

Sam Houston State University
A Member of The Texas State University System

Finance & Operations Procurement and Business Services Policy FO-PUR-23
Policies and Procedures for Property

Property

Property Inventory control is a function provided by Property Department to assist departments in the management of their assets. The Statewide Property Accounting (SPA) Process User's Guide is being used to identify and control the following property:

- Capital Assets: All personal property and capital outlay with \$5,000.00 or greater value and one year or greater estimated useful life.
- Controlled Assets: Assets of the state that the State Comptroller's Office determines must be secured and tracked due to the nature of the items. These assets are not capitalized assets, real property, nor improvements to real property or infrastructure. The Property Office can also track items other than the list provided by the State Comptroller's Office. Property inventories the following controlled assets at this time with a value of \$500.00 or greater and one year or greater estimated useful life.

- Personal Computers
- Projectors
- Cameras
- Camcorders
- Televisions

All firearms are to be controlled regardless of the dollar amount.

Agency Head Responsibilities

The responsibility for custody and care of state agency property lies with the agency head. The agency head should ensure that the agency maintains adequate internal control procedures. At the request of an agency, the State Auditor Office (SAO) can review and evaluate an agency's internal control procedures.

Each agency head must designate a Property Manager and then complete the **Notice of Agency Head and Designation of Property Manager form (73-286)** to inform the Comptroller's office of the designee. With Comptroller's office approval, the agency head may designate more than one Property Manager. The agency head is still responsible for agency property and for ensuring that the Property Manager carries out the duties prescribed by Comptroller's office rules.

The agency head must ensure that the procedures for accountability and safeguarding of the agency's property are distributed. All agency procedures must comply with Comptroller's office rules and requirements.

The agency head must provide the Property Manager or alternate Property Manager with copies of the rules, procedures, and other appropriate documentation for managing the agency's property as formulated by the Comptroller's office. The agency head must ensure that each Property Manager or alternate Property Manager receives training in the rules, policies, procedures, and system operations as administered by the Comptroller's office.

To ensure continual care of property and to assign specific liability for property, a **new** agency head should have a physical inventory conducted on all personal property belonging to the state agency or institution of higher education.

When the Property Manager of an agency or institution of higher education is changed, a physical inventory is not required.

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The Property Manager at SHSU holds the title of Property Coordinator. For the purposes of this policy and any associated forms, Property Manager and Property Coordinator are used interchangeably.

Property Manager Responsibilities

The Property Manager is the custodian of all property in the possession of the agency and is responsible for maintaining the required records. Property Managers have update capabilities for all system information for their specific agency.

Department Head/Property Custodian Responsibilities

Each Department Head is the Property Custodian of his/her department. This responsibility cannot be delegated. However, the department head/property custodian may appoint a responsible Equipment Manager and notify the Property Office of such appointment and all changes to said appointment. The department head/property custodians are responsible for the physical possession and control of all equipment entrusted to their department. Thus, the Department Head is ultimately responsible for all property in the department.

The Department Head/Property Custodian is responsible for the following:

- Physical possession and control of all equipment entrusted to the activities within his/her respective department.
- Appointment of a responsible Equipment Manager and notify the Property Office when Equipment Manager changes are made.
- Verify that the Equipment Manager has signed the Equipment Manager Responsibility Statement.
- Ensure that all department employees are trained in their respective responsibilities for property processing and/or custodianship.
- Establish and maintain property records for his/her department.
- Establish inventory management procedures within his/her department in compliance with all applicable state regulation, System policies, University rules and standard operating procedures.
- Timely transfer of equipment that is no longer needed within the department to Property Surplus.
- Notify and report any missing or stolen property to the Property Office and all appropriate agencies within 24 hours of discovery.
- Conduct a physical inventory and certification of current inventory on an annual basis.
- Manage and control of equipment that is assigned or on loan at a location outside their department.

If there is a change in a Department Head the department is required to submit a *Notice of Change in Department Information and/or Authority* form to the Property Office in a timely manner.

<http://www.shsu.edu/dotAsset/978112fc-46dd-4096-bedf-c19873c342bf.pdf>

Equipment Manager Responsibilities

The Equipment Manager's duty is to perform daily property activities, but this will not relieve the Department Head/Property Custodian of any responsibility. The Equipment Managers will only be responsible for exercising "reasonable care" and will not be held ultimately responsible for the department's equipment.

The Equipment Manager is the Department Head/Property Custodian's right-hand person for handling property management issues. Others may assist the Equipment Manager in property management

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efforts, but SHSU Property Office will use the Equipment Manager as the department's primary property contact.

The Equipment Manager is responsible for the following, as outlined by the Equipment Manager Responsibility Statement:

- Ensuring that all equipment is used for approved University purposes, and not for personal purposes or gain, except as authorized by the University's incidental use policy.
- Exercising "reasonable care" for equipment safekeeping. The term "reasonable care" means that steps have been taken to maintain the upkeep of any asset in an acceptable manner, to ensure the security of any asset, to ensure that any asset can be located at any time requested, and to ensure that the person responsible for the asset is known.
- Ensuring equipment is in good working condition or equipment maintenance needs are met.
- Ensuring equipment is assigned/used by a responsible person who has been made aware of his/her respective responsibilities for property and is properly trained in its use and pertinent safety issues.
- Ensuring equipment is accessible at all times for audit purposes.
- Reporting missing or stolen property to the Property Office and Department Head within 24 hours of discovery.
- Informing the Property Office of site/building/room location changes for equipment.
- Coordinating with the Property office for proper removal of equipment (to Property Warehouse, etc.)
- Informing the Property Office of changes in custodian and/or end user.

If there is a change in Equipment Manager's the department is required to submit a *new Equipment Manager Responsibility Statement* to the Property Office in a timely manner.

Employee Responsibilities

It is each state employee's responsibility to use property only for state purposes and to exercise reasonable care for its safekeeping. It is the employee's responsibility to report any stolen property (Stolen Property Form S-12) to the University Police Department or the appropriate law enforcement agency and to report missing property (Missing Property Form M-12) to the Department Head/Property Custodian immediately.

http://www.shsu.edu/intranet/policies/forms/documents/STOLEN_PROPERTY_FORM_S-12.pdf

The Property Manager may entrust property to a person only when the person provides a signed and dated Request to Remove Property from Campus RA-22 form to the Property Office. The form must include a detailed list of the property entrusted to the individual, along with a statement similar to this:

<http://www.shsu.edu/intranet/policies/forms/documents/RA22.pdf>

Department Responsibilities

The Property Office maintains records of the property inventory for each department, adding new items, removing deleted and transferred items. Each department will honor the following responsibilities for its assets:

- The responsibility for the custody and care of state agency property lies with the department head.
- The department head must ensure that its department maintains adequate internal control procedures.
- Each department is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent theft, loss, damage or misuse.
- The department must take all necessary precautions to ensure that property is secured.

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- Departments must know at all times where all property under their control is located, should have a method for locating all said property on-site or off-site and should be able to locate a given item upon request.
- It is each department's responsibility to ensure that state employees use property only for state purposes and to exercise reasonable care for its safe keeping.
- Immediately report any missing property to the Property Office by using Missing Property form M-12. http://www.shsu.edu/intranet/policies/forms/documents/MISSING-FOUND_PROPERTY_FORM_M-12.pdf
- Immediately report any stolen property to the appropriate local law enforcement agency, University Police Department, and the Property Office by using the Stolen Property form S-12. A copy of the investigating agency's report is to be submitted to the Property Office. http://www.shsu.edu/intranet/policies/forms/documents/STOLEN_PROPERTY_FORM_S-12.pdf
- Mark, identify, and track any state property in its possession that is not controlled or capitalized by State Property Accounting.
- Perform an annual inventory at request of the Property Office.

Annual Physical Inventory

A state agency shall conduct an annual physical inventory of the **trust, capitalized and controlled personal** property (excluding libraries and historical arts and treasures) in the agency's possession at a time of its own choosing. Agencies must use accepted practices to conduct their annual inventory. Property inventories should be conducted by individuals (verifiers) who are not responsible for the property being inventoried or for accounting for it on a day to day basis. The Department Head/Property Custodian and the Inventory Conductor **cannot** be the same person, to ensure segregation of duties.

On or about February 15 of each year, the Property Department will send the **Annual Inventory Report form**, inventory list of all assets assigned to departments (missing items indicated with a missing date) to each of the appropriate Vice Presidents for review and distribution. The Vice Presidents will distribute the above information to the appropriate department heads for completion. Upon completion the departments will forward the forms back to the Vice Presidents for review and approval. The Vice President will then forward the **Annual Inventory Report** to the Property Department on or before the deadline.

If, for any reason, the completed forms are not forwarded to the Property Department on or before the deadline, the Property Department will notify, in writing, the Executive Director of Procurement and Business Services, the Assistant VP for Finance & Operations and the Vice President for Finance and Operations.

SHSU departments must ensure that each asset is still within the agency's possession, be able to identify the asset's location and provide the names(s) of the person(s) responsible for the asset. The condition of each asset must be evaluated and recorded during the annual physical inventory.

Any discrepancies in property information detected during the physical inventory must be corrected immediately. In addition to the required annual physical inventory, SHSU departments are encouraged to conduct more frequent inventories to assure the accuracy of reported personal property information. Periodic inventories may use statistical sampling, dollar sampling techniques or other acceptable methods on a regularly scheduled basis.

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Condition of Asset

- New** New or excellent condition.
- Good** Somewhat used or reconditioned property that, while still in usable condition, is slightly shopworn, soiled, or otherwise precluded from being considered “new.” (The condition of the property does not impair the utility of the property.)
- Fair** Property that is soiled, shopworn, rusted, deteriorated or damaged to the extent that utility is slightly impaired; *or* reconditioned property that has been repaired or renovated but has since deteriorated and which needs or may need additional repair or renovation in the near future.
- Poor** Property so badly broken, soiled, rusted, mildewed, deteriorated or damaged that its utility is seriously impaired; *or* property that has been repaired or renovated but has since seriously deteriorated due to factors such as major wear and tear, corrosion or exposure to weather.

Agencies should use the definitions above to determine the item’s condition and indicate the condition of the asset in the applicable field:

- When first reporting the property,
- After each annual inventory, and
- At the time the property is surplus or salvaged.

Spot-Check Audit

Property spot-check audits will be conducted by Property personnel to allow for independent verification of inventory. Property will review each department’s annual inventory. A list will be drafted and documented of the ten departments who disclosed the highest percentage (number or value) of inventory missing or stolen. Property will conduct a spot audit on each of these departments and document the results. The department selected for an audit will be notified in advance by Property. Spot-check audits will not be performed during the annual physical inventory. Property will also draft regular reports throughout the year of departments who have items reported as missing and will conduct audits in the same manner as above.

Surplus Property

Each department must identify and notify Property Office of items that are no longer required. This includes property that is surplus, obsolete and/or broken. No property is to be junked or placed in the trash. A request for Changing Inventory Items and Work Request, form RC-21, must be prepared and submitted to the Property Office. The Property Office will schedule a pick-up of these items and transfer them in the Property Warehouse. **All surplus computer and computer related equipment must be sent to Information Technology for disposal.** It is imperative that all devices capable of storing SHSU information be sanitized in a way that will make data recovery impossible. This includes copy machines and printers.

<http://www.shsu.edu/dotAsset/41fa1800-87a2-4027-bc8f-ecb4c8610588.pdf>

Missing Property

Any property that cannot be located or has disappeared without an explanation is considered missing property. The missing property must be reported immediately by the department to the Property Office on the Missing Property Report M-12. If the property is determined to be missing during the annual inventory, the property can be listed as missing on the Certificate of Physical Inventory, but the Form M-12 must also be completed at that time. If the property is found at some later date, Property must again be notified by completing the bottom portion of the Form M-12. Missing property will remain on the

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department's missing list for two years. If the missing property is not found within that two year period it will be deleted from the missing list.

http://www.shsu.edu/intranet/policies/forms/documents/MISSING-FOUND_PROPERTY_FORM_M-12.pdf

Employee Negligence

When any State property has been lost, destroyed or damaged through the negligence or fault of any employee, that employee may be responsible for reimbursement. Property and the State Auditor will conduct an investigation. If the investigation discloses that injury has been sustained by the State through the negligence or fault of a State employee, the State Auditor shall make written demand upon such employee for reimbursement to the State for loss. The Vice President for Finance and Operations shall deduct this amount from the salary of the individual responsible.

Removal of Property from Campus

State property may be taken off campus for official business of the university or another state agency by a university employee. The Property Manager may entrust property to a person only when the person provides a signed and dated SAM HOUSTON STATE UNIVERSITY PROPERTY OFFICE REQUEST TO REMOVE EQUIPMENT FROM CAMPUS form (RA-22) to the Property Manager. This form must include a detailed list of the property entrusted to the individual. The department must fill out this RA-22 for the equipment, prior to removal from campus. The signed RA-22 will remain in effect until the undersigned notifies Information Technology (if IT related equipment) and Property of a change or leaves employment with the University.

<http://www.shsu.edu/intranet/policies/forms/documents/RA22.pdf>

Each department is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent theft, loss, damage or misuse. The department must take all necessary precautions to ensure that property is secured. Departments must know at all times where all property under their control is located, should have a method for locating all said property on-site or off-site and should be able to locate a given item upon request.

It is each state employee's responsibility to use property only for state purposes and to exercise reasonable care for its safekeeping.

The employee taking equipment off campus accepts full financial responsibility and shall be liable for any loss sustained by the State. Employees accept the responsibility for information security for data stored on any computer equipment lost or stolen. The employee agrees to notify Information Technology if there is a possibility of sensitive information being compromised. The employee is responsible for reporting to the appropriate law enforcement agency and University Police department if theft occurs.

When equipment is returned to campus, the Property Office must be notified by using a copy of the original RA-22 specifying the return date.

Securing of Property

Each agency is responsible for ensuring that property is tracked and secured in a manner that is most likely to prevent theft, loss, damage or misuse. The agency must take all necessary precautions to ensure that property is secured.

Agencies must know at all times where all property under their control is located, should have a method for locating any inventory item on-site or off-site and should be able to locate a given item upon request.

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Each agency should diligently ensure building security at all times. Individuals in charge of security must notify the Property Manager of any violations or changes to security that could expose personal property to misuse or theft.

Property that is checked out to an employee must be used for state purpose only. The agency itself bears responsibility for stewardship and care of the property at all times.

Tagging of Property

All property that is capitalized or designated as a “controlled” asset must be marked or tagged as property owned by the agency with the exception of real property. Marking is considered acceptable when it can be removed only through considerable or intentional means. Property number labels must be highly visible and easily accessible during the annual inventory.

Capitalization of Real Property

- Real Property assets will be capitalized when substantial completion contract documents are executed, when an asset is occupied, or when an asset is placed into service.

Stolen Property

Immediately report any stolen property to the appropriate local law enforcement agency, University Police Department (or other appropriate local law enforcement agency), and the Property Office by using the Stolen Property Report form S-12. A copy of the investigating agency’s report is to be submitted to the Property Office with this form. Report theft of all technological equipment immediately to the Information Technology Department.

http://www.shsu.edu/intranet/policies/forms/documents/STOLEN_PROPERTY_FORM_S-12.pdf

Transfer of Property

Agencies must follow the State Comptroller’s office rules and procedures regarding the accounting for and transferring of personal property between agencies, with or without reimbursement. The property continues to be reported by the transferring agency until the receiving agency completes the transfer.

It is the responsibility of the transferring agency to ensure that the receiving agency acknowledges receipt of the property. The transferring agency should also maintain documentation to show the property was transferred to another agency.

When property has been purchased through the master lease financing program which has not been paid off, the Texas Public Finance Authority must approve any transfer in advance. The transfer must be done in a manner prescribed by the agency.

Loan of Property

Agencies loaning property to other state agencies or entities do not absolve themselves from the responsibility of ensuring stewardship of the property or the reporting requirements for the property. Reporting of the property must continue as though the loaning agency still has possession of the property. Only the SHSU Property Manager is authorized to loan property to other agencies.

The loaning agency also maintains documentation on the provisions of the loan. All loaned property must be reported in the physical inventory of the loaning agency. Form RA-22, Request to Remove Equipment from Campus, is required on all property loaned to another state agency or entity.

<http://www.shsu.edu/intranet/policies/forms/documents/RA22.pdf>

Disposal of Property with Sentimental Attachment

An employee who has given long and dedicated service to the University and who has sentimental attachment to furniture or equipment may, with the approval of the appropriate Vice President and the University President, purchase an item as a keepsake provided the purchase is in good faith and for fair

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market value. **The item requested may not be a controlled or capitalized asset that was purchased with state appropriated funds.** The value of a given item must be determined by appraisals submitted by the University Property Coordinator and one other individual knowledgeable in such values. This same procedure may be followed in the event an employee dies and the family would like to obtain an item that has sentimental value.

Surplus Property Reallocation and Sales

Surplus Property Reallocation and Sales also are functions of the Property Office. Departments may visit Property at Sam South to view property and arrange to have it reallocated for their use. Items that are of no use to departments are then sold at periodic auction sales or by several methods of bidding.

Approving the Cannibalization or Disposal of Salvage Property

- Property requires a written request from the department to cannibalize a piece of equipment that is worn out, damaged, or obsolete. The request must include the property number of the piece of equipment to be cannibalized.
- The Property Coordinator will approve or disapprove the request.
- The Property Coordinator will notify the department of his decision.
- If approval is granted, the requesting department and the Property Coordinator will complete a Property Destruction Record Report Form. (See forms on website under Property.)
<http://www.shsu.edu/dotAsset/276adb38-e179-4a2a-9d0c-e2341cdc7d67.pdf>
- Property will be responsible for collecting the equipment remains and properly disposing of it.
- Property will delete the piece of equipment from the department's inventory list.

Disposal of Firearms

- The disposal of firearms, ammunition, tear gas, and radios shall be at the discretion of the Director of the University Police Department (UPD) or his or her designee. UPD members may not convert such items to their personal ownership and the Director of UPD may not sell these items to members of the public. The Director of UPD may trade firearms, including those UPD confiscated, to vendors for replacement equipment or issue them to officers as on-duty weapons. UPD will destroy non-tradeable (weapons involved in the commission of a crime) or dysfunctional weapons and maintain a complete record of destroyed items and the method of destruction. UPD will provide to the Property Manager a record and picture of the destroyed items.
- The Director of the UPD or a designee will authorize the destruction of or trade for replacement items for non-serviceable or outdated uniforms, badges, and emergency equipment.
- A retiring police officer has the option to purchase a service weapon at fair market value. The Director of the UPD will provide two independent and current appraisals for the equipment at the time of the request.

Forms

All forms mentioned in these Policy & Procedures can be found on the forms page of the SHSU website.
<http://www.shsu.edu/intranet/policies/forms/index.html?source=mysam>

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