



**SAN JOSÉ STATE
UNIVERSITY**

RESEARCH FOUNDATION

Property Accounting Procedure Manual

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Property Accounting Responsibilities

Property Accounting reports to the Director of Accounting under the direction of the Senior Director of Finance and Accounting. The Director of Accounting is responsible for maintaining a two-year physical inventory cycle, which includes:

- Tagging SJSU Research Foundation property,
- Maintaining accurate inventory records,
- Adding property data to the asset management system, and
- Coordinating property disposals.

General Guidelines Concerning Capital Equipment

Acquisition

Non-Sponsored Programs Furnished Property

Non-sponsored Programs Furnished Property is property acquired using fund groups other than "2X." Please refer to the definitions section for a list of all fund groups.

If the unit cost of an item is \$5000 or more and it has a life expectancy of more than one year, it is considered capital property and will be classified as a capital expenditure. Accessory items not meeting these criteria will be classified as non-capital expenditures.

If the unit cost of an item is less than \$5000, or the life expectancy is less than one year, it is considered non-capital property and will be classified as a non-capital expenditure.

Note: Only property acquired using funds other than "2X" will be capitalized.

Sponsored Programs Furnished Property

Sponsored programs (contracts and grants from governmental agencies or private contracts) often provide funds to acquire property for specific contract requirements. This property should be used only for the sponsored program's purposes unless otherwise authorized by the sponsor. Upon completion or termination of the sponsored program, the sponsoring agency guidelines should be consulted to determine which of the following actions should be taken:

- Transfer title to San José State University.
- Transfer property to a continuing contract or grant.
- Transfer property to another institution.

Sponsored Programs Furnished Property needs to be handled with extreme care. Accurate records need to be maintained as to the use, location, and maintenance of the property. The sponsoring agency may schedule periodic audits of their property whenever they desire.

The Principal Investigator of the sponsored program has custodial accountability and responsibility for property as long as the grant period is in effect.

Property purchased from sponsored funds, where the title to the property is held by the sponsor agency, will not be capitalized. Property purchased from sponsored funds that will be gifted to the State at the end of the grant period will not be capitalized.

Sensitive Property

Sensitive property is 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.

The unit cost is not a factor in determining whether the item is considered sensitive.

Donated Property

Property donated to San José State University must be processed through the San José State University Division of Advancement.

Personally Owned Property

The Research Foundation is not responsible for personally owned property.

Software

Software is expensed (not capitalized) except for major system purchases of software greater than \$5,000 per package.

Maintenance

Tagging of Property

The Research Foundation is responsible for tagging all capital property with a value of \$5,000 or more unless the property is gifted to the State upon acquisition. The Property Coordinator will make arrangements with the custodian's department to tag the item.

High-risk, attractive or easily pilfered items valued under \$5,000 will not be tagged or tracked, except for sensitive property.

The Research Foundation will provide a "sensitive item" tag to the custodian's department for tagging of items that are considered sensitive property. The custodian's department will tag the item with the sensitive item tag provided. The Research Foundation will record the item in the asset management system.

Physical Inventories

The Research Foundation conducts inventories on a two-year cycle basis. When property is scheduled for inventory, Principal Investigators will be notified by email of the inventory date. A list of assigned property will be provided to assist Principal Investigators in preparing for the physical inventory.

Once the department physical inventory has been completed, a final report will be issued after any discrepancies are resolved. One report is to be signed by the Principal Investigator and returned to the Research Foundation. The second copy is to be retained by the Principal Investigator.

Missing Property

The Research Foundation will prepare a Physical Inventory Discrepancy Memo after the physical inventory is completed. The Principal Investigator's department will be given 14 days to locate any missing property. If the department is still unable to locate the property after the 14-day grace period, the Research Foundation will determine whether the property should be considered lost or stolen, and then take appropriate action.

Stolen Property

If property is determined to be stolen, the Principal Investigator must immediately notify the San José State University Police Department (UPD) and the Research Foundation of the loss. UPD will investigate and fill out a police report regarding the loss.

Disposition

Non-Sponsored Program Furnished Property

For property not being utilized, a Property Disposition Form should be completed and forwarded to the Research Foundation Director of Accounting, who will arrange for proper disposal. Property should never be traded, cannibalized, or disposed of without approval from the Research Foundation.

Disposition *(continued)*

Sponsored Programs Furnished Property

Upon completion or termination of the sponsored program, the Research Foundation's Office of Sponsored Programs will provide Property Accounting with written direction that will either:

- Transfer title to San José State University,
- Transfer property to a continuing contract or grant, or
- Transfer property to another institution.

Sensitive Property

1. For sensitive property purchased from a sponsored programs account:
 - a. The Research Foundation will transfer custody to the State for use in future research related activity at the end of the grant period.
 - b. Property Accounting will email a transfer memo to the Principal Investigator.
 - c. The Department Chair, SJSU Information Security Officer, and the College IT Department will be copied on the email.
 - d. The Research Foundation will remove the sensitive property from the asset management system.
2. For sensitive property purchased from a non-sponsored programs account:
 - a. The Research Foundation will transfer custody to the State upon acquisition with the exception of Central Office sensitive property purchases.
 - b. Property Accounting will email a transfer memo to the Principal Investigator.
 - c. The Department Chair, SJSU Information Security Office, and the College IT Department will be copied on the email.

It is the responsibility of the department to ensure that data is rendered unreadable as part of the decommissioning process. All computing devices used to store Level 1 or Level 2 data must be rendered unreadable using one of the following methods.

1. Software-based Department of Defense (DOD) approved "Disk-Wiping"
 - a. Darik's Boot and Nuke (DBAN)
 - b. KillDisk
 - c. Apple Disk Utility
 - d. Mobile Device "factory wipe" feature
 - e. Any other software package approved by the DOD
2. Physical Destruction
 - a. Must be performed by a hard drive shredding company or through a process approved by the Information Security Officer.
3. Other
 - a. In the event that software or physical destruction services cannot be reasonably performed by department technicians, the University's Office of Information Security shall accept delivery of equipment and dispose of data via its documented Physical Destruction service. Please contact security@sjsu.edu for details.

Note: Central Administration sensitive property will be disposed of by the Research Foundation IT Department technicians following the SJSU Data Disposition Standards.

All equipment must have the Research Foundation property tags removed or obliterated upon disposal.

Cannibalization of Property

If obsolete or broken equipment is cannibalized, please complete the disposition form and send it to the Research Foundation so the property can be deleted from the asset management system.

Failure to do so will result in the property not being found during the next physical inventory and then being reported to UPD as lost or stolen.

Property Procedures

Procedures are performed in accordance with the current guidelines set forth in the California State University Administrative Manual (SUAM), sections 3151.04, 8065, 8065.S02, and SJSU Disposition Standards.

Definitions

Cannibalization

The act of disassembling or dismantling property to the point of making the property unable to perform for its intended use.

Capital Property

Items with a unit cost of \$5000 or more and a life expectancy of more than one year are considered capital property.

Fabricated Property

Property that is constructed by combining or assembling modular components and/or materials into one identifiable unit. The finished product must have a unit cost of \$5000 or more and a life expectancy of more than one year. All materials will be capitalized regardless of cost.

Personally Owned Property

Property belonging to an employee or student and being used at the Research Foundation for personal or business use.

Sensitive Property

Sensitive property is any electronic computing device capable of receiving and persistently storing direct user input, including but 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.

Sponsored Programs Furnished Property

Property purchased with funds from the following fund groups: 21, 22, 23, 24, 25, 26, 27.

Non-Sponsored Programs Furnished Property

Property purchased with funds from other than "2X" fund groups.

Fund Group

The fund group is the first two digits of the account number.

Fund Groups

Based on accounting requirements, Fund Groups have been established by the Research Foundation to identify specific types of revenue. Fund numbers and their descriptions are:

- 00 Cash
- 11 General Fund (Central Administration)
- 13 Benefits and Clearing
- 15 Investments
- 21 Federal Contracts and Grants
- 22 State Contracts and Grants
- 23 Non-Profit Grants (private foundations)
- 24 Corporate Contracts and Grants
- 25 Local Government Contracts and Grants
- 26 Cost Matching Contracts and Grants
- 27 Federal ARRA Contracts and Grants
- 34 Self-Support Accounts
- 35 Moss Landing Marine Laboratories Ship Operations
- 37 External Agency Trust Accounts
- 43 Enterprise Accounts (business incubators)
- 51 Deans/Chairs F&A Allocation Accounts
- 52 Board Designated Reserves
- 53 PI F&A Allocation Accounts
- 55 Board Allocated Research Grants
- 60 Invested Agency Funds
- 74 Plant Assets
- 2X Funds 21 - 27