



Change of Custody to another Department Procedure

Procedure #: 110.9

Rev.: 0

Effective Date: January 1, 2017

Related Policy: [Capital Equipment Policy](#)

Functional Owner: Property Control, Business Services

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I. Procedure Statement

When capital equipment is transferred to another UW-Madison department it is a change in custody. This type of occurrence is not reported as a disposal because the equipment is still in use by another department. Revenue is not generated in the transfer of equipment to another department. If the current custody department has expenses related to the transfer (e.g. packing/unpacking, setting up, re-calibrating, training, etc.) to the new department, the reasonable costs for these expenses may be transferred to the new department.

To record a change of custody between UW-Madison departments, departments must notify Property Control in writing via email. The department initiating the change must indicate the new department, responsible employee, and location for the piece of equipment. Property Control will update the records in the asset management system.

II. Who is affected by this Procedure

- Department personnel – both current and future custody departments
- Department Property Administrator (DPA) – both current and future custody departments
- Property Control
- Research and Sponsored Programs (depending on original funding source)

III. Procedure

The following steps represent the overall process:

1. The responsible employee sends written notice to the DPA requesting the change in custody of equipment. The email should indicate the intended recipients name and department.
2. The DPA forwards the request, via email, to the Department/Division Chair and Property Control for review and authorization of the change in custody.
3. If the equipment is funded by 133/144 funds, Property Control will contact the Office of Research and Sponsored Programs to verify change of custody is acceptable.
4. Property Control will notify both the current and new departments and DPAs of approval.
5. For costs related to packing/unpacking, setting up, re-calibrating, training, etc., the department may initiate cost transfer journal entries or internal billing to recover costs of the change in custody. Capital account codes in the 46xx series are not authorized for these cost transfers.

Example of accounting for the capital equipment department transfer:

EXAMPLE: Cost transfer (ALLOWABLE):

Debit: Transfer Cost to the New Custodial Department	\$XXXX	
Credit: Transfer Cost from the Prior Custodial Department		\$XXXX

Capital account code, series 46xx, is not permitted for the allowable cost transfers. Departments may recover direct costs incurred to move equipment to a new custodial department (such as decommissioning, transportation, set-up, or recalibration). Direct costs may include, for example, an average hourly rate for a staff member multiplied by the number of hours it took to transport an item. Direct costs should not include administrative overhead. Direct costs should be supported by reasonable estimate and coded to an expense account.

EXAMPLE: Internal sale (NOT ALLOWABLE):

Debit: Internal Bill to the New Custodial Department	\$XXXX	
Credit: Internal Sale for the Prior Custodial Department		\$XXXX

It is NOT ALLOWABLE for departments to “sell” equipment in their custody to other departments by processing an internal billing. Such transactions lack economic substance because they do not represent arm’s length transactions between independent parties. UNDER NO CIRCUMSTANCES may a change in custody be recorded as a revenue transaction in the ledger.

6. Property Control will update the records in the asset management system.

IV. Contact Roles and Responsibilities

	Responsible Employee	DPA	Dept Chair/ Dept Admin	Property Control	RSP
Change of Custody to another Department					
1) Notify DPA, in writing, of the request to transfer custody. The email should include the intended recipients name and department.	X				
2) Forward the notice to the Property Control Office and Department/Division for review and authorization of the change in custody.		X			
3) Contact RSP to verify change is custody is acceptable.				X	X
4) Notify the current and new departments and DPA of approval.				X	
5) If necessary, initiate cost transfers journal entries or internal billing to recover costs of the change in custody.	X				
6) Update the records in the asset management system.				X	

V. Definitions

- [Capital Equipment Definitions](#)

VI. Related References

VII. Revisions

Procedure Number	110.9
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