FLORIDA ATLANTIC UNIVERSITY

Property Policy

2014
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1. PURPOSE

This document establishes the policies and procedures for the Property Management Office at Florida Atlantic University. It provides the basic definition of property along with the background on the administration of property. Statutory authority for this Property Policy is vested in Chapter 273, Florida Statutes, State-Owned Tangible Personal Property.

2. INTRODUCTION

Effective and efficient management of equipment and materials, throughout their life cycle, help ensure university activities are performed in accordance with our policies, procedures and sponsor requirements. This is able to occur with the support by all departments. The property management system is comprised of policies, procedures, online systems, and people, which support the overall educational, research, and administrative missions of the University.

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3. DEFINITIONS

3.1. Property

For the purpose of this manual, “property” primarily includes equipment. However, depending on regulatory or other compliance requirements it may also include materials and supplies.

3.2. Property Manager

An individual assigned by the University President to manage the assignment, accountability, transfer and disposal of state-owned property for which the University has custodial responsibility under the Florida Statutes.
3.3. Accountable Officer
The departmental administrative head to which custodial accountability for property has been delegated. The principal investigator administering a grant or contract is the accountable officer for property acquired by or assigned to the grant or contract project. This individual is trained in the proper ways in dealing with property issues.

3.4. Surplus
FAU property that has been deemed to be surplus due to it being excess, obsolete, uneconomical or inefficient for continued use shall be certified as surplus by the custodian of the property to the PMO.

3.5. Salvage
Salvage means property that, because of its worn, damaged, deteriorated, incomplete condition or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs but which has some value in excess of its scrap value.

3.6. Scrap
Scrap means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

4. STEWARDSHIP
Property is accountable to designated departments, each of which is responsible for the day to day management, use, care, record-keeping, and disposal of those assets.

Each member of the FAU community has a general obligation to safeguard and make appropriate use of property owned by or accountable to the University. This includes property either assigned for individual use, or as part of a common area. This obligation includes but is not limited to:

- Notifying the Property Management Office of the acquisition, movement or disposal of property.
- Ensuring university property is used solely for the benefit of the university.
- Exercising reasonable care in use to prevent damage and maintain good condition.
- Exercising reasonable security measures to prevent theft or misuse.
- In the event of property needing to be taken off campus, proper documentation must be filled out prior to the property leaving campus.
- Reporting lost, stolen, damaged, or otherwise impaired property to appropriate parties, including direct supervisor and Property Management Office.

Should a department require assistance, contact the Property Management Office.

5. ROLES AND RESPONSIBILITY
Currently, the Property Management Office (PMO) reports to the Controller’s Office. The PMO provides guidance and training to departments on all property related issues, from pre-purchase considerations through retirement of the assets. PMO is also responsible for the implementation of policies, procedures, and a system that enables effective property management for the University’s capital equipment.
PMO works closely with Accountable Officers in the event of property management issues. Accountable Officers are personally responsible for locating any property that has been unable to be located during PMO’s annual inventory.

5.1. CUSTODIANS

Custodians are FAU employees responsible for a designated group of assets. Asset users are the persons who use the equipment on a regular basis, and can help readily locate or provide information on it.

5.2. ACCOUNTABLE OFFICERS

All Accountable Officers must attend initial required property management training along with all ongoing updated training. Attendance sheets for these sessions are used to ensure all staff are adequately trained and updated on property procedures.

6. UNIVERSITY PROPERTY OVERVIEW

- The capitalization threshold for equipment, fixtures, and other tangible property of FAU is $5,000 with an expected life of one year or more.
- Title to gifted or donated equipment vests with FAU.
- Title to equipment vests with either the University or with the project sponsor. Title does not reside personally with faculty or staff.
- Accountability for FAU-owned equipment resides with the Department.

7. ACQUISITION

The acquisition process begins the life cycle of the asset. It begins with the asset being identified for a specific need and concludes with the physical receipt of the item. Within this phase, ownership, accountability, and responsibility are determined for equipment at FAU.

FAU is accountable for equipment that is intended to directly benefit the academic and research mission of the University.

7.1. METHODS OF ACQUISITION

There are a variety of methods by which equipment is acquired at FAU. They are listed below.

- Purchase
  - Loan- Equipment has been provided to FAU, free of charge, by a third party for a specific period of time.
  - Incoming No-Cost Transfer- Equipment, along with ownership and accountability is transferred to FAU by another entity.
  - Lease- FAU has committed to paying cash payments for use of an asset for more than one year and the payments total more than $5000.
  - Rental- Contracts for which FAU has committed to making cash payments for over one year and greater than $5000.
  - Donation- A gift of equipment made to FAU. No expectation is associated with the gift.
  - Sponsor Furnished or Government Furnished- Equipment provided by a sponsor for use on a specific research project. May be provided directly by the sponsor, or via a third party designated by the Sponsor. Ownership remains with the sponsor.
  - Fabrication- Items created, configured, and built by FAU personnel.
7.1.1. DONATIONS

Donations may be directed for use by a particular department, research program, among other reasons. While donations are for the direct use by faculty, staff, or student, FAU maintains ownership of all donations, no exceptions. PMO needs to be notified for all capital asset donations. The asset will then be barcoded and become a part of the asset inventory.

7.1.2. FABRICATION

Fabrications can be either FAU or sponsor funded. It is the responsibility of the department completing the fabrication to contact PMO if the following criterion is met:

1. The total cost for acquired materials, supplies, and components are $5,000 or greater. All items acquired for fabrication must be permanently integrated into the resulting discrete item.
2. The completed fabrication has an estimated useful life of one year or more.
3. The item will not be permanently affixed to a building or structure, upon completion.

Fabrications will be disposed of in the same manner as surplus. In the event that the fabrication needs to be cannibalized, the supporting documentation needs to accompany the surplus paperwork.

7.2. ACCOUNTING

Acquisition transactions are coded based on the type of equipment as well as source of funding. Capital equipment financially depreciates depending on the asset category and associated expenditure code.

8. IN SERVICE

8.1. RECEIVING

A receiving event must be recorded within Workday for all capital equipment. Should there be any discrepancies, the purchasing department must be made aware and a resolution made. The property record must be created within 30 days of receipt of the capital asset. Should the equipment be a non-purchased item, the PMO must be notified within a timely manner. Accountability of the asset-owning department begins upon receipt.

8.1.1. Process

The receipt of capital equipment purchases must be recorded in Workday by an authorized representative with the receiving department. This will allow the invoice(s) to be paid by Accounts Payable, and triggers the PO information to be forwarded onto the property management system. As a result, an asset record is created for PMO purposes.

8.2. PROCESS OF IDENTIFICATION

Identification is used primarily to identify ownership and keep track of assets for many purposes including use, availability, stewardship, compliance, tax, depreciation, and insurance. All University owned capital equipment, and all sponsor owned equipment, loans and leases must be properly identified, tagged with a barcode, and recorded within Workday.

The Property Management Office is responsible for ensuring the equipment is properly identified, tagged, and recorded in a timely manner. In the event a piece of equipment does not meet the capitalization requirements
but is considered an “attractive item”, PMO can provide that department with identification decals which can be internally recorded and kept track of by the respective department.

8.2.1. PLACEMENT OF TAGS

The tag must be affixed on the equipment in a space that directly faces the user and can be conveniently read or scanned without disrupting the item when it is in active use. Manufacturer’s markings should not be removed. In the event space is insufficient in the front, then an alternative location, front right side, will be sufficient.

8.2.2. UNTAGGABLE ASSETS

Not all assets are taggable for various reasons including value decreasing due to modifications, size of the asset, inaccessibility, or the tag will deteriorate due to weather or conditions. As a result, the barcode will be affixed to a copy of a printed copy of the Workday record. The record will be maintained for audit verifications and accessible for inventory.

8.2.3. TAG REMOVAL

Barcodes are to remain on the asset during the entire useful life. Removal of the tags can only be performed by a member of the PMO and for the reasons listed below.

- Equipment has been returned to the manufacturer for replacement
- Equipment was used as a trade-in towards another purchase
- Equipment was returned to the sponsor or third-party owner
- Equipment has been deemed as surplus

8.3. RECORDS

A requirement of the PMO is to accurately and comprehensively maintain property records. Records are the repository for compiling the basic identification elements and tracking day to day activity of the equipment and material for which FAU is accountable. Information found in property records includes depreciation, audit, reporting, inventory, and stewardship throughout the life of the asset. Once the life of the asset has reached the end, the property record then records how the equipment was disposed.

8.3.1. REQUIRED CAPITAL PROPERTY DATA ELEMENTS:

- FAU Tag Number
- Manufacturer
- Model Number
- Serial Number
- Temporary Acquisition Number
- Description
- Asset Type
- Acquisition Method
- Acquisition Date
- Net Book Value
- Acquisition Cost
- Capital Status
- Department
- Retirement Date
- Disposal Method
8.3.2. MOVEMENT AND TRANSFER OF PROPERTY

The PMO must be notified when property is physically moved from one location to another. These changes in location need to be made in writing via the Transfer Form. This also includes when the custodial accountability of property is transferred. The Transfer Form must have signatures of both the previous Accountable Officer and the new Accountable Officer in order to be complete and processed. At this time, a member of the PMO will scan the item in its new location.

8.3.3. EXCHANGE (TRADE-IN) OF PROPERTY

University property may be traded in on new acquisitions from vendors. The following requirements must be met in order to do so:

- The value of the trade-in must be more than the utilization cost to the University.
- All tag numbers or other university identifiers are removed before the release of the property. A member of PMO will be able to assist.
- The requisition for the new acquisition should contain the description, serial number, tag number, and trade-in allowance for the equipment being traded.
- Once approval has been received by the Purchasing Department, the originating department must prepare a Property Accountability Form (> $5000), with attached barcodes, in order to be relieved of accountability.

8.3.4. OFF-CAMPUS EQUIPMENT

Off-Campus Equipment Verification Forms are required for any non-federally owned capital asset that is housed in a location not listed within the FAU location directory. This includes private residences, businesses, other institutions, and remote sites. It is recommended that a form is filled out even for non-capital assets.

The form needs to be signed by the Accountable Officer. A member of the PMO needs to verify, initial the form, and maintain a copy for recording purposes. The location must be verified and updated on an annual basis by a member of PMO.

8.3.5. RECORD RETENTION

Physical or electronic copies of essential property documents are saved and readily available to support audits and self-assessment or other types of reviews.

8.3.6. ARTWORK DEPRECIATION

Artwork is separated into two depreciation categories; depreciable and non-depreciable. There are a few factors that determine how artwork will be categorized. If artwork is exposed to the elements, i.e. a statue, it will be depreciable. However, other artwork is determined subjectively on a case-by-case basis. Things to be considered, but not limited, to is the value, artist, and type of artwork.

8.4. PHYSICAL INVENTORY

FAU follows Florida State Statute Section 273.02 which requires a periodic inventory of property be taken. To comply with the statute, property listings of inventory items that are not found during the automated scan done
by the Property Department (records with no current inventory date) are sent to the Accountable Officers. The department must complete a physical inventory by locating or surveying the missing items and returning the verified list to the PMO within 30 days.

8.4.1. ROLES & RESPONSIBILITIES

PROPERTY MANAGEMENT OFFICE

• Establish new policies and procedures and implement the changes.
• Maintain awareness and training of property procedures
• Ensure property is tagged and records are current, complete, and accurate
• Provide documentation for untaggable and off-campus assets

ACCOUNTABLE OFFICERS

• Research and provide resolution for unfound assets within reconciliation period.
• Liaison between the department and the PMO
• Responsible for submitting the proper paperwork in the event property is transferred, surplused, or requested off-campus.

8.4.2. PHYSICAL INVENTORY PREPARATION

PMO is responsible for the development and implementation of the annual inventory. This includes coordinating with each department in the event PMO needs:

• Schedule
• Key personnel
• Area escorts and access
• Asset baseline

8.4.3. DATA COLLECTION

Assets are verified during the inventory process via one of two methods:

• Wall to wall physical verification: the searching of each room of a building for all assets
• Inventory by exception: verifying assets through other means (e.g. transfer documents, change of accountability)

Wall to wall verification is the primary method used for physical inventory. Data is collected during four phases of inventory.

8.4.4. INVENTORY PHASES

Phase one consists of the PMO entering every building and scanning all assets in sight. Phase two is completed with an exception report. The PMO uses this exception report to located items that were not found during Phase one. During the third phase of inventory, the PMO contacts accountable officers directly informing them of unaccounted for inventory. It is then the responsibility of the Accountable Officer to locate these items and contact PMO within the timeframe allotted. Phase four of inventory occurs when there are items that must be written off due to being lost or stolen. All unaccounted for inventory is sent to the Survey Board who discusses and approved the write off.
8.4.5. INVENTORY SCHEDULE

Inventory will be comprised of three timeframe blocks. Each timeframe will consist of three full months of inventory and a designated group of buildings which will be scanned. Within those months, all Phases of Inventory (1 through 4) will be conducted. The block dates are as follows:

- Block 1: August 1st-October 31st
- Block 2: November 1st- January 31st
- Block 3: February 1st-April 30th

The blocks are arranged so that it encompasses all campuses and is arranged around school holidays, break periods, etc. The schedule allows for efficient scanning to be conducted and is scheduled to avoid delays that may occur due to classes being in session, among other circumstances.

8.5. SECURITY

Each member of the FAU community has a general obligation to safeguard and make appropriate use of university and sponsor-owned property and equipment either assigned for individual use or part of a common area. Each department must ensure that there are reasonable security measures implemented in their areas to prevent theft, damage, or misuse of equipment.

8.6. PROPERTY PLAN

The purpose of the Property Plan is to ensure that the institution has implemented effective processes, policies and guidelines, which are measurable and that enable the control, preservation, protection and maintenance of FAU and sponsor owned property. Within the Plan, FAU may adopt industry leading practices and best business practices when controlling property.

8.7. PROPERTY AUDITS

Property management systems, policies, and processes are routinely reviewed and audited to determine whether established performance standards and acceptable levels of compliance are being met. Results serve as a basis to confirm effectiveness and identify areas for potential improvement and risk management. Satisfactory audit results are critical. Departments are responsible for facilitating ongoing property awareness and enabling compliance with established policies and procedures.

9. SURPLUS

FAU property that has been deemed to be surplus due to it being excess, obsolete, uneconomical or inefficient for continued use shall be certified as surplus by the custodian of the property to the PMO. There are various methods which surplus is disposed of.

- Re-Use
- Public Auctions
- Donations
- Recycling

The PMO works in a collaborative effort with Physical Plant for most pick-ups.

9.1. SURPLUS PROCESS
Department personnel should contact the PMO when assets and other FAU property are no longer needed. The PMO approves and coordinates the physical collection and final disposition of all excess property from FAU departments. All surplus assets and property will need to have appropriate paperwork filled out and submitted in order to be processed. If a department is looking to surplus computers, proof of deactivation must accompany all paperwork prior to pick-up. These forms can be found in the Appendix.

9.2. IDENTIFYING EXCESS EQUIPMENT

Each department is responsible for implementing established policies and procedures to ensure excess items are identified and disposition is coordinated properly with PMO. The department must ensure the safe keeping and protection of assets that are pending disposal and provide access for the collection of the excess items. Reasons for excess include:

- Obsolescence
- Lack of use
- Contract or grant expiration
- Poor condition
- Trade in against a new purchase
- Return to manufacturer for refund or replacement
- Theft

If an asset or FAU property is stolen, all paperwork needs to include a police report. The police report can be from FAU Police Department or local Police Department.

9.2. RE-USE PROGRAM

PMO’s number one priority is to reutilize and repurpose surplused property. Items that are no longer needed, and in operable condition, are made available to the FAU community via the FAU Reuse Program. The program allows the University to save costs, acquire or upgrade equipment and minimize needless waste. Departments with excess furniture or equipment are required to surplus the items.

All FAU property, available for requests, will be available via our property website. Staff and faculty members will be able to access the database and request various items of property at no cost to the department other than possible costs in transporting the items to the intended location. These items are for departmental use only and cannot be relocated to private businesses or residential locations.

9.4. OBTAINING FURNITURE

To request furniture, FAU employees can contact the Property Management Office. The Surplus Manager will then arrange an appointment to view the items located in the storage facility. Once you have selected furniture or equipment, a work order will be placed with Physical Plant. Please allow at least two weeks for the delivery of the items. Therefore, leave ample amount of time between requesting and needing the items.

9.5. SURPLUS FURNITURE AND EQUIPMENT COLLECTION

For all furniture and equipment pick-ups, please contact the Property Management Office with the appropriate paperwork. Once the paperwork is received, a work order will be submitted and a pick-up date will be scheduled. The items will be transported to the Surplus Storage Facility usually at no cost to the department (exceptions may apply). Pick-ups can take up to 3 weeks, so please plan ahead.
9.5.1. Exceptions to “no-cost to department”

- If items need to be unhooked or unscrewed
- If items are too large for Physical Plant to pick up
- Sectional desks

Should any costs stem from the movement of items, the requesting department is responsible and will incur all expenses.

9.5.2. EXAMPLES OF SCRAPPED FURNITURE

File cabinets that are damaged, missing handles, rusted, severely dented, or have inoperable drawers; desks with peeling laminates, inoperable drawers, broken or missing legs; chairs with torn fabric, heavily stained, broken or torn arms, missing wheels; furniture that is structurally compromised. These items are considered inoperable condition and therefore should be disposed of.

9.6. PUBLIC AUCTIONS

The PMO hosts at least two public auctions every year. Auctioned items include those that have spent longer than 90 days in the Surplus Storage Facility. All auctions will be advertised in the local newspaper of general circulation as well as the University Press, an FAU publication, no less than two weeks prior to the sale.

All monies received from the sale of surplus property will be used to directly support all processes of surplus in accordance with Florida Statute 273.055.

9.7. DONATIONS

PMO can choose to donate items to non-profit organizations should an item no longer be needed on campus or the expense to remove the item will be at a larger expense than the value of the item. These organizations include Goodwill and Faith Farm as well as local community non-profits. All donations are approved on a case-by-case basis. Vehicles are prohibited from being donated due to liability concerns.

Departments looking to donate must first surplus the equipment with all corresponding paperwork and PMO will pick the items up in accordance with our surplus procedures. All donations must be arranged and handled through the PMO.

9.8. RECYCLING

Once surplused electronics have been determined to be non-operable and beyond repair, the electronics are disposed of through an electronics scrap company.

10. SURVEY BOARD

The Property Survey Board acts as an advisory board to the Vice President of Administration and Finance. The Board’s functions are reviewing, interpreting, and recommending to the VP the disposition of items requested for survey. The Survey Board must review and approve the disposition of all items designated as: theft/mysterious disappearance and lost/unaccounted for. The Survey Board further delegates the responsibility to the Property
Management Office to dispose of items deemed to be junk and to be trashed, surplused and to be recycled, cannibalized, traded-in, or transferred.
APPENDIX

PROPERTY MANAGEMENT FORMS AND DOCUMENTS

Property Forms and Explanations

Accountable Officer Change Form

Computer Deactivation Form

Property Accountability Form - Surplus Greater Than $5,000

Property Accountability Form - Surplus Less Than $5,000

Property Transfer Form

Off-Campus Request Form

Inventory Calendar