

Memo to: All UH-Downtown/PS Holders  
From: Max Castillo, President  
Subject: Acquisition of Capital Property Policy

UH-Downtown/PS 07.A.02  
Issue No. 3  
Effective Date: 02/28/00  
Page 1 of 2

## 1. PURPOSE

This PS defines the means by which the University of Houston - Downtown (UHD) acquires capital property and outlines the procedures regarding the recording of capital property acquisitions on the Property Management System.

## 2. POLICIES/PROCEDURES

2.1 Capital property is defined as property valued over \$1000.00 and having a useful life of at least one year.

2.2 Capital property may be acquired by the University through the purchasing process, as loans from the federal government, via interagency transfers, or as gifts-in-kind. All capital property, regardless of its acquisition source, funding (state appropriations, local funds or grants) or purchasing mechanism employed (purchase orders, direct vouchers or service center requisitions) must be accounted for through property management inventory records.

2.3 The term "purchasing" may also refer to the procurement of goods from an on-campus service/auxiliary department, such as a department which offers computers and computer parts to University customers. Property Management is notified of capital property purchases through copies of the purchase orders, vouchers, and service center requisitions made available by Accounts Payable and General Accounting.

2.4 Property Management inventories capital property on loan to the University. The department receiving loaned items must notify Property Management upon acquisition, providing the model, serial number and location of the capital property. Title of the capital property remains with the lender. When the department has no further need for this property, both the lender and Property Management must be notified immediately.

2.5 Capital property acquired from another state agency will be designated as a "transfer" and the change in ownership must be reflected on the property inventory records of both agencies.

2.5.1 Transfers can involve either a purchase (i.e., the acquisition of police vehicles through the Department of Public Safety) or the uncompensated shift of surplus equipment from one state agency to another. The Texas Surplus Property Agency makes available all surplus equipment of the state, which may be acquired with permission of the departmental Property Custodian.

2.5.2 The United States Federal Government also makes available surplus equipment, which may be acquired with permission of the Property Custodian and the Property Manager.

2.6 Capital property received by departments as gifts from outside donors must be recorded in the Property Management system. Property Management will be notified of such gifts, known as gifts-in-kind, via a copy of the completed Gift Transmittal Form from the Development Office. Departments considering the

acceptance of gifts of property should contact the Development Office for specific guidance in this matter.

2.6.1 All capital property received as gifts will be entered into the property management system with a value determined in one of the following manners:

1. Invoices or other documents stating original cost
2. Manufacturer price list
3. Distributor and supply company catalogs
4. Industry publications and trade journals
5. Public records and tax assessment records
6. Realtors, appraisers, and bankers

2.6.2 All supporting documentation for valuing gifts of capital property will be maintained in the Property Management Office for the useful life of the items.

2.7 Title to any capital property purchased by UHD is vested in the University and the State of Texas. Capital property purchased with sponsored project funds is also subject to sponsor regulations regarding title. Title to capital property transferred from another government agency or educational institution is vested in UHD and the State of Texas unless the former owner notifies the University in writing of other arrangements or conditions. Title to donated capital property is vested in UHD and the State of Texas by virtue of the fact UHD is a state agency.

2.8 UHD is the sole agent to accept contracts and grants awarded to the University, and it is responsible for the disposal of any property furnished by those awards. Upon completion of a contract or grant, title to all property is transferred to the University immediately, unless the contract or grant requests title to remain with the sponsor. If a contract or grant is terminated, canceled or transferred, the Office of the Vice President for Administration will work with the sponsor to determine the status of the capital property obtained.

2.9 When a department purchases non-maintenance, non-consumable items that enhance the functionality of existing equipment and increase its capital value, the purchase price of the item(s) is(are) considered an "Added Cost" and capitalized. The modifications, attachments and/or accessories should be permanently installed with a combined value of the original equipment and added cost exceeding \$1000.00 to qualify for added cost capitalization. If the combined value of the original item and the added cost do not exceed \$1000.00, the added cost should not be capitalized.

2.10 It may be necessary for a department to fabricate or assemble equipment in order to achieve the functionality of the capital property. Property Management must be notified of any such fabrications. All purchases of materials and components to be used in the construction and/or assembly of the fabricated equipment must be coded using capital property subcodes, regardless of the cost of the materials or components.

**3. REVIEW AND RESPONSIBILITIES**

Responsible Party (Reviewer): Property Manager

Review: Annually



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President

Policy History

Issue #1: 03/23/94

Issue #2: 03/15/99