

Montana State University

Property Management Plan

Subject:	Financial Affairs - Property Management
Policy:	Property Management Policies and Procedure Manual
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Responsible Party:	Property Management

Introduction and Purpose: This manual is to inform University personnel about the University's procedures regarding safeguarding, accounting for and disposing of University assets as well as assets belonging to other governmental agencies.

Policy: **Each University employee has a general obligation to safeguard and make appropriate use of property owned by or accountable to the University. This obligation includes but is not limited to:**

- Notifying Property Management personnel of the acquisition, movement or disposal of property
- Exercising reasonable care in use to prevent damage and maintain good condition
- Exercising reasonable security measures to prevent theft or misuse
- Reporting lost, stolen, damaged or otherwise impaired property to appropriate parties

Procedures: The sequential steps necessary to carry out the policy.

Internal control considerations: Ensuring adequate safeguarding of assets and to avoid misuse.

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I. INTRODUCTION

At Montana State University (MSU), each University employee has a general obligation to safeguard and make appropriate use of property owned by or accountable to the University. The various department heads are vested with the ultimate responsibility for all inventories within their departments. Property Management, a subset of University Business Services, is a support service to the department to assure that accurate records and proper control of property are maintained. Ultimately, the Montana University System has title and ownership of all University property. Actual possession, use, and accountability are maintained on the department level.

A property plan is a high-level strategic view of how MSU expects to manage its own property as well as Government-owned property. The plan includes property control procedures; it also summarizes and explains how MSU's corporate policy aligns with the performance outcomes of the Federal Acquisition Regulations (FAR) chapter 52-245-1. MSU complies with this FAR regulation. Property Management and the Institutional Audit and Advisory Services (formerly Internal Audit) office will occasionally perform unscheduled audits. Complete audits of departmental property may be performed as directorship vacancies occur. Department heads or deans may also request audits of property within their jurisdiction.

The Banner fixed asset module is the official system of record regarding University property. It is a centrally maintained subsystem of the Banner ERP system. It is used to account for the University's investment in all capital fixed assets (property, plant, and equipment). This includes intangible assets that meet the capitalization threshold.

The Banner fixed asset module provides asset detail, information to facilitate physical inventories as well as calculating and recording depreciation/amortization for all applicable assets. Each asset meeting the capitalization criteria is assigned a property number and a corresponding tag is affixed to the asset as appropriate.

The importance of complete and accurate accounting cannot be overemphasized. Adequate accounting procedures and records are essential for the protection of MSU and Government-owned property and for sound financial administration. A system of property accounting permits the assignment of responsibility for custody and condition as well as proper use of equipment.

Adherence to the guidelines contained in this manual will provide:

- Property records, if properly maintained, that furnish information about the investment the state and others have made for the future benefit to users of University and Government property. This should be contrasted with expenditures for current purposes.
- A basis for adequate insurance coverage on insurable assets. Although cost is not the only determinant of insurable value, it is a necessary consideration.
- Information necessary to perform regular inventories to determine physical condition, theft, or unauthorized transfers.
- Assistance in maintaining accountability for the custody of individual items and in determining who is responsible for their care and maintenance.
- The ability to centralize property management, so that location is readily determinable for physical control.

- Comprehensive asset records to use as a basis for computing depreciation or amortization.

University and Government property and equipment is to be used only in the performance of University business, should not be loaned out for personal use. Equipment should not be used off-campus for other than legitimate University business. Should a legitimate University business need require property to be removed from campus, a written request must be made to the appropriate dean/department head by the borrower. If approved, the dean/department head should obtain a written receipt for removal of the equipment from the University premises and forward a completed, signed copy to Property Management. Form 1055 should be used for this purpose. ([Form 1055 - Appendix C](#)) Property Management will keep copies of all receipts on file and should be notified in writing when the property is returned to the University premises.

MSU is directly responsible and accountable for the acquisition, use, maintenance, movement, disposition and reporting of all property obtained with federal funds and for the maintenance and reporting of equipment provided by the Government for use on a federally funded project. For the purposes of this policy, equipment shall refer to a) Capital Equipment which is defined as any unit item with a life expectancy of at least one year and having an acquisition cost of \$5,000 or more; and b) other items having a lesser value but specifically controlled by the agency. Shipping, taxes, in-transit insurance, and installation charges should be included under this category for new purchases, provided these costs are included in the original purchase order.

MSU and the State of Montana assume no responsibility for the maintenance or safekeeping of items which are the personal property of faculty and staff members. These items are on campus at the owner's risk.

II. PROPERTY CRITERIA

Property is capitalized and included in capital inventory as equipment only if the following criteria are met:

1. The property must have a unit cost (or estimated value for donated items) equal to or greater than \$5,000, and
2. The estimated useful life of the item must be greater than one year, and
3. The identity does not change with use, and
4. The property is of a non-consumable nature, and
5. The unit must be identifiable and separately accounted for.

Property is considered minor, or non-capital, if the following criteria are met:

1. The property must have a unit cost greater than \$1,000 but less than \$5,000, and
2. The estimated useful life of the item must be greater than or equal to one year, and
3. The identity does not change with use, and
4. The property is of a non-consumable nature, and
5. The unit must be identifiable and separately accounted for.

Further information can be found in [MSU's capitalization policy](#).

Sensitive property includes items that possess a special risk of theft due to marketability and/or portability or that present a risk to safety. Sensitive property includes, but is not limited to:

- Computers: laptop, desktop
- Cameras: digital, film, video
- Firearms
- Musical equipment, systems and instruments
- Video equipment: projectors, recorders, monitors, televisions
- Certain chemicals, as may be deemed sensitive by the Safety and Risk Management Office.

III. INVENTORY METHODS

Property inventory methods at MSU are classified as either perpetual or periodic.

The **perpetual** fixed assets inventory is taken on a department level, as requested, or during every other fiscal year as set forth on the control schedule Montana Operations Manual (MOM) 2-1720.20 - 2-1720.23). The **perpetual** inventory is updated by Property Management as acquisitions and disposals occur, and is designed to record ownership and location of capital property.

The **periodic** inventory is taken on a department level for those departments having stores and supplies or livestock. A physical inventory must be performed every year near June 30. Procedures for accomplishing the annual stores or supplies inventory are explained in the annual inventory policy found in [Appendix C](#).

IV. CAPITAL ACCESSORY PURCHASES

When equipment is purchased to be used only with a specific piece of capital property, and it cannot be used by itself, and if it is not a replacement part, then it is deemed a capital accessory. Capital accessories will not receive new property numbers, but will assume the same property number as the associated capital item. The expenditure account code for capital equipment accessories is 63199. The department should list the property number of the associated capital item in the lower left box of the BPA. It is the responsibility of the requisitioning department to provide the tag or other information to identify the capital item with which the capital accessory is going to be used.

V. ADDING PROPERTY TO BANNER INVENTORY

Information contained on the invoice, invoice cover sheet and if applicable, purchase order are used to add new property acquisitions to a departmental inventory in the Banner fixed asset module. For all University acquisitions of capital property, a State of Montana identification tag is assigned by Property Management at the time that an invoice is processed for payment, when a donated gift is received, or when a capital item is acquired by another method. Department

accountants can query new capital equipment information in Banner (Call Property Management for security access). Information on department's capital equipment inventory can be accessed on the SAIS website.

VI. INFORMATION REQUESTED ON INVOICE/BANNER PAYMENT AUTHORIZATION (BPA)

When capital property is received and accepted by the requisitioning department, a payment authorization is prepared by the department and then forwarded to University Business Services. It is the responsibility of the requisitioning department to note the following on the invoice or in the lower right box on the payment authorization:

1. The building where the property is to be principally used, person using the equipment, and room number, if known.
2. The model number and serial number, if applicable, if not already noted on the invoice.
3. Changes in color, size, quantity, or description not shown on the purchase order.

When University Business Services receives the payment authorization with the invoice, copies are forwarded to Property Management. A State of Montana or Federal identification tag number is assigned and the asset information is entered into the Banner fixed asset module.

Documentation is retained in the Property Management office. The original payment authorization and supporting invoices are forwarded to Accounts Payable in University Business Services for payment.

VII. TAGGING OF PROPERTY

One unique property tag number is assigned to each specific piece of capital property. Once that number is assigned, it remains on record until deleted, and it is **never** assigned again. The property number that is assigned for each piece of property is noted on the corresponding payment authorization before the authorization and invoices are taken to University Business Services to be paid. No invoices for capital property with an object code of 63199 or 63106 will be paid until reviewed by Property Management personnel.

Untaggable Property

Property which, due to structure, shape, or precision, cannot be tagged should be marked in some other easily identifiable manner. Whenever possible the property number will still be identified on the item by some means such as decal, indelible ink, paint, or electric engraver. The unused property tag is taped to the file copies in Property Management when it is filed.

Missing Tags or Untagged Items

It is possible that an item's original tag is missing or that it was not initially tagged. The department should note sufficient information such as description and serial number so that a research of property records can determine if the item needs to be tagged or retagged.

Minor Property

Minor property consists of items having a normal useful life of one year or more, can be separately accounted for, and has a unit cost of at least \$1,000 but less than \$5,000.

Effective July 1, 2001 MSU Property Management raised the equipment capitalization level from \$1,000 to \$5,000 in keeping with revised state policy and regulations. At that time, departments were delegated the responsibility to keep and maintain their own minor equipment inventory. Also since July 1, 2001 departments need to track new equipment costing \$1,000 to \$4,999 and add these items to their minor equipment inventory spreadsheet. As these equipment items are transferred or disposed of, notations on the spreadsheet should be made as to where they've been transferred to or reason why they were disposed of. Departments need to keep this minor equipment inventory current for internal control, insurance and management purposes, and to exhibit good stewardship of state and federal funds. These items are subject to audit by internal, state and federal auditors.

Minor equipment tags can be requested from Property Management. These tags have a blank area for departments to devise their own numbering system. The minor equipment inventory list should be organized by property tag number. When desirable and feasible, minor property that has a unit cost of less than \$1,000 may also be tagged and labeled. For minor computer equipment, the service tag number can be used in lieu of another tagging or tracking number.

In particular, departments must track items that are sensitive to theft (See Section II). These items are also subject to audit by internal, state and federal auditors.

VIII. GOVERNMENT PROPERTY PROCEDURES, MANAGEMENT AND REPORTING

Scope

This plan serves as a Property Management Plan that applies to Government property acquired under any contract that includes a property clause under FAR 52.245-1.

MSU will manage (control, use, preserve, protect, repair and maintain) Government property in its possession and will initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of Government property, consistent with voluntary consensus standards and/or industry-leading practices and standards for Government property management except where inconsistent with law or regulation. During the period of performance, the University will disclose any significant changes to this Property Management Plan to the Contracting Agency prior to implementation.

The University's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, sale (as surplus property), or other disposition, or via a completed investigation, evaluation, and final determination for lost, stolen,

damaged, or destroyed property, and applies to all Government property under the University's accountability, stewardship, possession or control, including its vendors or subcontractors.

Government Furnished Property

The government often furnishes property to the University to perform specific contract requirements. This property can ONLY be used on the contract or grant it is intended for unless otherwise stated by the sponsor. Accurate records need to be maintained as to the use, location, and maintenance of such equipment.

Property Management must be notified when government furnished property has been received. Property Management will then tag the property if capital (cost \$5,000 or more) or furnish minor equipment tags (cost \$1,000 to 4,999) to the department to tag and report to the Office of Sponsored Programs.

Never trade, cannibalize, or dispose of property purchased with government funds without prior approval from Property Management. Contact Property Management for procedures to dispose of inoperable or unwanted property.

Property Acquired through the USDA

The USDA retains title to all equipment acquired through their agency. When you need to surplus or dispose of any of these items, process the same surplus PARR form to the Budget/Fiscal Analyst in either the Dean of Agriculture or Extension Director's Office (depending on which office was used to bring in the USDA excess). ALL USDA disposals need to go through the area utilization officer for review and disposition. Departments should not dispose of any equipment until it is cleared and approved.

Government Property (General Guidance)

- A. Government Property - All property for which the title is retained by the government, purchased with government funds, or furnished by the government. Such property is classified as follows:
 1. Government-Furnished Equipment: Equipment owned by the Government but furnished to the University for use under a federally-funded project. Transportation and installation costs are not considered as part of the unit price for this purpose. Normally, the unit price of government-furnished equipment is provided on the document covering shipment of the property.
 2. Contractor-Acquired Equipment: Equipment acquired by the University with funds provided by the Federal Government.
 3. Contractor-Fabricated Equipment: Special purpose equipment that is assembled or fabricated by the University and that results in an article of capital equipment. The fabricated unit consists of items or assemblies of parts that are interconnected and interdependent so as to become a new functional entity for a special purpose.

4. Government Material — Government property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, and small tools and supplies.

B. Management of Government Property

Written procedures for the management of government property are included in this manual. The manual is a collaborative effort of the Office of Sponsored Programs, Purchasing, and Property Management to establish and maintain a property control system for the control, use, maintenance, repair, protection and preservation of government property in the custody of Montana State University, its agents, and its subcontractors.

Property Management is the primary institutional contact for matters relating to government property management. Property Management works closely with the PIs/Departmental Administrators, the Office of Sponsored Programs, and Purchasing to facilitate effective property control.

C. Acquisition of Government Property

Government property may be acquired as follows:

1. By purchase - The policy and procedure governing all University purchasing shall govern the acquisition of property by purchase for use under any research and development contract. It shall be the responsibility of the Principal Investigator to see that this procedure is followed as well as obtaining the sponsor's approval for the purchase if such is required. Pre-acquisition screening prior to purchase is required if DoD or NASA funds are used.
2. By Government-Approved Transfer from government surplus - The Principal Investigator shall submit a written request to the Fiscal Officer in OSP showing the technical reason for a request when ordering items from government surplus sources.
3. By fabrication as an end product of the contract - When fabrication is completed, the Principal Investigator will notify the OSP and Property Management office in writing. At that time, appropriate accounting entries will be made, which will record the value of the equipment in the University Property Ledger. Property Management will provide an identification tag to be affixed to the equipment.

Process of Capital Equipment Purchases:

- Purchasing Department routes capital invoice payments through Property Management, which assigns the permanent tag number, locates and tags the item, noting PI name, serial # and location. This information is entered into Banner. At this time, it's indicated that the item has federal ownership and is added to the University list of government-owned property.

- Departments report to Property Management once a year that they have reviewed their property inventory and whether or not there are any changes.
- Every other year Property Management conducts a physical inventory of capital equipment and government owned equipment.
- Capital equipment items are entered into the Banner fixed asset module.
- Property Management labels the item with an MSU tag number to list on the inventory system plus a label that indicates the asset is US Government owned.
- Property Management adds the item to the departmental list of government owned property.

D. Identification of Government Property

Property Management is responsible for the affixing of numbered identification tags on all government property as soon as feasible after such property has been received. The identification tag shall remain on the item of property so long as the item remains under the contract of the same government agency.

If transfer of title of government property is made to the University, all government identification tags shall be removed. Unless otherwise specified by the contract, title to each item of equipment costing less than \$5,000 and purchased with contract funds shall be vested in the University upon acquisition. In all cases, [Property Management](#) personnel should be advised.

E. Receiving

Shipments of freight to the University are delivered directly to the ordering University department. The delivery of large shipments (size or quantity) is arranged through the Physical Plant.

When property is delivered to the department, the PI/Departmental Administrator is responsible for examining it to determine quantity received, condition and any transit-related discrepancies. The PI/Departmental Administrator is responsible for notifying Office of Sponsored Programs and Property Management of receipt of government-furnished property.

F. Property Records

Property Management maintains the official records for all federal government property coded as capital equipment. The information contained in the departmental government property files includes:

- property identification number
- department
- acquisition method (purchased, donated, loaned, purchased grant assets)
- description
- manufacturer
- model number
- serial number

- condition code
- unit cost
- total cost
- date received
- location (building/room)
- department contact
- contract/grant number
- university account number
- funding agency
- date last inventoried

The PI/Departmental Administrator is responsible for maintaining lists of government property (capital and non-capital) for each of his/her projects, including property at offsite locations and property in the custody of subcontractors. The PI/Departmental Administrator is also responsible for working with the Property Officer to self-audit government property at least once a year and for updating property records accordingly.

G. Physical Inventories

As required, or at the termination of a contract (whichever comes first), the Office of Sponsored Programs and/or Property Management shall furnish the responsible Principal Investigator with a listing of all government property acquired during the life of the contract to date. The Principal Investigator or his/her representative shall make a physical inventory of all the government property held under his/her contract and shall return the listing to the OSP with the appropriate notation as to location and condition of each item.

Departments located off-campus will conduct manual inventories biennially.

Procedure:

- Mail a current asset inventory listing, Property Management's responsibility.
- Physically verify the existence of each asset on the asset inventory listing and that the asset's tag is affixed. Department's responsibility.
- Complete and submit to Property Management the inventory report. On the report, note all the located assets as "found" in the blank field to the right of each asset. Exceptions such as items on loan, missing, etc, should be explained in the blank field to the right of each asset with appropriate documentation supporting the explanation. Submit the report to Property Management with supporting documentation that may include the following:
 - Copy of a loan agreement.
 - Print out of email confirming location of asset and responsible parties.
 - Copy of surplus pick up request for items sent to surplus.
 - Property Disposition Request form for items cannibalized or salvaged.
 - Property Disposition Request form for missing items.

The Dean, Department Head or Director of the unit should review, sign and date the Inventory report. Submit the report to Property Management within the date requested by Property Management. This finalizes the physical inventory process for the department.

Annual Inventory

Property Management and the PI/Departmental Administrator will work together to conduct an annual inventory of all government-owned property and resolve any discrepancies disclosed by the inventory. Subcontractors are also required to inventory all government-owned property and Subcontractors are required to inventory all government-owned property and report the results of their inventory to the PI/Departmental Administrator. Departmental inventory records will be updated upon completion of the inventory and resolution of discrepancies. Any adjustment to government property will only be made with approval from the agency.

In addition, a bi-yearly inventory of all capital equipment items (both federal and non-federal) is performed by Property Management in conjunction with the department inventory contact person. Property Management generates and inventories lists of capital equipment and forwards it to the department. Property Management physically locates each item on the list, notes any changes to location or status. Property Management then updates the official property record and includes the date of the inventory.

Selective Inventory

Property Management may conduct selective inventories as needed to protect the Government's interest.

Closeout or Terminal Physical Inventory

The PI/Departmental Administrator shall prepare, with the assistance of Property Management, an inventory of government property in the possession of Montana State University or its subsidiaries at termination or closeout of an award. The PI/Departmental Administrator will contact the awarding agency for disposition instructions.

H. Movement

The PI/Departmental Administrator is responsible for notifying Property Management when government property is relocated and for updating the departmental government property list with the new location. If prior approval from the agency is required before property movement, the PI/Departmental Administrator should request such approval via the OSP.

Movement out of the department of any item of federal government property that is tagged with a University property tag must be documented by the PI/Departmental Administrator on an *Equipment Transfer Notice* which should be signed by the department heads of both the transferring and receiving departments and forwarded to Property Management.

Any time a capital equipment item leaves the campus or is returned, the PI/Departmental Administrator is responsible for completing a 1055 *Equipment Off Campus Form* and forwarding it to Property Management.

The PI/Departmental Administrator is responsible for providing adequate physical protection for equipment during movement to prevent possible damage to property and injury to personnel.

I. Loss, Damage or Destruction

- Purpose: To ensure that departments follow the necessary procedures when reporting lost, damaged or destroyed equipment.
- Applicability: All equipment in the custody of MSU investigators.
- Departments must report all incidents resulting in equipment loss, damage or destruction to the MSU Property Management Office. Departments must notify Property Management by completing the disposal PARR form if the equipment is lost or damaged beyond repair and should be removed from inventory. If the asset is accountable to a grant or contract, the principal investigator must also follow instructions in the award document for reporting lost, missing, stolen or damaged property to the sponsoring organization.
- Property Management forwards information about lost, Missing or Stolen equipment to the University Police and notifies other relevant University departments.
- Procedure:
 - University Departments are required to complete and submit a Lost/Stolen Form to Property Management.
 - Property Management is required to update the Fixed Asset system according to the Lost/Stolen Form.
 - All cases of loss, damage or destruction are reported to the Property Management Office as soon as the fact of such loss, damage or destruction becomes known.
 - The report includes all factual data as to the circumstances surrounding the loss, damage or destruction. The extent of the University's liability, if any, is subject to a written determination by the Contracting Officer.
 - The determination and disposition of any property rendered unserviceable may relieve the University of its responsibility with that item. A complete record of all transactions is to be kept, including disposal. Shipping documents or other instruments evidencing disposal should be appropriately cross referenced on the determination document. It is the Contracting Officer's responsibility to notify the Government Property Administrator.

J. Storage

The PI/Departmental Administrator is responsible for storing property in accordance with acceptable commercial housekeeping procedures and for providing adequate protection from corrosion, contamination and damage. Additional security and protection must be ensured for sensitive items.

K. Consumption

Consumption is the process of incorporating raw materials provided by the Federal Government into an end item or otherwise consuming them in the performance of the contract. Consumption of materials must be authorized by the agency. Quantities consumed must be reasonable and in proper quantities for the work being performed. The PI/Departmental Administrator must ensure that a) consumption of materials is accurately documented (including authorization from the granting agency); b) age-sensitive materials are consumed first; c) any unused material is returned to the Government; and d) excess government property has been screened for parts or components that are removed or recovered from repair, rework, testing or cannibalization.

L. Utilization

University departments should use government property only for the purpose(s) for which it was awarded.

The PI/Departmental Administrator is responsible for obtaining agency approval prior to using Government property for purposes other than those originally proposed in the award.

M. Maintenance

The PI/Departmental Administrator is responsible for the care, maintenance and utilization of government property in his/her possession or control from the time of receipt of the property until relieved of responsibility by the agency. The PI/Departmental Administrator will ensure that the property is maintained and repaired by qualified laboratory technicians or return it to the manufacturer for repair as the situation may require. The PI is also responsible for assuring that only qualified technical project personnel use the property and assuring that the property is protected from any deteriorating elements. The PI/Departmental Administrator shall establish a program of regular preventative maintenance and keep records reflecting the nature and cost of repairs, parts replaced and cost.

N. Subcontractors

The PI is responsible and accountable for all government property in the custody of subcontractors or at alternate locations. FAR 45.505 requires the prime contractor to use the records created and maintained by a subcontractor with an approved property control system for government property provided under its own prime contracts, unless the Government Property Administrator directs otherwise. The PI/Departmental Administrator is responsible for maintaining the accuracy of the official property records by incorporating any government-owned property changes or discrepancies that were noted on the inventory report submitted by the subcontractor.

Information on government property at subcontractor locations is reported to the PI/Departmental Administrator using agency forms.

Property Management maintains records of government property that is physically located off- campus. The PI/Departmental Administrator maintains this information on a department level while Property Management maintain this information on a University-wide level.

The PI/Departmental Administrator has the primary responsibility for keeping accurate records of government property at off-campus locations and for notifying Property Management of any changes to property locations.

O. Reports on Government Property

MSU is required to send reports to sponsoring agencies on a periodic basis. Typically the submission of final property reports is due within 60-90 days of the award expiration, depending on the terms of the agreement. For example, NASA reports are due within 60 days and DoD reports are due within 90 days.

P. Disposition

The PI/Departmental Administrator, OSP, and Property Management work together to dispose of government property as required by the Federal Government.

Effective property control provides for disclosing excesses as they occur. To that end, the PI is responsible for assessing the use of government property on an ongoing basis. Property should be reviewed periodically and its need justified. If the property is no longer needed for the project for which it was acquired, it should be screened against other in-house contracts for further use. The PI/Departmental Administrator should contact Property Management for assistance in the screening process. When there is no further use for the equipment, the PI/Departmental Administrator should contact the agency (via the OSP) for disposition instructions. Disposition must be approved by the agency before property is removed from inventory. The PI/Departmental Administrator should notify Property Management of approved disposition.

At completion of the contract, the PI/Departmental Administrator should contact the agency (via the OSP) for disposition instructions. Any disposition of government property must be approved by the agency prior to disposition.

Q. Closeout

In accordance with FAR 52-245-1(f)(3), upon completion of a grant or agreement, MSU will conduct a physical inventory of all property assigned to the grant or agreement. MSU's Property Management staff will verify the physical location of the property, will note the condition of the property, and will assist OSP personnel in determining the appropriate disposition of items at the time they are determined to be in excess to

contractual needs. Per the FAR 52-245-4(f)(x), MSU (the OSP) is responsible for reporting the results of the physical inventory to the sponsoring agency.

If the PI wishes to transfer government property from a completed contract to another active contract, he/she must obtain prior approval from the agency via the OSP.

R. Self-Assessment

Per the FAR 52-245-1(f)(3) requirements, MSU shall establish and maintain procedures necessary to assess the property management's system effectiveness and shall perform periodic internal reviews and audits.

Periodic internal reviews will include but are not limited to biannual physical inventories; the university's annual financial audit; the university's biannual compliance audit; as well as a physical inventory at the closeout of the contract.

Significant findings and/or results of such reviews and audits pertaining to Government property will be made available to the sponsoring agency.

IX. PROPERTY AND SUPPLY BUREAU TRANSACTIONS

Departments may acquire used equipment from the Property & Supply Bureau in Helena via their website or warehouse. If a purchase is contemplated, department personnel need to have their department affiliation verified first by Property Management.

All items are sold "as is" and unless stated will need to be picked up within 10 days after payment has been received. There will not be any holds allowed on items listed online and will be sold "first come first served". Items listed with a gold key are for department/agency purchase. If there isn't any gold key, items are available for public purchase.

Surplus Property will continually be adding additional items that they believe are appropriate for on-line sales. The surplus items can be reviewed by registering with the on-line site at www.publicsurplus.com/mt/state/employee.

X. TRADE-INS

When the purchase of an item involves a trade-in, prior approval must be obtained. The department obtains a signed quotation from the vendor which shows cost of new item, trade-in allowance and net cost; completes a PARR form and sends it to Property Management. The form must include a justification for trade-in as to why it's to the State's better benefit to allow trade-in rather than for the department to keep the item or have the State sell it as used equipment. Property Management will then process the form. If the department is using a requisition that involves a trade-in, the form is sent with the requisition.

It is the requisitioning department's responsibility when processing the invoice for payment to note in the lower left section of the BPA, "Trade-in of Property Management tag number

approved per PARR number ... dated". This will indicate to Property Management that the item was approved for trade-in. Property Management will at that time delete the traded-in item from the department's capital equipment inventory.

No trade-ins are allowed on vehicles. See Appendix E under Section VIII: Sale of Surplus State Property.

XI. GIFTS OF CAPITAL PROPERTY

Departments should notify Property Management in writing of any gifts of capital property so that the gift may be entered on the inventory. Information such as description, make, model, serial number and location should be included in the notification to Property Management. The asset is recorded at estimated fair value as determined from a receipt, letter, or other document evidencing the gift.

XII. CHANGES IN THE INVENTORY LISTING

Property Management will supply departments with capital equipment inventory updates after each fiscal year end and in March. Departments are to review the list and notify Property Management by e-mail (propmgmt@montana.edu) of any equipment transfers or of equipment that needs to be disposed. If a capital equipment acquisition does not appear on the list, the departments should notify Property Management so that it may be added.

Property Management will send out e-mail notifications to departments every March for them to review their capital equipment inventor and advise Property Mgmt. whether there are any changes or not to their equipment inventory. Departments can access their capital equipment inventory at any time on SAIS, Finance, Capital Assets Report. Departments have the option of listing their organization number or fund number to run the report.

XIII. THEFTS

If theft or illegal conversion of a fixed asset is suspected, University Police must be notified immediately. A copy of the Campus Incident Report must accompany the PARR form sent to Property Management to delete the stolen property from the inventory. Any maintenance contracts on the stolen property should be cancelled in writing. The local vendor should be advised of the model and serial number of the item stolen so the authorities can be alerted if the stolen property appears. Notification of the theft to Property Management will ensure that any applicable insurance reimbursement available will be pursued.

XIV. SURPLUS PROPERTY

State Statutes, specifically MCA title 18-6-101, provide specific ways in which surplus state property must be disposed of, regardless of whether it is being sold or junked. It is to the advantage of the department purchasing capital property to use current property for trade-ins as much as possible.

Under NO circumstances should individual departments attempt to dispose of State property on their own. This includes all State property that is not consumable, costs more than \$25, and lasts longer than one year. **Never** trade, cannibalize, or dispose of property purchased with government funds without prior approval from Property Management. Contact Property Management for procedures to dispose of inoperable or unwanted property.

Special Note: Library material, books and software are excluded from the surplus property regulations.

Departments wishing to sell surplus property are to complete a PARR form and submit it to Property Management. The form will provide the following:

1. Property number(s) of the surplus item(s), or serial/brand if there's no tag.
2. Description of the property and location,
3. Condition of the property, i.e.: broken, operable, fair, excellent, etc.,
4. Desired price (if any minimum), or estimated value.

Property Management advertises surplus property via email bids to the campus community and on the surplus property web page, which may include other University units and counties. The property is not for sale to private individuals at that time. The offer is usually open for a period of two weeks. Interested departments submit their written or e-mail bids to Property Management and the highest bidder is awarded the property, if the selling department accepts the bid.

1. If the property is not sold to another University department, Property Management and the department review the disposition of the [surplus property](#). It can continue to be re-advertised on campus, or Property Management can work with the department to advertise for public sale or it can be submitted to the State Property and Supply Bureau to handle. The State Property and Supply Bureau in Helena mails a sale listing to all State agencies or they may bid out equipment where is, as is to businesses registered for that commodity. A classified ad in the local newspaper for a minimum of 3 days is placed by the department advertising the surplus. If the asking price is met, the buyer works with Property Management and the department to process payment and pick up the purchase. Property Management also holds periodic public sales on campus.
2. Disposal - If it is determined that the surplus property does not have any value, it may be junked, cannibalized or destroyed. However, before this can be done, the department completes a PARR form and forwards it to Property Management. Property Management then approves the disposal and notifies the department of appropriate disposition procedures.

3. The State Property & Supply Bureau usually holds a fall public auction for vehicles and outdoor, shop, maintenance, and janitorial equipment. Sale proceeds are returned to the agency minus \$500 plus auction fees. Departments that choose to send their surplus to P&SB for an auction need to process the surplus PARR form to Property Management.

4. All sale proceeds are returned to the department if the sale is processed by Property Management. If the equipment sale is handled by the State, the Property and Supply Bureau retains all of sale value \$200.00 or less, \$200.00 of sale value between \$200.01 and \$2,000.00 and 10% of sale value greater than \$2,000.01. Sale proceeds that a department receives should, if possible, be deposited into the same fund account that was used to purchase the item sold.

5. Each spring and fall the State Property and Supply Bureau holds a public auction for vehicles and outdoor, shop, maintenance, and janitorial equipment. Sale proceeds from the state auction are returned to the departments less auction and Property and Supply Bureau costs (usually 10-12%). Once every two years, with odd year sales in the spring, MSU holds a public sale. Property Management works closely with departments to decide if surplus goes to the sale site, salvage metal, or garbage. Departments are not charged any work control labor charges or equipment dismantling charges. This is a good time for departments to clean out storage areas or free up lab/storage space. Property Management may hold small sales periodically or may place classified advertisements for individual items or specialized items.

XV. COMPUTER AND OTHER ELECTRONIC SCRAP (E-SCRAP)

Electronic scrap, or e-scrap, is defined as obsolete, broken, or unwanted electronic equipment. Such equipment must be properly disposed of or recycled in order to comply with local, state and federal regulations and policies. This is done through the E-Scrap Coordinator in the Safety & Risk Management office. The E-Scrap Coordinator works with in conjunction with the Property Management office to ensure that capitalized e-scrap equipment is properly removed from the departmental capital assets inventory listing. Electronic equipment is not to be placed in the trash, even if it is broken.

Items that are considered e-scrap, include, but are not limited to, the following:

- All Business/Office Electronics
- Batteries
- Cell phones
- Copy Machines
- DVD Players
- Fax Machines
- Key Boards
- Mice
- Monitors
- Network Equipment
- Plasmas
- Printers
- Servers
- Stereo Equipment

- Laptops
- LCDs
- Medical Equipment with NO BIO Hazards
- Telecom Equipment
- Televisions

For disposal of e-scrap items only, completely fill out the E-Scrap Pickup Request Form found on Safety & Risk Management's website. For disposals of property other than e-scrap items, completely fill out the PARR form found on Property Management's website.

All questions regarding items that are considered e-scrap, the pickup of e-scrap items, and disposition of e-scrap items should be directed to the E-Scrap Coordinator in the Safety & Risk Management office.

XVI. LIVESTOCK

MSU livestock primarily includes beef cattle, sheep and horses held for research and instructional purposes. Departments managing livestock, whether capital or non-capital, are required to inventory the flocks and herds on an annual basis at fiscal year-end. The results of the inventories are timely reported to the Property Management office.

Donated livestock is recorded at fair value at the time of donation.

Capital Livestock: Livestock is considered capital if it is purchased for addition to the flock or herd maintained for instruction or perpetuation/improvement. Such livestock is capitalized at fair market value if the aggregate value of the livestock exceeds the capitalization threshold. The value of the capital livestock flock/herd is changed:

- When livestock is purchased or sold
- When there is a significant change in the number of animals
- When a donation has been received

Non-Capital Livestock: Livestock is considered non-capital when the animals are to be sold within one year (held for resale). The fair market value of the flock/herd is recorded in the financial records at the end of each fiscal year as merchandise inventory.

Expensed Livestock: Livestock is considered to be expensed when the animals are not purchased for the addition to, or perpetuation/improvement of, the flock or herd and are not intended for resale.