

Fabricated Equipment Policy

I. Purpose

To provide guidelines for capturing costs of capitalizable equipment fabricated by University departments. Occasionally, the University will find it necessary to fabricate specialized equipment within the University due to lack of availability on the market. Typically when this occurs, several purchases that are individually below the capitalization threshold are charged to expense general ledger accounts, resulting in a valuable piece of equipment being omitted from the capital equipment inventory, and therefore not insured.

II. Responsibilities

A. Department

1. Submit necessary documents to [Accounting and Financial Reporting Services](#) in order to initiate the creation of the fabricated equipment WBS Element.
2. Create a journal voucher to fund the project. If funding from a grant, work with [Research Financial Services](#) and the Office of Sponsored Projects Administration.
3. Clear any overdrafts immediately and provide additional documentation and funding necessary to complete project.
4. Notify [Accounting and Financial Reporting Services](#) when project is complete.

B. Accounting and Financial Reporting Services

1. Create fabricated equipment WBS Element.
2. Complete and post journal voucher funding the project. If it is grant funded, reimburse the project from the grant.
3. Monitor and manage the WBS Element.
4. Capitalize the project and record to equipment inventory.
5. Close the project and return any excess funds to original funding source.

III. Policy

When a department determines the need to fabricate an equipment item with an expected total cost of \$5,000 or greater, a fabricated equipment WBS element must be established to track the expenses associated with the fabrication of the equipment. Charges which should be included in the capitalization of this equipment must be charged to GL account 550090, Fabricated Equipment.

Note: Equipment having a total cost of \$200,000 or greater requires legislative approval.

IV. Procedures

A. To establish a fabricated equipment WBS element, the department will submit the following:

1. A completed [Project Establishment Form](#)
2. An estimate of the total cost of the project
3. Specific cost object instructions:
 - a) Cost centers:
 - 1) A journal voucher debiting GL account 755030, Transfer to Unexpended Plant Funds, using SAP transaction FV50 to transfer necessary funds to the WBS element. Journal vouchers funding existing WBS elements should be saved and parked by the department for posting by Accounting and Financial Reporting Services.
 - 2) When journal vouchers for new WBS elements are created, the department will not know the WBS element number; therefore, these

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journal vouchers should be parked only, not saved as complete. Accounting and Financial Reporting Services will complete and post the journal voucher after the WBS element has been created.

- b) Grant:
 - 1) If the fabricated equipment will be funded in part or in whole by a grant, then procedures will be implemented on a case-by-case basis based on the requirements of the grantor(s). Research Financial Services and Office of Sponsored Projects Administration must be notified at the outset of the process.
 - 2) When a fabricated equipment WBS element funded by a grant is established, a journal voucher funding the project will not be required. Rather, reimbursement from the grant will be made by Accounting and Financial Reporting Services after expenses are made.
- B. Each year prior to the year-end process, Accounting and Financial Reporting Services will request an update of the status of all fabricated equipment projects.
 - 2. If the department notifies Accounting and Financial Reporting Services that a project is complete, the project WBS element will be closed and Capital Assets Accounting will be notified. The equipment will then begin depreciating.
 - 3. Balances remaining in the project WBS element will be returned to the original funding source.