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INTRODUCTION

This manual contains the University policies and procedures for acquiring, using, maintaining, controlling and disposing of property owned by the University or furnished to the University by the Federal Government. The policies and procedures have been written to conform with sound business practices, Financial Accounting Standards Board Statement No. 93 and Federal regulations.

University policy does not allow equipment to be purchased for the personal needs of an employee, student or other person, even though the individual offers to reimburse the University for the item. ([Financial Policy No. 1004.5.](#))

DEFINITIONS

Account: The 10 digit FAS account that was charged when purchasing a piece of equipment. Up to six unique FAS account numbers can be stored in PMS for each Asset.

Account percentage: Designates the percentage of the total cost charged to a unique FAS account for each Asset.

Asset: An item of tangible personal or real estate owned by the University of Chicago such as land improvements, buildings, and equipment. These items are capitalized in accordance with [Financial Policy No. 1004.1](#) and are maintained as separate records in the Property Management System (PMS).

Asset class: Identifies the different types of equipment classifications:

- Computer Equipment and Software
- Constructed Scientific and Technical Equipment
- Furniture and Fixtures
- Miscellaneous Equipment
- Office and Educational Equipment
- Scientific and Technical Equipment
- Shop Machinery and Tools
- Telecommunication Equipment
- Vehicles

Asset number: The unique number assigned to each item in the Property Management System.

- **G** number: The number found on the tag issued for equipment owned by the Federal government and used by the University of Chicago under Federal Grants and Contracts.
- **T** number: Temporary asset number that is assigned by the Property Management System to identify a piece of equipment until the permanent asset/tag number is assigned by the department.
- **Y** number: Asset number assigned to equipment items that cannot be physically tagged because of the nature of the equipment. Some examples are internal parts to equipment, components of constructed equipment, and additional payments.
- **UOC** Asset number: The number found on the tag issued for equipment items owned by the University of Chicago.

Building number: Alpha-numeric number identifying the building name and location as defined in the space database maintained by University of Chicago Facilities Services Department.

Condition codes: A Property Management System code describing the operating condition of the equipment item.

- **U** The item is actively used in departmental activities.
- **N** The equipment item still exists but cannot be used without repairs, technological updates, or other reasons.

Class code: The 4 digit number assigned to each Asset Class in PMS.

Computer equipment and software: Includes all data processing, computing, microcomputers, and operating software when included with the purchase of the hardware. When purchased separately software will be capitalized in accordance with [Financial Policy No.1004.1](#).

Contract deliveries: Equipment that is purchased or constructed under a contractual agreement where the equipment is to be delivered to a contracting agency.

Constructed scientific and technical equipment: Includes all costs incurred to construct or assemble scientific and technical equipment used to accomplish a special purpose in the performance of a research project.

Donated assets: Assets acquired by gift or donation. The value of the asset is the Fair Market Value at the time of gift. ([Financial Policy No.1004.1](#))

Equipment: An item of tangible personal property used in an operation or an activity that meets the following criteria. See [Financial Policy No.1004.1](#) for definition of equipment.

- A useful life of 1 year or more and
- A cost of \$5,000 or more per unit, including shipping charges and installation.

Equipment Coordinator: Individual designated by a department to be responsible for maintaining the department's property records in accordance with University policies and procedures.

Equipment tag: The bar coded tag that is issued for University and Government equipment items. This tag should be put in a visible place on the equipment.

Extended warranty: A purchase option for products through which the time period or extent of services is specifically extended or expanded beyond the manufacturer regular warranty period and conditions.

FAS: The University of Chicago's Financial Accounting System.

Financial Policy No. _____ Policies related to the financial operation of the University of Chicago. These policies can be found on the University of Chicago Financial Policy web pages <http://www.uchicago.edu/uchi/policies.html#admin>

Furniture and fixtures: Includes general purpose furniture such as desks, chairs, cabinets and work units. It may also include draperies, rugs, lamps, etc.

Government furnished equipment: Equipment that the Federal government has furnished to the University of Chicago under a grant or contract where the ownership of the equipment remains with the Federal government. These items must be tagged with a "G" asset tag or a tag issued by owning federal agency and the property records must show the Federal government ownership.

Maintenance agreement: A service agreement through which regular repairs and preventive maintenance services for specified products are performed by a supplier for a defined period of time and in accordance with the written document for maintenance to be provided.

Modification and upgrades: Parts or components acquired for an existing item of equipment that significantly increase the asset's value and/or useful life.

Office and educational equipment: Includes equipment such as copiers, fax machines, and audio visual equipment.

Original cost - constructed equipment: Includes costs of materials and University recharge center services used in the course of construction. University payroll expenses, other than those included in recharge center charges, are not included in the cost of constructed equipment.

Original cost - donated assets: The fair market or appraised value at the date of the gift. If market value or appraised value is not available, the gift will be recorded at the nominal value of \$1.00. ([Financial Policy No. 1004.1](#))

Original cost - purchased equipment: Includes the invoice price and the cost of any modifications, in transit, insurance, freight (to or from the University) and is reduced by any trade-in. Installation is also included when those costs can easily be identified with the equipment acquisition.

Ownership: The University has title to all equipment purchased on University accounts or transferred here from another institution unless it is specifically stated in a government grant or contract that the government retains title to the equipment purchased on that award.

Ownership code: A alphabetic code maintained in the Property Management System that designates the owner of each piece of equipment.

- **A** Agency owned
- **F** United States Government owned
- **S** State of Illinois owned
- **U** University of Chicago owned
- **H** University of Chicago Hospitals and Clinics owned

"Part of" asset number: Asset/tag number of the main piece of equipment or accessories that were purchased separately.

Personal property: A tangible piece of movable property.

Physical inventory date: Date of the last physical inspection of equipment.

Primary user: The person who actually uses the equipment.

Property Management System (PMS): University's information system for maintaining real and personal property detail records.

Property records: An item of personal or real property maintained as a separate record in the Property Management System.

Real Property: Land, land improvements, and buildings.

Replacement parts: Parts or components acquired for normal repair and maintenance that are recurring and regular in nature.

Scientific and technical equipment: Includes special purpose equipment used for research, medical, scientific, or other technical activities.

Screening: Procedure to assure avoidance of purchasing unnecessary or duplicative equipment.

Shop machinery and tools: Includes lathes, drills, milling machines etc., used in the University machine shops.

Telecommunication equipment: Equipment, cabling, switches, etc. used by the University of Chicago Telecommunication Department to operate the University telephone system.

Theft Insurance Program: A voluntary insurance program providing theft coverage for electronic, computer or other valuable items less than \$25,000 per item. This program is run by the Risk Management Department of the University.

PROPERTY MANAGEMENT SYSTEM (PMS) DATA FIELDS

The following data fields are available in PMS for each asset record. The asterisk* denotes required data fields. Custom reports for asset records can be written using any of these fields.

- Account percentage
- * Account(s) charged - up to 6 unique 10 digit FAS accounts
- Accumulated depreciation
- * Acquisition date
- Annual depreciation expense
- * Asset number
- Batch ID
- * Building name
- * Building number
- * Class code
- Condition code
- Corridor number
- * Department number
- * Description - up to 12 lines
- Document number
- * Executive level number
- FAS agency code
- FAS award number
- FAS control #
- * Federal contribution
- * Floor number
- Inventory date
- Manufacturer
- Model number
- Name/address/social security number of individuals that have U of C equipment in off campus locations
- * Original cost *
- * Ownership code
- Part of asset number
- Principal investigator
- Purchase order/interdepartmental order number
- * Room number
- Serial number
- Sub department
- Sub sub department

RESPONSIBILITIES

Primary user's responsibilities

- To ensure that equipment is used in a way that is consistent with the purpose for which it was acquired.
- To take precautions to protect equipment under their cognizance from theft or damage.
- To inform their departmental equipment coordinator or the Property Management Section of changes in the location, status, condition or disposition of the equipment for which they are responsible.

Department's responsibilities:

- To make certain that the primary users are complying with the procedures and policies contained in the Property Management System Manual.
- To designate an individual as its Equipment Coordinator, who will function as a liaison between the department and the Property Management Section of the Comptroller's Office.

Departmental equipment coordinator responsibilities:

- To inform departmental personnel of University policies and procedures regarding equipment.
- Ascertaining that the annual screening reports accurately represent the property assets under the department's cognizance.
- Screening departmental property records before requisitioning equipment that will cost more than \$5,000 per item as required by [Financial Policy No. 1004.7](#).
- Tagging newly acquired assets and returning the equipment information forms to the Property Management Section.
- Notifying Property Management Section of any equipment transactions disposals, theft or changes in the status or location of equipment.
- Taking the physical inventories as required by [Financial Policy No. 1004.6](#).

Comptroller's Office Property Management Section Responsibilities:

- Providing information as requested for required Federal Reports.
- Developing and managing the policies and procedures contained in this manual.
- Recording property transactions in PMS as furnished by departments.
- Notifying other institutions when equipment is being transferred to them.

EQUIPMENT ACQUISITION TRANSACTIONS

Personal Use:

University policy does not allow equipment to be purchased for the personal needs of an employee, student or other person, even though the individual offers to reimburse the University for the item. ([Financial Policy No. 1004.5](#))

Requisitioning Procedures:

Equipment purchases must be made in accordance with [Financial Policy 1201](#).

Prior Approval Requirements for Federally Funded Equipment Acquisitions:

Before equipment is acquired with Federal award funds, it must be determined if awarding agency or University approval is required. To determine if awarding agency approval is required refer to the terms and conditions of the award.

Screening Procedures for All Federal Awards:

To assure the avoidance of purchasing unnecessary or duplicative equipment in accordance with Section 44(a)(1) of Office Management and Budget Circular No. A-110, University departments are responsible for screening (reviewing) departmental equipment asset reports before purchasing an item of equipment to determine if similar and suitable items are available in the department that would make it unnecessary to acquire an additional item of equipment. ([Financial Policy No. 1004.7](#))

The following screening procedure must be performed before purchasing an item of equipment in excess of \$5,000 charged against a Federal award.

- Request the Departmental Equipment Coordinator to search the Departmental Inventory/Screening Report provided annually by the Property Management Section to determine if similar equipment is available for use.
- If no similar equipment is available, the Departmental Equipment Coordinator signs the "Equipment Screening Statement" on the Purchase Request Purchasing Form 100. A similar "Equipment Screening Statement" should be signed and attached to Interdepartmental Order forms for equipment purchased through University stores such as the Campus Computer Store.

Screening requirements for NASA, DOD and other Federal contracts:

In addition to the screening requirements described in the section above, individual Federal awards may require additional screening steps. Therefore, before purchasing equipment with Federal award funds, check the terms and conditions of the Federal award.

Types Of Equipment Acquisitions

Accessory and auxiliary items:

A new property record will be established in PMS for accessory or auxiliary items that cost \$5,000 or more per item. The Asset Number of the equipment that the accessory or auxiliary item is "Part of" is referenced. Accessory and auxiliary items purchased separately, and cost less than \$5,000 per item, will not be added to the Property records.

Constructed equipment:

A single property record is created in PMS for all charges incurred in constructing a piece of equipment during a fiscal year. If the construction period continues for more than one fiscal year, a separate property record will be created with a "Y" asset number for each additional fiscal year's charges. These subsequent "Y" asset numbers should reference the Asset Number of the initial year's constructed equipment charges in the "Part of" reference field.

Leased equipment:

Equipment operating leases are not added to property records. They should be charged in FAS to Equipment Lease subaccounts.

Purchased equipment:

Equipment purchased from outside vendors or internal stores is added to property records if it meets the definition of equipment that is found in [Financial Policy No. 1004.1](#). A single property record will be created in PMS for equipment purchases that include many individual items that work together as a unit and are purchased as a "lot" with a single price for the entire lot.

Software:

Purchase of developed software will be added to Property records when it meets the capitalization definition found in [Financial Policy No. 1004.1](#). Software will be assigned a "Y" Asset number.

Transferred equipment:

Equipment transferred to The University of Chicago from another institution will be added to property records if a value can be established that meets the definition of equipment that is found in [Financial Policy No. 1004.1](#). The form to send to Property Management for this transaction can be found at http://adminet.uchicago.edu/adminforms/pdfs/compt equip_addition.pdf.

Equipment modifications and upgrades:

Modifications and upgrades will be added to the property records if the item meets the equipment definition found in [Financial Policy No. 1004.1](#).

- Internal modifications or upgrades will be established as a property record using a "Y" Asset Number. The Asset Number of the equipment that the modification or upgrade is "Part of " should be referenced.
- External modifications and upgrades will be established as a property record with an appropriate Asset/Tag Number and the Asset Number of the equipment that the modification or upgrade is "Part of" should be referenced. Modifications or upgrades items with an acquisition cost less than \$5,000 will not be added to the property records.

Replacement parts

Replacement parts are not considered part of the cost of equipment and are not added to property records.

Extended warranty

Extended warranty contracts are not considered part of the cost of equipment and are not recorded in the Property Management System.

Maintenance agreements

Maintenance agreements are not considered part of the cost of equipment and are not recorded in the Property Management System.

Contract deliveries

Equipment that is purchased or constructed by the University of Chicago under a contractual agreement with another institution or the Federal government is not recorded in PMS. This equipment will be delivered to the contracting agency and the University of Chicago does not have title to this equipment.

Receiving Equipment and Payment of Invoices:

When equipment is received, the department should inspect and test it immediately. If the equipment is satisfactory send either the receiving report or invoice to Central Procurement Services or the appropriate Local Business Center (LBC) for processing. Prompt processing of the Receiving Report/Invoice may allow the University to take advantage of cash discounts.

If the item is damaged or unacceptable for any reason, follow the instructions on the Receiving Report or, if purchased at a University store, bring it to their attention.

FINANCIAL ACCOUNTING SYSTEM (FAS) TRANSACTIONS

Purchased Equipment Transactions:

Only expenses that meet the equipment/software definition should be charged to the Equipment subaccounts in the FAS system. ([Financial Policy No. 1004.1](#))

Equipment subaccounts can be found in the FAS Manual.

Constructed Equipment Transactions:

The procedure for recording expenses for an item of constructed equipment is as follows:

- At the beginning of the construction period, the department should request the Property Management Section of the Comptroller's Office to enter a description line on a unique 62XX subaccount that identifies the item of constructed equipment.
- This subaccount should be used to accumulate all of the charges for a unique piece of constructed equipment.
- Property Management will assign an Asset/Tag number as part of the subaccount description line for the piece of constructed equipment. This will be the identifier for the entire piece of constructed equipment.
- At the end of each fiscal year, the Property Management section will notify the department of the charges accumulated for each constructed equipment subaccount for that fiscal year and assign a "Y" asset number. The total project's asset number will be referenced as the asset that this is "Part of".
- An acquisition date of June 30 will be assigned for the current year's construction costs.

Leased Equipment:

Equipment operating leases are not added to property records. They should be charged in FAS to Equipment Lease subaccounts.

DONATED EQUIPMENT TRANSACTIONS

When a gift of equipment is received by a department, the department must notify the Property Management Area in the Comptroller's Office and forward:

- [Equipment Addition Form](#)
- All related gift correspondence from the donor
- An appraisal if available
- IRS Form 8283 Noncash Charitable Contributions with Section B completed by the donor.

The Comptroller's Office will make certain that:

- The proper accounting entries are made to record the gift and the asset in PMS, the FAS system, and the Alumni Development Database System (ADDS).
- An equipment tag and a request for tagging information is issued, and a property record is created.
- The IRS Form 8283 is signed by the appropriate University of Chicago authorized signer and is returned to the donor.

Note: Gifts of land, real estate, books, works of art, and securities are not covered under this procedure. Please contact the Development Office on how to handle these types of gifts.

FEDERALLY FURNISHED EQUIPMENT

When a Government supply agency issues equipment directly to a department, the department must send the Property Management Section the following form:

- [Equipment Addition Form](#)

The Property Section will send a Government "G" equipment tag to the department to place on the equipment. The equipment information will be entered in PMS with a Federal ownership code indicating that this equipment is owned by the Federal Government. There will be no accounting entries to record the asset in FAS.

TAGGING EQUIPMENT

Each month the Property Management Section distributes to each department, a supply of equipment tags and a request for Tagging information for equipment purchases made the previous month.

Tagging Request for Information:

- Tag number (If it is not possible to place a tag on the equipment, please indicate such, and a "Y" asset number will be assigned by PMS)
- Part of asset number (if applicable)
- Building
- Room
- Corridor
- Movable/fixed
- Manufacturer
- Model number
- Serial number
- Ownership
- Description (if different from the description found on the tagging request)

After receipt of the Tagging request, the department should:

- Place an equipment tag on the equipment in a visible location.
- Return the form with the requested information to the Property Management Section in a timely manner.

Equipment tags

University Equipment:

A supply of equipment tags is sent with the monthly reports requesting tagging information. If more equipment tags are needed, please contact the Property Management Section for a supply.

Federal Owned Equipment:

Tags for Federal government owned equipment used at the University are obtained from the Property Management Section.

SECURITY AND MAINTENANCE

Security

The department is responsible for the security and care of all property under its control. Each department must take adequate precautions to protect its equipment from theft, vandalism, improper usage, or other types of damage. Whenever possible, equipment not in use or unattended should be locked or otherwise secured.

Maintenance:

Government-owned property:

The department must maintain Government-owned property in good operating condition by maintenance on a periodic or as needed bases.

University-owned property:

The department must maintain University of Chicago property in good operating condition by performing preventative and corrective maintenance on a periodic or as needed bases.

Service Agreements:

If a service agreement is required for an item of equipment, consult either Central Procurement Department or the Campus Computer Store, whichever is appropriate.

INSURANCE

Blanket Property Insurance:

The University maintains a blanket property insurance program which covers physical damage to University owned property. This insurance is provided automatically. However this program does not cover property while in transit. Departments must pay for replacement of stolen property from their budgets unless they elect to participate in the University's Theft Insurance Program.

Theft Insurance Program:

Participation in the Theft Insurance Program is voluntary. To participate in the theft insurance program, a department must contact the Risk Management Department at 702-1951.

Each year, departments must confirm their participation by submitting to Risk Management Department by July 1 a current list of equipment that the department desires to insure and a completed Interdepartmental Order (form 62). If a department currently participates in the Theft Insurance Program and does not submit a current list, coverage will end on June 30 of each fiscal year.

Property in Transit Insurance:

Contact the Risk Management Department at 702-1951 to arrange insurance for property in transit

Employee's personal property:

The University does not insure employee personal property. Employees who bring personal property to the work place should make sure that they have adequate insurance on their property.

DISPOSALS OF EQUIPMENT

Government Owned Equipment:

Government approval must be obtained before Government owned equipment can be:

- Declared surplus
- Discarded as junk
- Sold
- Salvaged for parts and components
- Traded-in
- Transferred to another institution

Once Government approval is obtained, the same procedures for University owned equipment transfers or disposals should be followed.

University Owned Equipment:

Refer to [Financial Policy No. 1004.3](#) concerning the disposal, theft, sale, transfer, and trade-in of University owned equipment.

Disposals:

- Departments must notify the Property Management section of the Comptroller's Office when equipment in their area is stolen or discarded as junk.
- The department should send the [Equipment Disposal Form](#) to the Property Management area.
- The tag should be pulled from the equipment before it is destroyed, discarded, or salvaged.

Requests to Sell University Equipment:

When a piece of equipment is no longer of use to a department, the equipment can be sold for the fair market value (FMV) of the equipment if the required approvals are obtained. The Department must submit an [Equipment Disposal Form](#) to Central Procurement with the following information and authorizations:

- Description of equipment
- Manufacturer
- Model number
- Acquisition date
- Original cost
- Anticipated sales price
- Authorization signatures of
Department chairman and
Dean's representative

If Central Procurement Services (CPS) approves the selling price on the request, they will forward the [Equipment Disposal Form](#) to the Property Management Section for their approval.

The Property Management Section will obtain the required Comptroller's Office approval and return a copy of the form to the requesting department.

The equipment may then be sold and will be deleted from the Property records.

Trade-In's of University Equipment:

Purchase Requests and Purchase Orders:

The Purchase Request and the Purchase Order must identify an item of equipment that will be used as a trade-in. The following information should be provided:

- Equipment tag number
- Manufacturer
- Serial number
- Model number

Based on this information, The Property Management Section will remove the asset from the Property.

Campus Computer Store:

Send Property Management Section an [Equipment Disposal Form](#)

- Equipment tag number
- Manufacturer
- Serial number
- Model number

The Property Management Section will remove the asset from the Property records.

Transferring Equipment to Other Institutions

Faculty members often request to take equipment that was purchased on accounts on which they were the Principal Investigator when they leave the University. If the Department Chair or the Dean's representative agree to their request, the following procedure should be followed.

The Department must submit an [Equipment Disposal Form](#) to the Property Management Section.

The Property Management Section will:

- Obtain the required Comptroller's office approval
- Notify the receiving institution that the equipment is being transferred to them.

Relocation of Equipment

The department should notify the property Management Section at least annually of any changes in location of equipment within the department.

PHYSICAL INVENTORIES

Annual Inventories

Physical inventories are performed annually as required under [Financial Policy No. 1004.6](#).

The following information is verified or collected for the items that are being inventoried:

- Asset/tag number
- Department number
- Location, building, floor, corridor, and room number
- Usable/not usable
- Description

Procedures and instructions for conducting the physical inventory are issued by the Comptroller's Office.

Inventories for Grant/Contracts

The Property Management Section and the Restricted Funds Sections of the Comptroller's Office will instruct the account administrator to perform a physical inventory when required by the award agreement.

REPORTS

In accordance with [Financial Policy No. 1004.5](#), the Comptroller's Office is responsible for maintaining a permanent detailed record of all fixed and moveable equipment used by the University and owned by the University or the Federal government.

Annual Reports

Inventory/Screening Report

The Property Management Section provides 2 complete inventory lists annually to each department. The purpose of these reports is to help departments do screening to avoid buying duplicative equipment and to aid in reporting information for trade-ins, equipment transfers, disposals, and location changes. These reports are a listing all the equipment on record in that department by:

- Asset/tag number order
- Building, room number order

Physical Inventory of Property Reports:

The Property Management Section will send out reports listing the equipment items that are to be located by the department and the procedures and instructions for taking the inventory.

Monthly Reports

Tagging Requests:

The Property Management Section will send out Tagging Requests requesting information for equipment purchases made in the previous month.

Special Reports:

Contact the Property Management Section for information regarding special reporting needs.