



UNIVERSITY
of VIRGINIA

Business Assets Capital Equipment & Fabrication Procedure

Capital Equipment

Capital equipment definition:

- Cost \$5,000 or greater
- Useful life must be more than one year
- Functional on its own, or as part of a larger functional unit
- Asset is purchased from a supplier as a unit unless a fabrication has been approved to be built using the award funds.

Capital Equipment Requisitions

Requisition Tips:

- Use a capital spend category for each line that comprises the capital asset, such as “Eq Capital Laboratory (SC0494)”
- Installation, shipping/freight costs, and installation travel costs for capital equipment are coded to the same spend category as the equipment.
- If there are extended warranty contracts, consumable supplies, or training costs, then these items are not capitalized with the asset. Please use the following spend categories:
 - Equipment repairs & maintenance contracts: “Services Equip Repair & Maintenance Contracts (SC0185)”
 - Computer hardware maintenance contracts: “Services Computer Hardware Maintenance (SC0227)”
 - Computer software maintenance contracts: “Services Computer Software Maintenance (SC0228)”
 - Consumable supplies: “Supplies Lab Other (SC0270)”
 - Training costs (if a separate charge from installation costs): Either “Services Training Consultant (SC0169)” or “Services Skilled Other (SC0219)”

Sample Quote with Supplier Discount Applied

When a discount for capital equipment is listed at the bottom of the quote, it must be applied to each line preceding the discount on the quote. Here is an example of a quote with the discount applied:

Product Description	Unit Price	Spend Category	Discount %	Extended Price
Spectrometer	95,000.00	Eq Capital Laboratory SC0494	24,714.21	70,285.79
Non-CFC Recirculating Chiller	8,000.00	Eq Capital Laboratory SC0494	2,081.20	5,918.80
Bottle ICP-OES Wavecal soln 500mL 5 ppm	500.00	Supplies Lab Chemicals SC0267	130.07	369.93
Calibration blank solution 5 percent HNO3	123.00	Supplies Lab Chemicals SC0267	32.00	91.00
OneNeb Series 2, inert ICP nebulizer	1,115.00	Eq Capital Laboratory SC0494	290.07	824.93
Peri pump tubes PVC orange/green flared	85.00	Supplies Lab Other SC0270	22.11	62.89
Fitting y barb 1/16, 1/pk	15.00	Supplies Lab Other SC0270	3.90	11.10
SPS 4 compact 4 rack autosampler	14,000.00	Eq Capital Laboratory SC0494	3,642.09	10,357.91
Training	9,200.00	Services Skilled Other SC0219	2,393.38	6,806.62
Installation	4,000.00	Eq Capital Laboratory SC0494	1,040.60	2,959.40
Freight/Shipping	2,500.00	Eq Capital Laboratory SC0494	650.37	1,849.63
Gross Total	134,538.00		35,000.00	99,538.00
Total Discount	35,000.00			
Total with Discount	99,538.00			
Apply Discount to each line	$35000/134538=$			
	0.2601			

Importance of coding grant equipment correctly

The requisition will flow to Business Assets for approval:

- As part of the approval process, the grant will be checked to see if UVA or the Sponsor has title to the equipment.
- If the Sponsor has title to the equipment, then we need to note that in our comments of the requisition so the appropriate Government asset tag will be used.
- If the asset is split-funded with ETF, we need to make sure that UVA has title to the asset and does not conflict with ETF guidelines for cost sharing.
- If there is a conditional title, check the contract to see if the conditions will require prior approval for asset purchases.
- Confirm that the grant is still active. If the grant is in the last 30 days, then we check with OSP to confirm that an asset can be purchased at that time of the grant. OSP will be aware of extensions that we cannot review in Huron.

Importance of coding grant equipment correctly (continued)

If an equipment purchase does not flow to Business Assets for approval:

- The checks & balances noted above will not take place, so there is risk that equipment may be purchased without the proper Sponsor approval.
- The asset will not flow to the Workday Business Assets module, so our normal asset processing will not take place.
- F&A charges will be incurred on the equipment purchase.
- If this error is not discovered until the closeout/final review:

The grant may be closed in Workday and will require to be reopened.

To correct the equipment purchase, an accounting adjustment is the preferred method to move the costs unless the costs must be split-funded, then an accounting journal will be required.

The asset will need to be entered in Business Assets manually.

There may be a delay for asset tagging and property reporting for the asset for the final close out report.

Fabrications

Process for Fabricated Equipment Purchased with Grant Funding

Fabrication Process

- After a grant has been established, a Fabrication Request form is submitted by the Principal Investigator to build a fabrication. The work tags will be recorded on the form, a short description of the fabrication and an estimated completion date.
- The form is approved by the department chair, OSP, and Business Assets.
- For each grant that will have a fabrication built by UVA using grant funds, then a sub-grant (with 0% F&A) will be set up for the fabrication. In some instances, this may be the same grant number as the primary grant if that is established when the grant is set up.
- The fabrication number will be the same as the sub-grant number for the fabrication.
- The work tags for the sub-grant will be used for all purchases.
- Unlike our former policy in Oracle, **only** non-capital spend categories will be used for the fabrication component purchases as it is being constructed, such as : “Supplies Lab Other (SC0270)”.

Fabrication Process (continued)

- Once the fabrication is completed, Business Assets will process the journals in the Fixed Asset Book to post the costs to capital equipment. No entries are needed in the Common Book.
- A manual asset will be entered in the Business Assets module.
- The asset will be tagged and placed in-service.

Fabrication Request Form

The fabrication form has been updated with the Workday GL reference. The form can be accessed in the forms section of our website at the following link:
<https://uvafinance.virginia.edu/business-assets-cost-recovery>

Business Assets Contacts

If you have questions, you can contact askfinance@virginia.edu or

- ETF/Purchase Requisitions/Sponsor Reports – Joyce Gredler at jfg5d@virginia.edu
- Purchase Requisitions/Asset Tagging – Mohammed Eitta at mae3y@virginia.edu
- Purchase Requisitions/Asset Tagging-Brittany Newton at ban6v@virginia.edu
- Inventory/Surplus/Transfers - Mike Williams at mww5w@virginia.edu
- Construction in Progress/Financial Reporting- Lisa Layne at lwl5h@virginia.edu
- Director, Business Assets & Cost Recovery- Andrew McGehee at ajm9ws@virginia.edu