

## FY08 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.  
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

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.
5. **Federal Property** – Items that are furnished to the university by the federal government or are acquired through a federal contract or grant. Title to this property

remains with the government unless it is expressly vested with the university or until the university fulfills contractual terms which permit title transfer.

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.

#### 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 [PRP-6A - Designation of Property Custodian Form](#). 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 [PRP-6B -Change of Property Custodian Form](#) 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](http://www.uh.edu/finance/pages/PM_Website.htm)

#### Tagging of Equipment

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.

#### Missing, Damaged or Stolen Property

Property Management statutes require all agencies to record lost, stolen or equipment that is 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 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>

#### Off-Campus Property

1. All items that will be located off campus should be assigned to the individual requesting assignment on the [Off-Campus Form](#).
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](#) initially. Each subsequent fiscal year the property remains off campus, the employee must re-certify that the equipment is located off campus by completing another [Off-Campus Form](#) by the beginning of the fiscal year it will be off campus.

#### 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 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.

## Surplus Property

Surplus property can be submitted to Property Management by completing the Property Action Form ( [http://www.uh.edu/finance/pages/PM\\_Website.htm#Forms](http://www.uh.edu/finance/pages/PM_Website.htm#Forms) ). Property Management will return the approved Property Action Form to the department. 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 Property Action Form to Physical Plant.

## Fabrication

Departments fabricating equipment that will cost \$5,000 or more when completed should always utilize account 58605 when purchasing components of the fabricated equipment. Departments should submit a [PRP 5](#) 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 the tag number on future purchase vouchers used to purchase additional components of the fabricated equipment. If you have any questions about fabricated equipment, please contact Property Management.

## Adding Cost to Equipment

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.

## Disposal of Property

Prior to the transfer or disposal of data processing equipment, the property custodian is responsible for assessing whether to remove data from the equipment. If it is possible that restricted personal information, confidential information, mission critical information, intellectual property, or licensed software is contained on the equipment, the equipment storage device should be sanitized or the storage device should be destroyed. The property custodian should keep and submit to Property Management a record (electronic or hard copy) documenting the removal and completion of the process with the following information:

1. Date
2. Description of the item and serial number
3. UH tag number
4. The processes and sanitation tools used to remove the data or method of destruction:  
and
5. The name and address of the department/state agency the equipment was transferred to.

If a department participates in the program with Dell for disposing of their computer equipment, Dell will remove all information from the hard drive and so the above process is only to be used for equipment transferred to another state agency or disposed of in a manner other than through the Dell program. If not utilizing the Dell program, the department should include the above information

in an attached document that is provided to Property Management along with any paperwork used for the transfer or disposal.

### 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 by using a [Property Action Form](#) . 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.

### Loaned Equipment

Departments should submit [Property Action Form](#) to document information on property loaned to the university. Title of the equipment remains with the lender. When the department is returning the equipment to the lender, the property custodian is responsible for notifying Property Management.

### 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, and may not be loaned to individuals or organizations outside the university.

Equipment transfers between university departments are not financial transactions so a financial document (like an SC Voucher) is not necessary for interdepartmental transfers. Instead, a Property Action Form should be utilized to document the event.