

PROPERTY MANAGEMENT GUIDELINES

The following guidelines related to property management are promulgated by the Property Management Department in accordance with MAPP 03.03.01 – Property Management Overview.

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DEFINITIONS

1. **Capital assets** – An asset that has a value equal to or greater than the capitalization threshold for that asset type. Capitalized assets are reported in an agency’s annual financial report. If you are purchasing any of the below assets and have questions about PeopleSoft account to use, please contact Property Management prior to completing the financial transaction.

Capital Asset Class	Threshold
Land/land improvements	Capitalize All
Buildings/building improvements	\$100,000
Facilities and other improvements	\$100,000
Infrastructure	\$500,000
Personal property	\$5,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Leasehold improvements	\$100,000
Land use rights	Various
Computer software	Various
Other intangible capital assets	\$100,000

2. **Controlled assets** – An asset that has a value less than the capitalization threshold established for that asset type, however, due to its high risk nature, is required to be reported to the state.
Controlled assets are not listed in an agency’s financial report. Items listed as controlled are indicated in the table below.

Controlled Asset Class	Threshold
Hand guns and rifles	All are controlled
Stereo systems, cameras, video recorders, laser disk players, TVs, VCRs, camcorders, data projectors desktop CPUs, printers (not portable), portable CPU Laptops	\$500.00 to \$4,999.99

3. **Cannibalization** – The authorized removal of components from one item of property for installation on another item of property to meet a specific requirement and/or to return an item to service.
4. **Fabrication** – Using component parts to build a piece of equipment, where the value of the equipment built will meet or exceed the capitalization threshold of \$5,000.

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5. **Federally Titled Equipment** – Items that are furnished to the university by the federal government, or are acquired or fabricated using funds from a federal sponsored project that expressly specifies that the title to the equipment remains with the government. This equipment is considered the property of the federal government in the custody of the university until such time as the government cedes title to the institution. If the government does not cede title to the university, this equipment is returned to the federal government agency at their request.

6. **Real Property** – Land, buildings, facilities and other improvements to land or buildings and infrastructure.

7. **Surplus/Salvage Property** – Property which through use, time, or accident becomes depleted, worn out, damaged or obsolete and can no longer serve the purpose for which it was initially intended. Surplus property can be cannibalized or sent to Property Management for disposal.

FORMS

All Property Management forms are available on the Property Management website at http://www.uh.edu/finance/pages/PM_Website.htm. Forms used for Property Management include:

- PRP1-A: Authorization to Move/Transfer Furniture & Equipment, Acknowledge Gifts-In-Kind, Identify Loaned Equipment, and Identify Equipment to be Removed from Inventory. This form is used for all moves and transfers of equipment, when gifts of property are received, when equipment is loaned to the institution, and when non-data processing equipment is to be submitted to surplus property.
- PRP-2: Off-Campus Equipment Form. This form is used to designate equipment located off-campus, and to identify the person responsible for the equipment, its physical location, and the approval of the departmental property custodian and the employee's supervisor.
- PRP-5: Inventory Tag Assignment for Fabrication. This form is used when a department makes its first purchase of materials that will be used to fabricate equipment that will have a final cost of \$5,000 or more.
- PRP-6A: Designation of Property Custodian. This form is used to identify the individual Property Custodian within a department. This form is required to be submitted once each fiscal year, generally with the annual inventory.
- PRP-6B: Change of Property Custodian. This form is used to identify changes in the individual Property Custodian for a department.
- PRP-9: Inventory Confirmation. This form is used to submit and confirm the annual inventory physical inventory.

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- PRP-16B: This form is used when data processing equipment is to be transferred to surplus property, or to other state agencies, public schools or school districts, or assistance organizations designated by the school district.
- Missing, Damaged, or Stolen Property Report This form is used to submit information on property that is missing, damaged, or stolen and should be listed as such in the property management system.
- Property Action Form: This form is a multi-use form that can be used in lieu of several other forms, at the preference of the department. The forms that it can be used to replace are: PRP1-A, PRP-2, PRP-6A, PRP-6B.

RESPONSIBILITIES

1. Agency Head
 - a. The agency head should ensure that the agency maintains adequate internal control procedures.
 - b. The agency head must designate a property manager, whose duties are to ensure that the agency's procedures comply with the Comptroller's Office rules and requirements.\
2. Property Manager
 - a. The property manager is the custodian of all property in the possession of the agency.
 - b. The property manager is responsible for maintaining the university's physical inventory records.
3. Property Custodian
 - a. The individual in a department that is charged with ensuring the safekeeping of the capital and controlled property in the department's possession.
 - b. Property custodian designations must be completed at the beginning of each fiscal year using the PRP6A Designation of Property Custodian Form (<http://www.uh.edu/finance/Departments/Property%20Management/PRP%206A.pdf>)
In the instance where a property custodian has not been designated the college/division administrator serves in this capacity. If the Property Custodian changes during the fiscal year, the PRP6B–Change of Property Custodian Form (<http://www.uh.edu/finance/Departments/Property%20Management/PRP%206B.pdf>) must be completed.
 - c. Ensuring that tags are received and following up with Property Management if tags are not received.
 - d. Obtaining and submitting updated off-campus equipment forms annually.
4. Department Business Administrator (or equivalent)
 - a. Responsible for ensuring that financial transactions involving departmental equipment use the correct PeopleSoft account so that equipment is correctly classified in the General Ledger.
 - b. The most commonly used accounts for purchasing equipment are available on the Finance web site: http://www.uh.edu/finance/pages/PM_Website.htm.
5. Employee Financial Responsibility - The extent of an employee's financial responsibility in the event of loss, destruction, or damage to capital or controlled assets will be determined as follows:

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- a. If the circumstances surrounding the disappearance of university property indicate reasonable cause to believe that the loss, destruction or damage was through the negligence of the person(s) charged with the care and custody of the property then they will be held financially liable for the loss of, or damage, to the item. The extent of their financial liability will be the Market Value (in cases where the asset lost, stolen, or damaged beyond repair) of the item or the cost of repairs (in cases where the assets is damage and deemed to be repairable), whichever is lower.
- b. If the circumstances surrounding the disappearance of university property indicate reasonable cause to believe that the loss, destruction or damage was not through the negligence of the person(s) charged with the care and custody of the property then they may not be held financially liable for the loss of, or damage to, the item. (However, if the employee receives insurance proceeds for the loss from their personal insurance carrier, then they are obligated to surrender these proceeds to the university to cover all, or a part of the financial loss.) The extent to which an employee is held responsible for losses where there is no sign of negligence on behalf of the employee is left to each academic, administrative or research department. To the extent that the employee is not held financially responsible for the loss, destruction or damage to property, each academic, administrative and research department will have to recognize the loss in their cost centers. Therefore, each academic, administrative and research department should develop and document an internal policy regarding the extent to which employees will be held financially responsible for lost, destroyed or damaged property.

EQUIPMENT TAGGING

1. All capital and controlled equipment belonging to the University of Houston must be assigned a tag number and the corresponding tag must be affixed to the equipment in a visible location, unless it is not possible to affix the tag to the equipment in which case Property Management should be consulted to determine the best solution.
2. Tags are issued by the Property Management Department to the property custodians after the items have been received by the department.
3. Upon receipt of the tagging form, department property custodians should tag the equipment, acknowledge that the equipment has been tagged, and return the signed acknowledgment form to the Property Management Department within 30 days of receiving the tagging form.

FABRICATION

Departments fabricating equipment that will have a total cost of \$5,000 or more when completed should always utilize account 58605 when purchasing components of the fabricated equipment.

Departments should submit Form PRP 5, located at

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<http://www.uh.edu/finance/Departments/Property%20Management/PRP%205.pdf>, Inventory Tag Assignment for Fabrication, to Property Management when they make their first purchase of a fabricated component. Property Management will issue a tag for the fabricated equipment after the first purchase and the department should reference this tag number on future purchase vouchers used to purchase additional components of the fabricated equipment. All questions regarding fabricated equipment should be directed to Property Management.

ADDING COST TO EQUIPMENT

Certain improvements to equipment can add sufficient cost and extension of the equipment's life that will require updated information in the Property Management information system. Please contact Property Management if you are adding cost to equipment so that Property Management can assist you in determining if the betterment to the equipment constitutes a capital event or materially increases the value or estimated useful life of the equipment.

GIFTS AND DONATIONS

Capital and controlled assets acquired through gifts and donations are recorded in the property management system based upon information obtained from the academic, administrative, and research departments.

1. Departments considering accepting gifts of property from donors should contact University Advancement for guidance regarding gift procedures.
2. Upon receipt of gifts of property, also called gifts-in-kind, the department should notify Property Management using form PRP-1A (http://www.uh.edu/finance/pages/PM_Website.htm), and include the model number, serial number, and location of the property. If form PRP-1A is used for receipt of gifts-in-kind, a copy of the completed Gift Transmittal Form (available from University Advancement) must accompany the PRP-1A. Departments should not submit the original Gift Transmittal Form; the original form is submitted to University Advancement.
3. A reasonable assessment of the equipment should be used to value the gift or donation and an explanation of the assessment used should be provided to Property Management for reporting purposes.
4. If the gift-in-kind has a cost greater than \$5,000, University Advancement will forward a copy of the completed gift receipt to Property Management to support the capital value established in the Property Management information system.

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LOANED EQUIPMENT

If departments have equipment on loan from other institutions, individuals, businesses, etc., that equipment is to be reported to Property Management as loaned equipment using form PRP-1A (http://www.uh.edu/finance/pages/PM_Website.htm). Title of such equipment remains with the lender, but it is important to have the equipments custody documented in the Property Management information system. When the equipment is returned to the lender, the department's property custodian is responsible for notifying Property Management.

MISSING, DAMAGED, OR STOLEN PROPERTY

Property Management statutes require all agencies to identify equipment that is lost, stolen or damaged by negligence. Failing to properly track and report missing property would represent negligence or fraud. The loss threshold for the university is 2% so the university strives to maintain a missing and stolen threshold under 2%. Every effort should be made by the department to locate missing items 60 days from the date they are found to be missing. Those items which cannot be located within 60 days must be reported to Property Management using the Missing, Damaged or Stolen Property Report. This report should also be completed when the department believes that property is damaged or destroyed as a result of negligence. The report is located at: <http://www.window.state.tx.us/taxinfo/taxforms/74-194.pdf>, and is also linked from the Property Management website (http://www.uh.edu/finance/pages/PM_Website.htm).

OFF-CAMPUS EQUIPMENT

1. All capital/controlled items that will be located off-campus should be assigned to the individual requesting assignment on the Off-Campus Form (<http://www.uh.edu/finance/Departments/Property%20Management/Off-Campus%20Form.pdf>).
2. Departments should ensure that an employee entrusted with off-campus property exercises reasonable care for its safekeeping. This means that steps have been taken to maintain the upkeep of the asset in an acceptable manner, to ensure the security of the asset, to ensure that the asset can be located at any time requested, and to ensure that the person responsible for the asset is known.
3. The individual requesting to take the equipment off campus should complete the Off-Campus Form prior to the initial removal of equipment. Each subsequent fiscal year the property remains off campus, the employee must recertify that the equipment is located off campus by completing an additional Off-Campus Form by the first date of the fiscal year in which it will be off campus.

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PHYSICAL INVENTORY

1. A departmental inventory of capital and controlled items should be conducted at least once annually in conjunction with the annual inventory, coordinated by Property Management, and also when a property custodian terminates employment from the university. A supervisor may also choose to conduct an inventory of capital and controlled items at other times of the year, as the need arises.
2. The university uses the bar code scanning method to conduct the annual inventory.
3. Annually, property custodians will be notified of physical inventory training, when bar code readers can be reserved to conduct their departmental inventory, and of applicable annual deadlines for completion of the annual inventory.
4. After the initial inventory scanning, property custodians may be asked to research items that were not scanned during the inventory process or to follow up on other questions by the Property Management Department.

INTERDEPARTMENTAL LOANS AND TRANSFERS

Interdepartmental loans of capital and controlled assets are considered temporary transfers. University property may be loaned from one department to the other for the purpose of conducting official business, but may not be loaned to individuals or organizations outside the university. Equipment transfers between university departments are not financial transactions and do not require a financial document (such as an SC Voucher). Instead, transfers of equipment between university departments are reported to Property Management using form PRP-1A

(http://www.uh.edu/finance/pages/PM_Website.htm), even if the only purpose of reporting is to ensure that the property's location is accurately recorded.

Loans of equipment to the university from outside agencies/parties should be reported to Property Management as soon as the loan is known to the recipient department. Departmental personnel should contact the Property Manager to provide information on the nature of the loan. Each loan situation is different, and the Property Manager will need to evaluate the transaction and determine what forms, information, and other actions may be required.

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FEDERALLY TITLED EQUIPMENT

Federally titled equipment (government property) is any equipment furnished to the university by the federal government, or equipment acquired or fabricated using funds from a federal sponsored project or contract where the agreement specifies that the title to the equipment remains with the government. In general, sponsored projects identify the title to equipment in the terms of the agreement while sponsored contracts retain federal ownership for all equipment with a cost of over \$5,000.

The university is required to maintain a system to control, protect, preserve, and maintain control over government property. The Asset Management (PSAM) system, General Ledger, inventory procedures, and surplus property procedures provide these controls, and government equipment is subject to all university Property Management guidelines, policies, and procedures. However, there are additional requirements for government property:

- Identification of government property in PSAM.
- Identification of the Government Identification/Tag or National Stock number in PSAM.
- Identification of the Federal Supply Code or Federal Supply Classification in PSAM.
- Marking government property as such.
- Annual reporting on government property.

Responsibilities for federally titled equipment:

1. Division of Research
 - a. Identification of equipment that will be furnished by the federal government or whether equipment acquired or fabricated using sponsored funds will be federally titled when they receive and agree to the terms of the sponsored award.
 - b. Listing government equipment transfers and purchase requirements in the Notice of Award (NOA).
 - c. Providing Property Management with the NOA as well as the name of the awarding agency, the Government ID/Tag or National Stock Number, and the Federal Supply Code/Classification.
 - d. Annually running PSAM reports that identify government property and preparing annual reports for federal agencies.
2. Property Management
 - a. Entering government equipment information into the PeopleSoft Asset Management System, and the State Property Accounting System as Equipment Held In Trust (equipment not owned by the university).
 - b. Recording capital assets for government equipment as Equipment Held In Trust in the General Ledger using a distinct cost center for Federally Titled Equipment.
 - c. Printing the additional asset tags that identify the assets as government owned, with a tag that reads "Federally Titled Equipment, Govt Tag No". These tags will be in addition to the university's property tags.
3. Departments with government property

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- a. Compliance with all university Property Management guidelines, policies, and procedures.
- b. Placing the additional assets tags on government property.

SURPLUS PROPERTY

Equipment that is no longer needed by the department can be transferred to the Surplus Property warehouse using form PRP-1A (http://www.uh.edu/finance/pages/PM_Website.htm). Property Management will return the approved form to the department for documentation purposes. If Physical Plant will transfer the surplus property to the Property Management warehouse, the department must submit a Physical Plant Work Request (<http://www.uh.edu/plantops/csc.html>) and the approved form PRP-1A to Physical Plant.

Equipment sent to the Surplus Property warehouse is available for other departments to use, and also may be disposed of via auction or recycling, as deemed appropriate by Property Management.

DISPOSAL OF PROPERTY

Capital and Controlled Property can leave the university system in one of four ways:

1. Recycling of data processing equipment.
 - a. Departments sending equipment to the Surplus Property Warehouse should complete form PRP-1A (http://www.uh.edu/finance/pages/PM_Website.htm), To help ensure compliance with Texas Administrative Code § 202, form PRP-1A for data processing equipment must be filled out completely. Incomplete forms (missing UH tag number and/or description that contains both the serial number and model number) will not be processed by Property Management.
2. Sale of equipment by Property Management.
 - a. Property Management arranges for the periodic sale of surplus assets.
 - b. All sales of capital/controlled assets must be processed by Property Management.
 - c. In some instances, a department may replace or dispose of equipment with extremely limited or specific uses (i.e., diving boards, radio towers, etc), and may have suggestions or recommendations regarding the sale of the assets. Departments should contact Property Management with this information so that Property Management can provide them with the appropriate procedures and manage the sale.
 - d. Data processing equipment is not sold by the institution. Such equipment is recycled through recycling services or transferred to other State Agencies or to public schools, school districts, or assistance organizations designated by the school district.
3. Transfer of equipment to other State Agencies.
 - a. Due to the specific reporting requirements for transfers of equipment to other state agencies, all such transfers must be managed by Property Management. This includes the transfer of sponsored project related equipment.

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- b. Property Management is responsible for:
 - i. Reviewing each transfer,
 - ii. ensuring that all applicable requirements are met, and
 - iii. entering such transfers into to the State Property Accounting System.
- c. The transfer of data processing equipment has specific requirements. See the section on “Transfer or Disposal of Data Processing Equipment” for details.
4. Transfer of equipment to public schools or school districts, or assistance organizations designated by the school district.
 - a. Property Management is allowed to make direct transfers of materials or equipment that can be used for instructional purposes to a public school or school district, or an assistance organization designated by the school district at a price or for other consideration to which the system, institution, or agency and the public school or school district or the assistance organization agree or for no consideration as the system, institution, or agency determines appropriate.
 - b. All such transfers must be managed by Property Management.
 - c. The transfer of data processing equipment has specific requirements. See the section on “Transfer or Disposal of Data Processing Equipment” for details.

TRANSFER OR DISPOSAL OF DATA PROCESSING EQUIPMENT

In order to help ensure compliance with Texas Administrative Code section 202, regarding data processing equipment, the university requires that all data processing equipment be disposed of through the recycling services unless that equipment is to be transferred to another State Agency or donated to a public school or school district, or an assistance organization designated by the school district. Property Management is responsible for managing such transfers, and departments should contact Property Management if they wish to make a transfer. Property Management will oversee the process, including:

1. Arranging for the removal of data or the review of departmental data removal procedures by subject matter experts;
2. Oversight of the documentation of data removal process(es) using form PRP-16B (http://www.uh.edu/finance/pages/PM_Website.htm), including:
 - a. Date removed;
 - b. Description of the item, including serial number;
 - c. UH Tag Number;
 - d. The process and sanitation tools used to remove the data, or the method of destruction;
 - e. The name and address of the department/state agency to which the equipment was transferred;
 - f. The name, email address, phone number, and signature of the individual removing the data or

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3. Coordinating the transfer to the other state agency, public school or school district, or assistance organization designated by the school district.
4. Completing appropriate reporting through the State Property Accounting system.

In the event that data processing equipment is transferred to surplus property and later identified for transfer to another State Agency or donation to a public school or school district, or an assistance organization designated by the school district, Property Management is retains the same responsibilities for ensuring that all data has been removed and documenting its removal using the criteria previously stated.