I. Procedure Statement

To maintain a controlled environment, accurate records, and fulfill contractual obligations, departments must receive written approval from Property Control prior to disposing of capital equipment. Property Control must record how equipment is disposed/retired. Property Control cannot delete item records, but must assign a code to indicate a retirement reason. Property Control has defined 10 retirement reasons, each of which has a corresponding code.

The retirement reasons fall into two general categories: **accountable** (pro-active decision made by department to retire equipment) and **unaccountable** (no decision made by department to retire equipment), in addition to potential **recordkeeping** reasons (correcting a record error).

This procedure covers all retirement reasons except two: items transferred to a departing employee’s new institution and items that are declared lost. These two types of disposition occur as part of broader, separate procedures (refer to Procedure 110.11 Departing Employees Request to take Capital Equipment to a New Institution and Procedure 110.6 Physical Inventory).
Accountable disposition reasons:
- Items have become surplus to the department’s needs, obsolete, or unrepairable.
  - Formal category is **Scraped Assets**
- Items will be traded in for credit on purchase of a like item.
  - Formal category is **Traded In for another Asset**
- Items will be cannibalized for parts.
  - Formal category is **Cannibalize for Other Assets**
- Items will be returned to a vendor:
  - Equipment returned and replaced.
    - Formal category is **Like Kind Exchange**
  - Equipment returned but not replaced.
    - Formal category is **Scraped Assets**
- Items will be delivered to a sponsor per contract terms.
  - Formal category is **Returned to Inventory**

Unaccountable disposition reasons:
- Items have been lost.
  - Formal category is **Disappeared Assets**
- Items have been stolen.
  - Formal category is **Disposal Due to Theft**
- Items have been destroyed.
  - Formal category is **Casualty Loss**

Recordkeeping reasons:
- Items should be removed from records because Property Control should not have entered.
  - Formal category is **Expensed**

** Refer to Procedure 110.11 Departing Employees Request to take Capital Equipment to a New Institution:**
- Items will be transferred to a departing employee’s new institution:
  - Transfer with ongoing sponsored project.
    - Formal category is **Donated to External Group**
  - Sell or move at no cost to new institution.
    - Formal category is **Retirement by Sale**

II. Who is affected by this Procedure

This procedure applies to all UW-Madison departments. It should be understood by all users of, or employees responsible for capital equipment, Department Administrators, DPAs, Department Chairs, Directors, Deans, Chief Financial Officers, and other employees responsible for capital equipment.
III. Procedure

The following steps represent the overall process:

1. Prior to disposing of capital equipment, the responsible employee or any other department employee in custody of the equipment must notify the Department Property Administrator (DPA).

2. The DPA must complete Form 110.7F Capital Equipment Disposition Request and select one of the retirement reasons described below:
   
a. Accountable disposition reasons (decision by department to retire equipment)
      
i. **Items are defined as surplus when it a) does not function any more, b) is obsolete, c) is not useful any more, or d) is not needed by the Department in the foreseeable future.**
      
ii. **Items will be traded for credit on purchase of a like item:** Departments may trade in equipment for the purchase, not leasing, of like items (e.g. lab equipment for lab equipment). Departments should notify Division of Business Services Purchasing Services of their intent to trade equipment during the requisition process, as well as should work with Purchasing prior to negotiating any new purchase or trade-in allowance. In addition, Form 110.7F Capital Equipment Disposition Request must be submitted to address the records of the current asset and confirm there are no contractual restrictions on the equipment that must be addressed before committing to trade-in. Please note the following list of exceptions for trade-ins:
         1. UW-titled property cannot be traded on the purchase of sponsor-titled property.
         2. Sponsor-titled property cannot be traded in without prior authorization from the sponsor, RSP and Property Control.
         3. Departmental vehicles cannot be traded in.

   iii. **Items will be cannibalized for parts:** Department would like to dismantle an asset and reuse parts for another asset. If equipment is sponsor-titled, approval must be obtained from the sponsor **prior to** being dismantled. The department must follow standard University surplus procedures for any unused parts not kept by the department.

   iv. **Items will be returned to a vendor:** Departments may return equipment to a vendor for replacement or solely returned (e.g. defective, replaced under warranty or returned because equipment does not perform as vendor claimed). When an item is being replaced with the same model, a new asset barcode tag will be issued for the same inventory record, and the DPA will need to update the serial number information upon arrival of the replacement equipment. If the item is not being replaced but returned for credit, the DPA should notify Property Control, who will retire the asset and make the appropriate financial record adjustments.

   v. **Items will be delivered to a sponsor per contract terms:** Departments may deliver assets constructed in-house to a sponsor per contractual terms.
b. Unaccountable disposition reasons (no decision made)
   i. *Items have been lost:* Departments may learn that an asset is missing but there is no
evidence of theft. Most commonly, this occurs after a DPA inventories equipment.
   Assets should only be reported as lost after an exhaustive effort has been made to find
them (refer to Procedure 110.6 Physical Inventory).
   ii. *Items have been stolen:* Departments may learn that an asset is stolen or presumed
stolen. If so, the department must report the theft/presumed theft to the local Police
Department (most often UWPD) and have their DPA submit the disposition request to
Property Control. Property Control will provide the information to Risk Management.
   iii. *Items have been destroyed:* Departments may learn that an asset has been destroyed
due to fire, flood, vandalism, etc. If so, the department should notify both Property
Control and UW-Madison Risk Management, which is responsible for insurance claims.

c. Recordkeeping reasons
   i. *Items should be removed from records because Property Control should not have
entered them:* Departments may learn of an asset that should not have been entered
into records by Property Control. (e.g. non-capital item such as lab supplies, or
permanent fixture should that have been capitalized as part of a building.).

3. The DPA and the Dean, Director or designee sign the Capital Equipment Disposition Request.

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

5. Property Control will review the request for:
   a. Completeness.
   b. Appropriate signatures. NOTE: Signatures do not guarantee Property Control will authorize
disposition, but indicates the department supports the disposition request.
   c. Potential restrictions on disposition. If equipment is grant-funded, Property Control will
request UW-Madison Research and Sponsored Programs to confirm whether contractual
restrictions exist. If equipment is reported as hazardous, Property Control will request UW-
Madison Environment, Health and Safety confirm whether safety restrictions exist.

6. If no restrictions exist, Property Control will authorize disposal and notify DPA in writing.

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

8. Property Control will document the retirement reason in the asset management system. Depending
on the retirement reason, Property Control may forward the completed request:
   a. to SWAP, when items have become surplus to the department.
   b. to Purchasing Services, if the item will be traded in for credit on purchase of a like item or
returned to vendor.
   c. to Risk management, if the item has been destroyed.
   d. to Environment, Health and Safety, if the item was hazardous.

9. For surplus dispositions, the DPA contacts SWAP by submitting a Surplus Request Form, which will
assess the item’s suitability for resale.
10. If SWAP deems item suitable for re-sale, they will arrange pick-up and advise next steps with the DPA. If surplus items are not suitable for resale, SWAP advises DPA of alternative and acceptable options.
   a. DPA’s are responsible for working with appropriate facilities personnel at their location to establish secure, clearly distinguishable capital equipment pickup areas so that SWAP/FP&M personnel can easily determine what capital equipment items are to be picked up.

11. Property Control reviews all losses (refer to Procedure 110.6 Physical Inventory).

12. Property Control notifies the divisional Chief Financial Officer of all unaccountable dispositions.

### IV. Contact Roles and Responsibilities

<table>
<thead>
<tr>
<th>Equipment Disposition</th>
<th>Responsible Employee</th>
<th>DPA</th>
<th>Dept Chair/ Dept Admin</th>
<th>Property Control</th>
<th>RSP</th>
<th>SWAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Prior to disposal, notify DPA of intent to dispose of capital equipment.</td>
<td>X</td>
<td></td>
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<tr>
<td>2) Complete Form 110.7F Capital Equipment Disposition Request.</td>
<td>X</td>
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<td>3) Sign the form.</td>
<td>X</td>
<td>X</td>
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<td>4) Send the completed form to Property Control.</td>
<td>X</td>
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<td>5) Review the request. Confirm no restrictions exist on disposal.</td>
<td>X</td>
<td>X</td>
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<tr>
<td>6) If no restrictions exist, authorize disposal and notify DPA in writing.</td>
<td>X</td>
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<tr>
<td>7) Notify requestor that the accountable disposition may proceed, and remove the asset barcode tag.</td>
<td>X</td>
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<tr>
<td>8) Indicate the retirement reason in the asset management system. Dispositions that included trade-ins, casualty losses or identified as hazardous will be forwarded to Purchasing Services, Risk Management or EHS respectively.</td>
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<td>X</td>
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<tr>
<td>9) If the item’s disposition was approved as “surplus”, contact SWAP for their assessment of suitability for re-sale.</td>
<td>X</td>
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<tr>
<td>10) If surplus items are suitable for SWAP resale, arrange pick-up and advise DPA. If surplus items are NOT suitable for resale, inform DPA of alternative and acceptable options.</td>
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<td>X</td>
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<tr>
<td>11) Reviews losses. Use judgement to allow or disallow loss removal.</td>
<td>X</td>
<td>(may be consulted)</td>
<td>X</td>
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<tr>
<td>12) Notify the divisional Chief Financial Officer of all unaccountable dispositions.</td>
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<td></td>
<td></td>
<td>X</td>
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</tbody>
</table>
V. Definitions

- Capital Equipment Definitions

VI. Related References

- Procedure 110.11 Departing Employees Request to take Capital Equipment to a New Institution
- Procedure 110.6 Physical Inventory
- Form 110.7F Capital Equipment Disposition Request
- Surplus Request Form

VII. Revisions

<table>
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<tr>
<th>Procedure Number</th>
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<tr>
<td>Date Approved</td>
<td>January 1, 2017</td>
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<tr>
<td>Revision Dates</td>
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