DATE: August 27, 2009

TO: Deans and Administrators

FROM: Sally F. Roush, Vice President
Business and Financial Affairs

SUBJECT: Revised SDSU Equipment Policy

The California State University is currently updating its accounting and administrative policies to address changes in business processes and risks. The Integrated California State University Administrative Manual (ICSUAM) and the California State University System-wide Information Security Policy (CSU IT Security Policy) require changes to be made to the current practice of accounting, tracking, and disposing of equipment at San Diego State University (SDSU). In order to comply with the requirements of ICSUAM and the CSU IT Security Policy, SDSU implemented its new equipment policy effective July 1, 2009. Please find the revised SDSU Equipment Policy attached to this memorandum.

Questions regarding this policy or other issues related to equipment can be directed to Mr. David del Rio, Materials Management, 594-0950.
San Diego State University Equipment Policy

Effective Date: July 1, 2009

Policy Objective

The Integrated California State University Administrative Manual (ICSUAM) requires the President of San Diego State University (SDSU) to implement methodologies for proper recording and safeguarding of equipment. SDSU’s President has, in turn, delegated authority to the Vice President for Business and Financial Affairs to ensure that a documented process is followed for recording, tracking, and disposal of equipment. Further, SDSU has issued its Information Security Plan (the IT Security Plan) to, among other objectives, mitigate risk associated with unauthorized access to the University’s information. Implementation of this equipment policy will assist SDSU in meeting the requirements of ICSUAM and the IT Security Plan by reducing the risks associated with misappropriation and/or unauthorized use of SDSU’s equipment.

Definitions of Equipment

**Capital equipment** is defined as tangible, non-consumable property with an acquisition cost of at least $5,000, which includes computers. **Tracking equipment** is defined as all computers with acquisition costs between $1 and $4,999 acquired on or after July 1, 2009 and all computers acquired prior to July 1, 2009 with an acquisition cost between $1,500 and $4,999 still in service. **Computers** are defined as desktop/workstation CPUs, laptops, tablets, and notebooks. For the purposes of this policy, embedded controllers, network devices, copiers, printers, or hand-held devices such as PDA’s and smart phones will not be considered computers. Both capital and tracking equipment have useful lives of at least one year and typically are not permanently attached to buildings or grounds.

Policy Statements

The documented process which must be followed for the recording, tracking, and disposal of equipment is set forth as follows:

1. Oracle Assets is the system of record for SDSU’s capital and tracking equipment. Detailed asset records are required to be maintained for each piece of capital and tracking equipment, which includes asset tag numbers, acquisition cost, and an assigned departmental inventory coordinator. All equipment (capital and tracking) must be tagged and recorded within Oracle Assets for inventory control purposes.
2. All capital equipment will be included in the campus' financial statements prepared in accordance with generally accepted accounting principles (GAAP).

3. All departments must adhere to additional requirements as set forth in the campus information security procedures for the safeguarding and disposal of information technology equipment.

4. An independent physical inventory must be performed at least once every three years or more often as required by agreement or law on all equipment as defined above and must be reconciled to campus property inventory records. For example, equipment acquired through federal funds and owned by SDSU (rather than one of its auxiliary organizations) may be subject to physical inventory requirements with shorter intervals. Removal of equipment not found in the physical inventory process from Oracle Assets requires review and approval by the respective Dean, Director, or Vice President to whom the equipment has been assigned.

5. SDSU is authorized to sell or exchange capital and tracking equipment belonging to the SDSU when it is deemed that the sale or exchange is in the best interests of SDSU. Such sale or exchange shall be for consideration based on fair market value. See discussion below for requirements of surplus property and the Property Survey Board in instances of such dispositions of equipment.

6. Items purchased to place a building into service, commonly referred to as “Group II Equipment”, must be evaluated for capitalization or tracking based on the definitions set forth above.

7. SDSU should establish practices to reduce risk associated with the use of certain equipment by maintaining such equipment in good working order. For example, SDSU is required to have a Motor Vehicle Inspection Program as set forth in the California State University Executive Order No. 691.

8. Capital and tracking equipment must be removed from Oracle Assets when retired.

9. All items recorded in Oracle Assets, which no longer meet the definition of equipment as defined herein, will be retired.

College/Department Responsibilities

Each college, school, division, or department shall have primary responsibility for the safeguarding and care of all equipment assigned to or purchased by the respective unit. The Vice President, Dean, or Director of each unit shall designate departmental inventory coordinators charged with the responsibility of coordinating equipment security and tracking. The departmental inventory coordinators will work with the appropriate Business and Financial Affairs’ departments (including Contract and Procurement Management, Business Services, Accounting Services, and Financial Reporting) to help ensure all equipment is properly recorded and reported in compliance with the guidelines and procedures referenced below. When ordering equipment, the acquiring organization must include proper coding in the
requisition that identifies the acquisition as equipment. This requirement helps ensure that equipment will be properly tagged, recorded, and tracked upon receipt.

Division of Business and Financial Affairs Responsibilities

Contract and Procurement Management is responsible for reviewing the coding of equipment in the procurement process. Business Services is responsible for receiving equipment from vendors, tagging equipment, and adding equipment to the Oracle Assets records. Additionally, Business Services will inventory existing equipment as required above and retire equipment as necessary from the accounting records. Accounting Services ensures that Oracle Assets records are reconciled to the general ledger. Financial Reporting ensures that capital equipment is fairly reported in SDSU’s GAAP financial statements.

Surplus Property and the Property Survey Board

SDSU shall appoint a Property Survey Board to review and approve the disposal of surplus property. Surplus property may be disposed or sold upon approval of at least two (2) property board members and the property program administrator. Surplus property may be moved off campus in preparation for sale or disposal upon approval of at least one (1) property board member and the property program administrator.

Off Campus Use of Equipment

SDSU property may not be taken off-site without administrator approval documented on an Off Campus Use of Equipment Agreement form. Property shall be used exclusively in the performance of university business and academic activities. The form is available at http://bfa.sdsu.edu/busserv/images/Business Services/Off Campus Use of Equipment Agreement.pdf. Owning departments are responsible for replacing or repairing lost or damaged equipment.

Guidelines

The following resource guides are used to adhere to the requirements of ICSUAM and to ensure compliance with all reporting requirements including annual GAAP reporting:

- The California State University Capital Assets Guide was written and is updated annually to ensure that the California State University and SDSU report their respective audited financial statements conforming to GAAP. A more in-depth discussion and detailed description of capital equipment is provided in the guide. The California State University Capital Assets Guide is included the California State University GAAP Reporting Manual, which can be accessed at the following location:
http://www.calstate.edu/SFSR/Workshops/index.shtml

- The Equipment Management Guidelines, published by SDSU’s Business Services Department, provides specific campus procedures. The campus guidelines are located at:
  http://bfa.sdsu.edu/busserv/images/Business
- Business Services’ Desktop Procedures for Surplus Property. The procedures are located at:
  http://bfa.sdsu.edu/busserv/images/Business_Services/SanDiegoStateUniversityDesktop.pdf
- Information Technology Security Procedures located at:
  http://security.sdsu.edu/policy/secplan.html