

## **EQUIPMENT MANAGEMENT GUIDELINES**

The following guidelines were developed by the CSU Financial Officers Association to assist campuses in implementing Executive Order 649, Safeguarding State Property.

# EQUIPMENT MANAGEMENT GUIDELINES

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# **EQUIPMENT MANAGEMENT GUIDELINES**

## **1.0 INTRODUCTION**

Campuses of the California State University system are required to adhere to CSU policy pertaining to acquisition, use and disposition of equipment. CSU Executive Order 649 delegates authority to campus presidents to establish and maintain a system of internal controls to safeguard University equipment.

These procedures provide reasonable standards for compliance with CSU policy and allow for customization as may be required by individual campuses. Adherence to the standardized procedures will facilitate accurate record keeping related to the acquisition, maintenance, control, and disposition of equipment. The combination of accurate accounting records and strong internal controls must be in place to protect against and detect the unauthorized use of University property.

## **2.0 DEFINITIONS**

### **2.1 Definition of Equipment**

Equipment is defined as tangible, nonconsumable property with an acquisition cost of at least \$1,500 (CAMPUS SPECIFIC) Equipment has a normal useful life of at least one year, is not permanently attached to or incorporated in university buildings and grounds, and is used to conduct university business.

### **2.2 Instructional Equipment**

Instructional equipment is equipment purchased for use in "instructional" departments. (CSU budget allocations for Instructional Replacement equipment are based, in part, on existing equipment values.) Property records should be able to track and report information required for instructional equipment.

### **2.3 Capitalized Equipment**

Equipment and software valued at \$5,000 or more is capitalized. Capitalization means to record the property in the accounting records as assets. Detailed guidelines on capitalization of assets is in the Capital Assets Guide issued as part of the CSU GAAP Reporting Manual.

## **3.0 RESPONSIBILITIES**

### **3.1 Dean/Chair/Director Responsibilities**

Each college/school/department has the primary responsibility for the custody, care, maintenance, records and control of all property assigned to it. It shall maintain up-to-date departmental records and initiate the appropriate actions or forms to fully inform the university Property Clerk of all transactions involving said property so that the Property Clerk's responsibilities may be properly carried out.

Warranty information and supporting documentation is to be maintained by the owning department. Inventoried equipment may have minimal backup information maintained in the Property records. The information maintained in the Property records is not the primary source of warranty information.

The dean, chair, or director of each college/school/department/administrative unit will designate a property coordinator.

### **3.2 Property Coordinator's Responsibilities**

Ensure the proper use and maintenance of all property and equipment assigned to the department.

Promptly report any loss, damage, or misuse of property or equipment to the Property Clerk.

Maintain current, complete, and accurate property records and track the assignment of equipment within the department. Each department is charged with the responsibility for University equipment assigned to or purchased by that department. Inventories of equipment will be taken at least every three years. The department is also responsible for communicating with Property Clerk regarding receipt of equipment that is to be tagged and notification of loss, disposal, or transfer of equipment.

### **3.3 University Property Clerk Responsibilities**

Equipment tagging, tracking, and maintenance of campus equipment records are responsibilities of the Property Clerk. This central administrative function is usually part of Property Accounting, Material Management or other business office.

The application of the identification number to equipment is the responsibility of the Property Clerk; this function may be delegated to a campus department if appropriate controls are maintained.

Coordination or performance of equipment inventory will be done at least every three years.

Supporting documentation for additions, deletions and changes is maintained in the Property Office and made available to the Accounting Department as needed for reconciliation and documentation.

The University has a vested interest in ensuring accurate property records. CSU budget allocations for Instructional Replacement equipment are based, in part, on existing equipment values. Property that is not properly accounted for impacts negatively on the campus allocation.

### **3.4 Accounting Department**

Journal entries for fixed asset additions, deletions, and changes are made monthly into the General Ledger.

The General Ledger records for each asset category should match the subsidiary records in the asset database for each asset category. The General Ledger entries are made at a summary level; the subsidiary asset database records are at asset detail level and should be reconciled to the GL summary on a monthly basis. The monthly reconciliation should be signed and dated by the preparer and a higher-level reviewer.

### **3.5 All Employees**

Each member of the campus community has a general obligation to safeguard and make appropriate use of University property and equipment. This obligation includes but is not limited to:

- Exercising reasonable care in equipment use to prevent damage and maintain in good condition.
- Taking reasonable security precautions to discourage loss, theft, or misuse of property.
- Reporting lost, stolen, damaged, or otherwise impaired property/equipment to appropriate parties.

### **3.6 Separation of Duties**

To maintain good internal controls, and to the extent staff size allows, there should be a segregation of duties so that the following functions are not all assigned to the same individual in a department:

- Initiating or approving purchase of equipment (dean, chair, director);
- Maintaining equipment records (department property coordinator);
- Taking physical inventory (property coordinators, property clerk).

Employees who are not responsible for the custody or record keeping of property should oversee the inventory process.

## **4.0 ACQUISITION OF EQUIPMENT**

### **4.1 Purchase**

Equipment may be acquired by purchase (including lease purchase and installment purchase), gift, or transfer. The cost of equipment includes the purchase price plus all costs to acquire (shipping and handling), install, and prepare equipment for its intended use.

### **4.2 Gifts**

Any gift transferred to University ownership meeting the definition of equipment will be tagged and added to property records. The department should coordinate with the development/advancement office to ensure all CSU and campus gift acceptance requirements are met and the gift is properly acknowledged and recorded, using estimated fair market value on the date the gift is received for acquisition cost.

### **4.3 Transfers of Equipment to the University**

All requests for transfers of equipment to the University must be in writing and approved by the Property Clerk.

### **4.4 Fabrication**

Items constructed by campus employees may also be recorded as equipment if they meet the definition in section 2.1. Acquisition cost should be estimated based on the cost of materials used and the salary and benefit cost involved in the fabrication.

### **4.5 Delivery**

#### **4.5.1 Central Receiving**

Equipment delivered to the Central Receiving Department should be tagged and recorded before delivery to accepting department, unless the campus has procedures providing for tagging after delivery to the accepting department.

#### **4.5.2 Direct to Department/Pick-Up by Department**

When equipment is delivered directly to a department, the department must contact Property Clerk to have the equipment tagged and placed on inventory records. Property Clerk will forward a property record to the property coordinator requesting current information (serial number, current location). Departments should furnish copies of pertinent documents to Property Clerk.

### **4.6 Identification of University Equipment**

All equipment must be marked or tagged with a unique identification number and recorded in the property inventory listing. The identification number is applied to the actual unit unless its size or nature makes it impractical. A tag bearing the identification number should be affixed so it is in plain sight and easy to read, e.g. on the top left corner or other conspicuous position. Additional identification required by a department should be applied in a manner that avoids confusion with the campus identification number. Should the identification number be accidentally or mistakenly obliterated, defaced or removed, the equipment should be retagged with the same identification number if possible. Assigned identification numbers are recorded on all applicable receiving, shipping, and disposal documents, and other records that are related to the property control system. Once an identification number has been assigned, no change is made during the life of the item regardless of inter-departmental transfers.

## **5.0 INVENTORY**

### **5.1 Property Database**

A property database should be maintained for all tagged equipment.

#### **5.1.1 Acquisition Data**

Information entered into Property database should include Date of Purchase, Cost, Purchase Order Number, Department, and Account Number charged.

#### **5.1.2 Item Description**

Description of equipment entered into the Property database should include Make, Manufacturer, Model Number, Serial Number, and University Identification Number as well as asset type/category/class as needed for capital asset reporting and depreciation.

#### **5.1.3 Location of Equipment**

The location of each item of equipment is noted in the department records and Property Office records. Current records as to movement of equipment are maintained in such a manner that any item of equipment can be located for inspection or inventory purposes within a reasonable time. The responsible department will notify the Property Clerk of any changes in location of equipment.

#### **5.1.4 Depreciation**

Depreciation information would include useful life, depreciation method/rate/schedule and cumulative depreciation.

### **5.2 Inventory of Equipment**

#### **5.2.1 Physical Inventories of University Equipment**

Department Property Coordinators and/or Property Clerk/Office will make a physical count of all property and reconcile the count with the Property Office accounting records at least once every three years. Department inventory clerks may be designated. A computer printout and inventory instructions will be furnished to each department at inventory time by the Property Clerk/Office.

Property Clerk may verify the department inventory on the basis of statistical sampling. If the sample shows significant discrepancies, the Property Clerk should take a complete physical inventory.

### **5.2.2 Results of Inventories**

Department Property Coordinator will submit to the Property Clerk a property listing that identifies all discrepancies disclosed by physical inventory. The listing will include a signed statement that physical inventory of all or certain classes of property was completed on a given date and that the official property records were found to be in agreement with the physical inventory, except for discrepancies reported. The listing and signed statement will be furnished with a minimum of delay at the completion of the physical inventory.

Printouts and lists used to take inventory should be dated and signed by the inventory taker and retained for audit.

### **5.3 Personally Owned Equipment**

If a University employee keeps personally owned equipment on campus, it should be reported to his/her department and identified as the property of the owner. The University is not responsible for loss or damage to the equipment.

## **6.0 LOSS PREVENTION**

Some campus property may pose a higher risk of loss due to its portability and marketability. Departments with equipment susceptible to theft, e.g. computers, should consider utilizing one or more of the following theft protection measures:

- Ensuring University equipment tags, bar code labels or permanent markers are on equipment.
- Establishing a check-out/check-in system for departmental equipment.
- Office equipment can be cabled or bolted and locked to desks and stands.
- A security room or closet may be used to store any items considered vulnerable to theft.
- For internal control purposes, inventories need not be exclusively controlled by the Property Coordinator. Departments may assign a responsible person to perform interim inventories to ensure adequate property control.

## **7.0 INTERNAL TRANSFERS, RELOCATION AND LOAN OF EQUIPMENT**

It is the responsibility of the department to notify Property Clerk of all relocations of equipment items as follows:

### **7.1 Relocation Within A Department**

When the only change is the physical location of equipment within a department, an Intracampus Transfer of Equipment form must be completed and signed by the department property coordinator. A brief description of the item, the University number and the new location should be furnished. Forward the completed form to Property Clerk.

## **7.2 Relocation of Entire Department**

After department relocates, the department should conduct a complete physical inventory of equipment and report it to Property Office.

## **7.3 Inter-Departmental Transfers**

When equipment is transferred between departments, an "Intracampus Transfer of Equipment" form must be completed and signed by the appropriate dean, director or chair of the department transferring the equipment. This form must then be forwarded to the department that has accepted the equipment. This department must record the new location(s) of the equipment. The dean, director or chair of the receiving department must also sign the form. The completed form must be forwarded to Property Clerk. Property Clerk will then update campus inventory records to reflect the transfer.

## **7.4 Loans of Equipment**

### **7.4.1 Loans of University Equipment from One Department to Another.**

If equipment is loaned to another department for a short period, a memorandum of the transaction should be filed in the lending department.

### **7.4.2 Loans of University Equipment to External Organizations, Employees, or Other Individuals.**

Any loan of University equipment to an external organization or to an individual, including employees (e.g. for use off-campus), must have prior approval of the appropriate department chair or director and the university Property Clerk. All loaned equipment shall be listed on an Equipment Loan Agreement form with a copy to the Property Clerk. When the equipment is returned, the lending department must notify the Property Clerk.

Generally, university equipment is loaned to an employee exclusively for university business.

### **7.4.3 Inter-Campus Loans of Equipment.**

Inter-campus loans of equipment require prior approval of the appropriate department chair or director and the university Property Clerk. Loans of one year or more are recorded on inventory records; inter-campus loans should be documented on the Equipment Loan Agreement form.

## **7.5 Surplus Property**

Departments or operating units having excess/surplus equipment and property are encouraged to declare them excess and permit Property Clerk to relocate the items.

Departments should complete a Moving Services Request Form to include State identification number and location.

## **8.0 DISPOSAL OF EQUIPMENT**

### **8.1 Survey**

In order to remove or delete equipment items from Property inventory records, a process known as a "Survey" must be completed. The following procedures must be taken:

- A written request to dispose of surplus equipment must be prepared and submitted to the Property Clerk. The reason for disposal and a complete description of the item, including the University identification number and serial number, if available, should be furnished.
- The Property Clerk will review the written request, prepare a Property Survey Report and then forward the completed Property Survey Report to the University's Property Survey Board for review and approval.
- Upon approval, Property Clerk will remove equipment from campus inventory records and notify the department to do the same.
- The proposed disposal of property or equipment by cannibalizing, junking, salvaging, selling, donating or trading-in these items, must also be recorded on a "Property Survey Report" form following the above procedures.

### **8.2 Lost or Stolen Property and Equipment**

When a determination has been made that University property or equipment has been lost or stolen, the individual or department accountable for the property or equipment should immediately notify the Campus Police/Public Safety, and then prepare and submit a complete written report to the department chair, dean or director. A copy of the report must be sent to the Property Clerk. An additional copy of the report must be sent to Public Safety.

Employees may be charged for any loss of or damage to University property that is attributable to their negligence or unauthorized use.

### **8.3 Trade-in of Equipment**

Departments must prepare and submit a written request whenever equipment is being traded-in for new equipment. The request should include a complete description and identification of the equipment, the vendor, the monetary value offered for the equipment, and requisition number. The request should accompany the requisition, with a copy to the Property Clerk. After the equipment has been traded in, the department must notify the Property Clerk and provide the purchase order number.

### **8.4 Transfers to State Agencies or Other CSU Campuses**

A Property Transfer Report should be completed and approved by both the Property Clerk/Office of the campus supplying the equipment and the agency/campus receiving the equipment.

The acquisition value and accumulated depreciation should be provided to receiving agency for their records. The equipment should be removed from the supplier's property records as outlined in section 8.1 and added by the recipient as outlined in section 4.3.

### **8.5 Sale of Equipment**

Property Clerk in accordance with University policy may offer university equipment and supplies for sale. The term "sold equipment" applies to University-owned equipment sold to external agencies or individuals. It does not apply to equipment transferred to another department or campus.

### **8.6 Donation of Equipment**

Property Clerk in accordance with University policy may donate university equipment and supplies. Any non-profit organization may qualify for a donation. The organization must submit a letter requesting donation on letterhead to:

Director, Business Services, San Diego State University,  
5555 Canyon Crest Drive, San Diego CA 92182-8500.

All donations of equipment must be processed through Property Clerk.

### **8.7 Junked or Salvaged for Parts**

A Property Survey Report must be prepared whenever it is proposed to dispose of University owned property by junking or salvaging the equipment for parts. Departments should follow the procedures outlined in section 8.1.

## 9.0 Sample Forms







Property Services

EQUIPMENT LOAN AGREEMENT

\_\_\_\_\_ hereinafter referred to as "University," agrees, for the benefit of the University, to loan to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Hereinafter referred to as "Lendee"

The equipment described below which is to be used exclusively for the University business of \_\_\_\_\_

For the period from \_\_\_\_\_ to \_\_\_\_\_  
Month Day Year Month Day Year

The Lendee is responsible for returning the equipment to the University and agrees to assume the risk of loss from any cause whatsoever. If the equipment is lost, Lendee agrees to pay the estimated value stated below. If the equipment is damaged, Lendee agrees to pay the cost if repair, said amount not to exceed the estimated value stated below.

The Lendee will pay transportation charges to \_\_\_\_\_  
 The Lendee will be responsible for the cost of returning the equipment to point of origin. EQUIPMENT IDENTIFICATION (to be completed by Property Services)

EQUIPMENT IDENTIFICATION (to be completed by Property Services)

Property Number	Description of Item	Serial Numbers	Location		Estimated Value
			Room	Bldg.	

Department Name \_\_\_\_\_

Approved – Lendee:	Approved – Lendor/ Department Chairman
By	Department Inventory Clerk
	Property Clerk

02/03

STATE OF CALIFORNIA	DEPARTMENT/AGENCY		DOCUMENT NUMBER	
<b>PROPERTY SURVEY REPORT</b>	RETURN ADDRESS		<b>DATE</b>	
<b>STD. 152 (REV. 2-77)</b>	CITY	ZIP CODE	REPLACEMENTS: SEE PURCHASE	
<i>AUTHORITY IS REQUESTED TO DISPOSE OF THE FOLLOWING STATE PROPERTY</i>	FUND OWNED BY	OTHER	ESTIMATE NUMBER ATTACHED	RECEIPT NUMBER
ITEM-DESCRIPTION, MODEL NO., SERIAL NO., ETC	GENERAL	PRESENT CONDITION	PRICE(2) OFFERED	AMOUNT REC'D(3)
	STATE ID NO. (1)	ORIGINAL COST	DISP CODE*	
	DATE PURCHASED			
	NON-RENTAL EQUIPMENT			

**SEE ATTACHED DETAIL LISTING**

NUMBER OF PAGES:

TOTAL NUMBER OF ITEMS:

(1) PROPERTY TAG NUMBER OF "E" NUMBER FOR VEHICLE. (2) DO NOT OBTAIN BIDS ON TRADE-INS. ESTIMATE PRICE OFFERED. (3) AMOUNT ALLOWED IF TRADED-IN OR SOLD

**\*DISPOSITION CODE**

1. TRADE-IN
  2. SALE (INCLUDING JUNK SALE)
  3. JUNK-VALUELESS
  4. LOST\*\*
  5. STOLEN\*\*
  6. DESTROYED (AS BY FIRE, ETC.)
  7. TO BE SALVAGED
  8. PROPERTY REUTILIZATION-GEN. SERV.
- \*\* IF LOST STOLEN OR DESTROYED REFER TO SAM SECTION 8657 FOR INSTRUCTIONS.

EXPLANATION REASON FOR PROPOSED DISPOSITION OF EACH ITEM

SAMPLE

Total Asset Cost \_\_\_\_\_  
 Total Tracking Cost \_\_\_\_\_  
 Total Invalid Cost \_\_\_\_\_ \$0.00  
**TOTAL** \$0.00

<b>APPROVED BY PROPERTY SURVEY BOARD</b>	<b>CERTIFICATION OF DISPOSITION</b>	<b>REVIEWED BY DEPT. OF GEN. SERVICES</b>
<i>THE ABOVE STATEMENTS REGARDING STATE PROPERTY ARE TRUE AND CORRECT; CULPABLE NEGLIGENCE WAS NOT (CHECK APPROPRIATE BOX)</i>	THE ABOVE DESCRIBED PROPERTY WAS DISPOSED OF AS FOLLOWS: (SPECIFY IF NO CONSIDERATION WAS RECEIVED)	SIGNATURE
<i>INVOLVED IN LOSS, THEFT OR DAMAGE; THE DISPOSITION PROPOSED IS BEST FOR THE PUBLIC INTEREST.</i>	MANNER OF DISPOSAL	DATE
<b>SIGNATURES</b>	DATE OF DISPOSAL	
	SIGNATURE (OFFICER SUPERVISING DISPOSAL)	
	TITLE: SUPERVISOR, MATERIAL MANAGEMENT	

**RECORD AS OF DISPOSITION DATE (LOST, STOLEN OR DESTROYED PROPERTY-RECORD AS OF THE DATE SUCH AS DETERMINATION WAS MADE)**



STATE OF CALIFORNIA <b>PROPERTY TRANSFER REPORT</b> STD. 158 (REV. 4-94)	ENTERED ON PROPERTY RECORDS BY (SIGNATURE)
--	--

FROM <small>(Department, Unit, or Office)</small>	LOCATION <small>(Department, Unit, or Office)</small>	DATE	DOCUMENT NUMBER
TO	LOCATION	CHECK TRANSFER TYPE	
		<input type="checkbox"/> INTRA-DEPT (SAME FUND) <input type="checkbox"/> INTER-DEPT (SAME FUND) <input type="checkbox"/> BETWEEN FUNDS	

LINE	ARTICLE	EQUIPMENT NUMBER	ORIGINAL PURCHASE DATE	QUANTITY	TOTAL
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

SAMPLE

<b>REASON FOR TRANSFER</b>	

<b>APPROVED BY</b>	<b>SIGNATURES</b>	<b>DATE</b>
	1.	
<b>PROPERTY</b>	2.	
<b>SURVEY BOARD</b>	3.	
<b>REVIEWED BY DEPARTMENT OF GENERAL SERVICES</b>		
<b>RECEIVED THE ABOVE ITEMS FOR DELIVERY AS DIRECTED HEREIN</b>	<b>TRUCK DRIVER</b>	
<b>I HAVE RECEIVED THE ITEMS ABOVE</b>	<b>PROPERTY CUSTODIAN</b>	<b>UNIT OR OFFICE</b>