

Control of Equipment and Other Property

General Policy

All equipment and property acquired by Rice University must be used in a prudent manner and for appropriate University purposes consistent with University policy. Equipment and other longer-lived property in the custody of Rice University, however acquired, must be properly identified, accounted for and disposed in line with University policy and procedures.

The intent of this policy is to ensure the University accurately records the acquisition, tracks and monitors the use, and records the disposal of equipment and other property items.

I. Definitions

- A. *Equipment* is non-expendable, tangible personal property which
 - 1. has both: a unit cost of \$5,000 or more and an expected useful life of more than one year or
 - 2. is a component part integrated into existing equipment meeting the conditions of (1).
- B. *Property* is any non-expendable, tangible item (such as, but not limited to, computers, office furniture, cell phones, etc.) which:
 - 1. has an expected useful life of more than one year,
 - 2. has a nontrivial value (e.g., greater than \$300) and
 - 3. is not equipment as defined above.
- C. *Acquisition Methods* include:
 - 1. *Purchase* is a method of acquiring title to and all rights associated with an equipment or property item by conveying funds in the amount of the item's market value to the seller.
 - 2. *Capital Lease* is a method of acquiring equipment that is, for accounting purposes, equivalent to a purchase.
 - 3. *Fabrication* creates an equipment item meeting unique research specifications by assembling it from a number of components. A prototype, which is a property item created by assembling a number of components and, when completed, has a useful life of less than one year, is not equipment.
 - 4. *Transfer* is an exchange of title and rights from one party to another often with little or no exchange of funds. A transfer may be between departments of the University or from another institution to Rice.
 - 5. *Donation* is a gift of equipment or other property at no cost to the University. The University may pay costs associated with delivery, handling, installation or set-up.
- D. *Control* is being responsible for the proper acquisition, inventory/tracking, security/protection and disposal tasks associated with equipment and other property.
- E. *Depreciation* is the pro-rata allocation of an expense equal to the unit cost of an equipment item over its useful life. Equipment is recorded in the University's General Ledger as a capital asset at the time of acquisition and depreciated from the date it is placed into service until the end of its estimated useful life, the date it is disposed or the date it is no longer usable.

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Property is not a capital asset and its acquisition costs are recorded as operating expenses of the University.

- F. *Disposal* is removing an equipment or property item from service, ensuring that the University receives appropriate compensation (if any) from parties taking possession of it and timely reporting (including appropriate documentation identifying the equipment and method of disposal) the disposal to the Office of Property Accounting so that it may be removed from the University's records.
- G. *Identification*: Each equipment item is assigned a Permanent Tag (PTag) number. A bar-coded tag bearing this number must be placed where it can be easily viewed on the item unless it would interfere with the item's intended use or the item does not have a surface upon which the tag may be affixed. In those cases where affixing a physical tag to the equipment is problematic or impracticable, the department must discuss with the Office of Property Accounting whether an alternative means of tagging is possible (e.g., electronic) and documentation of the equipment must still be maintained both in the Office of Property Accounting and in the department.

Property is not assigned a PTag number. Control tags for property items are available. It is recommended that these tags be placed on property items, if feasible, to assist with proper control and differentiation from equipment items.

- H. *In-service date* is the date equipment becomes available for use.
- I. *Unit Cost (asset valuation)* is the total of expenditures required to prepare the asset for its intended use. This may include, but is not limited to, purchase price, shipping and handling costs and site preparation. For donations and transfers, the asset's value will also include its fair market value at the date of the gift or transfer.
- J. *Useful Life* is the period an equipment item is expected to be usable for the purpose it was acquired. Useful Life is an estimate based upon a variety of factors including Rice's experience with similar equipment, IRS tables and the experience of comparable institutions.

II. Roles and Responsibilities

- A. The Vice President for Finance is responsible for overseeing property and equipment control.
- B. The Office of Property Accounting in the Controller's Office is responsible for maintaining the University equipment inventory, providing departments with PTags and other property tags, training department users on equipment policies and procedures, coordinating and overseeing the periodic equipment inventory process and managing the disposal process.
- C. The Chair or Head of each department or administrative area is responsible for property and equipment control in his/her area. The Chair or Head may delegate performance of the required tasks to one or more staff members under his/her supervision, but the responsibility continues to reside with the Chair or Head. The Office of Property Accounting will survey departments and administrative areas annually for the purpose of maintaining an accurate list of delegates, but recommends they be notified whenever delegations related to property and equipment control are changed. Delegates should periodically attend training classes presented by the Office of Property Accounting on equipment and property control to assure that they are aware of the current requirements and procedures for equipment and property control. The Chair or Head is also responsible for ensuring that principal investigators in their area follow the additional guidance

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contained in Policy 331: Research Equipment: Procurement, Management, Transfer, and Disposition and related procedures. The specific tasks to be performed to meet the responsibilities in each area of control are delineated in the procedures for this policy or in associated policies and their procedures.

The primary areas of control at the Department level are:

1. Acquisition:
 - a) Purchasing, including ordering and receiving,
 - b) Reporting to Property Accounting In-service Date, Serial Numbers or other identifying information (if available) and location of equipment item, and
 - c) Ensuring that property or equipment identification tags are properly placed on the item (where applicable).
2. Inventory/Tracking:
 - a) Assisting with inventory tasks as needed,
 - b) Reporting any change in Condition, Location or Area of Responsibility, and
 - c) Reporting any Transfer of Title or Ownership whether internal or external.
3. Security/Protection:
 - a) Implementing appropriate procedures to ensure that equipment and property are protected from loss or damage,
 - b) Reporting as soon as possible to the Rice University Police Department ("RUPD") or, if away from campus, the local law enforcement agency when equipment or property is stolen or made unusable by an unlawful act, and
 - c) Providing a copy of the report filed with RUPD or the local law enforcement agency to the Office of Property Accounting.
4. Disposal:
 - a) Ensuring property and equipment no longer required in the department is disposed according to current University protocols and procedures, including being made available to other University departments, as appropriate,
 - b) Ensuring property and equipment is disposed in accordance with data security policies and procedures,
 - c) Taking all reasonable measures to ensure property and equipment is disposed in an environmentally appropriate manner, and
 - d) Reporting ultimate disposition of all disposed equipment to the Office of Property Accounting.

III. Related Policies

- A. Policy 103: Policies Related to Department Chairs
(<http://professor.rice.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=240&libID=122>)
- B. Policy 301: Management and Administration of Sponsored Projects
(<http://professor.rice.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=4433&libID=858>)

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- C. Policy 331: Research Equipment: Procurement, Management, Transfer, and Disposition
(<http://professor.rice.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=310&libID=179>)
- D. Policy 808: Protection of Personally Identifiable Information
(http://professor.rice.edu/uploadedFiles/Professor/Independent_Pages/Policies/Policy808.pdf)
- E. Policy 810: Signature and Approval Authority for Contracts
(<http://professor.rice.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=297&libID=166>)
- F. Policy 814: Purchasing Policy
(http://professor.rice.edu/uploadedFiles/Professor/Independent_Pages/Policies/Policy814_Purchasing.pdf)
- G. Policy 831: Personal Use of University Property
(<http://professor.rice.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=268&libID=138>)
- H. Policy 838: Conflicts of Interest Related to the Purchasing of Supplies, Services, and Equipment
(<http://professor.rice.edu/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=256&libID=126>)

IV. Links to Procedures or Forms

- A. Property Accounting – Guidelines and Procedures:
http://professor.rice.edu/professor/Guidelines_and_Procedures9.asp
- B. Property Accounting Forms:
http://professor.rice.edu/Template_Controller.aspx?id=7013#property

V. Responsible Office

- A. The Vice President for Finance is responsible for this policy and related procedures.

VI. Key Offices to Contact

- A. For questions related to acquisition of equipment and property through purchase, capital lease or the procurement of components of a fabrication, contact the Director of Procurement.
- B. For questions related to purchase or fabrication of equipment on sponsored agreements, contact Research and Cost Accounting.
- C. For all other questions related to the control of equipment and property, contact Property Accounting.

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David W. Leebron
President