

COLORADO STATE UNIVERSITY-PUEBLO
Financial Procedure Instructions
FPI 4-5

1. **Procedure Title:** Property Management – Capital and Non-Capital Equipment Disposal
2. **Procedure Purpose and Effect:** Procedures for any department or organization within the university regarding proper disposal of capital and non-capital equipment. This procedure provides guidance on requesting authorization to relinquish equipment, transferring an asset to Facilities, and retiring an asset from the financial records. Facilities has sole responsibility for determining the appropriate disposal method of all excess University owned property, other than land and buildings, and for authorizing or accomplishing such disposal.
3. **Application of Procedure:** This procedure applies to all departments/areas that maintain and are responsible for University owned equipment.
4. **Exemptions:** Any exemptions to this procedure require approval by Office of Financial Management and/or the Facilities Department. Hazardous Materials such as: liquids, radioactive, biological, asbestos, lead painted, sharps, etc., prior to disposal the Facilities Department, will be required to be contacted. Items no longer of use to the University may be donated to educational or charitable institutions for humanitarian, educational, or public relation reasons after appropriate approval from the Facilities Department.
5. **Definitions:**
 - A. **Accountable Property Officer (APO):** Department heads/chairs (or equivalent position titles) and directors (or equivalent position titles) who are entrusted with fiscal responsibility for their assigned organizational units, including the management of property and equipment.
 - B. **Active Asset:** An asset that has an “A” status in Kuali and actively being tracked as a capital asset.
 - C. **Asset Status Code:** An asset record field within CAM that identifies if an asset is active or retired.
 - D. **Cannibalization:** To remove serviceable parts from an asset for repairing or replacing other equipment of the same kind. This is an alternative to using or purchasing new parts.
 - E. **Capital Asset Management (CAM):** CAM is a module of the University Kuali Financial System (KFS). This is the system of record for fixed assets within the Kuali Financial System.
 - F. **Capital Asset Management (CAM) Processor:** Any Kuali user can view assets. People need to apply for the CAM Processor role. If granted, the CAM Processor Role can edit, loan, transfer, and retire capital assets, as well as enter non-capital assets into Kuali.
 - G. **Capital Equipment:** Capital Equipment, also known as movable equipment, includes items which are not considered an integral part of a University building, are non-expendable, do not lose their identity through incorporation into a more complex unit, have a useful life of more than a year, and have an acquisition cost of \$5,000 or more or another threshold if set by a contract, grant, or agreement.
 - H. **Check Canceled:** Assets that were created but were canceled later due to payment cancellation.

- I. **Decal (Tag):** Bar-code label in the form of a sticker that is affixed to an asset.
- J. **Department Property Contact (DPC):** A person or persons assigned by the director or department head/chair to coordinate all matters involving property. DPC's carry out the day-to-day responsibilities within their department and provide guidance to department personnel concerning property matters such as acquisitions, coordination of transfers, equipment at sub-recipient locations, maintenance, physical inventories, and disposals.
- K. **Destroyed:** Equipment that is damaged beyond repair.
- L. **Discount:** A deduction from the usual cost of something, typically given for prompt or advance payment, or to a special category of buyers (i.e. educational discount).
- M. **Donation:** Gifting equipment without monetary compensation.
- N. **Electronic Equipment Accountability Change Request Approver (EEA):** Appointed by the department head/chair (or equivalent position titles) and is responsible for approving all electronic EACRs for all non-capital property or retired Kuali assets routing to Facilities for disposal.
- O. **Equipment Accountability Change Request (EACR):** Electronic document used to request pick-up and disposal of non-capital or retired Kuali assets.
- P. **External Transfer:** The transfer of equipment to another institution or non-profit agency.
- Q. **Improper Disposal:** Relinquishing assets without following state and University policies and procedures.
- R. **Lost:** Unable to locate.
- S. **Non-Capital Asset:** An item that costs less than the capitalization threshold and/or has a useful life of less than one year. Consumables or items that lose their identity when incorporated into a more complex unit.
- T. **Non-Monetary Equipment Exchange:** A reciprocal transfer between an enterprise and another entity that results in the enterprises acquiring assets or services or satisfying liabilities by surrendering other assets or services or incurring other obligations. This can also be a warranty exchange.
- U. **Razed:** To completely destroy a building; to tear down, demolish, level to the ground.
- V. **Recycled:** To treat or process to make suitable for reuse or scrap.
- W. **Refrigerator, Freezer, and Laboratory Equipment Declaration (RFLE) Form:** The RFLE form is required when disposing any refrigerator, freezer, or laboratory equipment that has been in contact with chemical, biological, or radioactive material.
- X. **Retired Asset:** An asset that has an "R" status in Kuali due to retirement.

Y. Retirement: An asset is considered retired when it is permanently taken out of service, such as through a sale, cannibalization, transferring the asset to another institution, disposal, etc. The asset must be taken off University premises.

Z. Return: Equipment that is returned to the vendor for a credit or refund.

AA. Reutilization: Use again or for a different purpose.

BB. Sold: To transfer goods to or render services for another in exchange for money.

CC. Theft: Wrongful taking and carrying away of the personal goods or property of another.

DD. Trade-In: Something given up in return for a trade-in allowance.

EE. Trade-In Allowance: A reduction to the total cost of a vendor's invoice.

FF. Unauthorized Disposal: Disposal of equipment without obtaining proper authorizations.

GG. Vendor Removal: Equipment released to a vendor without compensation. The vendor may or may not charge a fee for the removal.

HH. Write -Off: To eliminate (an asset) from the books. To regard or concede to be lost or disposed of improperly.

6. **Procedure Statement:** Prompt reporting and removal of unneeded assets is desirable and necessary in order to maintain an accurate inventory of usable items, to reduce storage of unusable items, and/or to permit sale or reutilization of assets. Verification of the current utilization and continued need for equipment should be done, at minimum, during the department's inventory cycle. When University owned property becomes excess, unusable, obsolete, damaged, or worn-out, and is of no further use to the accountable department, such property should be transferred to the Facilities Department for disposal according to state and University policies and procedures or, under certain conditions, the Facilities Department will authorize the department to take specific disposal action. For multiple reasons, including environmental reasons concerning electronics, no equipment should be discarded by placing it in the trash. Whenever a part is removed from a capital asset to be disposed of for any reason, due to decal placement, serial number identification, and various other reasons, the department is required to contact OFM. OFM will determine if an asset separate document is needed, if a new decal should be printed, and/or if the asset record needs to be updated for inactive or retired Kuali assets, or if an electronic Equipment Accountability Change Request (EACR) is used to transfer an asset to the Facilities Department. Transferring an asset to the Facilities Department will not retire the asset from the financial records. Once equipment has been permanently removed from campus, it is important that the retirement transaction be performed in a timely manner. For active Kuali assets, an Asset Retirement Global document is used to retire an asset from the financial records. Asset Retirement Global documents will generate accounting entries and retire the asset from the financial records. All retirements of capital assets are final and there is no way to automatically reinstate or reverse a retirement. Assets retired in error will only be reviewed for reinstatement if they have a book value of \$10,000 or more and the error was discovered in the same fiscal year. All retirement documents must be approved by the Fiscal Officer, OFM and Facilities. OFM is included in the routing of department submitted retirements involving assets purchased with sponsor funding. A CAM Processor Role is needed in order to submit Asset Edit and Asset Retirement documents. A CSU-Pueblo C# is needed in order to submit an Electronic EACR.

A. Requesting Authorization: Departments and individuals are restricted from unilaterally releasing any university owned property by making, negotiating, or authorizing any external transfer, sale, trade, or donation to any individual, firm, vendor, university, or non-university agency. When equipment disposals are not directly performed by Facilities, in order to protect the University and departments from improper disposals, prior authorization is required before the department may relinquish any equipment or parts of such equipment to an outside entity. There are two disposal authorization request forms available on OFM webpage:

1. **The CSU-Pueblo Equipment Release Request Form.** Used to request a trade-in, removal of equipment by a vendor, or a non-monetary equipment exchange (including warranty exchanges).
2. **The Equipment External Transfer Form.** Used to request the transfer of equipment to another university or non-profit organization, to transfer loaned equipment back to the lender, or to transfer equipment to a sponsoring agency upon termination of a project.

Departments must complete and submit the proper disposal authorization request form to OFM, along with any additional required documents. The minimum required documents to release or externally transfer equipment are: a Letter of Release, signed by the Department Head/Dean, a Letter of Acceptance, signed by the Receiving Agency, and a List of Equipment being released or transferred. If no formal documents are available, there are sections provided on each of the disposal authorization request forms that the department may use in place of some or all of the minimum required documents.

Other required documents may include: a quote (showing a trade-in allowance, an equipment removal fee, or a discount), equipment exchange paperwork, or warranty paperwork. The department should contact OFM regarding any required documents for sponsor or federally funded equipment being released or externally transferred.

Once OFM receives the request form, the equipment is screened for all required authorizations. Required authorizations may include: CSU STRATA and/or Bank authorization for leased equipment, OFM authorization for any active sponsor or federal funded or sponsor or federal titled equipment, Cost Accountant authorization for any equipment still being recharged on a 21 fund, Office of Advancement authorization for Gift-in-Kind equipment not meeting the three-year retention requirement, Facilities authorization for equipment that may contain hazardous materials, (contact EHS directly with any questions regarding hazardous materials), and Facilities authorization for all CSU-Pueblo owned equipment and/or equipment containing proprietary information.

Once proper authorizations have been obtained, OFM will return the form to the department.

B. Transferring an Asset to Facilities: Transferring an asset to Facilities does not always involve physically transferring the asset to Facilities. To transfer non-capital or retired Kuali assets to Facilities, the department will need to complete an electronic Equipment Accountability Change Request (EACR). For capital equipment, the department will need to submit an Asset Edit document. The department should indicate the reason for the transfer, and may also update the Asset Condition and/or Location of the asset. Transferring an asset to Facilities will remove the asset from the department's inventory list, and will retire the asset. Transferring an asset to Facilities is a means to request Facilities to directly dispose of the asset (using an appropriate disposal method determined by Facilities), or to request retirement of an asset for reasons the department does not have unilateral authority to perform. Transfers notify Facilities to take action. For transfers where Facilities will directly dispose of the asset, Facilities will schedule a time to pick up the equipment. If the department prefers to take equipment directly to Facilities, they should indicate that on the document and, upon final routing, the department may proceed with dropping off the equipment. If the item is determined to be usable for other University requirements, Facilities may initiate transfer of the item to another department of the University. After reissue, action is final and the items are not recoverable

by the releasing department. Otherwise, Facilities will submit the appropriate Asset Retirement Global document once the equipment has been permanently removed from campus.

1. **Sold, Retirement Reason Code-1.** Departments are not authorized to sell capital and/or non-capital assets directly to any external entity and are required to transfer the asset to Facilities in order to negotiate and/or process the sale. Sales by Facilities may be done by sealed bid, negotiated price, auction, salvage, or scrap.

Proceeds from sales or salvage of property shall be handled as follows:

- a. **Contracts and Grants.** Proceeds from the sale of property, which was purchased from a contract or grant, will be credited to the respective project, if still open. If the federal project has been closed, agency regulations may require proceeds to be returned to the sponsor. Facilities will coordinate with OFM before selling property of this nature.
- b. **Revolving Funds.** Proceeds from the sale of property purchased from a revolving fund will be credited to the respective revolving fund.
- c. **Current Year Departmental Purchase.** Proceeds from the sale of property, which was charged to the departmental budget allocation in the current year, will be credited to the account previously charged.
- d. **Vehicle Sales.** Most acquisitions of University vehicles are purchased under the state bid, which is written to exclude the privilege of trade-in of an old vehicle. The old vehicle, in such a case, is disposed of through a sale handled by Facilities. In any case, where an old vehicle is sold, but would have been traded-in if the situation described above did not exist, the credit for the sale will be used in reduction of the expenditure if both transactions are identified with each other and they both occur in the same fiscal year. Otherwise, the proceeds will be recorded as indicated below.
- e. **All Other.** All proceeds of a type not outlined above will be credited to the miscellaneous income account of the respective fund as established by the appropriation, bond resolution, etc.

Any proceeds from the sale of assets, minus a handling fee, will be deposited into an account designated by the originating department or handled per agency regulations for equipment purchased on a contract or grant. When a known buyer or interested party has been identified by the department, the department should provide that information on the Asset Edit document. The name of the individual or institution making the purchase is required in addition to the selling price when using the retirement reason of "Sold." When selling equipment at auction, the buyer's name and the sale price must be provided.

2. **Cannibalized, Retirement Reason Code-5.** It may be desirable and advantageous to cannibalize an asset when it can no longer be used for the purpose for which it was acquired and/or it cannot be economically repaired but its components or parts are usable in the repair or improvement of other items. Prior to cannibalizing capital assets, the department should request cannibalization by submitting an Asset Edit document to transfer the asset to Facilities. The department will need to note (in the explanation field) that they are requesting cannibalization, the need and justification of the cannibalization, and if there will be any remaining equipment, scraps, or parts that need to be picked up by the Facilities staff. Cannibalization requests should be confirmed either by an Inventory Specialist or by the Facilities staff. Upon confirmation, the department may cannibalize the asset.
3. **Software Termination, Retirement Reason Code-W.** Software may be tangible or intangible. Capitalized software follows the same disposal procedures as other capital assets. Prior to

deleting capitalized software, the department should request termination by submitting an Asset Edit document to transfer the asset to Facilities. The department will need to note (in the explanation field) that they are requesting software termination and if there will be any physical equipment (i.e. disks) that needs to be picked up by the Facilities staff. Software Termination requests should be confirmed either by an Inventory Specialist or by the Facilities staff. Upon confirmation, the department may delete the software.

4. **Destroyed, Retirement Reason Code-8.** Assets may become damaged by accident or destroyed in a covered loss. The department can contact Risk Management with any questions regarding a covered loss. If the damaged asset poses an immediate threat or danger, the department should take the necessary steps to mitigate additional damage and, when necessary, contact EHS. When the loss involves a capital asset, the department should submit an Asset Edit document to transfer the asset to Facilities. The department will need to note (in the explanation field) that the asset was damaged by accident or destroyed by a covered loss and if there are any remaining scraps or parts that need to be picked up by the Facilities staff. Requests should be confirmed either by an Inventory Specialist or by the Facilities staff. For large losses, Facilities can assist the department with the disposal of items or provide recommendations for an acceptable means of disposal (burned, hauled to the dump, etc.).
5. **Equipment Release, Retirement Reason Code-6.** Restrictions apply regarding the release of any CSU-Pueblo titled equipment or parts of equipment without monetary compensation. Contact Facilities Management involving removal of parts from capital assets. Facilities Management will assist the department in handling any necessary asset separation documents, decal reassignments, asset record updates, and/or retirement documents. Departments may request release of equipment for the following reasons:
 - a. **Vendor Removal.** A vendor may offer to remove equipment for free or they may charge a removal fee. This includes removing broken parts or removing items during a remodel or renovation. The department should provide the vendors quote showing any removal fees.
 - b. **Vendor Discount.** Vendors may offer a discount on new equipment, provided old equipment is released. A discount is not considered a trade-in allowance. The department should provide the vendors quote showing the discount.These offers may or may not be beneficial to the University and departments should not agree to these offers without consulting with Facilities. If authorized, the department is required to transfer capital assets to Facilities using an Asset Edit document. The department will need to note (in the explanation field) that the vendor will be removing the asset. The Asset Edit document number should be cross-referenced with the Requisition document number being used to purchase the new asset.
 - c. **Equipment Exchange.** A non-monetary exchange where capital or non-capital equipment is exchanged for other capital or non-capital equipment. This includes equipment covered under warranty or parts from equipment covered under warranty.If authorized, Facilities Management will determine capitalization of the newly acquired asset based upon the book value of the exchanged asset.

- C. **Retiring an Asset:** A department may submit an Asset Retirement Global document for the following reasons: External Transfer, Trade-In, Theft, and Write-Off (Lost/Improper Disposal). Any requirements need to be met prior to the department submitting an Asset Retirement Global document. For External Transfers and Trade-Ins, the retirement document will remain in Facilities Management's action list until the department notifies Facilities Management that the asset has been permanently removed from campus.

1. **External Transfer, Retirement Reason Code-9.** The receiving entity information is a required field on the Asset Retirement Global document. OSP needs to be involved with external transfers involving sponsor or federally funded assets. Departments may request an external transfer for the following reasons:

- a. **Transferring Non-CSU-Pueblo Titled Equipment Back to a Lender.** When a loan period expires, the University organization holding the equipment has the responsibility of returning the equipment back to the lender. Loaned equipment that has been entered into CAM for tracking purposes has an asset type code of 10000L. The decal will start with either a 5 (sponsor) or 6 (federal).
- b. **Transferring CSU-Pueblo Titled Equipment to Another University or Non-Profit Organization.** CSU-Pueblo allows faculty members to transfer assets to another university or non-profit organization with proper authorizations. This option also includes transferring conditional titled equipment. CSU-Pueblo titled equipment is identified by decals starting with a 2, 3, 7, 8 or 9; or the asset may be considered non-capital and will not have a decal affixed to it.

There are restrictions on transferring equipment without monetary compensation. The department will need to provide the receiving entity's information to Facilities. When appropriate, Facilities may negotiate a sale with the receiving entity.

Research equipment that costs \$5,000 or more and was purchased using external funds is often given special consideration due to the uniqueness of the project director's research. Therefore, the University will allow facility members leaving the University to take equipment purchased from research funds awarded to them upon receiving proper authorizations or CSU-Pueblo will release conditional titled equipment back to the sponsor or agency upon receiving proper authorizations. Title to the equipment will transfer to the receiving entity.

Equipment is to be transferred only to the new institution and is not to become the personal property of the faculty member.

The receiving institution will agree in writing to accept responsibility for the equipment and pay any unreimbursed purchase cost, plus all charges in connection with the transfer, including costs of dismantling, packing, shipping, and insurance.

Transfer Procedure with Monetary Compensation

For all transfers involving monetary compensation, the asset will need to be transferred to Facilities. The department will need to submit either an Asset Edit document or an electronic EACR document to transfer the asset to Facilities. All required authorizations and documents should be attached in the notes section of the Kuali document or forwarded to Facilities if an EACR was used. The department should note this is for an external transfer and a sale was negotiated. Facilities will complete the sale and, for all active capital assets, submit an Asset Retirement Global document using reason code 1-Sold to retire the asset from the financial records.

- c. **Transferring Sponsor or Federal Titled Equipment to an Agency.** When a project closes, if title is not relinquished to the University, the granting agency or owner of the asset will forward a letter designating where the equipment is to be shipped. This information is sent to the University organization holding the equipment. The organization has the responsibility of shipping the equipment to its new destination. Occasionally a Principal Investigator (PI) and/or project will be transferred to another university and any non-CSU-Pueblo titled equipment that was purchased on the project is included in the transfer. Sponsor or federal titled equipment will have a decal that starts with a 5 (sponsor) or 6 (federal).

2. Trade-In, Retirement Reason Code-2. University owned capital and non-capital equipment or parts of equipment might be offered for trade-in for similar equipment. Contact Facilities Management involving removal of parts from capital assets. Facilities Management will assist the department in handing any necessary asset separation documents, decal reassignments, asset record updates, and/or retirement documents. The trade-in of similar capital equipment is defined as assets that are traded-in to obtain assets for the same general purpose, are the same general type, and are employed in the same line of business such as a computer for a computer. To be considered a trade-in of similar capital equipment, the organization must give up something in return for a trade-in allowance (a reduction to the total cost of a vendor's invoice). The vendor's quote will need to show the trade-in allowance on it. The Asset Retirement Global trade-in document number should be cross-referenced with the Requisition document number being used to purchase the new asset.

3. Theft, Retirement Reason Code-7. When equipment has been stolen, the department is required to file an incident report with the Pueblo County Sheriff's Office. The department will receive a Case Number and the report will be sent to Facilities Management. The Police Case Number is a required field on the Asset Retirement Global document.

4. Write-Off (Lost/Improper Disposal), Retirement Reason Code-3. When a department has exhausted all efforts to locate a capital asset for two consecutive inventory cycles (lost) or when assets are relinquished without following state and University policies and procedures (improper disposal), the department will need to write-off the asset. The Asset Retirement Global document will need to have the following information in the notes: an explanation of the actions taken to find the asset or documentation regarding the improper disposal and what changes have been made within the department to avoid future write-offs. The APO is the accountable party and therefore required to be an approver on the Asset Retirement Global document. If the APO is not listed in the routing, the document initiator will need to ad-hoc them as an approver.

D. Unauthorized Disposal: If the department can provide an acceptable method of proof for the following disposal methods only: Cannibalization, Equipment Exchange, Software Termination, Destroyed, Vendor Removal, External Transfer, or Trade-In, they may complete an Unauthorized Disposal Form and Facilities Management will submit the appropriate retirement document.

7. Reference and Cross-References:

Facilities website: <https://www.csupueblo.edu/facilities-management/index.html>

Pueblo County Sheriff's Office: <https://www.csupueblo.edu/campus-safety/sheriffs-office/index.html>

8. Forms and Tools: None.