Addition of Property to a Department's Inventory

Responsible Officer: Vice President for Business Affairs and Controller
Sponsoring Department: Property Management
Revision Date: 21 July 2016
Errors or changes to: aim@uta.edu

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PROCEDURE OBJECTIVE

This procedure provides procedural guidelines for the acquisition of property by university departments in accordance with applicable laws, rules, and policies. Procedures concerning the notification of acquisitions, the documentation of acquisitions, and the transfer and appraisal of acquired property, are included in this fiscal procedure.

RATIONALE

Most items of personal property acquired by the University are purchased. However, other items are acquired through lease-purchase arrangements; fabricated or constructed in a department; as gifts to the University; through transfer of ownership under grants and contracts with sponsoring agencies (both private and government) or transferred from other State agencies.

SCOPE

All university personnel who add property to department's inventory.
WEBSITE ADDRESS FOR THIS PROCEDURE

http://www.uta.edu/policy/procedure/2-44

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

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<tr>
<th>UT System Administration Policies and Standards</th>
<th>Other Policies and Standards</th>
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CONTACTS

If you have any questions about Procedure 2-44, Addition of Property to a Department's Inventory, contact the following departments:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Office Name</th>
<th>Telephone Number</th>
<th>Email/URL</th>
</tr>
</thead>
</table>
| All topics in procedure | Property Management | 817-272-2191 | property_management@uta.edu  
http://www.uta.edu/business-affairs/ |
| Website access | Administrative Information Management | 817-272-0222 | aim@uta.edu  
http://www.uta.edu/aim |

DEFINITIONS

**Personal Property:** Any possession of the State of Texas having sufficient value to warrant inclusion in the fixed asset financial reports or due to the nature of the asset that is required to have management controls placed upon it. Personal property does not include consumable items nor does it include real property such as land or buildings, improvements to land or buildings, or infrastructure.

**Capital Assets:** A capital asset is any furniture or equipment item(s) with a single value of $5,000.00 or greater and an estimated useful life of more than one year. (This dollar threshold was established by the Texas Legislature, and became effective September 1, 2001).

**UT Share (Departmental Financial Information Network):** The computerized accounting system used at UT Arlington.

**Gifts-In-Kind:** Non-cash gifts or tangible personal property that can be put to immediate use by UT Arlington or immediately converted to cash.
Surplus: Any property which is in excess of the needs of a department and/or the University and which is not required for its foreseeable need. Surplus property may be new or used but must have additional useful life.

RESPONSIBILITIES

Property Management Office (PM)
- Enters purchased items into a department's inventory
- Tags gifts-in-kind that classify as a controlled or capital asset and then adds the items to the inventory records of the department receiving the gifts-in-kind
- Assigns UT Arlington inventory numbers to items transferred from other state agencies, universities, or research facilities
- Oversees University Surplus Property

Employees and University Departments Involved in the Acquisition of Property
- Comply with all applicable laws, rules, regulations, UT system policies and standards, and UT Arlington policies and procedures, including Regents' Rule 60101, Acceptance and Administration of Gifts, UTS138, Gift Acceptance Procedures, and Best Value Purchasing Procedures (Procedure 4-2)
- Refrain from appraising any gifts-in-kind and/or partake in the transfer of a gift-in-kind in which the gift is inflated above its true fair market value
- Handle and protects property acquired under grants and contracts

Department Head
- Approves gifts-in-kind and/or donations to his or her department

Office of Development
- Notifies the PM Office of all property gifts received by the University

Surplus Property Manager
- Initiates the use of Inventory Transaction Form (Form 2-45) to document the transfer of surplus property to university departments

PROCEDURES

Section I. Purchase of Equipment

All equipment and material items that are purchased from University accounts are purchased in the name of the University and the items acquired become the property of UT Arlington. Equipment acquired under grants and contracts (federal, state, local, and private) becomes
the property of UT Arlington upon acquisition, unless specifically exempted by the terms of the agreement. If required, items that are the property of the US Government will be assigned an inventory number and tagged with The Property of the US Government.

A. The PM Office verifies through the University’s accounting system when capital and controlled assets are purchased.

B. The departments will enter the items into their department's unit by referencing the purchasing account.

Section II. Fabrication/Construction of Equipment in a Department

Equipment and furniture are sometimes fabricated and/or constructed in a University department.

A. Improvements or Additions: Improvements or additions to assets that cost $5,000.00 or more will be added to the department's inventory.

   1. The betterment or addition will become a component of the original asset and the value of the asset will be the total of all the parts. All other additions and replacements shall be expensed.

   2. The cost of the individual components may be less than the capitalization limit; however, the finished, tangible asset may have a total cumulative cost that does meet the capitalization limit, in which case the fabricated asset should be capitalized.

B. Constructed or Produced: Items of capital equipment are sometimes constructed in a department. If the cost to build these items is $5,000.00 or more, they will be added to the department's inventory.

   1. Labor cost, if determinable, will be added to the value of the constructed item.

   2. When a department constructs an item of furniture or equipment, the department must:

      a. Notify the PM Office by sending Inventory Transaction Form (Form 2-45) and;

      b. Provide the description and documentation of the costs.

Section III. Gifts-In-Kind (Donations) to University Departments

The University often receives furniture, equipment, museum collections/historical treasures and works of art, etc. as gifts. These items become property of the University upon formal acceptance. The official acceptance of all gifts on behalf of the University is governed by the University of Texas System Board of Regents' Rules and Regulations, Rule 60101,
Acceptance and Administration of Gifts. When accepting a gift on behalf of the University, the procedural guidelines in *Gifts to the University* (Procedure 2-8) apply.

A. Gifts-in-kind (donations) must be approved by the Department Head and reported through the Office of Development. The Office of Development will notify the PM Office of all property gifts.

B. If the donated items classify as a controlled or capital asset, the PM Office will tag the items and then add the property to the receiving department’s inventory records. Fair market value will be the value used to add the item into inventory by Property Management and is not intended to establish or substitute an appraised value.

C. The University should not send any acknowledgement indicating the dollar value of a gift-in-kind to the donor. It is the donor’s responsibility to report the gift’s value accurately to the Internal Revenue Service, and UT Arlington staff will not appraise any donated item. If an official appraisal is deemed necessary, any costs associated with this appraisal will be the responsibility of the receiving department.

D. The State Comptroller requires that all gifts or donations be reported at fair value at the time of donation plus subsidiary charges, if any.

1. The University will not furnish property appraisals or valuations to donors for tax purposes or any other purpose. UT Arlington will not knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.

2. The method in which a gift-in-kind’s value is appraised becomes part of the property record. The approved methods of appraisal are as follows:
   a. Invoices or other documents stating the original cost
   b. Manufacturer's price list
   c. Distributor and supply company catalogs
   d. Industry publications and trade journals
   e. Realtors, appraisers, and bankers
   f. Other *(Note: this method should be used sparingly and documented)*

Section IV. Transfer of Property to University Departments from Other State Agencies, Universities, or Research Facilities

A. Property is sometimes transferred to the University from other state agencies, universities, or research facilities. A form from the transferring agency is used to document these transfers. The format and name for this form may be different depending on the transferring agency.
1. This form is signed by the property manager of the transferring state agency and is forwarded to UT Arlington's property manager for approval and signature. This form will contain:
   a. Agency's inventory number
   b. Description of each item that is transferred
   c. Current inventory carrying value

2. UT Arlington's property records should reflect the property's inventory value.

3. The PM Office will assign UT Arlington inventory numbers to the property item.

4. The PM Office will then return signed copies of the form to the transferor and will enter the received item into the department's property records.

Section V. Property Acquired Under Grants and Contracts

A. Equipment acquired under grants and contracts (federal, state, local, and private) becomes the property of UT Arlington upon acquisition, unless specifically exempted by the terms of the agreement.

B. The property will normally be placed on the inventory of the department to which the Project Director or Principal Investigator is assigned and will be handled and protected the same as other University property in custody of that department.

C. Project Directors or Principal Investigators may require full time use of equipment acquired with grant or contract funds to perform the research specified in the agreement. Although such exclusive use is permissible, it does not negate the fact that the University, not the individual, owns the equipment.

Section VI. Transfer of Items from University Surplus Property to University Departments

University Surplus Property is located in the J.D. Wetsel Services Building, at 1225 W. Mitchell, ext. 3012, and is under the control of the PM Office

A. Transfer of Surplus Property to Department: Items in Surplus Property are available to be transferred to University departments on a first come basis. Computer and items with operating systems and hard drive storage will not be released back into service.

1. The Surplus Property Manager is responsible for initiating *Inventory Transaction Form (Form 2-45)* reflecting such transfers and transmittal of the completed form to the PM Office.

2. The Surplus Property Manager will submit the completed *Inventory Transaction Form (Form 2-45)* to the PM Office.
B. Transfer of Surplus Property Between University Departments: A department may transfer its Surplus Property to another department in need of the equipment. The following steps must be taken when a department transfers equipment to another university department:

1. *Inventory Transaction Form (Form 2-45)* must be completed by the transferring department.

2. The form must be signed by the transferring department head or designee and then forwarded to the receiving department.

3. The department head or designee from the receiving department must sign the form to accept the property.

4. After the form has been signed on behalf of both departments, the form should be sent to the PM Office.

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**FORMS AND TOOLS/ONLINE PROCESSES**

- *Inventory Transaction Form (Form 2-45)*
- *Removal of Equipment from University Campus (Form 2-47)*
- UT Share Education's [Handbook for Administration and Support Staff](#)

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**APPENDICES**

None