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Introduction/Overview

The purpose of this handbook is to inform you, the user and/or custodian of state property within The University of Texas Medical Branch At Galveston (UTMB), of current State laws, rules, regulations, and procedures which must be followed in using and disposing of state property.

This handbook, published by Asset Management, contains the policies and procedures of UTMB mandated for the fulfillment of state property accounting responsibilities. The policies and procedures described apply to all state property, regardless of cost or fund source. Texas Government Code Sections 403.271 – 403.278 provide the basis for the rules and procedures in this document.

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Section A

Accountability & Responsibility for State Property

The University of Texas Medical Branch (UTMB) manages the accountability and responsibility for state property according to the provisions of state law and the Board of Regents' Rules and Regulations.

Texas Government Code Section 403.275(1) states: “The liability prescribed by this section may attach on a joint and several basis to more than one person in a particular instance. A person is pecuniarily liable for the loss sustained by the state if agency property disappears, as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care for its safekeeping.”

"Reasonable care" means that steps have been taken to maintain the upkeep of any asset in an acceptable manner, to ensure the security of any asset, to ensure that any asset can be located at any time requested, and to ensure that the person responsible for the asset is known.

UTMB Entity Leaders/ Entity Chief Financial Officers (CFO) are accountable for their entity’s assets, and should appoint Asset Managers and Asset Custodians responsible for the daily accountability.

The Asset Custodian is appointed by either the Asset Manager or the Entity Leader for the accountability of the daily tracking and recordkeeping of the department’s assets. Custodians will be directly responsible for initiating and approving equipment transfers, scanning assets for the mandated annual asset
inventory, and completing appropriate documentation based on the results of the inventory.

In larger departments, an Asset Manager should be the department head, chairperson or other administrative head of the department. He or she is responsible for appointing qualified staff as Asset Custodians, monitoring the progress of the annual asset inventory, and reviewing their results to ensure proper documentation and fulfillment of UTMB policies. In smaller departments, the Asset Manager could be the same person as the Asset Custodian.

The Finance Manager of Asset Management (AM) is also responsible for overseeing the maintenance of inventory records, and for assisting the Entity Leaders, Asset Managers and Asset Custodians in their inventory duties.

Asset Managers and Asset Custodians of departments have responsibility for two types of property:

- Institutionally owned property that costs $5,000 or more – This equipment must be tagged and entered into the inventory records of UTMB, which are used to report UTMB inventory to the Texas Comptroller of Public Accounts.

- Institutionally owned property that meets the comptroller's definition of "controlled" – The comptroller has defined "controlled" assets as data projectors, stereo systems, cameras, televisions, video recorders/players, microcomputers and printers costing between $500 and $5,000. Handguns and rifles/shotguns must be reported as controlled if they cost less than $5,000. "Controlled" assets are tagged and recorded in the inventory records and reported to the Texas Comptroller of Public Accounts.

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Section B

Liability for Property Loss

Each Asset Manager should ensure that an employee entrusted with property exercises, at a minimum, reasonable care for its safekeeping. The term "reasonable care" means that steps have been taken to maintain the upkeep of any asset in an acceptable manner, to ensure the security of the asset, to ensure that any asset can be located at any time requested, and to ensure that the person responsible for the asset is known.
According to State Property Accounting (SPA) Office, if the department head or property manager of a State agency has reasonable cause to believe that an agency’s personal property is missing, destroyed, or damaged through the negligence or fault of an official or employee of the State, he or she must report the occurrence to the Comptroller’s Office, the Office of the Attorney General (OAG), and the appropriate law enforcement agency. Stolen property should be reported to the appropriate law enforcement agency within 48 hours of realizing the property has been stolen and within 72 hours to the OAG.

The OAG may investigate and, where appropriate, take legal action to recover the value of the State's property. The Attorney General shall determine the value to be recovered based on the value of the asset and the degree of responsibility. The authority under which liability for property loss is outlined is found in Texas Gov't. Code section 403.275 and reads:

"The liability prescribed by this section may attach on a joint and several basis to more than one person in a particular instance. A person is pecuniarily liable for the loss sustained by the State if:

1. agency property disappears, as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care for its safekeeping;
2. agency property deteriorates as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care to maintain and service the property; or
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."

Tex. Gov't. Code section 403.276 reads, in part:

A. “If the head or property manager of a state agency has reasonable cause to believe that any state property in the agency's possession has been lost, destroyed, or damaged through the negligence or fault of any state official or employee, the head of the agency or property manager shall report the loss, destruction, or damage to the comptroller and the attorney general no later than the date established by the comptroller. If the head of the agency or property manager has reasonable cause to believe that any property in the agency’s possession has been stolen, the head of the agency or property manager shall report the theft to the comptroller, the attorney general and the appropriate law enforcement agency not later than the date established by the comptroller.
B. The attorney general may investigate a report received under Subsection (a)."...
C. "If the investigation by the attorney general under Subsection (b) reveals that a property loss has been sustained through the negligence of a state official or employee, the attorney general shall make written demand on the official or employee for reimbursement to of the loss."

When an Asset Manager realizes that an item of equipment is not in its proper location, he or she shall conduct a diligent search until the item is either found or it is deemed lost or stolen.

When the Asset Manager determines that an item of equipment is stolen, he/she is responsible for immediately reporting the theft by telephone to The University of Texas Medical Branch Police Department (UTMBPD). UTMBPD will conduct an examination of the incident and issue an incident report. The department should note the UTMBPD report number on an Equipment Disposition e-form found on the Asset Management Inventory Forms website.

The Asset Manager must forward a memo to the Entity Leader documenting the circumstances surrounding each theft, and describing the controls that were in place to safeguard the equipment at the time of the theft. The Entity Leader will determine if reasonable care was exercised to prevent the theft. If it is determined that negligence existed, the party entrusted with safeguarding the property may be held personally liable for the loss.

On receipt of the UTMBPD report and the memo from the Asset Manager, Asset Management will notify both the Comptroller and the Office of the Attorney General (OAG) via the Statewide Property Accounting system.

If the Attorney General determines that a violation has occurred by a State official or employee, it will continue investigation. If the OAG declares negligence, it will make a written demand upon such State official or employee for reimbursement to the State for the loss sustained.

Assets that are reported missing will remain on that department's inventory for a period of two consecutive years. If the asset is still missing after two years, it can be deleted from the inventory records at the end of the annual inventory process of the third year.

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Section C

Purchasing / Tagging Equipment

Asset Management audits requisitions with a total order cost of $500 or greater for proper coding. If the expenditure is for the purchase of capital or controlled equipment (see Section A, page 3 for definition of “controlled” items), Asset Management will assure that a bar code identification plate (tag) is affixed to the property, and the inventory records are updated in Peoplesoft Asset Management (PSAM) accordingly. If the serial number was not included on the vendor’s invoice, Asset Management will make note of it at the time of tagging for inclusion in PSAM. If the serial number is not visible (i.e., heavy/ sensitive equipment that cannot be moved), Asset Management will request the department obtain the information from their vendor.

Asset Management is also responsible for the control of inventory tags and numbers; Logistics Receiving is responsible for affixing tags to each item of equipment that meets the criteria for capitalization or controlled as it is received. In accordance with Logistics policy, all inventory tags should be placed on the upper-right corner of the equipment, as one faces the equipment from the user’s perspective, unless a more logical placement is deemed preferable.

PROCEDURE

During the process of scanning assets (see section D), any assets included on a department’s asset listing but are missing tags should be manually input into the hand-held scanner. Based on these manual input tags, Asset Management will create Unscannable Schedules, posted to the designated Outlook Public Folder:

```
- UTMB Public Information
  - Asset Inventory
    - Asset Mgmt Scanner Reservation
    - Asset Scanner Reservations
  - DAILY SCANNER REPORTS
  - Instructional Material
  - Loaned Assets
  - Managers & Custodians
  - Scanner Export Files
- Unscannable Schedules
```

NOTE: Location number and the reason not scanned are required the department’s Asset Custodian. The converted .PDF schedule should be uploaded to a Unscannable Asset Inventory e-form found on the Asset Management Inventory Forms website. Subsequently, Asset Management can investigate and affix a tag to the asset.
Section D

Annual Physical Inventory Process

State regulations mandate that each agency shall make a complete physical inventory of all capital and controlled assets in its possession each fiscal year. The Asset Management department will oversee the annual physical inventory, the objectives of which are to physically verify existence of all capital assets and controlled equipment and to update the Asset Management system with information obtained in the inventory process to ensure the accuracy of the system database.

The process is initiated by Asset Management who will schedule a target due date, with the agreement of Entity Leaders, for the reporting of inventory results.

Asset Management will have scanners available to the departmental Asset Managers and Asset Custodians on a reservation basis in order to complete the annual inventory. The Scanner Reservation Calendar is available in the Outlook Public Folder, and should be utilized to ensure the availability of scanners to all departments (contact Asset Management for direction to the Public folder). Written Instructions for Handheld Scanners will be provided upon pickup of a scanner, and can be obtained on the Asset Management website. Also, training for Asset Managers and Custodians is available during the inventory process; contact Asset Management for details.

The Asset Manager and Asset Custodian are responsible for verifying and reconciling their equipment listing(s), and for communicating their results to Asset Management by the designated due date. Differences that cannot be reconciled must be noted with an explanation; whenever appropriate, related forms and approvals must be submitted:

- If it is determined that an item is missing, the item must remain on the asset listing for (2) consecutive years as required by the State, before it can be formally removed from the asset listing.
- If it is suspected that an item has been stolen, the Asset Manager/Custodian must notify Campus Police immediately. (See Section B)
- If a department lends equipment to a UTMB employee (i.e., laptop taken home/ taken off premises), the lending department must submit an Equipment Loan Form on the Asset Management E-Forms website.
- If a department lends equipment to another department, the lending department must prepare an Interdepartmental Transfer Request (IDR) form within PeopleSoft, transferring the equipment to the borrowing department. When the equipment is returned, the borrowing department processes another IDR in order for the property records to be updated.
Invalid, missing, and unscannable “L” location tags should be reported directly to Facilities Operation & Management (FOAM at (409) 772-3500. For immediate scanning purposes, a nearby L-tag can be used to approximate the location of the related asset(s).

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Section E

Transfer of Capital and Controlled Equipment-Internal

The University of Texas Medical Branch (UTMB) is committed to the responsible use of capital or controlled equipment and the orderly transfer of capital or controlled equipment within its departments. Transfers of capital or controlled equipment within UTMB must be made in a manner that clearly maintains the designation of responsibility for the property. For the purposes of this policy, “equipment” refers to capital and controlled equipment.

Any lab or clinic equipment with posted hazard warning sign(s) (e.g., biological, chemical, radiological, ultraviolet [UV]), must have its safety status verified by Environmental Health & Safety (409-772-4191), prior to relocation.

PROCEDURE

I. Transfer of Equipment to Other Departments

The department that possesses the equipment completes an Inter-Departmental Transfer Request (IDR) within PeopleSoft. If the movement of equipment requires the services of an outside moving company, the receiving department is responsible for the cost.

II. Transfer of Equipment to Surplus Property

Property no longer having useful value to a department that is not transferred to another department or traded-in, shall be transferred to the Surplus Property Warehouse. Departments wishing to transfer equipment to the Surplus Warehouse must follow the procedures and guidelines implemented by Environmental Health & Safety (EH&S) and Asset Management, in order to protect employees, the environment, and public buyers of university surplus equipment. This includes items from research laboratories and clinics that contain a hazardous material or may have come into contact with hazardous materials.
The department requesting the transfer must notify Logistics by submitting a **Surplus Equipment Warehouse (SEW) form** with the following information:

- Inventory number of the surplus property
- Description of the surplus property
- Present location (building and exact room number)
- Reason for request to discard property
- Authorization signature of department head/ chairman, and the Asset Custodian.

The Asset Manager or Asset Custodian arranges for the removal or transfer of the property with the Logistics division. After property is moved, Asset Management adjusts its records to reflect the new location.

Logistics maintains an area below the materials management warehouse to store property declared surplus by UTMB departments. This storeroom is open every Friday 1:30 p.m. to 3:30 p.m., and Logistics personnel are present at that time. Personnel wishing to visit the storeroom must display UTMB identification badges.

Due to space limitations and the lack of need for certain property, Logistics periodically offers surplus and salvage equipment for sale by bid at public auction. The auctions are advertised in local newspapers and UTMB publications.

### III. Transfer of Equipment from Surplus Property

Equipment held in the "Surplus Property Area" located at the warehouse is available without cost for transfer to those departments in need of such equipment. The warehouse hours are Monday-Friday 8:30 a.m. to 11:30 a.m., and 12:30 p.m. to 3:30 p.m. In the event surplus property is transferred from the surplus area to another department, Asset Management will transfer the asset from the warehouse to the appropriate department. The cost of transporting equipment from the Surplus Property Area is funded by the department requesting the transfer.
IV. Transfer of Equipment from an Equipment Administration Department

Equipment which is purchased by one of the equipment administration departments (e.g., Facilities, Hospital/ CES, Information Services, Hurricane Ike), inter-departmental transfers will be processed via an Equipment Transfer Form, found on the Asset Management website. This form is for the exclusive use of one of the equipment administration departments; all other departments should utilize the Inter-Departmental Transfer Request (IDR) within PeopleSoft described above.

Upon signing this Equipment Transfer Form, the receiving department acknowledges the following statement on the form:

“I understand that the above referenced equipment will be transferred to our department. Our departmental asset listing will include this equipment upon processing of this transfer form.”

Please note that the receiving department representative who signs the form does not need to be an Asset Custodian. However, it is their responsibility to notify the department’s Asset Custodian of the acceptance of the transfer.

Asset Management will provide a monthly report of Equipment Administration Transfers to Asset Managers of all departments which received such transfers during the month.

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Section F

Transfer of Capital and Controlled Equipment--External

UTMB is committed to the responsible use of and the orderly transfer of equipment to UTMB and from UTMB to external entities. UTMB adheres to University of Texas System guidelines and state and federal regulations regarding the transfer of supplies and equipment. For the purposes of this policy, "equipment" refers only to capital and controlled equipment.

UTMB considers transfers of equipment only to other universities and institutions. Title to equipment purchased with state funds, designated funds, or gift and endowment funds vests with UTMB.
Title to equipment purchased with sponsored project funds may be determined as follows:

- Title to equipment purchased with federal grant funds generally vests with UTMB on date of purchase.
- Title to equipment purchased with federal contract funds is determined by the terms of the contract on the date of purchase.
- Title to equipment purchased with private grant or contract funds generally vests with UTMB, unless specifically stated otherwise in the grant guidelines or contract terms.
- Title to equipment purchased with sponsored project funds that expired prior to the equipment's transfer to UTMB generally vests with UTMB.

The eligibility for transfer of equipment may be determined as follows:

- Equipment purchased using state funds, designated funds, or gift and endowment funds is ineligible for transfer except to another State of Texas institution, and then only if it is considered surplus to UTMB.
- Equipment transferred to UTMB with a faculty member may be transferred with the same faculty member to another university; in such cases, there will be no charge to the receiving university for the equipment.
- Equipment purchased with sponsored project funds is eligible for transfer only if the project is being transferred with the PI to another institution. In such cases, there will be no charge to the receiving institution for the equipment, but UTMB Office of Sponsored Programs must approve the transfer.

Any lab or clinic equipment with posted hazard warning sign(s) (e.g., biological, chemical, radiological, UV) must have its safety status verified prior to relocation. The PI must call the Environmental Health & Safety (409-772-4191) prior to moving such equipment.

PROCEDURE

I. Transfer of Equipment to and from another State of Texas Institution

When UTMB departmental personnel become aware of the need for transferring equipment to another State of Texas-supported agency or institution, the Asset Custodian of the UTMB department possessing the equipment must submit to Asset Management a Transfer – Non-Federal – Equipment to Another Institution e-form found on the Asset Management Inventory Forms website, approved online by the Asset Manager and the Entity Leader. This e-form includes the UTMB tag number, property description, original funding source and reason for transfer.
If the funding source indicates that the equipment was purchased with Federal funding, the department should instead use the Transfer – Federal – Relinquishing Title of Research Equipment e-form found on the Asset Management Inventory Forms website. This form requires the additional online approval of the Director of the Office of Sponsored Programs before being routed to Asset Management for processing.

After all approvals for the transfer have been obtained, Asset Management must remove the property identification tags before the equipment is removed from UTMB premises and will prepare the necessary forms and documents to effect the transfer in the State Property Accounting System.

**Asset Management must complete the entire process before removal of the equipment is allowed.**

When a UTMB department receives equipment from another State Institution, the department receiving the equipment must notify Asset Management to ensure that the transfer documents were processed by the transferring State agency and received by Asset Management. Once the information is received, Asset Management will tag those assets meeting the capitalization criteria and enter the required information into the Asset Management system.

**II. Transfer of Equipment from a Non-State of Texas Institution**

When a UTMB department receives equipment from a non-State of Texas Institution, the department receiving the equipment must immediately notify their Entity CFO and Asset Management. Documentation supporting transfers of equipment from non-State of Texas institutions shall be forwarded to Asset Management and will include:

- Item description
- Serial number (if available)
- Book value of the item

After obtaining this information, Asset Management is responsible for tagging equipment considered a capital or controlled asset and recording it in the Assets Management system.
III. Transfer of Equipment Purchased with Gift and Endowment Funds.

Title to equipment purchased with gift and endowment funds vests with UTMB, and is not eligible for transfer except to another State of Texas institution; and then only if it is considered surplus to UTMB.

Section G

Salvage Equipment

Salvage property is defined as property which is either:

- Broken beyond economical repair, or
- So obsolete that it will not perform its intended function.

Departments requesting removal of salvage property from their inventory records may do so by submitting a Surplus Equipment Warehouse (SEW) form to Asset Management, which contains:

- Inventory number
- Description
- Present location (building and exact room number)
- Specific reason for discarding the property
- Approval signature of department head

Before removing parts from broken or useless equipment prior to its transfer to Surplus Property, the Asset Custodian must submit a Equipment Cannibalization Request e-form found on the Asset Management Inventory Forms website, approved online by the Asset Manager and the Entity Leader.

Do not cannibalize equipment until the Equipment Cannibalization Request e-form has been accepted by Asset Management.

Equipment that is obsolete, unserviceable, and useless shall be transferred to the Surplus Property Warehouse. Equipment stored for a reasonable period of time in the Surplus Property Warehouse that is no longer useful to any UTMB department may be sold in either public surplus auctions or online auctions, in accordance with the applicable provisions of the Regents’ Rules and Regulations. Proceeds from such auctions are credited to General Funds Miscellaneous Revenue.
Sale of equipment considered hazardous or a potential liability to UTMB cannot be sold in a surplus property auction until it has been inspected by the Environmental Health and Safety Department. This includes equipment that is hazardous (chemically or biologically contaminated equipment, refrigerators used to store hazardous materials, etc.) or inherently hazardous equipment (equipment that contains a hazardous material such as a radioactive sealed source of asbestos). Sale of equipment will be conducted with either full disclosure or remediation of any hazardous characteristics.

Sale of equipment to an employee of the UTMB is prohibited except where the sale of such equipment is governed by Part II of the Regents' Rules and Regulations. (See Section K)

Section H

Lost or Stolen Equipment

When an Asset Manager realizes that an item of equipment is not in its proper location, he or she shall conduct a diligent search until the item is either found or it is deemed lost or stolen.

When the Asset Manager determines that an item of equipment is stolen, he/ she is responsible for immediately reporting the theft by telephone to The University of Texas Medical Branch Police Department (UTMBPD). UTMBPD will conduct an examination of the incident and issue an incident report. The department should note the UTMBPD report number on an Equipment Disposition e-form found on the Asset Management Inventory Forms website.

In the case of lost or missing equipment, Asset Management will revise the asset’s status to a “Soft Disposal” (code 19) upon the cutoff of the annual inventory process. The Asset Manager / Custodian has the opportunity until that time to locate the missing asset. UTMBPD need not be contacted when equipment is lost or missing, and theft is not suspected.

Assets that are reported missing will remain on that department's inventory for a two-year period with a status of “code 19”. If the asset is still missing after two years, the status will change to “code 18” and the asset can be deleted from the departmental inventory records.
If the State Auditor's Office determines that a violation has occurred by a State official or employee, it will forward the report to the Office of the Attorney General (AGO) for investigation. If the AGO declares negligence, it will make a written demand upon such State official or employee for reimbursement to the State for the loss sustained as determined by the SAO. (See Section A for detail of Accountability, and Section B for specifics on Liability for Property Loss.)

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**Section I**

**Purchases of Equipment by UTMB Employees**

In accordance with the SPA User's Guide (Chapter 2.33):

“A capital asset may be sold to an employee of a state agency or institute of higher education under the following circumstances:

- The purchase is made from one of the state surplus storefronts in the state of Texas.
- The employee is a commissioned officer of the Department of Public Safety (DPS) requesting to purchase his/ her firearm that DPS is to retire and replace.
- The individual is an honorably retired peace officer to whom the firearm was previously issued. A retired peace officer may purchase only one firearm from a state agency.
- The individual is an elected or state officer or an executive head of a state agency in the legislative, executive or judicial branch of state government. On vacating an office or terminating employment, the individual may purchase, for fair market value, the chair used during their state service.”

UTMB employees who wish to purchase UTMB surplus equipment may do so by accessing the Online Auction website. Employees can receive notification of upcoming auctions announcements in the “News On The Go” publication. Contact Logistics-Surplus Warehouse for further information.

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Section J

Equipment Loans

In some circumstances, departments may wish to lend UTMB equipment to another UTMB department or to an external entity. In such circumstances and under the conditions listed below, UTMB will consider allowing loans of equipment. For the purposes of this policy, "equipment" includes any item regardless of value that is titled to, purchased by, or given to UTMB. The following conditions govern equipment loans:

- A department may lend equipment to another UTMB department.
- A department may lend equipment to another State of Texas agency, if the property is to be used for state purposes and the loan is approved by the Asset Manager, Entity CFO, and the Manager of Asset Management.
- As a general rule, departments may not lend equipment to non-UTMB employees or non-State of Texas institutions. However, under extraordinary circumstances, if the loan can be documented to be in the best interest and benefit of the university, exceptions to the policy will be considered.

PROCEDURE

I. Equipment Loans to UTMB Employees

When a department lends equipment to a UTMB employee, the lending department must submit an Equipment Loan Agreement e-form found on the Asset Management Inventory Forms website, approved online by the Asset Manager and the Entity Leader.

It is advisable that an Equipment Loan Agreement e-form be completed and submitted to Asset Management for any laptop assigned to a UTMB employee who may have occasion to take it home for completing assignments, or who may be taking business trips.

Note: Equipment Loan Agreements must be renewed annually.
II. Interdepartmental Loans of Equipment

When a department lends equipment to another department, the lending department prepares, signs, and distributes an online Inter-Departmental Transfer Request (IDR) (see Section E.I. above), temporarily transferring the equipment to the borrowing department. When the equipment is returned, the borrowing department processes an IDR in order for the property records to be updated.

II. Equipment Loans to Other State of Texas Agencies

If a department wishes to lend property to another State of Texas agency, the chair or administrative head must submit a written request to the entity’s Chief Financial Officer (CFO), requesting approval for the loan. The request must explain the reasons for the loan, be signed by the Asset Manager or departmental administrative head, and be accompanied by a description of the equipment and the UTMB tag number (if it is a capital asset). If approved, the Entity CFO will notify the Asset Manager or administrative head and Asset Management. On written approval from the Entity CFO, Asset Management will prepare and forward a loan agreement form to the department making the loan in order to obtain appropriate signatures. The equipment may then be removed from the UTMB premises.

Loans are granted for up to one year from the date the loan is affected. Loan renewals must be requested annually and approved by the CFO. It is the Asset Manager’s or administrative head’s responsibility to ensure the equipment is returned by the due date. The equipment on loan must be removed from and returned to UTMB at the expense of the state institution borrowing the equipment. The loan of equipment to other state agencies does not relieve the chair or administrative head of responsibility for the property.

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Section K

Surplus Computers

All hard drives must be removed from university purchased computers by IS personnel before being sent to the Surplus Warehouse. The CPU’s will be marked to indicate that the hard drive has been removed. IS will collect the hard drives and stored in a secure location until they are wiped in accordance with DOD standards (5220.22-M). Departments should put their own procedures in place to safeguard the information on the hard drives.
Hard drives transferred from one UTMB department or area to another must also be cleaned to DOD standards prior to transfer. Any drive leaving the physical possession of UTMB personnel, even temporarily, must be cleaned to DOD standards before leaving UTMB possession. Reasonable exceptions can be made where physically or technologically necessary. Exceptions should include alternative controls to protect the confidentiality of data stored on hard drives.

See Policy 4.7.6 for additional instruction on Surplus of Surplus Property.

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Section L

Software Capitalization

The University of Texas Medical Branch at Galveston (UTMB) capitalizes computer software, whether purchased or developed internally, in accordance with guidelines provided by the State Comptroller and FASB 86 accounting principles, to which the State of Texas requires its agencies adhere. In general, the following categories of software must be capitalized:

- Purchased software with a cost of $100,000 or more.

- Internally developed software with a cost of $1,000,000 or more. Additionally, it is to be marketed in accordance with the Financial Accounting Standards Board (FASB) Statement No. 86.

Chairs or administrative heads who have been designated as Asset Managers are responsible for accurately documenting accumulated costs of procuring or developing any software that meet the afore-mentioned criteria.

(See the Capitalization Policy for further clarification.)
Section M

Adjustments to Departments Records

Occasionally, the need will arise to alter the description, responsible person, or provide model, manufacturer, or serial number to an item on the inventory records. To accomplish this, the department must correct the items(s) on the departmental inventory report or excel file and submit the changes to the Asset Management Department. An Excel file can be requested from Asset Management in order to accomplish this efficiently. The Excel file can be requested at any time during the fiscal year. Such changes may also take place during the annual departmental physical inventory process.

Section N

Trade-in of Equipment

When a department trades in used equipment in the acquisition of new equipment, it must provide a description of the item to be traded in, including the inventory tag number and the trade-in allowance received from the vendor, in the comment field of the Purchase Requisition (RQ) for each purchase of new equipment. The same information shall appear in the comment field of the Purchase Order (PO). Before a department removes a traded in item of equipment from the UTMB premises, they must promptly submit an Equipment Disposition e-form found on the Asset Management Inventory Forms website, checking the box “Item was traded in for new equipment”, and noting in the provided PO# field the purchase order number which includes the trade-in. The inventory tag from the traded in equipment should be removed and submitted to Asset Management before the equipment is removed from UTMB premises. The procedure for shipping traded in equipment to the vendor is discussed below.
Section O

Returned to Vendor - Capital or Controlled Equipment

**Warranty Return:** For returns of equipment that do not involve refunds or credits from the vendor (i.e., they are for even exchange of equipment), the department is responsible for making the proper shipping and handling arrangements with the vendor (see Logistics’ instructions). The department asset custodian/manager is responsible for notifying Asset Management of the warranty return, in addition to removing the barcode tag from the asset and sending the barcode tag to Asset Management.

When the replacement equipment is received, Central Receiving or Asset Management will need to attach a new barcode tag, and AM will update all information necessary on the inventory record that is unique for the replacement asset (i.e., tag number, serial number, model number, etc.). The department is responsible for seeing that the new asset is tagged and the proper information is relayed to Asset Management.

**Refund or Credit Returns:** In instances where departments desire to return equipment to a vendor in order to receive refund or credit, the department is responsible for submitting an Equipment Disposition e-Form that routes for approval and finalizes with Asset Management. Once the asset is returned to the vendor and credit or refund has been processed by the UTMB Accounts Payable department, Asset Management will dispose of the asset in PeopleSoft and it will be removed from the departmental inventory record. Also, the barcode tag shall be removed from the asset by the department before it is returned and sent to Asset Management. The department is responsible for seeing that the proper asset details, credit, and/or refund information is relayed to Asset Management.

In addition, the department is responsible for making the proper shipping and handling arrangements with the vendor (see Logistics’ instructions). After the arrangements have been made, the department shall generate a Return to Vendor (RTV) document in PeopleSoft (under Purchasing), and place the appropriate approval levels on the transaction. Contact the Purchasing Help Desk if there are any questions.
Section P

Gifts of Equipment

The Donor should deliver the item with a letter stating that it is a donation to UTMB. The donor should state the value of the gift in the letter or through accompanying documentation (e.g. and independent qualified appraisal, a sales receipt, a UTMB gift-in-kind donation form, IRS form 8283, or a catalog sales list for the same model instrument). The value should not reflect the donor's personal estimation of the gift's value. Asset Management will determine if the documentation supporting the value of the gift is sufficient or if an appraisal needs to be done by the receiving UTMB department.

If a UTMB representative receives a gift from a donor without accompanying documentation, he or she should notify the Office of University Advancement and initiate correspondence to the donor, outlining the assumed intent and restrictions of the gift. In cases where no documentation or response is received from the donor, the letter of assumed intent will be used to define restrictions.

Any UTMB employee in receipt of a gift of capital equipment shall forward copies of the original documentation within (24) hours of receipt to the Office of University Advancement and Asset Management. Upon receipt of the supporting documentation, Asset Management will tag gifts of equipment meeting the capitalization policy and record the information.

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Section Q

Equipment Guidelines for Separating Employees

Upon notification that an employee is terminating his/her employment with UTMB, the Asset Manager or departmental administrative head should review the property for which the employee is responsible and take steps to ensure the property is accounted for. If appropriate, the Asset Manager or administrative head should request that Asset Management conduct a physical inventory of specific areas under the control of the separating employee and generate updated inventory reports for the department to use in its review. The Asset Manager or departmental administrative head should schedule a meeting with the employee to discuss the status of property the terminating employee is responsible for and to review disposition options, if applicable. In separations which involve the possible removal/transfer of University property, the Asset Manager or administrative head should review Section F of this document.

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Section R

Depreciation of Equipment

In the Asset Management system equipment depreciation is calculated using the straight line method and the half-year convention (i.e., half-year depreciation taken the first and last year of service, regardless of the acquisition and disposition dates). When the asset is entered into the Asset Management system, a profile is assigned based on American Hospital Association (AHA) tables, and in the absence of AHA guidelines, State Property Accounting (SPA). This profile assigns the asset a useful life to be used for depreciation calculation.

Section S

Donations to Charitable Organizations

Since institutions of higher education are exempt from the State's general provisions for surplus and salvage property (*SPA Process User's guide, page 2.42*), surplus policy for UTMB is decided by the university’s regent. Consistent with the University of Texas Regent’s Rules, for items of nominal use or value, the UTMB Property Manager may authorize donations to a civic or charitable organization. It should be evident that the recipient charitable organization serves a proper public purpose appropriate to the function of the U. T. System. Note: State Law strictly prohibits the donation of State Property to individuals (which includes, staff, faculty, students, employees, and retirees).

- A representative of the requesting civic or charitable organization should go to the UTMB Logistic Surplus Warehouse located on the ground floor of the Materials Management Warehouse at 14th and Strand on Galveston Island, Texas and select items
- A Letter of Request should be submitted to the UTMB Controller, as listed below, on the organization’s letter head, including:
  - Contact information (name, title, phone number, and address)
  - Listing of the equipment: a brief description of the equipment (i.e. desk, chair, etc.) and any UTMB property tag numbers (if available)
- Following the request approval, you will be notified for pick-up and an appointment will be scheduled.

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Section T

Disposal of Equipment

In accordance with UTMB Regent’s Rule 80201, equipment not sold by the Surplus Equipment Warehouse via auction (see Section G. above), the following provisions shall apply:

I. Disposal of Information Technology Equipment.

Surplus or salvage information technology equipment, as defined by Texas Government Code Section 2054.003(3)(A), that is not transferred to a public school, school district, or an assistance organization designated by the school district, or that is not disposed of under other law, must be offered next and at no charge to a school district, an open enrollment charter school, or the Texas Department of Criminal Justice in accordance with Texas Government Code, Section 2175, Subchapter C.

II. Other Disposal Provisions

Surplus or salvage equipment that is not disposed of as a transfer to another institution of education, Texas agency, or under provision I. above shall be disposed of in accordance with the following provisions:

a. For items of little value or limited use where sale on competitive bids is not practicable, the UTMB Executive Vice President acting as the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids or surplus auction in amounts under $50,000.

b. Sale of property estimated to bring $50,000 or more shall be made on a basis of competitive bids. UTMB Purchasing should be contacted for more information.

c. A sale in the amount of $100,000 or more shall be approved in advance by the Chancellor and approved by the Board of Regents through the institutional docket.

d. Sales to employees are governed by the provisions of The University of Texas System Administration Policy UTS159 regarding purchasing.