Quick Reference Guide

University Equipment

Purchasing Equipment

What is equipment?

Equipment is an item of non-expendable, personal property having a useful life of more than one year and an acquisition cost that is $5,000 or more per unit.

Equipment purchases are reviewed by the Capital Asset Accounting (CAA) department of Financial Services, who is responsible for determining if purchase meets capitalization criteria as defined by Policy 1004.1. If the purchase is determined to be equipment, the expense will be capitalized and an asset will be created in the Property Management System (PMS). Any equipment that does not meet capitalization criteria will be moved to supplies during Financial Services’ review.

Equipment purchased with federal funds

Screening procedures should be followed for Federal awards to avoid the purchase of duplicative or unnecessary equipment (refer to policy 1004.7). Departments are responsible for screening procedures as well as determining if additional Federal approvals are required prior to purchase. Evidence of equipment screening should be documented as part of the purchase order.

When purchasing equipment, please refer to the following chart for subaccount coding.

Equipment Subaccounts

<table>
<thead>
<tr>
<th>Subaccount</th>
<th>Description</th>
<th>Applicable Ledgers</th>
</tr>
</thead>
<tbody>
<tr>
<td>6000</td>
<td>Budget Pool for Equipment 6100-6999, used with ABR=3 or 5</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6100-</td>
<td>Scientific and Technical Equipment - $5,000 or more per unit</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6199</td>
<td>Record special purpose equipment for medical, scientific, or technical research.</td>
<td></td>
</tr>
<tr>
<td>6200-</td>
<td>Fabricated (Constructed) Scientific and Technical Equipment</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6299</td>
<td>Record scientific and technical equipment that is constructed or assembled to accomplish a special purpose in the performance of a project.</td>
<td></td>
</tr>
<tr>
<td>6300-</td>
<td>Computing Equipment - $5,000 or more per unit</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6399</td>
<td>Record equipment used in automatic data processing, word processing, computing, and telephone communications. This includes central processing units, tape and disk drives, terminals, printers, ITE instruments and data boards (DOB’s), microcomputers, and operating software purchased with the hardware, and software which costs over $100,000.</td>
<td></td>
</tr>
<tr>
<td>6400-</td>
<td>Office and Educational Equipment - $5,000 or more per unit</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6499</td>
<td>Record general purpose office equipment including copiers and audio-visual equipment.</td>
<td></td>
</tr>
<tr>
<td>6600-</td>
<td>Shop Machinery and Tools - $5,000 or more per unit</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6699</td>
<td>Record general purpose shop machinery such as lathes, milling machines, bandsaws, and grinding machines.</td>
<td></td>
</tr>
<tr>
<td>6700-</td>
<td>Vehicles</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6799</td>
<td>Record general purpose light and heavy duty vehicles, including trucks, tractors, and rider-mowers.</td>
<td></td>
</tr>
<tr>
<td>6800-</td>
<td>Contract Deliveries</td>
<td>5 6</td>
</tr>
<tr>
<td>6899</td>
<td>Record equipment that is purchased or constructed by the University under a contractual agreement with another institution or the federal government including delivery of the equipment</td>
<td></td>
</tr>
<tr>
<td>6900-</td>
<td>All Other Equipment - $5,000 or more per unit</td>
<td>2 4 5 6 7 8 9</td>
</tr>
<tr>
<td>6999</td>
<td>Record miscellaneous equipment not categorized in subaccounts 6100-6799.</td>
<td></td>
</tr>
</tbody>
</table>

Contact Information

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Does my purchase meet capitalization criteria?

Examples of capital expenditures
1. Scientific equipment
2. Copy Machines
3. Vehicles
4. Fabricated (constructed) equipment

Including:
- Freight
- In-Transit Insurance
- Multiple items purchased on one purchase order that work together as a unit with a combined cost of $5,000
- Any modification or accessories necessary to make the equipment usable
- University shop charges
- Operating software purchased with hardware with a combined cost of $5,000 or more

Examples of NON-capital expenses
1. Extended Warranty
2. Maintenance agreement
3. Software licenses
4. Accessories less than $5,000 purchased separately from the original PO
5. Replacement parts
6. Repairs
7. Contract deliverables
8. Training/Familiarization
9. Professional services
10. Tools with a cost less than $5,000 for building constructed equipment
11. University labor expense (salary expense)
12. Software purchased separately with a cost less than $100,000
13. PCs, laptop computers, or tablets with an original cost of less than $5,000 per unit
14. Furniture and fixtures
### Tagging New Assets

CAA will distribute equipment tags and tagging reports to departments for each asset meeting capitalization criteria.

Place an equipment tag on the equipment in a visible location and return the form with the following information:

- Tag number
- Building
- Room
- Manufacturer
- Model number
- Serial number
- Description (if different from the description found on the tagging request)

Tagging reports should be returned to the Financial Services Office, Attention: Capital Asset Accounting.

### What if the asset can’t be tagged?

There are some items that cannot be tagged due to the physical nature of the equipment. An example would be the internal components of a machine. These items fall into one of the following two categories:

#### The item cannot be tagged and is part of another piece of equipment

Items that cannot be tagged may be a component of another piece of equipment that is tagged (or taggable). For these items, indicate as "Non-Taggable" and include the tag number that the item is part of on the form.

#### The item cannot be tagged and is not part of another taggable item

For any items that fall into this category, complete the remaining requested information on the form and indicate "Non-Taggable" in the Tag Number line.

### Annual Physical Inventory

1. **Does the equipment still exist?**
2. **Is the equipment in usable condition?**
3. **Is the equipment being used?**
4. **Is the location correct?**
5. **Does the asset tag on the equipment match the system record provided?**

A physical inventory is performed each year to verify the existence, condition, and location of University assets. An asset will be selected for physical inventory if it meets one of the following selection criteria:

- All assets with a net book value of $50,000 or greater
- All equipment maintained by the University and owned by the Federal government or external agencies
- All federally funded equipment must be inventoried over a two year cycle
- A statistical sample of assets with a net book value less than $50,000

### Disposal of University-Owned Equipment

Departments must notify CAA when equipment is disposed of using the Equipment Disposal Form found on the CAA website. The disposal form should include the asset information as well as disposal method and proper authorizations.

#### Disposal Methods

- **Junk/Discard**
- **Used for Parts**
- **Trade-In:** Purchase order requests and purchase orders must indicate if equipment is being traded in as part of the purchase. Procurement and Payment Services will facilitate trade-ins and authorize the disposal form.
- **Sale:** Any sale of University equipment to third parties outside the University, including University employees, requires the prior approval of Financial Services and Procurement and Payment Services based upon written recommendation of the head of the department. Procurement and Payment Services will facilitate sales and authorize the disposal form.
- **Stolen:** University Police Department must be notified when equipment is stolen. A security loss report is required to be submitted with the disposal form for all stolen equipment.
- **Transferred to another Institution:** The transfer of equipment to another institution requires approval of Financial Services based upon written recommendation of the head of the Department or the administrative Dean, Vice President, or Director.

The University asset tag should be pulled from the equipment prior to disposal.

#### Additional Requirements for Disposal of Equipment Purchased with Federal Funds (Circular A-110)

A trade-in or sale of equipment purchased on a federal grant is subject to the approval of the Federal awarding agency (Subpart C.34(e)). Disposal of assets purchased on Federal funds with a net book value of more than $5,000 require the return of proceeds to the Federal government (Subpart C.34(g)). There may be additional requirements that vary by awarding agency. Please refer to grant and contract agreements for any additional requirements.