University of Houston ◢ Clear Lake
ASSET MANAGEMENT HANDBOOK

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1. DEFINITIONS

1.1 PERSONAL PROPERTY

Personal property is property that is neither real property and its improvements nor consumables. Examples include furniture and equipment, vehicles boats and aircraft, library books and materials, works of art, intangible assets, and software.

1.2 CAPITAL ASSETS

Capital Assets are real or personal property that has an estimated useful life of greater than one year. These may or may not be capitalized for financial reporting purposes depending upon their value. A capitalized asset has a value equal to or greater than the capitalization threshold for the asset type. Capitalized assets are reported in the annual financial report. UHCL capitalizes single assets valued at $5000 or greater.

1.3 CONTROLLED ASSETS

A controlled asset is a capital asset with a single unit value of at least $500 but less than $5000. However, due to its high-risk nature, it must be reported to Texas State Property Accounting (SPA). Therefore, this asset must be identified, tagged and tracked. It is not reported in the capital assets section of the Annual Financial Report. The Comptroller of Public Accounts designates which asset classifications will be considered as State controlled assets. There is a Comptroller's controlled assets list available online in Appendix A: https://fmx.cpa.texas.gov/fmx/pubs/spaproc/index.php.

1.4 MANUFACTURED ASSETS

A manufactured asset is assembled by a university department, and its total cost per unit falls within the capital or controlled assets category. The purchase or acquisition (by donation, transfer or other means) of parts with an intention to assemble them as a new asset must be reported to Asset Management in Business Operations. Asset management will determine whether it is a manufactured capital or controlled asset.

1.5 LIBRARY BOOKS AND REFERENCE MATERIALS

A library book is generally a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. However, library reference materials are information sources other than books (i.e. journals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents and similar items). Both library books and reference materials are capitalized (and depreciated straight line) if the annual purchase amount is $5,000 or more. But non-library books and other materials purchased must be expensed. Additions to the Library are reported each year as a separate component for SPA reporting purposes. Disposal valuation is at First-In-First Out.

1.6 WORKS OF ART AND HISTORICAL TREASURES

Works of art and historical treasurers are collections or significant individual items that are owned by UHCL that are held for public exhibition, education or research as part of a public service. These are capitalized in the PeopleSoft Asset Management System (PSAM) and SPA. Any changes in the value of capitalized art must be reported to Risk Management so insurance coverage can be updated. Works of art and historical treasurers are currently categorized as inexhaustible collection of items whose economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. They are not depreciated.

1.7 PROPERTY HELD IN TRUST

An asset held in trust is a form of personal property owned by the donor but provided to UHCL for our use.

1.8 FEDERALLY PURCHASED EQUIPMENT

Federally purchased equipment is any equipment purchased with federal funds. Equipment can be federally titled or conditionally titled with the University.

- <u>Federally titled</u> 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.
- <u>Conditionally titled</u> equipment are items that were purchased on federally sponsored projects where the title conditionally vests with the University. 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.

UHCL must control, protect, preserve both federally and conditionally titled property. The PSAM, general ledger, inventory procedures, and surplus property procedures provide these controls. Federally titled equipment is subject to Asset Management guidelines, policies, procedures, and the following additional requirements:

- Identification of federally titled and conditionally titled property in PSAM.
- Requirements for all equipment purchased with federal funds, whether Federally Titled or Conditionally Titled with the University:
  - Conducting annual inventory
  - Ensuring that the equipment is used for award purposes until the award ends or the equipment is no longer needed.
  - Ensuring that equipment purchased with federal funds is made available for use on other federally funded programs

- Ensuring that adequate records are retained, including:
    - Asset descriptions
    - Asset serial or identification numbers
    - Asset source of funding
    - Title holder
    - Acquisition data
    - Asset cost
    - Percentage of federal participation
    - Asset location
    - Asset use
    - Asset condition
    - Asset disposition data
  - Ensuring that disposals are conducted in accordance with federal requirements
- Requirements Specific to Federally Titled Items Only:
  - Identification of the Government Identification/Tag or National Stock number in PSAM.
  - Identification of the Federal Supply Code or Federal Supply Classification in PSAM.
  - Identification of the Federal Award Identification Number (FAIN) in PSAM
  - Marking government property as such.
  - Annual reporting on government property.

Responsibilities for federally titled equipment:
- Office of Sponsored Programs (OSP).
  - Identification of equipment that will be furnished by the federal government or situations when equipment acquired or fabricated using sponsored funds will be federally titled when they are received.
  - Providing Asset Management with the NOA as well as the name of the awarding agency, the Government ID/Tag or National Stock Number, the Federal Supply Code/Classification, and the Federal Award Identification number (which is known after the Purchase Order is processed).
  - Annually running PSAM inventory reports and/or queries that identify government property and preparing annual reports for federal agencies.
  - Ensuring that equipment is: used for the program or project for which it was acquired; and made available to other federally sponsored programs and projects, if it does not interfere with the original program/project.
  - Maintaining data for calculation of the percentage of federal participation on each sponsored project.

- Ensuring that equipment purchased with federal funds is not used to provide service center services for less than the cost for private companies.
- Asset Management
    - Oversight of annual inventory.
    - Identification of Federally Titled and Conditionally Titled assets in the PSAM.
        - Assets purchased with federal funds will be identified by the fund code of the procuring departmental cost center.
        - Based on information provided by OSP, Federally Titled equipment will also be designated in PSAM as Equipment Held in Trust (equipment not owned by the university).
    - Issuing unique tags for all Federally Titled and Conditionally Titled assets
        - Conditionally Titled assets and Federally Titled assets will be issued PSAM tags that begin with the letter G.
        - Federally Titled assets will be issued additional tags to identify them as Federally Owned.
            - The tag will read "Federally Titled Equipment, Govt. Tag No".
            - These tags will be in addition to the university's property tags
            - These assets will be recorded as Equipment Held in Trust in the General Ledger using a distinct cost center for Federally Titled Equipment.
    - Ensuring that items purchased with federal funds (those bearing G-Tags) are not transferred to other departments nor accepted to the surplus warehouse for disposal without the prior approval from the Principal Investigator and OSP.
    - Maintaining a list of all university assets in Asset Management. The list will be updated at least bi-annually.
    - Assets in PSAM that are in use at the university utilize the status "In Service". All in service assets are considered to be in good condition. It is the responsibility of the user department to provide notification to Asset Management if equipment ceases to be in good condition. Asset Management will update asset conditions accordingly.
    - Ensuring disposal of assets in accordance with federal guidelines.

- Departments with government property
    - Compliance with all university Asset Management guidelines, policies, and procedures.
    - Placing the additional assets tags on government owned property.
    - Ensuring that equipment purchased with federal funds is properly maintained and used for award purposes until the funding ends or the equipment is not needed.
    - Conducting annual inventory

- Notify Asset Management of impaired assets that require a change in condition from "good" to "fair" or "poor".
- Obtaining OSP approval for all asset transfers and disposals.

1.9 CONTRACT ASSETS

Assets purchased by the University with funds provided through contracts or cooperative agreements with agencies of the federal government or other sponsors. Title to contract assets vests with the University and the State of Texas upon purchase, contingent to the provisions of the contract. Federal agencies reserve the right to recapture contract assets at termination or expiration. Title to contract assets will at no time be transferred to an employee of the University unless specifically required in a disposition clause of the contract, and will only be transferred upon termination or expiration. Contract assets will be reported in accordance with the Asset Management standards clause of the contract.

2. REPORTING REQUIREMENT (ASSET MANAGEMENT)

All assets meeting personal property criteria will be reported as required by the Texas State Comptroller of Public Accounts. Real and personal property is tracked and maintained in University's fixed asset management system, PSAM. Asset Management will report on assets acquired under contracts and cooperative agreements in accordance with the standards of each contract. In addition to the standard reconciliations, Asset Management will prepare fiscal year summaries of new vehicle purchases and reduction in capital assets; report of new additions; disposals for insurance coverage purposes.

2.1 REVIEW EXPENDITURE

Asset Management will review expenditure accounts on purchase orders to determine if expenditures are subject to capitalization or inclusion in a state-controlled asset category. Expenditure accounts are corrected where necessary on a monthly basis.

2.1.1 COMMONLY USED EXPENSE ACCOUNTS FOR CAPITAL & CONTROL EQUIPMENT

If you are looking for a General Ledger Expense account when purchasing capital, controlled, or non-controlled assets, below are the PeopleSoft Account Codes are used to identify capital/controlled equipment:

ACCOUNT	DESCRIPTION	MINIMUN	MAXIMUM	NOTES
58600	MOTOR VEHICLES	5,000.00	N/A	
58601	FURNISHINGS/EQUIPMENT	5,000.00	N/A	
58602	COMPUTER EQUIPMENT	5,000.00	N/A	
58603	TELECOMMUNICATIONS EQUIPMENT	5,000.00	N/A	
58604	APPLICATION SOFTWARE	100,000.00	N/A	Purchased only
58605	FABRICATED EQUIP	5,000.00	N/A	Total final cost
58610	OPERATING SYSTEMS	100,000.00	N/A	Purchased only
58611	DATABASE SOFTWARE	100,000.00	N/A	Purchased only
58615	AIRCRAFT ACQUISITION/DRONES	5,000.00	N/A	
54354	EQUIPMENT-STATE CONTROLLED ASSET	500	4,999.99	Controlled List
54355	COMPUTER- EQUIP-STATE CONTROL ASSET	500	4,999.99	Controlled List

2.2 TAGGING

Upon receipt of assets classified as capital or controlled, Asset Management will issue inventory tags on a unit basis. In order to facilitate physical inventories, tags will be placed in a highly visible position on the asset, the location being reasonably consistent for all assets within the classification.

2.3 ENTRY OF ASSET RECORDS

Subsequent to the issuance of tags, a permanent asset record will be created in the PSAM for all capital and/or controlled assets. An asset's primary record will include tag number, description, serial number, acquisition date, SPA classification, university classification, condition, department assignment and location. An asset's payment record will include payment date, voucher number, purchase order number, funding source, University cost center expenditure account number and SPA acquisition method. Payment records for assets purchased with contract and grant funds will include sponsor identification and title designation. Donated assets will include an appraisal method.

2.4 RECONCILIATION

The Asset Management Office is responsible for the administration of property accounting policies of the State of Texas and University of Houston system. Asset Management is also responsible for maintaining the University's fixed asset database, for reporting all changes in accordance with policies and procedures, and for maintaining and reconciling the agency's data in PSAM to PeopleSoft General Ledger (PSGL).

On a quarterly basis, Asset Management will reconcile PSAM capital assets cumulative value to PSGL. This reconciliation considers cumulative fiscal year expenditures, acquisitions through donation and trust, disposals by sale or salvage, and transfers to other government agencies. As part of the year-end process, Asset Management will reconcile to the University's Annual Financial Report and the Comprehensive Annual Financial Report in USAS database.

2.5 CERTIFICATION OF INVENTORY

Asset Management is responsible for the coordination and supervision of the annual physical inventory of state property. Asset Management will establish a certification period, generate inventory reports, review the results submitted by departments, and conduct random audits. Asset Management will prepare and submit to the State Comptroller of Public Accounts the necessary documentation and certification of the University's Annual Physical Inventory conducted during that fiscal year.

2.6 DEPRECIATION

The straight-line depreciation method (historical cost less residual value, divided by useful life) is used for all capital assets. Depreciation and accumulated depreciation of capital assets are reported annually in the Annual Financial Report.

3. REPORTING REQUIREMENT (DEPARTMENT)

Newly acquired assets will be assigned by Asset Management to the department funding the purchase, to the department to which the donation has been made, or to the department to which a transfer has been made from another agency. In some cases, assignment will be determined upon the basis of which department would serve as the most logical custodian. Assignment of existing assets may be transferred from department to department using the standard "Asset Update Form."

Employees are not permitted to move an asset without prior approval from the Departmental Property Custodian. Physical movement of an asset within campus requires submission of the standard "Asset Update Form" with location change. Physical movement of an asset off-site requires submission of "Authorization of Off-Campus Asset Form."

3.1 RESPONSIBILITY FOR ASSETS

Each department will designate a <u>Property Custodian</u> at the beginning of each fiscal year. Upon designation, all custodians will submit to Asset Management a written acceptance acknowledging his or her responsibilities using the standard "Departmental Property Custodian" form.

The property custodian is responsible for ensuring the use, maintenance and safekeeping of all state property assigned to their designated department. The property custodian is also responsible for inventory control as outlined in the Asset Management section of the Accounting Handbook.

3.2 TRACKING AND UPDATING DEPARTMENT ASSET STATUS

The Departmental property custodian has the responsibility of knowing the location of all assets assigned to their respective departments at all times, and for delegating the charge of internal inventory control. The custodian reports asset condition, disposal, transfer, missing, lost, and location updates using the "Asset Update Form."

3.3 TRACKING OF SOFTWARE

Computer software is the most widely owned type of intangible capital asset. Computer software cost is capitalized. Threshold for purchased "off-the-shelf" computer software is $100,000.

Threshold for internally generated computer software is $1,000,000. Capitalized and controlled software will be assigned its own unique inventory tag number, but additional tracking measures will be required. Departments should make note of, and report to, Asset Management the tag numbers of computers on which the software has been installed.

4. THRESHOLD

4.1 CAPITAL ASSETS

CAPITAL ASSETS	
Non-depreciable/Non-amortizable	**Threshold**
Land and Land Improvements	Capitalize All
Infrastructure	Capitalize All
Construction in Progress	Capitalize All
Other Tangible Capital Assets	Capitalize All
Land use Rights - Permanent Life	Capitalize All
Other Intangible Capital Assets	Capitalize All
Depreciable Assets	
Building and Building Improvements	$ 100,000

Depreciable Assets (Cont.)		
Infrastructure	$	500,000
Facilities and Other Improvements	$	100,000
Furniture and Equipment	$	5,000
Vehicles, Boats, Aircraft and Unmanned Aerial Vehicle (UAV)	$	5,000
Other Capital Assets	-	
Library Books/Materials (Collections)		Capitalize All
Works of art/historical treasures		Capitalize All
Leasehold improvements	$	100,000
Livestock	$	5,000
Amortizable Assets-Intangible		
Land use Rights - Term Life	$	100,000
Computer Software	$	100,000
Internally Developed Computer Software	$	1,000,000
Other Intangible Capital Assets	$	100,000

4.2 CONTROL ASSETS

STATE CONTROLLED ASSETS		
Class of State Controlled Asset	**Threshold**	**GL Account**
Hand Guns	At any cost	54354
Rifles and Shotguns	At any cost	54354
Sound Systems and Other Audio Equipment	$ 500 - $ 4,999.99	54354
Portable Cameras	$ 500 - $ 4,999.99	54354
TVs, Video Players/Recorders	$ 500 - $ 4,999.99	54354
Computer, Desktop	$ 500 - $ 4,999.99	54355
Data Projectors	$ 500 - $ 4,999.99	54354
Smartphones, Tablets	$ 500 - $ 4,999.99	54355
Handheld Devices	$ 500 - $ 4,999.99	54355
Laptop Computers	$ 500 - $ 4,999.99	54355
Unmanned Aerial Vehicle (UAV)	$ 500 - $ 4,999.99	54354

5. **ACQUISITION**

5.1 NEW PURCHASES

Assets are recorded at actual cost and additional costs incurred to put the asset into service. This includes freight charges, import duties, handling and storage charges, in-transit insurance charges, sales tax, site preparation costs, installation charges, charges for testing and preparation for use, cost of reconditioning items purchased used, and parts and labor associated with the construction of the equipment. Incidental charges, such as extended warranties or maintenance agreements are not considered part of the capital costs. However, if such costs are included or embedded within the capital asset cost, then these costs are considered a part of the acquisition cost of the asset.

5.2 GIFTS AND DONATIONS

Assets which are offered to the University as gifts or donations must be approved by the University Advancement Office, the Associate Vice President for Business Operations, and the Asset Management Office. Forms for approval of gifts and donations are available from the University Advancement Office. Gifts and donations must be approved before assets are accepted into the university's possession. Donated property must be recorded at its estimated fair-market value on the date of acquisition, using a reasonable market study/assessment. Once approved, the item will be evaluated for capital or controlled asset based upon the fair-market value.

5.3 ADDITION AND IMPROVEMENTS

Additions and improvements are capital expenditures that either increase the capacity or improve efficiency of the asset. Costs of additions and improvements are capitalized and reported in PSAM and SPA.

5.4 REPLACEMENT, RESTORATION AND REPAIRS

For a replacement to be capitalized, the replacement unit must be part of a major repair or rehabilitation project that increases the value and/or useful life of the original asset and meets the capitalization threshold. A replacement may also be capitalized if the new item or part is of significantly improved quality and higher value compared to the old item or part. Such cost of replacements and restoration is capitalized and reported in PSAM and SPA. Replacement or repair/restoration of an item to its original utility level is not capitalized. Determination is made on a case-by-case basis.

5.5 TRADE-IN

Acquisitions of new personal property on which existing property has been traded-in will be recorded at actual cost-plus trade-in allowance plus other costs incurred to make the asset usable and render it into service. (Note: Current GSC policies do not permit the exchange of equity in a state asset for the reduction of an operating lease. In other words, state property may not be used as a trade allowance towards the lease of new equipment. The new equipment must be purchased in order for the trade to be allowed by the state.)

6. SURPLUS

Surplus property is any personal property which is in excess of the needs of any University department for the foreseeable future. Surplus property may be new or used but must have additional useful life. Higher education institutions may offer surplus property to the general public via auction unless it is data processing equipment.

If the property is data-processing equipment, UHCL must transfer it to a school district, open enrollment charter school, or the Texas Department of Criminal Justice. We may not collect a fee or other reimbursement for the transfer. Data processing equipment cannot be sold to the general public.

6.1 DELCARATION OF SURPLUS

Departments will report all tracked and tagged surplus property (except for data-processing units) on an "Asset Update Form." This form authorizes Asset Management to review and remove tags from the listed surplus property. Thereafter, the department may proceed to place a work-order request and authorize physical removal by FMC. Only department heads and Departmental property custodians have signature authority for purposes of declaring surplus property. Form must be submitted at least ten business days ahead of the date the department wishes the property to be removed.

6.2 DISPOSAL OF ASSETS

6.2.1 DATA PROCESSING UNIT (DPU's)

Designated Office of Information Technology (OIT) Dept personnel are authorized to surplus assets that are traded-in or obsolete. The assets are delivered to the basement storage area for categorizing and palletizing for transporting to Texas Department of Criminal Justice (TDCJ).

The basement storeroom will be open on Thursdays from 2:00 pm – 3:30 pm for University Computing and Telecommunication and College of Science and Engineering departments to bring in the sanitized DPU's/DPE's to the basement for temporary store until dispatched to TDCJ. OIT work-order documentation should include UHCL tag number, serial number, and asset description to support the surplus equipment. Asset Management will coordinate the equipment pickup with TDCJ. Computer equipment from basement storage will not be redistributed on campus.

Tags are not to be removed from the items. Asset Management is responsible for recording disposition of controlled and capital assets in PeopleSoft Asset Management System (PSAM) in accordance with state and university policies on surplus and salvage property.

6.2.1 SANITIZATION REQUIREMENT FOR RETIRED DPU's

Prior to retirement by any method allowable under State Property Accounting policy, digital data storage devices in capital or controlled data processing equipment will be secured by departmental technical support personnel using one of two methods allowable under Texas Administrative Code 202.78:

- Sanitization using a method that complies with Department of Defense 5220.22-M standard; or
- Destruction of the storage devices

Original documents listing completion of the sanitization or destruction process will be maintained by the departmental technical support function and will include the following information:

- Work Order Reference#
- UHCL Department Name
- UHCL Technical Personnel Name
- Sanitization Date
- Description of Property sanitized
- Serial Number of the Property
- UHCL Tag#
- Process and sanitization tools used to remove the data, or method of destruction

Item Transferred to:

UHCL Basement (Indicate property to be transferred to TDCJ Computer Recovery, PO Box 4013, Huntsville, TX 77342-4013)

Traded-In (Need vendor name, address, phone number)

Inter-Agency Transfer (Obtain Asset Management Coordinator Approval, prior to transfer. Need Agency name, Agency #; Contact person; address)

Departmental technical support personnel will forward to Asset Management the work order reference number and associated inventory tag number when sanitization or destruction has been completed. The reference number will be maintained in the asset record for the duration of the records retention period.

An exception to this procedure may be requested in the event of a transfer of equipment to a Texas state agency or Texas institution of higher education. Requests must be submitted in writing to Asset Management and be approved by the Associate Vice President for Business Operations prior to the physical transfer of the equipment.

6.2.2   NON-DATA PROCESSING UNIT

Facilities Management and Construction (FMC) is responsible for disposal of all non-data processing obsolete/surplus assets. Individual Departmental property custodians are responsible for placing the work order requests for obsolete/surplus assets to be picked up for physical disposal by FMC. Individual Departmental property custodians are responsible for notifying Asset Management of obsolete/surplus assets via an "Asset Update Form."

Tags are not to be removed from the items. FMC acknowledges receipt of items by signing the "Asset Update Form." Asset Management is responsible for recording disposition of controlled and capital assets in PSAM in accordance with state and university policies on surplus and salvage property.

6.3 CANNIBALIZATION/SALVAGE OF PROPERTY

SPA grants agencies the authority to permit cannibalization of property. SPA also grants agencies the authority to delegate approval for cannibalization to the Property Manager and technical staff.

6.3.1   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.

6.3.2 SALVAGE

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 originally intended. Salvage property can be cannibalized or disposed of using the guidelines in the "Policy" section below.

6.3.3 POLICY

Prior approval from Asset Management must be obtained. Departmental property custodian must submit an "Asset Update Form" for cannibalization with a written request to cannibalize a property item and send the remains of the property to a holding area for scrap or destruction. Once cannibalization has been approved and tags removed from asset being cannibalized, departments must immediately place work order requests through Facilities Management and Construction (FMC) to pick up all remains of the asset for scrap or destruction. Office of Information Technology (OIT) has authority to cannibalize computing equipment. The residual of all cannibalized assets generated by OIT may be retained by OIT in a spare-parts inventory. The procurement of cannibalized residual by employees for personal use is prohibited.

6.4 TRADE-IN

In the event property is to be used as a trade-in for the purchase of a new asset, the Property Manager must be advised by department before any order is placed. The purchased requisition should include all trade-in information pertaining to the asset: The UHCL tag number, serial number, model number, manufacture's name, age, condition and a realistic estimate of the asset's value.

6.5 EXCHANGE

University capital equipment delivered to the vendor for service or repair may be replaced by the vendor, on a permanent basis, due to repair turnaround or repair cost. The equipment replacement becomes capital equipment to the University replacing the exchanged equipment. Information about property that has been exchanged as a result of a repair request must be documented by submitting documents and/or Asset Update Form to the Property Manager. Vendors may exchange property for quicker repair turnaround or repair cost feasibility. In some cases, the vendor may return property which is not identical to the item sent for repair. The Property Manager will initiate all necessary changes to property records (if necessary). The exchanged fixed asset will remain in the department inventory at the capital value of the original fixed asset. Exchanges fees are considered repair of maintenance and will not be capitalized.

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7. OFF CAMPUS ASSETS

State Property Accounting policies and UH System policies permit the removal of state property from campus for the purposes of conducting University business. Employees who have been granted permission to remove property from campus are under financial liability for the loss or damage of property for the duration of the period that the property is in their possession.

7.1 APPROVAL PROCESS

Employees should complete and submit the form "Authorization for Off-Campus Property." All information requested on the form shall be provided, and the form must be approved by the employee's supervisor and the Departmental property custodian. The completed form should be submitted to Asset Management. The approval process is not complete until the form is submitted to Asset Management.

7.2 TERM OF REMOVAL

Removals are approved until the date noted on the form, or until August 31 of the fiscal year in which the removal was approved.

7.3 RENEWAL OF APPROVAL

Renewal Extension of removal authorizations for the subsequent fiscal year may be approved without the physical return of the property to campus. Renewal of off-campus assets requires submission of "Authorization for Off-Campus Property" form with "Annual Re-authorization" box checked for the renewing fiscal year and completion of the required fields.

7.4 RETURN OF PROPERTY

Property being returned to campus must be verified by Departmental property custodian. If an employee fails to take returned property to the Departmental property custodian, the removal authorization will not be properly terminated, and the employee will continue to be listed as the custodian of the property. The employee must complete the "Off-Campus Property Returned" form. The Departmental property custodian should sign, date, provide exact location of property returned and submit the form to Asset Management. If an asset whose removal status has not been properly terminated is damaged or stolen, the employee of record to whom the asset has been entrusted will be considered to have been responsible for its safekeeping, and may be held financially liable for the loss by the University or the Attorney General of Texas.

8. **EMPLOYEE LIABILITY FOR STATE PROPERTY**

UHCL must ensure that its employees exercise, at a minimum, reasonable care for the safekeeping of all state property. Damage to or loss of state property must be reported to the State Comptroller's Office and Office of the Attorney General if the agency head has cause to believe that the loss or damage resulted from employee negligence.

8.1 DEFINITION OF REASONABLE CARE

Reasonable care means that steps have been taken to ensure:

- Acceptable upkeep and maintenance of the asset;
- Security of the asset;
- The asset can be located at all times; and
- Documentation "Authorization of Off-campus Property" form is retained specifying the person responsible for the asset.

8.2 BASIS OF LIABILITY

Liability may attach on joint and several bases (to more than one person) in a particular instance. As per Texas Government Code Section 403.275, a person is financially liable for the loss sustained by the state if:

8.2.1 Agency property disappears as a result of the failure of the head of an agency, property manager, Departmental property custodian, or agency employee entrusted with the property to exercise reasonable care for its safekeeping;

8.2.2 Agency property deteriorates as a result of the failure of the head of an agency, property manager, Departmental property custodian, or agency employee entrusted with the property to exercise reasonable care to maintain and service the property; or;

8.2.3 Agency property is damaged or destroyed as a result of an intentional wrongful act or of a negligent act of any state official or employee."

8.3 DETERMINATION OF LIABILITY

Property losses resulting from employee negligence will be reported to the State Attorney General in accordance with Texas Government Code. The Attorney General may investigate and take legal action to recover the loss, the value of which will be determined based on market value and the degree of responsibility of the person(s) entrusted with the property.

9. MISSING OR STOLEN

MISSING PROPERTY - Asset whose location cannot be accounted for due to undetermined reasons.

STOLEN PROPERTY - Asset whose location cannot be accounted for due to theft, burglary or other criminal acts. The custodian should ensure that an employee entrusted with property exercises, at a minimum, reasonable care for its safekeeping.

Reasonable Care means that steps have been taken to ensure:
- Acceptable upkeep and maintenance of the asset,
- Security of the asset,
- The asset can be located at all times and
- Documentation "Authorization for Off-Campus Property Form" is retained specifying the person responsible for the asset.

9.1 MISSING OR DAMAGED PROPERTY – EMPLOYEE NEGLIGENCE

If an asset is discovered missing or damaged, the employee/department must contact University Police, Department Head, and Asset Management immediately. If the Departmental property custodian or department head has reasonable cause to believe that the property in the employee's possession has been lost, destroyed or damaged through the employee's negligence, then Departmental property custodian must report the loss, destruction or damage to the Asset Management within 48 hours using "Asset Update Form" and supporting documentation. Asset Management will report the same to the Comptroller and the Office of the Attorney General (OAG) within 72 hours of discovery. Negligent employees will be held liable to reimburse the University for the loss. If the negligent employee does not reimburse the University, then the University and/or Office of the Attorney General (OAG) may take legal action to recover the value of the property from the negligent employee, as that office deems necessary.

9.2 MISSING OR DAMAGED PROPERTY – NO EMPLOYEE NEGLIGENCE

If an asset is discovered missing or damaged, the Departmental Property Custodian has to report the same using "Asset Update Form: within 48 hours. Asset Management will report the same to the Comptroller State Property Account System. If the missing asset is found, the same needs to be reported by the Departmental Property Custodian to Asset Management via "Asset Update Form." Asset Management will update PSAM and SPA accordingly.

9.3 STOLEN PROPERTY

If the Departmental property custodian and/or employee in possession of the asset has a reasonable cause to believe that the property in his/her possession has been stolen, the custodian must report

the theft to the nearest law enforcement agency or University Police and Asset Management within **48 hours** of discovering the theft. Asset Management will report the same to Office of the Attorney General (OAG) within 72 hours of its occurrence with required documentation.

If the investigation Policy report reveals that a property loss occurred through the negligence of the employee, then the negligent employee will be held liable to reimburse the University for the loss. If the negligent employee does not reimburse the University, then the University and/or Office of the Attorney General (OAG), may take legal action to recover the value of the property from the negligent employee, as that office deems necessary.

10. PHYSICAL INVENTORY

The University is required to conduct an annual physical inventory of the trust, capitalized and controlled personal property (excluding libraries and historical arts and treasurers) that is in the University's possession at a time of its own choosing. The University is to certify the results of the annual physical inventory to the State Comptroller of Public Accounts describing the method used to verify the inventory no later than 20 days after the last day of the physical year (September 20th). All assets in service will be included in the inventory count. Individual departments will receive inventory report listing of in-service assets. Missing and stolen assets that are in the disposal pending approval status, from the State Comptroller's Office will still be considered accountable property. (Reasonable efforts should be made to recover missing property during the count.) Deletion of missing and stolen property is made only with the approval of the State Comptroller's Office. Departments are required to carry missing property on their inventory for a minimum of two fiscal years following the occurrence before requesting approval for deletion.

Schedule: Asset Management will determine the annual physical inventory certification date for individual departments based on the volume and value of assets to be identified. In preparation for the year end accounting activity and certification of SPA fiscal balances, Asset Management will also establish a deadline for departments to request to surplus property from their inventory generally three weeks prior to the close of a fiscal year.

10.1 SUMMARY

University departments shall conduct an annual physical inventory of the trust, capitalized and controlled personal property (excluding Libraries, Historical Arts and Treasures, Disposals, Land, Buildings and Improvements and Capital Leases) in the department's possession as of January 31st, 2022.

University department(s) must use accepted practices to conduct their annual inventory as outlined below. The department must physically verify each property item to ensure they are still within the department's possession and the property's location is accurate. The department must also provide the name(s) of the person(s) responsible for conducting the physical inventory.

The condition of each property item must be evaluated during the annual physical inventory. Assets are shown with one of the following conditions:

New - New or excellent condition.

Good - Somewhat used or reconditioned property that, while still in usable condition, is slightly shopworn, soiled or otherwise precluded from being considered "new." (The condition of the property does not impair the utility of the property.)

Fair - Property that is soiled, shopworn, rusted, deteriorated or damaged to the extent that utility is slightly impaired; or reconditioned property that has been repaired or renovated but has since deteriorated and which needs or may need additional repair or renovation soon.

Poor - Property so badly broken, soiled, rusted, mildewed, deteriorated or damaged that its utility is seriously impaired; or property that has been repaired or renovated but has since seriously deteriorated due to factors such as major wear and tear, corrosion or exposure to weather.

Complete Physical Inventory Certification and all reconciliations are due on or before May 31st, 2022. Any delays will be escalated to the appropriate Dean, Department and/or Division Head.

10.2 REPORTING ELEMENTS

Individual Department results shall be submitted on the forms provided by Asset Management, and shall include the following elements:

- that inventoried property is or is not in the department's custody
- the location of the property
- the condition of the property
- the persons responsible for the property
- any discrepancies, updates or corrections on the Exception Report.

10.3   INVENTORY VERIFICATION TEAM AND METHOD

It is preferable that two or more persons who are not responsible for entering or reporting personal property conduct the annual physical inventory. However, Department resources and logistics may dictate using only one person. Department discretion prevails in these circumstances.

It is the responsibility of the verification team and/or individual verifier to report all required elements in the inventory results. An asset is not considered accounted for unless the verifier has physically inspected it, except in cases of assets which are authorized to be located off-campus. Each verifier and Departmental property custodian and Department head responsible for the property must sign and date the property lists to certify the accuracy and completeness of the inventory. The combined lists of property used by the verifiers from individual departments should represent all of the University's property subject to the annual physical inventory.

It is mandatory to verify assets with barcode scanners. Intentional defacement of an inventory tag is not permitted. Inventory tags which have fallen off should be reported to Asset Management.

Assets located Off-Campus: Assets which have been removed from campus requires documentation on the "Authorization for Off-campus Property" form. Assets located off-campus will be designated by an "Off Campus" in the Asset Class column on the inventory report. A new "Authorization for Off-campus Property" form should be submitted each fiscal year per State guidelines. The lack of an "Off Campus" in the Asset Class column indicates that there is no "Authorization for Off-Campus Property" form on file in the Asset Management Department, and that the asset is not authorized to be off-campus. The verifier and the Departmental Property Custodian should advise the employee who has removed the asset that he/she is not in compliance with Asset Management policy and is required to return the asset to campus and process the asset through the standard removal procedure.

10.4   CLASSIFICATION OF PROPERTY AS "MISSING"

Due to the frequency of relocations and transfers, assets will not be classified as missing until the review of inventory results submitted by all departments has been completed by Asset Management, at which time assets not found by the responsible department and not subsequently reported by the other department will be classified as missing property. (See Section 9 for additional details.)

10.5   OPERATING PROCEDURE

- The department Property Custodian checks out the scanner(s) by providing following information: name, department ID, email address, pick up date and return date.
- Asset Management will send an Excel file version of the PeopleSoft (PS) Property Asset Management by Department Report (Asset Report) to the Property Custodian who reserve the Bar-Code Scanner along with the Instructions. The Asset Report will include these items:
  - University Inventory tag number
  - Description of the asset
  - Asset Class Code
  - Acquisition date
  - Serial number, when applicable
  - Custodian
  - Department ID
  - Historical cost of asset
  - Location (building, and room number)

- Scan assets according to the Bar-Code Scanner Instructions. While scanning, be sure to make notes on the Asset Report regarding location corrections and condition of all items.
- After the scanner is returned, Asset Management will extract the scanned inventory data from the scanner and reconcile with the original Asset Report to generate an Excel file Inventory Report for the Department. The Inventory Report will be emailed to the department Property Custodian.
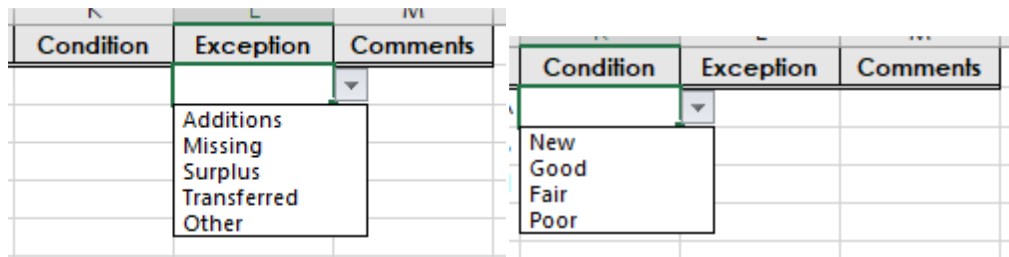
  The Inventory Report has three sections:
  - "Original" worksheet that contains the original Asset Report.
  - "Inventory Scanned" worksheet that identifies scanned items that match the original Asset Report.
  - "Discrepancies" worksheet that lists the items on the original Asset Report that either were not scanned or did not match the original Asset Report.
  - For inventory items that were not scanned, the department must attempt to locate the items. If an item is located, the asset will need to be scanned and submitted to Asset Management to complete the inventory. An asset is not considered accounted for unless the verifier has physically inspected and scanned the item.

- If the department cannot locate the items, submit a completed and signed Asset Update Form indicating the relevant transaction type (Transferred, Surplus, Trade-In, Missing Property or Lost/Stolen, etc.).

- If the items have been stolen, please submit a copy of the police incident report and a narrative report from the department describing the incident and employees involved.

- If the scanned items include assets that do not belong to the department, select "Other" and provide a Comment to assist Asset Management assigning the correct department. Select "Additions" for scanned assets acquired after the inventory date of January 31, 2021.

- If the scanned items include assets that were previously identified by the department as having been disposed but are still actively in service, please select "Other" and add a comment so the items can be reinstated.

- Department(s) must resolve the discrepancies by selecting the appropriate exception type and condition, as applicable, and by providing a reasonable explanation in the Comment column.

- After conducting the physical inventory, complete and submit the Certification of Departmental Physical Inventory form along with the completed Inventory Report and all required forms (Asset Update and Off-Campus forms) to Asset Management.

- Upon receipt of the executed Certification form and required documentation, Asset Management will update the data in PeopleSoft. Asset Management will then send the final Certified PeopleSoft Property Management Asset by Department Report. The department shall review the report and submit any required corrections to Asset Management.

- The following steps are required for items reported as missing:
  - Departments with missing items will be required to investigate the reason for such losses and to document attempts to locate the equipment.
  - All missing items will be reported to the appropriate Dean and/or Associate Vice President.

10.6   ADUIT OF INVENTORY RESULTS

After departmental inventory certifications are completed, Asset Management will conduct random audits of the inventory results during the physical year. The random audits may include one or more colleges and selected other departments, which will account for a minimum of 25% of the University's total assets included in the annual physical inventory. Some departments may be audited on a more frequent basis if necessary to meet the 25% sample. Departments with losses higher than average may also be audited on a more frequent basis.

11. FORMS - https://www.uhcl.edu/about/administrative-offices/general-accounting/forms

UHCL has chosen **DocuSign** as our digital signature software. It facilitates the electronic sending and signing of documents while providing insight throughout the entire signing ceremony; processing and securing the data and information, applying rules such as reminders/expiration, data validation, and other business requirements; providing administration tools and reports that help users understand usage and manage the platform; and in meeting US and global security standards. Digital Signature Solution will help students, faculty and staff connect and automate how we prepare, sign, act-on, and manage our day-to-day documents and agreements.

DocuSign account holders may use below link to login.
https://account.docusign.com/organizations/ad30a455-af2c-4c32-90a0-9c9a86d48d43/saml2/login/sp/5e03b195-a309-4e62-9a0b-baface02edc4

For a listing of currently available forms, DocuSign training materials, or to request a DocuSign account, email DocuSign@UHCL.edu.

11.1   ASSET UPDATE FORM - https://www.uhcl.edu/about/administrative-offices/business-operations/documents/asset-update-form.pdf

Asset update form should be completed and submitted by the Departmental Property Custodian to Asset Management: Check appropriate box to reflect the physical change in status:

11.1.1 Surplus-Work Order issued. Moves & Events Department to pickup to warehouse

Work Order issued. FMC to pick, up for auction or another disposal method: Departmental Property Custodian will report all tracked and tagged surplus property (other than data processing units) on an Asset Update Form. This form authorizes Asset Management to review the listed surplus property. Thereafter, the department may proceed to place a work order request and authorize physical removal of surplus assets by FMC. Form should be submitted at least ten business days ahead of the date the department wishes to property removed by FMC. See additional details in Section 6 under Surplus Property.

11.1.2 Release to IT Tech Services (Data Processing Equipment/s)

Department may choose to submit this form when OIT declares that such equipment is obsolete and/or the equipment has exceeded its warranty period. Submission of this form is not mandatory if the equipment is physically picked up by OIT personnel. OIT generates a work-order request or "Heat Ticket" for computer movement between OIT and all other Departments

11.1.3 Fabrication Property
11.1.4 Cannibalized/Damaged Property – (Refer to Section 6.3)

11.1.5 Transferred to another Department/State Agency

Submit form when transferring tagged personal property between departments and State agencies. The property continues to be reported by the transferring department/agency until the receiving department/agency accepts the unit and completes the transfer by acknowledging receipt of the same via signature on the form. The form is considered complete only when the transferor and the transferee property custodians have signed and approved the same. Asset Management will update the inventory records accordingly. Any transfers made between state agencies require Stage Agency Property Manager's approval for the transfer to be complete.

11.1.6 Change in Building/Room/Location

Departmental property custodians to provide location information for all new and/or replaced and/or transferred assets.

11.1.7 Traded-In

Submit form for all tagged assets except for assets traded in through OIT. Prior approval from Asset Management must be obtained for all trade-ins. Form must be submitted at

least ten business days ahead of the date the department wishes the property to be trade-in. Asset Management will review and approve and obtain all appropriate supporting documentation for the trade-in.

11.1.8 Missing Property – (Refer to Section 9)
11.1.9 Stolen Property – (Refer to Section 9)

11.2   AUTHORIZATION FOR OFF CAMPUS FORM -
https://www.uhcl.edu/about/administrative-offices/business-operations/documents/off-campus-asset-authorization-form.pdf

Form is used to initiate removal of an asset and/or for renewal of the original authorization for off campus assets.

11.3   OFF CAMPUS PROPERTY RETURN FORM -
https://www.uhcl.edu/about/administrative-offices/business-operations/documents/off-campus-property-return-form.pdf

Form is used to initiate property returned to campus.

11.4   CERTIFICATION OF DEPARTMENTAL PHYSICAL INVENTORY -
https://www.uhcl.edu/about/administrative-offices/business-operations/documents/certification-of-departmental-physical-inventory.pdf

Certifies the Departments' completion of the annual physical inventory of the trust, capitalized and controlled personal property (excluding libraries and historical arts and treasurers) this is in the Department's possession at a time assigned by Asset Management.

11.5   DEPARTMENT PROPERTY CUSTODIAN (DPC) -
https://www.uhcl.edu/about/administrative-offices/business-operations/documents/departmental-property-custodian.pdf

The Departmental Property Custodian (DPC) is the property manager of all property in the possession of his/her department. This form should be submitted to Asset Management at the beginning of each fiscal year and when a new DPC is named during a fiscal year. The Department Head designates an employee to be the DPC for a period of twelve months each year. The DPC is responsible for the proper management and control of University property and should ensure

that:

- Department is following the inventory control procedures as shown in Accounting Handbook: Asset Management;
- Capital and controlled equipment received (by means other than purchase) is reported to Asset Management in a timely manner;
- Property is not loaned, traded, discarded, moved or cannibalized without prior approval of Asset Management;
- Property is not defaced nor damaged in any way;
- Property is not returned to a vendor as a trade-in without approval of Property Management;
- Appropriate documentation on obsolete and excess property (capital and/or controlled only) is submitted to Asset Management for approval prior to disposal;
- Equipment is used for its intended purpose by properly trained personnel;
- Ensure property within the department is tagged and listed in the Departmental Inventory of Physical Property;
- All items located off-campus are documented in the "Authorization for Off-Campus Property" form.

11.6   UHCL VEHICLE PURCHASE REPLACEMENT REQUEST -
https://www.uhcl.edu/about/administrative-offices/business-operations/documents/uhcl-vehicle-purchase-replacement-request.pdf

12. TOOLS
https://www.uhcl.edu/about/administrative-offices/business-operations/tools