THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Business and Financial Services	**Number:**	520.1
		Revised:	6/7/05
SUBJECT:	Acquisition, Use and Disposition of Property (Exclusive of Real Property)	**Date Issued:**	
		Review Date:	6/7/09
APPLIES TO:	All Departments and Units of the University	**Attachment(s)**	0
ISSUED BY:	Property Control and Property Disposition		

I. Overview

Personal property is acquired and used in the University by faculty, staff, students and visitors for the support of activities of the University and may not be used for personal, for-profit activities or illegal purposes. All personal property owned by the University of Michigan (either through direct purchase or transfer) must be controlled within the following policies of acquisition, use and disposal. This property is ultimately under the control of the Property Control Office of the University and subject to the procedures issued by that office. For more information about Property Control see their website at http://www.umich.edu/~ofa/propertycontrol/. For information on the acquisition, use and disposition of real property (real estate), see SPG 601.23 entitled Real Estate Transactions.

The University has sole responsibility for the disposition of property and any resulting proceeds via the Property Disposition Office. For more information about Property Disposition see their website at http://propertydisposition.umich.edu/.

Property is defined as all items of a capital nature such as fixtures, furniture, and moveable equipment over $5,000 as well as non-capital purchases of equipment that is not generally considered disposable or consumable in nature (i.e. consumed as part of use).

II. Acquisition of Property

A. Purchased Property

Property acquired by the University must comply with all of the purchasing policies (re: SPG 507.1) and procedures of the University http://spg.umich.edu/pdf/507.01.pdf.

B. Transferred Property

Property may be acquired as gifts or transfers of research property purchased by grants or contracts held by other institutions. Property Control signs for all incoming equipment, determines the depreciated value, and tags and books the equipment where required. Transfer of research equipment usually occurs when a researcher moves to Michigan and brings contracts or grants. For information on this process see http://www.umich.edu/~ofa/propertycontrol/TrsfResProp.htm

C. Inventory Record and Tagging of Capital Equipment

Property Control and Financial Operations will ensure that all acquisitions of capital equipment are recorded into the University's inventory. The following data is collected: Purchase Order Number, Voucher Number, Project/Grant, and the description of the equipment. All movable equipment costing $5,000 or more, whose useful life is 2 or more years is considered capital equipment and must be tagged by Property Control.

III. Use of Property

Property is provided by the University for the use of faculty, staff, students and visitors in pursuit of University activities and includes teaching, research, public service, patient care and administrative activities. For more information see the Web Site at http://www.umich.edu/~ofa/propertycontrol/EquipLoan.htm.

A. Off campus Use of University Equipment

Faculty and staff members who hold regular appointments and students who have class requirements are permitted to use University equipment at off-campus locations whenever it will benefit the teaching, research or public service or administrative activities of the University.

Requests for off-campus use and return of equipment require approval of the department head who is responsible for the equipment and is of higher administrative authority than the requestor. The department head is also responsible for notifying:

1. Property Control when equipment is removed, returned or damaged.

2. The Department of Public Safety and Risk Management when there is a loss of equipment. You can find more information at http://www.umich.edu/~safety/ for Public Safety and http://www.umich.edu/~riskmgmt/property.html for Risk Management.

B. Personal Use of Property

Property is purchased to support the mission of the University and is not intended to support the personal use by faculty, staff, students or visitors. Limited personal use of property may be deemed acceptable (such as essential personal calls, internet used during off-hours) within the following principles:

1. Personal use of equipment does not reduce the effort or hours worked by the employee.

2. Personal use does not interfere with business usage.

3. Personal use does not result in material incremental cost to the University; permission may be given for personal use if individual reimburses the University for the cost (such as phone calls, copies).

4. Activities in support of the University's objectives of creating knowledge and disseminating same, such as scholarly publishing and discipline-related consulting are recognized as normal professional responsibilities and therefore understood as appropriate uses.

5. University-owned property is not to be used in any personal, for-profit activity by faculty or staff.

6. University-owned property is not to be used for illegal purposes such as copying licensed or copyrighted software or other materials.

C. Management of Copyrighted Materials

University administrators must be proactive in managing and monitoring the use of copyrighted materials such as computing software. Mismanagement of this resource may subject the University to a considerable liability. Copying copyrighted materials without the proper licensing or approvals also conflicts with the fundamental values of the University community regarding intellectual property.

References: *SPG 500.1 Fiscal Responsibilities at http://spg.umich.edu/pdf/500.01.pdf ; SPG 507.1 Purchasing Policies and Procedure at http://spg.umich.edu/pdf/507.01.pdf. ; SPG 601.3 Ownership and Use of Computer Software at http://spg.umich.edu/pdf/601.03-0.pdf.; SPG 601.7 Proper Use of Information Resources, Information Technology Resources, and Networks at the University of Michigan at http://spg.umich.edu/pdf/601.07-0.pdf*

IV. Disposition of Property

All University of Michigan property and scrap material must be sold or disposed of by Property Disposition. No property may be sold or disposed of to buyers outside the University (employees purchasing property personally are considered "buyers outside the University") without the concurrence of Property Disposition.

A. Surplus Property

Determination of final disposition and/or sale price of an item, once it has been declared surplus, is the sole prerogative of Property Disposition. Individual items that are part of a group sale may not be removed from sale if their removal will jeopardize the total sale and result in a net loss to the University. This determination will be made by Property Disposition.

B. Scrap

All scrap that has a value is the property of the University and must be disposed or utilized to the University's best advantage. Scrap includes but is not limited to: silver, gold, other metals, paper, wood or other byproducts of operations. No scrap may be given away without the approval of Property Disposition.

C. Sale of Property to University Employees and Students

University employees and students are eligible to purchase property from Property Disposition at the resale price plus Michigan Sales Tax. The purchaser may not be the employee who initially designated the property as surplus.

It is Property Disposition's practice to give priority as follows whenever possible:

1. University departments will be given preferential treatment in the purchase of surplus items.

2. The major user of the equipment before disposal.

3. Faculty, staff, or students of the University of Michigan.

D. Preparation of Equipment Prior to Disposal

Any equipment which records or stores materials of a proprietary nature, material which is protected by federal or state statute (such as the Health Insurance Portability and Accountability Act which protects privacy of patient information or Human Subjects regulations), or which has material with separate copyright issues must have this material/data removed before disposition. Most notable are computer drives, which must be cleared of all software and files prior to disposition. It is the responsibility of the department to do this. Please reference the Property Disposition web site at http://propertydisposition.umich.edu/ for the detailed policy and recommended procedures.

E. Transfer of Equipment between UM departments

When a department needs to transfer (or sell) capital equipment to a different department, Financial Operations must be contacted to ensure that the University records are maintained. Please email amtransfers@umich.edu and include the following information: Description of the capital equipment (i.e. computer), Department ID to which the asset currently belongs, Department ID to which the asset is being transferred and the Tag Number or Asset ID.

F. Transfer and Sale of Research Property Purchased by Grants and Contracts

In setting forth the procedure for requesting the transfer or sale to another institution of property purchased with funds from University of Michigan grants or contracts, several principles must be kept in mind. Specifically, the concerns of three separate institutions can influence the decision to transfer:

1. Sponsor – The sponsor may retain full title, in which case the sponsor decides whether the property may be transferred. The sponsor may give title to the University only after a certain time has elapsed following termination of the grant or contract. In this interim period, both the sponsor and the University may be involved in making the transfer decision.

2. University of Michigan – In the event that the sponsor has given title of the property to the University, either at the time of purchase or at a later date, the decision to transfer is a University decision.

3. Recipient Institution – If the sponsor and the University agree to the transfer of property to another institution, the proposed recipient institution must then also agree. The recipient institution must supply the University with a contact name, mailing address, telephone, email address and facsimile numbers. The recipient contact must check the equipment and sign and return the paperwork within two weeks.

Exceptional cases arise where specialized items of property may be essential to the continuation of a Project Director's research at his new institution. Should this be the case, consideration will be given to a request by the Project Director for the transfer of property. The Project Director should note that, in addition to the need for the property, the following conditions must prevail if the University holds title to the property.

1. The equipment was purchased by the researcher's grant or contract in whole or part. In cases where the University of Michigan provided a portion of the funding, the new institution will be asked to reimburse in the same proportion of the existing appraised value determined by Property Disposition.

2. The property is not required in research continuing in the University under direction of others.

3. Outgoing equipment must be formally accepted by the new institution.

The approval for divesting of such equipment must be recommended in writing by the Department Chair/Unit Head/Dean or Director. The final decision to sell the property will remain that of the Executive Vice President and Chief Financial Officer or his or her designee.

The approval for the sale of research equipment must be recommended in writing by the Department Chair/Unit Head/Dean or Director. The final decision to sell the property will remain that of the Executive Vice President and Chief Financial Officer or his or her designee. See http://www.umich.edu/~ofa/propertycontrol/TrsfResProp.htm for the specific procedure.