Removal of Property from a Department's Inventory

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

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PROCEDURE OBJECTIVE

This fiscal procedure provides procedural guidelines for the removal of property from a university department's inventory in accordance with applicable laws, rules, and policies. Procedures concerning the notification of removal, the documentation of removals, and the methods of removal are included in this fiscal procedure.

RATIONALE

Property may be removed from a university department's inventory by a variety of means. Reasons for the removal of property from a departmental inventory include the transfer of property, sale of equipment, trade-in of equipment, property being discarded, and/or property becoming lost or stolen.

SCOPE

All university personnel who remove property from their department's inventory

WEBSITE ADDRESS FOR THIS PROCEDURE
RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

<table>
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<tr>
<th>UT System Administration Policies and Standards</th>
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<td>Regents' Rules and Regulations, Rule 80201, Disposal of UT System Property</td>
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<td>UTS162, Disposal of Unclaimed Property</td>
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<td>UTS165, UT System Information Resources Use and Security Policy</td>
<td>Texas State Government Code Chapter 403.271 to 403.278</td>
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CONTACTS

If you have any questions about this procedure, contact the following departments:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Office Name</th>
<th>Telephone Number</th>
<th>Email/URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>All topics in procedure</td>
<td>Property Management</td>
<td>817-272-2191</td>
<td><a href="mailto:property_management@uta.edu">property_management@uta.edu</a></td>
</tr>
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<td><a href="https://www.uta.edu/business-affairs/property-management/">https://www.uta.edu/business-affairs/property-management/</a></td>
</tr>
<tr>
<td>Website access</td>
<td>Administrative Information Management</td>
<td>817-272-0222</td>
<td><a href="mailto:aim@uta.edu">aim@uta.edu</a></td>
</tr>
<tr>
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<td><a href="http://www.uta.edu/aim">http://www.uta.edu/aim</a></td>
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</tbody>
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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 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).

**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.

**Salvage:** Any equipment that through use, time, or accident is so depleted, worn out, damaged, consumed, or outdated that it is obsolete and/or can no longer serve the purpose for which it was originally intended.

**Stolen:** Any equipment missing by theft, whether by forced removal, burglary, theft by employees, or other criminal acts.

**Trade-in:** Surplus or salvage property, which in the best interest of the State, is exchanged for new property of the same general type.

**Missing:** Equipment whose disappearance cannot be explained.

**RESPONSIBILITIES**

**Property Management Office (PM)**
- Complete *Inventory Transaction Form* (Form 2-45) when a university department wishes to transfer equipment to Surplus Property that is not listed on the departmental inventory
- Prepare a *Transfer Property Form* when property is to be transferred to another state agency, university, or research facility

**Employees and University Departments Involved in the Removal of Property from a Departmental Inventory**
- Erase all electronic media before transferring equipment to another university department or to PM.
- Comply with all applicable laws, rules, regulations, UT system policies and standards, and UT Arlington policies and procedures, including [Regents' Rule 80201, Disposal of UT System Property](https://www.utsystem.edu/policies/80201), [UTS 162, Disposal of Unclaimed Property](https://www.utsystem.edu/policies/162), and [Texas State Government Code Chapter 403.271 to 403.278](https://www.gov.texas.gov/odie/)
- Advise the PM Office when planning to transfer university property to another state agency
- Conduct a diligent search for missing items and will notify the University Police Department if the item cannot be found
- Notify the University Police Department immediately if an item of property is perceived stolen
• Notify the Information Security Office immediately if a university owned computer is believed to be missing or stolen

**Department Head**

• Sign *Inventory Transaction Form* ([Form 2-45](#)) when transferring property to another department

• Recommend to the Property Manager that cannibalization of equipment be permitted

• Ensure that the loss of an item was not due to negligence on the part of a department employee

**Surplus Property Manager**

• Enlist the services of an on-line auction service to sell items that are no longer needed by the university and are impractical to store for future use

• Review all items in surplus property storage and advises the Property Manager of those items which have been in storage and availability has been circulated to all departments

• Survey the surplus property inventory for items, which are damaged and broken beyond repair

**Vice President for Business Affairs and Controller**

• Request the approval from the VP of Business Affairs for the sale of university property to non-university organizations or individuals

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**PROCEDURES**

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**Section I. Erasing Electronic Media**

**Note:** It is the responsibility of all university departments to erase electronic media (hard disk drive, floppy disk, or magnetic tape) before transferring equipment to another university department or to PM. This task must be performed to prevent the inadvertent disclosure of protected and/or confidential information.

**Section II. Transfer of Property**

Property can be transferred internally to another department or to Surplus Property, or externally to another state agency.

A. Transfer to Another Department: Equipment transferred to another department, *Inventory Transaction Form* ([Form 2-45](#)) should be completed by the transferring department.
1. The transferring department head or designee must sign the form and it is then forwarded to the receiving department. A comparable official of the receiving department must sign the form agreeing to accept the property.

2. After the form has been signed on behalf of both departments the form is then sent to the PM office. When the PM Office has processed the form, the property items will be assigned to the receiving department's inventory. Until then, the transferring department remains accountable for the equipment.

3. If the departments require assistance in moving the equipment, they should submit a *Work Request Form* (Form 2-48) and the PM Office would schedule the move.

B. Transfer to Surplus Property: When equipment in a department is no longer needed by the department and is not going to be transferred to another department, the equipment should be transferred to Surplus Property, Unit 320506.

   1. If the property is on inventory, *Inventory Transaction Form* (Form 2-45) should be completed and sent to the PM Office.

   2. If the property is not on inventory, a *Work Request Form* (Form 2-48) should be sent to the PM Office. The PM Office will complete Inventory Transaction Form (Form 2-45) and will schedule the pickup of equipment if necessary.

C. Transfer to Another State Agency, University or Research Facility: Property may be transferred to another State Agency, University or Research Facility. The procedure is the reverse of that when property is received from a State agency, and the *Transfer Property Form* again is used. For information regarding the transfer of property to university departments from other state agencies, universities, or research facilities see *Addition of Property to a Department's Inventory* (Procedure 2-44).

   1. The form is prepared in the PM Office with information provided by the transferring department.

   2. Departments planning to transfer University property to another State agency should advise the PM Office, in writing, by completing *Inventory Transaction Form* (Form 2-45) with the UT Arlington inventory number, description serial number, and inventory carrying value.

   3. The name of the agency receiving the property and justification for the transfer must be provided. If approved, the Property Manager will sign the *Transfer Property Form* and it will be forwarded to the State Agency, University or Research Facility.

   4. Before the item is physically transferred, the University property tag should be removed and sent to the PM Office. The shipping details should be agreed upon between the transferring and receiving agencies.
Section III. Removal of Surplus Property

A. Removal of Surplus Property Items from Inventory: The Surplus Property Manager will review all items in surplus property storage and advise the Property Manager of those items which have been in storage and availability has been circulated to all departments. The purpose is to review for possible removal from the inventory those items, which are serviceable but have no further value to the University and are not or will not be used.

1. Section 4 of Regent's Rule 80201 states that for items of little value or limited use where sale on competitive bids is not practicable, 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. Sales to employees are governed by the provisions of UT System Policy UTS159 regarding purchasing govern sales to employees.

B. Removal of Damaged or Broken Surplus Property: The Surplus Property Manager is responsible for constant surveillance of the surplus property inventory for items, which are damaged and broken beyond repair. If such items are present, Inventory Transaction Form (Form 2-45) will be submitted to the PM Office to drop the items from inventory.

C. Cannibalization: There are times when it is practical or economically sensible to remove parts from an item of equipment that is obsolete, broken, or is intended to be discarded. This practice is commonly called "cannibalization." It normally is to be avoided. However, if the best interests of the University can be served by the removal of parts from an item before transferring it to Surplus Property for disposal, the department head shall recommend to the Property Manager that cannibalization be permitted.

1. Requests to remove a part from an item for cannibalization should be submitted on Inventory Transaction Form (Form 2-45) to the PM Office. This recommendation shall include a statement that the item is obsolete, or is inoperable and not economically feasible to repair and that the parts to be taken from it will be used to repair or construct other University equipment. When the Property Manager approves the request, cannibalization may begin.

Section IV. Sale of Equipment

A. Equipment valued at less than $50,000 may be sold to non-University organizations or individuals with approval from the Vice President for Business Affairs and Controller. To obtain approval:

1. A memorandum should be sent to the Vice President for Business Affairs and Controller’s Office, Box 19136. This request should briefly explain:

   a. The reason for the sale
   b. How the sale will benefit UT Arlington
c. Expected proceeds from the sale and how the proceeds will be used

d. A description of the item being sold

e. The item's inventory number

f. How the item was acquired

g. Item's acquisition costs (if purchased)

h. Year the item was acquired

i. The item's condition

2. If the item was acquired under a grant, the memorandum should assure that there is no further obligation to the sponsor. A sale will be made only if the department head and the Vice President for Business Affairs and Controller agree that the price offered is reasonable and it is in the best interest of the University to dispose of the property in this manner.

   a. If sold, the University inventory tag must be removed and be sent to the PM Office with Inventory Transaction Form (Form 2-45) and a memorandum advising of the sale. Information provided should include the following:

      I. The item's inventory number

      II. Description of the item

      III. Date sold

      IV. Amount received for each item

      V. A copy of the deposit slip from the University Bursar's Office

Section V. Trade-in of Equipment

A. University equipment may be traded in for credit toward the purchase of new equipment.

   1. A description of the item being traded in, including the inventory number and the trade-in allowance, should be noted on the purchase requisition as well as on Inventory Transaction Form (Form 2-45) sent to the PM Office. This is necessary to ensure the item being traded in is properly accounted for and clearly identified for removal from the department's inventory records.

   2. Before the trade-in item is relinquished, the inventory number tag should be removed and be sent to PM.
Section VI. Missing or Stolen Property

When a department member becomes aware that a Capital or Controlled item is missing, a thorough search must be started immediately and continued until the item is found or it is determined that the item has been stolen or can't be located.

A. Stolen Property

1. If an item of property is perceived stolen, the University Police Department must be notified immediately.

2. The department should include the Police Department's Offense/Incident Report number when submitting Property Management Form 2-53. Once a copy of the Form 2-53 is received from the Department and a copy of the Police Department's Offense/Incident Report is received from the Police Department, the item will be classified as stolen in the department's inventory. (Form 2-53).

3. If a computing device (desktop, laptop, tablet, etc.) has been stolen, the department must provide the Information Security Office with Property Management Form 2-53 and include the report number from the Police Department's Offense/Incident Report.

B. Missing Property

1. Property that is missing must be reported to Property Management by completing Form 2-53 after the department has conducted a diligent search for the item.

2. Missing property will be indicated on the department's inventory listing when the Property Management Office receives the Property Management Lost or Missing University Inventory Form 2-53 listing the missing item(s).
   a. If the missing item(s) are located, the Property Management Office must be notified.
   b. When approved by Property Management, the item will be returned to active inventory.
   c. It is further incumbent upon the department head to ensure that the loss was not due to negligence on the part of an employee. The Chief Financial Officer or the Attorney General may investigate the loss and, if the investigation discloses that it was sustained through negligence, the Chief Financial Officer or the Attorney General may demand reimbursement to the State for the property loss.

3. If a computing device (desktop, laptop, tablets, etc.) is missing, the department must forward a copy of the Property Management Lost or Missing University Inventory Report Form 2-53 to the Information Security Office.
4. Property Management will send a copy of the Property Management Lost or Missing University Inventory Report Form 2-53 to the University Police Department. The Police Department may contact the department to gather additional information.

5. An item that is not classified as Capital or Controlled that is deemed missing or stolen must be reported to the Department Head. The Department Head is responsible for establishing internal controls for all items that are not classified as Capital or Controlled.

FORMS AND TOOLS/ONLINE PROCESSES

• **Inventory Transaction Form** ([Form 2-45](#))
• **Removal of Equipment from University Campus** ([Form 2-47](#))
• **Lost or Missing University Inventory Report Form** ([Form 2-53](#))
• **Business Affairs Training and Development**

APPENDICES

None