PROPERTY ACCOUNTING

Implementation Date: 12/01/94

**Definition**
The Property Office is located within the Materials Management Department and is responsible for ensuring that all campus property is maintained, controlled, and disposed of in a manner consistent with CSU policies and State regulations. Campus property is defined as any item purchased or reimbursed with, or resulting from any exchange of resources involving funds designated for use by the campus, its programs and/or its organizations.

**Authority**
State Administrative Manual Section 8600-8672 and 3520

**Scope**
This policy and any related procedures apply to all areas and members of the campus community.

**Revision Dates**
10-24-2003

Roy McTarnaghan, Interim President

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Approval Date
I. PURPOSE AND OBJECTIVE OF PROPERTY ACCOUNTING

The State Administrative Manual (SAM), Section 8600, states: "Property accounting procedures are designed to maintain uniform accountability for State property. These standard 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 and detect the unauthorized use of State property."

A. According to SAM, Section 8602, State property is capitalized for accounting purposes when all three of the following requirements are met:
   1. Useful life of at least one year.
   2. Unit acquisition cost of at least $5,000. Unit cost includes the purchase price plus all costs to acquire, install, and prepare the property for its intended use.
   3. Used to conduct State business.

B. Only property that meets these requirements shall be charged to account codes for property.

C. Property that is permanently attached or integrated into a building will not be capitalized.

D. Property acquired with Cal State San Marcos Foundation funds, Associated Students, Inc. funds, and San Marcos University Corporation funds do not meet these requirements.

E. See Section IV for a complete listing of property definitions.

II. AREAS OF RESPONSIBILITY

A. The Property Office is located within the Materials Management Department, and is responsible for the State property inventory of California State University San Marcos.

   Responsibilities include:
   1. Maintain accurate accounting of the acquisition, control and disposition of property.
   2. Maintain up-to-date property records and initiate all actions necessary to properly carry out its function with respect to property.
   3. Reconcile to financial accounting records of all capitalized equipment and expenditures as reported in official university financial statements. Notify Fiscal Operations of any variances or changes needed.
   4. Tag all capitalized property in a timely manner with a Cal State San Marcos bar-coded identification number. The property remains so identified as long as it is in
the custody of the university. Assigned property numbers are removed only by
the Property Office and only when property is sold, scrapped, or otherwise
disposed. Should the identification number be accidentally or mistakenly
removed, notify the Property Office. Any additional identification used by a
department should be applied in a manner that avoids confusion with the state
property number.

5. Solicit Deans, Directors, and Chairs to appoint a Departmental Property
   Administrator (see Section IIB).

6. Propose the disposition of non-capitalized university property. Relocate or
   propose the disposition of items in one of the following ways:
   a. transfer between Cal State San Marcos departments.
   b. donate to public schools or charitable organizations.
   c. dispose of useable property at surplus auction.
   d. dispose of unusable property through the university Recycling and
      Waste Management Program and/or Risk Management.

7. Propose the disposition of all capitalized university property to the Property
   Survey Board (see Section VII).

B. Departmental Property Administrators are designated by a Dean, Director or Chair.
   Responsibilities include:
   1. Maintain up-to-date departmental records and initiate such actions necessary to
      fully inform the Property Office with respect to the care, custody and records
      involving said property.
   2. Conduct, in conjunction with the Property Office, an inventory of the department
      a minimum of once every three years.
   3. Promptly report any loss of property to the University Police.

III. PROPERTY REQUIRING SPECIAL HANDLING

A. Personally Owned Property

   If a university employee keeps personally owned property on campus, it should be
   reported to his/her department and identified as personal property. The university
   will not be responsible for loss or damage to personal property.

B. Loaning Property

   Loans of property must be properly documented.
   1. Loans of Capitalized Property (Tangible Property Over $5,000) to Employees for
      Off-Campus Use.
Any loan of capitalized university property to an employee for off-campus use must have prior, written approval of a Dean, Director or Chair. All property being loaned is to be listed on a *Property Action Request Form*, and submitted to the Property Office. Tracking and liability of loaning property to employees for off-campus use will be the responsibility of the loaning department.

2. Loans of Non-Capitalized Property (Tangible Property between $2,500 and $4,999.99) to Employees for Off-Campus Use.

Tracking and liability of loaning non-capitalized property to employees for off-campus use will be the responsibility of the loaning department.

3. Loans of Property to External Organizations.

Use of university property by an external organization, whether initiated by the university or the external organization must have the prior written approval of a dean, director or chair. The Department must complete a *Property Action Loan Agreement Form* and forward a copy to the Property Office.

IV. PROPERTY DEFINITIONS

A. Capitalized Property (Tangible Property over $5,000)

For university accounting purposes, to record (capitalize) property for accountability, it must meet the conditions as listed in Section I.

B. Non-Capitalized Property (Tangible Property between $2,500 and $4,999.99)

The Property Office will record property items with a unit cost between $2,500.00 and $4,999.99. These items will not be capitalized for accounting purposes, but will be tagged with a bar-coded identification number in a timely manner. Property Administrators will be responsible to maintain records for this property.

C. Theft Sensitive Property (Tangible Property under $2,500)

Theft sensitive property is defined as highly desirable and portable items (e.g., palm pilots, digital cameras, etc.). It is highly recommended that departments with theft sensitive property record the receipt of these items. Make, model, value, and serial numbers should be noted and recorded in departmental records. Property Administrators will be responsible to maintain records for this property.

D. Computer Software

Computer software is not considered a property accessory. Software purchases are classified as operating expenses. Software costing less than $5,000, with a useful life of less than four (4) years, may be charged to the IT Software expense account code 616003. Software that exceeds $5,000 must be approved by IITS, recorded as a capital asset and charged to the IT Software expense account code 616802.
V. ACQUISITION OF PROPERTY

A. No property should be delivered to and/or picked up by departments unless arrangements have been made with Procurement & Support Services and Shipping & Receiving.

B. Departments taking direct delivery of Property will notify the Property Office within 30 days of receipt.

C. Incorrect or damaged property must be reported immediately to Procurement & Support Services.

D. Budget managers will be responsible for the use of correct chartfield strings on requisitions.

E. Purchase Order

Property procurements exceeding $2,500 using a purchase order are recorded on property records and will include the following information:

a. Date received
b. PO document number
c. Description
d. Make
e. Model
f. Serial number
g. Department (End User)
h. Location (Building/Room)
i. Vendor
j. Acquisition cost
k. Chartfield String

F. Gifts

Please refer to the Cal State San Marcos Foundation Gifts-In-Kind Policy:

http://www.csusm.edu/foundation/policies_procedures/solicitation_and_acceptance_of_gifts_policy.html#Background%20and%20purpose

Any gift to the university that is transferred to university ownership and that meets the definition of property is to be tagged and added to the property records in a timely manner.
G. Transfers of Property to the University from Other Agencies

The Property Office must be notified of acquisitions of surplus property from other agencies.

VI. INVENTORY OF PROPERTY

Physical Inventories of University Property

SAM Section 8652 details parameters for inventories and designation of departmental property administrators. Department Deans, Directors, or Chairs should ensure compliance with these guidelines when appointing personnel to this position.

The Property Office will provide inventory instructions to each department at inventory time. Inventory of capitalized property ($5,000+) will be completed at least once every three years and reconciled with the property records.

Any property that is not found or accounted for during inventory will be surveyed as lost (see Section VII). Replacement of the lost property will be at the discretion of, and funded by, the responsible department.

VII. SURVEY (REMOVAL) OF PROPERTY FROM PROPERTY RECORDS

A. The Property Office is responsible to maintain accurate accounting of tangible property for its life as university assets, including the disposition. Only the Property Office is authorized as the official university entity to propose the disposition of all university property. The Property Survey Board will review all property requesting to be surveyed with a value of $5,000 and over for the best interests of the State (see Section VII.B). Eventually, all capital and non-capital property will be surveyed (removed) from inventory records as determined by the Property Office (see Section II.6) Reasons for this survey are not limited to but may include, trade-in, donation, sale, theft, loss, obsolescence or break down.

The following procedures must be followed to remove property items from a department’s inventory records:

1. When it is determined that retention of property is no longer in the best interest of the department, a Request for Property Survey Report must be prepared by the departmental property administrator and submitted for approval and signature of the appropriate Dean, Director or Chair. The request to survey property should include the Cal State San Marcos ID number and the reason why the property needs to be removed from inventory. If the property has been lost or stolen, the accountable individual is to immediately notify University Police, ext. 4567 and the Departmental Property Administrator.

2. The Property Administrator forwards a completed Request for Property Survey Report to the Property Office.
3. The Property Office will pick up the property and remove the property from departmental records. If a department wishes to permanently transfer property to another department, the property administrator will notify the Property Office by means of a memo or email. The notification should include the property identification number, the new department name and the location of the item(s).

4. The State Administrative Manual, Section 8643, states: "Employees will be charged with any loss and damages to State property due to their negligence or unauthorized use."

5. Surplus Computing Equipment

IITS is solely responsible for the purchase, lease, support, maintenance and re-issue of all computing equipment on campus. Departments should contact IITS with any computer needs. When computing equipment becomes surplus to the campus, IITS will prepare a Request for Property Survey Report. Disposition of surplus computing equipment will follow the procedures as listed in II.A.6.

B. Property Survey Board

Section 3520.2 of the State Administrative Manual states: “Each agency will have a duly appointed Property Survey Board. It will be the responsibility of the Board to determine that the best interest of the State is served in disposing of State property. To the extent possible, there will be a sufficient number of members on the Board that both business management and program responsibilities will be represented. At least two members of the Property Survey Board will approve all Property Survey Reports.”

Cal State San Marcos has an appointed Property Survey Board that includes the Associate Vice President for Business and Financial Services, the Director of Accounting and Technology Services, and the Director of Procurement & Support Services. The Property Survey Board will review all property requesting to be surveyed with a value of $5,000 and over for the best interests of the State. A Property Survey Report, STD 152, will be prepared by the Property Office for submission to the Board for review and approval. The Survey report will list the property to be surveyed, the reason for the survey and the proposed disposition.

The Director of Procurement & Support Services will review the disposition of property under $5,000 requesting to be surveyed. A Property Survey Report, STD 152, will be prepared by the Property Office for review and approval of the proposed disposition of property.

Future issues, discussions and changes to the Property Accounting Policy and Procedure will be brought to the attention of the Property Survey Board.
VIII. TRANSFERS AND RELOCATION OF PROPERTY

It is the responsibility of the department to notify the Property Office of all transfers and relocations of property.

A. Relocation of Entire Department

When an entire department relocates, the department should complete a physical inventory of property and notify the Property Office, via memo or e-mail, of such relocation.

B. Surplus Property Under $2,500

Departments having excess/surplus property with an original cost of $2,500 or less should notify the Property Office via memo or e-mail. The Property Office is the sole designee for determining the disposition of University Property as outlined in Section II.A.6. Departments who may be able to use excess/surplus property should contact the Property Office, via e-mail, to check on availability.

IX. PROPERTY PROCEDURES FOR INSTRUCTIONAL AND INFORMATION TECHNOLOGY SERVICES

Due to the large volume of purchased computer property, the Property Office and IITS have developed special procedures for capitalization.

A. External Computer Hardware Over $5,000

All external computer hardware purchased by IITS with a unit cost over $5,000 will be capitalized on Property records and charged to the IT Hardware account code 616810. Upon receipt in Shipping and Receiving, computer property will be tagged with inventory bar codes and delivered to IITS. IITS will notify the Property Office of the location of the new computer property by scanning the equipment and updating the Equipment Inventory Database.

B. Internal Computer Components Over $5,000

All purchased internal computer equipment with a unit cost over $5,000 will be capitalized on Property records and charged to the IT Hardware account code 616810. The value of the internal component will be added to the computer hardware that is being upgraded. IITS will provide the bar-code number of the designated equipment to the Property Office.

C. External Computer Hardware Under $5,000

External computer equipment with a unit cost of less than $5,000 will not be capitalized on Property records, but will be bar-coded for tracking purposes. Computer hardware between $1,500.00 and $4,999.99 will be charged to account code 616002. Computer hardware under $1,500.00 will be charged to account code 616005.
The Property Office will continue to tag all incoming computer equipment to the University, regardless of value. IITS will be responsible to tag all computer equipment acquired on the yearly Computer Refresh Program and record all pertinent serial numbers. All computer equipment acquired by the University will be routed through IITS for issue to campus departments. IITS will maintain its own set of records with regard to University computer equipment. Policy for IITS procedures can be found at: http://www.csusm.edu/iits/policies/index.htm