

# Standard Practice Guide Policies

## Acquisition, Use, and Disposition of Property (Exclusive of Real Estate) 520.01

**Applies to:** All faculty, staff and students

### I. PURPOSE

Property owned by the University of Michigan (either through direct purchase or transfer) is subject to the following policies of acquisition, use, and disposal.

### II. DEFINITIONS

#### A. PROPERTY

Property is defined as any item acquired by the University of Michigan to support its activities and may not be used for personal use, for-profit activities, or illegal purposes. Property (exclusive of real estate, land, buildings, etc.) includes capital equipment, other capital assets, and non-capital purchases as defined below. Property also includes both capital and non-capital software, including software purchased, gifted, or developed in-house.

##### 1. Capital Equipment

Capital equipment is defined as moveable equipment, fabricated equipment, vehicles, and musical instruments, with an original cost of \$5,000 or more and a useful life of one year or more.

##### 2. Other Capital Assets

Other capitalized assets include items such as library acquisitions and software (\$500,000 or more).

##### 3. Non-Capital Purchases

Non-capital purchases include items such as computers, office furniture, fixtures, or other goods costing less than \$5,000. This also includes all artwork/collections, regardless of their purchase price.

For information on real property (real estate), see SPG601.23, Real Estate Transactions (<http://www.spg.umich.edu/policy/601.23>).

### III. ACQUISITION OF PROPERTY

#### A. PURCHASED PROPERTY

Property acquired by the university must comply with university purchasing policies and procedures,

outlined in SPG 507.01, Procurement General Policies and Procedures (<http://spg.umich.edu/policy/507.01>).

University units purchasing capital equipment and other capital assets are responsible for coding these purchases to the proper equipment and other capital asset accounts in the University of Michigan Chart of Accounts. Activity in these accounts is reviewed by Financial Operations and, when deemed appropriate, is recorded in the university's Asset Management System.

#### B. TRANSFERRED CAPITAL EQUIPMENT

Property Control must be notified of all capital equipment gifted or transferred to the university from another institution, including capital equipment associated with research grants or contracts previously held by other institutions. Property Control acknowledges receipt of all transferred capital equipment, Property Disposition determines the related fair market value, Property Control tags the capital equipment, and Financial Operations records the capital equipment in the Asset Management System. For more information on this process, see the Property Control website (<http://procurement.umich.edu/property-space-management/asset-management/transferring-property>) for more detail.

#### C. RECORDING AND TAGGING OF CAPITAL EQUIPMENT

All capital equipment must be tagged by Property Control. University units are responsible for making capital equipment available to Property Control for tagging on a timely basis, and providing accurate location and custodian information. If it is determined that an item cannot be tagged, a non-tag number will be assigned for tracking purposes. See the Property Control website (<http://procurement.umich.edu/property-space-management/asset-management/faq>) for more details.

### IV. USE OF PROPERTY

#### A. STEWARDSHIP OF PROPERTY

1. Property acquired by the university to be used by faculty, staff, students, and visitors in support of university activities must be safeguarded and maintained.
2. University units are responsible for notifying Finance (via email to [amtransfers@umich.edu](mailto:amtransfers@umich.edu) (<mailto:amtransfers@umich.edu>)) of any changes to capital equipment to ensure data in the university's Asset Management System is accurate. This includes sales or transfers between departments, location changes, loss due to theft or fire, and trade-ins.
3. University units should update the following capital equipment attributes through the Asset Management System or send a request for changes to [property.control@umich.edu](mailto:property.control@umich.edu) (<mailto:property.control@umich.edu>): responsible parties (contact and custodian), location (room and building), and item information (item description, serial number, model, and manufacturer).
4. A physical inventory of all capital equipment must be conducted and the results reconciled with records in the Asset Management System at least once every two years. This includes performing a wall-to-wall review and physically verifying possession of the capital equipment as well as confirming accurate location and custodian data. See the Property Control website (<http://procurement.umich.edu/property-space-management/asset-management/equipment-survey>) for detailed instructions.
5. The Division of Public Safety and Security (<http://www.dpss.umich.edu/>), Risk Management