

Standard Operating Procedure:

Fixed Assets Procedure

Division:

Financial Services

Effective Date:

10/18/2022

Executive Director Approval:

Reference to ASC or State Policy:

Records Retention Policy #106, Fixed Assets Policy #140

Revisions:

- I. **PURPOSE:** This procedure establishes a standard process for fixed asset records to be retained in accordance with CSU Fullerton Auxiliary Services Corporation (ASC) Records Retention Policy #106 and Fixed Assets Policy #140 to identify the maintenance, control, and protection of fixed assets.
- II. **SCOPE:** This procedure applies to ASC capitalized and expensed fixed assets (defined below) in ASC operations funds (10,20,40). Fixed assets are properties such as equipment, buildings, and real property that have an expected, useful life of more than one (1) year.
 - **Capital assets** are those with an original total cost of \$5000 or greater (total cost including all expenditures reasonable and necessary in acquiring and/or receiving the asset) with a useful life of more than one (1) year. All capital assets are depreciated using the straight-line method.
 - **Expensed equipment** is an asset with an original total cost greater than \$500, but less than \$5000, including technology equipment (such as computers, laptops, cash registers, TVs, cameras, etc.) and movable theft-sensitive equipment.
- III. **OBJECTIVE:** This procedure guides each operation's director/manager on the proper, accurate, and timely administration of all fixed assets, to include appropriate usage, safeguarding, inventory tagging/tracking/recording.
- IV. **PROCEDURES:**
 - Each director/manager is responsible for approving the invoices for purchased assets, monitoring appropriate usage, safeguarding, and tracking of all fixed assets. The approved invoices shall be forwarded to the accounts payable staff in financial services for further processing. Each director/manager must notify financial services staff whenever an asset is purchased, permanently transferred to other departments, or when an asset is disposed, sold, damaged, or stolen.
 - As part of the fixed asset acquisition process, the accountant will provide a barcode label/tag for the fixed asset inventory. The barcode label/tag identifies an ASC fixed asset with a unique 10-digit number; the barcode is an effective tool for managing and tracking fixed asset inventory.

- Each director/manager must complete, sign, and send the Fixed Asset Equipment Acquisition/Disposal (FAEA) form to the financial services office for each qualifying asset to be tagged whenever an asset is permanently transferred to another department or when an asset is disposed, sold, damaged or stolen. The accountant will use the FAEA form to update the fixed asset information in the fixed asset module within the accounting system (System Module).

Fixed Asset Tracking & Tagging:

- 1. All Depreciated Capital Assets (total cost \$5000 or greater).** Each month, the accountant will monitor the general ledger to ensure that the capitalized asset needs to be added to the System Module before monthly depreciation is calculated. The accountant will also make sure that the capitalized asset is tagged and the FAEA form is completed. All capitalized assets will be depreciated over the useful life of the asset commencing when the asset is delivered to its location for use.
- 2. Expensed Equipment (total cost greater than \$500, but less than \$5000).** The accounts payable staff will monitor all expensed equipment to ensure that necessary information for the expensed asset is forwarded to the accountant. The accountant is responsible for inputting the expensed asset information into the System Module and ensuring that the expensed property is tagged and FAEA form is reconciled.

Fixed Asset Information Updates.

- 1. Transfer of Fixed Asset Inventory.** Each director/manager must approve the transfer of the fixed asset inventory. The director/manager will complete, sign, and submit the FAEA form (along with the barcoded fixed asset) to the financial service accountant. The accountant will verify the asset, and then update and upload that information into the System Module.
- 2. Sale & Disposition of the Fixed Asset Inventory.** Each director/manager must approve the sale or disposal of an ASC asset. The director/manager will complete, sign, and submit FAEA form (along with the barcoded fixed asset) to the financial services accountant. The accountant will verify and remove the asset from the System Module. If the asset is sold, a copy of the check or payment is to be attached. The updated FAEA will be uploaded to the System Module.
- 3. Lost, Stolen or Destroyed Property.** If equipment becomes lost, missing, stolen, or vandalized/destroyed, the incident must be reported to the ASC Controller and Executive Director the next business day following the incident. The accountant will validate the lost, missing, stolen, or destroyed property with the FAEA form and update it in the system after the approval of the ASC Controller, Executive Director, or Board Treasurer/Assistant Secretary.

For incidents of stolen and/or vandalized property occurring on-campus, an incident report must be filed with the University Police Department; those occurring off-campus, the local police department must be notified, and a police report filed. The police report along with the FAEA form must be provided to the ASC Controller or Executive Director.

In all cases of theft, loss of information assets, or equipment containing information assets, the ASC Information Technology department must be notified immediately upon discovery.

- V. APPROVALS:** The director (or their designee) must approve the purchase, transfer, and disposal of fixed assets for their operation. For lost, stolen, or destroyed property, the ASC Controller's or Executive Director's or Board Treasurer/Assistant Secretary's approval is required.
- VI. CONTROL & COMPLIANCE:** A physical inventory/internal audit will be conducted annually to verify fixed asset inventory records for general fund and commercial operations.
1. The financial services accountant will generate and distribute a report listing all tagged fixed asset inventory, as shown in the System Module.
 2. It is the responsibility of each property custodian to identify each asset on record. When the verification process has been completed by counting each asset, the custodian shall sign the report, certifying that the report is accurate and contains all fixed asset inventory information. The original report shall be returned to the financial service office. The custodian is responsible for informing the financial services staff of any discrepancies, including the location or the existence of the asset, and documenting such.
 3. After the property custodian provides the updated inventory information, the financial services accountant verifies. The financial service office is then responsible for updating the fixed asset inventory records in the System Module. The financial services accountant will update any disposed and transferred fixed asset inventory including any location changes in the System Module. In the verification process, the accountant signs and dates the report after processing all changes in the System Module.
 4. The accountant will make sure that all pages of the signed report are saved on the corporate server. Records related to fixed asset inventory will be retained for four (4) years in compliance with the corporate records retention policy.