**SECTION**: Procurement

**NOTE:** Any changes to process due to remote work should be documented in procedures.

**SUBJECT**: Capital Equipment – Process Documentation

**APPLIES** **TO**: University Owned Equipment Whose Unit Cost > $5,000 and Useful Life > 1 year

**NOTE: New/updated items for FY2024/FY2025 are identified in red text**

**Capital Equipment Process Overview**

Capital equipment is defined as moveable equipment, fabricated equipment, vehicles, and musical instruments, with an original cost of $5,000 or more and a useful life of one year or more. University units purchasing capital equipment are responsible for coding these purchases to the proper equipment account. A physical inventory of all capital equipment must be conducted and the results reconciled with records in the Asset Management System at least once every two years. All disposals of equipment must be handled through Property Disposition.

**Capital Equipment**

|  |  |  |
| --- | --- | --- |
| **Activity** | **Responsibility** | **Reference/Comments** |
| **ACQUISITION & RECORDING** |  |  |
| Determine and document individual(s) / position(s) responsible for managing capital equipment, including:  •Purchasing  •Approving Purchases  •Overall Monitoring  •Validating and Updating the capital equipment inventory listing. | Department Head |  |
| Ensure there is funding/budget available to cover the costs of the capital equipment prior to purchase. | Person(s) responsible for requesting / purchasing equipment | ***NOTE:*** *Ensure there is a need for/benefit from the Capital Equipment prior to purchase. - Review your unit’s equipment inventory to determine if there is already an asset within your unit that provides the necessary functionality.* |
| Ensure item(s) purchased which meet the criteria of moveable equipment (has a cost of $5,000 or more per unit, and a useful life of 1 year or more) are recorded to the appropriate equipment account code to ensure the item is identified as capital equipment for addition to Asset Management and Tagging. | Person(s) responsible for purchasing and purchase approver(s) | Refer to the Financial Operations website relating to [equipment](http://www.finance.umich.edu/finops/accounting/equipment/equipment) for further information and appropriate equipment account codes and purchasing category codes. |
| Record the non-labor costs of fabrications that are estimated to exceed $5,000 to the [appropriate account code](http://www.finance.umich.edu/finops/accounting/equipment/equipment):  614060: Equip Fabrication – Spon Only (for University owned equipment)  614330: Sponsor Owned Equip – Fab (for Sponsor owned equipment) | Department Head or person responsible for research project that is fabricating. or See Appendix A | For additional details on this process please refer to the [Equipment Fabrication Guidance](http://www.finance.umich.edu/sites/default/files/2019-01/Equipment%20Fabrication%20Guidance.pdf) document located on the Financial Operations website. |
| Review and approve all POs for Capital Equipment greater than or equal to $100k to ensure the acquisition is appropriate, accurate, and complies with all applicable policies. | Individual who is of higher administrative authority than the requestor |  |
| Review and approve all vouchers greater than or equal to $10k to ensure the information is appropriate, accurate, and complies with all applicable policies. | Individual who is of higher administrative authority than the requestor |  |
| Individual(s) approving POs or vouchers is not the individual(s) purchasing capital equipment. |  |  |
| **TAGGING** |  |  |
| Facilitate tagging by providing [Property Control](https://procurement.umich.edu/u-m-employees/property-management/property-control/) with equipment location, contact & custodian information, and access to the equipment. | Asset Contact and/or Asset Custodian |  |
| If Property Control is unable to access the equipment, they may leave the tag with the department to affix when possible. Physically tag the equipment in a timely manner and provide photographic evidence to Property Control to confirm the equipment has been tagged. | Asset Custodian |  |
| **TRACKING ACTIVE EQUIPMENT** |  |  |
| When equipment is used off campus, the Request for Removal and Use of University Equipment form is filled out, approved by the department head, and a copy is submitted to Property Control. | Department Head [who is both responsible for the property and is of higher administrative authority than the requestor] or See Appendix A | ***NOTE:*** *The Request for Removal and Use of University Equipment form and additional details can be found on the* [*Property Control*](https://procurement.umich.edu/u-m-employees/property-management/property-control/) *website under Off-Campus Use of U-M Property.* |
| When equipment is moved to a different location within the same U-M DeptID, update the equipment location and custodian information within the Asset Management Transfer system or notify Financial Operations - Accounting Operations and Property Control via email at [amtransfers](mailto:amtransfers)[@umich.edu](mailto:property.control@umich.edu) | [Insert appropriate person/position] or See Appendix A | **NOTE:** To update location within the M-Pathways Asset Management system obtain the [OARS Role](https://its.umich.edu/accounts-access/administrative-access/oars):  AM DEPARTMENT ASSET SPECIALIST |
| When equipment is transferred to a different U-M DeptID, send a completed Asset Transfer Form, and email approving this transfer from both the receiving and the relinquishing departments to [amtransfers@umich.edu](about:blank) | [Insert appropriate person/position] or See Appendix A | **NOTE:** The Asset Transfer Form can be found under Resources on the Financial Operations website at <http://finance.umich.edu/finops/accounting/equipment/equipment> |
| When equipment is leaving U-M and will be transferred to a different institution, email Property Control at [property.control@umich.edu](mailto:property.control@umich.edu) to request equipment transfer | [Insert appropriate person/position] or See Appendix A | For additional details on this process, refer to [Transfers to Another Institution](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=8825).  ~~the~~ [~~Transferring Equipment to Another Institution Process~~](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=8826).  The [Faculty Transfer Form](https://apps.procurement.finance.umich.edu/secure/pd/edos.cfm?CreateForm=F) and [Faculty Transfer](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=9627) instructions can be found under [Declaring Surplus](https://procurement.umich.edu/u-m-employees/property-management/property-disposition-u-m-units/).  When moving to another institution, individuals may wish to transfer research equipment to their new institution. Detailed guidelines can be found in [SPG 520.01, Acquisition, Use, and Disposition of Equipment and Other Capital Property.](http://spg.umich.edu/policy/520.01) |
| When equipment is received from another institution or received directly from a sponsor, complete the [Equipment Transfer In Form](https://procurement.umich.edu/wp-content/uploads/2022/09/equipment_transfer_in_form.pdf) and notify Property Control at [property.control@umich.edu](about:blank) | [Insert appropriate person/position] or See Appendix A |  |
| When equipment is damaged/destroyed/expended during use, notify Property Control at [property.control@umich.edu](about:blank) | [Insert appropriate person/position] or See Appendix A | For additional details on this process, refer to the Damaged or Lost Equipment section of the [Off-Campus Use of UM Property Procedures](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=8890) document. |
| When equipment is lost or stolen, notify Property Control at [property.control@umich.edu](mailto:property.control@umich.edu) and [The Division of Public Safety and Security](https://www.dpss.umich.edu/) as required by [SPG 510.01](https://spg.umich.edu/policy/510.01) | [Insert appropriate person/position] or See Appendix A | For additional details on this process, refer to the Damaged or Lost Equipment section of the [Off-Campus Use of UM Property Procedures](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=8890) document. |
| When replacement of lost, stolen, damaged, or destroyed equipment is needed, contact ~~Risk Management~~ Insurance and Claims Administration to submit a claim and [Proof of Loss](https://finance.umich.edu/treasury/ica/proof-of-loss) form then forward the completed ~~Risk Management~~ report to Property Control at [property.control@umich.edu](mailto:property.control@umich.edu) | [Insert appropriate person/position] or See Appendix A | To submit a claim, visit the ~~Risk Management~~ [Insurance and Claims Administration](https://finance.umich.edu/treasury/ica) website. For information on what is insured see [Property](https://finance.umich.edu/risk-management/property-insurance-coverage). |
| **MONITORING & STEWARDSHIP** |  |  |
| Review the Access Validation report located in M-Reports (go to [Wolverine Access](https://wolverineaccess.umich.edu/) > M-Reports) under the compliance tab to validate that all individuals with access to place orders in M-Marketsite and/or create an Epro Requisition are appropriate. | [Insert appropriate person/position] | **NOTE:** Select "FINANCIAL" for subject area and search "Epro" for a list of security roles. Filter report by "PR EPRO USER" and "PR EPRO MARKETSITE USER" roles. |
| Review Approver Table Roles report, adjust if necessary, and ensure only appropriate approvers have access to approve vouchers. | [Insert appropriate person/position] | **NOTE:** Report can be found under the Mgmt Reports tab of M-Reports |
| Periodically review the “*AM01 AsMang Capital Equipment by DeptID, Dept Grp, or VP Area"* inBusiness Objects to ensure Asset Inventory is accurate and complete and information is updated as necessary.  This includes:  - Verifying the completeness and accuracy of the Asset Management list for your departments  - Physically validating the existence of all listed assets  - Updating existing asset information when necessary (i.e., location, custodian, contact, etc.) | [Insert appropriate person/position] | **NOTE:** Report can be found under UM- Maintained > Physical Resources > AM01 Asset Management |
| **BIENNIAL INVENTORY** |  |  |
| Assist with the inventory process.  Including the reconciliation phase of the inventory process by doing the following:   * Be prepared ahead of time for any meetings setup about the inventory reconciliation. * Review your list of reconciling items and physically locate or account for (identified as off-site, retired, etc) all items on the list. * Provide appropriate supporting documentation when necessary. * Respond to communications about the inventory process timely | [Inventory Contact / Asset Custodian / Facilities Manager]  and / or  See Appendix A - for sample log to document roles and responsibilities related to capital equipment | ~~Property Control~~ ~~emails the~~ A third party, currently HCA Asset Management, facilitates the equipment inventory process and coordinates ~~report to~~ with the departmental administrator or designated person for review and updating.  ***~~NOTE:~~*** *~~The re-tagging effort to change tags to RFID tags is in its final phase.~~*  *~~The final process for the biennial inventory is still being finalized.~~* |
| ~~Send completed report back to Property Control,~~ [~~property.control@umich.edu~~](file:///\\fin-evpf.m.storage.umich.edu\fin-evpf\av-vp-shared\ic-communications\Cory\08)%20Gap%20&%20Written%20Procedures%20Updates\FY20\2)%20Written%20Procedures\2)%20FY20%20-%20Updates\property.control@umich.edu) ~~including applicable supporting documentation, within 60 days of receipt.~~ | ~~Inventory Contact~~ |  |
| **DISPOSAL / RECONCILIATION** |  |  |
| Ensure all disposals of equipment are handled through Property Disposition. | Department Head |  |
| Submit the [Declaration of Surplus Form (eDOS Form)](https://apps.procurement.finance.umich.edu/secure/pd/edos.cfm?CreateForm=E) via TeamDynamix to Property Disposition to schedule a delivery.  ***NOTE:*** *See instructions for completing* [*eDOS Form*](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=9420) | [Inventory Contact / Asset Custodian / Facilities Manager] or See Appendix A | ***NOTE:*** *Ensure the DOS form is properly completed. Include the department’s shortcode, the serial number, asset tag number (if applicable), and any other identifying/descriptive information for each item being sent to Property Disposition.* |
| Contact Environment, Health & Safety ([EHS](http://ehs.umich.edu/)) for proper handling of hazardous items, prior to disposal. | [Inventory Contact / Asset Custodian / Facilities Manager] or See Appendix A | ***NOTE:*** *All lab equipment will need an EHS* [*decontamination form*](http://ehs.umich.edu/forms/laboratory-equipment-owner-decontamination/)***attached*** *to the asset when delivered to Property Disposition.* |
| Appropriate personnel are aware of contractual requirements that may affect the handling and/or disposal of Sponsored Equipment. | [Inventory Contact / Asset Custodian / Facilities Manager] or See Appendix A | ***NOTE:*** *Clearance Memo is now included in the electronic* [*Declaration of Surplus Form (eDOS Form)*](https://apps.procurement.finance.umich.edu/secure/pd/edos.cfm?CreateForm=E) |
| [Sanitize](https://www.safecomputing.umich.edu/protect-the-u/protect-your-unit/erasing-um-owned-devices) all computers and storage media devices, and obtain a [Certificate of Sanitization/ Destruction](https://www.safecomputing.umich.edu/protect-the-u/protect-your-unit/erasing-um-owned-devices), prior to sending the equipment to Property Disposition. | [Inventory Contact / Asset Custodian / Facilities Manager] or See Appendix A | ***NOTE:*** *For units that subscribe to MiWorkspace, this step is completed by ITS. – HITS will complete this step for all covered Michigan Medicine units.* |
| Bring the equipment to be disposed of, along with the signed DOS form and all other applicable documents, to the [Warehouse](https://procurement.umich.edu/u-m-employees/property-management/property-disposition-u-m-units/) on the date provided by Property Disposition. | [Inventory Contact / Asset Custodian / Facilities Manager] or See Appendix A | ***NOTE:*** *If unit is unable to deliver the equipment to Property Disposition, Property Disposition can schedule pick up through U-M’s Moving & Trucking Department on behalf of the unit. Once Property Disposition reviews the DOS they will reach out to confirm delivery preference.* |
| When trading-in capital equipment, fill out a Declaration of Surplus Form and contact Procurement Services to ensure both the old and new assets are properly accounted for. | [Inventory Contact / Asset Custodian / Facilities Manager] or See Appendix A |  |
| Monitor the SOA for accuracy and any unknown, unexpected, or missing acquisitions of capital equipment. | [Insert appropriate person/position] |  |
| Ideally, individual monitoring the SOA is not the person initiating/approving purchases of equipment. |  |  |

Key Contacts:

* [Procurement Services](https://procurement.umich.edu/) 
  + [Property Control](https://procurement.umich.edu/u-m-employees/property-management/property-control/) - (734) 764-6251 [property.control@umich.edu](mailto:property.control@umich.edu)
  + [Property Disposition](http://procurement.umich.edu/property-space-management/property-disposition-u-m-departments) - (734) 764-2470 [property.disposition@umich.edu](mailto:property.disposition@umich.edu)
* [Financial Operations](http://finance.umich.edu/finops) - [plant.fund.staff@umich.edu](mailto:plant.fund.staff@umich.edu)

Related Standard Practice Guides:

* [SPG 520.01: Acquisition, Use, and Disposition of Property (Exclusive of Real Property)](http://www.spg.umich.edu/policy/520.01)

Record of Revisions:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date of Issue** | **Description of Change** | **Page(s) Affected** | **Approved By** |
| 7/2018 | Original template created | All | [insert name] |
| 11/2019 | Added comments and updated links (EHS website and Plant Fund email) | 2-4, 5-6 |  |
| 11/2020 | Clarifying language and updated links (removed M-Reports link and added Wolverine Access link) | 3, 4 |  |
| 12/2021 | Clarifying language, updated links and revised note for baseline inventory | 3, 4, 5 |  |
| 12/2022 | Updated links, updated biennial inventory | All |  |
| 11/2023 | Minor clarifying language, updated biennial inventory | 3, 4, 5 |  |
| 11/2024 | Updated Risk Management to Insurance Claims and Administration, updated link, updated third party | 3, 4 |  |

Document Owner: [insert name], [insert title]

Administrative Owner: [insert name], [insert title]

**Supplementary Capital Equipment Roles & Responsibilities Log**

Sample Log – Please modify/customize as needed

***Appendix A***

|  |  |  |  |
| --- | --- | --- | --- |
| **Department / Location[[1]](#footnote-1)** | **Department Head**  (Approver of Off-Campus Use of Capital Equipment)[[2]](#footnote-2) | **Individual(s) with OARS Access[[3]](#footnote-3)**  (Responsible for Updating Non-Financial Information in the Asset Management System) | **Inventory Contact(s)**  (Responsible for ensuring Biennial Inventory is appropriately completed) |
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1. Utilize the Business Object report *AM01 AsMang Capital Equipment by DeptID, Dept Grp, or VP Area* to regularly monitor your Unit’s Capital Equipment. [↑](#footnote-ref-1)
2. The Request for Off Campus Use of U-M Property Form can be found on the [Off Campus Use of U-M Property](https://teamdynamix.umich.edu/TDClient/68/Portal/KB/ArticleDet?ID=8890) page. [↑](#footnote-ref-2)
3. To update non-financial asset information within the M-Pathways Asset Management system obtain the [OARS Role](https://its.umich.edu/accounts-access/administrative-access/oars): AM DEPARTMENT ASSET SPECIALIST [↑](#footnote-ref-3)