

Brigham Young University

Asset Management Policy Manual



NOTE: The Asset Management and ORCA Departments have prepared this document for internal use. In many cases, it is more specific than University Policy and Procedures and provides definition for tasks the Asset Management or ORCA personnel may be required to perform.

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SECTION 1: GENERAL

A. Purpose:

1. To establish general procedures for the management and control of capital equipment owned by or in the custody of Brigham Young University (BYU).
2. To satisfy the requirements of the federal government respecting control over Government Property, as hereafter defined, for which BYU is responsible and accountable.

B. Title

Brigham Young University (BYU) has title and/or ownership of all University capital equipment.

C. Responsibility

1. BYU is responsible for all the equipment to which it holds title. Custodial responsibility for other equipment rests with BYU to the extent that it has explicitly agreed to accept responsibility thereof.
2. The BYU Administration has assigned responsibility for the management and control of capital equipment to the Asset Management Office.
3. It is the responsibility of the Supervisor of the Asset Management Office to implement and administer the provisions of this manual in all areas under his/her jurisdiction. The Asset Management Office Supervisor shall:
 - a. Advise all members of the faculty and administrative officers of their obligations for the use, care, maintenance, and safekeeping of all capital equipment under the control of their respective department or units.
 - b. Keep accurate and complete inventory records of the equipment in their management system.
 - c. Provide written instructions relating to the control of capital equipment for which BYU is responsible.

D. Scope

The equipment management and control system applies to equipment owned by or in the custody of BYU, including equipment secured for contracts and grants for research, training and public service.

E. Related Documents:

1. a. BYU Handbook: <http://purchasing.byu.edu/tabs/products.asp?msg=>.

b. BYU Handbook: <http://home.byu.edu/webapp/finserve/index.jsp>; then click on FORMS-Equipment related forms-Off-campus form.

2. Federal Documents:

- a. OMB Circular A-110
- b. NASA Grant Handbook
- c. DOD Manual 4161.2-M
- d. DOE - Management of Government Property in the Possession of Contractors
- e. HHS Contractors Guide for Control of Government Property
- f. Circular A-21
- g. NPMA Handbook
- h. Federal Acquisition Regulation (with Agency supplements)
- i. Office of Naval Research, UBA: Annual Property Reporting Requirements
<http://www.onr.navy.mil/o2/024/apr.asp>
- j. Office of Naval Research, UBA: Close-out of Contracts and Grants
http://www.onr.navy.mil/02/024/close_out.asp

F. Definitions

Accessory Item: An item which facilitates or enhances the operation of plant equipment, but which is not essential for its operation.

Agency: An entity, i.e. organization, corporation, foundation or person from which the University derives extramural support through contracts or grants.

Auxiliary Item: An item without which plant equipment cannot operate.

Award: A legal document providing extramural support. Award includes grants as well as contracts, or collaborative agreements.

Contract: An agreement. As used in this manual, it includes written and signed agreements resulting from grants and contracts with extramural sponsors.

Contractor: Brigham Young University

Contracting Officer: The duly authorized individual delegated by appropriate authority to enter into a contract, and thereafter administer the contract on behalf of the federal government. This person would normally be an employee in the Office of Research and Creative Activities.

Department Points-of-Contact (POC): The department or unit of the University having physical control of material, i.e. using or sponsoring department for a contract.

Capital Equipment Department Inventory Controller: The person appointed by the department to be responsible for the capital equipment belonging to the department.

Equipment List: A report accessed electronically on the Business Objects (BOB). Reports can be accessed on demand. Asset number labels are attached to copies of the purchasing documents and included with this report.

Fabricated Equipment: Equipment that is constructed by combining or assembling modular components and/or materials into one identifiable unit is referred to as fabricated equipment. When completed, each component loses its individual identity and the end product becomes an identifiable single unit. Typically, such equipment is made or designed in-house for a specific purpose. In order to be capitalized, the finished product must have a unit cost of \$5,000 or more and a life expectancy of more than one year.

Found Equipment: Equipment, found during a physical inventory by a custodial department, which does not appear to be on the inventory records.

Government: United States of America; federal government, unless otherwise specified, as in “state government.”

Government Property: A special category of equipment defined in FAR 45 as all property owned or leased by the federal government. Such property acquired under federal awards; i.e. grants, contracts or awards with the University include:

1. Government Furnished Property: property in the possession of or acquired by the government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants.
2. Contractor Acquired Property: property purchased or otherwise provided by the University for the performance of a contract, to which property title is vested in the government by virtue of its procurement with government funds.
3. Excess Government Property: property, which is no longer required by the holding federal contractors such as the University.
4. Federal Surplus Property: property, which has been screened by all federal agencies and generally, made available to eligible institutions through the State Educational Agency for Surplus Property.

Grantee: Brigham Young University (BYU)

Insurance: To provide for funding, in part, the cost of replacing movable equipment which is lost, stolen or destroyed.

Inventoried Equipment:

1. University Inventoried Equipment that has an acquisition value of \$5,000 or more, is freestanding, and has a normal life expectancy of one year or more.
2. Government Inventoried Equipment is personal property which has an acquisition value of \$5,000 or more and a normal life expectancy of one year or more. Government equipment does not lose its identity as personal property by reason of affixation to any real property.

Loaned Equipment: Equipment which is either borrowed by BYU from an external agency, or by one University department from another, or loaned by the University to an external agency or individual.

Motor Vehicle: Any motorized carrier, designed primarily for the transportation of persons or property, which is operated on a public road for a distance greater than one quarter mile. Not included is any implement of husbandry used for agricultural operations and only incidentally operated or moved over a public road.

Principal Investigator: The academic or administrative staff member responsible for initiating and conducting an extramural funded research, training or public service project. The individual may also be known as the Project Director or Project Administrator.

Property Administrator: An authorized representative of the Contracting Officer assigned to administer the contract requirements and obligations relating to government property. This person would normally be an employee in the Office of Research and Creative Activities.

Property Manager/Supervisor: The duly authorized representative of the University delegated the responsibility for the asset management system and the identification, control and disposition of all University inventoried equipment.

Special Test Equipment (Fabricated Equipment): Defined as electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are interconnected so as to become a new functional entity, causing the individual item or items to become interdependent and essential in the performance of special purpose testing in the development or production of particular supplies or services. The term does not include consumable property, special tooling, buildings, and non-serviceable structures (except foundations and similar improvements necessary for the installation of special test equipment), nor plant equipment items used for general plant testing purposes.

Sponsoring Departments: That department or unit of a University campus responsible for the administration of an extramural funded project.

University: Brigham Young University

University Property: That property to which title is vested in the University whether purchased with University funds or acquired by bequest or gift.

G. Determination of Non-Inventoried Equipment

1. Items Less Than \$5,000: The following types of items are an example, unless the acquisition value is \$5,000 or more:
 - a. Adding machines, calculators, dictators, transcribing machines and typewriters
 - b. Cameras
 - c. Binoculars, telescopes, microscopes and microscope assemblies

- d. Recorders
- e. Wheelchairs
- f. Powered hand tools
- g. Phonographs

2. Items Inventoried Regardless of Cost:

- a. Consumable and expendable supplies
- b. Replacement parts that do not extend the life or increase the value of the equipment
- c. Mattresses
- d. Wall-to-wall carpeting
- e. Drapes and window coverings
- f. Platinum crucibles
- g. Glass, cloth, plastic and rubber products
- h. Computer software (BYU does not capitalize software with a value under \$100,000. Software with a life span of greater than three years and a significant value [greater than \$100,000] is negotiated separately)
- i. Firearms, regardless of cost
- j. Precious metals associated with research agreements

3. Buildings, Structures and Components

- a. Items of equipment normally classified as inventoried, which are permanently, built-in or installed, the removal of which would impair the building structure.
- b. Items of equipment permanently built-in or installed which, if removed, would be substantially reduced in value.
- c. Note: It is BYU policy that externally funded research projects not seek or receive federal funding for buildings or permanent structures.

4. Consumable items are generally considered supplies and not equipment.

SECTION 2: ACQUISITION

A. Acquisitions of University Inventoried and Non-Inventoried Equipment:

- 1. Purchase Order: New equipment acquired with a value of \$5,000 or greater, must be purchased through the Purchasing system and recorded on purchase orders with the use of research accounts (numbered in the series of R0XXXYYY). For equipment items greater than \$5,000, the Asset Management Office assigns an asset number and records the purchasing document number, date paid, funding source, department, description, manufacturer, model number and value. Asset number labels are attached to a copy of the purchase document and mailed to the custodial department with the equipment list. The label is attached to the equipment, with the location code (building and room) and serial

number recorded on the equipment list. The original copy of the equipment list is returned to the Asset Management Office within 30 days. Equipment accessories purchased for existing equipment may, depending on their nature, either be entered on the records as separate pieces of the equipment or added to the value of the original equipment. In most cases, it will be added to the value of the original equipment. If a component part modifies existing equipment, it is added to the value of the equipment. (A new asset number is not assigned.)

2. Gifts: Equipment with a value greater than \$5,000, and acquired as a gift is assigned an asset number, recorded by the Asset Management Office. The date the gift is accepted is considered the date of acquisition. The Asset Management Office will record no gift until a "Gift Receipt" is completed by the LDS Philanthropies. All gifts must be coordinated through the LDS Philanthropies. Gifts of art and scientific collections are recorded by their respective custodians and do not become part of equipment inventory records. Gifts of bound volumes, pamphlets, documents and other library collections are recorded by the libraries and do not become part of equipment inventory records.

3. Fabricated Equipment: The Asset Management Office must be notified when purchases are made for fabricated equipment. When a fabrication project is approved, a copy of the approval will be sent to the department, with identification of the asset number assigned to the project. Departments may not begin ordering items for a research-related fabrication project until they have received the approval form, including the asset number. When approved, all purchases for fabrication projects should be charged to the related R0XXXXYY account. The fact that a specific purchase is for an approved fabrication project should be indicated on the purchasing documents used, i.e., Purchasing Requisitions, Campus Purchase Orders, Fast Track payments, etc. The approved asset number must be indicated on all purchasing documents. The Purchasing Department will not process documents charged to a research account number without the approval from the Office of Research and Creative Activities (ORCA) and Grants and Research Accounting. A copy of the purchasing document should be sent to ORCA and Research Accounting at the time it is created. At the conclusion of the project, the department should advise the Asset Management Office that there are no further purchases. If there have not been any purchases for a period of three months, Asset Management will then contact the department to get the estimated completion date. If the project is complete, Asset Management will then prepare a journal entry moving all the related expenses from the fabricated account number to the capital equipment account number. (The asset should reflect this change.) Asset Management will prepare a list of all component purchases on the project and send it to the department with the asset number attached. Any discrepancies will be the department's responsibility to correct.

4. Purchase by Construction Contracts: BYU policy does not allow for federal funds to be used in the construction and acquisition of buildings.

5. Found Equipment: Found equipment is recorded by adding an acquisition code of “Found” or by being reinstated. The custody is assigned to the using or custodial department. The custodial department estimates the value. The “date found” is used as the acquisition date.

6. Acquisition of Surplus Property: Equipment secured from the State Educational Agency for Surplus Property, a Department of Defense Agency, or other entity is recorded at acquisition value. The actual cost, if any, should be expensed on a research account if research funds were used to procure the equipment.

B. Acquisition under Contracts with Extramural Sponsors

1. Records: The University records agency-furnished and University-purchased equipment acquired under a contract in the proper category of the equipment inventory records during the life of the contract. This facilitates a listing of equipment by category for fiscal and inventory reports to the agency. Until completion or termination of the contract, all such property is identified with the contract award number and project number. Upon completion or termination of the contract, the property to which the University has acquired title is recorded through the normal process.

2. Responsibility of Campus Officers: When an external sponsoring agency transfers title of equipment to the University or accountability for equipment from one contract to another, the Office of Research and Creative Activities (ORCA) notifies the Asset Management Office (AMO) of the transfer and conditions pertinent thereto. The AMO institutes all actions necessary to insure that the records reflect the transfer of title or accountability. The equipment is tagged or otherwise identified with a University asset number as required.

C. Acquisition of Government Property

1. Government Furnished Property

a. Government property may be shipped to the University from government installations, or other government agency contractors. The University becomes responsible for such property upon delivery of the property into its custody or control. The department receiving the equipment shall furnish the Asset Management Office with copies of documents necessary to allow University records to accurately reflect the transaction. When contractor-acquired property is transferred from one contract to another within the University, it remains government furnished property. ORCA has responsibility to draw attention to the departments receiving government-furnished property.

b. Government-furnished property is inventoried regardless of cost. The department will be notified by the Asset Management Office that they are

responsible to inventory government property with a cost less than \$5,000. The department will be required to provide Asset Management with a report of all government property with a cost less than \$5,000 at the end of the contract. Asset Management provides the department a listing on an annual basis (along with their physical inventory) of all government furnished property with an acquisition cost greater than \$5,000.

2. Contractor-Acquired Property

- a. Direct purchases of property by the University for the performance of a contract, title to which vests in the government, are subject to a determination by the Contracting Officer of the government agency involved. Property purchased by the University, for which reimbursement is to be requested, becomes government property upon its receipt by the University.
- b. Property withdrawn from University stores for direct charge to a contract is considered government property at the time of approval of the claim for reimbursement or at the time of issuance for use of such property for the performance of the contract, whichever is earlier.

3. Excess Government Property

- a. Excess government property is equipment, used or new, which the federal government owns, and is no longer needed by the holding federal agency, but has additional useful life. Items are usually allocated on a first come, first served basis.
- b. The University may be authorized by a contracting agency to receive such excess government property when the property directly furthers an active contract. Authorization is dependent upon the terms of the contract and the regulations of the specific agency involved. The Asset Management Office determines the appropriate procedure in each case.
 - i. Cost: Excess government property is usually obtained without cost. BYU generally specifies the method of shipment and pays the expenses of packing, transportation and subsequent installation, rehabilitation and maintenance.
 - ii. Records: The University maintains suitable records showing the location, description and value of the property. Items are recorded at the original acquisition cost as indicated on the transfer document. If the value is not indicated on the transfer document, it is the responsibility of the AMO Supervisor to obtain the value. If and when the title to the equipment passes to the University, the recorded value should be adjusted to the fair market value at the time the title passes. Expendable or consumable items are not subject to specific record keeping requirements.

D. Title to Property Acquired Under Contract. The specific provisions of the applicable contract govern in each instance. Provisions may specify:

1. The University may acquire title to property as a result of specific contract provisions, issuance of change orders or contract termination. Such property, unless otherwise provided by the contract, is considered University property.
2. The Contracting Officer may transfer title to equipment to the University at the beginning, during, or end of a contract. Transfer of title is subject to the conditions that the University may make no charge for depreciation, amortization or use of the equipment under any existing or future government contracts. When title is thus transferred, the University is without further obligation to the government respecting the equipment unless specific provisions to the contrary are stated in the contract or transfer document.
3. Title of equipment purchased with external research funds is determined at the time of contracting. It may be different for each award. Check with ORCA for specific title arrangements
4. Title to excess government property remains with the government. Upon request of the University or at the initiative of the agency, title may be subsequently given to the University on the understanding that the property will be used for the contract activity for which it was obtained and, upon termination of the contract, for comparable purposes as long as the property has a useful life. When no longer required, it may be sold and the proceeds applied by the University to furtherance of like purposes.

E. Purchase of New Equipment: All purchases of equipment for a contract or grant having an acquisition cost of \$5,000 or more are reviewed to verify that 1) there is a capital budget, 2) that the purchase not exceed the project budget (over-expenditures).

The procedure is as follows:

1. Screening for equipment will be carried out by the department and will be restricted to screening of like equipment in the custody of that department. Asset Management will, upon request, provide a category listing of all equipment the department is responsible for.
2. A joint effort of the department and the Purchasing department will screen for federal equipment that may be available. The Grants and Contracts offices will also screen proposed purchases of equipment for federal contracts, in order to verify that the contract allows the department to purchase that type of equipment.

3. A joint effort of the department and the Asset Management Office will carry out screening for equipment with a unit value of \$10,000 or more. This screening will encompass all like equipment on campus.
4. The results of the screening effort will be recorded on the equipment requisition prepared by the department.
5. ORCA/GCA checks to ensure the equipment is an approved and budgeted-line item expenditures.

SECTION 3: RESPONSIBILITY FOR EQUIPMENT ACCOUNTABILITY, USE AND MAINTENANCE.

A. Use and Maintenance

1. Purpose: To ensure that capital equipment is properly used, maintained, and serviced to maintain the efficiency and usefulness of the equipment for as long as possible and to make the most effective use of the university's assets.

2. Use and Maintenance Policy:

a. Use: Equipment listed on the BYU equipment inventory records is intended for institutional use and not for private purposes. Use may be additionally restricted by the terms of the research contract or grant for which the equipment was acquired, if applicable. Equipment should only be used by properly trained personnel and only for the manufacturer's intended purposes, and not misused.

b. Maintenance: Capital equipment should be maintained by department personnel or outside vendors in accordance with the manufacturer's recommended maintenance schedules. Records of maintenance performance should be kept for each item of capital equipment. Maintenance may include:

- i. Periodic inspection,
- ii. Regularly scheduled lubrication,
- iii. Protection from exposure,
- iv. Routine cleaning,
- v. Proper cleaning prior to storage, and
- vi. Associated record keeping.
- vii. Maintenance records must be kept for agency-owned equipment.(e.g., federally owned equipment belonging to DOD, NASA, DOE, etc.).

c. The Department Point-of-Contact and the Principal Investigator, if a contract is involved, have the primary responsibility for the care,

maintenance and control of material in their custody and/or all property acquired under the terms of a contract. They must maintain up-to-date departmental records and, if a contract is involved, initiate such forms as are necessary to fully inform the Asset Management Office as to all provisions of each contract document respecting the care, custody, maintenance, records, control, and all transactions involving said property so that the Asset Management Office may properly carry out its functions respecting inventoried equipment. They may delegate the bookkeeping responsibilities outlined above to a "Department Inventory POC."

B. Location of Equipment: The location of each item of capital equipment shall be noted in the Asset Management Office and departmental records. Current records as to movement of equipment shall be maintained in such a manner that any item of capital equipment can be located for inspection or inventory purposes within a reasonable time. The custodial department shall notify the Asset Management Office of any changes in the department responsibility of equipment.

C. Physical Security: The Principal Investigator and Department Asset Point-of-Contact, if a contract is involved, shall make adequate provisions for the physical security of the equipment in their custody. Areas containing equipment shall be kept locked after business hours or at other times when not in use. Special precautions shall be taken in the case of high value, portable equipment.

D. Utilization of Equipment: The Principal Investigator shall review the use of University inventoried equipment in the custody of that department at a minimum during the closeout process of the contract or award. Any equipment, which either temporarily or permanently is not needed, shall be reported to the Asset Management Office for inclusion in a list of excessive equipment. Asset Management shall screen this list for the purpose of utilizing University equipment to the fullest extent.

E. Storage and Movement: When equipment is temporarily idle but required for authorized future use, it must be stored in accordance with sound business practices with adequate protection from corrosion, contamination and damage to sensitive parts. Sludge, chips and cutting oils shall be removed from equipment. Notation of the storage location shall be made on the records. The equipment must be adequately protected while being moved. This entails proper packing, covering, skidding, handling equipment, techniques and safety precautions. Government equipment may be moved to off-campus sites only with the prior approval of the Property Manager. A shipping document, transfer document or similar instrument must be utilized, and Asset Management informed.

F. Segregation and Commingling: Usually, government property is physically separated from University property. However, when it is consistent with the best use of said property in carrying out the terms of the contract, the property may be commingled. This provision does not modify the requirement for identification, recording, and safeguarding of the government equipment.

G. Care and Maintenance: The custodial department shall provide the care necessary to maintain the equipment in the condition received or better, normal wear except, in order that reasonable useful life is secured. The maintenance program shall be preventive in nature, providing lubricating, cleaning, calibration, and inspection on a regular schedule. Records of the maintenance program shall provide the description and date of maintenance actions performed, details of inspection, and deficiencies discovered or corrected. With respect to government property, such schedules are made available to the Asset Management Office.

H. Property Accounting Reports:

1. Asset Management shall report the total acquisition cost of federally-owned property for which the university is accountable under each contract, including federally owned property in the possession of subcontractors, to the cognizant federal agency during the closeout process of the award.
2. When special reports covering equipment are required by the agency, and/or requested by the ORCA, Asset Management shall furnish necessary data as available from the property system database.
3. Asset Management shall provide a list of equipment currently on the
4. University's inventory records pertaining to individual contracts or grants as may be required.
5. Asset Management shall furnish to the appropriate agency as required by the contractual agreement, periodic reports of capital equipment. Use of government forms, DOD form 1662, NASA 1018 and other specified forms as required are referenced in the contract.

SECTION 4: EQUIPMENT REQUIRING SPECIAL HANDLING

A. Property Subject to Registration

1. Motor Vehicles: A representative of the Motor Pool Department provides information necessary to record University-owned motor vehicles. After the Motor Pool Department has registered a motor vehicle, the title is sent to the BYU Treasurers Office to be recorded and filed. The Motor Pool Department assigns vehicle numbers. When BYU sells a motor vehicle, they should obtain the title from the Treasurers Office.
2. Equipment/assets/vehicles requiring a license, registration or title are assigned asset numbers and inventoried in the same manner as other capital equipment. These documents of ownership must be processed through ORCA, when purchased with an externally funded research award.

B. Collections of Art and Scientific Objects

1. Record keeping for art collections is maintained at the Museum of Art. The custodial department shall maintain detailed records for each item included in an art or scientific collection.
2. Acquisitions of single art or scientific objects, which are not added to collections, are recorded in the usual manner.
3. Value of art collections are assessed through the LDS Philanthropies and logged as a gift.

C. Equipment Rented or Leased with Option to Purchase: Equipment acquired by lease with option to purchase or other types of installment purchase are recorded at total cost. It is BYU's general policy to not enter into capital lease agreements. If they are utilized the equipment will be considered like capital equipment and treated as a purchase. Other assets acquired under an operating lease are not recorded as an asset of the University.

D. Personally Owned Equipment: If a University employee keeps personally owned equipment on campus, it should be reported to the custodial department and identified as the property of the owner. The University is not responsible for loss of or damage to the equipment.

E. Loaned Equipment:

1. Loan of Equipment to Which University Does Not Have Title: Equipment, title to which is not vested in the University but which is in the care and custody of the University, may not be subsequently loaned without the specific written approval of the titleholder.
2. On-Campus Loan of University Equipment: If equipment is loaned to another department for a short period, a memorandum of the transaction should be filed in the lending department. If the period of the loan exceeds one year, it should be reported to the Asset Management Office by the lending department, giving the name of the borrowing department, the asset number, and the new location of the equipment. It is BYU policy that University owned equipment is intended only for use by the institution, and is not to be used for private purposes.
3. Procedure For Equipment Loaned To Faculty Or Staff:
 - a. Complete an off-campus form available at Financial Services website, at: <http://home.byu.edu/webapp/finservice/index.jsp>. Then click on forms-Equipment related forms-Off campus form. Obtain the appropriate signatures that authorize the loan. Department responsibility.

- b. Submit a copy of the off-campus form to Asset Management and maintain a copy on file in the department.
- c. Update the asset record to show the new location of the equipment, with an entry in the text field identifying who is borrowing it, where it will be housed, and how long it will be on loan. Asset Management responsibility.
- d. Notify Asset Management when equipment is returned and of its new location. Department responsibility.
- e. Update the asset records to show the corrected locations. Asset Management responsibility.

4. Off-Campus Loan of University Equipment: The Asset Management Office must approve all equipment loaned by BYU. The loans require written approval from the Department Head, College Dean and the BYU Associate Academic Vice President for Research (only for equipment valued over \$5,000), the Principal Investigator and the Borrower. Equipment that is accountable to a current grant or contract generally transfers to another institution if the grant or contract transfers, as specified in the award document. (This usually occurs when principal investigators transfer to other universities and continue their research.)

Procedure for off-campus loan:

- a. Contact Research Accounting to determine if asset(s) is eligible for loan and for advice prior to initiating an equipment loan. Department responsibility.
- b. Download an off-campus form from Financial Services website.
- c. Complete and submit the original off-campus Form with the appropriate signatures to Asset Management.
- d. Update asset records to reflect asset's new location with text information regarding the loan. Asset Management responsibility.
- e. Maintain the original executed agreements at Asset Management. Asset Management responsibility.
- f. Ensure that equipment is returned or loan agreement is renewed. Department responsibility.

5. Sub-Contractor Acquired Equipment

- a. If a sub-contract has a budget for equipment, the ORCA Office will notify Asset Management with the sub-contractor property contact information. The Asset Management Supervisor will then notify that person within the sub-contract agency and certify that they have an approved property control system. This certification would be accomplished through a survey provided by Asset Management or by obtaining the government property administrator's review.

b. Title for equipment acquired by sub-contract will be as specified in the award documentation.

SECTION 5: IDENTIFICATION OF EQUIPMENT

A. Identification of University Equipment/Tagging

1. PURPOSE: To properly identify and track BYU equipment via a bar-code inventory tag.

2. POLICY:

a. Equipment tagging

All capital equipment on the BYU inventory must be tagged with a BYU bar-code inventory tag by Asset Management.

Equipment acquired for sponsored research may also require an asset tag from the sponsoring organization. At the time the tag is attached, all equipment information is recorded and an asset record is created.

b. Tag Location

Tags should be placed where they can easily be seen and scanned, but where they will not interfere with the use of the equipment or be hidden when the equipment is used.

c. Replacement Inventory Tags

When asset tags are lost, damaged, or poorly located, contact the Asset Management Office to have tags replaced.

d. Tagging Non-Capital Equipment

Asset Management doesn't identify or tag equipment with an acquisition cost of less than \$5,000 or software with an acquisition cost of less than \$100,000.

e. Untagged Items: Equipment that is too small, delicately calibrated, or they are used in harsh environments that would immediately destroy a tag are tagged on a paper copy of the tagging report. Departments should keep the tagging retain the tagging reports. When the inventory is conducted, the equipment is located and identified from the information contained on the tagging report, and then the tag is scanned.

3. PROCEDURE: Tagging Equipment

a. The Asset Management office contacts the University Department to tag all equipment.

b. Asset Management tags items consistently in accordance with the following guidance:

i. General location: Asset Management uses a hierarchy of priority tag placement. The tags will be placed in accordance to the

following order, and location: right side (RS), left side (LS), front (FR), top (TP), back (BK), bottom (BT), inside (IN).

ii. Machinery, instruments and vehicles: near the equipment manufacturer's nameplate, over laminated as needed with clear protective label available from Asset Management.

iii. Cylindrical items: tag should go up and down the length of the tube, instead of wrapped around it.

iv. Small items and movable internal components: see Untaggable Items section above, or contact Asset Management for assistance.

c. All equipment is identified promptly upon receipt or payment and assigned an asset number. It shall remain so identified as long as it is in the custody, possession or control of the University.

d. Such labels are removed or obliterated from the equipment only when sold, scrapped, or otherwise disposed of. Once an asset number has been assigned, no change is made during the life of the item regardless of interdepartmental or intra-campus transfers. When a department number is changed, the property records reflect the change. The Asset Management Office maintains an asset number report.

e. The asset number is applied to the actual unit unless its size or nature makes it impractical. Should the identification number be accidentally or mistakenly obliterated, defaced or removed, the equipment shall be tagged with a new asset Department number.

B. Barcode inventory:

1. PURPOSE: To properly inventory capital equipment.

2. BACKGROUND INFORMATION:

a. Requirement for a Physical Inventory. As a recipient of federal grants and contracts, BYU is required to be in compliance with the Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

b. OMB Circular A-110 states in part: "A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment." See OMB Circular A-110, Property Standards, Section 34 (f) (3).

C. Reporting Results of Inventories

1. Asset Management provides the Office of Naval Research (ONR) a copy of government procured equipment upon completion of an ONR administered award. ONR is the cognizant agency for property procedures and rates the University on its ability to protect, preserve, account for and control government-owned property. An unsatisfactory rating could have an impact on BYU's ability to receive federal grants and contracts. Every effort should be made to identify all assets on BYU's inventory during the physical inventory cycle.

2. Auditing the Auditors

The Office of Naval Research (ONR) conducts an audit of BYU's property procedures each biennium, called a Property Control System Analysis. This audit includes a review of BYU's Administrative Policies and Procedures Manuals (including this manual), a review of inventory results, and may include an on-site inspection of federally-owned assets.

D. POLICY: BYU follows the federal government policy to perform a physical inventory of all capital equipment every two years. Asset Management will conduct inventories department-by-department using bar code scanners.

1. Procedure: Scheduling the barcode inventory

Asset Management staff conduct the scan in conjunction with a departmental property coordinator or other departmental representative. This independent audit is an integral part of BYU's approved Asset Management system.

2. Conducting the barcode inventory. The inventory process usually consists of six stages:

- a. Initial Scan (Asset Management)
- b. Final Scan (Asset Management and Department representative)
- c. Reconciliation
- d. Department head sign-off
- e. Master Inventory File update (PeopleSoft)

3. Initial Scan:

- a. Asset Management locates and scans all individual department equipment located on the BYU campus. Asset Management responsibility.
- b. Prepare a list of all equipment that was not scanned. Asset Management responsibility.
- c. Locate remaining assets within a 2-week period. Asset Management responsibility.

4. Final Scan:

- a. At the end of the two-week period, contact the department for the second scan appointment. Asset Management responsibility.
- b. Scan all the available items on the “Assets Not Scanned” report. Asset Management and Department Point-of-Contact responsibility.

5. Reconciliation:

- a. Upon completion of the final scan, Asset Management will again provide a final “Assets Not Scanned” report to the departmental inventory coordinator within 48 hours. Asset Management responsibility.
- b. Fill out Lost/Stolen Form and for assets not located state the reason why each asset was not scanned. Submit the Lost/Stolen Form to Asset Management with back-up documentation to support this information. Back up documentation includes (Department responsibility):

- i. Copy of a loan agreement.
- ii. Copy of Surplus Pick up Request for items sent to surplus.
- iii. Property Disposition Request form for items cannibalized or salvaged.
- iv. Copy of police report on Lost/Stolen assets.
- vi. Master Inventory File Update. Asset Management responsibility.

6. The inventory scan data will be uploaded to PeopleSoft Asset Management. The upload will correct the location of the asset (if necessary) and add the date the asset was scanned to the Asset Record’s “Last Inventory Date” field. Other corrections to asset information or condition will be input as needed.

E. Property disposition requests and fixed asset transfer forms will be processed as they are received.

F. Identification of Government Inventoried Equipment

1. The Asset Management Office identifies promptly upon receipt or payment. For purposes of identification, the Asset Management Office will assign the asset number and a government tag for attachment to the equipment. The property remains so identified as long as it remains in the custody, possession or control of the University. All government owned equipment will be tagged with a US Government agency tag, unless the size or nature of the equipment makes it

impractical, or the equipment is an accessory or auxiliary and attached to or otherwise a part of an item of equipment and is required for its normal operation. In the latter case, such items are entered and described on the record of the equipment to which it is attached or of which it is otherwise a part. If the University acquires title to the property, the Asset Management Office will remove the government identification tag.

SECTION 6: STANDARD ACCOUNT NUMBERS

The Office of Research and Creative Activities assigns account numbers to all research accounts. The Summary Sheet identifies which accounts are budgeted to purchase equipment utilizing federal funds.

SECTION 7: ITEM COST OR VALUE

A. The Asset Management Office records equipment acquired through purchase orders.

In recording equipment value, the following rules apply:

1. Acquisition cost is over \$5,000, or to be added to another equipment item.
2. Freight charges are capitalized as part of the acquisition cost or value of equipment.
3. Handling, assembling equipment dismantled for shipment, and storage costs are not included in the cost or value of the unit.
4. Any custom duty charge should be added to the value of the equipment.
5. Any cash discount should be deducted from the value of the equipment.

B. Capital Budget

1. Purpose: Most purchases require equipment to be in an approved capital budget. If the equipment is not budgeted, the supervisor's or sponsor's approval may be necessary before purchasing.

2. Procedure:

- a. Equipment Costing \$5,000 and More (General): Departments prepare purchase requisition, obtain necessary approvals and send the document to the Purchasing Department using the appropriate transaction account code.
- b. Account code link: Purchasing Department ensures that documents are prepared properly, solicit proposals or quotes, and prepares purchase order in PeopleSoft. After receiving equipment, the invoice is processed for Payment Procedures.
- c. Property Management is responsible for creating asset record from PeopleSoft information.
- d. Equipment Costing \$5,000 or More: Departments prepare a departmental requisition, obtain necessary approvals and send documents to the Purchasing Department.

- e. Purchasing Department ensures that document is prepared properly, solicits proposals or quotes on the item from vendors and prepares purchase order in People-Soft System. PeopleSoft routes research requests, proposals or quotes to ORCA for review prior to funding.
- f. Financial Services is responsible for receiving invoices and processes payments subject to business rules.
- g. Property Management creates asset record from journal voucher information and tags the equipment.

3. Cross References:

- a. See the Purchasing Website for more information on purchasing requirements:
<http://purchasing.byu.edu/tabs/products.asp>.
- b. The Financial Services website is:
<http://home.byu.edu/webapp/finserve/index.jsp>.
- c. Click on “Forms-Equipment related forms-Off-campus Form.”

SECTION 8: PHYSICAL INVENTORIES

(Effective January 1, 2002, the physical inventory is required for equipment with a total cost of \$5,000 or more.)

1. Physical Inventories of Equipment: The Asset Management Office conducts annual physical inventories.
2. Fiscal Year Inventories Completed: For Department of Defense and NASA research awards, the Asset Management Office will conduct inventories for federal agencies requiring monthly, quarterly, or annual reporting. Asset Management will inform the cognizant federal agency the results in writing. If there are any discrepancies, they should be reported to the cognizant Property Administrator or Contracting Officer. If there are no discrepancies, one letter to the cognizant federal agency will suffice. Reporting to the cognizant agency will be done per instructions from the agency. The current cognizant agent is the Office of Naval Research. Their Annual Inventory instructions and forms can be found at the following web site: <http://www.onr.navy.mil/02/024/apr.asp>.

SECTION 9: DISPOSAL OR TRANSFER

A. University Equipment:

1. Excess University owned equipment (retired equipment) may be offered for sale or trade in accordance with University Policy, Disposal of Excess Equipment. The term “retired equipment” applies to University owned equipment sold to external agencies. It does not apply to equipment

transferred to another department on campus. The term “traded in equipment” applies to University equipment, which has been traded in on the purchase of new equipment. Authorization is made by the Asset Management Office.

2. Disposition/Retirement:

a. Disposition: When assets are no longer of use to the department, the Asset Management Office should be notified by email (manageassets@byu.edu) by the department. If the department has questions, the Asset Management Office can be contacted at (2-6106). Assets that are not properly retired will be considered lost or stolen on the department’s next physical inventory.

b. Sale of Asset: There are three major ways to sell university assets; listed below. Contact Purchasing (422-3471) to initiate all sales. Copy of sales receipt should be sent to the Asset Management Office (Fax: 422-0243, Mail: ASB C-27, email: manageassets@byu.edu)

- i. University Surplus Sale
- ii. University Internet Auction
- iii. Department has a Buyer

c. Scrapped Asset: There are two major ways to scrap university assets. Contact Asset Management Office by email (manageassets@byu.edu) to initiate process.

- i. Scrapped to University Student Computer Checkout (SCC)
- ii. Used for parts

d. Trade-in of Asset for Another Asset: When trading an older asset for a new asset, the department must reference the old tag number on the Purchase Requisition of the new asset. When the new asset is received, Contact the Asset Management Office by email (manageassets@byu.edu) to initiate tagging of new asset and retirement of old asset.

e. Lost or Stolen Asset: Lost or stolen assets must be reported by email (manageassets@byu.edu) immediately by the custodial department to the Asset Management Office. A “Report of Lost or Stolen Equipment” form (located on the Financial Services Website) must then be filled out and signed by the proper personnel. The Asset Management Office will send a copy of the Lost or Stolen report to the University Police and to the Financial Services Chief Financial Officer. The Asset Management Office will then process the Lost or Stolen report in the Asset Management System.

f. Asset Returned to Vendor for Credit: If an asset is returned to the original vendor for credit, notify the Asset Management Office by email (manageassets@byu.edu).

g. Asset Returned to Vendor For Replacement Asset: If an asset is returned to the original vendor for a replacement on the same reference, notify the Asset Management Office by email (manageassets@byu.edu). When the replacement asset is received, notify the Asset Management Office to have equipment retagged.

h. Asset Donated to Another Entity: All asset donations to a non-BYU entity must have prior approval. Contact the Asset Management Office (email: manageassets@byu.edu, Phone: 422-6106, to request a “Donation Permission Memo.” The department should fill out the memo and return it to the Asset Management Office (Fax: 422-0243, Mail: ASB C-27). Asset Management will process the memo and notify the department when the donation is approved.

i. Asset Transferred to Another University with Professor: When research equipment is taken by a professor who moves to another university, notify the Asset Management Office by email (manageassets@byu.edu).

j. Other Retirements: Notify the Asset Management Office by email for other types of retirements. If you have questions, please contact the Asset Management Office at 422-6106.

k. If the asset was purchased under a federal research award, contact the Office of Research and Creative Activities (ORCA) to follow instructions in the award documentation, or from the awarding agency.

l. Destroyed or Cannibalized Equipment: On written notification from a department chair that an item of equipment has been damaged or destroyed beyond repair or is no longer useful and is being cannibalized, it may be removed from the inventory records. Written approval from the department chair, to which the authority has been delegated to control equipment, must be secured prior to discarding or abandoning equipment. Authorization to cannibalize equipment purchased with a research account must have approval from Asset Management and ORCA.

i. Purpose: To manage the disposal of salvaged or cannibalized capital equipment and to ensure compliance with federal and university requirements.

ii. Background Information: Departments can use components from outdated or nonfunctional equipment to build or repair other equipment.

iii. Policy: Departments may salvage or cannibalize obsolete or nonfunctional equipment upon obtaining approval from Property Management.

iv. Procedure:

Department:

- a. Prepare a list of potential equipment to be salvaged or cannibalized.
- b. Submit list to Asset Management and requests approval to salvage or cannibalize equipment.

Asset Management:

- a. Audit the asset record to see that the property is BYU-owned and not accountable to a current grant or contract, and that the Surplus Property Program could not get a better value by reselling the property for the department. (Note: This process is usually completed over the phone in just a few minutes.)
- b. Approve or disapprove request and notifies department of decision.
- c. Remove equipment from inventory.

B. Government Property

1. Excess Property: When government property becomes excess to the contract for which it was provided, it is screened against needs of other contracts prior to being declared excess. If there is a need for the property, the Contracting Officer is asked for authority to use or transfer. If there is no need, the property is reported as excess in the manner prescribed by the cognizant agency Property Administrator.

2. Loss, Damage or Destruction

a. Purpose: To ensure that university departments follow the necessary procedures when reporting lost, damaged or destroyed equipment.

b. Applicability: All equipment in the custody of BYU investigators.

c. Departments must report all incidents resulting in equipment loss, damage or destruction to the BYU Asset Management Office.

Departments must notify AMO if the equipment is lost or damaged beyond repair and should be removed from inventory. If the asset is accountable to a grant or contract, the principal investigator must also follow instructions in the award document for reporting lost, missing, stolen or damaged property to the sponsoring organization.

d. AMO forwards information about lost, damaged or destroyed equipment to the University Police and notifies other relevant University departments.

e. Procedure:

1. University Departments are required to complete and submit a Lost/Stolen Form to the AMO.
2. AMO is required to update AM system according to the Lost/Stolen Form.
3. All cases of loss, damage or destruction are reported to the Asset Management Office as soon as the fact of such loss, damage or destruction becomes known.
4. The report includes all factual data as to the circumstances surrounding the loss, damage or destruction. The extent of the University's liability, if any, is subject to a written determination by the Contracting Officer.
5. The determination and disposition of any property rendered unserviceable may relieve the University of its responsibility with that item. A complete record of all transactions is to be kept, including disposal. Shipping documents or other instruments evidencing disposal should be appropriately cross referenced on the determination document. It is the Contracting Officer's responsibility to notify the Government Property Administrator.

SECTION 10: PERSONAL USE OF PROPERTY:

Use of University material or property in the care and custody of the University, by University employees for personal purposes is not allowed except with the approval of the department chair, and the cognizant agent. Written record must be maintained in the department on all incidents of equipment being taken off University premises.

SECTION 11: PROPERTY ACCOUNTING REPORTS

A. Physical Inventory Reports

1. Purpose: To properly inventory capital equipment.
2. Background Information: Requirement for a Physical Inventory as a recipient of federal grants and contracts. BYU is required to be in compliance with the federal and state laws. OMB Circular A-110 states in part: "A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference."
3. Reporting Results of Inventories: Asset Management is required to notify the Office of Naval Research (ONR) upon completion of BYU's biennial inventory and provide them with (a) a listing that identifies all discrepancies disclosed by the physical inventory, and (b) a signed statement that a physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement except for discrepancies reported.

4. Policy: Departments located off-campus will conduct manual inventories biennially when a bar code inventory is not scheduled.

5. Procedure:

a. Mail (a) a current asset inventory listing, (b) an “Assets Not Scanned” Report, and (c) the *Fixed Asset Condition Code Update* to the department. Asset Management responsibility.

b. Physically verify the existence of each asset on the asset inventory listing and that the asset’s bar code tag is affixed. Department responsibility.

c. Complete and submit to Asset Management the “Assets Not Scanned” report. On the form, note all the located assets as “found” in the blank field to the right of each asset. Exceptions such as items on loan, missing, etc, should be explained in the blank field to the right of each asset with appropriate documentation supporting the explanation. Submit the Assets Not Scanned Report to Asset Management with supporting documentation that may include the following:

i. Copy of a loan agreement.

ii. Print out of email confirming location of asset and responsible parties.

iii. Copy of surplus pick up request for items sent to surplus.

iv. Property Disposition Request form for items cannibalized or salvaged

v. Property Disposition Request form for missing items.

6. The Dean, Department Head or Director of the unit should review both the Reconciliation form and the Fixed Asset Condition Update form. Sign and date each form on the line provided on each form. Submit both forms together to Asset Management within the date requested by Asset Management. This finalizes the physical inventory process for the department.

B. Annual Reports: as designated by the funding agency, and per their instructions.

C. Special Reports: The Asset Management Manager establishes schedules for issuance of special reports to meet special needs. Special reports are written to meet the unusual needs of departments. They are prepared upon

request. Departments are expected to pay time and materials costs for any special reports requests.

D. Periodic Reports:

1. Periodic property reports will be completed by the Asset Management Office when required by individual external funding agencies, per their format and instructions, i.e. use of the NASA form 1018.
2. Government Furnished Inventory List: There is an additional report that consists of all government furnished or loaned equipment with an acquisition cost between \$1,000 - \$4,999.99. This report is required at the end of the contract.

SECTION 12: INSURANCE

A. Policy

1. BYU is self insured. For additional information see the Risk Management Office.
2. Payment of Deductible Requirement
3. Exclusions

B. Procedures

1. Actions Required in the Event of Loss: Upon discovery of a loss or disappearance of University property, the head of the concerned operating unit shall:
 - a. Immediately notify the Campus Police of the loss by telephone or in person.
 - b. Advise the University Risk Management coordinator, in writing, of the loss, together with any other relevant circumstances.
 - c. Prepare and supply, upon request, to responsible University officials, a descriptive list of the lost or missing items, including the University asset number(s) and serial numbers of the property in question.
 - d. Cooperate with investigations by Campus Police and the Risk Management coordinator.

SECTION 13: CLOSEOUT OF GRANTS AND CONTRACTS

A. Federal Contract Close-out.

1. Contract Close-out
 - a. When advised by the ORCA Office that a contract has been completed or when an impending closing date is reached, Asset Management will take the following action:

- i.. Confirm that the grant or contract has actually closed (many times the award is extended and Asset Management may not be notified.)
- ii. Check the contract to make sure exactly what type of report is required. Complete the report. (DD for 1662, NASA 1018 or other prescribed form.)
- iii. Check to see if the University has title. If not, request title.
- iv. After completion of the required reports and request for title, a suspense file is setup to keep track of it to make sure a response is made from the agency in a timely manner. If no communication has been made from the agency in 120 days, Asset Management refers to circular OMB 110 and assumes the contract is closed and the University has been granted title.
- v. Once BYU is awarded title, Asset Management updates the title date in the database. The department is advised to remove the US Government tag from the asset.
- vi. If the University is not given title, and it is requested to ship the property back to the contracting government agency, Asset Management will contact the ORCA Office and advise them of the disposition.

b. Release From Responsibility: The University is relieved of responsibility for government procured property, with the concurrence of the Contracting Officer or his duly authorized representative, by the following:

- i. Consumption of property in performance of the contract.
- ii. Retention by the University for consideration given the government.
- iii. Sale of property, the proceeds of the sale being received or credited to the government.
- iv. Shipment from University premises or that of a subcontractor.
- v. Transfer of title to the University.
- vi. Abandonment in place by the government.
- vii. Loss, damage or destruction.
- viii. Other instructions from cognizant agency found on the ONR website: http://www.onr.navy.mil/02/024/close_out.asp.
- ix. Equipment purchased under a research contract, grant or award will be subject to the terms and conditions of the award, and the awarding agency.
- x. No equipment furnished by the government or purchased with a research award will be disposed of until BYU has clear title. Contact ORCA for instructions on gaining title to the equipment.

xi. Once BYU has title to any equipment purchased by government funds, it then becomes subject to BYU equipment policies.

c. Follow all other instructions for closeout. An example of Department of Defense (DOD) closeout procedures where the Office of Naval Research has administrative authority are found at:

http://www.onr.navy.mil/02/024/close_out.asp.

d. All other federal contracts will follow instructions for closeout based on individual contract instructions, or published agency guidelines.

e. Subcontractors with the use of federal funds are subject to the same closeout guidelines as the prime government contractor.

B. Industry contract/award closeout.

Close-out procedures for all private industry awards will follow individual contract instructions, or published guidelines.

C. Foundation award closeout.

Close-out procedures for all foundation industry awards will follow individual contract instructions, or published guidelines.

D. Condition codes for equipment disposal during award closeout.

1. AMO and the Principal Investigator of an award will determine the condition of equipment procured under a government award and when required by contract, report the end-of-the-contract condition of the equipment for reporting and final disposal.

2. Equipment Condition Codes are to be used when reporting of government procured equipment, and may be used for all others.

a. Complete the two sections on the right side of the form. The first section lists the various condition codes that may apply – A1, A2, A3, A4, A6 A7 and ML. The description of these keys is at the top of the form:

A1 – Excellent

A2 – Good

A3 – Fair

A4 – Poor

A6 – Useable

A7 – Non-functional

ML – Missing/Lost

- b. Note the “date of last use” to the right of the Condition Code. This can be an approximate date if the asset is used irregularly.
- c. Report the condition codes for all federally loaned, or procured equipment at the end of the award period.