

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 of University/State-owned property.

2. Definitions

University Property includes all of the following:

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
- A unit acquisition cost or value of at least \$500 (inclusive of sales/use tax and freight)
- Used to conduct University business
- Not furniture

Instructional Equipment - defined as personal property purchased for use in instructional departments. Property Accounting will maintain records to track and report required information to the Chancellor's Office and the State.

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 into the property records as "capital" assets. Detailed guidelines on capitalization of assets can be found in the CSU GAAP Reporting Manual at <http://www.calstate.edu/SFSR/GAAP/Manual2008/chap13.doc>.

Non-Capitalized Equipment is defined as personal property with a unit acquisition cost (including sales/use tax and freight), or value, between \$500.00 and \$4,999.99, and a useful life greater than one-year. Some examples of non-capitalized equipment include, but are not limited to, printers, palm held devices, scanners, camera equipment, projection units, portable tools, field-testing equipment, musical instruments, and other instructionally-related equipment.

- Non-capitalized equipment valued between \$500.00 and \$1,499.99 will be recorded in the property records as "tag only," and will not be subject to periodic physical inventory by Property Accounting, with the exception of computers that will be subject to periodic inventory as established by these guidelines.
- Non-capitalized equipment valued between \$1,500.00 and \$4,999.99 will be recorded in the property records as "non-capital," and will be subject to periodic inventory by the Property Office as established by these guidelines.

Other University Property is defined as desks, bookshelves, chairs, file cabinets, furniture, and other miscellaneous equipment with a unit acquisition cost, or value,

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less than \$500. This property is typically not maintained on the University's property database unless specifically requested by the department. For property that has the ability to store sensitive information, you must follow the "Information Classification and Handling Standard" at security.calpoly.edu.

3. Responsibilities

Dean/ Department Head/ Chair/ Director Responsibilities

Each College, School, and Department has the primary responsibility for the custody, care, maintenance, and control of all University property purchased, transferred, received and relocated within their respective areas. These administrators are responsible for 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 University/State-owned property purchased and received by that department. At a minimum, the Department Inventory Coordinator shall:

- Notify Property Accounting when property is purchased or received to ensure timely tagging of property as the department receives it.
- Maintain records of property that is taken off-campus, and to verify the condition and location of all off-campus property included on their department's inventory 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 same department – *"Property Relocation Change Form"*
 - Interdepartmental transfers – *"Transfer of Property Ownership"*
 - Disposals – *"Request to Survey Property"*

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- Missing, lost or stolen property – “*Property Loss Report*”
The most recently updated forms for reporting all changes can be found online at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment.
The property database will be updated to reflect the changes once the completed forms have been received by Property Accounting,

Property Survey Board Responsibilities:

The University has appointed a Property Survey Board that is responsible for determining that the requests for disposal of surplus property serves the best interests of the University. The Property Survey Board consists of a Chair and two Board members to ensure representation from both business management and academic programs. At least two Board members must approve all Property Survey Reports (STD 152) and Transfer of Location of Equipment (STD. 158). In addition, the Property Survey Board Chair must approve, in advance, all requests for the Transfer of Location of Equipment (donations of property to outside organizations) after all efforts to internally reallocate the property have been considered first.

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.
- Conducting periodic physical inventory reviews of each administrative unit 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.
- Reviews of and reporting on departmental procedures and controls relative to property during the annual physical inventory.
- Assisting departments as needed in establishing and/or improving effective property control procedures.

4. Acquisition of Property

Property acquisitions are recorded by Property Accounting for University purchases, Auxiliary organization transfers and University gift-in-kind donations. Property purchases can transpire from Purchase Order (PO), Procurement credit card (P-card), and other non-PO purchase methods, such as direct pay or vendor invoices not requiring a PO. Auxiliary-purchased property transfers are property purchases made through Campus Programs (Cal Poly Corporation and Foundation) and Federal/State grant

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Sponsored Programs (Cal Poly Corporation). Gift-in-kind donations of property are acquired through Advancement.

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

Cash gift donations and 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, Advancement.

When a gift is received, the recipient department prepares a Gift Information Form and transmits it to the College's Advancement Office. As a part of the acceptance process, the Advancement 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 by the Vice President of Administration and Finance, who has the final authority on acceptance of gifted assets. 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 \$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.

6. Disposals of Property

Tagged University property may be disposed of (surveyed) by following the Procedure below. Untagged University property is disposed of by calling Facilities Services – Moving and Surplus Property directly at 6-5555 or you can go to their website for additional information at http://www.afd.calpoly.edu/facilities/services_moving.asp. 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 Survey Board. Contact Dru Zachmeyer regarding “General Guidelines for Public Sale of Cal Poly Surplus Property.”

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

Procedure:

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Notify Property Accounting by completing a “*Request to Survey Property*” form found online at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment. This form is completed by the Department Inventory Coordinator and must be approved by the Department Head responsible for the equipment being requested to be surveyed. The following information is provided on the “*Request to Survey Property*” 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

In addition, property described as missing, lost or stolen are to follow specific directions regarding sensitive personal information and complete a “*Property Loss Report*” as discussed in more detail in *Section 9-Missing, Lost and Stolen Property*.

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

After the survey request is approved, Property Accounting prepares "red" tags (for affixing to the property) and sends to Facility Services – Moving and Surplus Equipment. In turn, Facility Services – Moving and Surplus Equipment sends the “red tags” back to the department. The department must arrange for pick-up and removal of approved red-tagged property, for disposal by contacting Facility Services – Moving and Surplus Property at 6-5555. For additional information, go to their website at http://www.afd.calpoly.edu/facilities/services_moving.asp. Property is to be disposed of by authorized personnel or with an authorization to dispose of otherwise by the Property Survey Board Chair only.

Once property is disposed of by Facility Services – Moving and Surplus Property, the red tag will be returned to Property Accounting with the type of disposal (sold, donated, transfer, or disposed), stamped on the back. Property Accounting will “retire” property from the property database and will file all returned red tags to cross reference with the “*Property Survey Report*,” Form 152.

Below are definitions of disposal options on the “*Request to Survey*” form and also online at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment:

Surplus Sale

Surplus property marked as “Surplus Sale,” with the exception of donated items to outside organizations (see below), indicates the item(s) are no longer necessary, useful or retains value to the Department. These items will be picked up by Facility Services – Moving and Surplus Property (when contacted) and they will determine the method of its disposal: sold via eSurplus – public auction website, transferred to another department, salvaged for parts, junked, or recycled.

Salvage/Parts

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University 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.

Junk

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

Stolen

University property, marked as “Stolen” indicates there has been a known burglary, or theft. In this case, 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 # is noted on the “*Property Loss Report.*” See *Section 9 – Missing, Lost and Stolen Property.*”

Destroyed

University 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, arrangement for pick-up by Facility Services – Moving and Surplus Property can occur.

Trade-in

University 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.) on the “*Request to Survey Property*” form. Note: This option should not be used for leased property.

Missing/Lost

University 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, a “*Property Loss Report*” is completed and University Police are notified. See *Section 9 – Missing, Lost and Stolen Property.*

Donations to Outside Organizations

Although not a disposition option on the “Request to Survey Property,” in-kind donations of University property, to outside organizations are 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 University property. Departments may request that University property is donated to a public agency or public school by submitting an official request, in writing, on department letterhead. Likewise, the public agency or public school 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, currently Dru Zachmeyer in Contracts and Procurement, for approval. Once

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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 perpetual inventory records for all University property by processing equipment-related transactions, and conducting at least one physical inventory of each administrative unit within a three year period to confirm the status of accountable equipment. A written report of each inventory is completed by Property Accounting, and reviewed and signed by the Department Head, or other responsible administrator, the Inventory Clerk that conducted the inventory, and the Assistant Director of General Accounting and Financial Reporting.

During the course of 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 the purposes of 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 Control Policy and Procedure

Policy:

University/State owned property (excluding motor vehicles) may be taken off-campus for official University business use with proper written authorization. No University employee may authorize off-campus use of University/State-owned property for their own 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 sticker affixed to it, and
- 2) Complete the “*Authorization for Off-Campus Use of Cal Poly Property*” form before property is removed from campus. The original form can be found at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment.

The employee will be held responsible for safeguarding all assigned property while in their possession. The conditions under which property may be taken off-campus are listed below, and are hereby a part of the agreement signed by the responsible University 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 Loss Report*.”
- To be responsible for loss or damage to property from negligence or unauthorized use

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- To use property only for University activities
- To return property on due date, or upon request or termination of employment

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.

Procedures

The Department Inventory Coordinator is responsible for maintaining records of University/State-owned property taken off-campus. A check-out/check-in system must be established whether its removal for University business is for a short time period, or long term. Minimum required information includes description of the item, the Cal Poly identification sticker number affixed to it, the property's serial number, the employee to whom it is assigned, the department (deptid), the off-campus location, the dates checked out (and in), and the signatures of the employee, the employee's supervisor and the Department Inventory Coordinator.

Before the property is taken off-campus, there must be an *"Authorization for Off-Campus Use of Cal Poly Property"* completed. The original form can be found on the Customer Connection website at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment. The Department Inventory Clerk must keep a copy of the completed form on file. The original will be sent to Property Accounting. 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.

Any property that is lost, missing, stolen or otherwise not available for its intended use, should refer to *Section 9 – "Missing, Lost and Stolen Property."*

9. Missing, Lost and Stolen Property

In the event that University property becomes missing, lost, stolen or vandalized, the Department Inventory Coordinator must notify University Police (6-2281) for on-campus incidents, and the faculty/staff assigned with responsibility for off-campus use of property must notify the nearest law enforcement agency for off-campus incidents. In addition, a *"Property Loss Report,"* and *"Request to Survey Property"* must be completed and returned to Property Accounting for approval by the Property Survey Board. The Police Incident/Case# assigned must be included on the *"Property Loss Report."* The forms can be found online at the Customer Connection website,

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http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment, and must be signed by the Dean/Department Head/Chair/Director. A copy of the report should be forwarded to University Police as well.

Once the completed and signed “*Property Loss Report*” and “*Request to Survey Property*” forms are 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 Department Head) through the “*Property Ownership Transfer Form*” online on the Customer Connection website at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment. On the form, the yellow-highlighted fields in rows 11-22 must be filled. The information entered there 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, Property Accounting will return the respective copies to each department.

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

The location of property is recorded in the property database and in 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*” at http://www.afd.calpoly.edu/customer_connection/bycategory.asp#Equipment or from the annual inventory listing review as discussed in *Section 7 - Inventory Procedures*.

12. Fabricated Property

All property, additions to property, and construction of or additions to structures, constructed locally either as a class project or by university personnel, should be reported to Property Accounting as soon as possible after the job has been completed. Property Accounting will enter property into the property database. Structural work should be reported to the Fiscal Services-General Accounting and Financial Reporting for additions to Building and Building Improvements. Information required includes:

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

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- 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 which are easily accessible to the general public or which are responsible for property which 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. There are various designs and manufacturers which produce pads which anchor a business machine and can offer a sufficient amount of protection. For information regarding these systems contact the Contracts and Procurement (6-2231).
- 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 absolutely 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.

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- 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 insure property control when property is used in laboratories, on field trips, is taken off campus or other non-department locations, and for other special situations which might warrant an interim inventory.
- When possible, an exit check may be made of persons removing property from the premises.

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These Property Control Procedures have been prepared by Property Accounting within the Fiscal Services-General Accounting and Financial 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 are welcomed.

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