



**Departmental**  
**Property Management**  
**Procedures Manual**

**Version 1.10, 2021**

**Supplement to the Texas A&M University System  
Asset Management Manual**

**Texas A&M University  
Division of Finance and Business Services  
Financial Management Operations Department**

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# Introduction

The purpose of this manual is to set forth the overall procedures for property management within Texas A&M University. It is targeted for individuals in departments whose primary job is to perform those functions. It must be used in conjunction with the following manuals:

- *The Texas A&M University System Asset Management Manual*(06/2014)  
[http://www.tamus.edu/assets/files/budgets-acct/pdf/Asset\\_Mgmt\\_Manual.pdf](http://www.tamus.edu/assets/files/budgets-acct/pdf/Asset_Mgmt_Manual.pdf)
- *State Property Policies and Procedures*  
[https://fm.xcpa.state.tx.us/mt/fmx/poliproc/systems\\_spa/index.php](https://fm.xcpa.state.tx.us/mt/fmx/poliproc/systems_spa/index.php)
- *SPA Process User's Guide* (Updated Oct. 18, 2013)  
<https://fm.xcpa.state.tx.us/fmx/pubs/spaproc/index.php>

In the event that this manual or *The Texas A&M University System Asset Management Manual* are in conflict with the State Comptroller manuals or rules, the State Comptroller guidelines shall prevail.

Other basic controlling guidance for equipment management includes the following:

- *State Purchasing and General Service Act* (Article 601b, VCTS)
- *Texas Government Code Ann. Sec. 403.271* (Vernon Supp., 1997)

To make suggestions for this manual or call attention to errors, please contact (979) 845-8147, email [property@tamu.edu](mailto:property@tamu.edu), or copy the page with the error, note the correction or suggestion and send it to:

Texas A&M University Financial Management Operations  
Attention: Property Management  
750 Agronomy Rd. Suite 3101  
College Station, Texas 77843-1369  
Mail Stop 6000

## ***Property Resources***

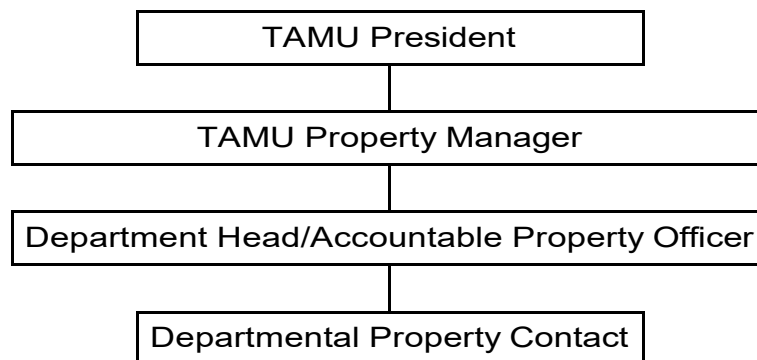
Use the following resources for property related matters:

- Texas A&M Property Management
  - Phone: 979-845-8147
  - Fax: 979-862-4210
  - Email: [property@tamu.edu](mailto:property@tamu.edu)
  - Website: <http://fmo.tamu.edu/property/>
  - Mail stop 6000
- Texas A&M Surplus
  - Phone: 979-845-3427
  - Fax: 979-862-5145
  - Website: <http://logistics.tamu.edu/surplus-property/general-information/>
  - Mail stop 1130

- Property Management Electronic Mail Listserv
  - <http://fmo.tamu.edu/listserv/> for subscription instructions
- SPA Process Users Guide
  - <https://fmx.cpa.state.tx.us/fmx/pubs/spaproc/>
- Expense Object Codes for the Texas A&M System
  - <http://apps6.system.tamus.edu/objcodes/>
- FAMIS Departmental Fixed Assets User's Manual
  - <http://www.tamus.edu/offices/famis/usermanuals/>
- FAMIS Purchasing Preliminary Fixed Assets User's Manual
  - <http://www.tamus.edu/offices/famis/usermanuals/>
- FAMIS Transfer Department Property (TDP) Guide
  - <http://it.tamus.edu/famis/?s=TDP>
- Texas A&M University Departmental Property Management Procedures Manual
  - [http://fmo.tamu.edu/media/66204/procedures\\_manual.pdf](http://fmo.tamu.edu/media/66204/procedures_manual.pdf)
- Texas A&M Rules and Regulatory Compliance
  - <http://rules.tamu.edu/>
- Texas A&M System Asset Management Manual
  - [http://www.tamus.edu/files/budgets-acct/pdf/Assets\\_Mgmt\\_Manual.pdf](http://www.tamus.edu/files/budgets-acct/pdf/Assets_Mgmt_Manual.pdf)
- Texas A&M System Policy and Regulation Manual
  - <https://www.tamus.edu/legal/policy/policy-and-regulation-library/>
- Financial Management Operations Access and Security
  - <http://fmo.tamu.edu/access-security/>



# Chapter 1 – Delegation of Responsibility



## ***Liability for Property Loss***

According to the *Tex. Gov't Code Ann. sec. 403.275 (Vernon Supp. 1997)* at <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.403.htm> - 403.275 reads:

“The liability prescribed by this section may attach on a joint and several basis to more than one person in a particular instance. A person is pecuniary liable for the loss sustained by the state if:

1. Agency property disappears, as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care for its safekeeping;
2. Agency property deteriorates as a result of the failure of the head of an agency, property manager, or agency employee entrusted with the property to exercise reasonable care to maintain and service the property; or
3. Agency property is damaged or destroyed as a result of an intentional wrongful act or of a negligent act of any state official or employee.”

According to the *Texas A&M University System Asset Management Manual (06/2014)*, Department Heads/Accountable Property Officers “are under financial liability for the loss or damage to personal property under their control if the loss or damage results from their negligence, intentional act, or failure to exercise reasonable care to safeguard, maintain, and service the items.”

**Reasonable care**, according to the *SPA Process User's Guide* reads, “It is each state employee's responsibility to use property only for state purposes and to exercise reasonable care for its safekeeping.”

Reasonable care means that steps have been taken to ensure:

- Acceptable upkeep and maintenance of the asset
- Security of the asset
- Asset can be located at all times
- Documentation is retained specifying the person responsible for the asset.

Example: Negligence and not exercising reasonable care

Mr. Smith checks out a laptop computer to do additional work at home. He puts the computer in the passenger seat of his car and leaves work. He stops at a convenience store to get some gas, locks his car and someone steals the computer. Who is liable?

**Mr. Smith would be liable.** By leaving the computer in plain view he did not exercise reasonable care. If he had locked the computer in his trunk, he would not be liable.

The SPA Process User's Guide states:

### **Employee Responsibilities**

It is each state employee's responsibility to use property only for state purposes and to exercise reasonable care for its safekeeping.

A property manager may entrust property to a person only when the person provides a signed and dated receipt to the property manager. The receipt must include a detailed list of the property entrusted to the individual, along with a statement similar to this:

*"I understand that I am under financial liability for loss or damage to this (these) item(s) if the loss or damage results from my negligence, intentional act or failure to exercise reasonable care to safeguard, maintain and service it (them)."*

Signature \_\_\_\_\_ Date \_\_\_\_\_

Sec. 403.276. REPORTING TO COMPTROLLER AND ATTORNEY GENERAL. (a) If the head or property manager of a state agency has reasonable cause to believe that any property in the agency's possession has been lost, destroyed, or damaged through the negligence of any state official or employee, the head of the agency or property manager shall report the loss, destruction, or damage to the comptroller and the attorney general not later than the date established by the comptroller. If the head or property manager of a state agency has reasonable cause to believe that any property in the agency's possession has been stolen, the head of the agency or property manager shall report the theft to the comptroller, the attorney general, and the appropriate law enforcement agency not later than the date established by the comptroller.

(b) The attorney general may investigate a report received under Subsection (a).

(c) If an investigation by the attorney general under Subsection (b) reveals that a property loss has been sustained through the negligence of a state official or employee, the attorney general shall make written demand on the official or employee for reimbursement of the loss.

## Chapter 1-Delegation of Responsibility

(d) If the demand made by the attorney general under Subsection (c) is refused or disregarded, the attorney general may take legal action to recover the value of the property as the attorney general deems necessary.

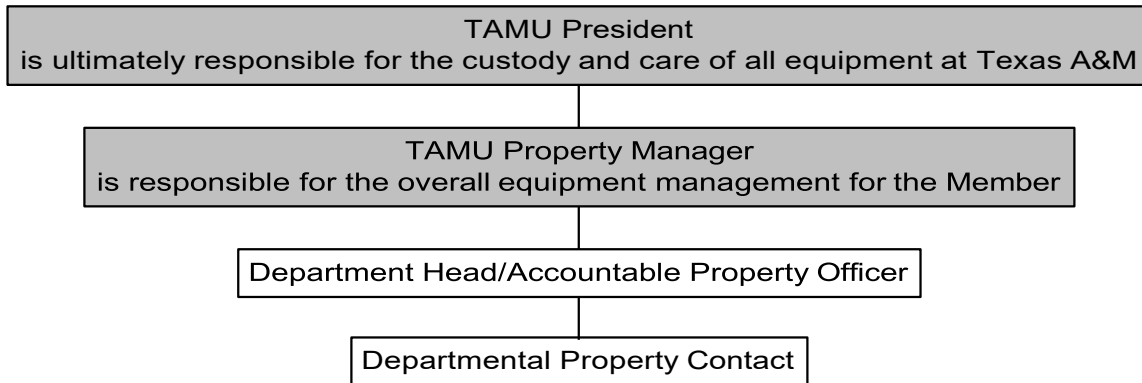
(e) Venue for all suits instituted under this section against a state official or employee is in a court of appropriate jurisdiction of Travis County.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 2.30.

Amended by Acts 2001, 77th Leg., ch. 1158, Sec. 18, eff. June 15, 2001.

## Delegation of Responsibility

According to *The Texas A&M University System Asset Management Manual (06/2014)*



### Head of a State Agency Responsibilities

The Texas A&M University President is ultimately responsible for the custody and care of all equipment at Texas A&M University. The President shall ensure that Texas A&M maintains adequate inventory controls on personal property and trust property. The President designates a Property Manager to handle these activities and informs the State Comptroller's Office of the appointment.

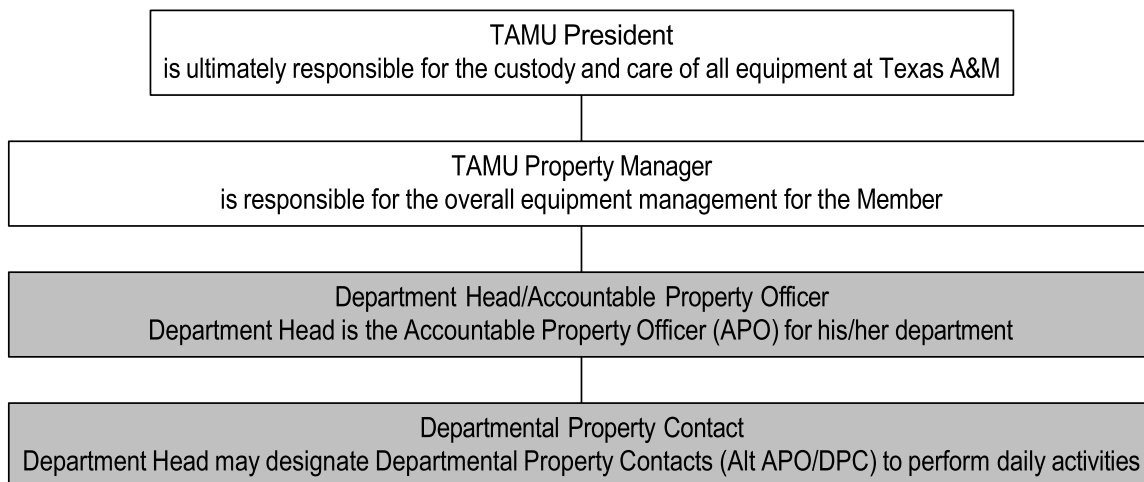


### Property Manager Responsibilities

Texas A&M University's "**Property Manager**" "is responsible for the overall equipment management for the Member, including maintenance and control of the central inventory records." The Property Manager has delegated responsibility for equipment to each Department Head at Texas A&M, making him/her the "Accountable Property Officer" (see below) for the department.

At Texas A&M, the Division of Finance and Administration, Financial Management Operations Department employs the Property Manager. This individual will be referred to as the Texas A&M Property Manager throughout this manual.

## Texas A&M Procedures



### **Accountable Property Officers (APO)/Department Head**

At Texas A&M, each Department Head is the **Accountable Property Officer (APO)** for his/her department. This responsibility cannot be delegated. According to the *Texas A&M University System Asset Management Manual (September 2004)*, "Accountable Property Officers (typically Department Heads) are responsible for the physical possession and control of all property entrusted to their department. ... They are under financial liability for the loss or damage to personal property under their control if the loss or damage results from their negligence, intentional act, or failure to exercise reasonable care to safeguard, maintain, and service the items." Thus, the Department Head is ultimately responsible for *all* property in the department.

The Department Head responsibilities:

- Physical possession and control of all equipment entrusted to the activities within his/her respective unit (college, department, etc.).
- Appointment of a responsible Departmental Property Contact, if necessary, and timely notification to the Texas A&M Property Manager of any Departmental Property Contact changes.
- Verifying that all Departmental Property Contacts have attended FAMIS training and have a signed *FDP-421 Departmental Property Contact Responsibility Statement* to remain on file in the department.
- Ensuring that all unit employees are trained such that each has an awareness of their respective responsibilities for property processing and/or custodianship.
- Establishment and maintenance of property records for his/her respective unit.

- Establishment of inventory management procedures within his/her unit in compliance with all applicable state regulations, System policies, university rules and standard operating procedures.
- Timely transfer of equipment that is no longer needed within the unit to Surplus.
- Timely (within 24 hours of discovery) notification and report of missing or stolen property to the Texas A&M Property Manager.
- Physical verification and certification of current inventory on an annual basis.
- Management of equipment that is assigned or on loan at a location outside the respective unit.
- Physical verification of assets assigned to terminating employees to ensure proper reassignment, transfer, or disposal of all pertinent inventory.

### ***Distribution of Agency Procedures***

According to the *Texas A&M University System Asset Management Manual (06/2014)*, “Accountable Property Officers are also responsible for ensuring employees are aware of the responsibilities for property.” They should develop procedures in their department to ensure that all employees are aware of their responsibilities.

They must also ensure that each Departmental Property Contact (DPC) has copies of the rules and procedures and other appropriate documentation as formulated by Texas A&M University. This would include information from the *Introduction Property Resources* section of this manual. The Department Head must also make certain that each DPC has attended *Departmental Property Contact Training* and FAMIS training offered by Financial Management Operations.

### ***Change in Department Head***

Follow these procedures whenever there is a change in Department Head:

1. The department is required to submit the following form to Financial Management Operations:
  - *FD-860 – Notice of Change of Information and/or Authority*  
<http://fmo.tamu.edu/media/66223/fd860.pdf> Send to Financial Management Operations - New Accounts at Mail Stop 6000
2. All Department Heads are required to complete Department Head-Property Management Training. Go to <https://apps6.system.tamus.edu/TrainTraq/web/CourseDetails.aspx?cnum=2111931> for on line training.

3. Texas A&M Property Management highly recommends the following optional procedures:
  - *FDP-431 Transfer of Responsibility for Property*. See <http://fmo.tamu.edu/media/66178/fdp431.pdf>. It is recommended that this form be completed and filed in the department.
  - Have a physical inventory performed. This would be to ensure continual care of property and assign specific liability for personal property.



### **Departmental Property Contact (DPC)**

The Department Head may designate **Departmental Property Contacts** to perform daily property activities, but this does not relieve the Department Head of any responsibility. The DPCs will only be responsible for exercising “due care” and will not be held ultimately responsible for the department’s equipment.

The DPC is the Department Head’s right-hand person for handling property management issues. The Department Head may appoint multiple DPCs. For example, Financial Management Operations has two DPCs. One is responsible for maintaining inventoried furnishings, while the other is responsible for maintaining inventoried computer equipment. Others may assist the DPC in property management efforts, but Texas A&M Property Management will use the DPC as the department’s primary property contact.

The DPC may only sign the following property forms: *FDP-404 Request for Extension of Time for Annual Inventory Certification*, *FDP-411A Property Transfers*, *FDP-411B Transfer of Computer Equipment*, and the *FDP-414 Property Additions and Deletions*.

The Departmental Property Contact is responsible for the following, as outlined by the *FDP-421 Departmental Property Contact Responsibility Statement (See Appendix B)*:

- Assisting the Department Head in the execution of that position and daily or ongoing equipment management functions for the respective unit.
- Coordinating the training of all employees within the unit to ensure awareness of their respective responsibilities for property processing and/or custodianship.
- Ongoing maintenance of property records for the respective unit.
- Ongoing application of inventory management procedures within the unit in compliance with all applicable state regulations, System policies, university rules and standard operating procedures.
- Ensuring timely documentation and transfer of equipment that is no longer needed within the unit.



- Coordination with the Department Head, custodian, and end user to ensure the timely (within 24 hours of discovery) notification and report of missing or stolen property to the Texas A&M Property Manager.
- Coordination of the physical verification and certification of current inventory on an annual basis with the Department Head, custodians and end-users.
- Coordinate tracking and management of equipment that is assigned or on loan at a location outside the respective unit.
- Ensure physical verification of assets assigned to terminating custodians and end users to ensure property reassignment, transfer, or disposal of all pertinent inventory.

### ***Change in Departmental Property Contact (DPC)***

Follow these procedures if there is a change in a Departmental Property Contact:

1. The department is required to submit the following form to Financial Management Operations-Access and Security at Mail Stop 6000 or [FMO-FTS-@tamu.edu](mailto:FMO-FTS-@tamu.edu)
  - To change the Primary DPC/Alt APO (receives all FAMIS email notifications and annual certification information) shown on screen 860 <http://fmo.tamu.edu/media/66223/fd860.pdf>
  - Delegates signature authority for TDP (online property transfer) and paper forms for property <http://fmo.tamu.edu/media/66342/FD-DSA-Delegated-Signature-Authority-Form.pdf>
  - FAMIS/Canopy access <http://fmo.tamu.edu/media/59488/FD-805.pdf>
2. All DPCs are required to attend *Introduction to FAMIS Training* and to complete the DPC online training. The departments should maintain certificates in their files to verify that they have met their training requirement.
  - *Departmental Property Contact Training* explains the DPC's responsibilities including performing the annual physical certification, completing forms, and processing inventory transactions. Contact [property@tamu.edu](mailto:property@tamu.edu) for information.
  - *Introduction to FAMIS Training* online training explains the basics for using Texas A&M's Financial Accounting Management Information System. The DPC should request FAMIS access and training located at <http://fmo.tamu.edu/training/>. After completing the *Introduction to FAMIS* training, it is recommended that the DPC attend *Adding Purchased Assets to Fixed Asset Inventory* training.
3. The department is required to complete the *FDP-421 Departmental Property Contact Responsibility Statement* and file it in the department. The DPC and his/her supervisor should sign the *FDP-421*.
  - The Department Head will certify on the annual certification that the *FDP-421* form is on file in the department and that the DPC has

attended the appropriate training. When Texas A&M Property Management performs departmental spot checks, they may ask to see the *FDP-421* forms.

### ***Employee Responsibilities***

“It is each state **employee**’s responsibility to use property only for state purposes and to exercise reasonable care for its safekeeping.” *SPA User’s Guide*

“Each state employee is responsible for using state personal property (equipment) only for state purposes and is required to exercise reasonable care for its safekeeping. The term "reasonable care" means that, at a minimum, steps are taken to maintain the asset in an acceptable manner, ensure the security of an asset, ensure that an asset can be located at any time requested, and ensure that the person responsible for the asset is known. At no time should state property be used for personal gain. “*Texas A&M University System Asset Management Manual (06/2014) Chapter 2-Employee*

It is recommended, but not required, that departments require employees sign a detailed statement educating them about their property responsibilities. Texas A&M Property Management has developed forms that the departments may use. See of the *Texas A&M Property Management webpage at <http://fmo.tamu.edu/property/> for the FDP-422 Property Custodian Responsibility Statement and FDP-423 Property End User Equipment Responsibility Statement.*

## **Chapter 2 – Property Reporting Requirements**



## **State Agency Annual Certification**

### **State Requirements**

According to the SPA Process User Guide,

“Each state agency shall conduct an annual physical inventory of the **trust, capitalized and controlled personal** property (excluding libraries and historical arts and treasures) in the agency’s possession at a time of its own choosing during the fiscal year. The physical inventory must be completed by **Aug. 31** each fiscal year. The agency head or designee must forward the Certification of Physical Inventory Conducted by Agency (form 73-283) to the Comptroller’s office ... No later than 20 days after the last day of the fiscal year (Sept. 20th).”

and the *Tex. Gov’t Code Ann. Sec. 403.273 (F), (G) (Vernon Supp. 1997)*, found at <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.403.htm - 403.273>

“(e) A state agency shall conduct an annual physical inventory of all property in its possession. The comptroller may specify the date on which the inventory must be conducted.

(f) Not later than the date prescribed by the comptroller, the head of a state agency shall submit to the comptroller:

- (1) a signed statement describing the methods used to conduct the agency's annual physical inventory under Subsection (e);
- (2) a copy of the results of the inventory; and
- (3) any other information concerning the inventory that the comptroller requires.”

- The agency must ensure that each property item is still within the agency’s possession, that it is able to identify the property’s location, and can provide the name(s) of the person(s) responsible for the property.
- An agency should assign two or more individuals to conduct the inventory who do not have responsibilities for entering or reporting personal property.
- Any discrepancies in property information detected during the physical inventory should be corrected in FAMIS immediately.
- Spot Audits  
“In addition to the required annual physical inventory, agencies are encouraged to conduct more frequent inventories to assure the accuracy of reported personal property information. Periodic inventories may use statistical sampling, dollar sampling techniques or other acceptable methods on a regularly scheduled basis. “

## Texas A&M Annual Certification

The Comptroller must receive a certified statement from Texas A&M no later than 20 days after the last day of the fiscal year. Thus, all physical inventories by Texas A&M departments must be submitted to Financial Management Operations by their assigned deadline so that Texas A&M will meet the Comptroller's deadline.

### *Departmental Certifications*

#### Certification Date



Each department must conduct a physical inventory annually and submit a report to Texas A&M Property Management. Meeting the departmental deadline is crucial so that Texas A&M can meet the Comptroller deadline.


Approximately 30 departments conduct their physical inventory each month. Texas A&M Property Management will work with each department to identify the most convenient month in which to conduct the physical inventory. If a department does not choose a month, it will be assigned. Texas A&M Property Management will notify each Department Head of the department's certification date. Once a date is assigned, the department is bound to it.

#### Certification Packet

Prior to the department's annual certification date, Texas A&M Property Management will email the Annual Certification of Physical Inventory letter to the Department Head and the Certification Packet to the department DPC. Figure 2-1 is a sample of the Annual Certification of Physical Inventory letter. The packet will include the following information that is discussed in this chapter:

1. Annual Certification of Physical Inventory letter with due date
2. Procedures for Annual Certification
  - Bar Code Scanner performed on Assetworks, formerly Incircuit, (Scan and Validate at <http://web5.incircuit.com/sv/f?p=1001:101:1805213034691833::::> or Manual inventory method update information in Scan and Validate.
  - TAMU Procedures for Past Due Certifications
3. List of Inventory-CANOPY download in Excel (sent as an email attachment)
4. FDP-402 Certification of Physical Inventory Conducted by Department (sent as an email attachment)

**Figure 2-1:** Annual Certification of Physical Inventory letter

	<b>TEXAS A&amp;M UNIVERSITY</b> <b>Property Management – Financial Management Operations</b> <i>General Services Complex. (979) 845-8147, FAX (979)458-4200</i>
<b>MEMO</b>	<b>07/01/2014</b>
<b>To:</b>	<b>Jones, John, Professor and Head International Studies Department</b>
<b>From:</b>	<b>Dorothy Dockery Property Manager</b>
<b>Subject:</b>	<b>Annual Certification of Physical Inventory Equipment</b>
<p><b>We have e-mailed the Texas A&amp;M University departmental inventory certification packet to your Departmental Property Contact (DPC). Form FDP-402, included in the packet, explains the department head responsibilities regarding equipment inventoried on your account.</b></p> <p><b>The Laws of the State of Texas require that a certification of equipment inventory be submitted annually. The due date is forty five (45) days following the date of the equipment listing report. The bar code scanner equipment should be returned within the first fourteen (14) days. Your certification is due in the Property Management Office of Financial Management Operations, mail stop 6000 by 5:00 P.M. on <u>08/18/2014</u> If you have any questions, please call the Property Management Office at 845-9436 or 845-8147.</b></p>	

## Conducting the Physical Inventory

The State Property Accounting Policy states “An agency should assign two or more individuals to conduct the inventory who do not have responsibilities for entering or reporting personal property. “

- Make arrangements to permit thorough physical inventory with minimum disruption
- Make arrangements for sensitive equipment requiring special handling to have the custodian present during the physical inventory
- Physically locate every piece of equipment
  - If this is not reasonable, for example, if the equipment is in the ocean, then the custodian of the equipment should sign a statement verifying the equipment information.
  - If an employee is using a laptop at home, then it is recommended that the individual bring the item to the office to be verified.



Inventory includes **all** inventory items for a department, not simply those included on the inventory lists provided by Texas A&M Property Management.

If property is found that should be on the inventory but is not, then they should follow procedures for adding the items to inventory. See *Chapter 8, "Found Items that Should Be Inventoried."*

### Inventory Methods

Departments may either verify the inventory by using

1. Inventory software and bar-code reader (preferred)
- or
2. Manual method-updating the inventory list on the Scan and Validate website.

### Important!



Do not update asset information on FFX screen 535 during the inventory period. Use Scan and Validate for all updates. When your departments' Scan and Validate information is downloaded at the conclusion of your certification, it will overwrite any manual changes made in FAMIS.

### **Method 1: The Scan & Validate Bar Code Scanner Process**

- Palm Sync Scan & Validate program will be loaded on Department's computer
- Cradle and scanner will be set up and plugged into an electrical outlet
- Scanner should be kept in the cradle when not in use to maintain charge

The objective

- Locate all inventory listed for the Department
- Change its' status in the Scan & Validate program from "no scan" to "correct" or "change"
- As each asset is scanned, the location information should be updated. Although other asset information can be changed in the Scan & Validate program, **the only changes that will download to FAMIS are the same changes Departments can make on screen 535.** These are Condition, Availability, Purpose Code, Purpose Percent, Bldg Campus, Bldg Number, Room-Floor, Other Location, and User Group.
- When an asset is scanned that does not belong to your department
  - Return the asset to the correct department  
or
  - Submit TDP or FDP-441A Property Transfer Form to correct ownership. **Transfers between departments cannot be completed in the Scan & Validate program**

The time limit to conduct the annual inventory is 45 calendar days. The Scan & Validate scanner is available the first 14 days and then must be returned to Property Management. The unfinished portion of the inventory must then be conducted manually and entered in the Scan & Validate program. There are different ways to conduct the inventory depending on the number of departmental assets and available manpower. Contact Property Management to work out the most efficient manner in which to conduct your annual inventory.

### **Method 2: The Manual Method-Updating Scan and Validate Website**

Texas A&M Property Management will email to the DPC, three listings of the *TBAR004 Inventory Verification List* report as follows: (see *Figure 2-2 for a sample of a TBAR004 report*).

1. TBAR004 Listing by Numerical Sequence
2. TBAR004 Listing by Building/Room
3. TBAR004 Listing by Group Code

Follow these procedures using the TBAR004 reports to verify the inventory:



1. Choose **one** TBAR004 inventory list to **physically locate** all items.
2. Compare each physical asset with the TBAR004 information and verify the information listed below.
  - **Asset Description**
  - **Asset Number** – Ensure that all equipment is tagged properly and the piece with the identifying number fits the description on the inventory list. Look for legibility of the inventory number and rewrite it, if necessary, before concluding the process.
  - **Model/Serial Number** – Verify that the model and serial number on the list match the numbers on the equipment. If the numbers do not match, then show the change and note the reason for the change.
  - **Location** (includes location, group code, and other location) – Verify the location and make any necessary changes.  
**Departmental personnel should maintain this information using Canopy or FAMIS FFX Screen 535.** Do not change any location information for recovered missing/stolen assets unless Property Management has processed the *FDP-9 Report of Missing, Stolen, Damaged, or Destroyed Property* form.
  - **Condition** – Evaluate the condition of the property and document it. **Departmental personnel should maintain all condition codes except for missing and stolen codes using FAMIS FFX Screen 535.** Do not change any condition information for recovered missing/stolen assets unless Property Management has processed the *FDP-9 Report of Missing or Stolen Property* form. *See Appendix C for a listing of condition codes.*
  - **Purpose** – Identify how each asset is being used, for example, administrative use, research, instruction, etc. **Departmental personnel should maintain this information using FAMIS FFX Screen 535.** Do not change any purpose information for recovered missing/stolen assets unless Property Management has processed the *FDP-9 Report of Missing or Stolen, Property* form. *See Appendix C for a listing of purpose codes.*
3. Access the departments asset list on the Scan and Validate website
4. Locate each asset in Scan and Validate
  - If information is correct-change status from NOSCAN to Correct-save changes
  - If information needs to be edited-change status from NOSCAN to CHANGE enter corrections and save changes
5. When all assets have been located and information verified or updated, NOSCAN status changed to either CORRECT or CHANGE, this portion of the Annual Certification is complete.
6. List all items not found on the form *FDP-402 Certification of Physical Inventory Conducted by Department* and enclose any required paperwork to remove the items from the inventory.

7. List all found items that are not on the inventory listing but should be on the listing on the form *FDP-402 Certification of Physical Inventory by Department* and enclose any required paperwork to add the items to the inventory.

### What to Turn In To Texas A&M Property Management

1. Bar Code Scanner-two weeks after receiving
2. Upon completion of the physical inventory, the department is required to submit the FDP-402 Certification of Physical Inventory Conducted by Department (found at <http://fmo.tamu.edu/property/> ).



Only the Department Head may sign the *FDP-402*.

During the physical inventory, there may be items that either do or do not appear on the inventory listing that should/should not appear. All discrepancies like this must be noted on the *FDP-402*.

Examples:

- *Transfers*-submit TDP and provide TDP # on certification
- Previously transferred as non-inventory-provide TDP # and work with receiving department to accept as inventory asset
- *Returned to vendor*-submit *FDP-414 Property Additions and Deletions* with refund information
- *Traded-in*--submit *FDP-414 Property Additions and Deletions* with purchase information for new asset
- *New additions* - List any assets on the *FDP-402* that were acquired after the TBAR004 report was sent to the department.
- *Missing/Stolen assets* - List each missing/stolen item on the *FDP-402*. Complete and attach the form *FDP-9 Report of Missing or Stolen Property*, **unless the FDP-9 was submitted in a previous fiscal year.**
- *Recovered assets* - These include assets previously recorded as missing or stolen, even if they have been deleted from inventory, that have been located. If assets are recovered, list each item on the *FDP-402*. Complete the bottom of the original form *FDP-9 Report of Missing or Stolen Property* and submit it with the *FDP-402*.
- *Non-inventoried property that should be inventoried* - If property is located that is not on the inventory listing but should be, list the items on the *FDP-402*. Submit the forms *FDP-414 Property Additions and Deletions* and *FDP-4 Equipment Information Sheet*.

*For more information on how to handle each situation, see Chapters 5-8.*

### Past Due Certification Procedures

Meeting the departmental deadline is crucial so that Texas A&M can meet the deadline set by the State Comptroller's Office.

No extensions can be granted after August 31<sup>st</sup> since Texas A&M must submit the entire university's inventory report to the Comptroller no later than 20 days after the last day of the fiscal year.

If Texas A&M Property Management does not receive the department's inventory certification by the original due date, then they will contact the department to inquire on the status of the inventory.

- Texas A&M Property Management Inventory Specialist may grant one extension, which can be up to two weeks.
- Departmental Property Contact may request additional time using the *FDP-404 Request for Extension of Time for Annual Inventory Certification* (found at <http://fmo.tamu.edu/property/>) or by e-mailing the Texas A&M Property Manager at [property@tamu.edu](mailto:property@tamu.edu).
- Texas A&M Property Manager will either approve or deny the extension and send the confirmation to the Departmental Property Contact and forward approvals to the Texas A&M Property Management Inventory Specialist.

If Texas A&M Property Management does not receive the certification by the final due date, a letter will be sent to the dean, director, or vice-president with a copy to the following individuals:

- Department Head (Accountable Property Officer)
- Departmental Property Contact
- Director of Accounting Operations

If Texas A&M Property Management does not receive the certification within two weeks of the date of the letter, then Texas A&M Property Management will notify the Texas A&M Associate Vice-President for Finance.

## Chapter 3 – Inventory Items and Coding



## ***What to Inventory***

**Inventory** is an itemized list of equipment in which a Department Head is held accountable. Inventory includes all personal property. According to the *SPA Process User's Guide*, "Furniture and equipment placed into service for operations with benefits extending beyond one year from date of acquisition. Improvements or additions made (to existing furniture or equipment) are capitalized if they meet the capitalization threshold."

**Additions** to existing personal property that become a component part of the asset and meet the capital or controlled threshold within a fiscal year, should be recorded as an addition of value to the existing asset.

### **Always inventory the following:**

- All personal property.
  - All capital items-\$5,000.00 and above
  - All controlled items (limited list-see class code table)-\$500.00 to \$4999.99
  - All firearms, regardless of cost.
- Additions, may be cumulative within a fiscal year, that meet the class code threshold.
- Costs required to putting the inventory item into service (e.g. freight, installation, labor, sales tax, etc.).
- Constructed equipment that either meets the capitalization threshold or will be considered a controlled item.
- Warranties-considered a no-option purchase when included in the purchase price of the asset. They may or may not be a separate line item. **Not** extended warranties-see below.

### **Do not inventory the following:**

- Things not required to put the item into service.
- Extended warranties should not be included in the asset cost. They are considered an optional purchase and not necessary to put the asset into service.
- Maintenance agreements. These are expenses, and maintenance and repair object codes should be used for them.

The following thresholds will apply to property, according to the SPA Process Users Guide:

<b>Class of Asset</b>	<b>Threshold</b>
Land/land improvements	Capitalize All
Buildings/building improvements	\$100,000
Facilities & other improvements	\$100,000
Infrastructure	\$500,000
Personal property (equipment)	\$5,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Computer software	\$100,000
Internally developed computer software	\$1,000,000
Leasehold improvements	\$100,000



**When determining if an item should be inventoried, ask these questions:**

**1. Does it cost \$5,000.00 or more and will last at least a year?**

*FAMIS FFX Screen 581 or Canopy (FFX, Tables, Class Table) capital items.*

**Capitalized assets** are personal property. They must be inventoried and depreciated over their useful life.

- Have a single unit value of \$5,000 or greater
- Estimated useful life of more than one year.
- Capitalized object codes start with 8nnn.
- Included in the Annual Financial Report to the State.

**Example:** A department purchases a spectrometer that costs \$15,000. It would need to be capitalized because it costs more than \$5,000 and will last longer than a year.

**2. Does it cost \$500.00 to \$4999.99 and will last at least a year?**

*FAMIS FFX Screen 581 or Canopy (FFX, Tables, Class Table) for controlled items.*

The State Comptroller and the Texas A&M System have defined certain property that must be controlled. **Controlled assets** are not depreciated and do not affect financial reports to the State of Texas. However, they

must be inventoried and tracked during the physical inventory due to their high-risk nature.

The specified “controlled” items

- Cost \$500.00 to \$4999.99
- Have a useful life of more than one year.
- Controlled object codes are 5775-5799.
- Texas A&M controls all firearms regardless of the cost.

**Example:** A department purchases a laptop computer that costs \$2,000. Since laptop computers are high risk, they are listed on the controlled asset listing and must be inventoried.

**3. Was everything purchased at once and as a unit for one lump sum?**

**Example A:** A department purchases computer equipment all together for a cost of \$2,000. This cost includes everything: monitor, hard drive, keyboard, mouse, etc. Computers are controlled items and must be inventoried. In cases like this, since it would be difficult to value each item, and everything is necessary to operate the computer, inventory everything together under one asset number for the cost of \$2,000 even though the monitor and keyboard may be removed and used with other computers.

**Example B:** A department purchases computer equipment all together. Each item has a cost identified as shown below:

Description	Quantity	Price
Keyboard	1	20.00
Mouse	1	15.00
Monitor	1	300.00
Computer Station with the following specs: OptiPlex Gx150 Small Mini Tower: Gx150: Pentium Iii Processor 1.0ghz/133mhz 256k Cache, Integrated Sound	1	1,600.00
<b>Total</b>		<b>1,935.00</b>

In this case, the keyboard, mouse, and monitor all have a separate cost. They can be moved around and used with other computers. However, since the computer cannot be used without these items, inventory everything as one asset for \$1,935.00.

**Example C:** A microscope is purchased. Below are the items that are on the purchase order:

<b>Description</b>	<b>Quantity</b>	<b>Price</b>
Binocular	1	932.00
Binocular Tube	1	1442.00
Eyepiece	1	1141.00
Lens 10X	1	650.00
Lens 20X	1	625.00
Condenser	1	120.00
Bulb	1	40.00
Dust Cover	1	50.00
<b>Total</b>		<b>5000.00</b>

In this case, assign one asset number for \$5000.00. All items are necessary to place this microscope into use. Once assembled, the parts will not be used with any other microscope. Replacement bulbs would not be inventoried.

**4. Can the item “stand alone?”**

If the item can “stand alone” or if it will be used with multiple assets, do not add it to the value of another asset. If the asset, by itself, meets the inventory requirements for personal property, it should be assigned its own asset number.

**Example A:** Software is purchased that can be used on multiple computers; it is not a major component of a computer and is not necessary to operate the computer. Therefore, do not add the software to the value of the computer. However, if the software by itself meets the threshold of \$100,000, inventory it with its own asset number.

**Example B:** Cubicle walls are purchased. They can be taken apart and used with other cubicle walls. Do not inventory together as one asset. However, each wall would be inventoried separately if each it costs \$5,000 or greater.

**5. If adding a part to an existing asset, should the cost be added to the asset?**

When the addition to the asset or the sum of additions to an asset, meet the class code threshold within the fiscal year, it is added to the asset.

**6. Were extra costs incurred that were required to place the item into operation?**

The asset value should include all costs required to place the asset into service, such as freight, installation, and other related professional



expenditures (e.g. labor costs for fabrications) incurred. Warranties should be excluded from this value.

### **How Inventory Gets Into FAMIS**

**FAMIS** is the official Financial Accounting Management Information System at Texas A&M.

- **Fixed Asset System (FFX)** of FAMIS houses all official property information and is used to generate state reports
- **Financial Record System (FRS)** houses all financial accounting information.

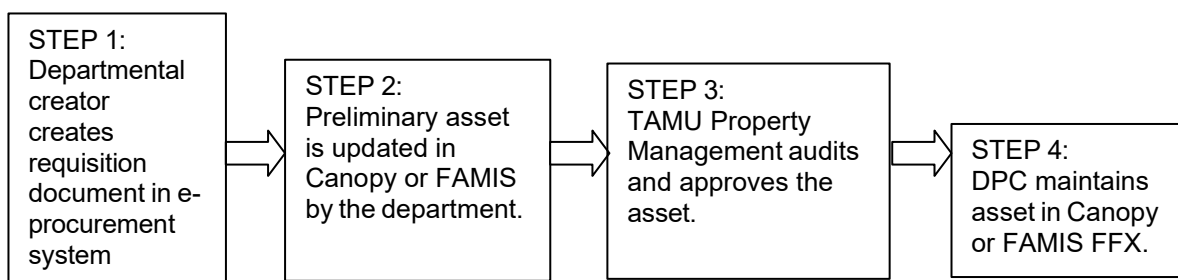
Preliminary Assets are created when

- Inventory object code is assigned to on-line purchase requisition and PO is completed
- Texas A&M Property Management enters manually in FFX (e.g., gifts)
- Department uses Create Preliminary Asset options in FAMIS FRS or Canopy

When the asset is approved, the department should maintain it in FAMIS by using the FAMIS Fixed Asset (FFX) System or CANOPY, which provides web based functions for FFX. The DPC should request FAMIS access by following the instructions on form FD-805 found at the Access and Security web site <http://fmo.tamu.edu/access-security/>.

Figure 3-1 illustrates how inventory information gets into FAMIS if the purchase is processed on-line by the department.

**Figure 3-1:** Inputting Inventory Information into FAMIS for On-Line Purchases



In Figure 3-1, three individuals input inventory information into FAMIS after the departmental creator creates the requisition document in Step 1. They are the following:

- A. The department's preliminary asset enterer (Step 2)
- B. Texas A&M Property Management (Step 3)
- C. The department's DPC (or whomever will maintain FFX) (Step 4)

## Step 1 Purchasing Inventory Items

From Requisition to Preliminary Fixed Asset

- Shopping in the e-procurement system creates a **Requisition** which is routed for approval
  - Detailed instructions for purchasing assets in the E-procurement system are at [aggiebuy.tamu.edu/training](http://aggiebuy.tamu.edu/training)
  - Reviewed by Accounts Payable auditors who assign **commodity codes**
  - Commodity codes map to **object codes** in FAMIS
- This becomes a **Purchase Order (PO)** that is routed for approval
- Upon final completion of PO
  - **Preliminary fixed assets** are created from PO information and fed to FAMIS/Canopy
  - The preliminary fixed assets are now available to be updated by the department

or

Assets on Non-PO Based Invoices

- Process invoice that includes inventory items as a Confirming Order
  - This will create a Preliminary Fixed Asset in FAMIS
- Invoices should **not** be processed for payment as Non-PO based, if the purchase includes an inventory item
  - This will not create a Preliminary Fixed Asset
- If an invoice for an asset is inadvertently paid as Non-PO based
  - No Preliminary Fixed Asset is created

## Step 2 Updating Preliminary Fixed Assets

**Update Preliminary asset** - pertinent information related to the management of the item for capital and controlled items.

This includes:

- Description
- Serial number
- Class code
- Acquisition and In-Service dates
- Building/room number
- Purpose Code-optional
- Group Code-optional
- Other Location-optional
- User UIN-optional

This information is updated on FAMIS FRS screen 362 (Fig 3-6a) or Canopy Preliminary Fixed Asset update screen (Fig 3-6b)

If the asset has changed from preliminary to pending the department can still update by changing the Preliminary Only to NO in Canopy or FAMIS screen 361 Prelim Only: remove status Y and leave field blank

**Figure 3-6a: FAMIS Screen 362**

```

F0013 Please enter desired modifications
362 Preliminary Fixed Asset Data                                08/20/01 08:37
                                                                FY 2001 CC AM
Screen:  ___ Doc: L100096 Seq Nbr: 1___ Delete Asset?:  _
                                                                Page: 1 <More>>>
Tag Number: 0000068240 Add to Existing Asset:  _
Asset Description: COMPUTER PENTIUM PROCESSOR
Line 2:  _____
Total cost: 2262.00_____

Manufacturer Name: IBM_____
Model Number: 22XC_____ Serial Number: 34512_____

Class: 843502 MICROCOMPUTER-DESKTOP NOT APPLE
Acquisition Dt: 08/18/2001 In-Service Dt: 08/18/2001
New/Used: N Condition: 01
Availability: US How Tagged: BC
Related Asset: _____ Software Version: _____
Historical Ind: N Depr Ind: Y
Special License:  _
Asset:           Status:           Exposure Code:  _

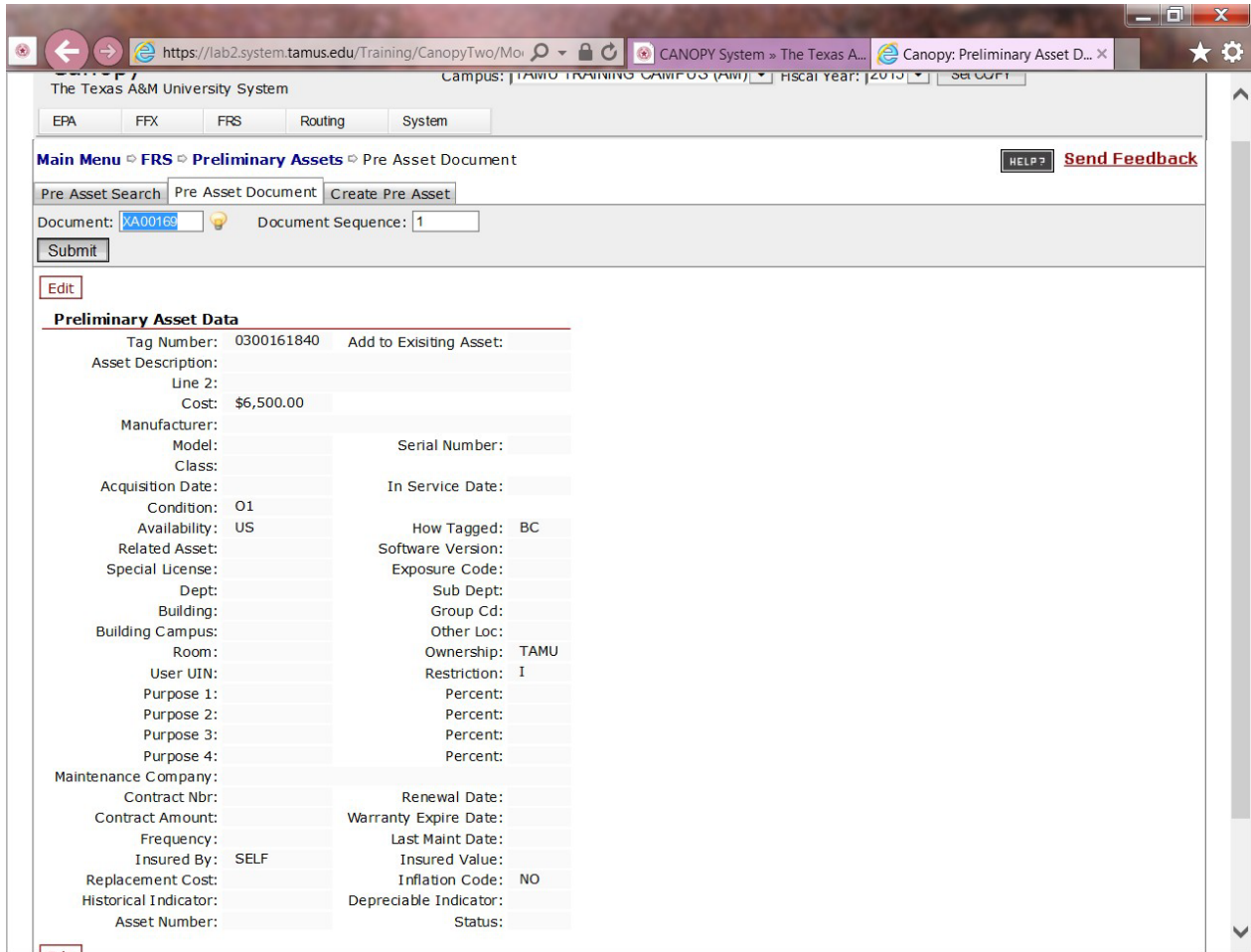
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
Hmenu Help  EHelp                      AdFFX Accts      Left  Right

F0013 Please enter desired modifications
362 Preliminary Fixed Asset Data                                08/20/01 08:40
                                                                FY 2001 CC AM
Screen:  █ Doc: L100096 Seq Nbr: 1___ Page: 2 <<<More>
Dept: FISC_ Sub Dept: _____
Building: 00461 Building Campus: AM Room/Floor: 100___
Group Code: _____ Other Location: _____
Ownership/Title: TAMU Restriction: I Cd Pct
FAMIS Sponsor: _____ Purpose: AD 100
                                     -- --
                                     -- --
                                     -- --
Maintenance Company: _____
Contract Nbr: _____ Renewal Date: _____
Contract Amt: _____ Warranty Exp: _____
Frequency:  _ Last Maint Date: _____

Insured By: SELF Insured Value: _____
Replacement Cost: _____ Inflation Code: NO

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
Hmenu Help  FHelp                      AdFFX Accts      Left  Right
    
```

**Figure 3-6b:** Canopy Preliminary Asset update screen



### Inventory Descriptions

When updating the preliminary fixed asset always verify the asset description. Asset descriptions need to be in this format:

**COMPUTER, PENTIUM PROCESSOR** and **NOT PENTIUM PROCESSOR COMPUTER.**

Notice that the word computer, or a clear description of the purchase, should be first. If it is not in this format, it will need to be corrected by Texas A&M Property Management. This is because:

1. When the description is concise, it is easier for the DPC to identify items on the inventory reports when performing the physical inventory.
2. If it is not in this format, Texas A&M Property Management will need to change it. If the department has input additional information, it may not be included when Texas A&M Property Management corrects the description.

3. On the inquiry screens in FAMIS, it is easier to see what was purchased according to the first word. If a description is too long, important information will be hidden from view.
4. Deleting assets because of threshold changes or subdividing a class code can be based on the asset description. Incorrect descriptions can leave assets on inventory that should be deleted or vice versa.

### **Serial Numbers**

It is the responsibility of the owning department to provide or update the serial number for their equipment.

### **Room Numbers**

- FAMIS will not accept an invalid building/room combination. FFX screen 543 is the building/room table that is updated from Facilities Coordination weekly. The FCOR website at <http://fcor.tamu.edu/> will also have official building and room numbers.
- Always keep room numbers for equipment updated.

**It is very important to keep room numbers on equipment current in FAMIS.** The Office of Facilities Coordination (FCOR) officially records every building and room number on the Texas A&M campus. Annually, they must submit a report to the State of Texas listing the building and room numbers along with exactly how much square footage is being utilized. Building and Room information is used for verification purposes in FAMIS, the Registrar's class scheduling system, and others across campus. Equipment is tied to space for the indirect cost calculation (e.g. utilities) so incorrect locations can affect Texas A&M's indirect costs recovery funding and affect systems used by multiple departments.

### **Coding Assets**

#### ***Object Codes***

**Object Codes** are four-digit expenditure codes that are used to identify specific items on a purchase document. They are sometimes referred to as subcodes. These codes compile information about specific purchases, which are used in various administrative and state reports.

Properly coding assets when inputting purchase information into FAMIS is extremely important for state reporting of property. If a non-inventory code is assigned for an inventory item, then this could keep the asset from being placed on inventory. The inventory object codes fall into these ranges:

- Controlled assets = 5775-5799
- Capitalized assets = 8000-8999.

Figure 3-2 illustrates a few capital inventory object codes. Using Figure 3-2, if someone purchased a computer over \$5,000, then the object code would be **8435 – Computer Equipment**.

**Figure 3-2:** Sample of Capital Inventory Object Codes

8426 Marine Equipment
8430 Purchase of Aircraft
8435 Computer Equipment
8440 Purchase & Maintenance of Computer Software

*Get a complete listing of object codes using Canopy or FAMIS FRS Screen 806.*

### **Asset Class Codes**

An **asset class** is a group of similar assets, as designated for accounting and property control purposes. To further break down the object code for inventory items, Texas A&M uses **asset class codes** which-

- Are determined by the State of Texas
- Have a default useful life used for depreciation calculations

The asset class codes are six-digit numbers (e.g. 843502). The first four digits of a class code identify the object code used on the purchase document. The last two digits are a further breakdown of the object code. Figure 3-5 illustrates asset class codes for capitalized computers.

**Figure 3-5:** Asset Class Codes for Capitalized Computers

843501 Servers
843502 Computer-Desktop
843504 Laptop Computers
843507 Computer Terminals/Monitors

*Complete listing of asset class codes on CANOPY-FFX-Tables-Class Table, or FAMIS FFX Screen 581.*

### **Property Control Codes**

Other codes used for state reporting and control purposes include the following:

- **Ownership/Title Codes** - Identifies whether the asset is owned by Texas A&M, an outside agency, or being used but not owned by Texas A&M. This field is included on the bar code labels.
- **Condition Codes** – Defines the condition of the assets, for example, excellent, poor, etc. It is helpful for the DPC to know the condition of an asset if he/she is considering transferring it to another custodian.
- **Restriction Codes** – Identifies any restrictions placed on the use/ownership of the asset. For example, some gifts of property to Texas A&M have restrictions placed on them for tax purposes.
- **Availability Codes** - Indicates whether the asset is in use, available for use, or not usable. For example, laptop availability codes can be changed if they are available for use at the office or if they are being loaned to someone.
- **Purpose Codes** – Identifies the function of the asset, for example, administrative use, research, instruction, etc.

*Get a listing of these codes under Property Control Codes found at <http://fmo.tamu.edu/property/> or by using the help features in the code field in FAMIS.*

### **Step 3 Property Management Audits and Approves Assets**

Once receiving is completed, the preliminary asset data electronically feeds into the Fixed Asset System (FFX) where FAMIS changes the asset status from preliminary status to pending status. Texas A&M Property Management will audit the pending asset and approve it, which makes it an official property record.

### **Step 4 Department Maintains Asset Information**

After Texas A&M Property Management approves the asset, the DPC\* (or personnel with departmental property update access) may maintain asset data such as location information and property control codes in CANOPY or on FAMIS FFX Screen 535 (Figure 3-1, Step 4).

Figure 3-8a is a screen print of FAMIS FFX Screen 535. Information on the left-hand side of the screen may be updated. Figure 3-8b is a screen print of Canopy asset update screen.

Request FAMIS Property Update access by following the instructions listed at The Division of Finance and Administration, Access and Security website <http://fmo.tamu.edu/access-security/>.

Other changes to assets information must be submitted to Texas A&M Property Management.

**Figure 3-8a:** FAMIS FFX Screen 535

```
T0013 Please enter desired modifications
535 Departmental Inventory                                08/20/01 08:41
                                                         FY 2001 CC AM

Screen: ___ Asset: 9400000001 Status: A
                                                         COMPUTER 486SX W/16 MEG MEMORY AND

Availability: AV                                         Class: 843502 SPA Class:
Condition: 01                                          Model: 486SX
Purpose 1: GN Percent 1: 100                          Serial: 555R778D
                2: ___ 2: ___                          Acq Date: 04/25/1994
                3: ___ 3: ___                          Owner/Title: TAMU
                4: ___ 4: ___                          Restriction: I
                                                         Tag Number: 9400000001
                                                         How Tagged: BC
                                                         Cost: 1850.00
Location
Building: 00461 Bldg Campus: AM                       Department: CHEM
Room/Flr: 101___ Group Cd: KC___                      Sub Dept:
Other Loc: _____ Description: COMPUTER 486SX W/16 MEG
                                                         MONITOR
Inventory Date: _____ Source/Pct: DS/100
Next Asset Number: _____ Note File Flag: N

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
Hmenu Help EHelp
```

\* DPC can  
update this side.



Figure 3-8b: Canopy asset update screen

The screenshot shows the Canopy asset update screen for asset 940000001. The interface includes a navigation menu with options like EPA, FFX, FRS, Routing, and System. The main menu is set to FFX > Assets > Asset Location. The asset ID is 940000001 and its status is A. The location information section includes fields for Description (SPECTROPHOTOMETER), Inventory Date (8/28/2008), Availability (AV - AVAILABLE), Condition (O1 - USED-USABLE W/O REPAIR - EXCELLENT), Purpose 1 (AD - ADMINISTRATIVE), Purpose 2 (BLANK - UNDETERMINED), Purpose 3 (BLANK - UNDETERMINED), Purpose 4 (BLANK - UNDETERMINED), Building (00443), Building Campus (AM), Room (1204A), User UIN (202005640), Group Cd (SALES), and Name (Pankratz, Terry). The other information section includes Dept (FISC), Tag Nbr (940000001), Model (EVI-3000), How Tag (BC), Sub Dept (OPS), Acq Date (09/22/2002), Serial (134BX4588), Cost (\$20,000.00), Class (842212), SPA Class, Owner (TAMU), and Restriction (I). Buttons for Save, Cancel, Submit, and Reset are visible.

Throughout the process in Figure 3-1, the asset incurs a different status in each stage of the process. They are defined below:

**Preliminary Asset Status** – For users of the on-line purchasing module, the preliminary asset is created in the Financial Record System (FRS) of FAMIS with the completion of the PO. Preliminary assets have not been paid.

**P = Pending Asset Status** – Preliminary assets become Pending assets when FAMIS generates a voucher for payment of the asset and inventory information automatically feeds from FRS into FFX. Texas A&M Property Management may also create pending assets by directly entering them into FFX.

**A = Approved Asset Status** – Approved assets are officially recognized by Texas A&M. Assets become approved after Texas A&M Property Management audits and approves them in FAMIS.

**D = Disposed Asset Status** – When an asset is no longer of use to a department, they may dispose of it. Cannibalizing property is one means of disposal. Once all procedures are followed, Texas A&M Property Management will officially dispose of the asset using FAMIS.

### Communication with Departmental Enterers



- √ Teamwork is an important part of inventory management.
- √ The DPC must be made aware of all inventory purchases.
- √ DPCs must communicate with those who purchase inventory and update preliminary fixed assets.
  - √ If possible, it is recommended that the DPC input the preliminary asset data.

Procedures should be established with those who create departmental requisitions to inform the DPC of all inventory purchases. The DPC should also work with the creator on what should be inventoried and which object codes to use.

It is recommended that the DPC input preliminary asset data. If this is not possible, then the DPC should communicate with the departmental preliminary asset enterer to ensure that all of the correct property control information is entered onto the preliminary asset screens.

## Chapter 4 – Tagging of Equipment



## Assigning Asset Numbers

### FAMIS Assigned Inventory Numbers

An **asset number** is a 10-character number used to uniquely identify an asset within the Financial Accounting Management Information System (FAMIS).

A **tag number** is the 10-character asset number used to physically mark the asset. In most cases, the tag number and asset number are used interchangeably. For more information see the *FAMIS Departmental Fixed Assets User's Manual* for an explanation of the asset approval process.

Figure 4-1 illustrates the process for assigning asset numbers for on-line purchases. Step 1, the purchase document is completed in E-Procurement system and has been assigned an inventory object code. If an inventory object code is not assigned, then FAMIS will not recognize the purchase as something to be inventoried. Step 2, FAMIS will assign tag numbers. Step 3 the preliminary asset enterer would input all property control data using Canopy or FAMIS FRS Screens 360-362, as long as an inventory code was used in Step 1. Step 4, after FAMIS assigns the tag number, departmental personnel with access to Screen 361 and/or FFX Screen 545 may view it. The tag number becomes the asset number when payment is made and the preliminary asset information is fed to FFX and becomes a pending asset.

**Figure 4-1:** Assigning Asset Numbers for On-Line Purchases

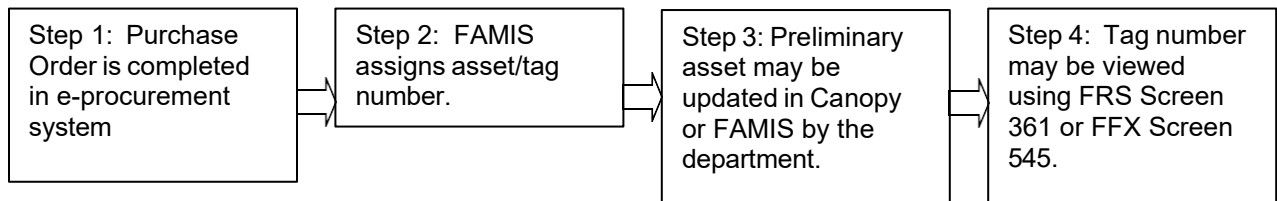
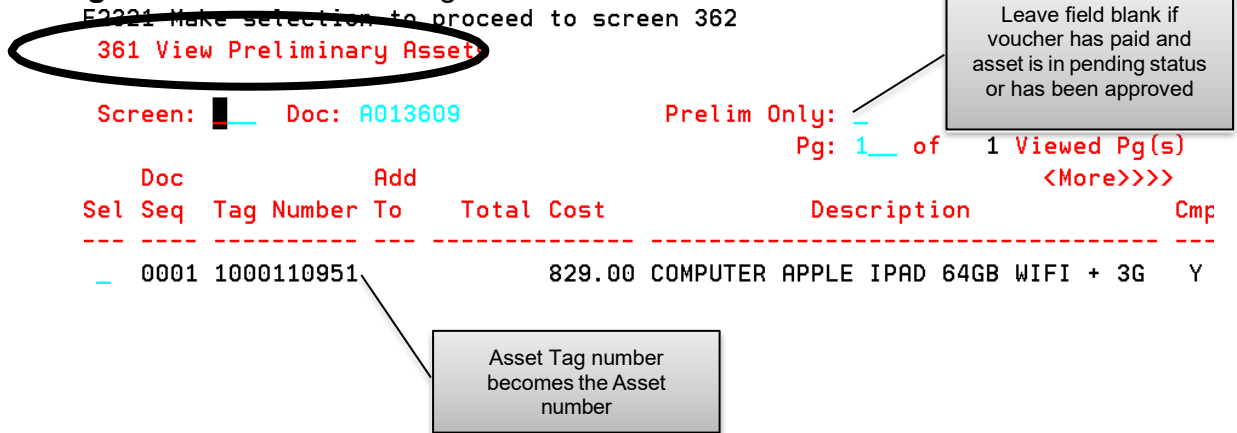
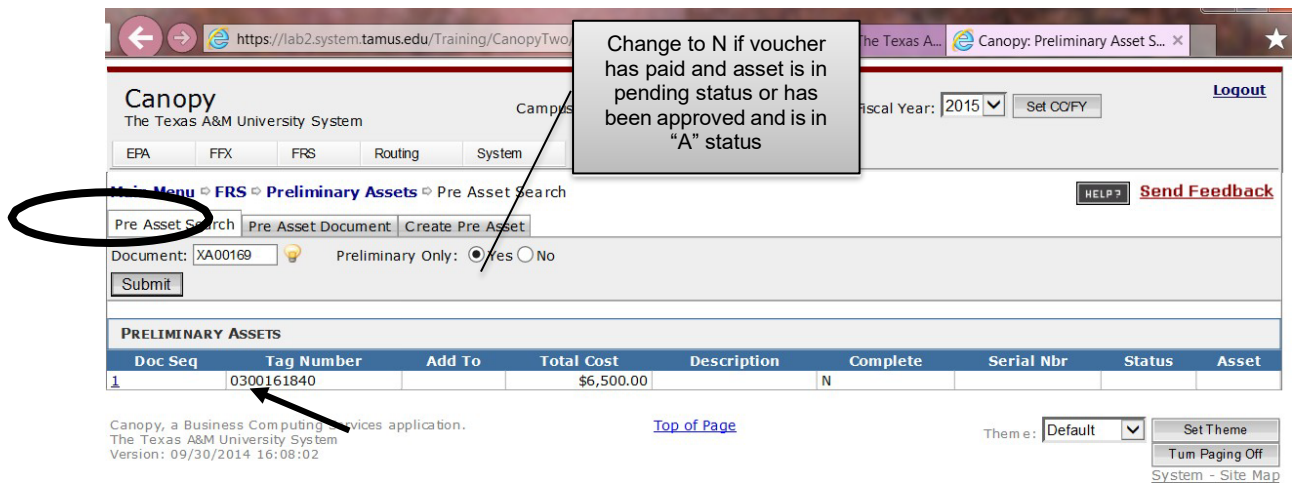


Figure 4-2 is a screen shot of FRS Screen 361 showing the tag number. Figure 4-2a is the same information in Canopy. The purchase document number (i.e. A013609 below) must be known. Notice that the “Asset Nbr” field is the voucher/sequence number. Once payment is made, the tag number becomes the asset number.

**Figure 4-2: Screen 361 Tag Number**



**Figure 4-2a: Canopy Preliminary Asset Search screen Tag Number**



**Manual Requests for Inventory Numbers**

Certain situations do not prompt FAMIS to generate an asset number.

- Receipt of a gift or donation
- Purchase incorrectly coded non inventory
- Other

In these cases, the department must send paperwork to Texas A&M Property Management, who will assign an asset number for the department. See *Chapters 5, 7, and 8 for which paperwork to complete for a particular situation.*

For certain items, Texas A&M Property Management will use sight identifiers when creating tag and asset numbers. The **sight identifier** is the 3<sup>rd</sup> digit of an asset number used to provide sight recognition of an asset attribute within the asset number. For example, 01A0000086 is an airplane. Examples of sight identifiers include the following:

A-Airplane	3-Infrastructure or Facility
B-Boat or Ship	6-Construction in Progress
F-Purchased with federal funds	L-Livestock
G-Group	K-Gift (Received after June, 1989)
0-None of the Above	P-Lease Purchase Asset
1-Land	V-Vehicle
2-Building	M-Moves under own power without a license plate

**Purchasing Card Purchases**

Asset numbers are assigned through FAMIS on Purchasing Card purchases. See Chapter 5-Purchasing Card Purchases for detailed guidelines and instructions.

**E-Procurement Purchases**

Assets purchased through e-procurement are assigned asset numbers through FAMIS but will need the department to update the Acquisition and In Service dates, Building/Room location, serial number, etc. in FAMIS or Canopy.

## Marking the Equipment

The “**Ten-Day Rule**,” according to the *Texas A&M System Asset Management Manual (06/2014)*, says,

“the inventory number must be permanently affixed to an item promptly upon receipt and acceptance but not later than 10 calendar days after receipt, unless prevented by unusual circumstances. Examples of acceptable reasons for not accomplishing such within the ten calendar days would be that the item had to be assembled, calibrated, or connected to a system before it could be inspected properly and placed in use.”

Tagging of equipment is critical for inventory management. First, Texas law requires it. Secondly, if equipment is not tagged, it will be very difficult for the DPC to identify. Departments should develop procedures to mark equipment immediately. In addition, the DPC should always be notified before equipment is delivered to users to ensure that it is properly marked.



It is much easier for the DPC to find equipment if it is marked before it is given to the user. Additionally, since departments can easily retrieve a tag/asset number from Canopy or FAMIS FRS Screen 361 and/or FFX Screen 545, they should have no problem marking the asset within 10 days upon receipt.

Maintain inventory numbers that are neat and orderly. **Do not** affix any unofficial markings, labels, or stickers on State of Texas property. If numbers become dim or smeared, they **must** be remarked.

Follow these guidelines for marking equipment, according to the *Texas A&M Asset Management Manual (06/2014)*:

- Mark equipment within 10 calendar days upon receipt. Use a permanent marker if bar-code tags are not yet available.
- Mark equipment before it is given to the user and placed into use.
- Mark each asset with its own unique tag/asset number. Never re-use a previously assigned number from a different asset.
- Professional judgment should be used to determine if a non-inventory item should be tagged. Non inventory tags should read “Property of the State of Texas”, “Property of Texas A&M University or “Property of TAMU.”
- Assure that the marking can only be removed through considerable or intentional means.
- Place the marking in a highly visible area making it easily accessible during the physical inventory.

- Location of asset labels should be consistent for similar assets assigned to a department to facilitate physical inventories.



### Suggested Methods for Affixing Inventory Numbers

Mark all assets with the tag/asset number within 10 calendar days, even if the department has not yet received the bar code tag. Retrieve the tag number from Canopy, FAMIS FRS Screen 361, or FFX Screen 545.

A **bar code tag** is a sticker that Texas A&M uses as an official permanent marking that contains the asset/tag number and other information for a piece of inventoried property. It is needed to use the bar code scanner during the physical inventory.

- Asset/Tag Number
- Description
- Serial number
- Agency-TAMU, SAGO, etc.
- SRS Y or N indicating if purchased with Sponsored Research purchasing account
- Ownership field-examples-TAMU, NOBA (Not Owned By Agency), etc.

**Figure 4-4:** Bar Code Tag



At Texas A&M, after Texas A&M Property Management approves assets bar code tags are mailed through campus mail to the departments to be attached to the equipment. However, there may be delays in receiving the bar code labels. This does not excuse the department from marking the equipment within 10 calendar days upon receipt. Therefore, the department should mark the equipment using another means (e.g. permanent marker). When the bar code tag arrives, then the department should attach it to the equipment.

Suggested methods to mark equipment when a bar code tag is unavailable include the following:

- Heavy duty engraver
- A black, extra fine point Sharpie permanent marker
- Silver or white permanent marker



## **Suggested Locations for Affixing Inventory Numbers**

### ***Tagging Capital and Controlled Property***

The asset/tag number must be placed in a highly visible position on the asset, where it is easily accessible during the physical inventory.

For consistency and convenience in conducting physical inventories and audits, the number should be placed on the left side of the asset and in accessible view of the person conducting the inventory. Do not place the numbers inside drawers, on the bottom of equipment, or on the side of heavy equipment that would be difficult to move to view the number.

Below are examples of places to affix the asset number:

- If the equipment consists of **more than one part**, make certain that all parts are numbered. Texas A&M Property Management will provide one label. The department may hand write the asset/tag number on the other pieces or create another type of label for the pieces.
- Desks – left of knee space (if multiple pieces, then each piece must have a value over \$5,000).
- Table – left front or inside left front support leg.
- Printer – on the left side.
- Computer CPU – on the left side (helpful to number in both desktop and tower modes).
- Laptop computers – on the left side.

### ***Tagging Small or Delicate Property, or property in an Inhospitable Environment***

For equipment that is too small, too delicate, or in an inhospitable or corrosive environment, Texas A&M Property Management suggests these procedures:

- If the item will be used with more than one specific instrument, it must be assigned its own inventory number. Keep each piece of delicate equipment in a special container with the following information affixed to the container:
  - Inventory number
  - Item description
  - Complete serial number (if available)
  - Location where container will be kept just in case the container gets moved
- Keep the property in the container when not in use.
- Affix the inventory number and item description to the shelf where the equipment will be kept, if applicable.

- When it is necessary to move the equipment to another location, establish checkout procedures.
- Items such as art work should have the tag placed out of normal view, if such items would be negatively impacted or otherwise compromised by placing a tag on the actual asset. Also it is not effective to place the tag on an asset if it will be in an inhospitable or corrosive environment. In these cases, tags should be placed in a secure place that is linked to the asset and maintained by the department responsible for the asset's safe keeping.

### ***Tagging Non-Inventory Property***

According to the State Comptroller's office, the only items that must be tagged are inventory items. However, Texas A&M University Property Management DOES require the labeling of non-inventory property that is on loan, (preferred text) "Property of Texas A&M University" or "Property of *<insert your department name>* Texas A&M University" or (optional text) "Property of the State of Texas".

It is recommended that non-inventory equipment be tagged, but that is up to the discretion of the department responsible for its safe keeping. In cases where the department wishes to track non-inventory items, they should create their own tracking methods.

Besides identifying equipment as the property of Texas A&M University, marking non-inventory items helps the individual who performs the annual physical inventory. They can identify items that should not appear on the inventory listing, even though it might look like they would. Knowing it is non-inventory eliminates the need to research the purchase to determine if it should be added to the departments' inventory. Example: a \$400 computer (the threshold for computers is \$500) may look very similar to the \$550 computer that is on the departmental inventory list.

You may contact Property Management at [property@tamu.edu](mailto:property@tamu.edu) for sample non-inventory labels and the specifications to order and print labels for your department.

## Chapter 5 - Property Acquisitions



## Acquisitions



**If ever in doubt about what to do contact Texas A&M Property Management at [property@tamu.edu](mailto:property@tamu.edu).**

This chapter discusses how to handle the numerous transactions for acquiring property. Acquisitions discussed in this chapter include the following:

- Additions and Replacements
- Constructed/Fabricated Property
- Gifts and Donations
- Joint Purchases between Texas A&M System Members
- Leased Personal Property
- Texas A&M Purchasing Card Purchases
- AggieBuy Purchases

### Additions and Replacements

*SPA no longer uses the betterment guidelines.*

**Teamwork is important. Communicate with the person ordering on how to handle improvements and additions. This is especially true, but not limited to IT personnel.**

Since it is inevitable that IT personnel will need to upgrade existing equipment, it is very important that they know the criteria for adding to the inventory. In addition, since the departmental creators will be creating purchase documents for improvements and additions, they will need to know to note when it is an addition to an existing asset.

*“Improvements or additions made (to existing furniture or equipment) is capitalized if they meet the capitalization threshold.” SPA Process Users Guide updated 8/22/14. A capital event usually means you have improved or added to the original functionality of an existing asset.*

A **replacement** means replacing a worn-out part with another and allows the item to complete its normal useful life. A replacement usually is considered maintenance and repair and will not be added to the asset.



The key to adding to an existing asset via FAMIS is to ensure that the departmental creator is aware of the total additions that will be made to the asset within the fiscal year. If the total will meet the class code threshold, then all additions will be coded with the appropriate object code for the addition and entered as an “Add to Existing Asset” on the Preliminary Fixed Assets screens. If this is not done, then submit the required paperwork to Texas A&M Property Management.

Below are examples of additions. In each example, the addition should be added to the value of the existing item. Instructions for doing so are included.

**Example, Capital Asset/Capital Addition:** A \$7,000.00 asset from a previous year is being upgraded. The parts will be on different purchase orders but will add up to \$5,500.00. All will be coded capital and added to the original asset as a component.

*This example meets the following criteria:*

1. *It will become a component part of the existing item.*
2. *It meets the threshold within the fiscal year.*

**Add the parts to inventory in the following manner:**

√ Preliminary Asset Screens  
\* or \*  
√ FDP-414 Property Additions and Deletions

The departmental creator would check “Add to Asset Number” and provide the existing asset number.

If, for some reason, this was not accomplished using FAMIS, then submit the *FDP-414 Property Additions and Deletions* to Texas A&M Property Management.

**A. Example, Controlled Asset/Controlled Addition:** There is a \$4000.00 camera purchased in a previous fiscal year and coded 578101-Portable Cameras (controlled). This year a lens that can only be used with this camera will be purchased and will cost \$1000.00. The lens will be coded 578101-Portable Cameras. Although together the camera and the lens are \$5000.00, neither will be coded capital because they were purchased in different fiscal years.

*This example meets the following criteria:*

1. *It will become a component part of the existing asset.*
2. *It will meet the object code threshold within the fiscal year.*

**Add the parts to inventory in the following manner:**

√ Preliminary Asset Screens or Canopy  
\* or \*  
√ FDP-414 Property Additions and Deletions

The departmental creator would check “Add to Asset Number” and provide the existing asset number.

If, for some reason, this was not accomplished using FAMIS, then submit the *FDP-414 Property Additions and Deletions* to Texas A&M Property Management.

***There may be different combinations of assets and components that are possible, but not all are likely.***

- ***Capital asset/addition of capital component***
- ***Capital asset/addition of controlled component***
- ***Controlled asset/addition of controlled component***
- ***Controlled asset/addition of capital component***

When adding value to an asset, the questions to ask are,

Will it meet the object code threshold within the fiscal year?  
Is it an improvement or addition?

**If you have any questions contact the Texas A&M Property Management Department.**

## Constructed (Fabricated) Property

- √ FDP-4 Equipment Information Sheet
- √ FDP-414 Property Additions and Deletions

**Fabricated Property** is property where expenses are incurred for parts/labor or paid to a vendor for construction, before the asset is received and in-service. These costs should be paid with object code 8733 and an asset be approved in FAMIS to accumulate the cost until the fabricated asset is put in service.

**Examples:** Internally developed software, trailers, lab equipment, etc.

Use the following criteria to determine if costs should be coded 8733-Fabrication of Equipment

1. The completed fabricated item will have a useful life of more than one year and an expected completion cost, including labor, that will meet its' Capital or Controlled threshold.

**AND**

2. Expenditures are made for parts and/or labor to construct an asset that is not yet in-service. (In-house fabrication)

**OR**

3. Payments are made to a vendor for the construction/fabrication of an asset that is not yet in-service. (Not fabricated by TAMU employees)

### ***Determining the Value for Fabricated Property***

Keep a file for everything that is required for the fabrication. This will be used to determine the value of the finished asset.



Departments must track all cost incurred for the fabrication of equipment.

The following costs must be included in the value:

- Any purchased materials and/or parts that become part of the asset
- The fair market value of any donated materials that become part of the asset (which does not necessarily have a readily determinable dollar value)
- Labor costs

The department should submit the appropriate back-up documentation (receipts, etc.) to Texas A&M Property Management for inventory.

### ***Obtaining an Asset/Tag Number for Purchases Used for Fabricated Equipment***



Contact Texas A&M University Property Management to be assigned an asset/tag number for fabricated equipment.

When purchasing items for a fabricated asset, submit the *FDP-414 Additions and Deletions* and *FDP-4 Equipment Information Sheet* to Texas A&M Property Management. An asset number will be assigned by Texas A&M Property Management and all costs will be added to the Fabrication of Equipment asset as they are incurred.

### ***Obtaining an Asset/Tag Number For Gifts Used for Fabrication***

Any donation/gift used for the fabrication, must follow the procedures for accepting gifts (See *Chapter 5, "Gifts and Donations"*). Submit the *FDP-4 Equipment Information Sheet* and *FDP-414 Property Additions and Deletions* to Texas A&M Property Management. The department should note this as an add-to for fabricated equipment. Texas A&M Property Management will assign the inventory number if it has not already been assigned to the fabricated asset.



### **Coding Fabricated Items**



Coding the items correctly is very important for depreciation purposes. Be sure to communicate to the departmental creators that they should use object code 8733 for all items purchased for fabrications.

#### **When purchasing items**

The purchasing document creator should use object code 8733 - *Construction In-Process (CIP) Fabrication of Equipment* all purchases for the fabrication. This is important because assets coded 8733 will not calculate depreciation as they are not yet in-service.

#### **Upon the completion of the fabrication**

Submit an *FDP-414 Property Additions and Deletions* and an *FDP-4 Equipment Information Sheet* to Texas A&M Property Management

- **FDP-414** Select Gifts & Other Additions, Other. In Explanation field request moving the asset from the construction-in-process class code to the class code for the completed asset; otherwise, it will remain construction-in-process and will not accumulate depreciation. Property Management will delete (reclass) the asset coded 873301 and approve (reclass from construction) the completed asset. The completed asset number will be the last six digits of the original CIP (fabrication) asset with the fiscal year of the in service date.  
**Example:** 0800053127 becomes 0900053127(asset put in-service in fiscal year 09).
- **FDP-4** Select “change,” provide asset/tag number, and enter the class code, in-service date, and location for the completed equipment. See Figure 5-1 (a partial form).

FDP-414 and FDP-4 forms are on the Property Management web page at <http://fmo.tamu.edu/property/>.

**Figure 5-1: FDP-4 with Class Code Change**

***FDP-4 Equipment Information Sheet***

New Asset       Add To       Change       Pcard Purchase

Contact: Judy Jones      Dept/Sub Dept: Financial Management Services  
 Email: [jones@tamu.edu](mailto:jones@tamu.edu)      Phone: 979-847-8833  
 System Part (Check One):  02-TAMU     10-TAMUG

Asset #	0100004578
Asset Class Code	From 873301 to 841506
Condition	Change from UC to 01
Cost	Total of all cost (expenses, donations, in-house labor)
Comments	We are finished with the fabrication and need to change the class code from 8733 to 841506. Labor costs attached.

***Determining Labor Costs***

The department should track all labor fabrication costs. There are several different ways to do this, and the department should use the method that works for them. They will need to send approved documentation for the breakdown of labor costs to Texas A&M Property Management, who will add it to the asset’s value. The documentation should include the asset/tag number and should be signed by the laborer’s supervisor and the Departmental Property Contact. Figure 5-2 is a sample spreadsheet of labor costs.

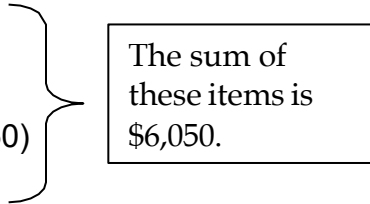
**Figure 5-2: Sample Spreadsheet of Labor Costs**

**Department Name: Chemistry**

Name	Monthly Salary	Percent Effort of Trailer	Months of Construction	Cost
Walter Jones	\$2,500.00	30%	4	3000
John Smith	\$2,000.00	70%	4	5600
Bill Taylor	\$1,250.00	50%	4	2500
Tag number <b>0124678157</b>				<b>\$11,10</b>
<b>Total labor costs</b>				<b>0.00</b>
Supervisor X _____	DPO _____			

### **Example of Fabrication of Equipment**

A department is building a trailer buying parts from different vendors at different times. Items purchased:

- Tires (\$600)
  - Wood (\$500)
  - Metal hitch (\$300)
  - Nails, nuts and bolts (\$150)
  - Frame (\$4500)
- 
- The sum of these items is \$6,050.

Tires were the first items that were purchased. Follow these steps:

1. The departmental creator creates a purchasing document for the tires and should use object code *8733 - Construction In-Process (CIP) Fabrication of Equipment*.
2. Submit the *FDP-414 Additions and Deletions* and *FDP-4 Equipment Information Sheet* to Texas A&M Property Management. An asset number will be assigned by Texas A&M Property Management and all costs will be added to the Fabrication of Equipment asset as they are incurred.
3. Next, the department purchases the metal hitch, and so on. The department creator creates the purchasing document for the metal hitch and uses the same object code, *8733 - Construction In-Process (CIP) Fabrication of Equipment*. Include note to add to asset *0100004578* (number assigned).
4. Texas A&M Property Management will add all of the items and as they are purchased onto asset/tag number *0100004578*. The value of the parts for the fabricated trailer will be \$6,050 (the sum of the items listed above).
5. Throughout the fabrication, the department should record all labor costs. See Figure 5-2. Labor costs must be included in the total value for the property. Attach this spreadsheet to the *FDP-4* form discussed in number 8. For this example, labor costs total \$11,100.
6. Upon the completion of the fabrication, submit a *FDP-414 Property Additions and Deletions* and a *FDP-4 Equipment Information Sheet* to Texas A&M Property Management to change the object code from *8733 - Construction In-Process (CIP) Fabrication of Equipment* to *841506 - Trailers*.  
Be sure to attach the spreadsheet of labor costs to the *FDP-4*. The total value that Texas A&M Property Management will record for the trailer is  $\$6,050 + \$11,100 = \$17,150$ .

## Gifts and Donations

A **donation** is a voluntary contribution of resources to a governmental entity by a nongovernmental entity. Accept all gifts/donations to Texas A&M in accordance with Texas A&M System policy 21.05.01 found at <http://tamus.edu/offices/policy>. According to the Texas A&M University Rule 21.05.01.M1, “Gifts include support from private sources bestowed voluntarily and without expectation of any tangible compensation.”

### ***Gifts Through the Texas A&M Foundation***

The Texas A&M Foundation and TAMU Property Management will process paperwork for gifts through the Texas A&M Foundation.

According to the **Texas A&M Foundation** website at <http://txamfoundation.com> “On Sept. 12, 1953, a group of 21 Texas A&M former students and regents gather to officially create an organization they have long discussed... Utilizing the Texas Trust Law, the Texas A&M College Development Foundation is formed with an initial \$100 in assets.”

The Texas A&M Foundation acknowledges gifts to Texas A&M University by sending a receipt to the donor. They also send information to Texas A&M Property Management so that they may add any inventory items to Texas A&M's books. Texas A&M Property Management will create an asset/tag number for any inventory items and send the bar code label to the department who accepted the gift. They will book the gift at the fair market value for the item at the time of receipt.

### ***Gifts Through the Research Foundation***

- √ ***FDP-414 Property Additions and Deletions***
- √ ***FDP-4 Equipment Information Sheet***
- √ ***Appraisal for gifts over \$5,000***

According to the **Research Foundation's** website at <http://rf-web.tamu.edu> , “The Texas A&M Research Foundation is an independent non-profit service organization. Our focus is to facilitate research and development within The Texas A&M University System and selected other entities by providing highly valued administrative services and resource support at the most reasonable cost.”

The following procedures apply to donations from the Research Foundation:

1. The Research Foundation sends a letter to Texas A&M Property Management gifting the item to Texas A&M University.

2. Texas A&M Property Management will send a copy of the letter and a partially completed form *FDP-414 Property Additions and Deletions* to the appropriate department.
3. The department may either accept or decline the gift.
  - If the department chooses to accept the gift, then they should finish completing and sign the *FDP-414* and complete a *FDP-4* form found at <http://finance.tamu.edu/fms/property>. To designate gifts on the inventory listing, Texas A&M Property Management will use the site indicator code “K,” as the third digit of the asset number. Send to Texas A&M Property Management MS 6000. Texas A&M Property Management will add the gift to the department’s books if the fair market value for the item at the time of receipt, if it meets threshold.
  - If the department chooses to decline the gift, then they should return all paperwork to Texas A&M Property Management with a reason for declining the gift.

### ***Gifts, Other***

√ “University departments are responsible for notifying the A&M Foundation Manager of Gift Processing, of all cash and non-cash gifts.”  
*Gifts, Grants, Loans and Bequests*  
[http://rules.tamu.edu/\(X\(1\)S\(1c5elu450e0dmcmmnqiyf2ys\)\)/PDFs/21.05.01.M0.01.pdf](http://rules.tamu.edu/(X(1)S(1c5elu450e0dmcmmnqiyf2ys))/PDFs/21.05.01.M0.01.pdf)  
√ FDP-414 Property Additions and Deletions  
√ FDP-4 Equipment Information Sheet  
√ Appraisal for gifts over \$5,000 with completed IRS form 8283

The following procedures apply for all gifts:

1. All gifts should be receipted through the Texas A&M Foundation, who will then forward all paperwork and a *Notice of Gift in Kind* to Property Management.
2. For both inventory and non-inventory gifts, the department should complete and submit the form *FDP-414 Property Additions and Deletions*. Include the name and address of the donor on the form.
3. For gifts over \$5,000, an independent appraisal and IRS form 8283 must accompany the paperwork if the donor wishes to receive a tax deduction (*See Chapter 5, “Gift Tax Laws”*). The donor is responsible for having appraiser signing and dating the form. Form will then be signed by a FMO Director and returned to the donor.

4. For all inventory items, the department should complete a separate *FDP-4 Equipment Information Sheet* for each item. To designate gifts on the inventory listing, Texas A&M Property Management will use the site indicator code "K," as the third digit of the asset number. The cost or appraised value (legal value) will determine if the gift meets threshold and will be added to the departments' inventory.

### **Gift Tax Laws**

√ IRS Form 8283 (<http://www.irs.gov/pub/irs-pdf/f8283.pdf>) for donations over \$5,000 if the donor wants a tax deduction.

### **Donor Tax Deductions for Gifts Over \$5,000**

The Internal Revenue Service requires that a tax deduction claimed by an individual, closely held corporation, personal service corporation, partnership or S. Corporation valued at more than \$5,000.00 be accompanied by an independent appraisal made by a qualified appraiser and signed by the appraiser. The donor must also complete the *IRS Form 8283 – Noncash Charitable Contributions* found at <http://www.irs.gov/pub/irs-pdf/f8283.pdf>. The donor is responsible for getting the appraiser to sign and date the *Form 8283*. Form 8283 and Appraisal, Must be Signed by Appraiser Not Appraisal Firm.

"In e-mail chief counsel advice (ECC 201022021), the IRS has confirmed that in cases where a qualified appraisal must be performed to substantiate the value of a taxpayer's charitable contribution, the individual appraiser, rather than the appraisal firm, must sign both the appraisal and the donor's Form 8283. A copy of this legal advice memorandum can be found at <http://www.irs.gov/pub/irs-wd/1022021.pdf>."

Release date of notice 6/4/2010

### **Tax Laws for Gifts Disposed Of Within Three Years**



It is recommended that the department keep gifts over \$5,000 for at least three years so that the donor can receive the appropriate tax credit. If it becomes necessary to transfer gift equipment to Texas A&M Surplus, trade it in, cannibalize, or dispose of it in any manner, notify Texas A&M Property Management **immediately** so that they may file the proper disposition forms for tax purposes.

The IRS also requires that if this gift equipment is disposed of in any manner within three years after the donee receives the equipment, then Texas A&M Property Management must complete *IRS Form 8282 – Donee Information Return* to be forwarded to the IRS with a copy to the donor within 125 days after the date of disposition.

### Joint Purchases Between Texas A&M System Members



It is highly recommended that departmental employees contact their System Member's Property Manager for exact procedures to follow for each joint purchase.

Sometimes, Texas A&M System Members will jointly pay for a piece of property. For example, Texas A&M and Texas Engineering Extension Service (TEEX) may jointly pay for a piece of equipment. Generally, the owner of the equipment is whoever is responsible for its maintenance and safe keeping. The Texas A&M System Member that will not be the owner of the equipment should transfer the cost to the owner.

**Example:** A \$7,000 computer workstation is purchased with funds from two different Texas A&M System Members. Texas A&M is paying \$5,000 for the workstation and TEEX is paying for the remaining \$2,000. Texas A&M will be responsible for its maintenance and safe keeping; consequently, a computer valued at \$7,000 will eventually be booked on Texas A&M inventory. The workstation should only end up with *one* asset/tag number--the one assigned at Texas A&M.

There are two ways to assign the permanent asset/tag number: 1) by using the FAMIS preliminary asset screens or 2) by having Texas A&M Property Management manually assign a number. This depends on how the purchasing document will be processed. This process can be very cumbersome if all System Members are not on-line with the FAMIS purchasing module. Below is the procedure for this example:

1. Since Texas A&M is on-line with the FAMIS purchasing module, the departmental creator will identify the Texas A&M account and the TEEX account that will pay for the purchase. He/she will create a document for the total of \$7,000.
2. Then, the preliminary asset enterer will create the preliminary fixed asset using Canopy or FRS Screen 360 for the entire value of the asset (\$7,000) even though Texas A&M is only paying for \$5,000. FAMIS assigns a Texas A&M asset/tag number (use 0123456777 for this example).
3. The department will send the invoice for the entire amount of the purchase (\$7,000) to Texas A&M Financial Management Operations Accounts Payable. They will pay Texas A&M's portion of \$5,000. Texas A&M Property Management will book the asset as \$5,000 on asset/tag number 0123456777.

4. Since TEEEX is not on-line with the FAMIS purchasing module, contact the TEEEX Fiscal Office for procedure to follow for payment of TEEEX's portion.
5. TEEEX Accounts Payable will pay their portion of \$2,000.
6. TEEEX will also give the workstation an asset/tag number (use 0155511133 for this example). It will be valued at \$2,000.
7. The \$2,000 from TEEEX needs to be transferred to the Texas A&M asset/tag number and removed from the TEEEX inventory. Follow the procedure for submitting form *FDP-411A Property Transfers*. Transfer the \$2,000 from TEEEX's asset/tag number 0155511133 to the Texas A&M asset/tag number 0123456777.
8. Texas A&M Property Management will *add the \$2,000 to the value* of their asset/tag number 0123456777, *increasing the value on Texas A&M's books to \$7,000*.
9. The asset will no longer be on TEEEX's *inventory*. The asset will, however, be on the Texas A&M inventory for the entire amount of \$7,000.



Keep in mind that all Texas A&M System Members have different procedures. One very important point is to make sure that all involved parties are aware of the situation, for example, everyone must know that the equipment is truly one piece, etc.

### Lease Purchase Property

- √ FDP-4 Equipment Information Sheet
- √ FDP-414 Property Additions and Deletions

According to the *State Property Accounting Process User's Guide (August 2010)*,

“Leased property should be capitalized if the lease agreement meets any one of the following criteria:

- The lease transfers ownership of the property to the lessee by the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is equal to 75 percent or more of the estimated economic life of the leased property.
- The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.

Leases that do not meet any of the above requirements should be recorded as an operating lease and reported in the notes of the financial statements.”



1. Use the following Object/Class Codes

Obj	Class	Description
8310	831001	LEASEHOLD IMPROVEMENTS
8350	835001	LEASE PURCH - FURNISHINGS & EQUIPMENT
8351	835101	LEASE PURCH - FARM EQUIPMENT
8370	837001	LEASE PURCH - M/V PASSENGER CARS
8375	837501	LEASE PURCHASE - BUILDINGS
2. Submit the *FDP-4 Equipment Information Sheet* with the form *FDP-414 Property Additions and Deletions* to Texas A&M Property Management, MS 6000 include copies of any documentation (lease agreement, amortization schedule, etc.) The Lease Purchase property will be added to inventory at fair market value.

### Leasehold Improvements

According to the *State Property Accounting Process User's Guide (June 2010)*,

**“Leasehold Improvements** are improvements made by a lessee (i.e. new buildings or improvements to existing structures, etc.) The lessee has the right to use the improvements over the term of the lease. The improvements **revert to the lessor** upon lease expiration. Moveable equipment or office furniture that is not attached to the leased property is **not** a leasehold improvement. Improvements made in lieu of rent should be expensed in the period incurred.”

Contact Texas A&M Property Management with any questions.

### Purchasing Card Purchases of Inventory Items

The single transaction dollar limit is \$5,000.00 and the item cost cannot be split between transactions. Therefore, **capital equipment**, having a threshold of \$5,000.00, **may not be purchased** with the Purchasing Card.

**Inventoried or Controlled equipment** less than \$5,000.00 can be purchased with the Purchasing Card, but it may be cost effective to make these purchases through Aggie Buy.

### ***Preliminary Fixed Assets for Purchasing Card purchases***

When an asset has been purchased with a Purchasing Card the cost must be reallocated to an inventory code in the payment card software application.

The Preliminary Fixed Asset may be built in FAMIS or Canopy by:

Canopy

- Creating a Non-Purchasing Preliminary Asset

- Update the Asset Data
- Mark asset with assigned number

#### FAMIS

- Screen 360 select option 4-Create Non-Purchasing Preliminary Asset
- Complete the Preliminary Fixed Asset Screens (360-362)
- Mark asset with assigned number

**Getting the asset approved**-Once you have followed the above procedures and an asset number is assigned, Property Management needs the following information and documentation to approve the asset:

- **Document number and asset number** assigned in Canopy or FAMIS
- Copy of the **Receipt**

Send to Property Management MS 6000. Call 845-8146 with any questions.

#### ***Manually adding the Purchasing card purchase to inventory***

When an asset has been purchased with a Purchasing Card that must be manually added to inventory (as when the cost was not reallocated to an inventory code):

- Call Property Management for an asset number and mark the asset with the number at that time.
- Fill out the FDP414 *Property Additions and Deletions* form and the FDP4 *Equipment Information Sheet*.
- Send completed forms, a copy of the **Purchasing Card Statement**, and (if available) a copy of the **Receipt**, to Property Management MS 6000.
- Current fiscal year expenditures will be moved to the correct inventory code

After the asset has been added to inventory in FAMIS you will receive a bar code label and asset control sheet.

#### **AggieBuy Purchases of Inventory Items**

If “Create Asset Manually” box is checked in AggieBuy (include the highlighted instructions)

1. When the Purchase Order is completed, the purchase information is fed to FAMIS.
2. This feed automatically creates a Preliminary Fixed Asset, for every line item on the PO, that
  - Defaults in information from the AggieBuy PO
  - Defaults in Building number and Room number from FAMIS screen 860
3. When “receiving” is completed in AggieBuy, (updated in AggieBuy & fed to FAMIS at noon & 4:00pm) DPC (Alt APO) receives automated email indicating a preliminary fixed asset has been created
4. Complete the Preliminary Fixed Asset through Canopy or FAMIS

***Preliminary Fixed Asset-Canopy Procedure***

1. Log into Canopy using FAMIS ID and password
  - Select FRS Module
  - Select Purchase Documents
  - Select SciQuest Cross Ref (enter)
2. Enter AggieBuy PO number in the SciQuest Document ID field (submit)
  - Select FRS module
  - Select Preliminary Assets
  - Select Pre Asset Search
  - Review all preliminary assets-If multiple PO line items were needed to create a single asset, there will be an asset for each line item
  - Proceed to the first asset involved in the multiple line items
  - Select appropriate tag number by mouse clicking “Doc Seq” number
3. This will land you on the Preliminary Asset Data screen
4. Completing Fixed Asset Data
  - Mouse click “Edit” box
    - Change the value of this asset to match the total value of all preliminary assets created for the asset
    - Correct / Update Asset Description field (if needed)
    - Enter Serial Number
    - Enter Acquisition Date
    - Enter In-Service Date
    - Correct / Update Building Number (if needed)
    - Correct / Update Room Number (if needed)
    - Additional location information is optional
  - Mouse click “Save” box
5. Return to Preliminary Asset screen by selecting “Pre Asset Search” tab
6. Verify the “Complete” field (on the far right of the asset) is “Y” (indicating all required information is complete)
7. Proceed to the next asset whose value was previously included and select by mouse clicking “Doc Seq” number
  - Mouse click “Edit” box
  - Mouse click “Delete” box
  - Follow steps above to delete any additional assets whose cost was included in the “Completed Preliminary Fixed Asset”
8. Follow steps above “Completing Fixed Asset Data” for any additional assets

***Preliminary Fixed Asset-FAMIS Procedure***

1. Log into FAMIS
2. Input 295 in the “Screen” field (enter) to go to SciQuest Document Xref

- Input AggieBuy PO number in “SciQuest Document ID” field (enter)  
or
- Select Document by placing X in “S” field (enter)
- 3. This takes you to screen 278 – Document Inquiry
  - Input 361 in the “Screen” field (enter)
- 4. This takes you to screen 361 – View Preliminary Fixed Assets
  - Review all preliminary assets-If multiple PO line items were needed to create a single asset, there will be an asset for each line item
  - Proceed to the first asset involved in the multiple line items
  - Select appropriate tag number by placing X in “Sel” field (enter)
- 5. This takes you to screen 362 – Preliminary Fixed Asset Data
  - Completing Fixed Asset Data
    - Change the value of this asset to match the total value of all preliminary assets created for the asset
    - Correct / Update Asset Description field (if needed)
    - Input Serial Number
    - Input Acquisition Date
    - Input In-Service Date (enter) to save information & move to page 2
    - Input / Update Building Number (if needed)
    - Input / Update Room Number (if needed)
    - Input of additional location information is optional
  - (Enter) to save updates
- 6. Input 361 in “Screen” field to return to View Preliminary Fixed Assets
  - Verify the “Cmp” field (on the far right of the asset) is “Y” (indicating all required information is complete)
  - Proceed to the next asset whose value was previously included and select by placing X in the “sel” field to move to screen 362
  - Tab across to the top, right field titled “Delete Asset?”
  - Place a “Y” in the field, (enter)
  - Follow steps above to delete any additional assets whose cost was included in the “Completed Preliminary Fixed Asset”
- 7. Follow steps above “Completing Fixed Asset Data” for any additional assets

### **Trade-Ins**

See Chapter 6, “*Trade-Ins.*”

## **Chapter 6 - Property Dispositions**





## **Dispositions**

***If ever in doubt about what to do, contact Property Management.***

This chapter discusses how to handle the numerous transactions for disposing of property and include the following:

- Cannibalization
- Damaged/Destroyed
- Drops
- Missing/Stolen
  - Recovered Property
  - Missing Property that is Never Recovered
- Returned Items
- Sale of Property
- Trade-ins

Forms located at <http://fmo.tamu.edu/property/>

### **Cannibalized Equipment**

- √ Employees should notify the DPC before cannibalizing equipment.
- √ If keeping all parts-Prior to cannibalization, complete and submit the *FDP-414 Property Additions and Deletions Form* to Texas A&M Property Management.
- √ If sending unused parts to SRPL, complete and submit, an online TDP (Transfer Departmental Property) with notes stating the assets have been cannibalized. Cannibalized computers must have the hard drive condition indicated on the TDP (even non-inventory computers).

**Cannibalized equipment** is equipment that is dismantled and the parts are used in other assets. For example, computer personnel frequently use parts from broken computers to fix other computers in the department. If they removed a hard drive, a major component, out of a computer for use in another computer, then the original computer becomes cannibalized. Cannibalized equipment must be removed from the inventory.



Drop the equipment from the inventory **before** cannibalizing it. Do this by submitting the form *FDP-414 Property Additions and Deletions* to Texas A&M Property Management. This is to ensure that all cannibalized equipment is dropped from the inventory before the parts are used for anything else. Using the *FDP-414*, Texas A&M Property Management will remove the item from the department's inventory, therefore, making the item and all of its parts non-inventoried (N/I) property. Please keep in mind that if a department cannibalizes equipment that is not fully depreciated, a loss will be posted on the university's books.

Don't keep junk rooms. Send all parts not needed to Texas A&M Surplus.

Departments should send all parts of cannibalize equipment that are not needed to Surplus instead of storing them in the department. To transfer unused parts to Texas A&M Surplus, complete and submit the online TDP (Transfer Departmental Property) in Canopy to Texas A&M Surplus with all unused parts. Put the asset and serial number on the transfer form (TDP-check NI and enter information in the description field).

### ***Surplusing Cannibalized Computer Equipment***



Communicate to the computer service personnel in the department how to handle cannibalization of computer equipment since they are the ones who would most likely cannibalize a computer.

Texas A&M Surplus will not accept computers that are missing vital components as inventoried equipment. Surplus will, however, accept them as non-inventoried, cannibalized equipment. For example, if a department takes a computer to Surplus that is missing a hard drive, memory, RAM or anything that makes the computer inoperable, the department must surplus it as non-inventoried, cannibalized equipment.

Whenever cannibalizing computers, follow these procedures for surplusing them:

1. Submit a completed online TDP (Transfer Departmental Property) in Canopy to Texas A&M Surplus to transfer the property from the department to Texas A&M Surplus. Note that the computers have been cannibalized or the hard drive has been removed.
2. If submitting a **TDP for non-inventory computers**, the notes section of the form must say that all software and data contained on the hard drive has been irreversibly erased from the computers. See *Chapter 7, "Transfer of Computer Equipment"* for more information.

## Damaged or Destroyed Property

√ FDP-414 Property Additions and Deletions  
AND  
√ TDP-Online Transfer of Departmental Property



**Do not** throw damaged/destroyed property away! Always transfer it to Texas A&M University Surplus Property!

Report, in writing, any damaged or destroyed inventory to the Texas A&M Property Manager **immediately**. Submit the *FDP-414 Property Additions or Deletions* to Texas A&M Property Management. In most cases damaged/destroyed property should then be transferred as non-inventory to Surplus using the online TDP (Transfer Departmental Property) in Canopy.

- **Damaged Motor Vehicle**

In the event a motor vehicle or motor driven equipment is damaged or destroyed, a copy of the official accident report must be attached to the *FDP-414 Property Additions or Deletions* and submitted to the Texas A&M Property Manager.

## Drop or Dispose

To **drop** or dispose means to remove the asset from the inventory. Texas A&M Property Management will follow the proper procedures to drop cannibalized, damaged/destroyed, missing and stolen property from a department's inventory when they receive the proper paperwork from the department.

## Missing/ Stolen Property

√ FDP-9 Report of Missing or Stolen Property  
√ Police report for stolen property

**Missing** property is property that has disappeared and no one can explain the disappearance. **Never report an item as missing unless it is truly missing and searches have not located it.** After two years, the missing asset will be removed from the department's inventory, but only if the department has submitted the proper paperwork to Texas A&M Property Management (form *FDP-9*). If an asset is on a department's books and should not be on the books because it was transferred, damaged,



cannibalized, returned, etc., then always complete the proper paperwork for the transaction – not an *FDP-9 Report of Missing or Stolen Property*.

**Stolen** property is any property missing by theft, whether by forced removal, burglary, theft by employees, or other criminal acts. **The department must submit the FDP-9 and original police report to Texas A&M Property Management before stolen assets will be removed from the department's inventory.** Once all of the paperwork is received, stolen assets will be removed from inventory.

**For missing/stolen equipment, follow these procedures:**

- Determine if the equipment is missing or stolen.
- The Department Head must alert the Texas A&M Property Manager within **24 hours** after identifying missing/stolen equipment.
- Also within **24 hours**, the Department Head should submit the completed form *FDP-9 Report of Missing or Stolen Property* to the Texas A&M Property Manager. Keep a copy. **Only the Department Head may sign the FDP-9 – no exceptions.** Any FDP-9 forms received by Texas A&M Property Management without the Department Head's signature will be returned. This policy provides the extra assurance that all Department Heads are aware of the items reported missing or stolen in their departments.
- For stolen equipment, notify the local police department **immediately** after identifying a theft. If the loss occurs on campus, then notify the University Police Department immediately.
- **For stolen equipment, submit the original (copies are unacceptable) police report to Texas A&M Property Management; otherwise, the item will not be removed from the department's inventory.**
- Within the same 24-hour period, circulate a notice through the department in case someone has information regarding the missing equipment; for example, someone may have simply moved the equipment without telling the DPC.
- Indicate on the FDP-9 if the disappearance was due to negligence in which case the attorney general may investigate and could demand reimbursement from the employee responsible for the loss. See Texas Government Code 403.276 found at <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.403.htm - 403.276>

**If equipment is determined missing during the physical inventory, then follow these procedures, in addition to those listed above:**

- List each missing item on the *FDP-402 Certification of Physical Inventory Conducted by Department*.

- Submit the *FDP-9 Report of Missing or Stolen*, to Texas A&M Property Management for any asset that has not been reported before. It is not necessary for departments to submit a *FDP-9* missing report each year for the same piece of missing equipment; however, continue to list it on the *FDP-402 Certification of Physical Inventory Conducted by Department* each year until it drops off of the inventory. The department should keep copies of *FDP-9*'s. If the asset is located, fill out the recovery portion and submit to Texas A&M Property Management.

### Procedures for TAMUQ (Qatar) Inventory

When inventory located at TAMUQ is determined to be missing or stolen, the item must be reported to the Assistant Dean on TAMU form *FDP-9 Report of Missing or Stolen Property*. The Assistant Dean's signature is required on this form and they will use this information to report the loss to the Contract and Procurement department at the Qatar Foundation. The Qatar Foundation policy should be followed from this point.

### Recovered Property

√ *FDP-9 Report of Missing, Stolen, Damaged or Destroyed Property*

Occasionally, stolen or missing items are recovered. The department should have a copy of the form *FDP-9 Report Of Missing or Stolen Property* that was submitted to Texas A&M Property Management reporting the missing/stolen property. To report the items as recovered, complete the bottom portion of the *FDP-9* copy and submit it to Texas A&M Property Management. **Report recovered property even if it has been deleted from inventory.** For stolen items, notify the appropriate law enforcement agency in addition to submitting the *FDP-9*.

### Missing Property that is Not Recovered



Missing property that is not recovered will remain on the department's inventory for two consecutive fiscal years/annual physical inventories.

Missing property will remain on the department's inventory for two consecutive fiscal years/annual physical inventories, from the date the *FDP-9 Report of Missing or Stolen Property* is submitted to Texas A & M Property Management, in the missing-hold status (condition status MH). Upon termination of the second year, if the *FDP-9 Report of Missing or Stolen Property* is on file with Texas A&M Property Management, the condition status will be updated to MS – missing-deletion request. This notifies the state that it has met the 2 year requirement and is being deleted as missing.

It is not necessary for departments to re-submit a missing report each year for the same piece equipment; however, they should continue to report it on the form *FDP-402 Certification of Physical Inventory Conducted by Department* each year.

### Returned Items

√ FDP-414 Property Additions and Deletions  
√ Copy of credit memo

For any inventory items that are returned to the vendor, submit the form *FDP-414 Property Additions and Deletions* and a copy of the credit memo to Texas A&M Property Management. It is very important to process this form at the time of the transaction so that the asset will not appear on the department's books at the time of the annual physical inventory. Without this request and supporting documentation the asset will need to be reported as Missing. .

### Returned or Exchanged

If an asset is exchanged for the same equipment or original equipment was replaced by vendor/manufacturer, and no additional money was spent or refunded-contact Texas A&M Property Management with the new asset's serial number so it may be updated. It is not necessary to delete the returned asset and approve the replacement asset.

### Sale of Property

√ TDP-Transfer Departmental Property

Texas A&M departments should always transfer any property not in use to Texas A&M Surplus by completing a TDP-Transfer Departmental Property.

Under normal circumstances, Texas A&M Surplus will handle all sales of surplus or salvaged equipment. Surplus will make every effort to ensure that there is not a need for the property within the Texas A&M University System. They may consider selling the equipment to outside entities by competitive bidding through either a sealed bid, public auction, or on-line auction unless the Vice-President for Finance office grants an exception in writing. A separate sale can be arranged if approval is received from the Vice-President for Finance office.

Contact Surplus Property at [surplusproperty@tamu.edu](mailto:surplusproperty@tamu.edu) or 845-3427 for sale information.

## **Special Sales**

√ FDP-414 Property Additions and Deletions

Occasionally, a special sale may be necessary. Special sales may only occur with permission from Texas A&M's Vice-President for Finance office. An example of a special sale would be if a professor terminated employment with Texas A&M to work at another university and requested that Texas A&M sell the equipment he/she used at Texas A&M to the other university. It must be in Texas A&M's best interest to sell items through a special sale. Texas A&M would generally not want to sell anything to another university if the property could be used on Texas A&M's campus. Contact Surplus Property at [surplusproperty@tamu.edu](mailto:surplusproperty@tamu.edu) or 845-3427 for sale information.

**The buying and selling of equipment between individuals within the same department is strongly discouraged.** By doing so, the department is overstating both revenues and expenses, not only for their departmental management reports, but also for the university-wide annual financial report. Furthermore, if they are using funds from an account with restrictions to "pay" for the used equipment and placing the funds in an account without those restrictions, the funds could potentially end up being using for a purchase that is not allowed.

Follow these procedures for special sales:

The department must request permission to sell the property through the following individuals: Department Head or Dean, Director of Logistics, Texas A&M Property Management, the Texas A&M Associate Vice-President for Finance and the Vice-President for Finance. All requests for authorization for sale must include the asset number, description, date of acquisition, condition, account number the monies should be deposited to, and inventory value for each item of property. If the sale is approved, Surplus Property office will handle all sale procedures.



## **Trade-Ins**

√ FDP-414 Property Additions and Deletions  
√ FDP-4 Equipment Information Sheet

Be sure to inform all employees that there are procedures for trading in equipment.

A **trade-in** is surplus or salvage property that is exchanged for new property of the same general type and is in the best interest of the State of Texas. Property may be traded-in towards the purchase of new property of the same general type. Unless the department informs Texas A&M Property Management of the transaction, the traded-in item cannot be deleted from the department's inventory and could be a cause for reporting missing equipment when it really is not missing.

Follow these procedures for trade-ins:

1. Submit a completed form *FDP-414 Property Additions and Deletions* to Texas A&M Property Management.
  - Include asset number/purchasing document number of new asset(s)
  - Asset number of equipment being traded-in
2. If the new asset is not on inventory-Submit a completed *FDP-4 Equipment Information Sheet*
3. Only trade-in TAMU inventoried equipment towards the purchase of new TAMU equipment. In other words, the new item cannot be purchased with another A&M System Member's funds or Research Foundation funds.

### ***Maintaining Equity for Trade-Ins***

When trading in assets, the agency must ensure that the state's portion of equity is maintained. A description of the asset being traded, including the inventory number and the trade-in allowance, should be noted along with any documentation pertaining to the purchase of the new asset. This is necessary to ensure the asset being traded is properly accounted for and clearly identified for removal from the inventory records.

**“Similar assets** – Tex. Gov't Code Ann. section 2175.903 (Vernon Supp. 2000) permits state agencies to offer surplus or salvage property as a trade-in on new property of the same general type if the exchange is in the best interest of the state.

When assets are exchanged and no monetary consideration is paid or received, the cost of the asset acquired is recorded at the carrying (book) value of the asset surrendered. Where monetary consideration is given, the new asset must be recorded at the sum of the cash paid plus the book value of the asset surrendered.” **Book value** is equal to the cost of the asset minus any accumulated depreciation.

The final value to the new asset booked in FAMIS will be determined by Property Management, and will depend on the factors below per SAGO Trade-in Discussion and Worksheet, April 2003.

**“Things to remember:**

1. Gains are not recognized on similar asset exchanges.
2. Losses (undepreciated amount of asset traded in) are recognized unless it can be add to the new asset as described in 3.
3. New asset is recorded at cost paid, plus undepreciated amount of the asset traded in, but cannot exceed the fair market value of the new asset. Capital and controlled limits apply.
4. Trade in allowance may not be the same as the calculated trade in allowance.
5. Trade in allowance, besides reducing the cost of the new asset, can be used only if asset traded in will show a loss (not fully depreciated).
6. The calculated trade in allowance is the difference in the FMV of the new asset and the cash given for the new asset.

**Terms:**

Book Value (BV) =Total cost less accumulated depreciation

Fair Market Value (FMV) =Dollar amount at which the asset/item could be purchased on the open market

Loss=BV of old asset +Cash given- FMV of new asset (except if result is negative, then Loss=0.00)

Total Gain=FMV of old asset – BV of old asset”

***Asset Numbers for Trade-Ins***

***Payments Processed Through E-Procurement***

If the departmental creator issues a purchasing document in FAMIS for the new item, then he/she should follow these procedures:

- Check “Trade-In”
- Note the asset that is being traded-in
- Note the new asset cost before the trade-in allowance is deducted
- Submit FDP-414 Property Additions & Deletions form with information on the traded-in asset and the new asset.

# Chapter 6-Property Dispositions

Summary - Requisition

https://solutions.sciquest.com/apps/Router/ReqSummary?ReqId=49013253&NavLevel1=Nav\_Document\_Search&NavLevel2=Nav\_Document\_Simple\_Search

Donna Murray | Action Items | Notifications 1 | 0.00 USD

**Order Category** 1 - Regular

**Fund Type** Local

**Report Reference A** no value

**Report Reference B** no value

**Pre-Pay & Add** x

**Route to Procurement Services** x

**Emergency (attach justification)** x

**Sole Source (attach justification)** x

**Contract Number** no value

**Do Not Encumber** x

**Start Date**

**End Date**

**Rush the Pymt Process**

**Special Payment Method**

**Trade-In**    
 Indicates the item listed is being used as a trade-in on the purchase of a new, similar item.   
 Do not want to see help on mouse over? Click here to disable it.

**Create Item**

**Add to IFR (Item not necessary)**

**Bypass Dept Allocator** x

**Delivery Options**

Ship Via Best Carrier-Best Way

Requested Delivery Date no value

**Buyer Information**

Buyer	Buyer Email	Buyer Phone Number
no value	no value	no value

**Report Codes-1**

USAS One	USAS Two	LDT Code
no value	no value	no value

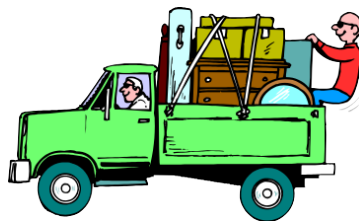
**Report Codes-2**

State Order Number
no value

**Accounting Codes**

Fiscal Year	Member ID	Department Code	Account Code	Report Reference C	Report Reference D	Object Code	Special Routing1
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## Chapter 7 – Property Transfers





## Property Transfers



Don't keep junk rooms. Transfer all idle equipment to Surplus or someone within the Texas A&M System who needs it.

If a department has no further use for a piece of property (inventoried and non-inventoried), then they should either transfer it to another department that needs it or transfer it to the Surplus Department instead of storing it. This includes *all* property, inventoried and non-inventoried, not being used by the department (e.g. computers, furniture, binders, lamps, etc.).

### DO NOT THROW AWAY STATE PROPERTY

The types of transfers discussed in this chapter include the following:

- Transfers Between Texas A&M Departments
- Transfers of Computer Equipment
- Transfers to The Surplus Property Warehouse
- Transfers Between Texas A&M System Members
- Transfers Between State Agencies Outside of the Texas A&M System
- Receiving Property from a State Agency Outside of the Texas A&M System
- Transfers from Texas A&M Surplus to Texas A&M Departments
- Transfers of Non-Inventory Property

### Transfers Between Texas A&M Departments

√ TDP-Online Transfer Departmental Property

A Texas A&M department may transfer equipment to any other Texas A&M department. According to *The Texas A&M University System Asset Management Manual (September 2004)*, “When transferring in an asset, the original acquisition date must remain the same in order to comply with State procedures.”

Use Canopy to create an on-line Transfer Departmental Property (TDP). Instructions may be found on the Texas A&M Property Management webpage <http://fmo.tamu.edu/property/> under Training-TDP Transferring Departmental Property.

## Transfer of Computer Equipment



√ TDP-Online Transfer Departmental Property

Releasing department has the responsibility of wiping or removing the hard drive

### If disposing of computers through Surplus

- Surplus requests that all hard drives be removed from the computer(s) prior to arrival at the Surplus Property Warehouse.
- Departments may choose to have their hard drives shredded using the Surplus Property e-shredder.
  - Fill out the E-Scrap Disposal Form and include with your FDP-411A or CANOPY transfer form.
  - A department that determines that a witness is required in order to fulfill the departmental obligations will need to bring the completed E-Scrap Disposal Form along with any transfer forms with them to surplus.

When transferring computer equipment to **any department**, including Texas A&M Surplus, the releasing departments are required to-

- Wipe or remove the hard drive and initiate the TDP.
- Certify that all software and data contained on the hard drive or any computer has been irreversible erased.
- The transfer and certification of the erased hard drive can be most efficiently accomplished using the asset transfer module in CANOPY for the item(s) to be transferred. Canopy TDP Drive Condition options-
  - Erased
  - Not Working (not recommended as information may be obtained from the hard drive-best to remove and shred the hard drive from non-working computers)
  - Removed
  - Do Not Erase-use only when new computer of data/software is needed by the destination department
- Departments that do not have CANOPY access-
  - FDP-411A Transfer form
  - FDP-414B Transfer of Computer Equipment Form acknowledging that the department has removed all data from the hard drives, must accompany the FDP-411A when computer equipment is transferred to the Surplus Property Office.



*Texas Administrative Code (TAC) rule 202.78 Removal of Data Processing Equipment requires the verification that no personal or confidential information, intellectual property, or licensed software remains on a computer hard drive when disposed from the agency.*

*See also Chapter 6, “Cannibalized Equipment” and “Surplusing Cannibalized Computer Equipment”.*

## Transfers to the Surplus Property Warehouse

√ On-Line Transfer Departmental Property (TDP)



Don't keep junk rooms. Transfer all idle property to Texas A&M Surplus or to another TAMU department that could put it to use.

**Surplus** is any piece of property that the department does not need or use, both inventoried and non-inventoried. Idle equipment should always be transferred to Texas A&M Surplus, where it is made available to other Texas A&M System departments. Surplus will not accept inventoried items that appear to have missing vital components as inventoried items. If any inventory item is missing a vital component, then follow procedures for cannibalizing equipment (*See Chapter 6, "Cannibalized Equipment"*).

Use Canopy to create an on-line Transfer Departmental Property (TDP). Instructions may be found on the Texas A & M Property Management webpage <http://finance.tamu.edu/fmo/pm/default.asp> under Training-TDP Transferring Departmental Property.

Releasing departments who need assistance moving equipment may contact Surplus at 979-845-3427 for assistance. The moving crew will transport to the Surplus Warehouse only items that are identified on the *TDP*.

Departments preferring to transport their surplus items to the Surplus Property Warehouse themselves should notify Texas A&M Surplus in advance of the transport by calling 979-845-3427. Complete and route to Surplus the TDP online, prior to taking the equipment to Surplus. The TDP document can be accessed and approved (transfer accepted) online when the equipment is delivered.

## Transfers Between Texas A&M System Members

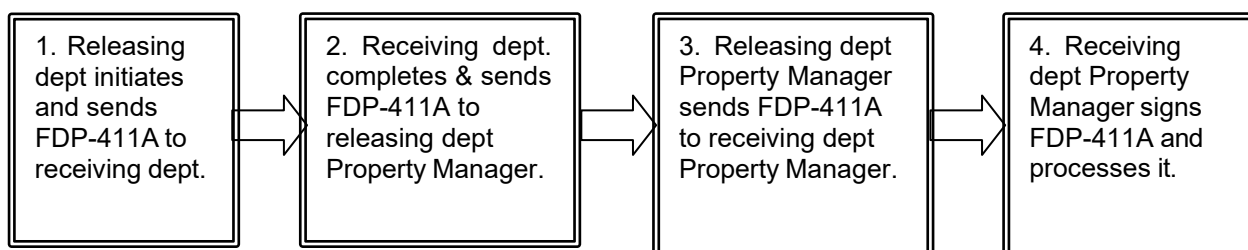
√ On-Line Transfer Departmental Property (TDP)  
√ FDP-411A Property Transfers (for agencies not using FAMIS)  
    √ FDP-4 Equipment Information Sheet  
    √ FDP-411B Transfer of Computer Equipment, if necessary

It is common for Texas A&M System Members to transfer property to one another; for example, Texas A&M (Member 02) might transfer some inventoried property to Texas AgriLife Research (Member 06).

- Both Releasing and Receiving Agencies use FAMIS-Transfer may be completed with On-Line Transfer Departmental Property (TDP)
- One or both of the Releasing or Receiving Agencies do not use FAMIS

1. Each Texas A&M System Member's fiscal office must process the paperwork; otherwise, the record of the transfer cannot be made. Figure 7-1 illustrates the paperwork routing for transfers between system members.

**Figure 7-1:** Paperwork Routing for Transfers Between System Members



2. Follow these procedures when transferring inventory equipment between Texas A&M System Members (form at <http://fmo.tamu.edu/property/>):
  1. The *releasing* department/member should initiate the form *FDP-411A Property Transfers*, provide the following information and send it to the *receiving* department;
    - a. Type of transfer
    - b. Name of person preparing form with contact information
    - c. Who to contact for Surplus pick up
    - d. Asset number and other asset information
    - e. All information in the Releasing Department Agency box (including authorized signature)
    - f. Receiving campus code, department code, and department name
  2. The *receiving department* should complete the following and send it to the *releasing member's Property Manager*.
    - a. New location information for each asset
    - b. Verify the Receiving information (Campus & Dept code and name)
    - c. Authorized signature for Receiving Department
    - d. The *releasing member's Property Manager* will provide the following and send it to the *receiving department member's Property Manager*.
    - e. Assign a reference number

- f. Supply Member and Agency number
- g. Sign and date
- 3. The *receiving member's Property Manager* should provide the following and return to the *releasing member's Property Manager* for processing.
  - a. Assign a reference number
  - b. Supply Member and Agency number
  - c. Sign and date
- 4. If transferring computer equipment, then see *Chapter 7, "Transfer of Computer Equipment."*
- 5. According to *The Texas A&M University System Asset Management Manual (06/2014)*, "If you are the accepting agency of a transfer, it is important not to change the original acquisition date, acquisition method, class code, or dollar amount."



When transferring between System Members, is it critical to place the campus part numbers and member numbers on the *FDP-411A* so that Texas A&M Property Management can easily identify the member they need to contact. See <http://fmo.tamu.edu/media/66207/tamuspropertycontacts.pdf> for TAMU *System Members and Property Contacts*.

**Transfers Between Texas State Agencies Outside of the Texas A&M System**

State of Texas property can be transferred to other state agencies in Texas only if other Texas A&M University or System departments do not need the property; for example, Texas A&M may transfer equipment to the University of Houston.

Follow these procedures for transfers between Texas state agencies outside of the Texas A&M System:

- 1. The department must request permission through the following individuals: Department Head, Dean, Director of Purchasing/Surplus, Texas A&M Property Management, the Texas A&M Associate Vice-President for Finance and the Vice-President for Finance.
- 2. All requests for authorization for the transfer must include the asset number, description, date of acquisition, condition, account number used to purchase the asset, and inventory value for each item of property.

If the Vice-President for Finance approves the transfer, then Texas A&M Surplus will handle all procedures.

### Receiving Property from a State Agency Outside of the Texas A&M System

If a non-Texas A&M System state agency, for example, the University of Houston, transfers property to a Texas A&M department, then follow these procedures:

1. The *receiving* department should forward all documentation immediately to Texas A&M Property Management.
2. The *receiving* department should complete the *FDP-4 Equipment Information Sheet* for each piece of inventoried property and submit it to Texas A&M Property Management.
3. Texas A&M Property Management will assign the asset/tag numbers and submit the bar code tags to the department.

According to *The Texas A&M University System Asset Management Manual (06/2014)*, "If you are the accepting agency of a transfer, it is important not to change the original acquisition date, acquisition method, class code, or dollar amount."

### Transfers from Surplus to Texas A&M Departments

√ On-Line Transfer Departmental Property (TDP)



Texas A&M Surplus – A great place to shop and never pay a dime!

With few exceptions, surplus in the Texas A&M University Surplus Property Warehouse is available at no charge for transfer to Texas A&M departments and Texas A&M System members. View the Texas A&M surplus property at the warehouse Monday-Friday from 9:00 a.m. - 4:30 p.m. Contact Surplus at 845-3427 or email [surplusproperty@tamu.edu](mailto:surplusproperty@tamu.edu).

Departments may "tag" items of interest until proper signatures are obtained and arrangements are made to transport the item from Texas A&M Surplus. Tagged items remaining in the Surplus Property Warehouse beyond five working days will revert to surplus and will be available for selection by another department. Departments and System Members will have priority selection privileges over other political subdivisions.

Texas A&M Surplus will prepare an on-line Transfer Departmental Property form for the items chosen from the surplus. The receiving department's authorized signer must approve the form before the items are moved from the Surplus Property Warehouse. It is the responsibility of the receiving department or entity to remove their items from the Surplus Property Warehouse.

According to *The Texas A&M University System Asset Management Manual (06/2014)*, “If you are the accepting agency of a transfer, it is important not to change the original acquisition date, acquisition method, class code, or dollar amount.”

## Transfers of Non-Inventory Property

√ On-Line Transfer Departmental Property (TDP)

Departments should transfer all idle property to Texas A&M Surplus. This includes *all* property, inventoried and non-inventoried (e.g. binders, lamps, etc.), not being used by the department. Transfer all unused parts from cannibalized equipment to Texas A&M Surplus as non-inventory items (See *Chapter 6, “Cannibalized Equipment”*).

Use Canopy to create an on-line Transfer Departmental Property (TDP). Instructions may be found on the Texas A&M Property Management webpage <http://fmo.tamu.edu/property/> under Training-TDP Transferring Departmental Property.

## **Chapter 8 – Miscellaneous Property Situations**





## Miscellaneous Property Transactions



**If ever in doubt about what to do, contact Property Management.**

The types of miscellaneous property transactions in this chapter include the following:

- Broken, Worn-Out, Obsolete, Idle Equipment
- Found Items that Should be Inventoried
- Loan of Property
- Moving to a New or Remodeled Building
- Updating Property Location
- Software (Purchases and Obsolete)
- Trust Property
- Unidentifiable Equipment

### Broken, Worn-Out, Obsolete, Idle Equipment

√ TDP-Online Transfer Departmental Property



Never throw away equipment or store it at the department! Always transfer unused property to Texas A&M Surplus – even if it is broken!

If property is broken, worn out, obsolete or idle, then transfer it to Texas A&M Surplus using TDP (Online Transfer Departmental Property). See Chapter 6, *Cannibalized Equipment*” if cannibalizing equipment.

### Found Items That Should Be Inventoried

√ FDP-414 Property Additions and Deletions  
    √ FDP-4 Equipment Information Sheet  
√ Copy of purchase document or voucher, if available

If someone finds property that should be inventoried but is not, submit a *FDP-414 Property Additions and Deletions* form and the *FDP-4 Equipment Information Sheet* to Texas A&M Property Management so it can be added to the Departments inventory. A copy of the purchase order or voucher should accompany these forms, if available.

Found items might include items that were purchased using a non-inventory expense object code when they should have been coded capital or controlled.

Example: A spectrophotometer was coded it 5751 – *Medical, Scientific, and Lab Equipment*. 5751 is a non-inventory expense code; therefore, FAMIS did not create a preliminary fixed asset or assign an asset/tag number. Consequently, the spectrophotometer is not on the department's inventory listing. A month later, Rita, the DPC, is performing the annual physical inventory. She notices that the spectrophotometer does not have an asset/tag number on it, nor is it on the department's inventory listing. To get it on inventory, she will complete and submit the *FDP-414, FDP-4*, with the purchasing document number to Texas A&M Property Management.

### Loan of Property

√ FDP-410 Loan of Texas A&M University Property



Loaned equipment remains on inventory and must be accounted for during the annual certification. Keep the location information updated to avoid having to report any loaned equipment as missing. Even though the department is loaning equipment, the Department Head is still responsible for it.

The Accountable Property Officer (Department Head) is responsible for maintaining inventory records for the department, including location data, and must present everything upon request. Loans should be regularly and frequently tracked, reviewed, and updated. Persons using property on loan should be required to acknowledge and sign for accountability for the property in their possession.

Departments may loan property to another Texas A&M Department or to an employee to be used for official State of Texas business or by approved exception. The DPC must make everyone who is loaning equipment aware of his/her responsibility and liability concerning using State of Texas equipment. *See Chapter 1, "Liability for Property Loss."*

#### **Short-term Loans**

Follow these procedures for short-term loans:

1. Departments are required to document the loan. Departments may use Texas A&M Property Management's *FDP-410 Loan of Texas A&M University Property* (Found at <http://fmo.tamu.edu/property/>) or create a unique form for the department.

2. File the original “loan request form” in the department. Do not submit it to Texas A&M Property Management.
3. The DPC must update the location information for the loaned asset using Canopy or FAMIS FFX Screen 535. It is recommended to use the “other location” field to insert the name of the person using the equipment.
4. When property is returned to the lending department, the DPC must update the location again using Canopy or FAMIS FFX Screen 535.

### **Long-term Loans**



It is recommended that individuals borrowing equipment be required to periodically bring it to the office so that the DPC may physically account for it.

Follow these procedures for long-term loans:

1. Departments are required to document the loan. Departments may use Texas A&M Property Management’s *FDP-410 Loan of Texas A&M University Property* (Found at <http://fmo.tamu.edu/property/>) or create a unique form for the department.
2. File the original “loan request form” in the department. Do not submit it to Texas A&M Property Management.
3. The DPC must update the location information for the loaned asset using Canopy or FAMIS FFX Screen 535. For long-term loans, document the location as follows:
  - Group code: User’s initials
  - Bldg: 00001 if the equipment will be moved off-campus
  - Room: Home (or wherever it will be taken)
  - Other location: List actual physical street address and phone number of individual
4. When property is returned to the lending department, the DPC must update the location again using Canopy or FAMIS FFX Screen 535.

### **Moving to a New or Remodeled Building**

Sometimes departments will remodel a building or move to a new building. Many construction projects will include the purchase of furnishings and equipment for the building. Closing the construction phase of the project may cause delays in receiving the bar-code labels for the new assets. However, the department is still required to mark all assets within 10 calendar days upon receipt. The department will be responsible for these items.



The department is responsible for these assets before they are “officially” on the departmental inventory. They will need to develop an internal tracking method until the project is closed and completed.

## Updating Property Location



Communicate to employees that they should not move equipment without sending the DPC notification of the location change.

It is very common for employees to move property from place to place. If they do not notify the DPC, it could cause problems when the annual physical inventory is performed. Property that has not had the location updated is a common reason for departments to report missing property when it really is not missing.

The DPC can use FAMIS FFX Screen 535 or Canopy-FFX-Asset Location-Edit, to change availability, purpose, room, condition (except for missing or stolen codes), building, group code, and other location.

If your department makes a mass move to another location, remember to update location information for each asset. We recommend this be completed as quickly as possible. In addition to maintaining correct property records, this will ensure all equipment is accounted for and was not misplaced during the move.

**Note**-Do not update any information for recovered missing/stolen property. Send Texas A&M Property Management the recovery portion of the *FDP-9 Report of Missing or Stolen Property*, even if the asset has been deleted from inventory. This can affect the calculation that determines funding cuts.

## Software

### ***Purchased Software***

As of September 1, 2009 the purchased software threshold is \$100,000 regardless of number of units served. Software purchased prior to this date will remain capitalized with the previous threshold of \$5,000 per number of units served (users or site license).

### ***“Non-Internally Generated Computer Software***

When purchasing computer software licenses or similar assets, threshold determinations should be based on the aggregate cost of the purchase. Beginning in fiscal year 2010, the Comptroller’s Office has determined software should be recorded at the purchased or developed cost and it is inappropriate to divide the purchase price by the number of licensees/users before addressing the capitalization threshold requirements.”

The Texas A&M University System  
GASB 51 *Intangible Assets* White Paper  
As of March 17, 2010

### ***Internally-Developed Software***

As of September 1, 2009 the internally developed software threshold is \$1,000,000 regardless of number of units served. Software in-service prior to this date will remain capitalized with the previous threshold of \$100,000 per number of units served (users or site license).

“Computer software is considered internally-generated if it is developed in-house by member employees or by a third-party contractor on behalf of the member. Commercially available software that is purchased or licensed by the member and modified using more than nominal incremental effort before being put into operation should be considered internally-generated. FAMIS was purchased, but has been modified significantly, thus it would be considered internally developed software.”

#### **Internally-developed Software Calculation**

“GASB 51 provides the following additional guidance specific to internally-generated software. The majority of the costs gathered will include salaries and wages of the technical experts or subject matter experts. The activities involved in developing and installing internally-generated computer software can be grouped into the following stages:

1. Preliminary Project Stage. Activities in this stage include the conceptual formulation and evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives for the development of the software.  
The cost of this stage should be expensed.
2. Application Development Stage. Activities in this stage include the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing, including the parallel processing phase.  
The cost of this phase should be capitalized.
3. Post-Implementation/Operation Stage. Activities in this stage include application training and software maintenance.  
The cost of this stage should be expensed.

### ***Software Updates and Upgrades***

“Outlays associated with the minor modification of computer software should generally be considered maintenance and expensed as incurred. However, the modification should be capitalized if it results in meeting the threshold requirements and any of the following:

- An increase in the functionality of the computer software-the software is able to perform tasks it was previously incapable of performing.
- An increase in the efficiency of the computer software-the level of service provided by the software is increased without the ability to perform additional tasks.

- An extension of the estimated useful life of the software.” *The Texas A&M University System Asset Management Manual(06/2014)*

### **Obsolete Inventoried Software**

- √ TDP Online Transfer Departmental Property
  - √ FDP-414 Property Additions and Deletions

Follow these procedures for obsolete inventoried software:

- Remove or uninstall the software from the computer or server
- If you have identifiable manuals, disk, or hardware for the **software**:
  - Transfer the obsolete software as NI (non-inventory) to Texas A&M Surplus with a TDP (Transfer Departmental Property). Send any disk, manuals, boxes, etc. that came with the software to Surplus with the TDP. This will not delete the software from the sending (source) department.
  - Submit a completed FDP-414 Property Additions and Deletions form to Texas A&M Property Management. The TDP (Transfer Departmental Property) reference number must be noted on the FDP-414. The software will drop from the department’s inventory and be considered a non-inventory item.
- If you do not have identifiable manuals, disk, or hardware for the **software**:
  - Submit a FDP-414 requesting deletion as obsolete
  - Attach a letter, signed (including job title) by someone with IT knowledge and signed by authorized Departmental Property Contact, stating the following-
    - You acknowledge the procedure to delete obsolete software from inventory is to send any source documentation, disks, manuals, boxes, etc. to Surplus
    - The source documentation from the assets listed are no longer available or in the departments possession
    - Verifying that the listed software assets are no longer in use or installed on any computer

### Assets held in Trust

√ FDP-414 Property Additions and Deletions  
√ FDP-4 Equipment Information Sheet

**“Assets Held in Trust** – Capital assets an agency holds on behalf of a non-state entity, controls temporarily and does not use in agency operations (such as art collections owned by families or estates) .... Capitalization thresholds do not apply to assets held in trust.” *SPA Process User’s Guide (Updated Aug. 22, 2014)*.

Departments must record trust property on their inventory. To do this, submit the completed form *FDP-414 Property Additions and Deletions* and the *FDP-4 Equipment Information Sheet* to Texas A&M Property Management.

### Unidentifiable Equipment

If the DPC finds property that he/she cannot identify, then list the items and submit the list to Texas A&M Property Management. If the DPC is using the bar-code reader to scan equipment during the annual certification, then it will identify items that are not listed on the inventory; however, it will not identify the owner of the equipment. Use FAMIS FFX Screen 536 to find out who owns the equipment and make arrangement with the owning department for its’ return.

## Chapter 9 – Managing the Inventory





## **Securing of Assets and Departmental Audits**

According to the *SPA Process User's Guide (Updated Aug. 22, 2014)*,

“Each agency is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent theft, loss, damage or misuse. The agency must take all necessary precautions to ensure that property is secured.

Agencies must know at all times where all property under their control is located, should have a method for locating any inventory item on-site or off-site and should be able to locate a given item upon request.

Each agency should diligently ensure building security at all times. Individuals in charge of security must notify the property manager of any violations or changes to security that could expose personal property to misuse or theft.

Property that is checked out to an employee must be used for state purposes only. The agency itself bears responsibility for stewardship and care of the property at all times.”

### **Spot Checks**

To comply with the *SPA Process User's Guide (Updated Aug. 22, 2014)*, Texas A&M Property Management will conduct spot check audits of Texas A&M departments. They will contact the DPC to set up an appointment to begin the audit. During the spot check, some of the things they will verify include:

- Serial numbers
- Building/Room numbers
- Each asset is permanently marked with the asset/tag number

After the audit is completed, either Texas A&M Property Management or the DPC will make corrections into FAMIS. Texas A&M Property Management will also print bar-code labels for any assets that did not have them. The Texas A&M Property Manager will send a conclusive report to the Department Head.

### **Upper Management Support**



Obtaining upper management support is the key to successful inventory management.

The key to having a successful inventory management program is having upper management support. Numerous people are involved in the inventory process and in actually handling equipment. Unfortunately, many of these people do not have inventory management as their top priority; only upper management can make it a priority.

People need equipment immediately to do their jobs. This can mean that they will move equipment without properly tagging it and without notifying the DPC. Individuals may grumble when the DPC is performing the annual physical inventory and questions where a piece of equipment is located. This, among other things, makes the DPC position very challenging. It is very important that managing inventory is a priority of upper management. The proper resources must be dedicated to this task.

### ***Communicate, Motivate, and Educate Within Department***



Along with having upper management support, another key is building relationships with other employees and educating them on inventory management.

### **Hold Employees Accountable for Property**

Next to having upper management support, the second most important area of inventory management is educating the departmental employees on the importance of inventory management and creating a team environment for managing inventory. Inventory is part of the department's worth, and everyone in the department should take care of it just like they would take care of things in their own home. Since property can be so mobile, for example Jim needs to move a computer from room A to B, everyone must understand the procedures for moving inventory and accounting for it at all times.

Employees must be motivated to assist in inventory management; otherwise, "they simply will not care." One way to motivate them is to hold employees accountable for their involvement in the inventory process and for equipment that they utilize. Some suggest including inventory handling as part of the performance evaluation.

### **Communicate to Employees that Property Belongs to Texas A&M**



All of the property that is either purchased with Texas A&M funds or donated to Texas A&M is State of Texas property. This includes grants and professorships, etc.

It is very important to communicate to all faculty and staff that equipment assigned to them that was purchased with university funds is State of Texas property. It is not their own property to keep or use for purposes that do not benefit the State of Texas. One way to look at it is this, "If you did not buy it with your own money out of your own pocket then it is not yours to keep."

### **Communicate Between People Involved in the Inventory Process**

One major problem noted by departments is the communication breakdown between the purchasing document creator, the person inputting preliminary asset data (if not the DPC), and the DPC. Purchasing document creators and some

preliminary asset enterers (many times they are the same person) are mainly concerned with paying the bill on time to avoid having to incur late charges. Since they are not generally involved in the physical inventory or inventory management, they may not understand the importance of properly inputting inventory information into FAMIS. Thus, communicating with them and educating them is essential.

### Form Relationships with Employees

The DPC should form good working relations and procedures with each of the following individuals:

- **Purchaser.** Individuals purchasing equipment should always inform the DPC of any inventory purchase so that proper procedures are followed concerning tagging of equipment, coding, etc... Many times, individuals receive equipment and put it into use without tagging it or telling the DPC.
- **Departmental Creator.** It is critical that individuals who create purchase documents in FAMIS are aware of items that are considered controlled and capital. The document creator begins the process of ensuring that the appropriate items get placed on inventory by using the tools in the e-procurement system. Find a way, using upper management support, to motivate creators in assisting with the property management effort (e.g. include property management as part of the performance evaluation).
- **Preliminary Asset Enterer.**



To save time, the person who is responsible for the inventory should be the one inputting the preliminary asset data into FAMIS.

It is critical that the individual who enters preliminary asset data into FAMIS communicates with the DPC to ensure that all inventory information gets entered at the department level. This includes description, serial number, location, etc. If possible, it is recommended that the person who is responsible for the inventory input the preliminary asset data into FAMIS -- not someone whose job doesn't include managing the inventory. Find a way, using upper management support, to motivate enterers in assisting with the property management effort (e.g. include property management as part of the performance evaluation).

- **Faculty.** Faculty members, like all other employees, utilize state equipment to do their jobs. Be sure to give them instructions on the rules and regulations for handling State of Texas property. Meet with every faculty member at the beginning and ending of employment to discuss the importance of inventory management, what they are bringing in, taking out, equipment procedures, maintenance agreements, etc.

- **Computer Personnel.**



Since computer personnel are usually aware of where computer equipment is located, DPCs should form close relationships with them.

One goal of computer personnel is to ensure that computer equipment works. They also want to get equipment to users as quickly as possible. Since computer equipment moves from person to person so frequently, the DPC should establish close relationships and procedures with computer personnel. The DPC should also educate them on cannibalization procedures and the importance of keeping the location information updated in FAMIS at all times. Consider having the computer personnel sign off on **all** computer equipment. Find a way, using upper management support, to motivate them in assisting with the property management effort (e.g. include property management as part of the performance evaluation).

- **Receivers.** The individuals who receive equipment should always notify the DPC the day it arrives so that it may be permanently marked within 10 calendar days upon receipt.
- **Custodians and End Users.** End users should know who the DPC is in a department. They should know the dos and don'ts for handling State of Texas property, along with any inventory procedures set by the department. DPCs should consider meeting with every individual who resides in the department. This provides an opportunity to do transfer forms, if necessary, or find equipment the person has moved.

### ***Inventory Tools***

Managing the inventory can be overwhelming. Also included in this section are suggestions from departments whose procedures have been proven to work. If needed, then after reading this section, feel free to contact Texas A&M Property Management for assistance in establishing a system.

### **Use FAMIS-Canopy or FFX**

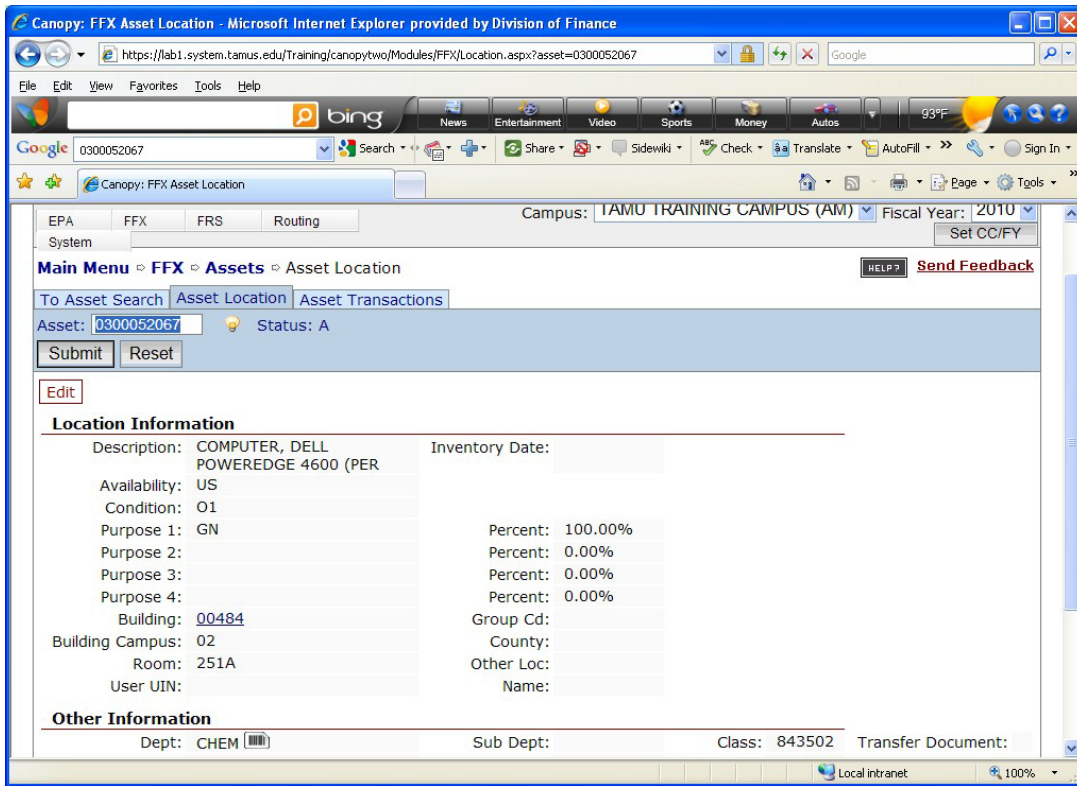


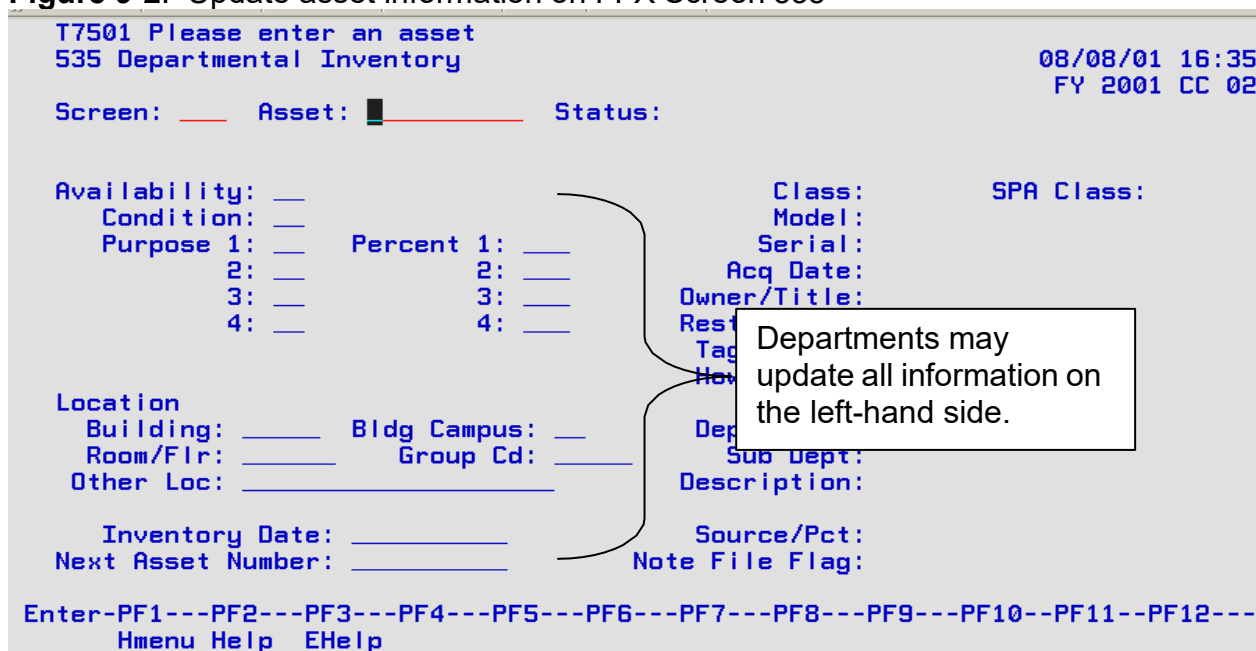
Every DPC should have access to FAMIS and know how to use it.

One of the best ways to manage the inventory is through Canopy at <http://www.tamus.edu/offices/famis/canopy/>, or the FAMIS FFX System. Contact <http://fmo.tamu.edu/access-security/> concerning more information about FAMIS access and training. Access the FAMIS Fixed Assets User's Manual at <http://www.tamus.edu/offices/famis/usermanuals/> .

The DPC (or those with Property Update access for the department) should use Canopy or FFX Screen 535 to update all fields in the Location Information section (i.e. availability, asset condition, purpose, and location information) on a daily basis without having to submit paperwork to Texas A&M Property Management.

**Figure 9-1:** Update Asset information in Canopy



**Figure 9-2:** Update asset information on FFX Screen 535


```

T7501 Please enter an asset
535 Departmental Inventory                                08/08/01 16:35
                                                         FY 2001 CC 02

Screen:  ___ Asset: █ Status:

Availability:  ___ Class:          SPA Class:
Condition:    ___ Model:
Purpose 1:   ___ Percent 1:  ___ Serial:
              2:   ___          2:  ___ Acq Date:
              3:   ___          3:  ___ Owner/Title:
              4:   ___          4:  ___ Rest:
Location     Tag:
Building:   ___ Bldg Campus:  ___ How:
Room/Fir:   ___ Group Cd:    ___ Dep:
Other Loc:  ___ Sub Dept:
Inventory Date:  ___ Description:
Next Asset Number:  ___ Source/Pct:
Note File Flag:

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
Hmenu Help  EHelp

```

## Department/Sub-department Codes

All inventory at Texas A&M is tied to a department code or a department/sub department. For example, Financial Management Operations' entire inventory is tied to the department code FISC. Some departments choose to utilize sub departments for more detailed reporting purposes. For example, the College of Architecture has numerous sub departments under the CLAR department code, i.e., CLAR/LOCL, CLAR/ADMN, CLAR/DEAN.

DPCs may search Canopy or FAMIS FFX for a listing of assets by department code. For example, in FFX Screen 534, a DPC could get a complete listing of inventory for FISC. Assign department/sub department codes using the *FD-860 Notice of Change Information and/or Authority* found at <http://fmo.tamu.edu/property/>.

## Group Codes

The DPC can add and/or change group codes at any time.

An excellent way to manage the inventory is by using group codes. A group code is a one to five character alphanumeric code created and used by departments to group assets or track responsibility for assets. For example, if an individual borrowed a laptop, the department may wish to use that person's initials as the group code. Many departments use the custodian's initials as the group code.

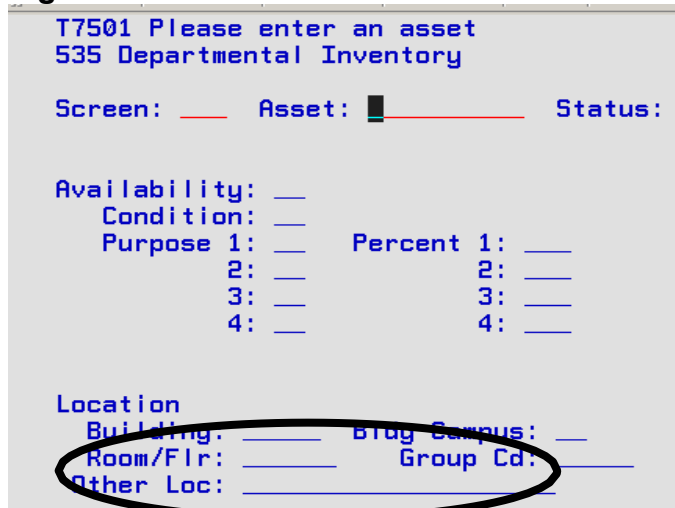
- Field is shown in Figures 9-1 & 9-2
- Maintain group codes using Canopy or FAMIS FFX Screen 535
- Download the departmental inventory list from Canopy to an Excel file, sort by any field (group code, building, room, etc.) as a tool for managing inventory

**Other Location**

The "other location" field on in Canopy or FAMIS FFX Screen 535 can help tremendously when trying to locate equipment. Figure 9-3 shows the other location field on Screen 535. Many people insert the user's entire name into this field. They also use it for secondary locations. For example, a television set might normally be housed in room 101. However, professors may move it from place to place if it is needed for classroom use. Therefore, one could use "mobile" as the other location to trigger the DPC to know that the television moves around from classroom to classroom.

- Field is shown in Figures 9-3
- Maintain Other Location using Canopy or FAMIS FFX Screen 535
- Download the departmental inventory list from Canopy to an Excel file, sort by any field (group code, building, room, etc.) as a tool for managing inventory

**Figure 9-3: Screen 535 Other Location**



**Asset Reports**

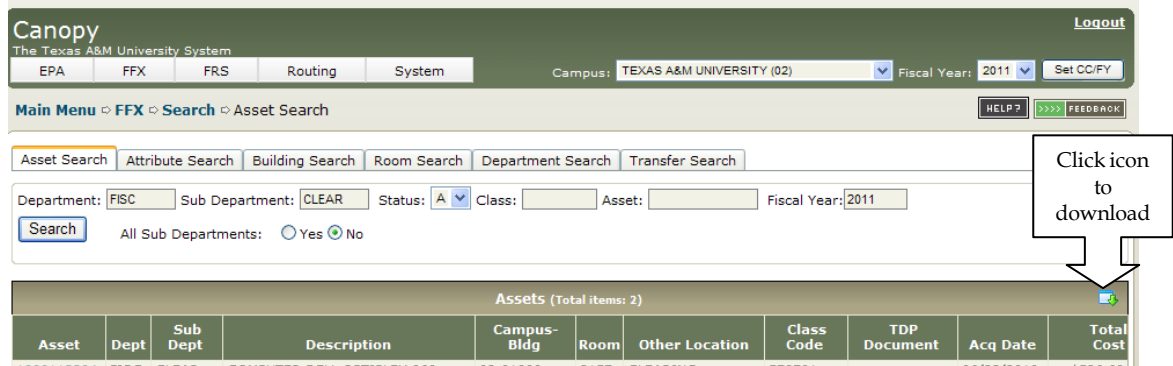
**Download Data from Canopy or FAMIS**

Departmental personnel who have access to FAMIS FFX can download their asset listing from Canopy. Then, sort it as needed. Figure 9-4 is a screen shot of Canopy FFX Asset Search by Department and Figure 9-5 is a screen shot of FFX Screen 534. When the department code is entered the asset information shown below is listed.



The downloads will include much more information than the screen itself shows. "Hidden" information such as condition, accounts, group code, manufacturer, model number, serial number, other location, building, and more will appear in the download.

**Figure 9-4: Canopy FFX Asset Search by Department**



**Figure 9-5: FFX Screen 534**

```

T0255 Make selection to proceed to Screen 523
534 Asset Search By Department                                08/20/01 08:36
                                                                FY 2001 CC AM

Screen: █ Dept: FISC_ S-Dept: _____ Status: A Asset: _____
                                                                Class
Sel  Asset      Description          CC-Bldg Rm/Fir Code  Total Cost
-----
-   9400000002  COMPUTER 486SX W/16 MEG  AM-00461 100  843502  1,850.00
-   9400000003  COMPUTER 486SX W/16 MEG  AM-00461 101  843502  1,850.00
-   9400000004  COMPUTER 486SX W/16 MEG  AM-00461 100  843502  1,850.00
-   9400000005  COMPUTER 486SX W/16 MEG  AM-00461 555  843502  1,850.00
-   9400000006  COMPUTER 486SX W/16 MEG  AM-00461 102  843502  1,850.00
-   9400000007  COMPUTER 486SX W/16 MEG  AM-00461 808  843502  1,850.00
-   9400000008  COMPUTER 486SX W/16 MEG  AM-00461 008  843509  1,850.00
-   9400000009  COMPUTER 486SX W/16 MEG  AM-00461 102  843502  1,850.00
-   9400000010  COMPUTER 486SX W/16 MEG  AM-00461 102  843502  1,850.00
-   9400000011  COMPUTER 486SX W/16 MEG  AM-STEVE 102  843502  1,850.00
-   9400000012  COMPUTER 486SX W/16 MEG  AM-00461 102  843502  1,850.00
-   9400000013  COMPUTER 486SX W/16 MEG  AM-00461 102  843502  1,850.00
-----
Sub Total: 22,200.00

** More Assets - Press ENTER To View **
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
Hmenu Help EHelp DLoad
    
```

**TBAR006 Asset Control Sheet and TBAR051 Transfer Within System Part Reports**

Texas A&M Property Management regularly sends departments *TBAR006 Asset Control Sheet* reports (See Figure 9-6) and *TBAR051 Transfer Within System Part* reports (See Figure 9-7) when a department has had activity in FAMIS FFX. The **TBAR006** generates if a department purchases, acquires or disposes of equipment. The **TBAR051** generates if a department transfers equipment within Texas A&M.



The TBAR006/TBAR051 reflects the information that is in FFX in regards to the asset. Upon receiving one or both of the reports, the Department Head or the DPC should do the following:

- Confirm the accuracy of the report. Most importantly, for new equipment, the Department Head or DPC must ensure that the asset/tag number on the TBAR006 matches the asset/tag number marked on the actual asset.
- If no errors are found, then no further action is necessary.
- If errors are found, then follow these procedures:
  - Mark corrections on the report.
  - The DPC should make any corrections to location, other location, condition, availability, purpose, and group code using Canopy or FAMIS FFX Screen 535. If the DPC has FAMIS access to make all necessary changes, then file the report at the department. Do not return it to Texas A&M Property Management.
  - If any changes are necessary that the DPC cannot make in Canopy or on FAMIS FFX Screen 535, then either the Department Head or the DPC must sign the report with corrections noted and return it to Texas A&M Property Management to make the updates in FAMIS.

Figure 9-6: TBAR006 Report

Circled information should be updated by department

TBAR006 SYSTEM ADMIN & GENERAL OFFICES 10/24/2014  
 FY 2014 CC 01 Asset Control Sheet Month 13 2014 As of 10/24/2014

Asset Number: 14-0-000001 Component: 01  
 Asset Description: APPL 14-0-000001 IPAD, SILVER Status: A  
 Date Created: 09/30/2014

LOCATION DATA  
 Department: These fields are blank for the example only Sub-Dept: Building: Room: Bldg Campus  
 Alt APD Name: Other Location: Grc  
 Exec Level: CH Division: AS School: Owner: SYS Restricti

PROPERTY CONTROL DATA  
 Class: 578704 Acquisition Date: 07/24/2014  
 Acquisition Method: In-Service Date: 07/24/2014  
 Condition: 01 Last Inventory Date:  
 Availability: US Related Asset Number:  
 New Tag: BC Transferred From Asset:  
 Tag Number: 14-0-000001 Transferred From Component:

PURCHASING/VENDOR DATA  
 Voucher Number: 241312 Invoice Number: XXX3076  
 Vendor Name: Vendor Number:  
 Manufacturer Name: APPLE Serial Number: PQ728391Z  
 Model Number: MD769L Model Year:  
 License Plate:  
 PO Number: XA0006 PO Account 1: 215070000005787  
 Quantity: Account 2:  
 Unit of Measure: Account 3:  
 Account 4:

MAINTENANCE/INSURANCE DATA  
 Maintenance Co: Renewal Date:  
 Contract Number: Warranty Expires Date:  
 Contract Amount: 0.00 Last Maintenance:

ACCOUNTING DATA  
 Total Cost: 599.99 Sponsor/Agency:  
 Salvage Value: 0.00 Asset Account: 089730-1730  
 Accumulated Depr: 0.00 Useful Life: 48 Remaining Li  
 Fund Sources: ST 599.99 Purpose Code: .00  
 0.00 .00  
 0.00 .00

INVENTORY NUMBERS AFFIXED & ENTRIES CORRECT.  
 SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

Department should

- Verify all asset information
- If incorrect return- to Property Management with corrections marked

Figure 9-7: TBAR051 Report

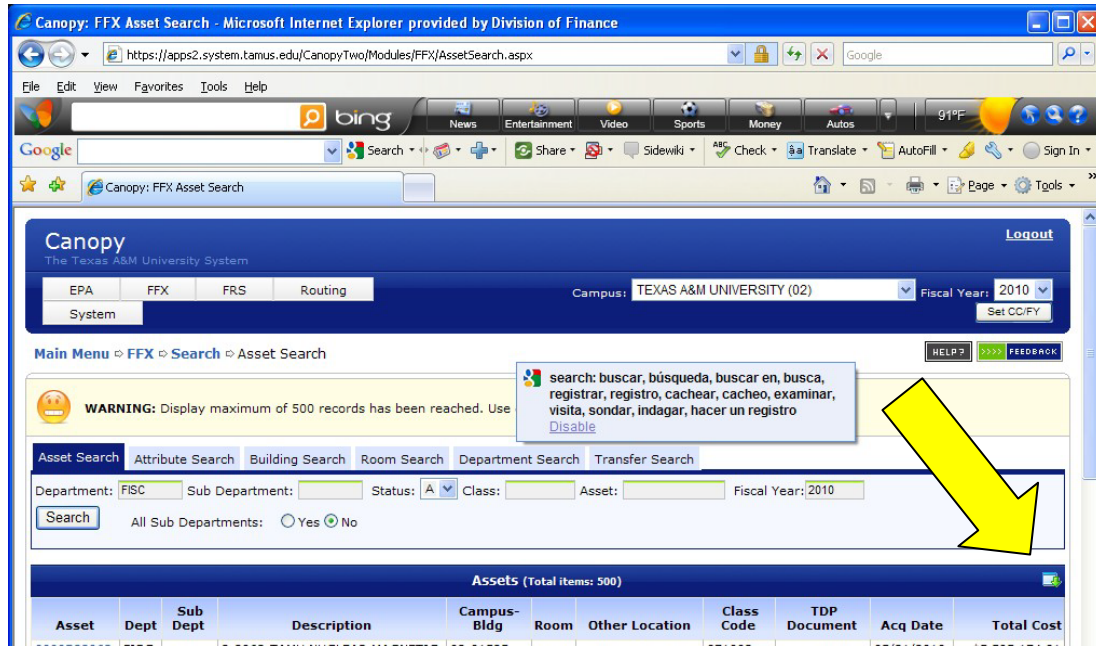
TBAR051		TEXAS A&M UNIVERSITY				10/24/2014 18:22	
FY 2014 CC 02		Transfers Within System Part as of Month 13 2014				PAGE: 1	
		Personal Property					
Sorted by Asset Number							
A S S E T				T R A N S A C T I O N			
NUMBER	DESCRIPTION	TOTAL COST	OLD DEPT	OLD SUB-DEPT	NEW DEPT	NEW SUB-DEPT	DESCRIPTION
00-O-0736319	01 MOWER, 48" YAZHOD GAS MOWER	4,500.00			ANSC		08/31/2014 TRANSFER TO ANIMAL S
02-O-0047456	01 COMPUTER, PROCESSOR, MEETIN SPECIFICATIONS:	1,179.00			SRPL		08/31/2014 1-27-14
02-O-0048482	01 COMPUTER, DELL OPTIPLEX GX2 PENITUM 4, 1.7	1,788.00			SRPL		08/31/2014 ANTH COMPUTERS/PRINT
02-O-0421826	01 COMPUTER * DISPOSED *						014 SUMMER CLEANUP
02-O-0731743	01 COMPUTER						014 COMPUTERS
02-O-0731743	02 COMPUTER						014 COMPUTERS
03-O-0056067	01 PRINTER STACKER (HP PA						014 SURPLUS EQUIPMENT
03-O-0058883	01 COMPUTER SPECIFICATIONS						014 SEND TO SURPLUS (AND
03-O-0059720	01 SERVER						014 SERVER HELIX UNIVERS
03-O-0060239	01 COMPUTER DELL LATITUDE D600 * DISPOSED *	2,964.70			SRPL		08/31/2014 LAPTOP COMPUTER
04-O-0060825	01 COMPUTER DELL OPTIPLEX GX27 02K CACHE, SMALL MINITOWER BASE - D	4,593.76			SRPL		08/31/2014 IT STORAGE
04-O-0062755	01 COMPUTER DELL DIMENSION 460	1,500.00			SRPL		08/31/2014 IT STORAGE
04-O-0062755	02 COMPUTER, DELL DHP POWERVAU	480.17			SRPL		08/31/2014 IT STORAGE
04-O-0064022	01 COMPUTER PMG5	2,569.00			SRPL		08/31/2014 ADDITIONAL ANTH COMP
04-O-0064132	01 COMPUTER, DELL OPTIPLEX GX2 * DISPOSED *	1,064.14			SRPL		08/31/2014 INVENTORIED & NGN IN
04-O-0064680	01 COMPUTER FACULTY WORKSTATIO MOTHERBOARD, ASUS PART #A7V6X-X PER	956.00			SRPL		08/31/2014 1-27-14

Department should

- Verify all Transfers
- If incorrect-contact Property Management
- Update location information if needed

### Available Property Reports by Request

Below are property reports that the DPC may request. To request a report, the DPC should e-mail Texas A&M Property Management with the appropriate information at [property@tamu.edu](mailto:property@tamu.edu). Most departmental asset information may be obtained in Canopy and downloaded to an Excel file.



Yellow arrow indicates Download icon

### TBAR004 Inventory Verification List

- The TBAR004 produces a report of approved personal property by asset number or department/sub-department. It is mainly used for the *Annual Certification of Physical Inventory*.
- Sorting options: All sorts are within dept/sub-dept.
  - Numerically Within Department
  - Group Code
  - Building/Room
  - Other Location

### TBAR006 Asset Control Sheet

The TBAR006 produces a report of property (real and/or personal) that was approved, disposed, reacquired, and/or undisposed during a specified date range sorted by department, sub-department, and asset number.

## **Record Keeping**

Follow the records retention schedule found at <http://library.tamu.edu/services/records-management/records-retention-schedule.html> for keeping paperwork.

It is recommended to keep a folder for each asset because of the multitude of transactions that can occur on one asset. This helps one keep track of the item for repairs, transfers, etc. The folder can be moved to a different location in the file drawer depending on the status of the asset. Although some asset purchasing and transaction information is in FAMIS, and Financial Management Operations images documentation (invoices, Property Management forms dealing with assets, etc.), these systems are purged after retention time has been met.

Below are other suggestions for record keeping:

- Develop an “Inventory Item Record” form. Record all activity for one asset on the form. Keep all paperwork in the same file. The form could include the invoice number, purchase order number, comments section and action log.
- Keep in mind that the original record is usually where the best information is found. Setting things up correctly initially makes everything easier later.
- When transferring property out of the department, make a copy for the file and send the original to the transfer-in department. When it is off of the department’s inventory totally, then it is acceptable to destroy the paperwork. TDP information may be accessed in Canopy-hard copies are not necessary.
- Auditors may ask for loan documentation when verifying inventory. Keep an “on-loan” property file. If loaning out property to anyone, including other departments on campus, make sure to complete a “Loan Request Form” with information such as the contact person, who spoke to the person and when, the date, any action taken, and initials of the person handling the request.
- Keep an in-process file (transfers, newly acquired property, etc.).
- Keep active equipment files containing records of all equipment on a department’s inventory, filed by inventory number.
- Keep a deleted/disposed equipment file.
- Create an off-site file (e.g. research equipment located off-campus or at a faculty member’s home).
- Keep a missing/stolen equipment file. Copies of the FDP-9 Missing Stolen reports should be kept for the required retention period beyond the final disposal of the asset.
- Keep a separate folder for Surplus paperwork.
- If the department has inventory on several Texas A&M System parts, then keep it all separate.

## **Departmental Suggestions**

This section contains suggestions compiled from an ad hoc committee of the Academic Business Operations Committee members at Texas A&M on how to manage the inventory.

## **Departmental Property Contact Objectives**

The DPC's objectives are

- 1) Maintain an accurate perpetual inventory of assets assigned to the department
  - 2) Perform a physical inventory that is transparent to the faculty and staff.
- Through timely, accurate and continuous processing of inventory transactions, most assets can be located without assistance. The DPC must take control of the inventory and maintain it daily.

Managing an inventory closely resembles managing a budget. As a state agency, there are strict requirements for managing the budgets, which in turn are partially expended on capitalized/controlled items. The development of equally comprehensive inventory management procedures will enhance the opportunities to excel in state auditor reports rather than lead the loser's bracket for missing equipment. However, written policies alone do not change the outcome. Implementation of these policies begins with the **Accountable Property Officer (APO)/Department Head**.

## **Building the Team**

As in any quality organization, leadership must begin at the top. The APO must communicate his/her full support of Texas A&M policies through his/her **actions**.

- Introduce all key players on the team at faculty and staff meetings.
- Ensure all in attendance realize the importance of completing the job **"Right the First Time"**.
- Let it be known the term "Responsible Individual" has true meaning in the department. Those found not to be responsible are apparently "negligent."
- Hire an individual whose primary job is managing the inventory. Designate a DPC, whose **primary** responsibility is inventory management, including the coordination of the overall inventory process within his/her respective unit and training of unit personnel at key inventory process points.
- Assign DPC duties at a level of authority sufficient to establish and maintain control over inventory management for the respective unit.
- Assign equipment custodian responsibilities to key departmental personnel (faculty, principal investigators, lab managers, etc.) to maintain ongoing custodial care of equipment within the unit and hold them accountable.
- For laboratory equipment, place responsibility for equipment on the end user. Keep lists on a clipboard by the door in all labs.



- Develop and support departmental procedures for trading, repairing, and etc. equipment.

Business Operations Managers, Computer Managers, Departmental Property Contacts, Technical Laboratory Coordinators, Purchasing Document Creators, and Preliminary Asset Enterers are a few of the key players on the team. These individuals make daily decisions, which determine the success or failure of the department's inventory. All other faculty and staff can contribute significantly through their support and attention to detail when requesting new purchases, loaning equipment to other departments or directing students to locate assets. However, the success of the program depends on the support provided by the APO. "If it is not important to the boss, it is not important to me."

### Tips for the New DPC

Below are suggestions for making the new DPC's job easier:

- For new DPCs, begin by performing a physical inventory.
- Create intra-departmental forms for moving equipment. This invests the equipment user in maintaining correct location information. For example, one department has created transfer slips and has given them to all employees. If John (the computer person) takes Sarah's computer, then Sarah is required to file a transfer slip in her office and submit a copy of it to the DPC. The DPC can update the location of the computer and all is good. If the computer is moved for repairs, and will be returning to Sarah's office, then a copy to the DPC is not required. When the equipment is returned to Sarah, then she can tear up the transfer slip. If Sarah does not follow these procedures, she would get written up in a property report done by the DPC and it would affect her annual evaluation.
- Always get all asset information from the individual user.
- Create a central receiving area.
- Assign a contact person for off-site equipment.
- Perform spot checks or departmental audits.
- Develop and implement a comprehensive training program for all end users to ensure that individuals are aware of their respective responsibilities regarding inventory management. A *Statement of Responsibility* is suggested as a means to document that each individual has been informed of and has accepted his/her respective responsibilities in the inventory management process. (See FDP-423 on Texas A&M Property Management webpage <http://fmo.tamu.edu/property/>.)
- Use group codes to track property, for example, the user's initials. Keep them updated using Canopy or FAMIS FFX Screen 535. This can greatly aid in locating items during the physical inventory.
- Use the "other location" field in Canopy or FAMIS FFX Screen 535 to identify who uses the equipment.
- For purchases and transfers to other Texas A&M System Members, make sure to communicate with the appropriate people **exactly** what is happening with the equipment.

### Physical Inventory Tips

The ad hoc committee suggests these tips for performing the annual physical inventory:

- Some departments do not allow managers to perform the physical inventory. Instead, they have them walk with the DPC during the physical inventory. This way, the DPCs see all equipment, and the managers sign off on it.
- Prior to the physical inventory, have the Department Head send a memo to all employees asking for their cooperation during the process and explain its importance.
- Some departments do not allow student workers to perform the physical inventory. Instead, they recommend that the individual in charge of the inventory (the DPC) conduct the inventory himself/herself.
- Require every supervisor to sign a listing of equipment for his/her area annually.
- Keep all equipment properly marked at all times. Mark all non-inventory equipment N/I to aid in the physical inventory process. See Chapter 4- Tagging of Equipment.

### Surplus Property Tips

- For surplus equipment, place the DPC's name on all equipment. Only allow the DPC to take things to surplus and to pick things up from surplus. Allow **no one** else to do this.
- DO NOT allow dungeons or junk rooms full of equipment in the department. Always transfer idle equipment to Surplus. Departments may have a short-term holding area, but no long-term storage area.

### A Different Point of View

This section contains suggestions from a different point of view. These suggestions are being included in this manual because they have proven success in some departments.

√ **The DPC must be made aware of all inventory purchases.**

Unfortunately, in some departments the DPC is the last one to know when an item has been purchased. However, one department has procedures so that the DPC is notified prior to requisition/purchase of any item valued in excess of \$500.00. The DPC decides whether the item is controlled, non-controlled, or capital. Departmental creators are a significant part of the check and balance system established within all successful budgetary processes. This provides a segregation of responsibility between the Departmental Property Contact and the creator whose primary concern is requisitioning and vouchering the purchase.

√ The DPC must communicate with and educate departmental enterers and preliminary asset enterers.



In some departments, purchases are made without the approval of any budgetary process. However, some departments have developed internal policies requiring all purchases over \$50.00 to be requested in writing on a *Departmental Purchase Order*. Signature of the Academic Business Administrator is required prior to ordering the item. This ensures funds are available in the applicable account and are encumbered prior to the purchase. Also, the billing and shipping addresses are reviewed to limit the number of past due notices within the department.

The DPC receives a copy of all completed departmental purchase orders at the time the order is processed. He/she maintains the orders on file until the items are received. The DPC checks quantity, model, serial number, description and serviceability upon receipt of the item. He/she notes any errors and corrects them. He/she then completes the processing and receives the order in FAMIS. Once everything is processed, then the DPC notifies the faculty or staff to pick up the items.

### ***FAMIS Entry and Central Receiving***



#### **Here's a twist!!**

What about not allowing faculty or staff to have assets shipped to their office or laboratory? Instead, always use the DPC's address as the departmental "ship to" address. That is right, consider shipping **all** limited and requisition orders directly to the DPC. The DPC will be the first person within the department to physically touch any item ordered. Once opened, packages are received and forwarded to the individual who ordered the item. This **is** taking control of the inventory from the very beginning!

Laptop computers should not be taken home before the DPC can begin the proper documentation. Laptops are portable and are normally purchased with the intention of using them off-campus. The DPC should prepare a *Loan Request Form* and provide it to the purchaser at the time the item is first received. Educate the people responsible for the equipment.

√ If possible, it is recommended the DPC update the preliminary asset data.

If central receiving is in place, then the DPC will sign for shipments, open packages and annotate the purchase order with the quantity received, model number, serial number and condition of the item. The DPC will contact the "responsible person" and inquire as to the final location of the item. Next, the DPC will immediately update the preliminary fixed assets data and mark the asset/tag number on the received item. (For a checks and balances system, the DPC should not be allowed to enter purchasing document information into FAMIS, only preliminary asset data.) Then, it will be time to contact the responsible person and arrange for the item to be moved to its final location.

One department found that following this procedure is a giant stride forward in taking control of the inventory. The Texas A&M requirement to mark inventory items within ten days of receipt has just been bettered by nine and a half days!

Once equipment has been moved, the DPC should maintain all location data in Canopy or FAMIS FFX on Screen 535. Of course, the “responsible individual” would need to let the DPC know that equipment has been moved.

### ***Missing Equipment***

To combat missing equipment problems, some departments have used the responsible individual's initials as the group code in Canopy or FAMIS FFX Screen 535. Departmental asset lists can be downloaded from Canopy and sorted for each individual.

**What can the DPC do with this information?** Give each responsible individual his/her list to review each year prior to the DPC doing the annual physical inventory. Taking it a step further, have them sign the *FDP-422 Equipment Custodian Responsibility Statement* (found on Texas A&M Property Management webpage <http://fmo.tamu.edu/property/>). After they review all items, then they should contact the DPC for correction of discrepancies.



**Something to ponder: what if the person determined to be the responsible individual by the APO refuses to sign the *Statement of Responsibility*? Should that individual be allowed to continue purchasing assets with state funds?**

In some situations, the individual may request items be removed from his/her list. They should coordinate with the individual they believe should be responsible and have the item added to another's list. If responsibility cannot be resolved, the APO should make the decision. If no one wants to be responsible for the item then **transfer it to Surplus**. If this is not done, then the item will probably appear on a “MISSING LIST” because no one is responsible for it. Once these listings are completed and signed by the responsible parties, the DPC should maintain them on file for each responsible individual.

During the annual inventory certification, items that the DPC cannot locate should be addressed with the responsible individual. The DPC will know who he/she is because the DPC will have his/her signature accepting responsibility. If these items cannot be located, then the APO will decide whether to identify the item as missing or stolen. During this process the APO also determines negligence.

### ***Reports for Department Head***

Upon completion of the annual inventory certification the DPC may compile inventory reports for the Department Head showing the status of the inventory.

Sufficient data is available within the Scan and Validate System (bar-code system) to indicate the number of items relocated prior to the inventory without notification of the DPC, thus leading to missing items. The APO may share the information with the faculty and staff at various meetings. The APO may also discuss the number of items listed as missing or stolen and indicate the departmental policy in such cases. *See Chapter 6 Property Dispositions*

## Resistance to Change

√ **Policies must be supported by the team in as much as supportive of the team.**



Most everyone is resistant to change. Unless people can visualize a direct positive impact on their position or responsibility there is no incentive to change. APOs and mid-level managers will need to provide an incentive to change. At Texas A&M, pride in the university seems to work miracles.

## Proven Process

This process is used by a Department at Texas A&M. For all inventory equipment, the creators/enterers communicate the asset/tag number to the inventory person immediately so that he/she may mark the equipment right away with a permanent marker. Since the bar-code tag is not available immediately, this process helps match the bar-code label with the equipment when the bar-code labels do arrive. This is especially helpful if equipment has already been moved.

Below is the department's process for tracking computer equipment:

1. When purchasing a computer, on the preliminary asset screens use the "other location" field for the person's name that will use it. This helps track the computer, and if the person leaves, then the DPC will know whom to contact about it.
2. The departmental creator or preliminary asset enterer writes the asset/tag number on the invoice and gives a copy of the invoice to the computer person and inventory person.
3. **VERY IMPORTANT: The computer never leaves the computer person's sight unless the inventory number is written on it with a permanent marker.** "If they let it get away without being marked, then it will take too long to track it down." They mark the computer on the back of the case, on the side, and on the metal strip in the back just in case the parts get separated.
4. The computer personnel keep track of all asset/tag numbers in a database.
5. Since laptops can be very hard to manage, the computer personnel require that individuals borrowing them complete a loan form.

6. Annually, they do a software audit and inventory (annual certification is required for all assets) check for laptops. This serves multiple purposes:
  - a. They check the software that individuals might be installing on state equipment
  - b. They get to physically see the equipment
  - c. This is a way to keep a control on missing equipment.

## Appendix A - Training



## **Training**

To aid departments in their property management efforts, Financial Management Operations offers numerous training courses. Some of the courses are mandatory, and some are optional.

### ***Online Introduction to Canopy-FMO***

Required overview designed to learn the basics of Canopy. Either the Introduction to Canopy or the Introduction to FAMIS classes meets your introduction training requirements. Access the online training at <https://apps6.system.tamus.edu/TrainTraQ/web/CourseDetails.aspx?cnum=2111617>.

### ***Online Introduction to FAMIS-FMO***

Required overview to learn the basics of FAMIS. Either the Introduction to Canopy or the Introduction to FAMIS classes meets your introduction training requirements. Access the online training at <https://apps6.system.tamus.edu/TrainTraQ/web/CourseDetails.aspx?cnum=2111617>. For more information concerning FAMIS access and training, contact <http://fmo.tamu.edu/access-security/>.

### ***Department Head-Property Management Training (for TAMU)***

This training is required for all Department Heads. Department Heads must annually certify that they have attended this training. This training explains the Departments Head's responsibilities in regards to property management. Access the online training at the Texas A&M Property webpage <http://fmo.tamu.edu/property/>.

### ***Departmental Property Contact***

This training explains the Departmental Property Contact's responsibilities, in addition to performing the annual physical certification, completing forms, and processing inventory transactions. Access the online training at <https://apps6.system.tamus.edu/TrainTraQ/web/CourseDetails.aspx?cnum=2112132>.

### ***Adding Purchased Assets to Inventory***

This training is recommended for DPC's and those who input preliminary asset information into FAMIS or Canopy. The on line training covers what should be inventoried, the process for fixed assets from requisition to approve asset, updating preliminary fixed assets, purchasing card purchases, tagging equipment, and updating assets. Access the online training at <https://apps6.system.tamus.edu/TrainTraQ/web/CourseDetails.aspx?cnum=2112397>.

***TDP Transferring Departmental Property***

This training is recommended. It explains the online process of transferring property. Access the online training at the Texas A&M Property webpage <http://fmo.tamu.edu/property/>.

***Bar-Code Reader (I-Circuit/Scan & Validate)***

This training is optional for individuals who perform the annual physical inventory using the bar-code reader. Contact [property@tamu.edu](mailto:property@tamu.edu).

## Appendix B - Asset Coding





## Inventory Object/Class Codes

**Note:** Always use the most recent codes found in Canopy: FFX Class Table or on FFX Screen 581 or at <http://property.tamu.edu>.

For help identifying what should be inventoried, contact the TAMU Property Management Office at 979-845-8147 or [property@tamu.edu](mailto:property@tamu.edu).

A complete listing of object codes for Texas A&M University using FAMIS FRS Screen 806, or go to <http://fmo.tamu.edu/accounts-payable/purchase-audit/docs/object-code-searches/>.

- The **Subcode** identifies the expense **object code** to use on the purchase document.
- The **Class Code** identifies the specific piece of equipment being purchased. The individual who enters preliminary asset information inputs this code using Canopy or Screen 362. The first four digits of the Class Code should be the subcode on the purchase document.

## Property Control Codes

**Note:** Always use the most recent codes that are in FAMIS or listed at <http://property.tamu.edu>.

Below are the property control codes used for inventory. They include the following: availability, condition, restriction and purpose codes. The DPC should maintain these codes using Canopy or FAMIS FFX Screen 535.

### Availability Codes

Code	Description	Comments
AV	Available, but not idle	Available for loan.
BLANK	Undetermined	
EX	Excess Property	Transfer to Surplus.
LN	On Loan to Another Department	Document the loan in writing.
MS	Missing – Unable to Locate	Send FDP-9 to Property Manager
RE	Restricted – Single Purpose	
SH	Shareable – Open Request	Available for loan
ST	Stolen	Send Form FDP-9 to Property Manager with police report
US	In Use Full Time	Routine code for new purchases

**Condition Codes**

Code	Description	Definition	Comments
E1	Used – Reconditioned – Excellent	Used property, but repaired or renovated and in excellent condition.	
E2	Used – Reconditioned – Good	Used property which has been repaired or renovated, and, while still in good usable condition, has become worn from further use and cannot qualify for excellent condition.	
E3	Used – Reconditioned – Fair	Used property which has been repaired or renovated, but has deteriorated since reconditioning and is only in fair condition. Further repairs or renovation required or expected to be needed in near future.	
E4	Used – Reconditioned - Poor	Used property which has been repaired or renovated and is in poor condition from serious deterioration such as from major wear and tear, corrosion, exposure to weather, or mildew.	
MH	Missing – Hold for Deletion		Send FDP-9 to Property
MI	Missing – Not Deleted from Inventory	Item missing but not deleted from inventory accountability.	
MN	Missing – Negligence		
MS	Missing – Request Now		Property Manager will assign per State Property Acctg Syst.
N1	New - Excellent	<b>NOTE:</b> Codes N1-N4 are not used. Per State Auditor’s office, “once an item is placed in service - it is considered <u>used</u> . Therefore, code <b>O1</b> should be used for new purchases.”	
N2	New - Good		
N3	New - Fair		
N4	New - Poor		
O1	Used – Usable Without Repair – Excellent	Property that has been slightly or moderately used, no repairs required, and still in excellent condition.	
O2	Used – Usable Without Repair – Good	Used property, more worn than O1, but still in good condition with considerable use left before any important repairs would be required.	
O3	Used – Usable Without Repair – Fair	Used property which is still in fair condition and usable without repairs; however, somewhat deteriorated, with some pairs (or portion) worn and should be replaced.	
O4	Used – Usable Without Repair - Poor	Used property which is still usable without repairs but is in poor condition and undependable or uneconomical to use. Parts are badly worn and deteriorated.	
R1	Used – Repair Required (10% Acq.) – Excellent	Used property, still in excellent condition, but minor repairs required (estimated repairs	

Appendix B-Asset Coding

		would cost no more than 10% of acquisition cost.	
R2	Used – Repair Required (11-25% Acq.) – Good	Used property in good condition but considerable repairs required. Estimated repair cost of repairs would be 11% to 25% of acquisition cost.	
R3	Used – Repair Required (26-40% Acq.) - Fair	Used property, in fair condition, but extensive repairs required. Estimated repair costs would be from 26% to 40% of acquisition cost.	
R4	Used – Repair Required (41-65% Acq.) - Poor	Used property, in poor condition, and requiring major repairs. Badly worn, and would still be in doubtful condition of dependability and uneconomical to use if repaired. Estimated repair costs from 41% to 65% of acquisition cost.	
SC	Scrap Value = Basic Material Content	Property that has no value except for its basic material cost.	
SN	Stolen – Negligence		Send Form FDP-9 to Property Mgmt
ST	Stolen – Request now		Property Manager will assign per State Property Accounting System
UC	Under Construction		Use until fabrication is completed.
UN	Unknown		Not used by TAMU
XX	No Value	Property that has some value in excess of its basic material content but is in such condition that it has no reasonable prospect of use for any purpose as a unit (either by the holding or any other agency) and its repair or rehabilitation for use as a unit is clearly impractical. Repairs or rehabilitation estimated to cost in excess of 65% of acquisition cost would be considered “clearly impractical” for purpose of this definition.	Not used by TAMU

**Purpose Codes**

Code	Description	Comments
AD	Administrative	
AG	Agricultural Services Building	
AX	Auxiliary Enterprises	
FR	Residence, Family – Apartments	
GN	General	Artwork is an example of general.
IN	Instruction	
LB	Library	
MT	Maintenance	
NI	Non-Institutional Agency Building	
PP	Physical Plant	
PS	Public Service	
RE	Research	

RP	Rental Property – For Profit	
SR	Residence, Single - Dorms	

**Restriction Codes**

Code	Description
A	Equipment through Texas Surplus – Acquisition date+18 months
B	Right to reclaim/transfer-fund agency
C	Title stays with fund agency (federal/private)
D	Research sales receipts to be deposited to NSF equipment sale
E	Sale receipts to return to federal government
F	Exempt property-use on federal fund project
G	Retain & reimburse federal govt by % funded by federal govt based on market value
I	No restrictions
J	Retain equipment 10 years under federal grant
K	Equipment to be used for water research programs
L	Equipment to be used for health reasons
O	Other
R	Research only (per funding agency)
T	Teaching only (per funding agency)
X	Gift > \$5000; if disposed of in less than acquired date +3 years, submit IRS form# 8282

Sample Codes

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# Glossary



Accountable Property Officer (APO)

At Texas A&M, the Accountable Property Officer (APO) is the Department Head. This is the individual responsible for the physical possession and control of all equipment entrusted to the departments' activities.

Agency Head

At Texas A&M, the Agency Head is the President. The Agency Head is the Chief Executive Officer of each A&M System Member. Each Agency Head is responsible for the control of and accountability for all equipment possessed by the Member.

Alternate Accountable Property Officer (AAPO)

Alternate Accountable Property Officers do not exist at Texas A&M as of September 1, 2001. See Departmental Property Contact.

AMU Number

An AMU number is a previously used term for an asset/tag number; AMU meaning Texas A&M University.

Asset Class

An asset class is a group of similar assets, as designated for accounting and property control purposes. Assets that belong to the same class typically share certain characteristics, such as the method by which depreciation is calculated.

Asset Class Code

Assets of the same class share similar asset class codes. An asset class code is sometimes referred to as an object class code. Asset class codes are six-digit numbers (e.g. 843502). The first four digits of an asset class code is the expense object code used on the purchase document. The last two digits are a further breakdown of the object code. For example, if someone purchased a computer, they would have to identify what kind of computer. The object code would be 8435, but the asset/object class code could be 843502 for a Computer – Desktop. *A complete listing of object codes for Texas A&M University using FAMIS FRS Screen 806, or use guides found at <http://fmo.tamu.edu/accounts-payable/purchase-audit/docs/object-code-searches/>*

Asset Number

An asset number is a 10-character number used to uniquely identify an asset within the Financial Accounting Management Information System (FAMIS). It may or may not be the same number that is used to physically mark the asset, which is called a tag number. *(See the FAMIS Departmental Fixed Assets User's Manual at <http://sago.tamu.edu/famis> explanation of the asset approval process).* NOTE: For some Texas A&M Members, the asset number takes the form of NN-A-XXXXXXX where NN=the last 2 digits of the fiscal year the asset

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was purchased, A=the site identifier, and XXXXXXXX=the number assigned by purchasing.

### Asset Status

The asset status values used in FAMIS include the following:

**Preliminary Asset.** For users of the on-line purchasing module, someone in the department creates preliminary assets in the Financial Record System (FRS). Preliminary assets do not have any official status, as they have not been paid.

**P = Pending Asset.** Pending assets are created when FAMIS generates a voucher for payment of the asset and inventory information automatically feeds from the Financial Record System (FRS) of FAMIS into the Fixed Asset System (FFX). Texas A&M Property Management may also create pending assets by directly entering them into FFX.

**A = Approved Asset.** Assets become approved after Texas A&M Property Management staff audits the asset and approves it in FAMIS.

**D = Disposed Asset.** When an asset is no longer of use to a department, they may dispose of it. Cannibalizing property is one means of disposal. Once all procedures are followed, Texas A&M Property Management will officially dispose of the asset using FAMIS.

### Availability Codes

An indicator of whether the asset is in use, available for use, or not usable.

### Bar Code Tag

A bar code tag is a sticker that is an official permanent marking that contains the tag number for a piece of inventoried property. When Texas A&M Property Management approves assets, bar code tags are generated and mailed to the departments to attach to the appropriate piece of property. *See Chapter 4, "Tagging of Equipment."*

### Betterment      *This is no longer used by State Property Accounting or Texas A&M University*

A betterment is an improvement of personal property that materially increases the property's serviceability or useful life, or both.

### Building Codes

Identify which building the property can be located. All buildings at Texas A&M are numbered. The Building /Room table in FAMIS FFX is on screen 543 or can be found at Texas A&M University Facilities Coordination website <http://fcor.tamu.edu> .

### Cannibalized Equipment

Cannibalized equipment is equipment that is dismantled and the parts are used in other assets. For example, a computer that is outdated is going to be sent to Texas A&M Surplus. Before doing this, someone removes the hard drive, a major component, out of the computer for use in another computer. The original computer has now been cannibalized.

### Canopy

“The CANOPY System provides web based functions for FAMIS...CANOPY modules include EPA-Personnel Action, FFX-Fixed Assets, FRS-Financial Accounting, Document Routing/Approval and DBR-Departmental Budget Request.” Found at <http://www.tamus.edu/offices/famis/canopy/>.

### Capitalized Assets

Capitalized assets are personal property. They must be inventoried. They have a single unit value of \$5,000 or greater and an estimated useful life of more than one year. Capital assets accumulate depreciation. For example, a department purchases an automobile that costs \$15,000. The automobile would need to be capitalized because it costs more than \$5,000 and will last longer than a year. The capitalized object codes start with 8nnn. See *Canopy or FAMIS FFX Screen 581 for a listing of Texas A&M class codes*.

### Condition Codes

Condition codes define the condition of the assets, for example, excellent, poor, etc.

### Controlled Assets – Non-Capital Property

The State Comptroller and the Texas A&M System have defined certain property that must be controlled. Controlled assets are not capitalized assets, real property, improvements to real property, or infrastructure. They do not affect financial reports to the State of Texas, and are not depreciated. However, they must be inventoried and tracked during the physical inventory due to their high-risk nature. The specified “controlled” items cost less than \$4,999.99 and have a useful life of more than one year. The controlled object codes are in the range of 5775-5799. Many forms of computer equipment are considered controlled. See *Canopy or FAMIS FFX Screen 581 for a listing of Texas A&M class codes*.

### Dept/Sub-dept Code

The dept/sub-dept code identifies the department and sub-department charged with the responsibility for the asset. For example assets with FISC/OPS belong to Financial Management Services - Operations.



**Departmental Property Contact (DPC)**

Designated by the Department Head, the Departmental Property Contact performs the daily functions of property management for the department. There may be multiple DPCs in a department. DPCs are responsible for exercising “reasonable care” and will not be held ultimately responsible for the department’s equipment.

**Departmental Creator**

This is the individual in the department responsible for inputting purchasing document information into FAMIS.

**Donation**

A donation is a voluntary contribution of resources to a governmental entity by a nongovernmental entity.

**Drop**

To drop is to remove the asset from the inventory. For example, when individuals request cannibalization of an asset, they would also request that the asset be “dropped” from their inventory.

**Equipment**

See Personal Property.

**Expense Object Code**

See Asset Class Code.

**Fabricated Property**

Fabricated Property is property that a department builds from scratch.

**FAMIS**

FAMIS is the official Financial Accounting Management Information System at Texas A&M. It records all official property information in its Fixed Assets System (FFX).

**FFX**

The Fixed Assets portion of FAMIS houses all official property information.

**FRS**

The Financial Record System portion of FAMIS houses all financial accounting information. Preliminary asset data is entered into FRS, and then it automatically feeds into FFX when a check is issued to a vendor.

Group Code

The departments may group assets in the best way to suit their needs. A group code is a 1-5 character alphanumeric code created and used by departments to further group assets or track responsibility for assets within a department. For example, if an individual borrowed a laptop, the department may wish to use that person's initials as the group code to be able to track the location of the asset. DPCs can enter group codes into FAMIS and request reports by group code.

Inventory

Inventory is an itemized list of equipment/personal property in which a Department Head is held accountable. Inventory includes capital and controlled items.

Member/ Texas A&M System Member

This is any component institution or agency of The Texas A&M University System (e.g. Texas A&M or Texas A&M at Galveston).

Missing

Property that has disappeared and no one can explain the disappearance. Proper paperwork must be submitted to Texas A&M Property Management within 24 hours of discovery.

Non-Capitalized Property

Non-capitalized property does not include capitalized assets nor does it affect financial reports. Controlled items, however, are non-capitalized and must be inventoried due to their nature.

Non-Inventory Property

Non-inventory property does not include any controlled assets or capitalized assets. Examples include binders, staplers, and other equipment under \$5,000 that is not on the controlled list. Marking non-inventory items helps the individual who performs the annual physical inventory to identify items that should not appear on the inventory listing, even though it might look like they should (example-computers costing less than \$500). *See Chapter 4-Tagging of Equipment for recommendations.*

Object Code

Object codes are four-digit expenditure codes that are used to identify specific items on a purchase document. They are sometimes referred to as subcodes. For example, if someone purchased a computer over \$5,000, the object code to use on the purchase document would be 8435 – Computer Equipment. These codes compile information about specific purchases, which are used in various administrative and state reports. For a complete listing of object codes for Texas A&M University use FAMIS FRS Screen 806 or <http://fmo.tamu.edu/accounts-payable/purchase-audit/docs/object-code-searches/> for codes used throughout the Texas A&M University System.

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### Object Class Code

See Asset Class Code.

### Owner Code

Owner codes identify whether the asset is owned by Texas A&M, an outside agency, or borrowed/leased by Texas A&M.

### Personal Property

Personal property includes capital and controlled assets. Personal property is fixed or movable tangible assets to be used for operations, with a useful life of more than one year. It is any possession owned by or entrusted to Texas A&M having sufficient value to warrant inclusion in fixed asset financial reports or, due to the nature of the asset, is required to have management controls placed on it. Personal property does not include consumable items nor does it include real property such as land or buildings, improvements to land or buildings, or infrastructure.

All personal property, including capitalized assets and controlled assets must be entered into FAMIS and then reported to the State Property Accounting System. Financial Management Services will review and modify, as necessary, personal property to be reported to the State Comptroller's Office. *View a listing of personal property descriptions at the Texas Comptroller of Public Accounts website at <https://fmx.cpa.state.tx.us/fmx/pubs/spaproc/index.php>.*

### Pilferable Item

An equipment item that is highly susceptible to theft, loss or damage due to monetary value, intrinsic value, convertibility to unauthorized use, attractiveness or relatively small size.

### Preliminary Asset Data

Preliminary Asset Data is all pertinent information related to an asset, such as, model number, serial number, location, etc. The departmental Preliminary Asset Enterer enters this data into FAMIS before FAMIS will pay the invoice. It is recommended that the DPC input Preliminary Asset Data into FAMIS.

### Preliminary Asset Enterer

This is the individual in the department responsible for entering preliminary asset data into FAMIS. Many times, this person is the same as the Departmental Creator. However, it is recommended that the DPC be the Preliminary Asset Enterer. It is crucial that this individual communicate with the Departmental Property Contact to ensure that all of the correct inventory information is entered from the beginning of the process.

### Property Manager

The Property Manager is the individual responsible for the overall management of Texas A&M's equipment, including the maintenance and control of central

inventory records. At Texas A&M, this person is employed by Financial Management Operations.

### Purpose Codes

Purpose codes identify the function of the asset, for example, administrative use, research, instruction, etc.

### Real Property

Real Property is land, buildings, improvements to land or buildings, infrastructure and facilities and other improvements. *View a listing of real property descriptions at the Texas Comptroller of Public Accounts website at <https://fmx.cpa.state.tx.us/fmx/pubs/spaproc/index.php>.*

### Reasonable Care

Reasonable care means that steps have been taken to maintain the upkeep of any asset in an acceptable manner, to ensure the security of any asset, to ensure that any asset can be located at any time requested, and to ensure that the person responsible for the asset is known.

### Related Asset

FAMIS allows the ability to associate assets with one another by asset/tag number. For example, software costing over \$100,000 is installed in a computer server. The software and server are both on inventory under their own unique tag numbers. It would be helpful to reference the assets as being together in FAMIS. This will help the DPC to identify which server the software is in when searching for it during the physical inventory.

### Replacement

A replacement is replacing an internal or external part of personal property that allows the property to complete its normal useful life. Replacements are not added to the original asset unless they meet the capitalization threshold for the asset class code.

### Research Foundation

According to the Research Foundation's website at <http://rf.tamu.edu/> "The Texas A&M Research Foundation is an independent non-profit service organization. Our focus is to facilitate research and development within The Texas A&M University System and selected other entities by providing highly valued administrative services and resource support at the most reasonable cost."

### Restriction Codes

Restriction codes identify any restrictions placed on the use/ownership of the asset. For example, some gifts of property to Texas A&M have restrictions placed on them for IRS tax purposes.

Salvage

Any equipment that through use, time or accident is so depleted, worn out, damaged, consumed, or outdated that it is obsolete and/or can no longer serve the purpose for which it was originally intended.

Sensitive Item

An equipment item that is potentially harmful or hazardous or is of high monetary value and easily converted to unauthorized use or disposal.

Sight Identifiers (ID)

The sight identifier is another name for the 3<sup>rd</sup> digit of an asset number, and is used for certain items when Texas A&M Property Management manually assigns an asset number. It is commonly used to provide sight recognition of an asset attribute within the asset number. For example, 01A0000086 is an airplane. Examples of the Sight ID include the following:

A-Airplane	
B-Boat or Ship	6-Construction in Progress
F-Purchased with federal funds	L-Livestock
G-Group	K-Gift received after June 1989
0-None of the Above	M-Moves under own power without a license plate
1-Land	P-Lease Purchase Asset
2-Building	R-Assets purchased on Qatar Research accounts
3-Infrastructure or Facility	V-Vehicle

State Property Accounting System (SPA)

Texas A&M reports its entire inventory to the State Property Accounting System annually. SPA is intended to provide the government with the information to make wise decisions and to serve as a government tool to assure the public that all state agency assets are used well and properly maintained.

Stolen

Any equipment missing by theft, whether by forced removal, burglary, theft by employees, or other criminal acts. Upon discovery of stolen equipment, one should report the incident to university police and submit the proper paperwork to Texas A&M Property Management immediately.

Surplus

Surplus is any piece of property that the department does not need or use. This includes both inventory and non-inventory items (i.e. computer equipment, binders, lamps, etc.). No property should ever be left idle or stored in a department. It should always be transferred to the Texas A&M Surplus Department. See <http://logistics.tamu.edu/surplus-property/> for more Surplus Department information.

Surplus Inventory Supervisor

The Surplus Inventory Supervisor is the individual responsible for the management and disposal of excess equipment. At Texas A&M, the Division of Finance and Administration Logistics Department employs this person.

Tag Number

A tag number is the identification number used to physically mark the asset. In most cases, the tag number and asset number are used interchangeably. The tag number is the number that prints on the bar code tag. When departmental users use the electronic purchasing module of FAMIS to process payments, FAMIS assigns tag numbers when the departmental enterer inputs inventory information onto the preliminary asset screens. View the tag number using either FAMIS FRS Screen 361 or FFX Screen 545. In some cases, Texas A&M Property Management will manually assign tag numbers to property.

TDP-Transfer Departmental Property

Online transfer process accessed through Canopy to transfer assets from one department to another or from one TAMU system agency to another.

Ten-Day Rule

According to the *Texas A&M University System Asset Management Manual, (06/2014)*, the department must permanently affix the asset/tag number to an item promptly on receipt, but not later than ten calendar days after receipt, unless prevented by unusual circumstances.

**Please note:** At Texas A&M, since FAMIS assigns inventory numbers when the completion of the e-procurement purchase order creates the preliminary asset, the department should not wait for bar code tags to mark equipment. Use a permanent marking to place the asset/tag number onto the equipment, and later attach the bar code tag. View the asset/tag number using Canopy, FAMIS FRS Screen 361 or FFX Screen 545.

Texas A&M Foundation

According to the Texas A&M Foundation website at <http://txamfoundation.com>, "The Texas A&M Foundation is a private nonprofit organization that exists for the benefit of Texas A&M University. As the primary academic fundraising institution for Texas A&M, we inspire philanthropy to support this remarkable place and share in its promising future."

Texas A&M Property Management

Texas A&M Property Management is located in the Division of Finance and Administration Financial Management Operations Department. Texas A&M Property Management maintains all property for Texas A&M University.

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Trade-In

A trade-in is surplus or salvage property that is exchanged for new property of the same general type and is in the best interest of the State of Texas.

Trust Property

These are assets held by a Texas A&M System Member on behalf of a non-state entity (such as art collections owned by families, estates, and others) and which are under the temporary control of the Member.