

SJSU Research Foundation Property Accounting Policy

Finance and Accounting

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1.0 Purpose

This document describes the requirements for San José State University Research Foundation (“Research Foundation”) property accounting, and sets guidelines for the accounting, administration, and maintenance of property and equipment.

2.0 Responsibility

The director of Accounting, in collaboration with the senior director of Sponsored Programs or designee(s), is responsible for the day to day administration of this policy. The administrative and fiscal responsibility for management of a sponsored project resides with the principal investigator(s) (“PI”) named in the award. The administrative and fiscal responsibility for management of self-support programs is the director of the program. All Research Foundation and SJSU employees, as well as any other individuals who use or have custody of Research Foundation property and equipment are responsible for adhering to this policy.

3.0 Scope

This policy applies to all Research Foundation property and equipment.

4.0 Definitions

This table provides definitions for special terms, acronyms, and abbreviations used in this policy.

Term, Acronym, or Abbreviation	Description
Capitalized Equipment	<p>Tangible, non-consumable property (including information technology systems when applicable) meeting all of the following criteria:</p> <ul style="list-style-type: none">• Unit acquisition cost of \$5,000 or greater (including all costs incurred to acquire and to ready the asset for its intended use such as purchase price, applicable tax, freight, etc.). Accessory items not meeting these criteria will not be capitalized.• Estimated life of greater than one year,• Not permanently attached to or incorporated in SJSU or Research Foundation buildings and grounds,• Used to conduct Research Foundation business. <p>Capitalized equipment must be tagged, tracked, and inventoried.</p>

Information Technology Systems	Computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources with a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000. Items purchased on a federal award that meet this definition are considered to be federal equipment and will be tagged, tracked, and inventoried accordingly. These items will be reviewed for capitalization based on GAAP criteria.
Non-Capitalized Equipment	Equipment that does not meet the criteria to be capitalized. Non-capitalized equipment that must be tracked, tagged, and inventoried are: <ul style="list-style-type: none"> • Firearms • Vehicles Non-capitalized equipment deemed to be track-able must be recorded in the Research Foundation property inventory records but not included in the Research Foundation's capitalization and depreciation schedule.
High Risk Equipment	Non-capital equipment that is easily subject to theft or loss. Due to a cost and risk analysis the Research Foundation does not track, tag, or inventory this equipment.
Data Sensitive Equipment	Any electronic computing device capable of receiving and persistently storing direct user input. This includes but is not limited to workstations, servers, tablets, laptops, and smart phones due to the possible storage of level 1 or level 2 data as defined in the CSU Data Classification Standard in which the Research Foundation has custody. This equipment is tagged, tracked, and managed in accordance with ICSUAM Policy 8000 Series – Information Security.
Fabricated Equipment	Scientific or other complex equipment comprised of a number of individual components that are built into a single functional unit. Typically these components would be purchased with separate transactions and may be from multiple vendors. This equipment must be evaluated for capitalization and tracking.
Group II Equipment	Items purchased to place a structure or equipment into service. Group II Equipment must be evaluated for capitalization or tracking.
Custodial Department	The campus department that is assigned custody of the equipment.
Asset Management System (AMS)	The database used to record Research Foundation acquisitions, transfers, and dispositions of equipment.

5.0 Policy

The SJSU Research Foundation will maintain uniform accountability for Research Foundation property and equipment and provide accurate records for its acquisition, maintenance, control, and disposition. The Research Foundation will endeavor to ensure

that accurate accounting records and strong internal controls are in place to protect against theft, and to detect unauthorized use of Research Foundation equipment.

Research Foundation and SJSU employees have an obligation to safeguard Research Foundation equipment. This obligation includes, but is not limited to:

- Taking reasonable security precautions to discourage loss, theft, or misuse of property,
- Preventing the disclosure of protected data by complying with the SJSU Information Security Office procedures,
- Reporting missing, lost, stolen, and vandalized equipment to appropriate personnel including the SJSU Information Security Office,
- Taking reasonable care of, maintaining, and using equipment in a manner to prevent damage,
- Returning equipment in satisfactory condition (if required by the sponsoring agency).

Capital equipment acquired through grants in which title vests with the Foundation during the grant period are capitalized and depreciated. Donated equipment are recorded at acquisition value at the date of acquisition. The carrying value of all long-lived capital equipment is evaluated periodically to determine if adjustment to the useful life or to the carrying value is warranted. Capital equipment with no remaining useful life and a net book value of \$0 will be reviewed for obsolescence and may be removed from inventory. Asset impairment is recorded whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

5.1 Acquisition of Equipment

Equipment may be acquired by purchase (including lease purchase, installment purchase), donation, transfer, and fabrication.

5.1.1 Purchase

The cost of equipment includes the purchase price, applicable taxes and freight, and any other costs associated with preparing the equipment for its intended use and does not include accessory items. It is the policy of the Research Foundation to obtain at least three competitive quotations or sole/unique source for the purchase of capital equipment. Refer to the *Research Foundation Purchasing Policy* for specific guidelines.

Purchased Jointly with Other Entities

Equipment purchased with a combination of the Research Foundation and other entities' funds (SJSU, federal agencies, etc.) shall be noted on the requisition with the amount of funds allocated from each funding source. If not stated in the agreement of purchase, these items will be recorded as Research Foundation equipment if any portion of the funds used to acquire, install, or maintain the items are from Research Foundation sources.

5.1.2 Donations (In Kind Gifts)

The Research Foundation must coordinate with the SJSU Advancement department to ensure that the in kind gift acceptance requirements are met and the donation is properly acknowledged with appropriate authorization signatures. The receiving

custodial department is responsible for itemizing and obtaining the acquisition value of donated equipment.

5.1.3 Transfers

Upon acceptance of capital equipment transferred from SJSU, another campus, auxiliary organization or agency, the Research Foundation must determine the acquisition value of the asset at the time of transfer.

5.1.4 Fabrication

Under special circumstances equipment may be constructed by Research Foundation or SJSU employees.

Note: When title vests with the Government during or after the grant period, ownership of any and all equipment furnished by the State or Federal Government for use on a project will remain property of the government and will not be capitalized or depreciated. It is the responsibility of the PI to send copies of the shipping documents, transfer orders or correspondence pertaining to the Research Foundation's receipt of government equipment to the Research Foundation Property Accounting Office and their sponsored programs analyst to ensure proper tracking mechanisms are in place.

5.2 Equipment Tracking, Tagging, and Inventory Requirements

The following is a recap of equipment that must be tracked, tagged, and inventoried:

Equipment Type	Inventory Record (1)	Tracked (2)	Tagged (3)	Inventoried (4)
Capitalized Equipment	AMS	x	x	x
Non Capitalized Equipment:				
Firearms	AMS	x	x	x
Vehicles and Vessels	AMS	x	x	x
Data Sensitive Equipment (less than \$5,000)	AMS	x	x	
Federally Funded Equipment				
Equipment with a per unit "fair market value" of \$5,000 or greater (Refer to Section 5.4)	AMS	x	x	x

1. Inventory Record: Refer to Section 5.3 Asset Management System.
2. Tracked: Accounted for on a reasonable basis, no less than annually, conducted by the custodial department.
3. Tagged: Tagged or marked with a unique identification number recorded in the asset management system. The identification number will be directly applied to the item unless its size and/or nature prohibits application.
4. Inventoried: Physical inventory conducted on a 2-year cycle conducted by Research Foundation Property Accounting.

5.3 Asset Management System and Equipment Identification

The asset management system is the Research Foundation's official record for tagged and tracked equipment. The information entered into the asset management system shall be maintained accurately and may include, but is not limited to:

- A description of the equipment
- Manufacturer's serial number or other identifying number
- Research Foundation identification number (tag number).
- Source of the equipment, including the account number.
- Whether title vests in the recipient or the Government (if applicable)
- Acquisition date and cost.
- Percentage of federal participation in the cost of the equipment (if applicable)
- Location, use, and condition of the equipment.
- Ultimate disposition data, including date of disposal

Accurate records must be maintained as to the current location of equipment to allow for inspection and/or inventory purposes whenever necessary. The timing requirements for adjustments to the asset management system are based on the grant end date or fiscal year-end close deadlines—whichever is stricter.

Identification of Research Foundation Equipment

All capitalized, federally owned, and non-capitalized Research Foundation equipment (deemed trackable) must be tagged or marked with a Research Foundation tag number. The tag number is to be recorded in the asset management system and on the acquisition form. Items purchased to place a structure or equipment into service, commonly referred to as "Group II Equipment," are evaluated for capitalization or tracking on a case by case basis.

Research Foundation equipment should be tagged after acquisition. If an equipment tag number is destroyed, defaced, or removed, it is the responsibility of the custodial department to contact Research Foundation Property Accounting to request a new tag number. Any additional identification number required by the PI must be applied in a manner that avoids confusion with the Research Foundation tag number.

5.4 Federal Regulation Requirements

Federal Regulation Requirements (2 CFR 200.313-314) apply to capitalized equipment for its useful life. Unless a statute specifically authorizes the federal agency to vest title with the Research Foundation without further obligation to the Federal Government, and the federal agency elected to do so, the title must be a conditional title. Therefore, title vests in the Research Foundation subject to the following conditions and order of priority:

Equipment Conditions and Order of Priority

1. The program or project for which it was acquired as long as needed, whether or not the project or program continues to be funded by a federal award;
2. Activities under a federal award from the federal agency that funded the original project;

3. Activities under a federal award from other federal agencies, including consolidated equipment for information technology systems.

Note: When acquiring replacement equipment, the PI should use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the replacement equipment cost.

Equipment Management

Federally funded equipment should be labeled in the Asset Management System as follows:

- Federally Owned Equipment – equipment owned by the Federal Government
- Federally Funded Research Foundation Owned Equipment – equipment funded through a federal award that is owned by the Research Foundation
- Federally Funded Research Foundation Owned Cost Match – equipment acquired as a cost match for a federal award

These labels should also be appropriately used for any equipment transferred or donated to the Research Foundation from another entity that was originally funded by the federal grant. A physical inventory is required every two years on equipment tagged as federally funded for the useful life of the equipment.

Reporting Requirements

The sponsored programs analyst has the primary responsibility for preparing and submitting interim and closeout reports of government equipment if required by the sponsoring agencies. The sponsored programs analyst will contact Property Accounting for a list of all capital equipment purchased under the award, will obtain the signature of the senior director of Sponsored Programs if an authorized signature is required, and submit the report to the agency in a timely manner.

5.5 Physical Inventory

5.5.1 Research Foundation Equipment

A complete physical inventory of all Research Foundation capitalized and non-capitalized equipment (deemed trackable) must be performed at least once every two years.

To ensure proper segregation of duties, this physical inventory shall not be conducted by the custodial department. Research Foundation Property Accounting may conduct this physical inventory or identify another party or department to do so. The completed inventory must be reviewed and approved by the director of Accounting or designee. Any discrepancies must be evaluated for further investigation and escalated to the appropriate authorizing authority based on the specific situation and value of the missing items.

The physical inventory of capitalized equipment will be reconciled to the general ledger, while non-capitalized equipment is not.

5.5.2 Off-Site Use of Research Foundation Equipment

Research Foundation equipment may not be utilized at a location other than an official worksite where it was originally shipped to unless it is necessary for conducting Research Foundation business. If Research Foundation equipment has been approved to be used at another location, it is the responsibility of the department and user to inform their sponsored programs analyst and Research Foundation Property Accounting before the equipment is in the custody of the other location. During each inventory cycle, all off-site equipment must be “physically” verified and location confirmed.

5.5.3 On-Site Use of Personally Owned Equipment

It is recommended that Research Foundation employees who use their personal computing devices at an official worksite identify and report the use of such equipment to their department’s IT support. The Research Foundation is not responsible for loss or damage to personally-owned equipment.

5.6 Maintenance

The custodial department must establish practices to minimize risk associated with the use of equipment by maintaining such equipment in good working order.

Example: Departments are required to have a Motor Vehicle Inspection Program.

5.7 Insurance

The Research Foundation will provide property insurance to protect all property with a value of \$5,000 or greater. This insurance does not cover wear and tear, maintenance, or defect. There is a \$5,000 deductible for this type of claim.

5.8 Loss Prevention

Departments with equipment susceptible to theft or loss must implement one or more of the following protection measures:

- Ensure Research Foundation equipment identification tags or permanent markings are visible on the equipment.
- Establish an internal check-out/check-in system for departmental equipment.
- Lock office equipment to desk or stands.
- Utilize a security room or closet to store high-risk equipment.

5.9 Missing, Lost, Stolen, or Vandalized Equipment

In the event that Research Foundation equipment becomes missing, lost, stolen, or vandalized, a police report shall be filed and forwarded to Research Foundation Property Accounting immediately. In all cases of theft or loss of data sensitive equipment, the SJSU Information Security Officer must be notified immediately upon discovery.

5.10 Disposition of Research Foundation Equipment

5.10.1 Approval of Dispositions

To ensure proper internal controls and segregation of duties, no item of capital property shall be sold, transferred, or disposed of outside the Research Foundation, without prior approval of the Research Foundation Property Survey Committee (PSC).

The Research Foundation PSC, made up of the senior director of Sponsored Programs or designee, the senior director of Finance and Accounting or designee, and the director of Accounting are responsible for determining whether the disposal of equipment is in the best interest of the Research Foundation. At least two committee members must approve all property disposition and property transfer forms prior to the completion of the disposition transaction. PSC approval is required for the disposition of capitalized and non-capitalized equipment deemed trackable or taggable.

At the end of a project or grant, the Research Foundation Property Office will coordinate with the sponsored programs analyst. The Research Foundation Property Accounting Office will send notice to the Principle Investigator regarding the final disposition of property.

5.10.2 Types of Dispositions

- **Transfer of Externally Funded Equipment from the Research Foundation to SJSU** - Any property transferred to the university from the Research Foundation shall remain subject to the original funding source requirements and tracked accordingly in the university's fixed asset system. The transfer must be documented in writing on the **SJSU Donated Property Form**.
- **Equipment Transfers between Departments**
When Research Foundation equipment is transferred between departments, the transfer must be documented and properly approved by both departments. The following information should be provided: Research Foundation tag identification number, item description, and location (building, room and/or department location). The asset management system must be updated to reflect the transfer in a reasonable period of time before the grant end date or end of fiscal year deadlines whichever is stricter.
- **Transfer of Externally Funded Equipment between Accounts**
Any equipment transferred to another Research Foundation account during or after the contract or grant period shall remain subject to the original funding source requirements and tracked accordingly in the AMS.
- **Transfers of Equipment to Another Campus or State Agency**
When Research Foundation equipment is transferred to another campus, auxiliary organization or state agency, the transfer must be documented in writing and properly approved.

- **Transfer of Data Sensitive Equipment from the Research Foundation to SJSU**
Data sensitive equipment not in Research Foundation custody and transferred to SJSU upon purchase, will not be tagged or tracked by the Research Foundation. It is the PI's responsibility to inform their IT department of these purchases to ensure data is properly secured. The PI confirms they have reported the purchase to their IT department by signing and returning the Research Foundation disposition form to Research Foundation Property Accounting.
- **Public Sales**
Research Foundation Property Accounting must be notified of any departmental plans to sell equipment before the transaction takes place. The PI will establish a fair market value of the equipment that is to be sold.
- **Trade-In**
The Property Accounting Office must be notified of any departmental plans to trade-in equipment before the transaction takes place. The PI will establish a fair market value of the equipment that is to be traded-in.
- **Donation**
Equipment that is deemed suitable for donation may be donated as appropriate to educational institutions, public agencies and non-profit organizations. All Research Foundation equipment donations must be processed through Research Foundation Property Accounting.
- **Recycle or Salvage**
Research Foundation equipment that is deemed obsolete, irreparable, or dangerous will be discarded using an SJSU certified recycler. Parts from such equipment may be identified as salvage parts and reclaimed for Research Foundation business use. Research Foundation Property Accounting must be notified prior to the equipment being recycled or salvaged.
- **Obsolete Equipment**
Equipment with no book value or a fair market value of less than \$5,000 with no remaining useful life are subject to review for obsolescence and may be removed from inventory by Research Foundation Property Accounting.

5.11 Equipment with Special Requirements

The Research Foundation must ensure that all special requirements for equipment are addressed.

- **Vehicles and Vessels**
The certificate of title (pink slip) must be kept on file at the Research Foundation Central Office for all Research Foundation vehicles. All sale and trade-in information must be retained by the Research Foundation Property Accounting Office once the vehicle has been disposed.
- **Data Sensitive Equipment**
Capitalized and non-capitalized equipment that are considered data sensitive in

Research Foundation custody will be tracked with a “sensitive information (“SI”) tag number. The identification number will be directly applied to the actual unit unless its size or nature prohibits application. It is the PI’s responsibility to inform their IT department of these purchases to ensure data is properly secured. The PI confirms they have reported the purchase to their IT department by signing and returning the Research Foundation acquisition form to Research Foundation Property Accounting. Data sensitive equipment must be disposed of in accordance with the SJSU Data Disposition Standards.

- **Federally Funded Equipment**

When equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Research Foundation must request disposition instructions from the federal awarding agency if required by the terms and conditions of the federal award.

If the Research Foundation is authorized or required to sell the equipment by the federal agency, proper sales procedures must be followed to ensure the highest possible return. (Refer to 2 CFR 200.313 (e)(2). Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. (Refer to 2 CFR 200.313(e)(1).

6.0 Related Policy Information

6.1 Reporting and Reconciliations

The Research Foundation AMS is used for effective asset management. The Property Accounting Office must prepare reconciliations to the general ledger in a timely manner and no less once per quarter depending on the volume of equipment transactions. The time requirements are based upon fiscal year end deadlines.

6.2 Depreciation

Detailed guidelines on the depreciation of assets are located in the Capital Asset Guide of the CSU GAAP Reporting Manual. The useful life of Research Foundation property is listed in the depreciation schedule.

7.0 Required Forms

Research Foundation Property Acquisition Form
 Research Foundation Property Disposition Form
 SJSU Donated Property Form

8.0 References and Related Information

ICSUAM Policy 8000 Series - Information Security
 ICSUAM 11005.00 Externally Funded Equipment and Property Management
 Uniform Guidance for Federal Awards
Capital Asset Guide of the CSU GAAP Reporting Manual
Research Foundation Purchasing Policy
 SJSU Data Disposition Standards

9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements

Record	Retention
<i>Property Accounting Policy</i>	This document is effective until further revised or updated. Outdated or revised documents will be maintained in accordance with Research Foundation Record Retention requirements. The Research Foundation will maintain the signed original and electronic copies of the approved policy and all updates and replacements.