

Business Property

PURPOSE	1
POLICY STATEMENT	2
WHO SHOULD KNOW THIS POLICY	2
DEFINITIONS	2
REGULATIONS	3
1.0 CAPITALIZATION	3
2.0 RECORDING OF ASI ASSETS	3
2.1 <i>Acquisition</i>	3
2.2 <i>Capitalized Repairs</i>	3
2.3 <i>Accounting for Donated Equipment</i>	3
3.0 IDENTIFICATION AND TAGGING OF BUSINESS PROPERTY	4
4.0 INTERNAL CONTROL OF ASI ASSETS	4
4.1 <i>Custody Records</i>	4
4.1.1 Transfer of ASI Property between ASI Departments	4
4.1.2 Loan of Property to Employees	4
4.1.3 Loan of Property to Student Organizations	5
4.2 <i>Inventory of Business Property</i>	5
4.3 <i>Certification of Inventory</i>	5
4.4 <i>Computer Software</i>	5
5.0 DISPOSAL	5
5.1 <i>Disposal of Property</i>	5
5.2 <i>Sale of Property</i>	6
5.3 <i>Trade-In of Property</i>	6
5.4 <i>Lost, Stolen, or Destroyed Property</i>	6
FORMS	6

Purpose

The ASI Policy on Business Property is designed to ensure proper accountability for ASI property. The regulations contained herein are intended to provide accurate records for the acquisition, control, and disposal of property. The combination of accurate accounting records and strong internal controls are designed to protect against lost and to detect unauthorized use of ASI property.

Policy Statement

It is the policy of the Associated Students that all acquisitions of business property, including physical plant and equipment, be approved as part of the annual operating budget. Capital budget requests shall be submitted for review and approval by the Board of Directors during the annual budget process through the use of capital outlay budget forms.

All tangible assets donated to Associated Students, Incorporated will be treated as owned by the organization. Each donated asset will be identified, tagged, and entered as a fixed asset on the accounting records at the fair market value of the asset at the time it is donated.

Each item of property received shall be identified and tagged in a visible area. Information on each tagged asset will be maintained by the Business Office.

Board approval shall be required for the disposition or sale of any asset with a residual book value of \$100 or more. Board approval shall be required for the purchase or sale of any real estate.

Who Should Know This Policy

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input type="checkbox"/> Elected/Appointed Officers | <input type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input checked="" type="checkbox"/> Program Advisors | <input checked="" type="checkbox"/> Staff |
| <input checked="" type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Building Improvements	Repairs, renovations, or refurbishments to the Soroptimist House, Recycling Center, Child Development Center, and University Student Union
Capitalized Assets	Capitalized assets are those tangible items of property, plant, and equipment that have a normal useful life of at least three years and have an acquisition cost of at least \$5,000 per unit.
Equipment Betterment	Betterment is the replacement of a portion of an existing asset with a much improved or superior portion. The betterment does not extend the life of the asset, but does increase its value.
Extraordinary Repairs	Extraordinary repairs are repairs and maintenance in that extend the useful life of an asset rather than maintain it in its normal state.
Non-Capitalized Assets	Non-capitalized assets are those assets that do not meet the abovementioned requirements. Acquisitions of non-capitalized assets are simply recorded as expenditures.
Sensitive Assets	Sensitive assets are defined as high-value, non-capitalized assets that could be readily concealed and removed from the campus and therefore warrant being tagged and inventoried.

Regulations

1.0 Capitalization

ASI property shall be capitalized for accounting purposes when it represents an investment of \$5,000 or more per unit and has an estimate useful life of at least three years. Capitalization means the asset is recorded in the accounting records as a fixed asset and accountability is maintained until disposal of the asset occurs.

An extraordinary repair shall be capitalized if it represents an investment of \$5,000 or more and extends the useful life of the asset by at least three years. For equipment betterments, only the net difference in value between the original asset and the improved asset shall be capitalized.

A building improvement shall be capitalized if it represents an investment of \$5,000 or more, is attached to the property, and increases the facility's productive capacity.

2.0 Recording of ASI Assets

The property information for each asset serves as the subsidiary information that supports the asset accounts. The ASI Business Office shall maintain this subsidiary information as documentation for the Plant Fund balance. The total basis of valuation of the individual records must agree with the General Ledger control accounts.

2.1 Acquisition

When capitalized or sensitive assets are ordered or acquired, the recipient department shall complete a Property Acquisition Form and attach it to the accompanying Request for Payment or Purchase (RPP).

The Business Office will assign an inventory tag number and keep track of the property information in an automated property accounting system. Departments will reconcile their records of all property with the Business Office's records on no less than an annual basis.

2.2 Capitalized Repairs

All extraordinary repairs, building improvements, and equipment betterments must be recorded on a Property Acquisition Form and submitted with the RPP requesting payment for the repairs. RPP's that are not accompanied by a properly executed Property Acquisition Form shall be returned to the requestor.

2.3 Accounting for Donated Equipment

Business property is defined in Section 8630 of the State Administrative Manual as "estate or property that is not real, consisting of things temporary or movable chattels." Departments considering the acceptance of donations of business property shall ensure that the donation complies with the requirements established in Article 8 of Title 5, California Code of Regulations.

Donations of equipment shall be reported to the Division of University Relations and Development who will maintain donor records so that there are complete and accurate cumulative histories of gifts.

3.0 Identification and Tagging of Business Property

The purpose of tagging assets is to designate that they belong to the ASI. Tags will be placed so that they are in plain sight and easy to read. To the extent possible, all property will be tagged on the left hand corner of the asset. The identification number will not be changed when property is moved.

- All capitalized assets, with the exception of software, which falls into the category of equipment, will be tagged and added to the ASI inventory when it is received (from acquisition or donation), installed and placed into service.
- Property that is not considered equipment but is considered “sensitive” will also be tagged and added to the inventory.

Sensitive non-capitalized assets with an acquisition cost of \$500 or more and an expected useful life of at least one year will be tagged and inventoried. The ASI Business Office will identify or define such property and send the list to appropriate budget area administrators. Sensitive assets assigned to personnel primarily for their individual use must be recorded on a Property Receipt & Clearance form. All such assets shall be returned to ASI upon termination of the employee's service with ASI or upon disposal of the asset, whichever comes first.

4.0 Internal Control of ASI Assets

4.1 Custody Records

4.1.1 Transfer of ASI Property between ASI Departments

Departments shall prepare a Property Transfer/Disposal Form whenever property is transferred to another ASI department. The intended destination must be listed on the form as provided. The supervisor of the department receiving the equipment must certify the receipt of the equipment and ensure that the transfer is properly recorded on the inventory control records by submitting the form promptly to the ASI Business Office.

4.1.2 Loan of Property to Employees

ASI property may be loaned to employees for use off campus under the following conditions:

- Capitalized equipment should not be loaned for a period to exceed 14 days unless approval of the Board of Control is received. The appropriate department supervisor must approve an Equipment Custody Agreement.
- Employees who receive and maintain sensitive, non-capitalized property shall complete a Property Receipt & Clearance Form and file it with the Human Resources Office. All assets received by an employee must be returned upon separation from employment with ASI.
- If an item of equipment has not been tagged, the employee must bring the equipment to the Business Office to be tagged before removing it from ASI premises.
- The employee agrees to assume complete responsibility for the custody of the equipment and will replace it if lost, stolen, or damaged because of negligence.

4.1.3 Loan of Property to Student Organizations

ASI property may be loaned to student organizations for their exclusive use provided an Equipment Custody Agreement has been executed and approved by the Board of Control.

4.2 Inventory of Business Property

Every three years, the Business Office will prepare a printout of all recorded business property by location. Inventory shall be conducted by employees with responsibilities independent of the custody or recordkeeping of such assets. The physical inventory of property will be compared to the detailed property printout. Any differences will be resolved with the employee to whom the asset had been assigned. Adjustments shall be made to the fixed asset subsidiary ledger and the general ledger to reconcile them to the physical inventory.

4.3 Certification of Inventory

An annual confirmation of inventory will be conducted in conjunction with a complete, physical inventory conducted every three years by Business Office personnel. Inventory printouts will be sent out to each department each year. The department supervisor will by completion of this form notify the Business Office if the inventory is correct or if any adjustments are necessary. Adjustments shall be made to the fixed asset subsidiary ledger and the general ledger to reconcile them to the confirming inventories.

4.4 Computer Software

Periodically, the Executive Director or designee will conduct an unannounced inventory of all computer software at file servers and computer workstations. The inventory will be compared with licenses for such software. Differences will be reconciled and corrective action taken by obtaining additional software licenses from computer software publishers.

5.0 Disposal

5.1 Disposal of Property

Departments shall submit a Property Transfer/Disposal Form to the Business Office whenever disposal of property is proposed. The Business Office will review the list of assets to be disposed and determine if Board approval is necessary. Property listed on an approved disposal form will be disposed of without delay. The Business Office will update the ASI property records to reflect the disposal.

An asset will be disposed of by the following methods, listed in order of preference:

- 1) Transfer to another department
- 2) Trade-in on a similar asset
- 3) Salvage for usable parts
- 4) Sale to employees
- 5) Sale to third parties

- 6) Gift to a local charity
- 7) Treatment as scrap

5.2 Sale of Property

Property sold shall be removed from the property records. Sale proceeds shall be recorded as a Gain/Loss on Assets Sold.

5.3 Trade-In of Property

When capitalized property is traded in, property accounts will be reduced by the recorded cost of the property traded in. Replacement property will be recorded at the cost that would be required to be paid had a trade-in not occurred.

5.4 Lost, Stolen, or Destroyed Property

Whenever property is lost, stolen, or destroyed, departments will prepare a Property Transfer/Disposal Form. The form will provide a description of the property and the reason for the disposal. For items that are lost, destroyed, or stolen, a Missing Item Report must be completed and attached to the disposal form. Stolen property shall be reported in compliance with ASI's Policy on Reporting Fiscal Improprieties.

For items that are destroyed, a memo explaining the circumstances surrounding the destroyed property shall accompany the disposal form.

The Business Office will adjust its property records and retain the Property Transfer/Disposal Form as documentation. If it is a capitalized asset, the Business Office shall adjust the capitalized asset records accordingly.

Forms

The following forms and procedures are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Equipment Custody Agreement	To permit a budget area external to the ASI corporation to maintain for its sole use custody and control of property purchased with ASI funds	Office of the Executive Director	Executive Director	At least 30 calendar days before desired date of assuming custody
Missing or Stolen Item Report	To document the loss of an item of property due to theft or misplacement	A.S. Business Office	Department Supervisor and ASI Controller	Within 24 hours of discovery of the property loss
Property Acquisition Form	To record the purchase or acquisition of a piece of property	A.S. Business Office	Supervisor of the department responsible for maintaining custody and control of the asset	Must be submitted with Request for Payment or Purchase.

Property Receipt & Clearance Form	To record the assignment of an item of property to an employee for his/her principle use and possession	Human Resources Office	Employee's supervisor or equivalent	Within three business days of physically acquiring the asset. Form must be updated upon separation of the employee or reassignment of the property.
Property Transfer/Disposal Form	To document the transfer or disposal of an item of property	A.S. Business Office	Department Supervisor and ASI Controller	Within three business days of transfer or disposal. For items that were lost or stolen, a Missing or Stolen Item Report must be completed and attached to the form. For items that are destroyed, a memo explaining the circumstances surrounding the destroyed property must accompany the form.
Request for Payment or Purchase (RPP)	To request a check or purchase order	A.S. Business Office	Authorized budget area signatory	At least four (4) business days before desired date of disbursement