

**Property Accounting****PROCEDURE****Implementation Date: 10/24/03****Revised: 03/22/2024**

<b>Definition</b>	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. Distribution & Property Control Services is responsible for ensuring that all campus property is maintained, controlled, and disposed of in a manner consistent with CSU policies and State regulations.
<b>Authority</b>	ICSUAM 01401.00 Administration of University Property, CSU Administration of University Property, GAAP Manual CH 13.10 Capital Assets Guide and the State Administrative Manual Section 8600-8672.
<b>Scope</b>	This procedure applies to all areas and members of the campus community, including the campus auxiliaries.

**I. PURPOSE AND OBJECTIVE OF PROPERTY ACCOUNTING**

ICSUAM, Section 0410

00, states: "It is the policy of the California State University (CSU) that university property is properly valued, maintained and safeguarded; that all university property transactions (acquisitions, disposals, etc.) are recorded in an accurate and timely manner; and that all university property procedures are followed. Each campus must establish written procedures that implement this policy."

**A) Capitalized Equipment**

"Capitalized Equipment" is defined as tangible, non-consumable 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 buildings and grounds, and
4. is used to conduct CSU 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 CSUSM Corporation funds, and Associated Students, Inc. funds, are not required to meet these requirements.

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

**II. AREAS OF RESPONSIBILITY**

A) The Property Control Office is located within Distribution & Property Control Services, and is responsible for the State property inventory of California State University San Marcos.

Responsibilities include:

1. Maintain up-to-date property records and initiate all actions necessary to properly carry out its function with respect to property, submit all property records to Fiscal Services via Monthly Property Reconciliation. Reconciliations will show the date prepared, date reviewed, preparer's name and signature, and the reviewers name and signature.

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2. Reconcile to financial accounting records of all capitalized equipment and expenditures as reported in official university financial statements. Notify Fiscal Services of any variances or changes needed.
3. 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 Control Office and only when property is sold, scrapped, or otherwise disposed. Should the identification number be accidentally or mistakenly removed, notify the Property Control Office. Any additional identification used by a department should be applied in a manner that avoids confusion with the state property number.
4. In advance of each inventory, solicit Deans, Directors, and Chairs to appoint a Departmental Property Liaison (see Section IIB).
5. 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) when reasonable, dispose of unusable property through the university Recycling and Sustainability Coordinator and/or Safety, Health & Sustainability office.
6. Propose the disposition of all capitalized university property to the Property Survey Board (see Section VII).
7. Complete inventories as required by CSU Policy, ICSUAM 0140.00.

**B) Accounting Office Responsibilities includes:**

1. Utilize the CSU Capital Assets Guide as guidance for all property as it relates to capitalized costs, depreciation methods, impairment, and other such issues.
2. Maintain accurate accounting of the acquisition, control and disposition of property. In conjunction with Property Control, reconciliations should be performed monthly. Reconciliations will show the date prepared, date reviewed, preparer's name and signature, and the reviewer's name and signature.
3. Responsible for authorizing the majority of financial reports and ensuring the reporting data is available for end users throughout campus.
4. Record the campus' acquisitions, transfers, and dispositions of CSU property.
5. Update campus records as needed and received from the campus custodial liaison or Property Control clerk.

**C) Departmental Property Liaisons responsibilities include:**

1. Conduct, in conjunction with the Property Control Office, an inventory of the department a minimum of once every three years.
2. Promptly report any loss of property to the University Police.
3. Submit to the Property Control Office requests to survey tagged equipment prior to the disposal of any asset.
4. Submit to the Property Control and Fiscal Services Offices documentation for any transferred or moved asset.

**D) Employees - Faculty & Staff**

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

1. Taking reasonable security precautions to discourage loss, theft, or misuse of property.
2. Preventing the disclosure of protected data by complying with campus information security procedures.
3. Reporting missing, lost, stolen, and vandalized property to appropriate personnel including the IT security department via the appropriate form.

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4. Reasonable care, maintenance, and use of equipment to prevent damage.
5. Returning equipment in satisfactory condition.

**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.

**IV. CATEGORIES OF EQUIPMENT PROPERTY****A) Capitalized Equipment (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**

Generally, "Non-Capitalized Equipment" is equipment that does not meet the criteria to be capitalized.

Certain non-capitalized equipment that must be tracked and inventoried are included in the list below. Tagging is preferred if it is reasonable and feasible to attach a tag. At a minimum, non-capitalized equipment must include:

- 1) University police firearms
- 2) Vehicles – (if did not meet capitalization threshold)
- 3) Theft Sensitive Property

**C) Theft Sensitive Property**

Theft sensitive property is defined as highly desirable and portable items which replacement costs cause substantial loss to an individual department, or in the aggregate, cause substantial loss to the University. In addition to replacement cost considerations, Sensitive property is further characterized as having the potential to become a liability to CSUSM if in the hands of non-University personnel. An example of Theft sensitive property per this definition would include mobile, computing devices. In addition to replacement costs, computing devices may contain sensitive and confidential data thereby creating potential risk and exposure to CSUSM. Theft sensitive items managed by IITS are tracked and tagged by the Information Security Office.

**D) Information Assets**

Information assets are electronic records as defined and must be managed in accordance with CSU Information Security Policy and Standards.

**E) 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 Section I A.

**V. ACQUISITION OF EQUIPMENT**

A) Equipment may be acquired by purchase (including lease purchase, installment purchase, and Procurement Card purchase), donation, transfers and fabrication. Equipment will be added to the inventory record, tracked, tagged and inventoried as appropriate.

B) No property should be delivered to and/or picked up by departments unless arrangements have been made with Procurement & Contracts and/or Distribution & Property Control Services.

C) Departments taking direct delivery of Property will notify the Property Control Office within 30 days of receipt.

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- D) Incorrect or damaged property must be reported immediately to Procurement & Contracts
- E) Departments are responsible for the use of correct chartfield information on requisitions.
- F) Recorded information for property procurements of \$5,000 or more will include the items listed below. Purchase orders must contain this information. Direct payment and procard might be used as a payment mechanism for rare and unique situations which must be approved by the Manager of Accounts Payable. The same information that is required for a purchase order, with exception of a PO document number, must be provided to Distribution and Property Control for recording if a direct payment or procard purchase has been authorized.
- Date received
  - PO document number
  - Description
  - Make
  - Model
  - Serial number
  - Department (End User)
  - Location (Building/Room)
  - Vendor
  - Acquisition cost
  - Chartfield String

**G) Donations (Gift-In-Kind)**

Please refer to the CSUSM Foundation Gifts-In-Kind Policy:

[http://www.csusm.edu/policies/active/documents/gift\\_solicitation.html](http://www.csusm.edu/policies/active/documents/gift_solicitation.html)

Any gift to the university that is transferred to university ownership and that meets the definition of property will be tracked, inventoried, tagged (tagged if applicable) and added to the property records in a timely manner.

**H) Transfers of Property to the University**

The Property Control Office must be notified of acquisitions of property from another campus, auxiliary organization or other state agencies.

**VI. PHYSICAL INVENTORY**

A complete physical inventory of all CSU capitalized equipment must be performed at least once every 3 (three) years.

To ensure proper segregation of duties, this physical inventory shall not be conducted by the custodial department. The campus Property Control Office will conduct the physical inventory. The completed inventory must be reviewed and approved by management. Any missing items will be reported to the division vice-president and other relevant offices for further evaluation and determinations needed to reconcile the deficiency.

The Property Control 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 Control Office is responsible to maintain accurate accounting of tangible property for its life as university assets, including the disposition. Only the Property Control Office is authorized as the official university

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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 property will be surveyed (removed) from inventory records as determined by the Property Control 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 liaison 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 Liaison.
2. The Property Liaison forwards a completed Request for Property Survey Report to the Property Control Office.
3. The Property Control 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 liaison will notify the Property Control Office by means of a Property Transfer Request Form. 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, and 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 Committee**

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 members must approve all property survey and property transfer reports prior to the completion of the disposition transaction. PSC approval is required for the disposition of capitalized and non-capitalized equipment deemed trackable or taggable.

Cal State San Marcos has a defined Property Survey Committee that includes the University Controller and the Director of FDM Administration. The Property Survey Committee will review all property requesting to be surveyed with a value of \$5,000 and over for the best interests of CSUSM. A Property Survey Report, STD 152, will be prepared by the Property Control Office for submission to the Committee for review and approval. The Survey report will list the property to be surveyed, the reason for the survey and the proposed disposition.

Future issues, discussions and changes to the Property Accounting Procedure will be brought to the attention of the Property Survey Committee.

**VIII. TRANSFERS AND RELOCATION OF PROPERTY**

- A) It is the responsibility of the department to notify the Property Control Office of all transfers and relocations of property.
- B) When an entire department relocates, the department should complete a physical inventory of property and notify the Property Control Office, via a Property Transfer Request Form.