

# Internal Controls – Overview of Key Processes

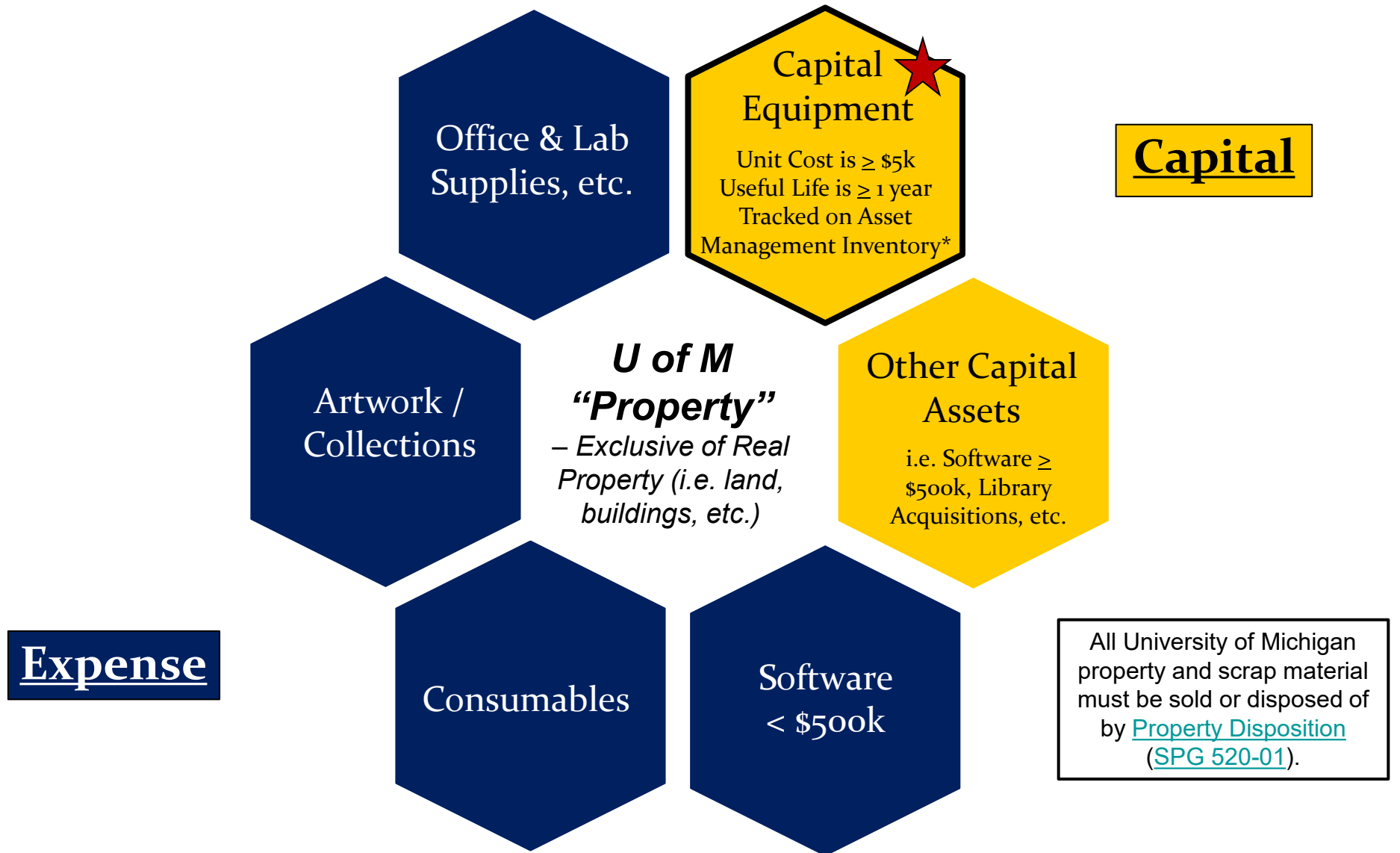
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## CAPITAL EQUIPMENT

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# Capital Equipment



# Capital Equipment

## Definition from SPG 520.01

Capital equipment is moveable equipment, fabricated equipment, vehicles, and musical instruments:

- Original cost of \$5,000 or more
- With a useful life of 1 or more years

### **In Scope Examples**

- Microscopes, freezers, lasers, vehicles, centrifuges, gym equipment
- High-end computer/computer equipment, servers, cameras, spectrophotometers

### **Explanation**

- If Unit Cost  $\geq$  \$5,000 and
- If useful life is 1 or more years

### **Out of Scope Examples**

- Software
- Buildings & Land
- Office/Lab Supplies, Consumables
- Office Furniture
- Artwork, Collections

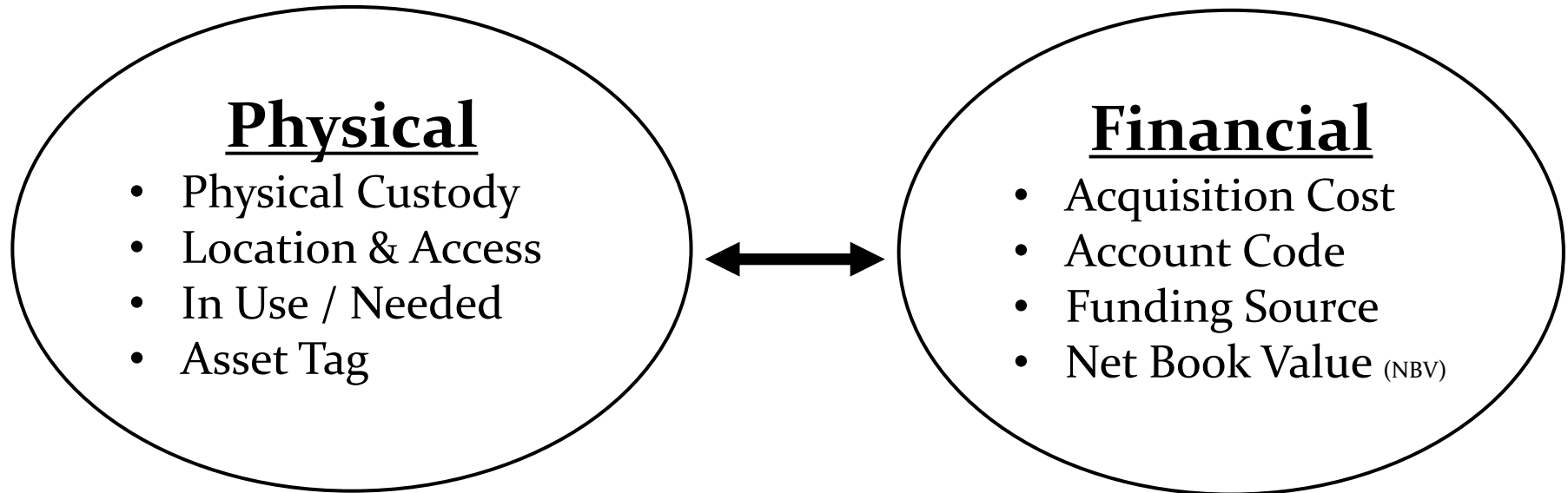
### **Explanation**

- Capitalized if unit cost is  $>$  \$500,000
- Capitalized, but tracked separately
- Treated as expense
- Typically, less than \$5,000
- Should be inventoried, tracked, valued, & insured with Risk Management

*Does not include Hospital tracked assets*

# Stewardship of Assets

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## **Key Risks:**

- Theft / Fraud
- Loss of Use / Downtime
- Replacement Cost
- Non-Compliance
- Inaccurate Financial Statements
- Misstated Indirect Costs

## **Key Benefits:**

- Disposal of assets no longer in use generates funds
- Accurate/up-to-date asset information avoids unnecessary or duplicative purchases

# Capital Equipment Gap Analysis Elements & Key Processes

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- **Acquisition & Recording**
  - Ensure all equipment purchased is charged to the appropriate account code to ensure the equipment is identified as a capital asset
- **Tagging**
  - All acquired capital equipment needs to be tagged
  - Assist with access to asset
- **TRACKING ACTIVE EQUIPMENT**
  - Contact Property Control when moving or transferring equipment.
- **Monitoring & Stewardship**
  - Ensure all assets are received, secured, and accurately recorded
  - Periodically review reports to ensure asset information is appropriate
- **BIENNIAL INVENTORY**
  - Support third party contractor in verifying all capital assets are accounted for & documented.
  - Help reconcile any capital equipment not found during the verification process.
- **DISPOSAL/RECONCILIATION**
  - All disposals and transfers must go through Property Disposition using the electronic disposal of surplus form (eDOS).

# Capital Equipment Guidance: Tracking of Equipment



## Tracking of Equipment



### Equipment Scenarios

1

#### Movement of Active U-M Equipment

Asset location changes but ownership/possession remains

2

#### Transfer of Ownership

Ownership/possession transfers between U-M and another institution

3

#### Damaged/Destroyed/Lost/Stolen

Asset is damaged, destroyed, expended during use, lost, or stolen while in U-M possession

### Key Actions

Update Location Information

Add/Remove Asset

Timely Notification



# Equipment Scenario #1

## Movement of Active U-M Equipment

1

### *Movement of Active U-M Equipment*

#### **Moving for Use Off Campus**

- The Request for Removal and Use of University Equipment form, and additional details can be found on the [Property Control](#) website under Off-Campus Use of U-M Property.

#### **Moving to a Different Location within the Same U-M DeptID**

- Notify Financial Operations - Accounting Operations and Property Control via email at [amtransfers@umich.edu](mailto:amtransfers@umich.edu).

#### **Moving to a Different U-M DeptID**

- Send a completed [Asset Transfer Form](#), and email approving transfer from both the receiving and the relinquishing departments to [amtransfers@umich.edu](mailto:amtransfers@umich.edu).



# Equipment Scenario #2

## Transfer of Ownership

### *Transfer of Ownership*

2

#### **Transferring to a Different Institution, when a Project Director is Leaving U-M**

- Detailed guidelines can be found in [SPG 520.01](#), Acquisition, Use, and [Disposition of Property](#) (Exclusive of Real Estate) utilizing the [eDOS form](#).
- Instructions on how to fill out and submit an eDOS form can be found here: [eDOS: Faculty Transfer Job Aid](#).

#### **Transferring to U-M from Another Institution (Incoming Project Director) or Received Directly from Sponsor**

- Notify Property Control at [property.control@umich.edu](mailto:property.control@umich.edu) of all property transferred to the university from another institution, including personal property associated with research grants or contracts previously held by other institutions.





# Equipment Scenario #3

## Damaged/Destroyed/Lost/Stolen

3

### *Damaged/Destroyed/Lost/Stolen*

#### **Equipment is Damaged, Destroyed, or Expended During Use**

- Notify Property Control at [property.control@umich.edu](mailto:property.control@umich.edu)

#### **Equipment is Lost or Stolen**

- Notify Property Control and The [Division of Public Safety](#) and Security. For additional details on this process, refer to <https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=11518>

#### **To Replace Lost or Stolen Equipment**

- Contact Insurance and Claims Administration (formerly Risk Management) at <https://finance.umich.edu/treasury/ica>

#### **To Replace Damaged, or Destroyed Equipment**

- Notify Property Control at [property.control@umich.edu](mailto:property.control@umich.edu)



# Biennial Inventory of Capital Equipment

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- The [Office of Property Control](#) is responsible for U-M's Asset Management Program.
  - The office works with units to track and tag all capital equipment valued at \$5,000 or more with a useful life of greater than one year, as well as all sponsor-titled equipment regardless of value.
- University capital equipment is inventoried every two years via a third-party company.
- Sponsor-titled equipment is inventoried annually by Property Control staff.

# Biennial Inventory: Equipment in Department's Possession

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- 1 Biennial inventory **communication** is sent out to all department and university contacts a month in advance.
- 2 **Interchange meetings** hosted by the Property Control Manager and U-M's third-party inventory partner to clarify roles and responsibilities of departments and principal investigators (PI's).
  - This meeting provides opportunities for questions and clarification prior to the beginning of inventory.
- 3 **Blitz (Phase 1)** - U-M's third-party inventory partner begins a building blitz which involves scanning as many pieces as possible of RFID tagged capital equipment in every building and room.
  - Most of the equipment will be located during this phase.

# Biennial Inventory: Equipment Not in Department's Possession

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**4** **Reconciliation (Phase 2)** - U-M's third-party inventory partner begins focus on capital assets that were not found during phase 1 (blitz).

- The PIs and department contacts will need to support as the third-party will supply them with a listing of all capital items that were not found in the assigned space.
- It is the PI's responsibility to work with the third-party and account for any capital assets that were not located.

# Completing the Biennial Inventory

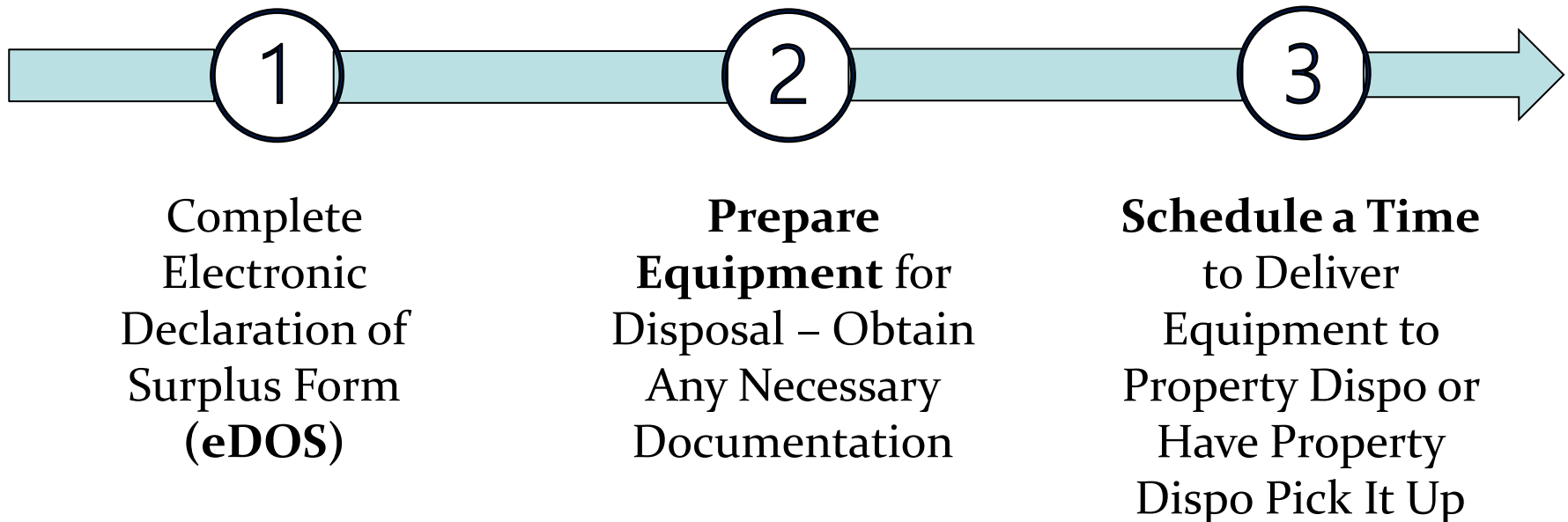
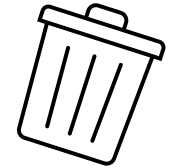
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- 5** U-M's third-party inventory partner will provide a **comprehensive inventory report** after completion.
- 6** **Reconciliation Review (Phase 3)** - Property Control will review the completed inventory and notify the department contacts and PIs of any additional information needed or provide confirmation of inventory completion.

# Disposing of Capital Equipment

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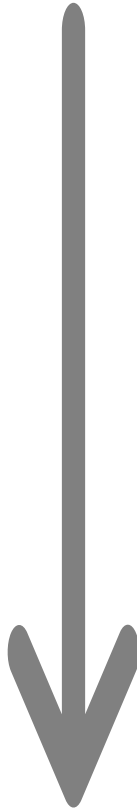
## *Disposal Process*



# Step 1: Completing eDOS

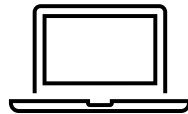
## 1 eDOS

Declaring  
Surplus



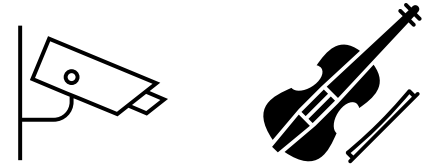
Complete the [eDOS eform](#).

- [Instructions](#) on how to complete and submit an eDOS eform.
- Include shortcode, serial numbers, tag number, manufacturer, model, condition, and any notes about the equipment.
- Property Dispo or Property Control will contact if clearance memos, decontamination forms, etc. are needed.

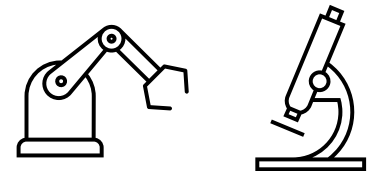
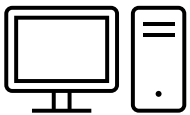


# Step 2: Preparing Equipment

## ② *Preparing Equipment*



1. Check the equipment scheduled for pick-up to ensure no additional items have been added at the last minute.
  - This will delay the disposition process.
  - New items must be added to a new eDOS form.
2. If possible, set the equipment near a loading dock or similar location for fast and easy pick-up.
3. Equipment should be cleaned prior to pick-up.
  - Remove non-University stickers, wipe off any dirt or grease, and ensure nothing dangerous or hazardous is on the equipment.

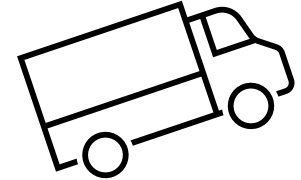




# Step 3: Delivering Surplus

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## 3 *Delivering Surplus*



Property Disposition ([property.disposition@umich.edu](mailto:property.disposition@umich.edu)) will reach out to schedule an appointment to pick up or to deliver the surplus to the warehouse.



# Things to Remember

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All disposal of equipment & surplus is handled through property Disposition.



When equipment is no longer needed, it should be disposed of in a timely manner.



U-M departments, employees, & the public can purchase used equipment, furniture, etc. through Property Dispo's sales website ([Dispo Direct](#)).

# Key Contacts

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- **Property Control** [Tagging/Monitoring/Inventory]
  - John Barkhimer, Jr. – [johnbjr@umich.edu](mailto:johnbjr@umich.edu) – (419) 654-8226
  - Agustín Guzmán – [guzmana@umich.edu](mailto:guzmana@umich.edu) – (734) 647-5414
  - Admin/General Number – (734) 764-6251
- **Financial Operations** [Proper Account Usage]
  - Whitney Brisendine – [wlvb@umich.edu](mailto:wlvb@umich.edu) – (734) 647-3778
  - Kandie Little – [khines@umich.edu](mailto:khines@umich.edu) – (734) 763-2393
  - Jarrod Van Kirk – [jvankirk@umich.edu](mailto:jvankirk@umich.edu) – (734) 647-3791
- **Property Disposition** [All Disposals]
  - Hillary Schreiber – [schreibh@umich.edu](mailto:schreibh@umich.edu) – (734) 764-2470
  - Shawn Martin – [shawmart@umich.edu](mailto:shawmart@umich.edu) – (734) 763-7106
  - Agustín Guzmán – [guzmana@umich.edu](mailto:guzmana@umich.edu) – (734) 647-5414