

CAL POLY, SAN LUIS OBISPO
PROPERTY CONTROL PROCEDURES
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1. Purpose and Objectives of Property Accounting

Property accounting procedures are designed to maintain uniform accountability for University/State-owned property. These procedures are used to provide accurate records for the acquisition, maintenance, control, and disposal of property. The combination of accurate accounting records and strong internal controls must be in place to protect against and detect loss, theft, or misuse.

2. Definitions

Equipment - defined as tangible, movable articles of non-expendable personal property with all of the following characteristics:

- A normal useful life of at least one year
- Used to conduct University business
- Not furniture

Capitalized Equipment - defined as personal property with a unit acquisition cost (including sales/use tax and freight), or value, equal to or greater than \$5,000, and a useful life greater than one year. Capitalized equipment will be recorded in the property records as “capital” assets. Detailed guidelines on the capitalization of assets can be found in the [CSU GAAP Reporting Manual](#).

Non-Capitalized Equipment is defined as personal property with a unit acquisition cost (including sales/use tax and freight), or value, under \$5,000, and a useful life greater than one year. Some examples of non-capitalized equipment include but are not limited to, printers, camera equipment, projection units, portable tools, field-testing equipment, musical instruments, and other instructionally-related equipment.

- Non-capitalized equipment will not be recorded in the property records and will not be subject to periodic physical inventory by Property Accounting, except for computers, vehicles, and firearms which will be subject to periodic inventory as established by these guidelines.

Other University Property is defined as desks, bookshelves, chairs, file cabinets, furniture, and other miscellaneous equipment. This type of property is not maintained on the University’s property database unless specifically requested by the department and approved by Property Accounting.

NOTE: For all property that can store sensitive information, you **must** follow the [“Information Classification and Handling Standard.”](#)

3. Responsibilities

Dean/ Department Head/ Chair/ Director Responsibilities

Each College, School, and Department has the primary responsibility for the custody, care,

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maintenance, and control of all property purchased, transferred, received, and relocated within their respective areas. These administrators are responsible for the establishment of such procedures and controls as may be necessary for safeguarding and proper care of University/State-owned property from loss, theft, or misuse. Additional responsibilities include, but are not limited to, maintaining up-to-date departmental inventory records, and informing Property Accounting of all property transactions involving University/State-owned property. Fulfilling these responsibilities will enable Property Accounting to effectively meet the requirements set forth by the University.

The Dean, Department Head, Chair, or Director will designate the Department Inventory Coordinator. Any changes in custodial responsibility should be communicated in advance to Property Accounting by the Dean, Department Head, Chair, or Director, in writing.

Department Inventory Coordinator Responsibilities

The Department Inventory Coordinator, as designated by the Dean, Department Head, Chair, or Director, shall maintain current, complete, and accurate property records, and track the purchase, receipt, and assignment of property within the department. Departments are ultimately responsible for all property purchased and received by that department. At a minimum, the Department Inventory Coordinator shall:

- Notify Property Accounting when the property is purchased or received to ensure timely tagging of property as the department receives it.
- Maintain records of property taken off-campus, and verify the condition and location of all off-campus property during each inventory cycle, or upon request by Property Accounting.
- Report changes in the department's property inventory to Property Accounting. Property Accounting will provide an inventory listing to the Department Inventory Coordinator annually for review and verification of that information. The following are some of the most common changes:
 - Relocations within the same department – [*"Property Relocation Form"*](#)
 - Interdepartmental transfers – [*"Transfer of Property Ownership"*](#)
 - Disposals – [*"Property Disposal – Property Survey Request for Property with an asset tag"*](#)

Current forms for reporting all changes can be found on the [Accounting and Reporting Forms webpage](#). The property database will be updated to reflect the changes once the completed forms have been received by Property Accounting.

Property Accounting Responsibilities:

- Tagging, or otherwise permanently marking, all University property.
- Maintaining perpetual inventory records in a centralized database, and initiating related accounting transactions to record property acquisitions, relocations, transfers, and retirements.

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- Conducting periodic physical inventory reviews to ensure timeliness and accuracy of departmentally conducted inventories.
- Preparation of “Property Survey Report” (PSR), Form 152, with Property Survey Board approval for disposal of property.
- Preparation of “Transfer of Location of Equipment,” Form 158, for property transferred outside the University to a public agency, public school, or a registered 501(c) (3) non-profit organization.
- Review of departmental procedures and controls relative to property during the annual physical inventory.
- Assist departments as needed in establishing and/or improving effective property control procedures.

4. Acquisition of Property

Property acquisitions are recorded by Property Accounting for purchases, Auxiliary organization transfers, and gift-in-kind donations. Property purchases can transpire from a Purchase Order (PO), Procurement credit card (ProCard), and other non-PO purchase methods, such as direct pay. Auxiliary-purchased property transfers are property purchases made through Campus Programs (Cal Poly Partners) and Federal/State grant Sponsored Programs (Cal Poly Partners). Gift-in-kind donations of property are acquired through University Development.

Each type of acquisition comes with different sources and methods for obtaining the information to enter into Peoplesoft Asset Management (AM); however, the Department Inventory Coordinator must notify Property Accounting when untagged property is physically received by the department to ensure the timely tagging of property.

Account to Use for Property Purchases: It is important when setting up a purchase requisition, or when submitting a direct pay or other vendor invoice, that the department uses Account 616002–IT Hardware for computer purchases, or 619001–Equipment or 619002–Equipment (Instructional) for other equipment purchases meeting the definition of equipment as established in Section 2.

5. Gift Acceptance by the University

In-kind gift donations of University property, received by the University from a donor, may be accepted by the President, or his designated representative, in this case, University Development.

When a gift is received, the recipient department prepares a Gift Information Form and transmits it to the College’s Development Office. As a part of the acceptance process, the University Development Office prepares the Gift Acceptance Notice. For in-kind gifts of University property, a signed copy of the Gift Acceptance Notice is sent to Property Accounting. Gifts that are determined to be property, as defined in Section 2, will be tagged and added to the University’s property database at a fair value. For property valued at \$5,000 or greater, an appraisal will be obtained and attached. The valuation will be reflected on Property Accounting’s copy of the Gift Acceptance Notice.

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6. Disposals of Property

Tagged University property must be disposed of (surveyed) by following the procedure below. For untagged University property contact [Cal Poly Surplus](#). University property, must not be sold, transferred, or discarded outside of the University through private sale, donation, eBay, junked, or scrapped without prior approval by the Property/Accounting Office or the Survey Board. Refer to: “Cal Poly Surplus and eSurplus Guidelines” on the [Cal Poly Surplus](#) website.

Note: On-campus transfers of property are not considered a disposal. Refer to *Section 10 – Transfers of Property – Interdepartmental* and *Section 11 – Relocation of Property- Same Department (Dept ID)*.

Procedure:

Notify Property Accounting by completing a “[Property Disposal – Property Survey Request for Property with an asset tag](#)” form. This form is completed by the Department Inventory Coordinator and must be approved by the Department Head responsible for the equipment. The following information is provided on the form:

- Department (DeptID)
- Cal Poly ID tag number and/or serial number
- Description (as shown on inventory)
- Type of Disposal – see explanations below
- Reason for survey

Property Accounting completes a “*Property Survey Report*” (PSR), Form 152, with the property information and routes it to the Property Survey Board for review, and signature approval. At least two members of the Property Survey Board are responsible for the approval to ensure the University’s interests are served in the disposal of University/State-owned property.

If the Property/Accounting Office or the Survey Board approves the request to be equitable for the campus, the survey request is then approved. Once approved Property Accounting will “retire” property from the property database. The department must arrange for the pick-up and removal of approved property by contacting [Cal Poly Surplus](#). Cal Poly Surplus uses the approved PSR as authorization to pick up the property.

Below are disposal option definitions on the “*Request to Survey*” form:

Surplus Sale

Property marked as “Surplus Sale” indicates the item(s) are no longer necessary, useful, or retain value to the Department. These items will be picked up by Cal Poly Surplus (when contacted) and they will determine the method of their disposal: sold via eSurplus – public auction website, transferred to another department, salvaged for parts, junked, or recycled.

Salvage/Parts

Property marked as “Salvage/Parts” indicates the department is salvaging the property for its internal parts, and it will no longer maintain its original form. The department may not salvage property for parts until the survey request has been approved.

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Junk

This is not an option for the department to request. Property marked as “Junk” indicates that it was considered useless or irreparable by Cal Poly Surplus and will be discarded. University property is to be discarded by authorized personnel only.

Stolen

Property marked as “Stolen” indicates there has been a known burglary or theft. In this case, the University Police (on-campus equipment) or the nearest law enforcement agency (off-campus equipment) is notified by the department or the employee, and the Incident/Case number must be listed.

Destroyed

Property marked as “Destroyed” indicates the item has been vandalized or rendered useless because of fire, water, or other damage. Once the Property Board rules out culpable negligence and approves the survey request, arrangements for pick-up by Cal Poly Surplus Property can occur.

Trade-in

Property marked as “Trade-in” indicates an item that is to be returned to the vendor for replacement or upgrade. Include the name of the vendor who will be accepting the property, the monetary value in return for the property, and how the monetary value is to be handled (cash back, discount on invoice, etc.). Note: This option should not be used for leased property.

Missing/Lost

Property marked as “Missing/Lost” indicates the item could not be found during the physical inventory or was physically lost while in possession. After a concentrated search to find the equipment is unsuccessful please contact the Property Department for guidance.

Donations to Outside Organizations

Although not a disposition option on the form, in-kind donations of property to outside organizations is another method for disposal after all efforts to reallocate the property within the campus have been considered first.

The Property Survey Board must approve all donations of property. Departments may request that property be donated to a public agency, public school, or a registered 501(c)(3) organization by submitting an official request, in writing, on department letterhead. Likewise, the public agency, public school, or registered 501(c)(3) non-profit organization must submit an official request, in writing, on organizational letterhead for the receipt of any equipment, or other University property, being donated to them. Both letters are submitted to the Property Survey Board Chair for approval. Once approved, the department is notified and Property Accounting completes a “*Transfer of Location of Equipment*,” Form 158, that is routed for Property Survey Board approval with copies of the letter requests.

7. Inventory Procedures

Property Accounting maintains the inventory records by processing property-related transactions and conducting at least one physical inventory of each administrative unit within three years. A written report of each inventory is completed by Property

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Accounting, and reviewed and signed by the Department Head, or other responsible administrator, the Inventory Clerk who conducted the inventory, and the department head of University Accounting and Reporting.

During each physical inventory cycle, a questionnaire of the department's property control practices is completed by the Inventory Clerk (from Property Accounting) conducting the physical inventory. Depending on the results of the inventory, and any deficiencies noted on the questionnaire, changes to property control practices in use by the department may be suggested. Any such suggestions will be made in writing by Property Accounting.

Property Accounting will provide an inventory listing annually to the Department Inventory Coordinator for review and verification of the accuracy of the information contained in the property database, i.e. physical location. Any changes noted are to be communicated to Property Accounting at that time.

8. Off-Campus Property Use

University/State-owned property (excluding motor vehicles) may be taken off-campus for official University business use with proper written authorization. No employee may authorize off-campus use of University/State-owned property for their personal use. When University/State-owned property has been approved for off-campus use, it is the custodial responsibility of the department to:

- 1) Ensure the property has a Cal Poly identification tag affixed to it, and
- 2) Complete the "[*Authorization for Off-Campus Use of Cal Poly Property*](#)" form before the property is removed from campus.

The employee will be held responsible for safeguarding assigned property while in their possession. The conditions under which property may be taken off-campus are listed below, and are a part of the agreement signed by the responsible employee on the "[*Authorization for Off-Campus Use of Cal Poly Property*](#)" form:

- To immediately report stolen or missing on-campus property to University Police, or off-campus property to the nearest law enforcement agency, and provide related Incident/Case # on the property disposal form.
- To be responsible for loss or damage to property from negligence or unauthorized use
- To use the property only for University activities
- To return property upon request or termination of employment

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Employee Requirement: The employee must keep a copy of the approval form while transporting property since it serves as proof of permission for the property's removal from campus.

Laptop Requirement: All laptops must have a Cal Poly identification sticker number affixed to it and an "[*Authorization for Off-Campus Use of Cal Poly Property*](#)" form on file with Property Accounting. This form must be filled out regardless of whether the laptop will be taken off-campus or not. Laptops will not be issued by the Department Inventory Coordinator until it has been tagged and the form has been completed.

The Department Inventory Coordinator is responsible for maintaining records of University/State-owned property utilized off-campus. Before the property is taken off-campus, there must be an "[*Authorization for Off-Campus Use of Cal Poly Property*](#)" completed. The Department Inventory Clerk must keep a copy of the completed form on file. During the department's physical inventory, the Inventory Clerk (from Property Accounting) will confirm that the form is on file.

When the property is returned to campus, the Department Inventory Coordinator must acknowledge the return of the property on the "[*Authorization for Off-Campus Use of Cal Poly Property*](#)" with return dates and signatures. The Department Inventory Coordinator must send Property Accounting a copy of the updated form and the new on-campus location.

9. Stolen or vandalized Property

If University property becomes stolen or vandalized, the Department Inventory Coordinator must notify the University Police (6-2281) for on-campus incidents, and the faculty/staff assigned with responsibility for off-campus use of the property must notify the nearest law enforcement agency for off-campus incidents. In addition, a "[*Property Disposal – Property Survey Request for Property with an asset tag*](#)" form must be completed, including the Police Incident/Case number assigned for approval by the Property Survey Board.

Once the completed and signed form is received by Property Accounting, a "*Property Survey Request*," Form 152, will be generated by Property Accounting. All forms are then routed for signature approval by the Property Survey Board and reviewed by the Information Security Officer before the property is removed from the database.

Employees will be charged for any loss of or damage to University/State-owned property due to negligence or unauthorized use.

10. Transfers of Property - Interdepartmental

Transfers of property ownership between two different departments (Dept ID) are initiated by the Department Inventory Coordinator (with approval by the Department Head) through the "[*Property Ownership Transfer Form*](#)". On the form, the yellow-highlighted fields in rows 11-22 must be filled. The information entered will automatically copy to the transferring and receiving department's copies. The form must be signed by the Department Head of the department from which the item is being transferred and the entire form routed to Property Accounting to update the property database. Once updated,

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Property Accounting will return the respective copies to each department.

11. Relocations of Property – Same Department (Dept ID)

The location of the property is recorded in the property database and the department's inventory by the Dept ID. Current records must be maintained as to the relocation of equipment to allow for inspection and/or inventory purposes; therefore, the Department Inventory Coordinator must notify Property Accounting of all location transfers of property within the same department (Dept ID) by submitting the "[Property Relocation Change Form](#)" or from the annual inventory listing review as discussed in *Section 7 - Inventory Procedures*.

12. Fabricated Property

All additions to property or structures, constructed as a class project or by university personnel, should be reported to Property Accounting as soon as possible after the work has been completed. Property Accounting will enter the property into the property database. Structural work should be reported to University Accounting and Reporting for additions to Building and Building Improvements. Information required includes:

- Cost to construct, including labor and materials.
- A concise description of the item.
- Where the item is located.

Items to be reported are those constructed or fabricated through the use of donated or state-funded personnel services and operating expenses. Regular property items purchased and contracted construction project expenditures are recorded through other procedures.

13. Loss Prevention Techniques

Departments with office areas, especially those that are easily accessible to the general public or that are responsible for property that is susceptible to theft such as computer equipment, photographic equipment, office machines, etc., should consider utilizing one or all of the following loss prevention measures:

- Engrave "Property of the State of California," the name or initials of the department, and an identification number on such items, using a vibro-engraving tool which may be borrowed from University Police. This is part of a public safety program to minimize the risk of theft and to help ensure the return of stolen property should theft occur. This program is called "Operation Identification" and has proven to be a deterrent to potential burglars or thieves by assuring them that the property stolen can be identified by police anywhere as belonging to Cal Poly.
- Business machines may be cabled or bolted and locked to desks and stands and can offer a sufficient amount of protection. For information regarding these systems contact the Contracts and Procurement (6-

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2231).

- A security room or closet may be used to store any item(s) considered vulnerable to theft. The portability and marketability value of the items to be protected should determine the strength and burglary-resistant qualities required. This protection is often worthwhile as a secondary line of defense. The minimum specifications for a security closet should be the installation of a solid core door and deadbolt lock. There should be only one door giving access to the area and a minimal number of keys to the lock.
- Master keys and key control are weak points in the security of most businesses. Departments should work with Facilities Services – Key Shop to strengthen key control as necessary. No employee should receive a key unless necessary. If a key is issued, it should be stamped "Do Not Duplicate." Interior doors and exterior doors may be on a different master key if master keying is necessary. All locks to which an employee had access at the time of termination may be rekeyed. This could be standard procedure applicable even to the departure of good and trusted employees.
- A lock box should be used to store duplicate keys. The lock box should be steel in construction, have a good lock, and be enclosed in a security closet.
- Each key should be numbered and a list should be kept up to date as to what keys are issued to which employees. The numbered list should be stored separately from the keys.
- If more elaborate systems are desired, electronic key control and access systems are available. Information can be obtained by contacting the Public Safety Department.
- For internal control, inventories should not be exclusively controlled by Property Accounting. Departments may assign a responsible person to perform interim inventories to ensure property control when the property is used in laboratories, on field trips, is taken off campus or other non-department locations, and for other special situations that might warrant an interim inventory.
- When possible, an exit check may be made for persons removing the property from the premises.

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These Property Control Procedures have been prepared by Property Accounting within the University Accounting and Reporting department. Its purpose is to provide education of University established guidelines for internal control of University/State-owned property, as well as to provide contact information, website information, required forms, and other related information to those responsible for the accountability of University/State-owned property. Feedback regarding the content and usefulness of this information is welcomed.

Questions and/or requests for assistance should be directed to Property Accounting, extension 6-2570.