment
- Scientific equipment
- Tools and machinery
- Recreation equipment
- Kitchen equipment
- Maintenance/janitorial equipment
- Vehicles
- General equipment

Resolution of specific situations where the status of a piece of equipment is questionable as to whether it is "fixed" or "moveable" will be left to the discretion of Property and Inventory Management. Decisions will be made on the most consistent basis possible.

B. Property Not Subject to Inventory Control

Property subject to inventory control does not include the following categories:

- Land
- Buildings
- Fixed Equipment
- Intangible Assets
- Software
- Library Books
- Collections
- Audio Visual Systems (individual moveable items used separately from the system that meet the threshold are included)



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- Furniture (individual moveable items over the threshold are included)
- Access Control Equipment
- Firearms
- Servers and switches

Examples of items excluded from University inventory:

- Water heaters, built-in appliances, central air-conditioning systems, boilers, chillers, etc.
- Consumables/supplies classified as “expense” rather than “equipment” such as glass, cloth, rubber, filament, and inflatable products
- Repair and replacement parts
- Tool kits or assortments of small hand tools
- Toys used for instructional or recreational purpose

Responsibilities

A. Assignment of Responsibilities

University Vice Presidents are charged with ultimate responsibility for assuring compliance with the laws regarding equipment inventory. University Vice Presidents have delegated this authority to the appropriate Dean, Director, or Department Head, who will appoint Property Managers.

1. Department Head

The dean or department head may delegate the authority for property responsibilities and assign it to any employee(s) within their division who will be designated “Property Manager” in addition to any other titles held. A current master list should be forwarded to Property and Inventory Management by each dean or department head and maintained on a current basis. A list of all persons who have been designated by their Property Manager to act as representatives will likewise be maintained by the office of the appropriate dean and Property and Inventory Management.

Should the responsibilities of Property Manager be assigned to another person, immediately notify Property and Inventory Management. Provisions have been made for the orderly transfer of property management responsibility from one individual to another. This provision dictates that a complete physical inventory be taken prior to impending personnel changes of the Property Manager or department head or in other situations as deemed necessary. Property and Inventory Management staff will be available to assist during these types of transitions. See section below on transfer of property management responsibility.

2. Property Manager

Property Managers’ responsibilities will, in addition to the responsibilities they may already hold, represent their respective departments in all property-related matters. These responsibilities include, but are not limited to, the following duties:

- a. Assisting Property and Inventory Management in locating, accessing, and tagging capital equipment.



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- b. Verifying capital equipment during inventory.
- c. Reporting to Property and Inventory Management acquisitions of equipment not processed through the Procurement department.
- d. Reporting to Property and Inventory Management relocations of equipment.
- e. Reporting to Property and Inventory Management transfers or loans of equipment.
- f. Reporting to Property and Inventory Management missing or lost equipment.
- g. Reporting to UAPD and Property and Inventory Management stolen equipment.
- h. Assisting in all internal and external audits and responding to any audit findings.
- i. Enforcing all UA equipment policies and procedures.
- j. Securing equipment properly.

Property Managers are responsible for ensuring that equipment is acquired, inventoried, accounted for, and ultimately disposed of according to these policies and procedures. As a result, they will attend periodic training sessions related to University property management policies and procedures.

Property and Inventory Management will consider Property Managers as the initial point of contact and responsible party for departmental property inventories. The physical counts for the physical inventory are the responsibility of the departmental Property Managers and shall be subject to subsequent verification by Property and Inventory Management.

3. Department and/or Principal Investigator
Each principal investigator or department must maintain a separate and complete listing of property acquired from any federal, state or other entity that is not titled to UA. It is the responsibility of the department or Principal Investigator (PI) to ensure property acquired from any of these entities is accounted for and disposed of in the appropriate manner, including removal of any non-UA property tags, data or other identifiable information. Property and Inventory Management will not accept or dispose of property titled to another entity without appropriate documentation and approval from such entity.
4. Procurement Services
Procurement Services is responsible for acquiring equipment, ensuring the appropriate account codes are used and supplying all information necessary for accountability.
5. Contract & Grant Accounting/Sponsored Programs
Contract and Grant Accounting/Sponsored Programs is responsible for determining ownership of property transferred to UA in conjunction with a grant or contract.
6. Financial Accounting
Financial Accounting is responsible for notifying Property and Inventory Management of gifts received and providing the necessary information to record the gift. In addition, Financial Accounting advises Property and Inventory Management on the capitalization and depreciation of equipment.



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7. Property & Inventory Management

Property and Inventory Management is responsible for assigning asset tag numbers to each item received, updating the master asset files and maintaining all property records. It is the responsibility of Property and Inventory Management to provide for the following:

- a. Identifying equipment to be inventoried
- b. Assigning an inventory control number
- c. Affixing an inventory control tag
- d. Recording all acquired equipment into the asset reporting system
- e. Recording monthly depreciation/capitalization of equipment
- f. Maintaining data in the asset reporting system
- g. Disposing of or re-utilizing surplus equipment
- h. Training and orientation of property managers
- i. Making periodic inventories
- j. Providing year-end reporting information
- k. Assisting with audits

B. Transfer of Property Management Responsibility

The appropriate dean or department head appointing authority of the Property Manager shall be responsible for requesting a complete physical inventory prior to impending personnel changes of the department head, the Property Manager, or in other situations where deemed necessary. At the time a Property Manager within a division or department is relieved of property management responsibilities, for whatever reason, the Property Manager will conduct a physical inventory of all property subject to inventory control. This should occur prior to the Property Manager's being formally relieved of property management responsibilities. The dean or department head in charge of the division should appoint a succeeding Property Manager to effect the transfer of accountability. The succeeding Property Manager and the departing Property Manager shall conduct a joint physical inventory of all inventoried property within the department or division. As with other inventories, all items will be identified as being on hand; or, if not, should be properly reported as lost, stolen, destroyed, obsolete, or otherwise missing. The succeeding Property Manager shall sign a transfer acknowledging receipt of all equipment shown on the verified inventory and then shall assume the responsibilities of Property Manager. The dean, director, or department head should complete the Property Manager Information Form located at <http://propertyandinventory.ua.edu/form.html> notifying Property and Inventory Management of the change in property manager.

Procedure

The procedures outlined in this document provide the means for the Property Managers to coordinate their responsibilities with those of Property and Inventory Management.



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Equipment accountability consists of the following phases in the lifecycle of an asset:

- Procurement
- Tagging
- Inventory
- Relocation
- Transfer
- Loan
- Missing/Lost/Stolen
- Disposal

Procurement

A. Acquisitions of Equipment

Equipment is recorded at cost, which is the amount invoiced less all discounts plus any freight and installation costs.

To facilitate tagging, reporting and capitalization of equipment, account codes in the 791XXX range should be used on any individual capital equipment purchase of \$5,000 or more. Proper coding is essential to ensure that the equipment is included in the University's inventory. If Procurement or Property and Inventory Management discovers that an incorrect account code has been used prior to an order being placed, the incorrect account code will be replaced with the appropriate one. If the error is discovered after that time, it will be necessary for the initiator to ensure that the correction is made to the appropriate account code.

Each UA department is responsible for receiving and physically examining the property acquired from the vendor, ensuring that it is in good condition and delivering the property to the appropriate area.

Property can be acquired by the following means:

- Purchase
- Transfer
- Gifts/Donations
- Fabrication
- Consignment or Loan

1. Acquisitions

The purchase of equipment is made in the following ways:

- Purchase Order
- Procurement Card (P-card)
- Buy BAMA
- Supply Store
- Alabama State Agency for Surplus Property
- Lease Purchase Agreements



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- a. Purchase Order - Property and Inventory Management receives information via reports generated based on UA Purchasing Department coding of purchase orders to the appropriate 791XXX account code.
- b. Procurement Card - Property and Inventory Management receives information via reports generated from UA Procurement Card system based on coding of purchases recorded to the appropriate 791XXX account code.
- c. Buy BAMA - Property and Inventory Management review the order summary report for items purchased over \$5,000.
- d. Supply Store - Property and Inventory Management receives information via reports generated from UA Supply Store system of purchases over \$5,000.
- e. Alabama State Agency for Surplus Property - Departments wishing to purchase equipment from the Alabama State Agency for Surplus Property is invited to do so in accordance with established University policy.

Equipment acquired from the Alabama State Agency for Surplus Property is tagged and recorded in accordance with the restrictions placed on the use of such equipment. These restrictions apply where the government's initial acquisition cost is \$5,000 or more and passenger motor vehicles regardless of cost. The restriction period runs for 18 months from the date of purchase, during which time this equipment must be used in its original form (i.e. it cannot be used for secondary utilization). This restriction applies except where prior written approval to cannibalize a piece of equipment has been granted by the Alabama State Agency for Surplus Property.

- f. Lease/Purchase Agreements - Equipment acquired via lease/purchase agreements falls within the category of "University-owned property" and is subject to the controls and restrictions as stated in DEFINITIONS. As such, the Property Manager is responsible for this equipment. Equipment acquired in this manner will be added to the appropriate departmental inventory file at the time that the initial payment occurs.
 - g. If the lease/purchase agreement is terminated prior to fulfillment, it is the Property Manager's responsibility to advise Property and Inventory Management of that fact in order that UA property tag and other markings may be removed and the equipment deleted from the department's inventory records.
2. Transfers to UA from other entities
 - a. Transfer from an external entity to The University of Alabama
 - b. Transfer of Grant and Contract Equipment to The University of Alabama

When equipment is transported to the University in conjunction with the transfer, Property and Inventory Management should be notified of any items valued at \$5,000 or more so they can be recorded in the fixed asset system. The following information should be provided:

- Description of the property
- Make, model, year and serial number



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- Current location
- Current value of property and how value was determined
- Department FOAPAL information
- Correspondence regarding transfer of ownership
- Other pertinent information

It is the responsibility of the recipient department to notify Property and Inventory Management and Contract and Grant Accounting of any equipment received by grant or contract transfer. Once the information has been received, someone from Contract and Grant Accounting and/or Sponsored Programs will notate federal, state, or other ownership. Property and Inventory Management will label the equipment with University property tag and any special label supplied stating ownership. If there are any questions regarding grant equipment, please contact Contract and Grant Accounting at 348-8117.

3. Gifts/Donations

It is the Property Manager's responsibility to notify the Office of University Advancement/Development Office utilizing the Gift Transmittal Deposit Form when equipment is received as a gift from an outside source. Property and Inventory Management will be notified of the receipt of equipment as a gift by the Financial Accounting Office and will record the equipment received to the appropriate departmental inventory as long as the equipment is valued at \$5,000 or more. Donated equipment is recorded at acquisition value as of the date of the donation.

4. Fabrication

Fabricated equipment includes all direct costs associated with the fabrication and installation of the item.

At the discretion of Property and Inventory Management, items of equipment that are fabricated by any University department will be tagged and recorded as moveable equipment and will be considered "property subject to inventory control." If the fabrication cost of these items exceeds \$5,000 these items would generally fall in the category of "not built-in."

It is the responsibility of the Property Manager to make Property and Inventory Management aware of equipment items fabricated by/and for them.

5. Consignments or Loans of Equipment to UA

Equipment acquired by departments through consignment or loan from other entities will be required to reported the item(s) to Property and Inventory Management by the recipient department. The same information should be provided as described above in section B. Transfers.

Each principal investigator or department must maintain a separate and complete listing of property acquired from any federal, state or other entity. Documentation should include make, model, serial number, and any other identifiable information about the property. It is the responsibility of the



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department or PI to ensure property acquired from any of these entities are accounted for and disposed of in the appropriate manner, including removal of any other entity property tags, data or other identifiable information. Property and Inventory Management will not accept or dispose of property titled to another entity without appropriate documentation and approval from such entity.

Tagging

A permanent property tag will be issued when an item has been invoiced, paid, and installed. Positive identification of equipment is accomplished by the permanent affixing of small tags to each item of equipment. Each tag has a unique barcoded identification number on it. When practical, the tag will be placed near the manufacturer's plate that includes name, serial number, and model number.

In addition, to the tag, the property number will be written on the asset when possible. For those items that cannot be physically tagged, the tag will be given to the responsible department property manager for safekeeping. For equipment that may be sensitive or whose value may be diminished by affixing of a tag, the property manager will be given the tag for safekeeping. With the exception of trade-ins, the tag should not be removed or otherwise altered once applied.

Inventory

Physical Verification of Inventory

The need to respond to audits by internal and external auditors, State Examiners and grant sponsors requires UA to maintain an equipment inventory that it can account for and report the location of capital equipment.

Federal and state regulations dictate that a complete physical inventory of all equipment items under each University department's accountability be taken at least once every other year. The Property Manager should follow good business practice of performing self-audits of inventory. Property and Inventory Management will conduct an inventory of the University's moveable fixed assets annually. Property and Inventory Management shall be responsible for establishing and announcing each physical inventory period. In January of each year, Property and Inventory Management will inform each departmental Property Manager of the upcoming inventory.

Property and Inventory Management employees will physically scan and verify all items on the University inventory with the only exception being items located off campus. This process will be completed by the end of July of each year.

If it is determined during inventory process that assets are lost, missing, or stolen, Property and Inventory Management will instruct the Property Manager of the necessary steps outlined in the section Loss, Theft, or Destruction. If the Property Manager does not take the necessary steps, the dean, director, or department head will be notified. If appropriate action is still not taken, the respective Vice President, Associate Provost or Sr. Executive Director will be notified. In the event compliance with University Property and Inventory Policies is not followed, the Sr. Executive Director of Logistics and Support Services shall notify UAPD and request an investigation of the loss.



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Specific instructions relative to each inventory may be given to help guide the Property Manager's inventory for future inventories, with possible guidance for the reporting of lost, stolen, destroyed, obsolete, or otherwise missing equipment. A Transaction Form, with the appropriate box checked, will be necessary to effect the desired changes in the equipment listing if a department request changes to their inventory. The Property Manager should retain this copy of the equipment listing for the departmental property files.

Property and Inventory Management may arrange periodic inventory verifications, other than the planned annual inventory, with the departmental Property Manager. To the extent possible, these verifications shall be arranged at mutually agreeable times. A representative of Property and Inventory Management will conduct these inventory verifications with the assistance of the Property Manager and other faculty and/or staff members as required. If it is determined that the inventory procedures maintained by the Property Manager were inadequate, Property and Inventory Management will review the matter with the Property Manager. Unresolved discrepancies will be reported to the appropriate department head, dean or division head and vice president.

If a piece of equipment was classified as University-Controlled property or University-Owned property at the time it was purchased but later falls under the threshold because the threshold has been raised, then the University-Controlled property or University-Owned property will be removed from the University Inventory. Effective Oct. 1, 2005, The University of Alabama threshold is \$5,000 or more, set by The Board of Trustees.

Relocation

Property may be transferred from one building to another or one room to another within the same department. Departments wishing to have equipment under their control moved from one room/building to another may do so and notify Property and Inventory Management by preparing a Transaction Form and checking the appropriate box. It is the responsibility of the Property Manager to complete, sign, and forward the form to Property and Inventory Management to update the location in the fixed asset system.

If the assistance of Logistics and Support Services is needed to accomplish the move, departmental personnel should schedule moves directly with Logistics and Support Services by entering a customer request via AIM/FMAX.

This procedure is to be followed where the desired goal is to change the building or room location only. Accountability for this equipment remains with the department on whose inventory it appears.

Transfer of UA Equipment

Property may be transferred from one department to another and from one building to another within the same department. Property can also be loaned to other University of Alabama departments.

A. Transfers to Other Departments

Transfer of excess or unwanted property among departments is encouraged. Departments wishing to transfer equipment to any other department on campus may do so through Property and Inventory Management.



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The Property Manager of the transferring department should initiate a Transaction Form for the desired transfer for items costing over \$5,000 and/or which appear on the department inventory. This form is to be completed and signed by the transferring and receiving Property Managers. The completed form should be forwarded to Property and Inventory Management.

Upon receipt of the necessary paperwork, Property and Inventory Management will update the fixed asset system to reflect the transfer of ownership.

Equipment that is excess in one department is normally transferred to other departments without charge. However, in certain cases, the transferring department may require reimbursement from the receiving department. The receiving department will initiate reimbursement for equipment by preparing a "Departmental Transfer Authorization" form. The budget transactions will be recorded and the equipment transferred accordingly.

B. Transfers to Surplus Property

Departments wishing to transfer excess or unwanted property to Surplus Property may do so by preparing a Transaction Form for computers, equipment, and all other items whose cost is greater than \$5,000. For all other items, a memo, fax, or e-mail submitted with the work order will suffice. Upon receipt of the appropriate documentation, Property and Inventory Management will accept the transfer of these items. Property and Inventory Management will review the items to determine ownership. If the items are purchased with contracts and grant funds, Property and Inventory Management will contact Contract and Grant Accounting to determine how to proceed with disposal.

As stated above, the physical move should be scheduled by the department with Logistics and Support Services. Only the specific items listed on the Transaction Form will be moved by Logistics and Support Services. Items to be moved that are not on an equipment inventory listing should be included on the appropriate form in order to be moved.

It should be noted that when equipment is transferred to "Surplus Property," the transferring department automatically relinquishes all control over that piece of equipment.

Equipment that is in the surplus property area is available to all departments on a first-come, first-served basis. Departments taking surplus capital equipment from Surplus must have appropriate signatures on the Transaction Form before items can be removed from surplus.

C. Transferring Equipment Affiliated with an Active Grant

The only equipment items that are eligible for release of ownership are items that are purchased solely from an active grant/contract or from a fixed price grant/contract that is being transferred to another institution. To initiate a request for legal authorization to transfer equipment ownership to another institution, the department must complete a list of ALL items to be transferred and have the department head or division head approve the list. The completed list must be sent to Contract and Grant Accounting for approval.



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When approval has been received from Contract and Grant Accounting, the list and approval must be attached to a completed Transaction Form. The reason on the form will be “Other” and indicate “Release of Ownership.” The Transaction Form must include the description along with model number, serial number, UA property tag number and the address of the future owner institution. Where applicable, it is especially important to provide serial numbers on all proposed items leaving the University to ensure proper identification. If the item does not have a UA property tag, a copy of the purchase order where the item was bought should be included. Improper or insufficient identification of equipment requested for transfer could delay the process significantly.

The completed Transaction Form should be sent to Property and Inventory Management along with the approval from Contract and Grant Accounting for the transfer. Property and Inventory Management will update its records accordingly. If the equipment is approved for transfer, Contract and Grant Accounting will issue an official authorization letter. Only then can the equipment be transferred to the other institution. No equipment can be physically moved from the University for transfer of ownership without the signed release of equipment letter. If items were purchased with matching funds or strictly University funds, they must be put up for sale.

Loan/Removal of UA Equipment

- To other UA departments
- To external entities
- Removal in performance of one’s duties
- Removal for repair
- Disposal of Loaned equipment

Before any item owned by the University that is on inventory or valued at \$5,000 or more leaves campus, a Transaction Form detailing “On Loan” MUST be filled out and signed by the appropriate person(s) and filed with Property and Inventory Management. The Transaction Form should list the period of time the equipment will be on loan. Equipment cannot be loaned for longer than a 24-month period.

A. Loan to UA Departments

The appropriate dean or department head signature is required on the Transaction Form before University-owned or University-controlled equipment can be loaned to other departments within the University. The receiving department or institution borrowing equipment must sign the Transaction Form and check the appropriate box “On Loan” acknowledging receipt of the equipment item(s) listed. This will serve as the department or institution’s authority to be in possession of equipment belonging to UA.

Upon the return of loaned equipment to the University or to the appropriate department, the Property Manager will sign and date all copies of the Transaction Form acknowledging the return of equipment items listed in good condition, except as noted. The Transaction Form for the return item should be filed with Property and Inventory Management.



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B. Loan to External Entities

A memo should be prepared, approved, and signed by the Associate Vice President for Business Activities before University-owned or University-controlled equipment can be loaned to external entities. The memo should detail the following terms and conditions of the loan:

- The borrower must return the loan item(s) in like condition as received from UA and free from contamination on or before the due date.
- In case of loss or damage of the property loaned, the borrower must reimburse UA at the current cost of replacement or repair.
- The borrower assumes all costs involved in preparation, handling, loaning, disconnecting, and transportation from and to UA.
- The borrower agrees to indemnify and hold harmless UA and the Department of _____ against all liability, loss, damage, claims and costs incidental hereto as a result of borrower's use or possession of the loaned property; and use the loan property only for the purposes specified.
- The above property shall not be modified, loaned, or transferred to a third party without the written permission of UA.
- The borrower shall account for, or permit inspection of, the loaned property by UA after proper notification.
- Title to the property is vested in and will remain with The University of Alabama and the property shall be used only for official purposes.
- UA reserves the right to cancel the loan and/or to recall the property upon 30-day notice.

In addition, the following information about the equipment must be included:

- Description of the equipment
- Make, model, year and serial number
- Address of the on-loan location
- Time period that the equipment will be on loan (cannot exceed 24 months)

The receiving entity borrowing equipment from the University must sign the memo acknowledging receipt of the equipment item(s) listed. This will serve as the institution's authority to be in possession of equipment belonging to UA. A copy of the approved memo should be forwarded to the Property and Inventory Management by the office of the Associate Vice President for Business Activities.

C. Removal in Performance of One's duties

If it becomes necessary to remove University-owned or University-controlled equipment from University premises for purposes relating to the performance of one's duties (use the Transaction Form and check "On Loan"), the appropriate department head's approval must be secured prior to removal of the equipment. This permission must include, but is not be limited to, the address of the on-loan location, the description of the equipment, manufacturer's serial number (if applicable) and the University identification number (property number). The Property Manager will retain the form, subject to verification by Property and Inventory Management.



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D. Removal for Repair

When it is necessary to return equipment to a manufacturer or service representative for repairs, the procedures outlined above will apply.

E. Disposal of Loaned Equipment

Loaned equipment may not be disposed of without written permission from the University loaning department and Property and Inventory Management. The request must be submitted in writing and document the reason for the disposal. Without prior written approval, the item **MUST** be sent back to the loaning department, who will send it to Surplus Property for disposal.

Loss, Theft or Destruction

A. Lost/Missing

Equipment that has not been stolen but cannot be located by the department is considered misplaced or lost. Any asset that cannot be located after an exhaustive search must be reported as lost by the department. It is the responsibility of each department to reconcile the “items not found” within 30 days of becoming aware of or being notified of the missing item(s). A Transaction Form must be completed. Check the lost box on the form and list all missing items. The dean, director, or department head must sign the Transaction Form.

B. Stolen

When equipment has been stolen, the Property Manager should immediately notify the UA Police Department and request an investigation of the loss. The department should also notify the Risk Management office. The Property Manager should also notify Property and Inventory Management by forwarding a completed Transaction Form with “Stolen” checked and a copy of the police report of the investigation. The dean, director, or department head must sign the Transaction Form. When proper paperwork has been prepared and sent to Property and Inventory Management, staff will complete the requirements to remove the item(s) from inventory. Property Managers must keep a copy of all paperwork for their department records.

C. Destruction

When assets are unintentionally destroyed due to fire, flood, human error, etc., a Transaction Form must be completed. If the asset was intentionally destroyed due to vandalism or criminal activity, then a police report is required in addition to the Transaction Form. If the destruction will be claimed against the University’s insurance, the department should also notify the Office of Risk Management (348-4534). A completed Transaction Form must be sent to Property and Inventory Management.

Disposals

To obtain maximum utilization of University property, departments are encouraged to turn surplus equipment in to Surplus Property.

All supplies, materials and equipment, regardless of value and regardless of funding source, are property of the University. As a result, these items cannot be donated, gifted, sold, destroyed, scrapped, cannibalized, or discarded without coordinating through Property and Inventory Management.



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Proper disposal of University-owned equipment is accomplished by turning equipment over to Surplus Property along with the necessary paperwork. This should result in more accurate inventory records and make proper disposal much easier.

NOTE: State and Federal law limits the means by which worn-out, surplus, or obsolete items can be disposed of, regardless of the dollar value. Under no circumstances can a department or individual give away, take item(s) for personal use, personal gain, or dispose of University property. Property and Inventory Management will determine the method of disposal.

It is the responsibility of the department or PI to ensure property acquired from any external entity is accounted for and disposed of in the appropriate manner, including removal of entity property tags, data or other identifiable information. Property and Inventory Management will not accept or dispose of property titled to another entity without appropriate documentation and approval from that entity.

Each department is responsible for decontamination of hazardous equipment prior to disposal. Departments must contact Environmental Health and Safety (348-5905) to have equipment certified/tagged as properly decontaminated prior to removal.

Property and Inventory Management will not accept or dispose of property without appropriate documentation and approval.

Departments that want to surplus computers must ensure that all data has been removed and hard drives are either destroyed or wiped clean. Contact a departmental Information Technology representative or the Information Security Officer for (348-6524) assistance. Property and Inventory Management will not be responsible for data left on hard drives.

Methods of Disposal of Equipment

Redistribution, trade-ins, cannibalization, recycling, and public sales are the most frequently used methods of property disposal.

1. Trade-Ins

In situations where equipment on hand is traded in for the purchase of new replacement equipment, the Property Manager will advise Property and Inventory Management by completing a Transaction Form and referencing the purchase order giving credit for trade-in of equipment. The "Delete: Trade In" box should be checked on the Transaction Form. This paperwork should be completed before the purchase of the new equipment and before the old equipment is removed from the University campus. Trade-ins of equipment should be noted on the appropriate purchase order, referenced by property number and serial number.

2. Obsolete or Useless

Property and Inventory Management will transfer equipment that is obsolete or has been rendered useless to Surplus Property for disposal regardless of the dollar value. Transfers of equipment that are obsolete or useless are handled by the Property Manager using the same procedures required for transfers to Surplus Property.



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3. Cannibalization

Departments who want to cannibalize University-owned property on their inventories must first receive written permission from the responsible dean or department head.

To secure this permission, a Transaction Form with “Delete: Cannibalized” checked should be completed and approved. The Property Manager is responsible for ensuring that the Transaction Form is forwarded to Property and Inventory Management.

Cannibalization of Alabama State Agency Surplus

All requests for cannibalization disposal of property purchased via the Alabama State Agency will be coordinated through Property and Inventory Management. After approval has been received, the Property Manager should complete a Transaction Form to remove the item from the department’s inventory records.

After expiration of the restriction period, departments who want to cannibalize equipment acquired from the Alabama State Agency must apply in writing to Property and Inventory Management for permission to do so. It is the responsibility of the Property Manager to request authority to cannibalize equipment and to complete a Transaction Form checking “Delete: Cannibalized” to remove the equipment from the department’s inventory records.

4. Sales

Property and Inventory Management will handle the sale of all inventoried and non-inventoried equipment and items in accordance with state laws pertaining to the disposal of surplus property and any policy pertaining to contracts and grants such as 2 CFR 200, FAR Part 45, and grant agreements. Property and Inventory Management will review the items to determine ownership. If the items are purchased on contract and grant funds, Property and Inventory Management will contact Contract and Grant Accounting to determine how to proceed with disposal.

The Property Manager of the department wishing to sell items of value should submit a Transaction Form requesting that the item(s) listed be advertised for public sale.

Items of value include the following: those that are listed on the moveable fixed asset inventory, vehicles, items that by themselves would bring considerable value in a public sale (such as athletic equipment, facilities equipment, such as chillers), and items that other departments on campus have expenses to collect as directed by the University leadership (such as abandoned bicycles).

The only time the disposal method of public sale should be requested is when the property is not intended for use by other department on campus, such as aging computer equipment that is not supportive of the University’s network.

The Transaction Form should contain a complete description of each item to be sold, including its corresponding make, model, serial number and UA property number, if applicable. The working condition of the item and any user manuals should also be included. The Property Manager must sign the



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Transaction Form. Property and Inventory Management must receive the approved Transaction Form prior to advertisement for sale.

Property and Inventory Management will retain a portion of all sales to defray the handling costs. The following rates will apply: 17% of the proceeds from the sale of vehicles and 9.5% of the proceeds of sale of all other items.

Proceeds will initially be deposited into the Property and Inventory Management account and, once all proceeds for the public sale are received, an entry will be made to provide departments with the funds they are due the month following the surplus sale.

5. Training

Newly appointed Property Managers and/or designated representative(s) are required to attend a training session. Property Managers should also view training as a continual process and should not hesitate to contact Property and Inventory Management for guidance in property-related matters.

If there are any questions relating to this policy, please contact Property and Inventory Management at 348-7501 for assistance.

Office of the Vice President of Financial Affairs and Treasurer:

Approved by:  _____
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Date: Jan-10-2017