

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 maintain.
2. University units are responsible for notifying Finance (via email to 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>): 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 (<http://www.finance.umich.edu/risk-management>), and Financial Operations (<http://www.finance.umich.edu/finops>) should all be notified when there is a theft or suspicion of theft of property. In addition, Risk Management (<http://www.finance.umich.edu/risk-management>) should be notified of any damage or loss of property.

B. Off-campus Use of University Property

Faculty and staff members who hold regular appointments and students who have class requirements are permitted to use university property at off-campus locations when it supports the missions of the university.

Off-campus use of university property requires the approval of the department head who is both responsible for the property and is of higher administrative authority than the requestor. The Request for Removal and Use of University Equipment Form is located on the Property Control website (<http://procurement.umich.edu/property-space-management/asset-management/asset-management-forms>). The department head is responsible for

notifying Property Control when capital equipment is removed, when it is returned, and if it has been damaged, lost, or stolen. In the case of stolen equipment, DPSS should be notified.

University-owned property located in university-affiliate managed space is the responsibility of the university department that owns the property and it must adhere to all university policies.

C. Personal Use of Property

Property is acquired to support the missions of the university and is not intended for personal use by faculty, staff, students, or visitors. Limited personal use of university property may be deemed acceptable within the following principles:

1. Personal use does not reduce the effort or hours worked by the employee.
2. Personal use does not interfere with business usage.
3. Personal use does not result in incremental costs to the university; permission may be given for personal use if the individual reimburses the university for incremental costs.
4. Activities in support of the university's objectives of creating and disseminating knowledge, such as scholarly publishing and discipline-related consulting, are recognized as normal professional responsibilities and therefore understood as appropriate uses.
5. University property is not to be used in any personal, for-profit activity.
6. University property is not to be used for illegal purposes such as copying licensed or copyrighted software or other materials.

D. Management of Copyrighted Materials

University administrators must be proactive in managing and monitoring the use of copyrighted materials such as computing software or books. Mismanagement of resources may subject the university to a considerable liability. Using copyrighted materials without the proper licensing or approvals also conflicts with the fundamental values of the university regarding intellectual property.

V. Disposition of Property

Property Disposition has the sole authority for the disposal of university property and distribution of any resulting proceeds. All property and scrap material must be sold or disposed of by Property Disposition. University property cannot be sold—or disposed of—to buyers outside the university without the approval of Property Disposition. Employees purchasing property for personal use are considered buyers outside the university.

A. Surplus Property

When an item is identified as being no longer needed by a university department, a Declaration of Surplus Form must be completed and signed by an authorized university staff or faculty member. The form and the property must then be submitted to Property Disposition for determination of final disposition and/or sale price of an item once it has been declared surplus.

B. Scrap Metal

All scrap material with a market value is the property of the university and must be disposed or utilized to the university's best advantage. Scrap material includes but is not limited to, silver, gold, other metals, paper, wood, or other byproducts of operations. No scrap may be given away without the approval of Property Disposition.

C. Copyrighted Materials

Copyrighted materials, including preinstalled software where the licenses will not be transferred or sold with the item, are required to be removed before disposition in accordance with data protection requirements. Most notable are computer drives, which must be appropriately cleared of all software and files prior to disposition. It is the responsibility of the custodial department to do this or ensure it has been done. See the Property Disposition website (<http://procurement.umich.edu/property-space-management/property-disposition-u-m-departments/declaring-and-sending-surplus>) for more information.

Examples of federal or state statutes with data protection requirements include the Health Insurance Portability and Accountability Act (HIPAA), which protects privacy of patient information, Human Subjects regulations, or Family Educational Rights and Privacy Act (FERPA), which protects the privacy of student educational records.

D. Hazardous Material

Disposal of potentially hazardous materials must be cleared by the Department of Environment, Health & Safety (EHS) before being delivered to Property Disposition. Please reference the Property Disposition website (<http://procurement.umich.edu/property-space-management/property-disposition-u-m-departments/declaring-and-sending-surplus>) for the detailed policy and procedures. Property Disposition must be notified in advance of any capital equipment being sent to EHS to ensure it is appropriately removed from the Asset Management System.

E. Transfer or Sale of Capital Equipment Purchased on Sponsored Research or Other Sponsored Project Grants and Contracts

Special rules apply to the transfer or sale to another institution of capital equipment purchased with funds from a sponsored grant or contract.

Exception cases may arise where specialized items of capital equipment may be essential to the continuation of a project director's research at his/her new institution. Should this be the case, consideration will be given to a request by the project director for the transfer of the capital equipment. In addition to the need for the capital equipment, all of the following conditions must be met if the university holds title to the capital equipment: institution will be asked to reimburse the university for a portion of the appraised fair market value as determined by Property Disposition.

Approval for the sale or transfer of such capital equipment must be recommended in writing by the department chair/unit head/dean, or director. The final decision to sell or transfer capital equipment will remain that of the executive vice president and chief financial officer or his/her designee.

1. The sponsor may retain the full title, in which case the sponsor decides if the capital equipment may be sold or transferred. The sponsor may give the title to the university after a certain time has elapsed following termination of the grant or contract. In this interim period, both the sponsor and the university may be involved in the sale or transfer decision.
2. In the event that the sponsor has given title of the capital equipment to the university, either at the time of purchase or at a later date, the decision to sell or transfer is a university decision.
3. If the sponsor and the university agree to the sale or transfer of capital equipment to another institution, the fair market value and sale price must be established by Property Disposition and transfer documentation must be completed.
4. Outgoing capital equipment must be formally accepted and purchased by the new institution.
5. The capital equipment is not required in research continuing at the University of Michigan under the direction of others.

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Applies To:

All faculty, staff and students

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Related Policies:

Fiscal Responsibilities (</policy/500.01>)

Procurement General Policies and Procedures (</policy/507.01>)

Real Estate Transactions (</policy/601.23>)

Responsible Use of Information Resources (</policy/601.07>)

Related Links:

Property Control (<http://procurement.umich.edu/property-space-management/asset-management>)

Property Disposition (<http://procurement.umich.edu/property-space-management/property-disposition-u-m-departments>)

Financial Operations (<http://www.finance.umich.edu/finops/accounting/equipment>)

Risk Management (<http://www.finance.umich.edu/risk-management>)

Department of Public Safety & Security (<http://www.dpss.umich.edu/>)

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