

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SYSTEM NARRATIVES
PROPERTY POLICIES AND PROCEDURES
Effective: July 1, 2018 (FY19)

General

Authority

The State Property Control Act 30 ILCS 605/6.04 (the “Act”) includes the following text:

“(30 ILCS 605/4) (from Ch. 127, par. 133b7)

Sec. 4. Every responsible officer of the State government shall be accountable to the administrator for the supervision, control and inventory of all property under his jurisdiction, provided that each responsible officer may, with the consent of the administrator, deputize one or more subordinates to carry out some or all of said responsible officer's duties under this Act. (Source: Laws 1955, p. 34.)”

The complete act is at

<http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=555&ChapterID=7>

The Director of the DCMS is the Administrator (Administrator) under the Act. The Act designates the President to be responsible for CSU property, and therefore accountable to the Administrator. The President has designated Fiscal Officers with custodial responsibility over the use of CSU property.

Fiscal Officers are responsible for their financial accounts, as well as the CSU property acquired and posted to their financial accounts. When a CSU Fiscal Officer is changed, it is the duty of the outgoing Fiscal Officer to notify Property Control (PC) immediately. Upon receipt of such notification, PC will furnish an equipment listing to the outgoing Fiscal Officer. It is the duty of the outgoing Fiscal Officer to certify that the equipment shown is available to the incoming Fiscal Officer. In addition, the incoming Fiscal Officer is required to certify that an inventory has been taken under his/her direction, and that all equipment, except as indicated, was located.

Key Stakeholders

Key departments and University personnel that aid in monitoring and facilitating overall control and record keeping include PC, Physical Facilities & Planning Management (Facilities), Information Technology and all Fiscal Officers.

- PC, as the lead group, is responsible for tagging all physical assets, maintaining accurate records of the assets and their physical location in Banner and Assetworks systems and in keeping accurate records of the responsible Fiscal Officers. PC is also responsible for facilitating the annual inventory and submitting the final report to the state.
- Facilities is responsible for managing the mover staff that actually transports property from one location to another, as needed.
- Information Technology is responsible for coordinating the movement of new and existing computer equipment, around University locations.

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- Fiscal Officers are responsible for University property in campus rooms, offices and spaces under their assigned jurisdiction.

Procurement

Property is acquired in a variety of ways, but is primarily acquired via the normal procurement process for new property through CSU Buy. Additionally, property may be donated or transferred to the university.

New Property Additions

CSU Buy software is used for most purchases, especially those related to property. Fiscal officers will initiate the process by submitting a purchase requisition into the system. The Property Accountant reviews the orders for accuracy and proper account classification. Once the requisition flows through the CSU Buy system, a Purchase Order is issued. PC obtains a copy of the purchase order for their file.

Agencies (including universities) that desire to purchase new furniture (30 ILCS 605/Sec 7a) shall first check with the Administrator to determine if any of the surplus furniture under the Administrator's control can be used in place of new furniture. This applies only to the purchase of an item of furniture with an individual purchase price of \$500 or more. If an agency finds that it is unable to use the surplus furniture, the agency shall file an affidavit with the Administrator prior to any purchase, specifying the types of new furniture to be bought, the quantities of each type of new furniture, the cost per type, and the total cost per category. The affidavit shall also clearly state why new furniture is required, rather than obtained from the Administrator's surplus. All such affidavits are available for public inspection and copying. At CSU, Purchasing or PC are available to assist the fiscal officer in preparing the affidavit, if needed.

Central Receiving obtains a copy of purchase orders and the contents of each delivery is checked against the purchase order. Items with a unit price of one thousand **\$1,000** dollars (\$500 for items deemed “high theft”) or more are tagged with a 69000-series tag (representing an equipment account). PC records the tag and serial numbers on the copy of the purchase order. “High theft” items are those having easy mobility and highly capable of being converted for personal use (e.g. electronic devices).

All assets less than \$1,000 (except “high theft”) will be coded as commodities (expense) at the time of purchase. CSU will use a general tag (no number) to show that these assets are State of Illinois property (where practical).

It is critical to use proper account coding in CSU Buy on purchases to ensure that assets are properly recorded (**see Exhibit 1**). When in doubt, Fiscal Officers should check with the property accountant in Financial Affairs.

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After the assets are received, the property accountant will create required T-Tag in Banner, which will be used to add these assets to Assetworks.

In rare cases, equipment is delivered directly to the department from the vendor. In these instances, the receiving fiscal officer is responsible for notifying PC that the asset has been received and put into service, so that the equipment can be tagged. An additional control to ensure that property delivered directly to a department is properly tagged stems from PC reviewing their open purchase orders on a periodic basis and reaching out to the receiving department to determine the status of the purchase order. In this way, PC ensures that items received directly by the departments are properly tagged and recorded.

Donated Property. When a department receives equipment as a gift or donation, this equipment must be added to the asset listing by following the proper procedures as if the donation was a new purchase. It is important that complete descriptive information, as well as an estimate of actual value, be furnished to PC. The equipment will be added to the inventory of the department as requested, and PC personnel will affix 69000-series white tags on the item.

Constructed Property. If new equipment is assembled/constructed for departmental use, that department must furnish the PC office with information upon completion of the project, giving a description of the equipment sufficient for inventory identification purposes, as well as the value and the inventory account to which the equipment belongs.

Trade-in Property. Before an item of equipment is traded - in, approval must be obtained from both the PC Office and the Department of CMS. The purchase order for the new equipment should include the tag number of the equipment to be traded in when the order is forwarded to Purchasing, along with the dollar amount of the traded equipment. Some vendors offering a trade-in value on equipment fail to pick up the traded item upon delivery of the new equipment. In such instances, after verification that the vendor does not intend to pick up the trade-in items, the items should be turned over to PC for disposition.

Additions are posted via an interface in the system whereby an automatic set-up in the Investment in Plant Fund account is made for all fixed asset vouchers processed. The property accountant records other equipment additions, Capital Development Board (CDB) expenditures, capital leases, etc. as additions through a journal entry.

Capital assets are automatically captured by the Banner system for all assets greater than or equal to \$1,000. For the purpose of the depreciation calculation, assets greater than or equal to \$5,000, with an estimated useful life greater than one year, are reviewed at year-end. A roll forward spreadsheet is updated for all acquisitions and disposals of assets greater than \$5,000, and depreciation is calculated as applicable. (For additional

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information, see Accounting Policies and Procedures). The depreciation entries are prepared by the property accountant and are reviewed and approved by the Controller.

Inventory Validation

The Act requires an annual physical inventory due July 1 of each year, for the period ended the preceding March 31, to comply with CMS rules and regulations. All fiscal officers are required to run their current report in Assetworks and start locating their assets and then go online and validate each asset in Assetworks; if the assets are found in a different location, the fiscal officer is required to correct that by creating a transfer online and approve/receive this transfer in the found location.

Inventory validation should only be done for assets with an actual or estimated net book value (NBV) in excess of \$1,000 (information will be provided by the Property Accountant). Additionally, validation of “high theft” items or non - depreciating assets is only required during the first five (5) years from acquisition. It is assumed that after 5 years these assets lose their value and are no longer “high theft”, or have an assumed NBV less than \$1,000; therefore, no formal validation is required after that term.

Additionally, fiscal officers should check to ensure that all furniture and equipment in their respective areas valued at \$1,000 or more or “high theft” have an official PC tag (with number). Any furniture and equipment initially valued less than \$1,000, may be required to display an official “Property of the State of Illinois” tag (tag without a number - which would be determined by PC).

Property Theft. When a department determines that equipment has been lost or stolen, they are required to contact the University Police immediately, and any resultant police report should be forwarded to PC. The police report should include the tag number of the item. A request for deletion from inventory, with a copy of the CSU police report will be sent to CMS for approval to remove the equipment from inventory. For assets that may have contained sensitive personal data, a sensitive data form must also be completed. This form can be found on the university Cougar Connect website under the Fiscal Officer tab.

Misidentified Property Inventory Items. If a fiscal officer finds equipment in his area that has an inventory tag number that is not on their departmental inventory list, the PC Office must be notified via an Asset Recovery form. The fiscal officer needs to record the tag number and description of equipment found so that the responsible fiscal officer can be identified.

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If the equipment does not have an inventory tag number, the department should first determine if it is the personal property of one of the department's staff. If it is, it should be clearly marked "Personal Property". If not, PC should be notified via the Asset Recovery form, so that the equipment may be added to the department's inventory. If the department does not intend to retain the equipment for its own use, it should be turned over to PC for disposition.

Transfers, Disposals & Deletions

Property Transfers

The Fiscal Officer who initiates a request to move, trade in, or scrap property must do the following:

- 1- The Fiscal Officer should prepare/approve a Transfer Form online in Assetworks system and clearly identify the initiating group (source department) and the receiving department.
- 2- For assets requiring the assistance of the movers, send to Facilities a copy of this transfer with the Facilities work order form (completed on the Facilities worksite).
- 3- The Office of Facilities must not allow movers to transport property without a proper transfer form (Assetworks or Recovery Form) being completed and approved by the fiscal officer.
- 4- The initiating fiscal officer should keep a copy of this transfer form signed by the movers until the process has completed and the property reaches its final destination, to lessen possibility of any future discrepancies.
- 5- PC (or applicable fiscal officer) will receive the transfer in the Assetworks system (where applicable) once they physically receive the item (s) and sign the transfer form held by the movers.

If the department wishes to receive equipment from an outside agency, PC must be notified. The department is to furnish PC with the name of the agency and a description of the items (including any applicable non – CSU tag #s). Once permission is received to accept the asset, CSU tag numbers will be assigned and the equipment will be added to the inventory.

Disposals

When the University is transferring property out to CMS, it first completes a form listing the items and obtains prior approval for the transfer from CMS. CMS signs to verify receipt when they pick up the property. Depending on the type of property, CMS might use a vendor to pick up and sign for the property.

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Currently, CMS requires the University to provide the details of the equipment online for approval. CMS will determine if the items are to be scrapped or transferred to CMS. All computers and related items such as copiers, laptops etc. that have a hard drive must be wiped by the ITD group or the third party vendor prior to being scrapped. The vendor must provide a form indicating that this was completed.

Deletions

Deletions are booked by the property accountant through a journal entry based on monthly deletion reports received from PC and approved by CMS.

The property accountant is the only one who can designate as inactive any asset in Assetworks (using location code DELFYXX) after receiving the CMS signed form for the following:

- 1- Electronic missing items (Lost/theft form + Sensitive data form).
- 2- Non-electronic missing items (Lost/theft form).
- 3- Electronic stolen items (Lost/theft form + Sensitive data form + Police report).
- 4- Non-Electronic stolen items (Lost/theft form + Police report).

Other

Rented/Leased Property. Whenever equipment is rented or leased (e.g. copiers, vehicles, etc.), the department receiving the equipment must notify PC (and Accounting). The department is responsible for providing a description of the equipment, the location of the equipment and the duration of use. All assets acquired via what is determined to be a capital lease, will be tagged (utilizing a distinctive number and color to indicate originally leased) and be subject to the annual inventory validation process as deemed applicable.

Operational and Financial Reporting. Quarterly fixed asset reports (C-15) submitted to the Office of the Comptroller are based on the available F/S balances for plant funds. The balances by equipment classification are accounts 15xx,1750xx or 66xx.

In order to comply with GASB 51 Accounting and Financial Reporting for Intangible Assets, the University records intangible assets that have an acquisition cost of \$100,000 or more and a useful life greater than one year. The University has elected to amortize such assets over a maximum useful life of five years.

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The University has adopted GASB 34 and 35, as it relates to capital assets. The University has amended its accounting policies and procedures to include the capitalization and depreciation policies included in the Statewide Accounting Management System (SAMS) Manual.

Key Personnel

- **Controller**
- **Property Accountant**
- **Property Control-staff**

Books and Records

- **Assetworks system (AMP-Asset Management Platform)**
- **CSU Buy system**
- **Banner General Ledger Module**
- **Banner Property Control Module**
- **Operating Ledger**