



Financial Operations: Purchasing

Capital Equipment

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PURPOSE

Accurate capital equipment process and records are important to ensure:

- the safeguarding of university assets
- accurate values are included in the annual financial reports, both in statement of asset values and their depreciation
- adequate insurance coverage and loss settlement
- that accurate financial information is used for calculating the federal indirect cost rate

Asset values are reported on University financial statements, subject to internal and external examinations and provide the means of allocating costs to accounting periods which are used to establish the University's federal indirect cost rate. This policy helps to assure the accuracy of asset values, defines responsibilities, and helps to assure that ongoing verification is made.

DEFINITIONS

Asset Manager: an individual in a department or division who serves as the liaison between their department/division and the Purchasing Department. This individual is normally appointment by the chair or Director and assumes the duties in addition to their position responsibilities.

The Asset Manager plays a key role in the Purchasing Department's effort to ensure University compliance with University System, State and Federal property guidelines. Responsibilities can vary greatly from department to department, depending on the position held by the asset manager or the degree of management support and authority given to this individual.

Please keep the Purchasing Department advised of any changes in your Asset Manager so we can maintain a current mailing list. Report changes to the Purchasing Department, Capital Equipment Administrator at 715.346.4543 or purchasing.department@uwsp.edu.

Capital Equipment: any single asset which has an acquisition cost of \$5,000 or more and having a useful life of at least two years, whether purchased outright, acquired through a capital lease, or through donation.

Capital Equipment Administrator: an individual in the Purchasing Department who conducts and coordinates the Capital Equipment program in its entirety. This individual is responsible for maintaining an inventory database system and all University procedures which will ensure accountability and accuracy of information for financial reports and indirect cost calculations.

Component Parts: any item which cannot stand alone and is considered an integral part and an enhancement to an existing piece of equipment.

Component parts costing \$5,000 or more should be capitalized provided the item has a useful life of 2 or more years.

Component parts costing less than \$5,000 should not be capitalized, unless the component is considered to be part of the original fabrication of capital equipment.

Repair or replacement parts are not considered component parts and should not be capitalized. This includes all goods or services that do not add enhancement to the original equipment.

Donated Equipment: equipment that is capitalized if the fair market value on the date of receiving the gift is \$5,000 or more and its useful life is two or more years.

Enhancement: an item which materially and permanently increases the value of the equipment item being enhanced. Enhancements should be capitalized only if the cost is \$5,000 or more and the useful life is one year or more.

Non-Capital Items: Software, real property (land), and library holding do not qualify as capital equipment.

POLICY

The University of Wisconsin Stevens Point has a significant investment in capital equipment, representing long-term commitments to fulfill its mission. The University owns and controls all capital equipment purchased with University funds, unless stipulated otherwise by the funding source.

The Purchasing Department administers capital equipment asset matters and is responsible for the centralized accounting and reporting of University capital equipment assets, but not other personal property items. Asset managers are responsible for reporting the loss and/or undocumented disposals of capital equipment assets.

For details on the UW System Policy related to Capital Equipment, please see [F33: Accountability for Capital Equipment](#).

PROCEDURES

Asset Manager Responsibilities

Each Asset Manager in conjunction with the Department Head is responsible for:

- All equipment purchased for and assigned to them or their department.
- Assisting the Capital Equipment Administrator with the tagging of the new capital equipment.
- Assisting the Capital Equipment Administrator and Audit with physical inventories.
- Developing clear, consistent internal policies and procedures for dealing with capital equipment. (Include acceptable use, disposal, transfer, and recording of property location, inventory counts, and physical security measures in departmental policies and procedures. Asset Managers may fine-tune policies and procedures to meet own unique operating guidelines, but this document should provide baseline or minimum requirement in regard to assets.)
- Reviewing Purchasing Department reports for accuracy and completeness.
- Reporting theft, loss, or disappearance to Protective Services and the Purchasing Department.
- Keeping a current record of property located off-campus in the form of descriptions, capital equipment asset tag numbers, period of time and location of property off-campus, and person(s) in charge of the property.
- Notifying the Surplus Office and Purchasing Department when disposing of unwanted or unserviceable property, observing agency funding guidelines, if appropriate.
- Turning unused or underused capital equipment over to University Surplus so that others within the University may use it. The Asset Manager must notify the Purchasing Department when capital equipment is declared surplus property (Disposal of Capital Equipment).
- Reporting capital equipment assets donated to the University for capitalization.
- Notifying the Purchasing Department when capital equipment assets are donated to an organization outside the University. Equipment assets to be donated must be fully depreciated to be considered for approval.
- Completing inventory verification upon request of the Capital Equipment Administrator (See Inventory Verification).

Department Chairs, Deans, Directors and Administrators Responsibilities

It is the responsibility of the Department Chair, Dean, Director, or Administrator to:

- Support all responsibilities outlined in this document.
- Oversee reporting the loss and/or undocumented disposal of assets.
- Supervise the faculty/staff member who is an asset custodian of capital equipment
- Review the annual capital equipment Verification Form generated by the Purchasing Department.
- Take corrective action if an Asset Manager is not complying with the policies outlined in this manual.
- Delegate duty to an Asset Manager.

Disposal of Capital Equipment

Procedures related to the disposal of equipment can be found on the [Surplus Property Office's Terms and Conditions](#) .

Declaring an item as surplus can be done through the Surplus Property Office's [Online Declaration Form](#).

Federally Funded Capital Equipment

Title to property purchased in whole or in part with federal funds normally vests with the University. However, the granting agency retains what might be considered a "lien" on the property which controls equipment management requirements, its use and disposition. The granting agency also retains the right to require transfer of title of property with a current per unit fair market value of \$5,000 or more to the federal government or an eligible non-federal party up to 120 days after the end of federal support for the program or project. For questions on Federally Funded Capital Equipment, please contact the Purchasing Department.

Inventory Verification

Upon receipt of Inventory Verification Form:

1. Locate each capital item listed on the verification form.
2. Indicate on the form "HERE" for the following instances:
 - If the item still belongs to your department and all the information is correct the form.
 - If the item still belongs to your department and some of the information is missing or incorrect, please make the addition(s) or correction(s) on the form.
 - If the item has been moved to a location different from the location indicated on the attached form, correct the building and room.
3. If the item has been sent to surplus, indicate "SURPLUS" on the form.
4. If the item has been traded-in, indicate "TRADED-IN" on the form. Please complete the Capital Equipment Transfer – Trade-In Form and send back with verification.
5. If the item has been destroyed, indicate on the form "DISPOSED". Briefly state how the item was destroyed on the form.
6. If the item is not in your department and you have no idea what happened to it, indicate "MISSING" on the form. A report of missing equipment will be circulated across the campus. If after that time, an item is still not found, it will be removed from the inventory as a lost item.
7. After all items have been verified, the department head should return the verification report to the Purchasing Department via scanned and emailed or campus mail.
8. If there is an item that you believe cost \$5,000 or more and should be on the form, request the addition of the item. Requests for addition of equipment should be made on the website using the [Addition Form](#). Please fill in the

Addition Form completely. The following information will be requested on the Addition Form:

- A Purchase Order number (if available)
- Department who purchased the item and/or who currently has responsibility for the item.
- Asset Manager of the item
- A description for the item
- Manufacturer of the item
- Model name or part number of the item
- Serial number of the item
- Approximate date the item was received
- The original cost of the item (exact or estimated)
- Building where the item is located
- Room number where the item is located

When Inventory Control receives the request and verifies original cost, an inventory tag will be issued.

Transfer or Trade-in of Capital Equipment

If Capital Equipment is transferred within your department to another department on campus, or traded-in toward the purchase of new equipment, a Capital Equipment Transfer – Trade-in Form must be completed.

REFERENCES and RELATED DOCUMENTS

Capital Equipment Addition Form

Capital Equipment Transfer/Trade-In Form

Financial Administration Policy Paper #33 (FPPP33), [Accountability for Capital Equipment](#).

Online Surplus Declaration Form