

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS

# CSU Channel Islands

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## Administration of University Property Equipment Procedures

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## 1.0 Introduction

The CSU Channel Islands Administration of University Property Equipment Procedures are designed to maintain uniform accountability for CSU equipment. These procedures are used to provide accurate records for the acquisition, maintenance, control, and disposition of property. The combination of accurate accounting records and strong internal controls must be in place to protect against theft and detect the unauthorized use of CSU property.

## 2.0 Capital Asset Definitions and Guidelines

A capital asset is defined as real or personal property that has a unit acquisition cost equal to or greater than \$5,000 and an estimated life greater than one year. For capital assets that are acquired as a group whose individual acquisition cost is less than the \$5,000 threshold, it may be appropriate to capitalize them if they are considered capital assets collectively.

The CSU has invested in a broad range of capital assets that are used in the CSU's operations, which include:

- Real Property
  - Land and land improvements
  - Building and building improvements
  - Improvements other than buildings
  - Infrastructure
  - Leasehold improvements
  - Construction work in progress
- Personal Property
  - Equipment, including furniture, vehicles, boats and aircraft.
  - Library books and reference materials
  - Works of art and historical treasures
- Intangible Assets
  - Computer software (Including websites)
  - Easements and Rights
  - Licenses and Permits
  - Patents, Copyrights and Trademarks

## 2.1 Capitalized Equipment

“Capitalized Equipment” is property meeting all of the following criteria:

- 1) a unit acquisition cost of \$5,000 or greater (including all costs incurred to acquire and to ready the asset for its intended use such as purchase price, applicable tax, freight, etc.),
- 2) an estimated life of greater than one year,
- 3) is not permanently attached to or incorporated in the CSU building and grounds, and
- 4) is used to conduct CSU business

Capitalized equipment must be tagged and inventoried. For tagging methods, refer to Section 5.2 Identification of Campus Equipment.

The exception to the capitalized equipment tag and inventory requirement is modular furniture which can be assembled and re-assembled in various configurations. As modular furniture costs are capitalized for audited financial statements.

## 2.2 Non-Capitalized Equipment

Generally, “Non-Capitalized Equipment” is equipment that does not meet the criteria to be capitalized. Campuses may establish a threshold for tracking of non-capitalized based on an analysis of cost versus benefit and risk of misuse or misappropriation.

At a minimum, non-capitalized equipment that must be tracked, tagged and inventoried are:

- 1) University police firearms
- 2) Vehicles.

Non-capitalized equipment deemed to be trackable must be recorded in the campus defined property inventory records but not included in the campus’ audited financial statements. For tagging methods, refer to Section 5.2 Identification of Campus Equipment.

## 2.3 Sensitive Equipment

Sensitive equipment is equipment that is easily subject to theft or loss based on an analysis of cost and risk by the campus. These items must be tracked, tagged and inventoried.

## 2.4 Information Assets Equipment

Information assets are electronic records as defined and must be managed in accordance with *ICSUAM Policy 8000 Series – Information Security*.

## 2.5 Information Assets

Information assets are electronic records as defined and must be managed in accordance with ICSUAM Policy 8000 Series – Information Security.

## 2.6 Group II Equipment

Items purchased to place a structure into service, commonly referred to as “Group II Equipment,” must be evaluated for capitalization or tracking based on the criteria specified in Sections 2.1 and 2.2.

## 2.7 Athletic Equipment, Apparel and Gear

Inventory control of athletic equipment, apparel and gear must be managed in accordance with *ICSUAM 1206.00 – Inventory Control of Athletic Equipment, Apparel and Gear*.

To ensure athletic trade, usage, or trade outs, are recognized as assets of the university and managed and safeguarded in accordance with *ICSUAM 1202.00 – Athletics Trade Usage (Trade Out)*.

## 2.8 Equipment Tracking, Tagging and/or Inventory Requirements Matrix

In summary, the following is a recap of equipment that must be tracked, tagged and/or inventoried:

Equipment Type	Inventory Record (1)	Tracked (2)	Tagged (3)	Inventoried (4)
<b>Capitalized Equipment (excluding modular furniture)</b>	AMS	X	X	X
Group II	Campus Defined		X	X
<b>Non-Capitalized Equipment</b>				
Firearms	Campus Defined	X	X	X
Vehicles	Campus Defined	X	X	X
Sensitive Equipment (campus defined)	Campus Defined	X	X	X
<b>Federally Funded Equipment per ICSUAM 11005.00</b>				
Equipment with a per unit “fair market value” of \$5,000 or greater = Refer to Section 6.1	AMS	X	X	X( 2 year cycle)
Equipment / Supplies with a total aggregate residual value of \$5,000 or greater.	Campus Defined	X		

- 1) Inventory Record: Refer to Section 5.1 Asset Management System
- 2) Tracked: Accounted for on a reasonable basis, no less than annually, conducted by the custodial department or other identified responsible party/department.
- 3) Tagged: Tagged or marked with a unique identification number recorded in the asset management system. The identification number will be directly applied to the item unless its size and/or nature prohibits application.

- 4) Inventoried: Physical inventory conducted on a 3-year cycle conducted by the Property Coordinator or other identified party/department, other than the custodial department. Refer to Section 6.1 regarding Federally Funded Equipment.

## 2.9 Property Custodian

The campus department will assign at least one person to act as a Property Custodian (PC) that is responsible for maintaining CSU equipment and property; as well as the primary contact with the campuses Property Department.

## 3.0 Campus Community and Department Responsibilities

### 3.1 Employees, Faculty and Staff

Employees of the campus community have an obligation to safeguard CSU equipment and property. This obligation includes, but is not limited to:

- Taking reasonable security precautions to discourage loss, theft, or misuse of property.
- Preventing the disclosure of protected data by complying with campus information security procedures.
- Reporting missing, lost, stolen, and vandalized property to appropriate personnel including the IT security department via the appropriate form (such as Report of Mission Property form, Campus Police Incident Report, and Police Report).
- Reasonable care, maintenance, and use of equipment to prevent damage.
- Returning equipment in satisfactory condition.

### 3.2 Sponsored Programs

All equipment funded by externally sponsored programs is also subject to Sponsored Programs Administration *ICSUAM 11005.00 Externally Funded Equipment and Property Management Policy*.

### 3.3 Financial Accounting and Reporting

Financial Accounting and Reporting is responsible for authorizing the majority of financial reports and ensuring the reporting data is available for end users throughout campus. See Section 10.0 Reporting and Reconciliations for further information.

### 3.4 Property Survey Committee (PSC)

Each campus will have a campus defined Property Survey Committee responsible for determining whether the disposal of surplus property is in the best interest of the state. To the extent possible, there will be a sufficient number of members on the committee to ensure representation by both business management and program responsibilities. At least two committee member must approve all property survey and property transfers

prior to the completion of the disposition transaction. PSC approval is required for the disposition of capitalized and non-capitalized equipment deemed trackable or tagged.

## 4.0 Acquisition of Equipment

Equipment may be acquired by purchase (including lease purchase, installment purchase, and Procurement Card purchase), donation, transfers and fabrication. Per Section 2.0, equipment will be added to the inventory record, tracked, tagged and inventoried as appropriate. (Refer to Section 2.7 Equipment Tracking, Tagging and/or Inventory Requirements Matrix.)

### 4.1 Purchase

The cost of the equipment includes the purchase price, applicable taxes and freight, and any other costs associated with preparing the equipment for its intended use.

### 4.2 Property Purchased Jointly with Other Entities

Property purchased with a combination of the campus' and other entities' funds (auxiliaries, federal agencies, etc.) shall be noted on the purchase order with the amount of funds allocated from each funding source. If not stated in the agreement of purchase, these items will be recorded as CSU Property if any portion of the funds used to acquire, install, or maintain the items are from CSU sources.

### 4.3 Donations (In Kind Gifts)

Departments must coordinate with the campus Advancement department to ensure that the campus in kind gifts acceptance requirements are met and the donation is properly acknowledged with appropriate authorization signatures. Advancement is responsible for itemizing and obtaining the fair market value (FMV) of donated gifts and reporting this information to the appropriate departments.

Capital Asset donations should be recorded at the FMV on the date of donation and should be depreciated/amortized using the suggested useful lives in the GAAP Manual – Capital Assets Guide. The acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

### 4.4 Transfers

Upon acceptance of items transferred from another campus, auxiliary organization or state agency, the campus must determine the fair market value of the asset at the time of the transfer.

### 4.5 Fabrication of Equipment

Under special circumstances equipment may be constructed by campus employees.



#### 4.6 Capital Assets Purchased with Federal and State Funds

Capital assets purchased with federal or state grant funds should be capitalized and depreciated/amortized by the entity that owns the asset (as stipulated in the grant agreement). For the CSU, if a campus foundation administers the purchase of a piece of equipment for the campus's use, the campus should capitalize and depreciate the asset. Documentation should accompany the transfer of ownership from the foundation to the campus. If the asset is purchase by the foundation, the campus should record the asset similar to a donated asset or contribution. This will require good communication between campuses and its auxiliary organization. Assets purchased with grant funds must be capitalized and depreciated/amortized on one of the entity's financial statements.

### 5.0 Asset Management System and Equipment Identification

#### 5.1 Asset Management System (AMS)

The generic terms, asset management system is the software program (not necessarily PeopleSoft) used to record the campus' acquisitions, transfers, and dispositions of CSU property.

The asset management system is the campus official record for capitalized equipment, including federally funded equipment with a per unity fair market value of \$5,000 or greater. Non-capitalized equipment must be recorded either in the asset management system or in local campus defined records as indicated in section 2.0 of this policy. (Refer to Section 2.7 Equipment Tracking, Tagging and/or Inventory Equipment's Matrix).

The information entered into the asset management system may include, but is not limited to: the item description, date of receipt, purchase order number, location information for inventory, cost and other financial information for reporting. The description of the equipment entered into the asset management system may include (as available) make, model number, manufacturer, serial number, campus identification number (tag number), and asset class as needed for capital asset reporting and depreciation.

Accurate records must be maintained as to the current location of equipment to allow for inspection and/or inventory purposes whenever necessary. The timing requirements for adjustments to the asset management system need to be specified in the campus' procedures.

#### 5.2 Identification of Campus Equipment

All capitalized and non-capitalized campus equipment (deemed taggable) must be tagged or marked with a unique identification number which is to be recorded in the asset management system and also on all applicable property control documents. The identification number which is to be recorded in the asset management system and also on all applicable property control documents. The identification number will be directly applied to the actual unit unless its size or nature prohibits application. Any additional identification number required by the department must be applied in a manner that

avoids confusion with the CSU identification number. (Refer to Section 2.7 Equipment, Tracking, Tagging and/or Inventory Requirement Matrix.)

CSU property should be tagged before it is distributed to the accepting department. If property is delivered to another physical location other than the Property Office, receiving, or off campus or if an equipment identification number becomes destroyed, defaced, or removed, it is the responsibility of the custodial department to contact the Property office for tagging or re-tagging with a new identification number.

## 6.0 Physical Inventory

### 6.1 Physical Inventory of Campus Equipment

A complete physical inventory of all CSU capitalized and non-capitalized equipment (deemed taggable) must be performed at least once every 3 (three) years. Capitalized Federally Funded Equipment, with a per unit fair market value of \$5,000 or greater, requires a 2 (two) year cycle physical inventory per Sponsored Programs Administration *ICSUAM 11005.00 Externally Funded Equipment and Property Management Policy*.

To ensure proper separation of duties, this physical inventory shall not be conducted by the custodial department. The campus Property Office may conduct this physical inventory or identify another party or department to do so. The completed inventory must be reviewed and approved by management. Any discrepancies must be evaluated for further investigation and escalated to the appropriate authorizing authority based on the specific situation and value of missing items.

The Physical Inventory of capitalized equipment will be reconciled to the general ledger; which non-capitalized equipment is not. (Refer to Section 2.7 Equipment Tracking, Tagging and/or Inventory Requirements Matrix.)

### 6.2 Off Campus Use of CSU Property

The CSU required that campus property not be utilized off campus unless it is necessary for conducting CSU business. If CSU property (including property deemed trackable) has been approved to be used off-site, it is the responsibility of the department and user to complete an authorization form for off-site use before the property is in the custody of the user.

During each inventory cycle, all off-site property must be personally verified and locations confirmed. When the equipment is returned, the return of the property must be documented on the authorization copy to the Property Office.

### 6.3 On Campus Use of Personally Owned Property

It is recommended that CSU employees who use their personal style computing devices on-campus identify and report the use of such equipment to their department's IT support. The campus is not responsible for loss or damage to personally-owned equipment.

## 7.0 Maintenance

Campuses must establish practices to reduce risk associated with the use of equipment by maintaining such equipment in good working order. For example, campuses are required to have a Motor Vehicle Inspection Program.

## 8.0 Loss Prevention

Departments with equipment susceptible to theft or loss must implement one or more of the following protraction measures:

Ensure CSU equipment identification tags or permanent markings are visible on the equipment.

- Establish an internal check-out/check-in system for departmental equipment.
- Lock office equipment to desk or stands.
- Utilize a security room or closet to store high-risk equipment

### 8.1 Missing, Lost, Stolen or Vandalized CSU Property

In the event that equipment becomes missing, lost, stolen or vandalized, a report shall be filed and forwarded to the appropriate departments upon discovery. In the case of stolen and/or vandalized on-campus property, an incident report must be filled with the campus Police Department. In the case of stolen and/or vandalized property off campus, the local police department shall be notified and a police report filed. In all cases of theft or loss of information assets or equipment containing information assets, the IT security department must be notified immediately upon discovery.

## 9.0 Disposition of Campus Property

### 9.1 Surplus Property

A property transaction form must be completed for equipment that a department deems as surplus. The custodial department will advise on the present condition and current use of the item prior to forwarding to the Property Office for disposition.

### 9.2 Equipment with Special Requirements

The campus must ensure all special requirements for equipment are addressed.

#### 9.2.1 Vehicles

The certificate of title (pink slip) must be kept on file for all campus vehicles. All sale and trade-in information must be retained by the campus designated department once the vehicle has been disposed.

#### 9.2.2 Information Assets

Refer to *ICSUAM Policy 8065.00 Information Asset Management*

### 9.2.3 Federally Funded Equipment

Refer to *ICSUAM Policy 11005.00 Externally Funded Equipment and Property Management*.

## 9.3 Approval of Dispositions

To ensure property internal controls and segregation of duties, no item of property shall be sold, transferred, or disposed of outside the campus, without prior approval of the campus defined Property Survey Committee (PSC).

## 9.4 Types of Dispositions

For prohibited practices refer to Public Contract Code 10334 (a) and *ICSUAM 5210.00 Prohibited Practices – 300 Appropriation of State Property of Services*.

### 9.4.1 Equipment Transfers Between Campus Departments

When CSU equipment is transferred between departments, the transfer must be documented and properly approved by both departments. The following information should be provided: campus tag, identification number, item description, and location (building, room and/or department location). The asset management system must be updated to reflect the transfer in a reasonable period of time as defined in campus procedures.

### 9.4.2 Transfers of Equipment to another Campus or State Agency

When CSU equipment is transferred to another campus, auxiliary organization or state agency, the transfer must be documented on a campus property transfer report and properly approved by both the campus transferring the equipment and the other campus or state agency accepting the equipment.

### 9.4.3 Public Sales

The Property office must be notified of any departmental plans to sell property before the transaction takes place. The committee will establish a fair market value of the equipment that is to be sold. For dollar limitation approvals refer to Executive Order 409 Purchase, Sale, Lease and License of Personal Property – Delegation of Authority.

University surplus property may be offered or advertised for sale to the general public auction or through a public auction website. State employees may participate in public sales providing they do so in the same manner as the general public. Employees may not use their position, office or prestige to their advantage when participating in sales of materials, nor may they participate in auction on State time.

A system of checks and balances shall be used and a proper separation of duties must be in place. This shall, at a minimum, consist of having separate persons handle the sale and the collection of funds. For cash handling procedures, please refer to *ICSUAM 3102.03 Acceptance of Cash and Cash Equivalents*.

### 9.4.4 Trade-In

The Property office must be notified of any departmental plans to trade-in property before the transaction takes place. The committee will establish a fair market value of the property that is to be traded-in.

#### 9.4.5 Donation

Property that is deemed suitable for donation may be donated as appropriate for the item to educational institutions, public agencies and non-profit organizations. All University property donations must be processed through the Property Office. For all donation, a copy of the non-profit organization's 501c3 certification is to be obtained and retained.

#### 9.4.6 Recycle or Salvage

CSU property that is deemed obsolete, irreparable or dangerous will be discarded using a State certified recycler. Parts from such property may be identified as salvage parts and reclaimed for campus business use.

### 10.0 Reporting and Reconciliations

CSU asset management reporting is used for many purposes including resource management, financial reporting and overall effective asset management. Financial Accounting and Reporting is responsible for authorizing the majority of financial reports and ensuring the reporting data is available for end users throughout campus.

Depending upon the campus process for entering capital assets into Asset Management, the campus may have to complete reconciliations to ensure that all capital assets received have been entered into the Asset Management system and capitalized. These reconciliations should be performed in a timely manner, either monthly or quarterly depending upon the volume of property transactions. Reconciliations will show the date prepared, date reviewed, preparer's name and signature, and the reviewer's name and signature.

### 11.0 Depreciation

Detailed guidelines on the depreciation of assets are located in the Capital Asset Guide of the CSU GAAP Reporting Manual.

### 12.0 Resources and Reference Materials

- ICSUAM 1202.00 – Athletics Trade Usage (Trade Out).
- ICSUAM 1206.00 – Inventory Control of Athletic Equipment, Apparel and Gear.
- ICSUAM 3102.03 Acceptance of Cash and Cash Equivalents.
- ICSUAM 5210.00 Prohibited Practices – 300 Appropriation of State Property of Services.

- ICSUAM Policy 8000 Series – Information Security.
- ICSUAM Policy 8065.00 Information Asset Management
- ICSUAM 11005.00 Externally Funded Equipment and Property Management Policy.
- Capital Asset Guide of the CSU GAAP Reporting Manual.