Financial Internal Controls Initiative
2017 Department Property Administrator (DPA) Training

Asset Disposition

University of Wisconsin-Madison
Welcome

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Asset Management Director
Accounting Services
Division of Business Services
Agenda

Introduction

Asset Disposition Procedures

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110.10: Asset Loan Agreements

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Introduction

Recap of Sessions 1 & 2

Property Control Website:
http://www.bussvc.wisc.edu/acct/propcont/prophome.html
Introduction

Asset Acquisition Procedures

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110.2: Gift in Kind
110.3: Transfer-in with New Hire from Another Institution (Transfer-in via No Purchase or Purchase)
110.4: Fabricated Capital Equipment
110.5: Upgrades to Existing Capital

Asset Movement & Inventory Procedures

110.6: Physical Inventory
110.8: Location/Room Changes
110.9: Change in Custody to Another Department
Asset Disposition Procedures

Co-presented by

Amy Rognsvoog
Property Control Manager
Accounting Services
110.7: Equipment Disposition

Introductory Notes

- We have a responsibility to protect the University’s capital equipment.

- These assets are funded through various sources and are intended to last several years.

- Many assets have contractual obligations requiring consistent reporting and limitations on usage.

- Valued items should be utilized to maximum capacity.
110.7: Equipment Disposition

1. Responsible employee in custody of the equipment notifies DPA.

2. DPA completes **Capital Equipment Disposition Request** and indicates reason for retirement.

See sample in packet
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

Two Categories of Dispositions

**Accountable dispositions** – scenarios where proactive decisions are made by the department to retire equipment.

**Unaccountable dispositions** – scenarios where no decisions are made by the department to retire equipment.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

### Accountable Dispositions

| 1. | Item has become surplus, obsolete or unrepairable |
| 2. | Item will be traded in for credit on purchase of a like item |
| 3. | Item will be cannibalized for parts |
| 4. | Item will be returned to vendor and  
   a. Replaced; or  
   b. Not replaced |
| 5. | Item will be delivered to a sponsor per contract terms |
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

**Accountable Dispositions**

1. Item has become surplus, obsolete or unrepairable

- Does not function anymore
- Is obsolete
- Is not useful anymore
- Is not needed by the department in the foreseeable future
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

### Accountable Dispositions

2. Item will be traded in for credit on purchase of a like item

- Trade ins for *purchase*, not for lease
- In advance, department should notify and work with UW-Madison Purchasing Services
- Department must notify DPA so DPA can submit *Capital Equipment Disposition Request*

### Exceptions for Trade-ins:

1. UW-titled property cannot be traded on the purchase of sponsor-titled property.
2. Sponsor-titled property cannot be traded in without prior authorization from sponsor, RSP and Property Control.
3. Departmental vehicles cannot be traded in.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

<table>
<thead>
<tr>
<th>Accountable Dispositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Item will be cannibalized for parts</td>
</tr>
</tbody>
</table>

- If the equipment is sponsor-titled, approval must be obtained from sponsor prior to dismantlement.
- Department must follow standard University surplus procedures for any unused parts not kept by the department.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

**Accountable Dispositions**

| 4. Item will be returned to vendor |

- If the item is being replaced with the same model, a new asset tag will be issued for the same inventory record.

- DPA must update the serial number information on arrival.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

<table>
<thead>
<tr>
<th>Accountable Dispositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Item will be delivered to sponsor per contract terms</td>
</tr>
</tbody>
</table>

- Departments may deliver assets constructed in-house per contractual terms.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

### Unaccountable Dispositions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Item has been lost</td>
</tr>
<tr>
<td>2.</td>
<td>Item has been stolen</td>
</tr>
<tr>
<td>3.</td>
<td>Item has been destroyed</td>
</tr>
<tr>
<td>4.</td>
<td>Item should be removed from records because Property Control should not have entered</td>
</tr>
</tbody>
</table>
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

<table>
<thead>
<tr>
<th>Unaccountable Dispositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Item has been lost</td>
</tr>
</tbody>
</table>

- Missing, but no evidence of theft.
- Only report as “lost” after exhaustive efforts have been made to find it.

Refer to Procedure 110.6 – Physical Inventory

Not Allowed

- Titled to a sponsor
- Less than 3 years old
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

<table>
<thead>
<tr>
<th>Unaccountable Dispositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Item has been stolen</td>
</tr>
</tbody>
</table>

- Department must report the theft/presumed theft to the local police department.
- DPA submits the disposition request to Property Control.
- Property Control provides information to UW-Madison Risk Management.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

### Unaccountable Dispositions

3. Item has been destroyed

- Examples: Flood, fire, vandalism
- Department should notify Property Control using the disposition request.
- Department should also notify UW-Madison Risk Management.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

### Unaccountable Dispositions

4. Item should be removed from records because Property Control should not have entered it.

Examples:

- Non-capital item such as lab supplies.
- Permanent fixture that should have been capitalized as part of a building.
110.7: Equipment Disposition

2. DPA completes *Capital Equipment Disposition Request* and indicates reason for retirement. (Continued)

**Formal Asset Management Categories**

<table>
<thead>
<tr>
<th>Disposition Reason</th>
<th>Formal Asset Management System Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus, obsolete, unrepairable</td>
<td>Scrapped Asset</td>
</tr>
<tr>
<td>Traded for credit</td>
<td>Traded in for Another Asset</td>
</tr>
<tr>
<td>Cannibalized</td>
<td>Cannibalized for Other Asset</td>
</tr>
<tr>
<td>Returned to vendor and replaced</td>
<td>Like Kind Exchange</td>
</tr>
<tr>
<td>Returned to vendor and not replaced</td>
<td>Scrapped Asset</td>
</tr>
<tr>
<td>Delivered to sponsor per contract</td>
<td>Returned to Inventory</td>
</tr>
<tr>
<td>Lost</td>
<td>Disappeared</td>
</tr>
<tr>
<td>Stolen</td>
<td>Disposal Due to Theft</td>
</tr>
<tr>
<td>Destroyed</td>
<td>Casualty Loss</td>
</tr>
<tr>
<td>Recordkeeping error</td>
<td>Expensed</td>
</tr>
</tbody>
</table>
110.7: Equipment Disposition

3. DPA and Dean/Director or designee sign the *Capital Equipment Disposition Request*.

4. DPA sends the completed request form to Property Control.

or

Property@bussvc.wisc.edu
110.7: Equipment Disposition

5. Property Control reviews request form for:
   a. Completeness
   b. Appropriate signatures
   c. Potential restrictions on disposition (i.e., grant-funded, hazardous, etc.)

Note

Property Control may also forward the completed request to:

• **SWAP** when item has become surplus

• **Purchasing Services** if item will be traded in for credit on a purchase of a like item or returned to vendor

• **Risk Management** if item has been destroyed

• **Environment, Health & Safety** (EHS) if item is hazardous
110.7: Equipment Disposition

6. Property Control authorizes disposal and notifies the DPA in writing if no restrictions exist.

If restrictions exist, DPA should keep the tag affixed to the asset until receiving further direction.

7. DPA notifies employee requesting the asset’s disposition that the request is approved and the barcode tag can be removed.

8. Property Control documents the retirement reason in capital equipment records.
110.7: Equipment Disposition

9. For surplus dispositions, DPA contacts SWAP by submitting *Surplus Request Form*. SWAP will assess item’s suitability for re-sale.

10. SWAP arranges pickup and advises next steps with the DPA if they deem the item suitable for re-sale.

If item is not suitable for resale, SWAP advises DPA of alternatives.

![Surplus Request Form](image-url)
110.7: Equipment Disposition

11. Property Control reviews all losses, using judgment to allow/disallow loss removal.
   See Procedure 110.6 – Physical Inventory.

12. Property Control notifies divisional Chief Financial Officer of all unaccountable dispositions.
1. DPAs should complete a *Capital Equipment Disposition Request* for which of the following?
   A. Items stolen
   B. Items returned to vendor and replaced
   C. Items delivered to sponsor per contract
   D. All of the above

2. In disposition scenarios, when can the barcode tag be removed?
   A. When the DPA submits a *Capital Equipment Disposition Request*
   B. When the responsible employee decides the asset is obsolete
   C. After Property Control approves the disposition request
   D. Never
110.10: Asset Loan Agreement

Introductory Notes

• Equipment loans must be authorized by Property Control before equipment is removed from campus.

• This procedure is for equipment that will be borrowed for more than 30 days and reside at a location not directly associated with the University.

• Risk Management should also be notified to execute insurance and other risk management activities.
Introductory Notes (Continued)

- Equipment may be loaned for up to five (5) years
- Borrower must sign an *Agreement for Loan of University Property* at least 30 days prior to shipment of loaned property.
- Property Control will monitor loaned equipment throughout the term agreement.
- Thirty days prior to end of the loan agreement, Property Control will contact DPA to determine if a new agreement will be required to extend a loan beyond one year.
110.10: Asset Loan Agreement

1. Responsible employee notifies DPA for guidance on capital equipment loan and also contacts Risk Management.

2. DPA works with responsible employee to gather contact information from the institution/entity where the capital equipment will be loaned.

Responsible Employee: I’ll send you that contact information
DPA: Great! Thanks.
110.10: Asset Loan Agreement

3. DPA completes *Capital Equipment Loan Authorization Form* and obtains signatures of approval from Department Chair/Dean/Director. The form is submitted to Property Control.

4. Property Control reviews request and verifies with RSP to confirm equipment can be loaned before authorizing loan of capital equipment.

See sample in packet
110.10: Asset Loan Agreement

5. Property Control notifies DPA, responsible employee and Department Chair/Dean/Director of approval.

DPA, Responsible Employee, Department Chair/Dean/Director,

Your request to loan the following capital equipment to Xxxxxxxxx Xxxxxxxx at Xxxxxxxx University has been approved.

- Xxxxxxxxx Xxxxxxxxx Xxxxxxxxx Xxxxxxxxx Xxxxxxxxx
- Xxxxx Xxxxx Xxxxx
- Xxxxx Xxxxxxxxx Xxxxxxxxx Xxxxx Xxxxxxxxx Xxxxxxxxx
- Xxxx Xxxxxxxxx Xxxxxxxxx Xxxxxxxxx
- Xxxxxxxxx Xxxxx Xxxxx Xxxxx Xxxxxxxxx Xxxxxxxxx
- Xxxx Xxxxx Xxxxx Xxxxxxxxx Xxxxxxxxx Xxxxxxxxx

110.10: Asset Loan Agreement

6. Property Control prepares an *Agreement for Loan of University Property*. Signatures are required in this order:

- 1\textsuperscript{st} Representative from borrowing institution
- 2\textsuperscript{nd} UW-Madison Property Control

7. Property Control provides a copy of the fully executed agreement to the DPA and borrowing institution.
110.10: Asset Loan Agreement

8. Notice is sent to DPA and responsible employee that agreement is signed and equipment can be shipped.


10. Capital equipment is shipped to borrowing institution/entity. Shipping arrangements are coordinated by DPA, building manager, and/or responsible employee.
110.10: Asset Loan Agreement

11. Property Control will contact DPA when loan agreement reaches its end date to initiate conversations to determine whether an extension is necessary.
110.10: Asset Loan Agreement

Recap of Loan Authorization Form and Loan Agreement

<table>
<thead>
<tr>
<th>Loan Authorization Form</th>
<th>(Internal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Responsible employee requests to loan equipment</td>
<td></td>
</tr>
<tr>
<td>2. DPA completes <em>Loan Authorization Form</em> and gets signatures from Department Chair/Dean Director</td>
<td></td>
</tr>
<tr>
<td>3. DPA submits form to Property Control for authorization to loan equipment</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan Agreement</th>
<th>(External)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Property Control prepares <em>Loan Agreement</em></td>
<td></td>
</tr>
<tr>
<td>2. Property Control sends to borrowing institution</td>
<td></td>
</tr>
<tr>
<td>3. Borrowing institution signs and returns to Property Control</td>
<td></td>
</tr>
<tr>
<td>4. Property Control signs agreement and sends copies</td>
<td></td>
</tr>
</tbody>
</table>
Pop Quiz

1. Who completes:
   A. *Loan Authorization Form?*  **DPA with Dept Chair, etc.**
   B. *Agreement for Loan of University Property Form?*  **Property Control**

2. Prior to loaning capital equipment, UW-Madison Risk Management should be notified.
   A. True
   B. False

3. Equipment can be shipped **before** the *Agreement for Loan of University Property Form* is signed by the borrowing institution and Property Control.
   A. True
   B. False
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

Introductory Notes

• Sometimes employees may need to move their work to another institution and might want to take University property with them.

• Assets of the University need to be protected and utilized to their fullest capacity.

• The importance of capital equipment for ongoing research in higher education institutions requires different conversations and a different procedure.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

1. Before taking/shipping capital equipment to a new institution, departing employee notifies Department Chair of their departure and identifies the item(s) they’d like permission to take.

Department Chair and DPA,

As you know, I have accepted a research position at Xxxxx Xxxxxx University. Attached is a list of equipment that I would like to take with me...
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

2. DPA contacts Property Control to request a list of capital equipment associated with departing employee.

3. Property Control provides the requested list along with NBV and funding information.

4. DPA sends list received from Property Control to departing employee, Department Chair, and Fiscal Officer of the Dean’s Office for review.
All Criteria Must Be Met

✓ Formal resignation has been submitted by departing employee.

✓ Departing employee was a permanent employee of the University (not a student).

✓ Departing employee’s role was directly related to instruction, research or public service. This excludes administrative roles.

✓ The departure of equipment does not adversely affect instructional needs, graduate students or other research remaining at the UW.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

5. Department Chair determines that all criteria are met

All Criteria Must Be Met (Continued)

- The capital equipment will be used for the same purpose at the new institution.
- New institution is another institution of higher education or academic research (not a business).
- Equipment does not contain any UW licenses, UW proprietary software, nor any sensitive data.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

Equipment Transfer (Zero-Dollar, Cost Transaction)

- Capital equipment is solely funded by an active/ongoing sponsored research project.
- The research project is moving with the departing employee to their new institution.

Note
An active or ongoing project is defined as a contract/grant/agreement having the same sponsor, that is currently in progress, having not ended, and is being continued at the departing employee’s new institution.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

Criteria for an Equipment Sale

✓ Sale is a negotiated exchange or condition of the recruitment/employment package of the departing employee.

✓ Equipment was solely funded by a sponsored project, and project is closed.

✓ There are no sponsor or University restrictions on the award.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

Determining a Sale Price

- Property Control provides listing of capital equipment along with the Net Book Value (NBV).
- Employee’s Department Chair and/or Dean/Director/Designee has the final authority to negotiate and set the sale price of the equipment.
- If price is more then NBV, Department Chair or Dean/Director/Designee provides a written explanation.
- Advice from UW-Madison Division of Business Services, Purchasing Services may be sought for a comparable sale price.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

6. The Department Chair and/or Dean/Director/Desigee approves one or more items on equipment list to be transferred and/or sold to new institution.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

7. DPA works with Department Chair and Dean/Director or Designee to complete Request to Transfer/Sell University Property Form and obtains signatures from:
   • Departing employee
   • Department Chair
   • Dean/Director/Desigenee

Departing employee’s signature confirms the equipment does not contain sensitive data.

See sample Request to Transfer/Sell University Property Form in packet
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

8. DPA sends form along with list of equipment and other supporting documents (e.g. justification) to Property Control.

9. Terms and conditions of the grant or contract are reviewed by Property Control and RSP for restrictions that would prevent a departing employee from taking the equipment.
10. If no restrictions, Property Control sends *Agreement for Transfer/Sale of University Property* to listed point of contact at new institution for their approval.

11. New institution signs the *Agreement for Transfer/Sale of University Property* and returns to Property Control.

**Example of Agreement for Transfer/Sale of University Property**

- **Name of Departing Employee**
- **Name of New Institution**
- **Department**
- **Department Chair**
- **Departing Employee’s Signature**
- **New Institution’s Signature**
- **Date**

**Terms of Sale or Transfer:**

- The right to designate a person to transport the equipment
- The right to be reimbursed for expenses incurred in the transfer
- The right to retain the equipment until all expenses are paid

**Fee for Equipment:**

- **Total Amount Due:**
- **Payment Made:**
- **Balance Due:**

**Note:**

- Please return signed document to the address above or email to PropertyController@wisc.edu.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

12. After accepting signature approval, Property Control signs agreement and authorizes (in writing/email) the departing employee to take or ship the equipment.

Property Control updates asset management records to show retirement of the asset(s).

Property Control provides a PDF copy of the fully-signed form to DPA, Department Chair and Dean/Director/CFO.

13. DPA removes and discards UW property tags prior to shipping.
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

14. If there was an agreed sale price, UW-Madison department financial staff creates an invoice and sends it to the institution along with a signed copy of the contract.

Revenue code for this transaction is 9939.
### 110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

**Recap of Request to Transfer/Sell Property Form and Agreement to Transfer/Sell Property**

| Request to Transfer/Sell Property Form | 1. DPA works with employee, Department Chair, etc. to complete form and obtain signatures  
2. Form is sent to Property Control for review and authorization  
3. Property Control sends notice of approval |
| Agreement to Transfer/Sell Property | 1. Property Control prepares the agreement  
2. Property Control sends agreement for signature  
3. New institution signs agreement and returns it to Property Control  
4. Property Control signs agreement and sends copies  
5. Property Control sends notification to remove equipment tag and proceed with shipping |
110.11: Departing Employee Requests to Take Capital Equipment to a New Institution

Questions about this procedure?
What questions do you have about asset dispositions?
Reminder: Property Control Support

Email
property@bussvc.wisc.edu

Website
http://www.bussvc.wisc.edu/acct/propcont/prophome.html
After Completing All Three DPA Training Sessions

• You will receive an email with subject: *Follow-up to DPA Training*

• It will contain a link to a brief assessment.

• Please complete the assessment within two weeks.

• You will receive an electronic certificate within one week following successful completion of assessment.
Thank you for your participation in DPA Training Part 3.