

**MOVABLE EQUIPMENT POLICY
PROPERTY SERVICES AND SURPLUS PROPERTY PROCEDURES**

Auburn University (AU) Property and Inventory Control policies and procedures apply to all moveable equipment or property acquired by any division of Auburn University, except where noted. They do not apply to library books; equipment affixed to a building; maps; film; or equipment costing less than \$5000. Property acquired under a contract, grant or subaward, either by direct charge or in part as required for cost sharing, as well as property furnished to AU by any federal sponsor, is subject to the sponsor's property management requirements as well as OMB circular a-110 and FAR part 45.

TABLE OF CONTENTS

1. [Important Terms](#)

2. [Acquisition](#)
 - 2.1 [Banner Account Listings](#)
 - 2.2 [Capitalization Criteria](#)
 - 2.3 [Purchases from State Surplus Property](#)
 - 2.4 [Gifts and Donations](#)
 - 2.5 [Transfer](#)

3. [Identification](#)
 - 3.1 [Federal Property](#)
 - 3.2 [Art and Collectibles](#)

4. [Physical Verification of Inventory](#)

5. [Disposition](#)
 - 5.1 [Surplus Property](#)
 - 5.2 [Federal or State Property](#)
 - 5.3 [Theft or Loss](#)
 - 5.4 [Trade-In](#)

6. Forms
 - o [Equipment Transactions Form - BO 80-01](#)
 - o [Gift and Donation Approval Application](#)

1. IMPORTANT TERMS

1.1 Accountable Officer:

Each Dean, Director or Department Head may serve as the Accountable Officer or may delegate that responsibility to a staff member. The Accountable Officer is responsible for seeing that University equipment is acquired, inventoried, accounted for, and ultimately disposed according to University policies and procedures. When accountability is delegated or changed, Property Services should be notified in writing within ten days of the appointment. Notification should include the name, telephone number and email address of the appointee.

1.2 Accountability:

Each Auburn University Department is responsible for all property or equipment that is in its custody. The Accountable Officer and, ultimately, Department Head, Dean or Vice President is accountable for the care, use and security of the property or equipment. Each AU department is also responsible for ensuring that each equipment purchase is necessary. All accountable officers will be encouraged to attend annually, the HRD course on Property Management.

1.3 Moveable Equipment and Property:

Any equipment, furniture, machinery or other tangible property of a non-expendable nature that is normally not attached to or made a part of a building.

[Return to Table of Contents](#)

2. ACQUISITION

Generally, when equipment is purchased by AU and properly coded as equipment, the item automatically feeds from the Purchasing System to the Fixed Asset System. Proper coding is essential on purchase requisitions, vouchers, and invoices to ensure that the equipment is included in the University's equipment inventory. (Information on completing and submitting purchase requisitions and payments can be found in the [AU Spending Policies and Procedures](#).) Equipment meeting the criteria for capitalization should be coded in the 74XXX account range.

If equipment is purchased from a Plant Fund (92XXXX Fund), it should be coded in the 75XXX range of account codes.

Equipment under \$5000 should be coded to one of the non-capital equipment accounts:

- 71000 Non-capital computer equipment
- 71010 Non-capital furniture
- 71020 Non-capital other equipment

2.1 BANNER ACCOUNT LISTINGS

74000 Art & Collections	74110 Photographic Equipment
74010 Lease Purchase	74120 Major Appliances
74020 Automotive Equipment	74130 Laboratory Equipment
74030 Vehicle Purchase	74140 Television Equipment
74040 Aircraft/Boats	74150 Telecom Switching
74050 Classroom Equipment	74160 Telecom Station
74060 Library Books	74170 Telecom Distribution
74070 Library Periodicals	74180 Fabricated/Upgrade
74080 Computer Equipment	74190 Other Equipment
74090 Medical Equipment	75470 Moveable Equipment (PLANT FUND ONLY)
74100 Office Equipment	

2.2 Capitalization Criteria

Capitalization refers to the establishment of an asset record in the Fixed Asset System and the inclusion of the cost of that asset in the University's balance sheet.

Equipment is capitalized if it costs \$5000 or more and has a useful life of more than one year.

Such equipment is given a property tag and periodically inventoried. It must be tracked, accounted for, and disposed of according to University property procedures and federal regulations.

The \$5000 threshold includes freight and the costs to put the equipment in service. Items of equipment which are components of an asset should be added together before applying the \$5000 threshold. If a new component extends the useful life of an existing asset, it should be capitalized. However, repair and maintenance costs should not be capitalized and should be coded in 70155-70225 range of accounts.

Some equipment may be sensitive, portable or prone to theft, but may not meet the \$5000 threshold. A department may wish to have such equipment tagged for control purposes.

Property Services will make exceptions on a case-by-case basis. If equipment is to be purchased with Contract or Grant funds or on an associated cost share account, the purchase requisition must be approved by the Office of Sponsored Programs (OSP) prior to processing. (See additional information on [OSP web page](#).)

These procedures do not apply to Fixed Equipment such as built-in shelving, light and plumbing fixtures, boilers and other mechanical or electrical equipment that is an integral part of a structure. Ask Property Services if you cannot determine whether equipment is fixed or moveable.

Some leases may actually represent the purchase and financing of equipment. Contact Procurement and Payment Services or the Controller's Office for assistance in determining if it is a lease-purchase arrangement.

Special-purpose equipment is sometimes manufactured by University shops. The department requesting such equipment must indicate **for fabrication** on the purchase order and an internal voucher may be required. It is the responsibility of the Accountable Officer to make sure that Property Services is informed when any equipment has been fabricated. After the equipment has been completed, the department to which the equipment will be assigned must report the equipment to Property Services on an [Equipment Transactions Form - BO 80-01](#). If fabrication is from existing University-owned equipment (cannibalization), include the property number of that equipment.

Besides buying, leasing and fabricating, equipment may also be:

1. Purchased from State Surplus Property
2. Acquired by donation
3. Transferred from other departments

2.3 Purchases From State Surplus Property

Federal and state surplus property may be obtained through the Alabama State Agency for Surplus Property. Departments purchasing equipment from this agency should refer to the appropriate University purchasing procedures. When items are purchased from the Surplus Property Warehouse, the equipment and its Distribution Document must be taken to Property Services for tagging and for recording into departmental inventory. The Accountable Officer should see that this is done by the next business day.

When equipment acquired from the Alabama State Agency for Surplus Property is tagged, a record is made of any restrictions placed on the equipment. These restrictions apply to *all* passenger motor vehicles and to any equipment which initially costs the government \$5,000 or more. Restrictions remain in place for 18 months from the date of purchase. During that period, the equipment must be used in its original form and cannot be used for a secondary purpose.

All requests to cannibalize such equipment must be coordinated through Property Services. The equipment may be cannibalized within this period only with the prior written approval of the Alabama State Agency for Surplus Property. After the restriction period, departments wishing to cannibalize this equipment should apply to Property Services for permission.

After approval has been received, departments may then cannibalize the equipment and the Accountable Officer should complete an [Equipment Transactions Form - BO 80-01](#) to remove the item from departmental inventory records. The completed form should be forwarded to Property Services.

2.4 Gifts and Donations

Any equipment or other property donated to a University department for retention by AU for use in a college, school or department program must be approved before it can be accepted. [A Gift and Donation Approval Application](#) must be completed and sent to the VP for Development for permission to accept. After physical receipt of the property, all pertinent documentation will be forwarded to the Office of Development Accounting where the gift will be recorded in the Donor Records System. The documentation will then be sent to the AU Controller's Office for recording in the Fixed Asset System if the donated item is determined to be a capital asset. The Gift form and all documentation will be sent to Property Services to file with other asset documentation and it will be included in the normal inventory verification process.

2.5 Transfer

Equipment is sometimes transferred from one department to another. The Accountable Officer transferring the equipment should complete an [Equipment Transactions Form - BO 80-01](#), before the property is transferred. The receiving and releasing departments should both sign their approval for the transfer. The form is sent to Property Services for final approval before the equipment is moved.

If assistance is required in moving this equipment, Property Services will send a copy of the approved Transactions Form to the Facilities Division. The approved Transactions Form is the only authorization to move Auburn University equipment.

For equipment purchased by contract or grant, any transfer of the equipment outside Auburn University, such as with the departure of the Principal Investigator, is dependent upon stipulations in the contract or grant and requires the approval of the Office of Sponsored Programs. After transfer of the equipment to a new location off campus, Property Services will request that the receiving institution's department head or agency director send a letter or email notifying AU that the equipment has been received. In the case of contract equipment, the Principal Investigator should not be the individual responding to Property Services acknowledging receipt of the equipment.

[Return to Table of Contents](#)

3. IDENTIFICATION

Unless otherwise waived, every capitalized piece of equipment must have an identification tag. Property Services will tag equipment located on the Auburn University main campus. The Accountable Officer will be provided with identification tags for equipment at outlying units. The tag is of durable plastic with a permanent adhesive backing and contains an identification number. Once applied, care should be taken not to paint over or obliterate the identification number. All

tags should be uniformly-located. When practical, place the tag near the manufacturer's name plate indicating serial and model number:

- **Equipment & other furnishings** - Where convenient but not distracting from appearance of item
- **Automotive & other rolling stock** - Where easily visible, but not subject to obliteration

Library books, maps, film and non-capital leased or rented equipment are not to be tagged. Specific exceptions to the tagging policies may be made if Property Services determines that tagging an item is not practical.

3.1 Federal Property

Each principal investigator must maintain a separate and complete file of purchase orders and receiving reports for equipment acquired under each federal project. Receiving reports should show serial numbers and other pertinent data so that equipment can be readily identified.

Equipment purchased under a federal project should be tagged by Property Services. If title is to remain with the federal government, the identification tag will have a property control number in the 400000 range. If AU retains title, the item will be tagged in sequence with other University property. Property Services is responsible for accurately recording the sponsor funding source and the ownership of any purchased or acquired property.

3.2 Art and Collectibles - Jule Collins Smith Museum of Art

All art and collectibles purchased or gifted to the Museum will be recorded on their internal inventory system according to their Accessioning and Deaccessioning Policy which was approved by the Board of Trustees in February, 2007.

[Return to Table of Contents](#)

4. Physical Verification of Inventory

A physical inventory of equipment is performed at least once every two years. At the scheduled time, Property Services will supply each Accountable Officer with two copies of the most current equipment inventory report, along with instructions for completing the inventory verification. The department must physically locate all equipment and confirm that the items are on hand. Any missing items should be noted. **In order to facilitate easily locating property, each Accountable Officer should maintain a listing of departmental property which also contains the signature of the employee to that the property is assigned. Jointly used property should be assigned to the Department Head or his/her designee.**

A copy of the inventory report must be returned to Property Services within **30** working days of receipt. The report should be dated and signed by the Accountable Officer **and** Department Head. **The department must** provide documents supporting status changes for property that is no longer assigned to the department or that is now assigned to the department, but is not included on the

report. **The Accountable Officer/Department Head should contact Property Services if a delay in reporting is necessary. If the completed inventory verification report is not returned and Property Service is not contacted within the 30 working days, an e-mail will be issued notifying the Accountable Officer of the delinquency. Further failure to respond within 30 working days following the date of the e-mail, will result in a penalty equal to 1% of the total inventory costs, not to exceed \$1,000, assessed to the department. This amount will continue to be assessed via budget transfer after every 30 days, until the inventory report is returned. The Department Head and Accountable Officer will receive written notice of this penalty.**

Sample inventory verifications **will** be performed by Property Services following the return of the final verification by the department and the follow-up date will be arranged with the Accountable Officer. If the inventory verification indicates that the number of items or value of missing equipment **exceeds acceptable limits (greater than 10% missing)**, Property Services will review the inventory with the Accountable Officer **and Department Head**. Upon identification of unresolved discrepancies, the Department Head, through the Dean, should immediately write a letter to the Controller describing the circumstances surrounding the unlocated equipment and request permission to have it removed from inventory records. **A budget assessment equal to 30% of the book value (cost less accumulated depreciation) of missing equipment that is over two years old and 100% of missing equipment that is less than two years old will be assessed for those departments with unresolved discrepancies in their equipment inventory verification.**

4.1 Removing Property from University Premises

Written permission from the appropriate department head is required before University-owned or controlled equipment can be removed from University premises. Permission should include a description of the equipment, condition, any serial number, and the University property identification number. The Accountable Officer should retain this permission for verification by Property Services. This procedure should be used whenever equipment is returned to the manufacturer or sent off campus for repairs.

[Return to Table of Contents](#)

5. DISPOSITION

5.1 Surplus Property

When equipment is no longer useful or needed, departments may transfer it to Surplus Property as Excess and Surplus Property, by completing the [Equipment Transactions Form - BO 80-01](#) and sending it to Surplus Property for review. If the property was acquired by gift and it was held less than 3 years, Development Accounting must be notified in writing of the disposition of the item. After receiving the completed form, the Surplus Property Department will arrange for Facilities to have the item moved, if necessary, or pick it up themselves. When this transfer is made, the department relinquishes control over the equipment. There are special circumstances if equipment is to be sold by outlying units because of size or feasibility of moving the equipment. The unit manager, through the Dean's Office should first contact Surplus Property and supply a list of the

items to be sold and request permission for the sale. Outlying unit sales will follow the same University policies and procedures as required for on-campus sales, in accordance with State laws. The Surplus Property Manager will supply detailed instructions to the unit upon request.

Surplus Property will complete an **Equipment Release Form**, providing a copy to the department and to Property Services. The Accountable Officer should monitor all equipment in his or her unit. Any equipment no longer used should be transferred. Surplus Property and Excess Property held by the Surplus Property Department is either available to all departments on a first-come, first-served basis or sold through the surplus property process.

Notices of Excess Equipment will be posted on the Surplus Property web site for access by University departments. The property is available at a nominal cost to departments. Any equipment not requested by a University department will be sold to the public or donated to public schools or other State agencies. Sales of property are held in accordance with state laws regarding the disposal of surplus property. Proceeds from the sale of specific items, less advertising and handling charges, will be transferred to the appropriate departmental accounts.

A copy of the bidding procedures, developed in accordance with the laws of the State of Alabama, is available from Surplus Property Department. University surplus procedures apply to all University department and affiliated organizations using AU purchased equipment.

5.2 Federal or State Property

Sometimes property is purchased under a contract and grant, with title eventually reverting to the grantor. In such cases, Property Services should be notified regarding the disposition of the property at the end of the grant/contract period. For more information, see the [Office of Sponsored Programs' Property Procedures for Government Property](#) or refer to OMB A-110, subpart C-Property Standards.

5.3 Theft of Equipment

When it is believed that equipment has been stolen, the Accountable Officer should immediately inform University Police and request an investigation. The Accountable Officer should forward a written report and a copy of the police investigation report to Property Services.

5.4 Trade-In

Approval by Property Services is required before any property can be traded for new equipment. A Purchase Requisition for the new equipment should be prepared which includes the following information on the item being traded:

1. Description of the item
2. Serial number
3. Property Control number

Care should be given to not violate State bid law when trading. Please call Procurement and Payment Services when an item is bid and a trade-in is involved. The Accountable Officer must complete an [Equipment Transactions Form - BO 80-01](#) when the purchase order is issued and send to Property Services for removal from the University property records.

Identification tags should be removed or obliterated before the property is released. Upon delivery or pickup of the property, an Equipment Transactions Form must be **signed by the vendor** and sent to Property Services. Under *Type of Transaction*, check *Other*, and type "Trade-In" for explanation.

Revised: July 23, 2014