16.4. REMOVAL OF EQUIPMENT FROM THE INVENTORY

Removing assets from the university is the most regulated action Inventory Services undertakes and is, therefore, much more complicated than other inventory processes. There are several ways to remove an asset from the university’s inventory records, ranging from moving it from one department’s inventory into another to deleting something from the university’s inventory due to abandonment. The following sections outline each method of removal and when that method is the most appropriate to use:

**A. Capitalized and Controlled Asset Removal and Transfer (CCART)**

Transfers of assets within the university are processed through the CCART system. These are appropriate for transfers of assets within the university from one department to another as well as for transfers to Surplus.

When equipment is transferred from one university department to another, including Surplus Property, the department must create a CCART/NT1 electronic document to process the transaction.

CCART/NT1 is a Web-based system designed to expedite the equipment transfer process using electronic documents created by the department owning the equipment. CCART/NT1 documents are processed through the department's electronic routing and final approved by the department receiving the equipment. The transferring department remains accountable for the equipment until the NT1 electronic transfer document has been final approved by both the transferring and receiving departments.

Under the following circumstances, the CCART/NT1 electronic document is routed for approval to the property manager prior to transfer to Surplus and requires written justification in the Comments section of the CCART document indicating why the item is being disposed of:

* The depreciated value of the equipment is $10,000 or greater.
* The historical value of the equipment is $75,000 or greater.

If unnecessary equipment cannot be traded in or transferred, then it must be either sent to Surplus Property, cannibalized, or sent for scrap metal sale. Please refer to the [surplus website](https://facilitiesservices.utexas.edu/divisions/support/surplus-property/surplus-pick-requests) for other required forms in order to finalize the CCART.

**2. Departmental Transfer with Charge**

Unit administrators may negotiate a transfer of equipment to another department for a charge. The amount to be charged for the equipment is determined and agreed to by the two departments. A CCART must be used to process the transfer of the asset and an Interdepartmental Transfer (IDT) is prepared for payment.

**3. Transfer of non-inventoried Items**

Due to limitations within the CCART System non-inventoried items cannot be included with a normal transfer to a unit, e.g., to Surplus. When a department wants to send non-inventoried items to another unit it must do one of the following:

* Include the items in the comments section of the CCART.
* Email the unit with the pertinent information if there is no outstanding CCART for the items to be attached to.

**B. State Agency or Interagency Transfer**

Transfers of equipment outside the university require additional review and control by Inventory Services because the university must confirm asset and financial information with state agencies. Reasons for equipment transfers include: primary investigator transfer; grant transfer; or equipment no longer needed by the department, college, or university.

Approval from the property manager or designee must be obtained **prior** to the transfer of any university equipment to another state agency or institution. A written explanation for the transfer, along with any charges that will be assessed for the equipment, must accompany a [Property Transfer Receipt](https://utexas.box.com/v/transfer-receipt-agencies) form and be sent to Inventory Services at INVtransfer@austin.utexas.edu.

When the equipment is transferred, the university’s inventory barcode tag must be removed.

Once Inventory Services has received a completed Property Transfer Receipt form with the appropriate Texas state agency or institution signatures, they will remove the equipment from the department's inventory listing.

**C. Disposal of Inventory to a Non-state Agency through a Transfer or Sale**

Approval of the property manager or designee must be obtained prior to the removal of any university equipment to a non-state agency or institution. State agencies are defined by the [Property Manager List for State Agencies and Institutions of Higher Education](https://fmx.cpa.state.tx.us/fm/contacts/property_managers/index.php), and any agency not on this list is considered a non-state agency.

* + contact name of the person most knowledgeable of the equipment
	+ do not list the inventory contact
* proceeds of the sale, including supporting documentation

**D. Transfer of Computer Hard Drives**

All computer hard drives must be wiped **prior** to transfers so the information cannot be recovered. Hard drives can be securely destroyed via the free [hard drive destruction](https://ut.service-now.com/sp?id=ut_bs_service_detail&sys_id=7dd65c7c4ff9d200f6897bcd0210c77c) service provided by Information Technology Services (ITS). Departments should contact their departmental Local Area Network (LAN) personnel for assistance. For additional information on safety special handling, view the [CCART tutorial.](http://help.financials.utexas.edu/ccart/ccart_tutorial.html)

**E. Inventory Removal Request (IRR)**

An IRR is appropriate when a unit wants to have something deleted from its inventory for one of several possible reasons.  The reasons for an item to be removed are as follows:

* Cannibalization
* Salvage
* Abandonment
* Obsolescence
* Stolen
* Sold/Sealed Bid/Auction
* Donation
	+ Done through Surplus only
* Trade-in
* Returned to Vendor
* Asset Held in Trust
* Entered in Error
* Damaged

**1. Cannibalization of Equipment**

If the best interests of the university can be served by removing parts from an item of equipment before a transfer to Surplus Property for scrap sales, transfer, or auction, the unit administrator may approve an item to be cannibalized with the understanding that the item is being dismantled for parts to be used to construct or repair other equipment. The actual cannibalization of equipment purchased on federal or private funds must not occur until approved by the [property manager](https://afm.utexas.edu/about/contact-information)or designee has been obtained for items. The residual pieces of equipment must be transferred to Surplus Property if the department has no further use.

The unit administrator must have a CCART document prepared for transfer of unneeded equipment to Surplus Property.

**2. Salvaged or Scrapped Equipment**

If a department has determined excess equipment can be sold for scrap metal or to a salvage dealer, the item can be sold through Surplus Property if the following requirements are met:

* equipment is university-owned, not federally or privately owned.
* unit administrator has approved the disposal
* provost approval is granted for equipment funded from non-auxiliary or non-service accounts

**3. Abandoned Equipment**

If it is in the best interests of the university to abandon a piece of equipment, the following requirements must be met:

* Recovery of the item must be cost-prohibitive to the university
* Item may be unrecoverable, e.g., monitor used for testing on the ocean floor
* Item must not pose a hazard to the environment or directly to people. If the item(s) contains hazardous materials, the item cannot be abandoned. Contact [Environmental Health & Safety](https://ehs.utexas.edu/about-us/contacts)for guidance.
	+ If the item(s) are innately dangerous, e.g., guns, refrigerators
	+ If these requirements are met, the department may request to remove the item(s) from inventory using the [IRR upload template](https://utexas.box.com/v/inventory-removal-request). If items are abandoned due to the inability to recover the items, and they were insured by the university, report the loss to Risk Management for insurance.

**4. Donations of University Property**

Donations of university assets are only to be undertaken by the Surplus Property department unless permission is granted by Inventory Services for a specific case. All items in this section relate to actions that Surplus can perform. All assets a department wishes to donate must be transferred to Surplus via a CCART. Donations fall into the following categories with each category having its own rules and regulations that must be followed:

* information technology equipment
* data processing equipment
* instructional purpose equipment

**a. Information Technology Equipment Donations**

Information technology (IT) equipment that is no longer needed by the university must be transferred to Surplus Property for proper disposal. Surplus Property is responsible for posting IT equipment available for donation. Donations are made to the following entities in this priority as required by [Texas Government Code 2175.304](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2175.htm) and as noted by The University of Texas System Board of Regents [Rule 80201:](https://www.utsystem.edu/board-of-regents/rules-regulations/rules/80201-disposal-ut-system-property)

* Public school, school district, or an assistance organization designated by the school district
* School district, an open-enrollment charter school, or Texas Correctional Industries, department within the Texas Department of Criminal Justice
* Rural Hospital (see [Texas Government Code Sec. 487.301](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.487.htm%22%20%5Cl%20%22487.301))
* Texas Department of Criminal Justice

**b. Data Processing Equipment Donations**

Refer to the [Texas Government Code Sec. 2054.003](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2054.htm#2054.003) for a definition of data processing equipment, e.g., computers, laptops, etc. Data processing equipment may be donated to every type of entity listed in section a. above except rural hospitals.

**c. Instructional Purpose Equipment Donations**

Equipment that can be used for instructional purposes must be made available to a public school, school district, or an assistance organization designated by the school district.

If more than one public school, school district, or assistance organization seeks to acquire the same equipment on substantially the same terms, the preferences stated in the [Texas Government Code Sec. 2175.304](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2175.htm#2175.304) shall govern the disposition.

Any instructional purpose equipment not disposed of as noted that has no resale value may be donated to an assistance organization as defined by [Texas Government Code Section 2175.0001(1)](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2175.htm#2175.001).

**d.  Trade-in of Equipment**

When equipment is traded in for new equipment, a description of the item to be traded in, including the inventory number, must be shown in the requisition for each purchase of new equipment. The same information must appear on the purchase order or other prior approved alternate documentation. Before an item of equipment is relinquished, the inventory number plate must be removed. The trade-in value of the relinquished property is added to the new item(s) acquired. Trade-in items must be university owned. If the department wishes to trade in federal or private owned equipment, contact Inventory Services for assistance with obtaining disposition instructions from the sponsoring agency **prior** to trade-in of equipment.

**F. Missing or Stolen Property**

**1. Missing Equipment**

When a unit administrator becomes aware that an item of equipment is missing, a diligent search must be performed until the item is found, or until it is established that the equipment is lost or has been stolen. After indicating in \*DEFINE or the FRMS Departmental Inventory portal that the item is missing, the department must continue to look for missing items for two years or two inventory cycles. At the end of the two-year period, any university-owned item marked as missing will be programmatically disposed by the system.

Equipment that is not university-owned requires the university request disposition instructions from the sponsor prior to disposal. The university cannot dispose of equipment it does not own.

Inventory Services assists by researching contractual requirements, requests disposition instructions on the department’s behalf, and makes the necessary updates in the inventory system once the appropriate approvals have been obtained.

Each department, whose total missing and stolen property has a depreciated value in excess of 2 percent of the department’s total depreciated inventory value at the end of a fiscal year, may be assessed a penalty of 50 percent of the excess of 2 percent of the department’s depreciated total inventory. The penalty is collected from the official unit (xxxx-000). A letter from Inventory Services is sent to the Budget Office instructing them to reduce the department's budget by the amount of the penalty for that fiscal year. If a department recovers or accounts for lost or missing property to the satisfaction of Inventory Services, these funds are returned.

**2. Stolen Equipment:**

Stolen property inventoried by the university must be reported to the proper police authorities within 48 hours of identifying that a theft of university property has occurred for items involving negligence. The incident is then referred to the Attorney General’s Office and the employee may be required to pay related damages.

Although a police report is not required for federal, state, or privately-owned equipment that has been stolen, sponsors or state agencies may request a summary of events or police report to complete the disposition process. For insured items refer to [Risk Management](https://afm.utexas.edu/treasury-risk-administration/risk-management)regarding police report requirements. If an item is stolen, take the following steps:

1. If the incident occurred on campus and requires a police report as noted above, call The University Police Department (UTPD) at 512-471-4441. If the incident occurred off campus, contact the local police department.
2. Obtain a copy of the police report from UTPD or the police department that has jurisdiction over the area where the item was reported stolen. The police report should contain the barcode tag, item description, and/or serial number.
3. Provide a summary of events. The summary must include the incident details, such as a description of the stolen item, the place, date and time of the incident, the people involved, and any other pertinent details. If the item stolen is a computer, the stolen computer or laptop must be reported to the [Information Security Office (ISO) using the ISO Stolen Equipment Report form](https://forms.security.utexas.edu/misc/theft).
4. Complete an **IRR upload template.**
5. Email the completed IRR upload template and a copy of the police report to INVdisposals@austin.utexas.edu.

Incidents involving [employee negligence](http://financials.utexas.edu/hbp/glossary#emp_negligence) must be reported by unit administrators and/or inventory contacts to Inventory Services through the IRR disposal process and include a police report, stolen with negligence, or summary of events describing the incident.

**G. Sales of Equipment**

**1. Departmental Sale of Equipment with Estimated Value of Less Than $25,000**

Approval of the property manager or designee must be obtained **prior** to the sale of any university equipment to an outside agency or individual. The [Inventory Removal Request (IRR) upload template](https://utexas.box.com/v/inventory-removal-request) must be submitted to Inventory Services. Approval must be granted prior to removal of equipment, solicitation for sale, or receipt of offers of sale. The following information for each item offered for sale must be provided on the template:

* departmental unit code
* inventory number
* element number
* disposal reason
	+ use [IRR upload template](https://utexas.box.com/v/inventory-removal-request) drop-down values only
* responsible person UT EID
	+ contact information of the person most knowledgeable of the equipment

Upon approval, the unit administrator conducts negotiations for the sale. Approval is only granted if the property manager or designee agrees that the price is reasonable. If the equipment is sold, the university inventory plate must be removed. Additionally, documentation of the proceeds received, e.g., a copy of the check, ACH wires, etc., must be forwarded to Inventory Services at INVdisposals@austin.utexas.edu. Proceeds may or may not be retained by the department depending on the item’s funding source and planned use of funds.

**2. Departmental Sale of Equipment with Estimated Value of $25,000 or More**

In addition to the requirements detailed in section A of this policy, sale of equipment with an estimated value of $25,000 or more requires that the property manager evaluate the request in conjunction with the associate vice president for finance, assistant vice president for procurement and payment services, and the senior vice president and chief financial officer. The decision is based on the condition of the equipment, the market value of similar or like equipment, and the potential to reap a higher dollar return than placing the property in a scheduled quarterly live auction through Surplus.

In accordance with [Board of Regents rule 80201, Section 4](http://www.utsystem.edu/board-of-regents/rules/80201-disposal-u-t-system-property), sales expected to exceed $50,000 require chief financial officer approval and sales expected to exceed $100,000 require advance approval by The University of Texas System chancellor and approval by the Board of Regents through the Consent Agenda.

The department must submit an [Inventory Removal Request (25K+) Form](https://utexas.box.com/v/inv-removal-over-25K) by email to Inventory Services to begin the review process.

**3. International Sales - Exports Controls**

For international sales of equipment, the equipment disposal should first be approved by the Office of Sponsored Projects export controls officer. This approval is coordinated on the department’s behalf by the Inventory Service’s finance manager. Notify Inventory Services at INVdisposals@austin.utexas.edu of any planned international sales or donations **prior** to execution or submission of an IRR upload template. Sales requiring prior approval of the export controls officer include:

* sales to individuals, companies, or universities in foreign counties
* sales of tangible or intangible property developed under a project subject to a technology control plan
* sales of any devices developed as a prototype at the university by a researcher that is not being sold to a research sponsor under a sponsored research agreement.

Upon approval from the property manager or designee, the unit administrator conducts negotiations for any equipment for which the out-of-state agency is charged, e.g., equipment not paid for with a 26-account. Approval is only granted if the property manager or designee agrees that the price is reasonable.

**4.  Prohibition of Sale/Transfer of Data Processing Equipment to Employees**

The sale or transfer of data processing equipment to employees of the university is prohibited as per Board of Regents Rules Regulation Part II Chapter VII Sec.7.3 Disposal of Surplus or Salvage Data Processing Equipment. [University of Texas System Board of Regents' *Rules and Regulations*, Series 80201](http://www.utsystem.edu/board-of-regents/rules/80201-disposal-u-t-system-property). Surplus or salvage data processing equipment is defined by Texas Government Code Chapter [2175](https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2175.htm), Surplus and Salvage Property Guidelines. For disposal exceptions for Institutions of Higher Education, refer to Texas State Government Code Chapter [2175.304](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2175.htm#2175.304).

**5.  Sales to Retired Peace Officers**

The local sale of guns or rifles to honorably retired peace officers is allowed per [Texas Government Code, Title 6, Subtitle A, Chapter 614, Subchapter A., Sec. 614.051 – 614.054](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.614.htm). An honorably retired peace officer may purchase a firearm from the university if:

* the individual was a peace officer commissioned by the university
* the individual was honorably-retired from the individual's commission by the university
* the firearm had been previously issued to the individual by the university
* the firearm is not a prohibited weapon under [Section 46.05, Penal Code](https://statutes.capitol.texas.gov/Docs/PE/htm/PE.46.htm%22%20%5Cl%20%2246.05)

An honorably retired peace officer must purchase a firearm under Section 614.051 before the second anniversary of the date of the person's retirement or under Section 614.052 before the second anniversary of the date of the officer's death.

Individuals who may also purchase the firearm under this state law are, in order of precedence:

1. the surviving spouse of the deceased peace officer
2. a child of the deceased peace officer
3. a parent of the deceased peace officer

If the university cannot immediately replace the firearm, it may delay the sale of the firearm until the university can replace the firearm. The university establishes the amount, which may not exceed fair market value, for which the firearm may be purchased.

**H. International Transfers and Sales - Exports Controls**

For international transfers or sales of equipment, the equipment disposal must first be approved by the Office of Sponsored Projects export controls officer. This approval is coordinated on the department’s behalf by the Inventory Service’s finance manager. Notify Inventory Services at INVgeneral@austin.utexas.edu  of any planned international transfers or sales **prior**to execution or submission of an Inventory Removal Request (IRR) upload template. Sales requiring export controls prior to approval include:

* transfers to individuals, companies, or universities in foreign counties
* transfers of tangible or intangible property developed under a project subject to a technology control plan
* transfers of any devices developed as a prototype at the university by a researcher or faculty member that is not being sold to a research sponsor under a sponsored research agreement

Upon approval from the property manager or designee, the unit administrator conducts negotiations for any equipment for which the out-of-state agency will be charged, e.g., equipment not paid for with a 26-account. Approval is only granted if the property manager or designee agrees that the price is reasonable.

**I. Proceeds from Sale of Equipment**

Monies received from the sale of all property originally purchased by an auxiliary or service department are credited to that department. Proceeds from the sale of equipment acquired from government excess property sources, federal or private sources, and university funds are deposited into an account administered by the executive vice president and provost or returned to sponsors as required by the grant or contract.