A8.505 State Personal Property

1. Purpose

To establish procedures for the management and control of non-expendable personal property hereafter defined as inventorial property owned by or in the custody of the Board of Regents of the University of Hawai'i.

To satisfy the requirements of the Federal government for control over government property, as hereafter outlined in this Section and APM A8.525, Federal Personal Property, for which the University is responsible and accountable.

2. Definitions

Account Code - The six-digit subsidiary ledger code representing a functional program/unit used to record, classify, and report.

Acquisition Cost of Non-Expendable Personal Property - The net invoice unit price of equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it is acquired. Other charges, such as the cost for installation, transportation, taxes, duty or protective in-transit insurance, shall be included in the unit acquisition cost in accordance with University accounting practices.

Asset Number - A system-generated number assigned to an asset record when it is created in the Fixed Assets System (FFX). The asset number may contain up to ten digits.

Capital Asset - Capital assets are major assets that benefit more than a single fiscal period. Typical examples are land, land improvements, infrastructure, buildings, building improvements and equipment.
Capitalization Threshold – The minimum unit value at which an item is defined as equipment and added to the fixed asset records (University of Hawai‘i currently utilizes a capitalization threshold of $5,000).

Component – A part of a system or fabrication. System components may be auxiliary or accessory items.

Controlled Property – Tangible, non-expendable personal property less than $5,000 per unit which is not capitalized and meets either of the following criteria: 1) Any firearms/weapons and 2) property which is Federal or agency owned under the provisions of an extramural award and is accountable to the University.

Custodial Department – The department or unit of the University having physical control of property (i.e., using department or sponsoring department for a contract or grant).

Decal Number – The unique University of Hawai‘i control number assigned and affixed to the asset, when possible, for identifying an item or property which is supported by record of cost, location, custodian, etc.

Disposal – To pass or part with by UH Form 76, Disposal Application, in relieving custodial responsibility when an asset is sold, lost, obsolete, damaged beyond economic repair, etc.

Donated Equipment – Any property given, bequeathed, devised or granted to the University of Hawaii by a public or private organization or by an individual for an expressed purpose and for other restricted or unrestricted purposes.

Equipment – Any tangible, non-expendable personal property that is capitalized and meets the criteria set forth in APM A8.550, Capitalization.

Excess Property – Property with a remaining useful life which is no longer required by a department, but not necessarily excess to the University's systemwide needs and is subject to screening, transfer, or disposal action.

Fabricated Equipment – Equipment that has been constructed or assembled into one identifiable unit. The cost assigned to the unit is the total of its component parts, materials, consumable supplies and applicable labor.

Found Property – Property discovered by the custodial
department or individual conducting the annual physical inspection which does not appear on the inventory records. In reporting such property, estimated value must meet the capitalization criteria set forth in APM A8.550, Capitalization.

Grouped-Items - Physically or functionally identical items in the same inventory location. Examples are: Chairs, beds, and tables.

Impairment - A significant, unexpected decline in the service utility of a capital asset. Service utility is the usable capacity that a capital asset was expected to provide at its acquisition.

Inventorial Property - Tangible, non-expendable personal property which meets the capitalization criteria of APM A8.550, Capitalization.

Leased Property - Property acquired by the University of Hawaii under a lease or rental agreement with a vendor.

Loaned Property - Property which is either borrowed by the University from an external agency or one University department from another; or loaned by the University to an external agency or individual that is approved by the Department Head with mandatory notification to the Inventory Management Section.

Location Code 9099 - The code used to designate the physical location of the property when no specific location code has been assigned to a building that is not a major facility (i.e., facility located in a foreign country). Location code 9099 assigned to SW campus should be accompanied by the name/address of the location for recording into the “Other Location” data field in the asset record.

Materials/Supplies - All personal property including consumables not classified as equipment, controlled property or a grouped item.

Non-Capital Asset - An asset that does not meet the criteria for a capital asset.

Non-Inventorial Personal Property - Property that is expendable, consumable.

Ownership Code - The code on an asset record that indicates whether the asset is owned by the University, the Federal
government or another agency.

Personal Property - Property of any kind except real property (land, land improvements, structures). It may be tangible -- having physical existence, or intangible -- having no physical existence, such as patents, inventions, and copyrights.

Personally-Owned Property - Property in which title vests with an individual and for which the University of Hawai‘i assumes no responsibility for its loss, repair, or maintenance.

Property Administrator - The Property and Fund Management Office (PFMO) is responsible for the management and control of all capital assets in which the title is vested with the University, the Federal Government, or other agencies.

Property Custodian - The individual responsible for maintaining continuous, accurate records, periodically reporting location and condition, coordinating the annual physical inventory, insuring proper usage, safekeeping, and maintenance of all property. The principal investigator, who is the academic or administrative staff member responsible for initiating and conducting research, training, or public service projects, is normally the property custodian for the extramurally funded award.

Salvage - Property that, because of its worn, damaged, deteriorated, or incomplete condition, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

Scrap - Property that has no reasonable prospect of sale except for the recovery value of its basic materials content.

Sold Property - Surplus University-owned property sold to an external agency.

Subsequent Acquisition - Costs incurred subsequent to the initial acquisition or fabrication of an equipment item that extends the life or increases the production capacity and has a unit acquisition cost of $1,000 or more.

Surplus Property - Any property that no longer has any value to the University or to the State.

Traded-In Property - Surplus University-owned property which
has been traded-in for the purchase of new property.

Transfer - Assigning Custodial responsibility of an asset via FMIS 74, Equipment Transfer, to another custodian or account; movement of property to another physical location.

3. Objectives

To assure that the University's personal property accounting system is responsive to both State and Federal requirements.

To provide for identifying all nonexpendable personal property by item description, control number (decal), cost, location, custodian, ownership, and other essential information for effective inventory, control, accounting, disposal, and reporting purposes.

4. Applicability/Responsibilities

The Board of Regents, as a constitutionally established independent corporation, is responsible for all personal property to which it holds title. Custodial responsibility for other personal property is vested with the Board of Regents to the extent that it has explicitly agreed to accept responsibility therefor.

The Board of Regents, by authority of Section 304.2(2), Hawai‘i Revised Statutes, can acquire both real and personal property and can hold, maintain, use, operate, sell, lease, and dispose of same whenever appropriate.

The University, notwithstanding the authority of the Board of Regents, is accountable for all capital assets property acquired and disposed of during the year since the inventory recorded as of the last preceding July 1. Chapter 103D, Hawaii Revised Statutes, requires the University to submit a detailed accounting certificate to the State Comptroller annually on or before September 15.

The University of Hawai‘i President, Vice President for Budget and Finance/Chief Financial Officer, and the Director of Financial Management and Controller, has redelegated the responsibility for the management and control of inventorial personal property to the Manager of the Property and Fund Management Office (PFMO).
The Manager of the PFMO has systemwide responsibility to implement and administer the provisions of this administrative procedure and to meet both State and Federal requirements. The Manager shall inform all members of the faculty and administrative officers of their obligations for the use, care, maintenance, and safekeeping of all personal property under the control of their respective departments or units. The Manager shall issue written instructions relating to acquisition, use, transfer, and disposition of inventorial property and government property for which the Board of Regents is responsible. The Manager shall provide for maximum use of all property.

Department Heads, Directors, Principal Investigators, or Fiscal Officers are delegated as responsible custodians when assigned property account(s). Property custodians have responsibility for direct control, use, care, maintenance, and safekeeping of all personal property for their respective departments or units. Further, they shall maintain and control the physical location, account records, and assure the security of the property to accurately support the University's centralized accounting records.

During the absence of a property custodian, for whatever reason, the responsibility for the control, maintenance, and custody of University and Federally owned property is vested with the Department Head or Director, which acquired the property. Such responsibility includes property acquired for use on a research, training, or public service project by a Principal Investigator during the project or thereafter until the project has been satisfactorily closed out. Department Heads or Directors, however, may assign administrative functions to department staff personnel in the accomplishment of custodial responsibilities.

The Department Head or Director is responsible for assuring that Principal Investigators meet University or Federal requirements for the proper and timely transfer of custodial accounts when a Principal Investigator goes on sabbatical, leave, or transfers to another department, institution, or when employment is terminated.

Basic custodial responsibilities include but are not limited to:

a. Identification and location of all inventorial University property purchased for, or assigned to, their respective departments.
b. Receiving and inspecting delivered goods and processing the payment for such goods in a timely manner.

c. Reporting inaccurate information to the Inventory Management Section for any errors found on the THDR030D, Acquisition Report By Fiscal Officer, and on the THMU300A, Annual Inventory Verification Report, via a memorandum or the form FMIS-74, Equipment Transfer, as appropriate.

d. Ensuring appropriate care, custody and physical security so that proper stewardship of public, Federal and agency funds is supported.

e. Preparing and submitting to the Inventory Management Section the following forms:

1) FMIS-74, Equipment Transfer, for any transfer of personal property (Attachment A).

2) FMIS-76, Disposal Application, for action to sell, trade-in, salvage, or otherwise dispose of personal property (Attachment B).

3) FMIS-73, Fabricated Equipment, (Attachment C).

4) Form RMP-001, State of Hawai‘i Report of Loss or Damage of State Property, for making claims involving burglary, theft, robbery, damage, destruction, disappearance (Attachment D).

Note: This form must be submitted along with FMIS-76 when making a claim for lost, stolen, or destroyed property.

5) UH Form 28, Special Bulk Inventory Worksheet (Attachment E).

6) UH Form 29, Consolidated Special Inventory Report (Attachment F).

7) PFMO Form 30, Receipt for Temporary Off-Campus Use of University-Owned Property by a University Employee (Attachment G).

8) PFMO Form 31, Property Loan and Indemnification by Non-University Personnel (Attachment H).

9) SPO Form 26, State of Hawai‘i Transfer of Property
5. Determination of Inventorial Property - Exceptions

a. The following exceptions have been established on a systemwide basis:

1) Weapons such as handguns, rifles, shotguns, and other explosive devices, regardless of cost.

2) Small attachments, accessories, or auxiliary apparatus initially acquired to make the inventorial property usable for the purpose for which it was acquired.

3) Grouped items.

4) Materials under a contract or grant where special requirements are established.

b. The following property is non-inventorial:

1) Consumable or expendable supplies.

2) Glass, cloth, and rubber products.

3) Parts of buildings and structures permanently built in or installed and the removal of which would impair the building or structures.

4) Attachment to buildings, such as wiring, electrical fixtures, heating systems, air conditioning systems, plumbing systems, boilers, and elevator systems that are capitalized as real property (buildings).

5) Replacement parts that do not extend the life or increase the value of the equipment.