

## Fixed Assets Policy

### I. Policy Statement

Fixed assets play an important role in the success of the University and represent a significant investment of resources entrusted to the University. As such, it is University policy that:

- Fixed assets are inventoried, safeguarded, maintained, and controlled.
- Fixed assets valued at or above \$5,000 and/or categorized as high-risk are identified as University property and accounted for every three years.
- Disposition of assets valued at or above \$5,000 and/or categorized as high-risk must be approved by the University Property Survey Board.
- University faculty, staff, and administrators, shall abide by this and other established California Government and California State University (CSU) directives.

### II. Existing State Guidance & Development Considerations

The process of accounting for loss, damage, destruction, disposal, theft, trade-ins, sale, and/or transfer of University assets is governed by Government Code Section 13400 et seq, the State Administrative Manual (SAM), Sections 3520 and 8600, and CSU Executive Order 649.

The University's fixed asset policy complies with these requirements and provides an effective means of assuring appropriate stewardship of fixed assets considering the University's environment (control consciousness of personnel, general security of buildings, and student access to equipment), historical losses, high-risk property, and costs versus benefits.

### III. Scope

All University faculty, staff, and administrators purchasing and/or utilizing University assets purchased via state funds, including state funds held in trust by an auxiliary organization, are governed by this policy. The University requires auxiliary and affiliate organizations to establish and implement processes to assure University trust account funds comply with University policies.

The University also requires auxiliary and affiliate organizations administering federal and/or state grants and/or contracts to established and implement policies and procedures to assure asset stewardship complies with the terms and conditions specific to the grant or contract, and to provide an inventory of assets purchased via grants and contracts to the Fixed Assets Manager on an annual basis. Additionally, auxiliary and affiliate organizations are required to establish and implement policies and procedures to assure stewardship of assets acquired via auxiliary-

enterprise funds commensurate with the University's control environment, historical losses, high-risk property, and costs versus benefits.

#### **IV. Definitions**

##### ***Fixed Assets***

Fixed assets are defined as tangible, non-consumable items (such as machines and equipment) owned by the University valued at or above \$500. Fixed assets typically have a normal useful life expectancy of at least one year and are not permanently attached to or incorporated into University buildings and grounds. The value of fixed assets includes the purchase price, as well as costs to acquire (shipping and handling), install (excluding site preparation costs), secure, and prepare the item for its intended use.

##### ***High-Risk Assets***

High risk assets may include items in one or more of the following categories:

- A. Portable and marketable
- B. Larger assets not easily transportable but readily marketable and/or utilized for personal gain
- C. Assets repeatedly lost/stolen

The University President will determine which assets are appropriately classified as high risk on an annual basis after considering costs associated with classifying assets as high risk (tagging, periodic physical inspections, application of security/locking devices, and/or maintaining sign-out logs and inventory records), potential impact of information technology advances, and whether the potential for loss sufficiently merits high risk classification.

##### ***Instructional Equipment***

Instructional equipment is defined by the State Administrative Manual as property valued at \$500 or more and a normal useful life of two or more years assigned to instructional departments (including audiovisual centers and/or learning laboratories, and all functions in the ancillary support sub-program of the Academic Support program). Equipment assigned to the Library or Information Technology is not classified as instructional nor is equipment assigned to deans' offices, plant maintenance, and other administrative departments. Furniture is typically not considered instructional equipment.

## V. Implementation

### *Roles & Responsibilities*

Given the University's size, complexity, and ever-changing environment, ensuring appropriate stewardship of University assets is best achieved through the combined efforts of individuals and managers across the University. The following clarifies roles and responsibilities for safeguarding and controlling University assets:

#### *Individuals Purchasing/Utilizing University Property*

Individual administrators, faculty, and staff are responsible for stewardship of items purchased and/or utilized by them. This includes, but is not limited to:

- a) Utilizing assets in the manner for which they are intended and with care and consideration.
- b) Utilizing assets primarily in support of University business. Use of University assets in support of a personal business or commercial enterprise is expressly forbidden.
- c) Reporting lost, stolen, missing, malfunctioning assets immediately upon discovering the loss or malfunction to their department head.
- d) Receiving appropriate approvals before removing assets from the University.

#### *Appropriate Administrators*

Appropriate administrators are responsible for ensuring appropriate stewardship of assets they approve for purchase and/or utilized by their department. This includes, but is not limited to:

- a) Communicating the importance of fixed asset stewardship and University and expectations regarding fixed asset use to faculty and staff. Providing training as necessary regarding asset use, storage, maintenance.
- b) Monitoring asset usage to ensure assets are utilized in the manner for which they are intended and with care and consideration.
- c) Monitoring asset usage to ensure assets are utilized primarily in support of University business.
- d) Notifying the Fixed Assets Manager regarding lost, damaged, destroyed, disposed, traded-in, sold, no longer of value, and/or transferred assets immediately upon knowledge of such. Notification regarding asset transfer, donation, disposal, trade-in, and/or sale must precede asset disposition.
- e) Monitoring removal of assets from the University to ensure appropriate approvals are received before assets are removed.
- f) Notifying the Fixed Assets Manager within one week of receipt of assets valued at or above \$5,000 and assets categorized by the President as high risk acquired via a mechanism other than a University purchase order.

- g) Ensuring high-risk assets are secured and/or protected by appropriate controls commensurate with the value, portability, and other risk factors associated with the asset. Such controls may include, but are not limited to, application of security/locking devices, periodic facility or property inspections, and/or asset sign-out/tracking logs.
- h) Supervising timely and accurate physical inspection of University assets valued at or above \$5,000 and high risk assets once every three years based on a schedule developed by the Fixed Assets Manager. An individual other than the person designated as custodian for a specific asset must certify asset inspection has occurred in addition to the appropriate administrator responsible for the asset.
- i) Developing and implementing monitoring and tracking systems as appropriate to ensure departmental assets valued under \$5,000 and not classified as high risk are appropriately safeguarded and controlled.
- j) Conducting inventories as determined appropriate when asset custodianship changes occur, including changes associated with faculty/staff separation from the University, and notifying the Fixed Asset Manager regarding asset custodian changes as necessary.

### ***Fixed Assets Manager***

The Fixed Assets Manager is responsible for:

- a) Preparing an annual listing of assets in one or more of the previously described potential high risk categories (portable and marketable, not easily transportable but readily marketable and/or easily used for personal gain, and/or repeatedly lost/stolen).
- b) Ensuring assets valued at or above \$5,000 and assets classified by the President as high risk are identified as University property.
- c) Maintaining a complete and accurate inventory of assets valued at or above \$5,000 and high-risk assets, and reporting inventory changes associated with these assets to Business and Financial Affairs on a monthly basis.
- d) Developing schedules to ensure assets valued at or above \$5,000 and high risk assets are inspected once every three years. Notifying appropriate administrators regarding scheduled inspections, providing inspection inventories to appropriate administrators, and receiving completed inspection reports.
- e) Conducting post inspection audits to validate inspection report accuracy and reporting discrepancies of potential concern to the Physical Plant Director and/or Director of Internal Audit as appropriate.
- f) Updating the fixed assets inventory based on inspection reports and notifying Business and Financial Affairs regarding inventory changes as previously described.
- g) Providing asset inventories as requested to appropriate administrators conducting change of custody inventories and updating inventory records as appropriate to reflect asset custody changes.

- h) Evaluating loss, damage, destruction, disposal, theft, trade-ins, sale, and/or transfer of University assets valued at or above \$5,000 and providing recommendations to the University Property Survey Board regarding the disposition of these assets.

### ***Business & Financial Affairs Personnel***

Business and Financial Affairs is responsible for:

- a) Financial statement capitalization and depreciation schedule of University assets, including maintaining the University property ledger.
- b) Reporting changes to the University property ledger to the Fixed Assets Manager on a monthly basis.
- c) Completing University financial reports related to property, including the CSU annual instructional equipment inventory report.
- d) Completing monthly reconciliation of the University general ledger to the University property ledger.

### ***University President***

The University President is responsible for establishing the importance of fixed asset stewardship at the University, including:

- a) Ensuring the University Fixed Assets policy provides an effective means of assuring appropriate stewardship of fixed assets considering the University's environment (control consciousness of personnel, general security of buildings, and student access to equipment), historical losses, high-risk property, and costs versus benefits.
- b) Classifying assets as high risk on an annual basis after considering costs associated with classifying assets as high risk (tagging, periodic physical inspections, application of security/locking devices, and/or maintaining sign-out logs and inventory records), potential impact of information technology advances, and whether the potential for loss sufficiently merits high risk classification.

### ***Property Survey Board***

The Property Survey Board is responsible for:

- a) Evaluating the loss, damage, destruction, disposal, theft, trade-ins, sale, and/or transfer of University assets valued at or above \$5,000 and high risk assets to ensure assets being removed from inventory are accurately and appropriately reported.
- b) Executing property survey reports approving disposition of these assets.
- c) Actively supporting application of the fixed assets policy within their respective division.

- d) Communicating with their respective division head regarding fixed asset issues of potential concern and facilitating resolution as appropriate.

### ***University Police***

The University Police department is responsible for maintaining comprehensive knowledge of effective asset security measures and supporting appropriate administrators in application of such as necessary. The University Police department is also responsible for investigating stolen asset reports and contacting the Fixed Assets Manager regarding the disposition of stolen assets.

### ***University Advancement***

University Advancement is responsible for notifying the Fixed Assets Manager within one week of receipt of property gifts approved by the University Gift Acceptance Committee valued at or above \$5,000.

## **VI. Accountability**

Responsibilities of University faculty, staff, and administrators using University assets are described in Section V of this policy. Failure to adhere to these responsibilities may result in restriction or ability to use and/or purchase University assets in the future, and/or appropriate disciplinary action pursuant to the applicable collective bargaining agreement or other administrative policies or procedures for non-union employees.

### **Contacts:**

Fixed Asset policy issues: [Willem van der Pol, Director of Physical Plant](#)

Reviewed and Approved by President Gordon: December 17, 2002

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