

**UMass Amherst  
Property & Inventory Control Office**

**Forms and Quick Links:**

1) Equipment Action Forms

[Equipment Disposal form](#)

[What is Surplus Property?](#)

Equipment Transfer form

Equipment (other action) form (lost/missing, stolen, held for parts, other)

[Offsite Equipment form](#)

Equipment Coordinator Form (update/change)

2) Equipment Purchasing

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3) Grant Related

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4) Data Security

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## Welcome

The primary mission of the Property Office is to keep track of all University equipment and capital assets, conduct periodic inventory observations, and to ensure the surplus equipment is disposed of in accordance with Federal and State regulations and University policies.

Main Functions of the Property Office:

- **Equipment Tagging:** All sensitive and capitalized equipment is tagged and recorded on the asset management system.
- **Equipment Inventory:** The Property Office assist departments in periodic inventory observations, understanding equipment requirements and procedures, and keeping equipment records up to date.
- **Surplus Property:** All disposals of surplus equipment assets must be coordinated with the Property Office. We assist departments in determining the appropriate disposal method for their surplus.

### What is Equipment?

Equipment is a stands alone, movable and externally visible item. It has a unit price of \$1,000 or more, has a life expectancy of two years or more, and it is repairable.

In addition, any computer, laptop, or tablet at any unit value needs to be tagged and tracked. Please use account code 741980 "IT Equipment under \$5,000" for any purchase of IT equipment under \$5,000. Please Note: You cannot purchase computing devices on a Procard without obtaining an [IT Equipment Waiver Form](#) prior to the purchase of IT equipment.

### Department Responsibility

Departments are responsible for the physical custody of all equipment. Ensure that equipment is properly maintained, safe guarded, and is used only for official purposes. Submit appropriate reports in a timely manner. Conduct periodic inventory observations, maintaining records, and to notify Property staff of new equipment acquisitions, disposals, and any change in location

# Property Management Procedures

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## Section 1) Definition of Equipment (capital, non-capital, federal),

Items must meet *all* of the following criteria:

1. Is an entity unto itself (stands alone – must be externally visible); e.g., computer, printer, microscope, filing cabinet, etc.);
2. Has a unit net price of \$1,000 or more (after any discount that may be taken); equipment that has a unit cost of \$5,000 or more is capital equipment;
3. Has a life expectancy of two years or more;
4. Is repairable.
5. Title to or ownership of all Commonwealth or University property shall be deemed to be vested in the University of Massachusetts unless stipulated otherwise by the funding source. Title does not rest with a department or an employee, regardless of source of funds or donation associated with the acquisition.

### Policy for tagging equipment

Any purchase that meet the criteria of equipment outlined above (including IT Equipment) will be tagged by the Property & Inventory Control Office staff, or by arrangement with a department.

### Exceptions to Equipment Tagging

1. Equipment items that are attached to a building or structure are considered fixed equipment and are no longer movable. As such, these items are treated as fixtures, or building/land improvement that do not require tagging. Examples include window air conditioning, water heaters, ceiling projectors, large wall or ceiling mounted TVs, antennas, fume hoods, dishwashers, security cameras, internal components like motors, IT switches, etc...
2. Equipment too small, sensitive, or impractical to tag. These are often found in research and high tech areas.

### Policy on Equipment Inventory

All tagged equipment as defined above will tracked in the Asset Management system. All tagged equipment will receive a biennial inventory observation. Inventory observations may be conducted by Property Office staff or by department equipment coordinators.

Select departments with highly centralized IT functions will be responsible for tagging, recording and tracking their computers. Highly centralized functions include; purchasing, central receiving, loading application software, maintaining equipment, and maintaining an equipment tracking database.

Supplies: Tangible items at any value that do not meet the definition of equipment and are not tracked in the asset management system by the Property & Inventory Control Office are classified as supplies. Departments should ensure that all supplies are safeguarded from theft, not purchased for personal gain, and should maintain procedures to safeguard supplies greater than \$100.

## **Federal Property**

### Federal Capitalization Policy

Capitalized property is defined as University assets included in the total equipment inventory system for which a depreciation expense or use allowance charge is applied.

The Asset Management System capitalizes federal moveable equipment as having a useful life of one year and an acquisition cost of \$5,000 or more. The amount capitalized is the purchase price of the asset and any costs necessary to prepare the asset for use (including transportation and installation costs – warranty and maintenance costs are not included).

### Subcontractor (sub-recipient) purchasing and control of federal equipment.

FAR requirements are passed down to subcontractor who agrees to abide by the terms. Subcontractor invoices are reviewed by a grant accountant, who checks for certification (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812), and forwards invoice to the PI for review and approval for payment. Grant closeout procedures include subcontractors.

Donations of Equipment - For donations of \$1,000 and above the donor must have the University certify the receipt of the item. All donations “Gifts in Kind” are recorded by the Development Office and reported to the Controller’s Office for possible tagging and tracking. Such equipment is then identified in the P&I system by a document number. For capitalizing purposes, a listing of donated items is obtained from Development and reviewed annually. Items that meet the campus criteria will be capitalized. This review is performed annually in the Controller’s Office and selected items are then booked into the Asset Management system.

The Federal Acquisition Regulations (FAR), Part 45.101, states:

**“Contractor-Acquired Property,”** as used in this part, means property acquired or otherwise provided by the contractor for performing a contract and to which the government has title.

**“Government Property,”** means all property owned by or leased to the Government or acquired by the Government under the terms of the contract. It includes both government furnished property and contractor-acquired property.

**“Government-Furnished Property (GFE),”** as used in this part, means property in the possession of, or directly acquired by, the Government and subsequently made available to the contractor.

## **GOVERNMENT FURNISHED EQUIPMENT**

Government furnished equipment includes property provided by federal agencies to principal investigators regardless of cost. When principal investigators acquire property directly from a federal agency, the Property & Inventory Control Office must be informed of the receipt of that equipment and be provided with any issuing documents.

The Property & Inventory Control Office will view the equipment and tag, if appropriate. The equipment is added to the Asset Management system; the record containing information as specified in FAR 52.245-1. Federal title is also indicated in the record.

At the end of an award and completion of a contract, Government Furnished Property will be returned to the agency. Equipment may also be transferred to another contract.

## **Grant Closeout Process**

When a federal award ends, the Property & Inventory Control Office will be notified by the agency, Office of Grant & Contract Administration, or the responsible grant accountant based on close out requirements specified in the initial award document

Sponsor specific requirements and other information can be on the Research Administration and Compliance site: <http://www.umass.edu/research/awards/administration/reporting>

The applicable closeout reports will be prepared and submitted to the appropriate agency. In most cases these reports are filed electronically.

## **Fabricated Equipment**

Fabricated Equipment is a piece of capital equipment that has been created for a specific research project. Cost efficiency, timeliness of delivery, non-availability or uniqueness of particular equipment may make it necessary for the project to fabricate a piece of equipment rather than purchase it.

Fabricated Equipment is exempt from the Indirect Cost (F&A) Rate. Among the criteria used to classify an item as Fabricated Equipment are:

1. The total cost is \$5,000 or more; the equipment is not expendable and has a usable life of more than one (1) year; the equipment is to be used only for research and is needed to carry out a sponsored project.
2. As individual pieces of equipment are completed the Principal Investigator must report the item(s) to the Property and Inventory Control Office for proper tagging and recording. All Fabricated Equipment must be appropriately tagged by the end date of the project.
3. The cost of Fabricated Equipment must be reasonable and supported by adequate documentation which is subject to review by the Property and Inventory Control Office or other responsible officials.

<http://www.umass.edu/research/policy/fabricated-equipment-policy>

## Section 2) Equipment Additions/ Tagging

### Property Acquisition (equipment – movable and fixed only)

Departments order fixed asset items as allowed in their budgets. When an item is ordered, a Purchase Order is generated with a specified equipment account code assigned to it. A list of **Equipment account codes** are available at

[http://www.umass.edu/controller/sites/default/files/Expenditure\\_Classification\\_Handbook.pdf](http://www.umass.edu/controller/sites/default/files/Expenditure_Classification_Handbook.pdf)

Equipment purchases are monitored through an encumbrance system which reduces the appropriation as purchase orders are processed. The account code identifies the purchase as equipment.

Additionally, the same equipment account code should be used for costs related to shipping, setup, in-transit insurance and any other related parts or component units.

Department heads, or authorized staff, have overall responsibility to approve equipment purchases and to verify that items ordered have been received.

Purchase of equipment on Procard requires prior approval, see:

<http://www.umass.edu/procurement/Procard/IT%20Waiver%203-2016.pdf>

The department must report the purchase to the Property Office and within 30 days from date of purchase reallocate the account code to the correct equipment account code.

The AM custodian approves all equipment and then provides Property Office staff with a list of equipment to be tagged. Department can perform their own tagging through special arrangement with the Property Office. It is not practicable or reasonable to tag some equipment items. This is handled on a case by case basis.

Before an item is recorded in the Asset Management system, Property Office staff go out to departments to view each item, and tag equipment with a barcode. The process of determining when items are tagged is based on incoming volume and item location. Tagging items is a perpetual process with timing dependent on item location and department contact person's availability. Due to the size of the Amherst campus and the diverse needs and use of each department, the campus does not mandate use of the central receiving department. Self-tagging departments report equipment details to Property Management.

### Equipment entry points

Most equipment purchases are flagged as they enter the system through the Purchase Order/Accounts Payable process as described above. Other infrequent equipment acquisitions occur through:

- Special equipment waivers granted to Procard (credit card) holders for one time low dollar purchases,
- Title transfers between institutions
- Furnished (see "Government Furnished Equipment" above)
- Donations (see "Donations of Equipment" above)
- Fabricated equipment

## Section 3) Inventory Process

### Physical Inventory/Scanning

The University is mandated by the State make a physical inventory observation of each equipment items once every two years. The inventory observation is conducted by building or location on a rolling two year cycle. Each department equipment coordinator is notified in advance of the pending inventory observation and what is expected of departmental staff during the process. Departments that conduct their own inventory observation are notified of their pending inventory observation and are provided with a due date for reporting their results.

Following the inventory observation data results are reconciled to Asset Management. A list of unfound items is generated for further follow up efforts between Property Office staff and the departmental Equipment Coordinator. Every six months the Controller will review the status of completed and pending inventories.

**The Equipment Coordinator** is a designated individual who has the authority and responsibility for the physical custody of all equipment under their control and within their custodial area (department). Through the designated Equipment Coordinator departments are responsible for:

- Ensuring that equipment is properly maintained, safe guarded, and is used only for official purposes.
- Submitting appropriate reports promptly to the Property Office for transfers, lost, missing, stolen, destroyed, damaged, or obsolete equipment.
- Physical inventories including the follow-up for missing items not found during the scanning process
- Maintain a record of equipment that is removed for use or repair outside of the department.
- Ensure that complete documentation is provided to the Property Office for newly acquired property.
- Equipment Coordinator have authority to dispose of equipment.

## Section 4) Retirements / Disposal / Surplus Property

### Equipment Disposal Process

Equipment Coordinator, department head or designated staff approve asset retirement, should complete the online equipment disposal form (see link below). Submission of form is routed to the Property Office where equipment item(s) are retired in PeopleSoft and Waste Management schedules item for pick up.

It is the department's responsibility to ensure that all computer storage devices are removed by a qualified IT staff member during the disposal process. The online equipment disposal form may not be the best method for computer disposals. Please consult your department data steward or IT service center before you proceed.

Equipment Disposal form: <http://www.umass.edu/facilities/requests>

Equipment may also be disposed of by a department as surplus property. Surplus equipment may be picked up by another department or put out to a public bid.

Surplus Property form: <http://www.umass.edu/procurement/surplus.html#>

## **Trade-in Equipment**

When Amherst purchases equipment such as vehicles or large equipment items, the vendor often will accept a trade-in. Purchase Orders should provide information about the equipment being traded-in (Tag #, description, serial number). Property Office reflects the addition/invoice price in the Asset Management system at full value (does not consider trade-in allowance). The University pays the vendor the net price. The equipment traded is removed from the Asset Management system. With the deletion of the traded equipment, the system appropriately reflects the asset value.

## **Section 5) Capital Construction/Land (non-equipment Capital Assets)**

### Asset Management Non-Equipment Recording and Reporting

#### **LAND**

Each June a formal request is made to the Director Facilities Administrative Services in Facilities and Campus Planning, asking for details relating to any purchase, donation, sale, or title transfer of any land. If structures exist on the property a breakout of acquisition costs are provided allocating the cost between land and buildings. A fair market value of the land and buildings is provided for any donated property.

Information is also provided on any deals involving transfer of title between related entities, like the UMass Foundation, the state, or another campus.

A list of demolished buildings, condemned or impaired properties are also requested, but that relates to Buildings and improvements.

#### **BUILDINGS AND IMPROVEMENTS**

##### ***Capital Projects - Facilities Planning***

Facilities and Campus Planning is responsible for capital construction. The criteria for capital construction occurs when estimated costs reach \$25,000. Projects under \$25,000 are considered to be maintenance and repairs and they are expensed as incurred. Generally, if a department has a project that will exceed \$25,000 they transfer the necessary funds to Facilities and they take on the project. .

Periodically throughout the year the Controller's Office reviews the ledger for non-Facilities plant fund projects to see if any activity should be capitalized.

Capital projects are budgeted from campus funds and approved by the Board. Large multi-million dollar construction projects are either bond funded by the UMass Building Authority or managed by state DCAM (Department of Capital Asset Management).

Facilities and Campus Planning continually monitor campus needs for capital improvements. Projects are ranked by priority, with health or safety related improvements getting the highest priority.

Project costs are tracked in a PeopleSoft project ID that is set up by Facilities and Campus Services. A Facilities project manager is assigned to each project to oversee the work, approve expenses, and monitor budgets.

Facilities and Campus Planning also has read access to the MMARS, the state accounting system, to view expenses paid with state funds. MMARS and PeopleSoft are reconciled monthly.

Retainage is a state mandated 5% holdback on all progress billings. With satisfactory completion of a project, which is evidenced by the project manager's final signoff on completion, all retained amounts are paid to the contractor. At year end the value of all active (CIP) projects is multiplied by 5% and a single accrued retainage payable is recorded as CIP with an offset to A/P.

Completed projects are those manually added to PeopleSoft Asset Management (AM) system. AM calculates annual depreciation expense and this amount is journalized to the ledger.

AM is a PeopleSoft module that receives input from Accounts Payable, but it does not feed capital transactions to the ledger. Annually (in total), all additions, retirements, depreciation, and gain/loss on disposal are booked in the ledger.

**Construction in Process (CIP)** projects are not entered into Asset Management until they are complete. However, CIP is booked at a summary amount in the ledger.

### **Software**

Software greater than \$100,000 is capitalized.

Software is booked in coordination with the president's office and consist of Software includes large administrative systems. This may also include significant upgrades of existing software.

### **Capital Leases**

These include assets purchased with line of credit financing. The campus review all lease agreements for capitalization. Photocopier leases are not capitalized. See Xerox lease agreement on UMass Procurement website for details. <http://www.umass.edu/procurement/>

All Capital Asset

Category Description	Years	Profile Description	Status
Building – Original	40	Administration	Depreciable
Building – Original	40	Athletic - Buildings	Depreciable
Building – Original	40	Athletic - Stadium	Depreciable
Building – Original	40	Hotel	Depreciable
Building – Original	40	Instruction	Depreciable
Building – Original	40	Plant - Non-Mechanical	Depreciable
Building – Original	40	Academic Non-Research	Depreciable
Building – Original	40	Residential	Depreciable
Building – Original	40	Academic Research Envelope	Depreciable
Building – Original	20	Garage	Depreciable
Building – Original	20	Greenhouses	Depreciable
Building – Original	20	Plant - Complex Mechanical	Depreciable
Building – Original	20	Trailers	Depreciable
Building – Original	20	Academic Resrch System Comp	Depreciable
Land Improvements	20	Land Imps-,Fence, Paving	Depreciable
Building Improvements	20	Bldg Imp-Envlpe-Roof,Flr,Wall	Depreciable
Building Improvements	15	Bldg Imp-Fxtures,Elevatrs,HVAC	Depreciable
Equipment - Movable	12	Marine Vessels	Depreciable
Building Improvements	10	Bldg Imp-System Components	Depreciable
Equipment - Movable	10	Maint,Plant Equip,Tools,Machin	Depreciable
Equipment Fixed/Installed	10	Equipment - Fixed/Installed	Depreciable
Equipment - Movable	7	Buses, Heavy/Industrial Vehicl	Depreciable
Equipment - Movable	7	Office, Classroom, Rec Equip/Furn	Depreciable
Building Improvements	5	Bldg Imp-Residential Imps	Depreciable
Equipment - Movable	5	Automobiles-Passenger	Depreciable
Equipment - Movable	5	Computers, Telecom, Multimedia	Depreciable
Equipment - Movable	5	Lab, Scientific, Research 5 yr	Depreciable
Equipment - Movable	5	Weapons	Depreciable
Leased Equipment	5	Lease Purchase Equipment	Depreciable
Software	5	Large Administrative Systems	Depreciable