Fabricated Equipment Procedures

1. Principal Investigator (PI), in conjunction with the departmental business contact, should notify Accounting to establish new fabricated equipment by completing the following Fabricated Equipment Approval Form. If available, provide a diagram or visualization of the fabricated equipment. Completed forms should be sent to Fixedassets@unl.edu. Fabricated equipment capitalization will not be applied retroactively. The form must be submitted and approved prior to components being ordered. Otherwise, individual equipment greater than $5,000 will be capitalized individually and items less than $5,000 will be expensed.

http://accounting.unl.edu/asset-management/fabricated-equipment/...

2. Accounting will contact Sponsored Programs to verify fabricated equipment is allowable per the sponsor, if applicable.

3. The Property Accountant will review all documentation and provide an assessment of the equipment category (i.e. stand-alone equipment, fabricated component, non-capital/supply item). If additional information is required, Property Accountant will contact the departmental business contact.

   a. If the proposed purchases correctly summarize fabricated equipment, Accounting will approve the form and will notify the departmental business contact and Sponsored Programs.

   b. If Property Accountant concludes the proposal is not fabricated equipment, they will discuss the reasons outlined directly with the departmental business contact. Sponsored Programs will also be notified.

   c. The departmental business contact and the PI can provide additional information to support a requested category revision. Property Accountant will review the documentation and determine if a category revision is warranted. Revisions may be due to the fact that some of the items planned to be purchased as part of the fabrication should actually be set up as stand-alone capital equipment; or, the nature of the item is not capital equipment at all (software licenses and user fees, warranty/maintenance agreements, consumable items). Non-capital/supply items are subject to indirect costs.

4. If there are any modifications to the fabricated equipment, the Property Accountant should be alerted by receiving a revised Fabricated Equipment Approval Form from the department.
5. Charge all capital components (click here for information on which costs should be capitalized) to 553820 (Fabricated Equipment-Component Purchases.) The original charge must be to this G/L. Do NOT charge to a 53xxxx non-capital/supply G/L and then post a journal entry to move it to 553820.

6. Create a spreadsheet to track all orders and send it to Fixedassets@unl.edu initially and monthly thereafter as components are purchased. The spreadsheet should include:

   - Description and total cost of fabricated equipment.
   - Detail for each component:
     - **For a committed item that has not been paid/posted** - Run SAP Commitment Line Item Report using display variant (Layout) /ZCOM for cost centers or /ZCOC for WBS elements and export the following fields to Excel:
       - Cost Object
       - PO Number (RefDocNo)
       - Vendor Name (Name 1)
       - Description (Name)
       - Amount (ValCOArCur)
     - **For an item that has been paid/posted** - Run SAP Detail Line Item Report using display variant (Layout) /ZRDTL for cost centers or /ZCOM for WBS elements and export the following fields to Excel:
       - Cost Object
       - Document Type
       - Document # (RefDocNo)
       - Posting Date
       - GL (Cost Element)
       - Assignment
       - PO Number (if applicable)
       - Vendor (Document Header Text)
       - Description (Name)
       - Amount (ValCOArCur)

Details of the actual fabricated equipment purchases should be submitted monthly to the Property Accountant. These spreadsheet files containing the acquisition details are due no later than the last business day of the month following the component purchase.

7. Scan and email copies of invoices for all P-Card purchases and internal charges to Fixedassets@unl.edu.

8. When the fabricated equipment is assembled and operational, provide Accounting with the completion date so the fabricated equipment can be capitalized in the asset management system (SAP). Inventory will send an equipment tag to the departmental property manager. For information on tagging, see The Equipment Tagging Process (FinAcct/AssetMgmt/).
What is Fabricated Equipment?

Fabricated equipment is defined as scientific or other complex equipment comprised of a number of individual components that are fabricated/built into a single functional unit. Fabricated equipment is capitalized as a single asset for a combined total cost in excess of $5,000 and a useful life greater than one year. Typically these components would be purchased with separate transactions and may be from multiple vendors. All components must function as a singular unit and will be collectively disposed of at the end of the useful life of the equipment. Individual components cannot be used independently of the remaining pieces of fabricated equipment and cannot function separately apart from the fabricated unit to which it is attached.

What isn’t Fabricated Equipment?

- Standard items that are altered or customized to make them usable on a sponsored project do not qualify as fabricated equipment.
- Connecting components together in a system (physically or virtually) does not constitute an equipment fabrication e.g., when individual computers and servers are joined to create a network.
- Components greater than $5,000 which are not physically attached or can function independently should be considered stand-alone capital equipment. These items that are less than $5,000 should be expensed.
- A sponsored project that is for the purpose of constructing experimental equipment does not characterize fabricated equipment.

If audited, departments must be able to justify the capitalization of fabricated equipment.

Please note: If a computer is purchased because it is required to run complex scientific equipment and the fabricated equipment cannot function without it, the computer can be capitalized as part of the fabricated equipment. However, the computer MUST be used strictly for that fabricated equipment and cannot be used in any other capacity.