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Revised April 2001

I. Boston University Office of Property Management

A. Introduction

This manual has been prepared to assist University departments understand the policies and government regulations regarding moveable capital equipment from the time of acquisition through disposal.

All moveable capital equipment owned by, or located at, Boston University should be identified in the Property Management System. This includes items that are donated, leased, loaned, or transferred to the University, as well as all equipment purchased by the University with either restricted or unrestricted funds.

Moveable Capital Equipment is defined as any article of non-expendable tangible property (e.g., automobiles, centrifuge, electron microscope, LCD projection system, network server) that meets the following capitalization criteria:

- The item purchased has a useful life of one year or greater.
- The cost of the item is \$5,000 or greater, including delivery and installation costs, and including the cost of attachments required to operate the item when those attachments are acquired as part of the original equipment purchase.
- The University has title to, is the custodian of, or is held responsible to account for the item.

When an item meets the capitalization criteria, but is not logically classified as equipment, the Property Management Office should be consulted regarding proper charging and processing to the appropriate object code (e.g., software, databases.)

Questions regarding Property Management policies and procedures should be addressed to the Property Management Office, Office of Grant and Contract Accounting, 25 Buick Street, Room 230, Boston, Massachusetts 02215.

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Property Management System

The Property Management System provides a central information resource where departments and administrative offices can locate a given piece of equipment by searching for an Asset ID tag number, serial number, custodian, purchase/requisition number, etc. These records are the basis for filing required reports for sponsor-funded projects as well as financial and management reporting.

Audits

All property that Boston University owns, or is accountable for, is subject to internal and external audits. Therefore property must be accounted for accurately and on a timely basis.

B. Benefits of Effective Property Management

The Property Management System offers numerous benefits to individual departments and to the University as a whole. These benefits include:

1. Improved control and maintenance of both University and federal government property through accurate documentation of:
 - Departmental planning and budgeting
 - Reports of equipment by grant or contract number
 - Analysis of equipment use and loss
 - Accurate inventory information to facilitate proper levels of insurance coverage and claim processing
2. Compliance with government regulations (see below). Federal regulations require that accurate records be maintained for the cost and location of moveable capital equipment.

C. Government Regulations (also see **Government Equipment, page 8)**

The federal government has established a series of standards and regulations to tighten controls on government-sponsored equipment. All institutions that receive funds for federally sponsored programs are required to maintain a property management system and comply with federal regulations. The government has the right to approve institutional policies and to audit property management systems.

D. Role/Responsibilities of the Property Management Office

Role

The Property Management Office provides assistance with all issues regarding movable capital equipment. Movable capital equipment is defined as any article of non-expendable tangible property with a cost of \$5,000 or greater, having a useful life of one year or greater. The Property Management Office can assist with the purchase, accounting for, and disposal of movable capital equipment. The Property Management Office can help with proposal development, project performance, the conclusion of projects, and the retirement of equipment.

Responsibilities

The primary responsibilities of the Property Management Office are:

1. Maintain a detailed record of all moveable capital equipment (see Part I. A. for a definition of moveable capital equipment) owned by Boston University or located on Boston University (leased, rented, or owned) property;
2. Physically tag all moveable capital equipment;
3. Conduct an inventory of physical equipment every two years; and
4. Provide training and guidance relating to property management.

Responsibility for both University and federally owned property resides with either the Department Property Administrator or Principal Investigator. The Property Management Office provides assistance with many areas of information, including:

Acquisitions

- Making pre-purchase decisions for project equipment
- Classifying equipment as either expendable or capital
- Identifying and tagging equipment

Records and Documentation

- Transferring title of equipment between Boston University and other institutions
- Documenting and recording all equipment in the Property Management System
- Documenting the transfer of equipment to other departments within Boston University
- Documenting use and verifying the value of donated and leased equipment
- Performing and reconciling physical inventories of department equipment
- Reporting property issues to University management, sponsors, donors

Disposal

- Screening (prior to disposal) surplus equipment
- Assist departments with the proper disposal of moveable capital equipment
- Facilitate the disposal of moveable capital equipment having hazardous materials

Sponsored Projects

- Reconciling equipment expenditures on sponsored projects
- Assigning a fabrication number for fabricated equipment
- Assisting with subcontractors
- Requests for use of equipment in research participation agreements

Property Management/Government Property Administrator Interaction

Per the terms and conditions of various grants and contracts, the Associate Comptroller of Grant and Contract Accounting periodically files reports with government agencies. These “equipment reports” are generated from information that is contained in the Property Management System. Information in these reports details grant or contract spending and includes date of spending, amount, and department. Further, the reports include the results of physical inventories, requests for disposition of material from the grant or contract, and contract closeout issues.

E. Role/Responsibilities of the Departmental Property Administrators

Role

Each department must designate a Departmental Property Administrator. The Departmental Property Administrator's plays a significant role in the property process, by ensuring that equipment is consistently accounted for and records are properly maintained.

The Departmental Property Administrator ensures that excess equipment is deemed surplus as soon as it is no longer needed. The Departmental Property Administrator must also maintain copies of supporting

documentation, stay in regular contact with people who use the equipment, and update departmental records in a timely manner.

Boston University must track each asset throughout its life cycle: from the time it arrives at the University until it leaves. In essence, Departmental Property Administrators and Property Management staff are partners in tracking and managing property. The faculty and staff in your department will also monitor the efficient use of equipment, which maximizes department budgets and ensures that property is readily available. Faculty and staff will be able to locate and utilize their equipment more readily. The University benefits tremendously from efficient management of both University and federal property.

Departmental Property Administrators must attend a required training session, to ensure that they have the necessary skills to perform their job as a Departmental Property Administrator. The Property Management Office and the Office of Personnel hold training sessions periodically. Training is also available on an as-needed basis by calling the Property Management Office at 617/ 353-8087.

Departmental Property Administrator Responsibilities

1. To safeguard moveable capital equipment assigned to the department and to ensure the equipment's proper use and maintenance.
2. To ensure compliance with both University and federal policies and procedures regarding moveable capital equipment.
3. To ensure that custodians and users of moveable capital equipment are aware that the University or the federal government has final title to the equipment.
4. Functions of the department:
 - Maintain a requisition and packing slip for each item received (please contact the Property Management Office regarding any moveable capital equipment that is not tagged)
 - Reconcile department records to the Property Management System by submitting required forms
 - Participate in on-site inventory reviews
 - Follow up on mischarges or the return of moveable capital equipment with the Office of Procurement or the Office of Facilities and Property Management
 - Advise the Property Management Office of all acquisitions, disposals, and movement of capital equipment

II. Property Management Policies

A. Moveable Capital Equipment Policies

Moveable Capital Equipment (Object Code 0930)

1. Movable capital equipment should always be charged to object code 0930. (Please note: Movable capital equipment is not a permanent part of a building and can be easily moved from one building area to another.). Examples are lab equipment (e.g., centrifuges, microscopes, balances) and office equipment (e.g., servers and copiers).
2. The cost of delivery, installation, and attachments (as described in the capitalization criteria) should be charged to object code 0930. **The cost of warranties should not be charged to object code 0930** (see object code 0915 - Contracted Services in the Accounting Object Codes Manual).

3. All equipment charged to object code 0930 is recorded in the Property Management System and will be assigned a Boston University Asset ID number.
4. Artwork and other decorative furnishings are considered personal-use items and are unallowable for indirect cost recovery. These items should be charged to object code 0930 with an unallowable flag (U). These items will be assigned a Boston University Asset ID number but will not be tagged.

Artwork (fine art) is defined as items of rarity, historical value, or artistic merit (e.g., paintings, etchings, pictures, tapestries, valuable rugs, statuary, antique furniture, bronzes, porcelains, rare glass, antique silver, rare books, and manuscripts) will not be tagged. Instead, these items will include be included in the Property Management System for insurance coverage.

Components, Upgrade, Bundling, and Bulk Purchasing

1. Components - Frequently equipment components are purchased from more than one vendor and assembled by University personnel. If the individual components cannot be moved or used independently, and if the assembled item meets the capitalization criteria, each component should be recorded in the Property Management System and each will be assigned the same Asset ID number. Please see the following section for a description of **Fabricated Capital Equipment**.

Accessories and items that can be used independently or moved easily and do not meet the capitalization criteria on their own (e.g., equipment, that cost under \$5,000) should be charged to a non-capital object code (0910/0924 - Supplies or 0953 - Non-Capital/Minor Equipment). If the component meets the capitalization criteria it will be assigned an Asset ID number and charged to object code 0930.

2. Upgrades - An upgrade is defined as a purchase that extends the useful life of an existing piece of equipment by more than one year. Generally an upgrade represents a substantial reinvestment in the existing piece of equipment. Upgrades assigned a value of less than \$5,000 will be treated as an expense item. Upgrades assigned a value of \$5,000 or more can be charged to object code 0930. The Boston University Asset ID number for the asset being upgraded must be supplied to the Office of Property Management. Accessories, replacement parts, repairs, or expendable items are not included in an upgrade.
3. Bundling - If the sales package includes several items at one inclusive cost (“bundling”), and **the primary item meets the capitalization criteria**, the entire cost can be charged to object code 0930. If any item is itemized with a separate cost, it must be charged to the proper object code for that item.
4. Bulk Purchases - Contact the Property Management Office if your department purchases moveable capital equipment for distribution to other departments (e.g., University Information Systems and Information Technology). The Property Management Office will assign an Asset ID number and affix an Asset ID label prior to delivery to the final owner, and will confirm the location after delivery. The cost of these purchases will be charged directly to the account funding the purchase to avoid unnecessary transfers. If a central account is used, cost transfers must be fully documented and completed in a timely manner by the department.

Software/Databases

The policy regarding software/databases is similar to that of components:

- The object code 0930 is charged when the software/database is purchased as a part of the original bundled purchase of a computer and is not itemized with a separate cost.
- If the software/database is itemized as a separate cost from the computer, then the software/database must be charged to object code 0932.

Fabricated Capital Equipment (Object Code 0955)

Object code 0955 is used for items that meet the capitalization criteria and are assembled or manufactured by one University department (e.g., Physics Shop) for use in that department, or for sale to another department that uses purchased materials and in-house machinery, tools, or labor (see University Service Center Manual).

Supplies and materials used in the fabrication by the shop (service center) will be expensed to the appropriate object code. When the “fabricating department” charges the “acquiring department,” it should use object code 0955 for the debit and object code 0983 (Expense Recovery) for the credit. **An Asset ID number should be requested from the Property Management Office before processing the initial requisition. The Asset ID number must be noted on all requisitions and journal entries associated with the fabricated item. The item will be physically tagged when assembly is complete.**

When a department purchases parts to assemble equipment, please contact the Property Management Office and provide the following information (prior to the purchase):

- A detailed list of items needed and the dollar value of each item
- Estimated total cost of the product
- Description of the item
- Expected date of completion of the product
- Location of the finished product (building address and room number)
- Contact person responsible for the product
- Estimated life of completed product

The following costs should be included when the “fabricating department” charges the “acquiring department” using object code 0955:

- Purchased items that becomes a permanent part of the fabrication
- Labor costs also include appropriate fringe benefits, and the shop should include indirect cost in its billing rates
- Shop charges, including materials and labor; University salaries that are not part of the shop rate should not be included in the cost of the fabricated item
- Tools and supplies, which do not become a permanent part of the fabrication, should not be charged to object code 0955 (see object codes 0910, 0930, 0953)

Items charged to object code 0955 will be recorded in the Property Management System and will be assigned an Asset ID number. When the fabrication is completed, the Property Management Office will send a report of all charges associated with the Asset ID number to the department for approval. The Property Management Office will tag the fabrication.

If a grant or contract funded fabrication is expected to go over budget, the department must obtain approvals and re-budgeting from the Office of Sponsored Programs.

When an item is fabricated without the use of a campus shop (or other University-designated service center), the cost of the fabrication should only include the cost of materials and equipment that become a permanent part of the fabrication. **The Property Management Office must be consulted prior to beginning work on the fabrication.**

Items fabricated for sale to other institutions (excluding the federal government) are not considered Boston University moveable capital equipment. Materials purchased for this type of fabrication should be charged to object code 0910. The funds received from the external buyer should be credited to object code 0839 (Receipts and Credits). The Budget office should be consulted regarding the appropriate account in which to deposit the revenue.

Equipment and furnishings fabricated by Buildings and Grounds or Facilities Management are charged to object code 0931 (Buildings and Grounds Services).

Fabrications that do not meet the capitalization criteria should be charged to a non-capital object code, as follows:

0910/0924	Supplies	total cost is less than \$1,000
0953	Minor Equipment	total cost is between \$1,000 and \$4,999.99, or more than \$4,999.99 but with a useful life of less than 1 year.

Gifts and Loans of Equipment

All gifts to Boston University must be reported promptly to the Development Office. The Development Office will record the value of the gift and the Property Management Office will maintain a record of items that meet the capitalization criteria. These items will be recorded in the Property Management System for insurance and financial statement purposes and will be assigned an Asset ID number.

Boston University is responsible for safeguarding and insuring items loaned to the University. The recipient of equipment that is loaned to the University for a period of one year or more, should determine the replacement value of the items and inform Property Management if the loaned equipment meets the capitalization criteria. Please contact the Office of Procurement if assistance is needed to determine the value of an item loaned to the University. Loaned equipment will be recorded in the Property Management System and will be assigned an Asset ID number.

Equipment Leases

Boston University is responsible for safeguarding and insuring capital equipment leased to the University. Please contact the Property Management Office upon receipt of equipment leased for one year or more. A member of the Property Management staff will tag the items and record them as leased equipment in the Property Management System.

Lease agreements are processed by the Office of Procurement for the Charles River Campus, and the Office of Purchasing for the Medical Campus, based on approved requisitions. Please consult with the Office of Procurement or the Office of Purchasing prior to entering into a lease agreement.

All lease payments should be charged to a non-capital object code, as follows:

0913	rental of all equipment except reproduction and printing equipment
0916	rental of reproduction and printing equipment (e.g., copiers)

Final buyout of a lease should be charged to object code 0930 if the item meets the capitalization criteria cited in Part I.

Transfers of Equipment from Other Institutions

Title is vested in the University for each item of equipment transferred into the University unless grant regulations dictate otherwise. This equipment must be recorded in the Property Management System by submission of the Moveable Capital Equipment Management Form (see Appendix A, page 19).

University Moveable Capital Equipment Located Off Campus

When University equipment is located at a personal residence or some other off-campus location, the address of the off-site location should be recorded on the Property Management System. At the time of purchase, moveable capital equipment must be delivered directly to the University and tagged by the Property Management Office before it is moved to another location. If the item must be forwarded quickly to its final location, the department should call the Property Management Office and request that a Property Administrator come to the department to tag the item before it is moved off campus. Moveable capital equipment should not be shipped directly from the vendor to a person's home.

In situations where it is impractical to ship equipment directly to the University, please contact the Office of Property Management to make arrangements to have the asset tagged (see Appendix C, page 21).

Written department level approval should be obtained when equipment will be located off campus for an extended period of time.

Government Equipment (also see Government Regulations, page 2)

Title to federally funded property remains vested in the federal government, except when exempted by statutory authority. Disposition of government property is subject to strict regulations that are enforced by the Property Management Office. Specific policies regarding government equipment are described throughout this manual. Equipment purchased with federal grant funds is an example of "federally funded property."

B. Equipment Repair/Maintenance (also see Maintenance, page 11)

Routine maintenance is defined as normal recurring expenditures required maintaining equipment in efficient operating condition. These costs should be expensed to a non-capital object code, as follows:

0915	Contracted Services (warranty costs and service of all equipment, except reproduction and Printing)
0916	Reproduction and Printing (warranties and service of reproduction and Printing equipment)

III. Property Management Procedures

A. Acquisition

Upon acquisition, the Department Property Administrator is responsible for all University property in his or her possession or control in accordance to applicable University rules and procedures. The Department Property Administrator is responsible for all government property in his or her possession or control in accordance with the terms of the grant or contract, including property provided under the grant or contract, which may be in the possession or control of a subcontractor. Sources from which government property may be furnished or acquired:

Agencies of HHS, DOD, NSF, DOE, or Other Contractors

Government property may be shipped to a contractor from government installations or other government contractors. The contractor shall become responsible for the property upon delivery of the property into his/her custody or control. The Property Management Office shall furnish the contractor with necessary documents to accurately reflect the transaction. Note: If required by federal grant terms, the DPA must obtain the Government Contracting Officer's approval prior to purchasing equipment with federal grant funds.

Direct Purchase by the Contractor

Direct purchases by the contractor, for which reimbursement as a direct item cost is to be requested, are subject to a determination by either the Office of Grant and Contract Accounting (Charles River Campus) or the Office of Research Administration (Medical Campus) that the items are allocable to the contract involved and are reasonably necessary. The pertinent contractual provisions relating to passage of title shall govern ownership rights of the property.

B. Receiving

Receiving is the first step in establishing physical accountability for property at Boston University. The process ensures that the correct equipment is received and is in good working order. Receiving, and accepting equipment in a timely manner, directly affects warranty periods for assets. If goods are damaged, the period for processing any liability claims is affected.

Procedure for Receiving Property

Each shipment is checked according to the following conditions:

- Was the shipment delivered to the correct destination?
- Is there external package damage?
- Does the package contain all necessary documentation, such as a packing list?
- Is this the exact item described on the PO?
- Was the correct quantity of items shipped?
- If the invoice is included, is the correct dollar amount indicated?
- Are all components included?
- Are all items and components in good condition?
- Were any items received that were not ordered?

Any discrepancies must be resolved. The Department Property Administrator should coordinate all efforts with the buyer, the asset user, and the manufacturer and/or shipping company.

C. Identification

Overview

One of the most important tasks assigned to the Department Property Administrator is identifying newly acquired capital or sponsor-funded equipment with the appropriate tags and recording information about the equipment and placing this information in the Property Management System. This system is the University's subsidiary ledger for equipment. **No other system may be used as a means of officially documenting property for the University.**

Reasons for an Official Campus (University)-wide Record

Boston University requires a single official property record in order to track:

- Compliance with required financial reports to the sponsor
- Accurate accounting and budgeting for equipment at the University
- Inventory movement, utilization, status, and disposition of equipment
- Property-related requirements for contractual agreements
- Depreciation
- Tracking donations

D. Tagging Equipment

How Proper Tagging Assists in the Physical Inventory Process

When an Asset ID number is assigned to an item, a Property Management Administrator will affix a bar-coded Asset ID label to the front of the item. When it is not possible to affix the Asset ID label to an item, the Asset ID will be maintained in the Property Management Office. In either case the Property Management Office and the Department Property Administrator should identify items that belong to the government as government-owned property.

The identification tag that is placed on each piece of equipment allows a Property Management Administrator to view the identification number on the tag quickly and efficiently, with minimal disruption to the workplace and users of the equipment. Boston University has thousands of pieces of capital equipment that must be inventoried every two years. Inventory time spent by a Property Management Administrator is significantly decreased when he or she does not have to investigate whether or not the equipment is capital. Ensuring that all assets in your department are identified with the appropriate tags prior to a scheduled inventory facilitates this. Proper tagging is beneficial to the department because it reduces the amount of reconciliation a Property Management Administrator has to perform. A few minutes spent identifying equipment properly can save hours of reconciliation.

E. Movement/Transfer of Equipment

Movement versus Transfer of Equipment

When property is relocated from one area to another, such as a change of building, or moved to an employee's home **and title remains with Boston University**, it is defined as "movement". If you are changing the accountability of equipment between departments, it is considered movement, whether the asset physically moves or not. Back-up documentation should be retained in this type of transaction. There may be use restrictions on equipment that was donated or funded by a sponsor. Once the Department Property Administrator approves the interdepartmental transfer (accountability changes between departments), he or she must update the Property Management record. Please note that internally

transferring equipment between departments is movement, not disposition, and the Moveable Capital Equipment Management Form (see Appendix A, page 19) should not be processed.

A “transfer” occurs when property is permanently moved from Boston University to another entity. Boston University no longer has title to, ownership of, or accountability for the property, and the property will not be returned to Boston University. Permanent transfers to outside entities are performed by disposal (see **Disposition**, page 15). **If the item was originally funded by a sponsor or donated**, there may be restrictions. Please ascertain the asset’s guardian per the grant or contract agreement and contact the Office of Grant and Contract Accounting (Charles River Campus) or Research Administration (Medical Campus) to assist with obtaining any approvals necessary for transfer.

Use of Boston University Equipment Off Campus

When equipment is used off campus (e.g., an employee’s home), 100% of equipment use must benefit Boston University or the sponsored project for which the property was acquired. How this movement is documented will be determined by the length of time the equipment will be off campus.

If the equipment will be off campus less than thirty (30) days, logging the movement in a sign-out log will suffice.

Movement Without Exchange of Funds

This should be recorded on the Property Management System by either sending a memo or e-mail message to the Property Management Office, with the following information:

Asset ID number; brief description of item; old and new building and room numbers; old and new unit and department numbers; and, former and current responsible person (custodian).

When a major move is planned (e.g., the entire department), the department should contact the Property Management Office for assistance prior to the move. The Property Management Office will inventory equipment using a bar-code reader to guard against loss during the transition.

Transfer of Ownership with Exchange of Funds

When ownership is transferred to another department in exchange for payment, a journal entry transaction is required. Payment should be credited to object code 0983 (Expense Recovery) of the “selling” unit-department source and debited to object code 0929 (Misc. Expense) of the “purchasing” unit-department source. **Note:** Approval from the Office of Grant and Contract Accounting or Office of Research Administration is required prior to transferring grant-funded equipment and for charging grant funds.

If the asset(s) location is changed when the transfer of ownership is completed, the new location must be recorded on the Property Management System.

F. Utilization, Storage, and Maintenance

Proper care, handling, and storage of property are required to ensure maximum use and availability. The proper care and maintenance of equipment can result in considerable savings to Boston University. When equipment is no longer needed by one department, you may wish to make it available to other departments rather than store it, or process it for disposal. Sponsor-funded equipment that is not needed by a department should be promptly processed for either transfer or disposal.

For many sponsored projects there are specific restrictions regarding property use. Government-owned property normally is restricted to use on the project for which it was provided. Property acquired with

federal grant funds and titled to the University may be used on federally sponsored projects other than the acquiring project. Contact either the Office of Grant and Contract Accounting (Charles River Campus) or Office of Research Administration (Medical Campus) if you are unsure about priorities for use. In addition, property in the custody of Boston University is not to be used for personal business.

The University will utilize contractor-agency or government-owned property received or acquired under Contracts/Subcontract Administrator's orders only for the purpose of fulfilling the contract/subcontract requirements. These items must be kept in good condition; the University will provide normal maintenance and repair. Property will be disposed of only as directed by the Property Management Office. Property and material that will either deteriorate or corrode through exposure to air, moisture, or other elements during fabrication, assembly, and storage periods must not be stored in outdoor areas.

G. Records

A single official property record is the most efficient way to:

- Ensure consistent, complete record keeping
- Comply with both Research Sponsors and the IRS for financial reporting
- Allow for both accurate accounting and budgeting for the University
- Track movement, utilization, status, and disposition of equipment
- Provide information from which to negotiate the indirect cost rate on equipment
- Provide depreciation reports
- Conduct accurate physical inventories

Record Retainment

Department Property Administrators are responsible for organizing and storing paper records related to capital assets and sponsor-owned property in their area. These are referred to as "supporting documents" and are used for reconciliation and audit purposes. One method of organization is to establish an individual file for each piece of capital property, sorted by Boston University I.D., requisition number, or type of equipment. Please note that Department Property Administrators are not required to keep paper copies of on-line documentation. A typical file should include the following:

- Acquisition document
- Approval of purchase, if sponsor requires it
- Any maintenance or warranty agreements
- External screening, if sponsor requires, (i.e., Certificate of Non-Availability [CNA])
- Shipping records (for example, vendor packing lists)
- If donated equipment, make sure the Property Management Office has copies of all documents prior to purging the file
- Untaggable asset file: Print out the Property Management record if equipment is physically untaggable. Place tag on this record so that Property Management Administrators can easily view that piece of equipment. When the asset is disposed, move this document to a "disposal" file.

Record Keeping for Government Furnished Property:

In addition to the above, please retain:

- Shipping Document: Bill of Lading or letter of transfer
- Department of Defense Form 1149 (for used equipment) or any other government form provided.

For disposal of government furnished property, please retain:

- Approval letters from the sponsor
- Repair, maintenance, and calibration records

Record Retainment Time Frames

Financial and property records, supporting data, statistical records, or any document pertinent to an agreement should be retained for a period of three years after submission of the final payment, or three years after disposition of the property, whichever is later. This also applies to subcontractors.

There are exceptions to the above guideline. If any litigation, claim or audit is started before the three-year expiration period, the records must be retained until all litigation, claims, or audit findings have been resolved.

H. Physical Inventories

The purpose of a Physical Inventory is to verify the existence, current utilization, and continued need for capital equipment owned, donated, furnished, or otherwise accountable to Boston University, as well as government-owned property. A Physical Inventory involves the Property Management Office, the Department Property Administrator, and other departmental personnel. In addition, Internal Audit may review and audit the Physical Inventory process.

Boston University is required to conduct a complete Physical Inventory of its capital equipment and government-funded property every two years. In addition, inventories may be conducted at the close of a sponsored agreement, or as needed to fulfill property administration responsibilities.

What Happens on Inventory Day

A typical Physical Inventory will involve the following activities:

- One or more Property Management Administrators will arrive at the prearranged time
- Property Management Administrator(s) and department escort will meet and visit the first scheduled location
- A Property Management Administrator will view each Asset ID barcode tag.
- Key information that is verified for each asset:
 - location
 - status
 - condition
 - description
 - manufacturer
 - model number
 - year manufactured
 - serial number
- Assets that require tagging are tagged and inventory data is documented
- Appropriate use of government tag as it relates to title vestige is verified

The Inventory process will proceed more efficiently, which saves time for the department being inventoried, if:

- knowledgeable guides/escorts are provided
- equipment users expect minor interruptions while assets are scanned
- equipment users expect assets may be shifted or moved in order to see tags, model numbers, etc.
- ready access to all department areas is provided

I. Reports

Various federal agencies require particular Property Status Reports. These reports are generated from data maintained in the Property Management System.

Government agency regulations require that the DD Form 1662 (Department of Defense Property in the Custody of Contractors) be filed annually. The report covers the year ending 30 September and must be submitted to the Office of Grant and Contract Accounting by 16 October of the year being reported. The NASA Form 1018 must be filed annually for the period ending 30 June and must be submitted to the Office of Grant and Contract Accounting by 16 July of the year being reported, even if there is no property to report. The Department Property Administrator is primarily responsible for ensuring that the contractor's property control system, including written procedures and practices, provides for the reasonably accurate preparation, contractor validation, and timely submission of the DD Form 1662 to the Office of Grant and Contract Accounting

J. Subcontractor Control

The Office of Sponsored Programs (Charles River Campus) and Office of Research Administration (Medical Campus) are responsible for initiating subcontracts. Purchase orders are established in the procurement system to control and manage the accounting activity relative to subcontracts.

A copy of the subcontract agreement is provided to the Property Management Office whenever equipment or fabricated equipment is a line item in the subcontract agreement.

At award closeout, Property Management sends a request to the subcontractor for a property report and or assurance that equipment purchased under the subcontract is used in accordance with the terms and conditions of the subcontract agreement. Equipment is defined as any article of non-expendable, tangible property that has a useful life greater than or equal to one year and a cost greater than or equal to \$5,000. The Property Management staff may conduct an onsite review if the subcontractor's response is found to be insufficient or unacceptable.

K. Consumption

The Department Property Administrator is responsible for monitoring the proper use and condition of both University and government property in his or her possession.

For federally sponsored equipment, material consumption is considered to be unreasonable when consumption exceeds amounts supported by bills of material, material requirement lists, or similar material planning documents. If the federal government determines that consumption of federally sponsored equipment is unreasonable, the University department may be required to reimburse the sponsor.

L. Contract Property Closeout

Upon notification from the Office of Grant and Contract Accounting that a grant or contract has expired, Property Management will initiate a final physical inventory.

The provision of the property clause in the contract will be reviewed to determine where title to the property will remain. If authorization has been received to continue using the property under a succeeding grant/contract, Property Management's records will need to be modified to reflect this change. Without such authorization, the normal contract closure process will be as follows:

1. Property Management will prepare from its records an inventory listing all government property accountable under the grant/contract.
2. The grant/contract expense statement, located in the Office of Grant and Contract Accounting, will be checked for the total dollar figure of all property purchased under the grant/contract. This figure will be reconciled with the total value of the property listed on the inventory with adjustments made if the figures do not agree.
3. The inventory will then be sent to the Department Property Administrator of the grant/contract for his/her review. Once the Department Property Administrator determines that the inventory includes government property under the contract, Department Property Administrator will affix his or her signature and return the inventory to the Property Management Office.
4. Once Property Management is in receipt of the verified inventory, and a determination of the property's needs has been made, Property Management will submit the inventory to the proper agency with the appropriate request (title transfer, disposition instruction, etc.) relating to the property's future status.
5. For government-owned equipment, DD form 1662 is due within 60 days after the grant closeout. For NASA grants, NASA Form 1018 is due within 60 days after the grant closeout.

M. Disposition

When equipment is sold, stolen, traded in, scrapped, donated to another institution, destroyed, returned to the vendor, or otherwise made unavailable to the University, it is the responsibility of the Department Property Administrator to notify the Property Management Office by submitting the Moveable Capital Equipment Management Form (see Appendix A, page 19) prior to any disposal. **Please note that stolen property must be immediately reported to the Boston University Police, Office of Risk Management, and the Office of Property Management.**

Sale/Transfer to Another Institution or Individual

1. The Director of Procurement must approve the sale or transfer of non-sponsor-funded equipment to another institution or individual in advance. The item will be listed in the monthly publication *Purchasing News* and will be bid to the University community and interested third parties by a Senior Buyer (with priority given to other University departments).
2. Sale or transfer of grant/contract-funded equipment (bought on grants/contracts with source numbers ending in -5, -6, and -7) to another institution or individual must be approved in advance by the director of Procurement. The sale or transfer of these items must also be reviewed and approved by the Property Management Office and the Office of Grant and Contract Accounting (Charles River Campus)/Research Administration (Medical Campus) to ensure compliance with grant regulations. The equipment may have to be made available to another department on Boston University's campus, or another institution, through screening other in-house contracts.
3. The credit or payment for equipment sold outside the University should be credited to object code 0839 (Misc. Income) in the account that incurred the expense. For grant/contract-funded equipment (purchased on account numbers with source numbers ending in -5, -6, and -7), credits or payments will be deposited in an unrestricted account, and funds should be used as specified by the granting agency.
4. Trade-ins will be treated in the same manner as an item sold to an individual. Object code 0839 will be credited and object code 0930 will be debited for the amount of the trade-in if the trade-in value is \$1,000 or greater. This will allow purchased assets to be recorded at their full value in the property system.

Surplus/Excess Equipment

The term *excess equipment* is used to describe a piece of equipment that is no longer used or does not benefit a project or person. Any excess equipment, whether it is Boston University funded or sponsor funded, should immediately be considered eligible for disposition. The goal is to provide an opportunity for maximum utilization of assets. If the excess equipment is Boston University funded, the Procurement Office can notify other Boston University departments that this equipment is available for use through *Purchasing News*. If you wish to “advertise” in this manner, please contact the Procurement Office at 617/353-2370.

Re-utilizing assets can save both Boston University and sponsors a great deal of money. If re-utilization is not possible internally, proceed with disposition immediately.

There is no storage facility for department-owned equipment. If a usable item is no longer needed, the Office of Procurement will advise the department regarding the disposition of the item. **It is the Department's responsibility to notify the Property Management Office of the final disposition of equipment.**

N. Journal Entries/Corrections

When items are incorrectly charged to object code 0930, the Property Management Office will adjust the charge to the proper object code via the Accounts Payable system. A telephone call, fax or an e-mail will be sent to the department explaining the correction. The Office Property Management policies, as cited in this manual, are consistent with the definitions listed in the Accounting Object Code booklet.

When a department processes a journal entry to transfer equipment to a different unit-department source, the Property Management Office notes this and the Property Management System will reflect the change.

Please note that only actual expenses may be charged to the capital object codes and each entry must identify a requisition number or Asset ID tag number.

O. Moveable Capital Equipment Management Form

All items charged to a capital equipment object code will be recorded in the Property Management System. When equipment is acquired through gift, loan, or other means that do not involve the Accounts Payable system, the department should submit a Moveable Capital Equipment Management Form to the Property Management Office.

The Moveable Capital Equipment Management Form should also be used to record disposed items in the Property Management System. (A sample Moveable Capital Equipment Management Form is found in Appendix A, page 19).

IV. On-Line Property Management System

A. Benefits of an On-Line Property Management System

1. The on-line Property Management System is a series of functions, that allow the user to display and update the department's Property Management record (see Appendix B for descriptions of codes used, page 20). These functions reside within the Galaxy system in the University mainframe computer.
2. Asset ID number, purchase order number, unit-department, building-room, profile description, or manufacturer can display a department's moveable capital equipment in the On-Line System by using various screens.
3. The Property Management System can be helpful in compiling comprehensive inventories of a department's moveable capital equipment.
4. Whenever equipment is moved from its original location, departments are encouraged to record the new location information in the on-line Property Management System.

B. Obtaining Access to the On-Line Property Management System

1. The Department Security Administrator (DSA) should choose function "US50" from the Galaxy main menu on-line. Enter the userID of the person for whom access is being requested, and enter a "Y" to the left of the "Prod:" field. Press *Enter*.
2. Tab down to the line below the "Request (Func/Permit)" field and enter a question mark. Press *Enter*.
3. In the window that pops up, select Permit. Press *Enter* until the PMAB appears in the next window; select PMAB.
4. In the "File" field, type "?," then select "028" in the pop-up screen. In the "Owner" field, type "PRM." Under "Field," type "OWNER-UNIT-DEPT-CD." In the "From Val" field, type the lowest numerical unit-department value for which access is being requested. In the "Thru Val" field, type the highest numerical unit-department value for which access is being requested. In most cases these two values will be the same.

5. When this is done, tab down to the bottom right of the screen and enter a “C” for complete. Press *Enter*.
6. This should return you to the main menu of “US50.” Repeat items 2 through 5, entering first PMAC in item 3, and then PMAJ in item 3.
7. Select either Send or Repeat Send. If you are requesting access for more than one person, Repeat Send will allow you to change the userID without retyping the value security information.
8. Notes may be added to the request in the “Note Pad” optional field. Note Pad appears after hitting the repeat send. When the note is completed, then tab to the far right corner. Type in “C” for complete and press *Enter*.

The request will go through the electronic authorization approval process before access is granted.

**Boston University
Office of Grant & Contract Accounting
Property Management
25 Buick Street, Rm. 230
Boston, MA 02215**

MOVABLE CAPITAL EQUIPMENT MANAGEMENT FORM

Status	Tag Number If Assigned	Action Date	Description	Manufacturer	Model	Serial Number	Address	Room	Proceeds (If Sold)

Comments: _____

Responsible Person (Print Name): _____ Responsible Person (Signature): _____

Unit/Department Number: _____ Unit/Department Name: _____ Tel. Ex: _____ Date: _____

Deletion Status Codes:								Acquisition Status Codes:			
SO	ST	TI	SC	DN	RV	DS	TR	T	L	D	F
Sold	Stolen	Trade In	Scrapped	Donated	Return To Vendor	Destroyed Fire, etc.	Tran. Out	Tran. In	Lease Loan	Donated	Fabricated

Property Management Codes

	ACQUISITION CODE		CAMPUS
A	OBJECT CODE IS NOT 0930	CR	CHARLES RIVER
B	BUYERS DISCOUNT	MD	MEDICAL CENTER
C	CONVERTED	NC	NORTH CAROLINA
D	DONATED	OS	OVERSEAS
F	FABRICATION	TB	TYNGSBORO
G	NOT BU PROPERTY	TW	TANGLEWOOD
I	INVOICED	WH	WOODS HOLE
J	JOURNAL ENTRY		
L	LEASED/LOAN		INVENTORY STATUS
N	NON-PO	C	LOCATION CHANGED
P	PO	N	NEW ASSET
R	JOURNAL ENTRY – REVERSAL	U	LOCATION UNCHANGED
T	TRANSFERRED		
Y	LEASE BUYOUT		
9	UNKNOWN		
	ASSET CLASS		MEMO
000	NON-MOVABLE EQUIPMENT	AL	ALTERNATE LOCATION
010	OFFICE FURNITURE	AU	AUTOMOBILE
020	OFFICE EQUIPMENT	BD	BUYER'S DISCOUNT
030	LABORATORY & SCIENTIFIC	DN	DONOR
040	MEDICAL & DENTAL	FB	FABRICATION COMPLETION DATE
050	COMPUTER EQUIPMENT	LB	LEASE BUYOUT
060	AUDIO-VISUAL & PHOTOGRAPHIC	MS	MULTIPLE SERIAL NUMBERS
070	SHOP MACHINERY & TOOLS	ON	OWNER NAME
080	PRINTING, COPYING & BINDING	PD	PREVIOUSLY DISPOSED
090	MUSICAL INSTRUMENTS	RE	RE-TAGGED ASSET
100	ATHLETIC EQUIPMENT	RN	REFERENCE NUMBER
110	HOUSEKEEPING & GARBAGE	SP	SPECIAL DISPOSAL
120	TRANSPORTATION EQUIPMENT	TI	TRADE-IN
130	FOOD PREPARATION & SERVICE	TR	TRANSFERRED
140	GENERAL PURPOSE		
900	MISCELLANEOUS		
999	UNKNOWN		
	ASSET STATUS		OWNER TITLE
A	ACTIVE	BU	BOSTON UNIVERSITY
D	DISPOSED	FD	FEDERAL GOVERNMENT
H	HOLD	OI	OTHER INSTITUTION
I	INCOMPLETE	99	UNKNOWN
M	MISSING		
N	NOT IN USE		
			TRANSACTION STATUS
		A	ASSIGNED
		D	DISPOSED
		N	NEW INPUT
		R	REVERSAL PENDING
		S	REVERSAL PENDING UPDATE
		T	REVERSAL PENDING ERROR
		U	UNASSIGNED
		Y	APPROVAL PENDING

**Office of Grant & Contract Accounting
Moveable Capital Equipment**

Property Management's records indicate that your department is in possession of an asset not located on the Charles River campus. We need your assistance to assign an asset identification label to this asset. In order to maintain an accurate asset inventory please supply all of the information requested in the **numbered area** of the form below and return the completed form to:

**Office of Grant and Contract Accounting
Property Management
25 Buick Street, 2nd floor
Boston, MA 02215**

Upon receipt of your response an asset identification label will be sent to you by return mail. It is your responsibility to make certain that this label is applied to the correct asset. If you have any questions or concerns please feel free to call me.

Thank you,

Property Administrator (617) 353-8083

Asset Information:

LABEL NUMBER _____ (Provided by return mail, attach to asset)

Description _____

Purchase Order Number _____ **Requisition Number** _____

(1) **Manufacturer** _____ (2) **Model Number** _____

(3) **Serial Number** _____

(4) **Name of individual responsible** _____

(5) **On Campus Address and Room Number for Responsible Person** _____

(6) Item is Located

At Responsible Person's Home _____

Other Campus, Name of Campus _____

Foreign Location, Name of Location _____

(Completed by) (Tel. Ext.) (Date)

The above information is subject to audit and will be reviewed for accuracy by external and internal review groups.