

PROPERTY MANAGEMENT POLICIES AND PROCEDURES

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INTRODUCTION

All Policies and Procedures for the Office of Property Management and the University of Southern Maine (henceforth referred to as the University) are based upon the following fundamental concept:

Assets are owned by the University and/or the Federal Government for use by specific departments within the University. For purposes of this manual, assets may be defined as movable assets/equipment. Capital assets are those assets with an acquisition cost of at least \$5000 and a useful life of one year or more.

It is the responsibility of each department to account for the assets it uses. When a department has loose control over assets, the entire University is penalized by the department's improper disposal and/or replacement of assets/equipment. Proper control of assets includes responsibility for disposal, changes and/or transfers of assets, and a commitment to secure the highest possible value for all items sold or used as purchase trade-ins.

This manual explains the procedures departments are to follow to insure proper accountability of University assets. Our goal, is that a department's assets be well-controlled by the proper use of purchase order numbers, purchasing cards, and the attachment of asset identification tags once the equipment is delivered.

A standardized capital asset/equipment disposal asset policy is a priority. The University policy for capital asset removal or disposition follows.

USM OFFICE OF PROPERTY MANAGEMENT

Property Management is a monitoring and control function. It is charged with assuring that organizational processes related to the lifecycle management of property support organization objectives, represent sound business practice, and is compliant with applicable standards, policies, regulations, and contractual requirements.

STAFF

Robert J. Laplante, Property Manager...(207)780-5547

Cheryl E Leighton, Administrative Assistant II...(207)780-5245

Robert S. Smith, Director of Administrative Services...(207)780-5246

Basic functions provided by this office are:

- Identify and tag new and existing capital equipment/assets.
- Identify and tag all computers.
- Maintain an up-to-date inventory of movable capital assets/equipment.
- Issue inventory listings to University departments for verification.
- Conduct required periodic department inventory audits
- Assist University departments with the sale or recycle of surplus property, either within or outside the University proper.
- Manage the USM Surplus Store

DEPARTMENTAL LIAISON CONTACT

Property liaison contact provides the main line of communication between University departments and the Office of Property Management. To a great extent, the accuracy of the asset accounting system is dependent upon the quality of the communication between the Office of Property Management and University departments.

Because the property liaison contacts are responsible for a substantial asset account, they shall have direct access to their department heads and an expert knowledge of their department's functional areas.

RESPONSIBILITIES OF THE POSITION

Broadly stated, the responsibility of the property liaison contact is to provide a communication link between the departments and the Office of Property Management. The position also provides coordination of the capital asset activities within the department.

The responsibilities include:

1. Inform the Office of Property Management of the receipt of all new computers, and all other equipment with an acquisition cost of at least \$5000. This will facilitate a timely update of each department's inventory listing.
2. Inform the Office of Property Management of any movement of property from one location to another.
3. Assist the Office of Property Management to locate movable equipment/assets during periodic on-site audits.
4. Provide information to the Office of Property Management about surplus assets/equipment available for sale or disposal.
5. Complete all appropriate forms, and make arrangements for the disposal or moving of surplus items as directed by Property Management
6. Review the periodic inventory list provided by the Office of Property Management to assure its validity for both content and location.

USM CAPITAL ASSET AUDITING POLICY

The Office of Property Management will be the responsible for coordinating and initiating the auditing process of USM owned moveable assets.

All University departments who own and/or have under their control, capital assets, will be subject to a physical inventory audit at least once every two years.

By April 1st, the Office of Property Management will print an updated report, by department, of all capital assets. A copy of the report, along with instructions, a sign-off sheet, and a completion date, will be sent to the Executive Officer, Dean, or Department Chair of each department. A reasonable amount of time will be allowed to complete the audit.

Departments will be asked to review each record and verify that each recorded asset is still owned and used by them, and that all of the recorded information is accurate. Any changes to the record should be noted on the report next to the asset. Any listed asset not found should be noted, along with any documentation that will substantiate the disposition of that asset. Any capital asset owned by the department that is not listed on the report, should be reported to Property Management, along with a copy of the PO or Invoice, and the building and room location.

The sign-off sheet must be signed and dated by the person(s) verifying the inventory and by the Executive Officer/Dean/ or Department chair, and returned, along with the inventory report and any other pertinent documentation, to the Office of Property Management.

All completed audits will be reconciled and checked for accuracy by the Property Manager and the department designee.

Inventory database records will be updated to reflect changes. An updated inventory report will be attached to the department audit file and retained indefinitely.

POLICY FOR DISPOSAL OF UNIVERSITY EQUIPMENT

The options available to University departments for the disposal of surplus assets/equipment are:

1. Sale of equipment to other University departments. (Excluding Federal Property)
2. Sale of equipment to an outside party.
3. Equipment may be traded-in.
4. Equipment may be junked.
5. Grant transfer.
6. Acquisitions/disposition of Federal Surplus Property.
7. Disposal/Grants and contracts.

Departments may not sell or dispose of any equipment without the knowledge of and assistance of the Office of Property Management.

DISPOSAL OF SURPLUS ASSETS

The Office of Property Management can provide the following services once assets/equipment has been declared surplus:

1. Appraisal of the surplus item(s).
2. Advertising.
3. Assist with the preparation of the Declaration of Surplus Property Form.
4. Process required journal voucher transfers.
5. Update the computerized inventory list.

To release equipment/assets for recycling or sale, the departmental liaison contact must first complete a Declaration of Surplus Property Form, and mail or fax (780-5171) it to the Office of Property Management at 501 Forest Ave. Once the form has been received, the Property Manager or his designee will arrange to view the surplus assets and determine their disposition.

After Property Management determines the disposition of the surplus items, the selling department will be responsible for making arrangements with Facilities Management for the disposal of or for moving their

surplus items to the USM Surplus Store. Initially, the surplus equipment/assets may remain with the selling department where qualified personnel would be available to demonstrate the item(s).

Certain surplus equipment/assets will be offered to the University departments exclusively for the first thirty (30) days of their availability. If the equipment/assets are not sold by the end of that thirty (30) day period, the offer will be expanded to include university faculty, staff, students and outside parties. Sale of all items, both internal and external, will be "as is", with university departments having priority.

Reimbursement to the selling department will be credited as follows:

- (1) Departments will receive 0 credit for Equipment/assets sold for less than \$50
- (2) USM to USM Department where the Office of Property Management is involved, 75% of the selling price is credited to the selling department, and 25% to Property Management.
- (3) USM Department to an outside buyer, 50% of the selling price is credited to the selling department, and 50% to Property Management.
- (4) When the selling department, with authorization from Property Management, secures a buyer, and arranges physical transfer, 90% of the selling price will be credited to the selling department, and 10% to Property Management.

Additional services the Office of Property Management will provide to the University community include:

- A. Identify markets within the University for saleable items.
- B. Locate potential outside buyers for saleable University items.
- C. Supply forms and assists in their processing to account for items sold, transferred, or junked.
- D. Maintain a USM Surplus Store web page, listing items for sale.

The preceding delineation for asset utilization has the vigorous support of upper management. This support is indicative of a concern for the University as a whole rather than a sub-optimizing concern for any individual department. Recycling best serves the needs of the University to fully utilize assets, reduce expenses, foster cooperation between departments, and ease the budgetary constraints of departments acquiring equipment.

EQUIPMENT RECYCLING

Surveys indicate a significant supply of usable surplus equipment within the University. Many departments have unused items which could benefit other departments. Primarily responsible for this situation is the reluctance of departments to surrender excess, unused equipment because of potential future use.

The success of the recycling program depends, in large part, on departments releasing unused equipment. Potentially, departments participating in this program will be better able to acquire equipment more suitable to their needs because of the revenue generated by the sale of surplus items. Acquiring departments will also benefit because of the reduced purchase price of used equipment. The benefit to the University as a whole rests on the point that acquiring departments need not expend University funds.

A further benefit to the University is that surplus assets become utilized assets.

All saleable surplus equipment should be consigned to the Office of Property Management for recycling or sale. If all departments take advantage of recycling opportunities, all departments, and the University, will benefit. USM Recycles will be responsible for the recycling of items deemed as "JUNK"

Sale of Equipment to Other University Departments (Excluding Restricted Federal Surplus Property)

In accordance with University policy, certain items may be offered exclusively to University departments for the first 30 days. Canvassing will be by means of the USM Surplus Store Web page. The Office of Property Management will also contact any University departments who have made a previous request for the appropriate surplus item.

Once a buyer has been located for the surplus items, the following steps will be implemented:

1. The Office of Property Management will negotiate an acceptable item price between the buyer and seller.
2. The Dean, or their designee will be consulted for approval of the sale price as well as the sale. The Dean or their designee must also sign the Declaration of Surplus Property Form before the transaction can be completed.
3. The selling department, in conjunction with the Office of Property Management, records the detail of the transaction on the Declaration of Surplus Property Form
4. The selling department's property liaison contact should reflect the asset's removal on the department's inventory listing.
5. The Office of Property Management will update their data base to reflect the change in departmental responsibility for the asset and complete the internal voucher transfers to complete the transaction.

Sale of equipment to outside buyers, (Staff, Faculty, Students, general public)

If a buyer for the item(s) cannot be found within the University departments, the Office of Property Management will initiate a search for an outside buyer. The process will be the same as for USM departments.

Only unrestricted federal surplus property may be processed through the Office of Property Management in the same manner as regular University property. Please see regulations and guidelines for disposition of federal surplus property beginning on Page 8.

Disposal of "junked" Equipment:

Some items may no longer be usable. Throwing an item away without Property Management authorization is against University policy. Therefore, the Office of Property Management must be contacted before final action is taken on any movable asset/equipment is disposed of.

In reality, unusable equipment may have some limited salvage value or at the least may pose an unusual disposal problem.

There may also be a reuse potential for the item(s) in another department or area of the University. Any disposal/moving fees if applicable will be assessed to the owner department.

PROCEDURES FOR HANDLING “JUNKED” EQUIPMENT

1. After Property Management has deemed the items as JUNK, the department property liaison will contact the Office of Facilities Management to have the items removed.
2. Complete and retain a copy of the Surplus Property Form.
3. The departmental property liaison should update the department's property listing to reflect the reduction in the department's inventory. Property Management will do the same on their database.

TRADING EQUIPMENT TOWARDS REPLACEMENT EQUIPMENT

An efficient method of reducing the net purchase price of new equipment/assets is to use the equipment being replaced as a trade-in. This type of transaction is encouraged. However, it is essential that trade-in figures reflect the true value of the traded asset and that the purchase price of the new asset not be inflated. The Director of Business Services/Purchasing will review all trade-in transactions involving assets with an acquisition cost in excess of \$5000

If the Director of Business Services/Purchasing determines that the asset being traded is worth more than the trade-in allowance, the trading department should either negotiate a better trade-in agreement, without inflating the purchase price, or obtain senior administration officer approval.

USM SURPLUS STORE

The USM Surplus Store is managed by the Office of Property Management and is an outlet for the resale and recycling of university surplus property. This service is available to USM departments, faculty, staff, students, and outside buyers. All items are in useable condition unless otherwise stated, and are sold “AS IS”. The USM Surplus Store maintains a Web page at <http://www.usm.maine.edu/bus/property>

GRANT TRANSFER

When an individual working on a grant at the University moves to another institution, a question may arise about the ownership of the equipment purchased with grant monies. In most instances, the equipment is the property of either the University or Federal Government. However, when the principal investigator's grant and research activity transfer to another location and the granting agency requests that the equipment also be transferred, standard procedure will be to release the equipment. The release must be approved by the Chief Financial Officer

When a release has been approved, the departmental liaison contact should notify the Office of Property Management. Property Management will inventory the equipment, remove identifying tags, and adjust the capital asset system. After this process has been completed, the individual leaving the University may then take possession of the item(s). It now becomes the responsibility and expense of the individual to pack and ship the equipment to the new location.

PROCEDURE FOR ACQUISITION AND DISPOSAL OF FEDERAL SURPLUS PROPERTY

Basic Regulations:

All acquisitions, or disposals of Federal Surplus Property, must be in accordance with federal and state of Maine Property Management guidelines.

The Federal Government makes surplus equipment available to state agencies which may in turn sell to qualified applicants such as the University. Government regulations may apply to particular surplus items even though they are the property of the University. All items acquired from federal agencies must be used solely for the purpose stated at the time of acquisition. These items may not be acquired for resale or personal use. Failure to comply with these regulations may result in the University losing its purchasing privilege.

Materials and equipment with a government acquisition cost of less than \$5000 do not require strict control but must be used in the normal course of higher education and/or research. Purchases under this category cannot be for donation or resale to persons or agencies outside the University.

Single item acquisition with a government purchase price of \$5000 or more as well as vehicles, aircraft, and vessels longer than 50 feet are referred to as "Restricted Federal Surplus Property". This equipment must be strictly controlled according to federal regulations.

A. Time Period of Restriction on "Restricted Federal Surplus Property"

1. Records and location on all "rolling stock" (vehicles, trailers, etc.) must be maintained for 24 months.
2. All other equipment must be controlled for 18 months. Records must reflect an accurate current location of the equipment sufficient to satisfy federal audit practices.

B. Requirements for Use of "Restricted Federal Surplus Property"

1. All equipment must be used within the first year
2. Proof of actual use must be available to federal auditors.

C. Rights to Salvage: Secondary Utilization Return on "Restricted Federal Surplus Property"

1. The buyer may salvage any usable parts from, and dispose of the unused portion of, any item sold with cannibalization rights after 12 months. This option requires the execution of a government form stating that the equipment has been cannibalized and that the salvage parts have been put to use within one year.
2. When a part from a unit is required, the unit may be purchased and cannibalization rights requested while the item is still in the possession of federal surplus. Even though the equipment can be transported to the University, it cannot be cannibalized until federal permission has been received. The Office of Property Management must be notified of this action. When permission is received, follow the instructions in C-1 to notify the Federal Government. Both the Office of Property Management, and the Office of Government Industry Excess (GIE), must receive a completed copy of the cannibalization permission form. The Office of Property Management

will then remove the item from the list of controlled equipment.

3. Cannibalization rights may also be obtained on a purchased item which is found to be only suitable for parts. A memo requesting permission, along with a copy of the original invoice, must be sent to GIE screening which will forward the request and invoice to the appropriate federal agency. Cannibalization cannot take place until written permission has been received. When permission has been received, proceed as in instruction C-1. GIE screening will send the University a copy of the cannibalization permission form. At that time the Office of Property Management will remove the item from the list of controlled equipment.
4. Federal surplus property, no longer needed, may be returned to the Federal Surplus Property yard. Notify GIE screening with a memo and a copy of the original invoice of your intent. GIE Screening will contact the Federal Surplus Property Yard requesting permission. The Property Yard will authorize the return and issue a permission form. It is the principal investigator's responsibility to make arrangements to transport the equipment back to the Federal Surplus Property Yard. The Office of Property Management must receive a copy of the permission form to remove the item from the inventory listing.
5. If equipment is moved from its original location, the Office of Property Management must be notified in order to update the inventory records in the event of a Federal Audit.

REQUIREMENTS FOR DISPOSAL: GRANTS AND CONTRACTS

Unrestricted federal surplus property “non-compliance items” are disposed of in the same manner as other University owned property through Recycle and Sales.

Federal regulations, "A110", (<http://www.whitehouse.gov/omb/circulars/a110/a110.html>) state that any item with an acquisition cost over \$5000 “Compliance items” acquired in conjunction with grants and contracts may not be disposed of without agency permission. Also, any money received from the sale of the item will be returned to the government based on the percent of government participation in the project. The law further states that, during the time that the equipment is held for use on the project for which it was acquired, the grantee shall make it available for use on other activities if such use will not interfere with the work on the project for which the property was originally acquired. When a project is completed, equipment may be passed on to other federally funded projects within the University if the federal agency does not recall the equipment for another purpose or institution.

OFF-CAMPUS USE OF UNIVERSITY ASSETS/EQUIPMENT

As a general policy, University property should not be removed from University premises. On rare and infrequent occasions, a piece of University equipment may be needed for use at a non- University location. Should there be a compelling and urgent need for University equipment to be removed from the University premises, permission for such removal should be obtained from the appropriate Dean or Executive Officer., and an Off Campus Use Authorization Form must be completed. The lending department will retain the original, and a copy will be sent to Property Management before the asset is allowed off-campus. This information will be helpful should the item be lost, stolen, or damaged.

Certain portable equipment such as laptops, cameras, survey and marine equipment etc. that are meant to be used both on and off campus generally do not require an Off Campus Use authorization Form, however, departments remain accountable for the location of their assets.

OCCASIONAL OFF-CAMPUS USE OF UNIVERSITY CAPITAL ASSETS/EQUIPMENT (assets over \$5000)

Occasionally, moveable equipment may be temporarily taken off campus for business travel or to an off-site laboratory. When equipment is removed for more than fourteen consecutive days, you must notify Property Management and the System Accounting Office. This notification is required by UMS APL # I-G.2, the notification should include:

- Tag number and item description.
- Description of the off-campus location.
- Date the equipment will be removed.
- The expected date of return

THEFT/LOSS OF UNIVERSITY ASSETS/EQUIPMENT

Care should be taken to assure the safety and security of University assets/equipment at all times. However, despite positive efforts, items may occasionally be lost or stolen. When a loss is realized, the departmental property liaison should notify USM Police to complete a theft report. Information required on the theft report consists of brand name, serial number, model number, and USM identification number. USM Police will forward a copy of the report to Property Management. If the missing or stolen property is subsequently located by the department, it is requested that Police and Safety and Property Management be notified.

Reporting the loss of University equipment used off-campus is subject to a different set of procedures. As well as informing the University police, the municipal police force where the loss/theft occurred should be notified. A copy of the Police report and a detailed note listing brand name, serial number, model number, USM tag number, description and last known location of the item(s) should be forwarded to Property Management.

Please be aware that the University does not have an all inclusive theft/loss policy on equipment used off campus. The user is responsible for equipment in their care and may want to review their homeowner's or renter's insurance policy to make sure they are adequately protected.

If the lost/stolen items are insured under the University's risk management system, the departmental liaison should also contact Administrative Services/Risk Management, at 780-5246 to complete the process. This step should be taken whether the loss occurred on-campus or off-campus

TRANSFER OR RELOCATION OF CAPITAL ASSETS (assets over \$5000)

When capital assets are transferred or relocated to another campus location, an Equipment Location Change Form (required by UMS APL) should be completed and sent to Property Management, and the System Accounting Department. The Capital Equipment Inventory should also be updated to ensure that moveable equipment can be located at any time.

FABRICATED CAPITAL EQUIPMENT

When a fabricated equipment project begins, a **Fabricated Equipment Form** (required by UMS APL # I-G.2) must be completed, and a copy sent to Property Management. A separate form should be used for each project.

CAPITAL ASSET DISPOSAL

When a capital asset (asset over \$5000) is junked, traded-in, sold, or otherwise disposed of, the University Department should notify Property Management and the System Accounting Department so that the item may be removed from the depreciation records. Use a **Capital Equipment Disposal Form** (required by UMS APL # I-G.2)

In the case of a sale or scrap, the University Department should report the following additional information to the System Accounting Department so that the applicable gain or loss may be recorded in the financial accounting records. The information should include:

- Sale price
- Chart field combination number to which the sales proceeds were recorded

Caution: Capital assets acquired with government or corporate funds are subject to terms of the agency or donor. Permission from specific agency will be needed before disposal

Capital assets received as gifts and disposed of within two years of the date of the gift are subject to Internal Revenue Service reporting.

Created December 1, 2006

FABRICATED EQUIPMENT FORM

When a fabricated equipment project begins, complete the top half of this form and send a copy of the entire form to USM's Property Management office. Please use a separate form for each project. Call 207-780-5547 with any questions you may have.

FABRICATED ITEM DESCRIPTION: _____

PROJECT DIRECTOR: _____

CAMPUS: _____

DEPARTMENT: _____

PROJECT BEGIN DATE: _____ PROJECT END DATE (Estimated): _____

CONTACT PERSON: _____ PHONE: _____

=====

When a fabricated equipment project has been completed, fill out this portion of the form and return the entire form to USM's Property Management office.

| DATE | CHARTFIELD COMBINATION | COMPONENT | PURCHASE ORDER # | AMOUNT |
|--|------------------------|-----------|------------------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| (Additional sheets may be attached if necessary) | | | TOTAL COST | |

LOCATION OF FABRICATED ITEM: _____
Building and Room Number

COMPLETION DATE: _____

DEPARTMENT HEAD: _____

SIGNATURE OF DEPT. HEAD: _____

EQUIPMENT LOCATION CHANGE FORM

DESCRIPTION: _____

TAG # (ASSET #): _____

MANUFACTURER: _____

MODEL: _____ **SERIAL #:** _____

FORMER LOCATION

DEPARTMENT: _____

BUILDING: _____ **ROOM NUMBER:** _____

DEPARTMENT HEAD: _____

SIGNATURE OF DEPARTMENT HEAD: _____

NEW LOCATION

DEPARTMENT: _____

BUILDING: _____ **ROOM NUMBER:** _____

DEPARTMENT HEAD: _____

SIGNATURE OF DEPARTMENT HEAD: _____

**Return form to USM's Office of Property Management
cc: System Accounting**

CAPITAL EQUIPMENT DISPOSAL FORM

TAG # (ASSET #): _____

DESCRIPTION: _____

CAMPUS: _____ LOCATION: _____

MANUFACTURER: _____

MODEL: _____ SERIAL #: _____

DEPARTMENT: _____

DATE OF DISPOSAL: _____

MEANS OF DISPOSAL (i.e., Sold, Traded-in, Discarded): _____

IF SOLD, TO WHOM: Name: _____

Address: _____

City, State, Zip: _____

PROCEEDS OR TRADE IN ALLOWANCE: \$ _____

SALES PROCEEDS TO BE CREDITED TO CHARTFIELD COMBINATION:

IF TRADED, FOR WHAT: _____

WAS THE EQUIPMENT PURCHASED USING FEDERAL OR CORPORATE FUNDS? (Circle one)

YES

NO

IF YES, PLEASE ATTACH COPY OF PERMISSION FOR DISPOSAL FROM THE SPECIFIC AGENCY.

**Return form to USM's Office of Property Management
cc: System Accounting Department**