

Capital Equipment Procedure

Purpose

The purpose of this procedure is to ensure sound business practices for university-acquired capital equipment.

Scope

This procedure pertains to the capitalization, depreciation, and disposal of capital equipment in all departments/units at the University of Denver.

Definition of Capital Equipment:

All capital equipment should be owned by the University, held for operations, have a useful life of more than one year, and an acquisition cost greater or equal to \$5,000. Freight charges, installation, customs duty, and training should be included in the acquisition cost. Maintenance contracts, extended warranties, software, or expendable items should not be recorded in the acquisition cost. Trade-ins do not reduce the value of the equipment.

Departments are responsible for tracking any assets under the \$5,000 threshold.

Policy

According to University Policy FINA 2.30.050 - Property Control, the University will maintain a record of capital equipment to ensure that its full useful value is realized; it is protected from loss, damage, or destruction; it is properly depreciated; and it is properly disposed of. The capital equipment record will be supported by periodic inventories. Units in possession of capital equipment shall cooperate and support the University's management and inventory of such equipment.

Responsibility for Enforcement

The University of Denver's colleges, schools, and departments are responsible for the use and maintenance of capital equipment under their control. They shall track University-owned capital equipment, support the Plant Fund Accountant (PFA) in conducting periodic inventories of capital equipment, and support audits of all capital equipment.

The PFA is the designated University authority for overseeing the maintenance of equipment records. The PFA will provide an inventory report to the University's schools,

and departments yearly. These units are responsible for assisting the PFA in resolving any discrepancies identified in the inventory report.

Capital Equipment Procedure

Account Numbers

The general ledger accounts listed below are used for purchased equipment that meets the capital equipment definition. The PFA will be alerted via Banner when a unit processes a purchase order or invoice with these accounts.

781000	Capitalized Equipment
781100	Personal Computers > \$5000
781200	Equipment-Univ Owned-Capitalized
781300	Software-Univ Owned-Capitalized
781400	Furniture-Capitalized
781500	Audio Visual Equipment-Capitalized
781600	Security Equipment-Capitalized
781700	Kitchen Equipment-Capitalized
781800	Lab Equipment-Capitalized
781900	Landscaping Furniture-Capitalized
782000	Capitalized Equipment - OSP Accts
782100	Equipment - OSP Research
782200	Equipment - Lease - Cap. Purch OSP
782300	Equipment - Fabrication Osp

Gift in Kind

Items recorded as Gift in Kind are reviewed during the Controller's Office year-end processes. All items gifted above five-thousand-dollar value, excluding art, meet the review requirement. The PFA receives the gift memorandum from the Office of Advancement. The memo should list the donor, description of equipment, and appraised fair value. All remaining processes follow the procedures listed in the Tagging Steps section of this document.

Fabricated Equipment

Fabricated Equipment is reviewed during year-end processes in the Controller's Office and the Office of Sponsored Research and Programs. Each year the grant remains open, and expenses in the fabricated equipment account are moved to a work-in-progress account. Expenses will remain in the work-in-progress account until the grant has ended. All remaining processes follow the procedures listed in the Tagging Steps section of this document.

Capital Equipment Improvements

A component is created if an item is over the five-thousand-dollar threshold and functions with existing capitalized equipment. Components depreciate on a separate schedule from the main tag. The component will have the same P-tag number followed by an alphabetic letter. The main P-tag and component tag are linked in Banner.

Tagging Steps

All equipment, furniture, and fixtures with a unit acquisition cost of \$5,000 or more are required to be tagged with a University identification number (barcode).

The unit Budget Officer will receive an Asset Tagging Request (ATR) form via email from the PFA in the Controller's Office whenever taggable assets are acquired. The unit Budget Officer should use this form to locate the item and update the form with all applicable information, including the serial number of the asset. Please also note any expendable item that was purchased with a piece of capital equipment. The updated ATR form should be completed and returned within one month of receipt (If equipment requires installation, the installation needs to be completed before the equipment can be capitalized and tagged). Please send it to the PFA in the Controller's Office. (See Appendix A for a sample of an Asset Tagging Request).

The PFA in the Controller's Office should be notified if a unit purchases a piece of equipment with a cost greater than \$5,000 and does not receive notification about tagging the equipment within two months.

Once the department sends the completed Asset Tagging Request back to the PFA, a P-tag will be created in Banner. The P-Tag number in Banner correlates to a physical sticker. The physical sticker will then be mailed back to the unit. Tags shall be placed so they are easily visible when the asset is observed. Once a tag is placed, it shall not be removed until the item is disposed of.

Sample of existing and new tags:



Since the departments are responsible for the control and safeguarding of assets purchased for their use, extra effort must be spent to track down and tag each asset.

It may be impractical to tag certain equipment such as some software or small computer equipment. If this is the case, the departmental contact should keep a binder with information about these assets. A copy of the Asset Tagging Request, invoice, and the tag in the binder. The department will need to provide the binder with the tag when the assets are inventoried or audited.

Depreciation:

Fixed assets are depreciated over the useful lives detailed in the schedule using the straight-line method. It is calculated quarterly beginning in the subsequent quarter of acquisition.

Acquisition Month	Depreciation Start Date
July - September	October 1st
October - December	January 1st
January - March	April 1st
April - June	July 1st

Type	Description	Useful Life
AU	Automobile	5
PC	Personal Computer	3
FN	Furniture	7
WV	Work Vehicle	8
CH	Computer Hardware	5
SE	Scientific Equipment	10
MU	Musical Equipment	12
ME	Medical Equipment	8
SF	Sports Fitness Equipment	6
SC	Security Equipment	6
SW	Software	10
FI	5 Year Life - Misc.	5
TE	10 Year Life - Misc.	10
TW	12 Year Life - Misc.	12

Disposal:

Before disposing of any surplus capital equipment that is in a serviceable condition, a unit must first attempt to find out whether this piece of equipment can be utilized elsewhere within the University. This can be done by posting a campus-wide notification via the University's bi-weekly newsletter, "The Bridge". If the equipment can be taken by another department, the department currently owning the equipment needs to fill out the Asset Disposal/Move Form (Appendix B) and send it to PFA for a fixed asset system update. When a piece of equipment is sold or transferred between schools or units, no gain or loss on the transaction may be recorded since the asset is still owned by the University, and gains or losses may not be internally generated. The equipment is

transferred at the net book value at the time of sale.

Any request to dispose of capital equipment must be reviewed and approved by the unit Budget Officer or department head before the equipment can be removed from the University premises. Tags must be physically removed from equipment upon disposition and this tag needs to be affixed to the Asset Disposal/Move form. When an asset has been sold, discarded, is no longer in service or its value has been permanently impaired, the Asset Disposal/Move form needs to be filled out and sent to the PFA as soon as a piece of capital equipment is disposed. Until the PFA is properly notified of a capital equipment's disposal or movement and the Fixed Asset System is updated, the department will continue to be held accountable for that asset in the location last reported.

Disposal authority follows the limits below and refers to the net book value of the equipment. Net book value can be found in the Fixed Assets by Division report within Data Insights.

Unit Budget Officers	Up to \$5,000
Deans/Directors	Up to \$10,000
University Controller	Over \$10,000

Annual Inventory Reconciliation

To ensure that all capital equipment has been properly recorded and tracked, the University of Denver will conduct an ongoing physical inventory of all capital equipment. The inventory reconciliation will be conducted on a cycle basis (See Appendix A for a sample inventory report and schedules).

The PFA maintains a listing of departments and their respective quarterly due dates for the completion of the applicable physical inventory. The PFA is responsible for sending the capital equipment listing to the unit Budget Officer. The unit Budget Officer is responsible for locating capital equipment purchased by the department and completing the Asset Disposal/Move form if disposing of capital equipment. The Budget Officer will be required to certify that they have viewed the piece of equipment and verified that it is in the location that is listed, that the equipment has the proper tag affixed to it, and that it is in working order. If the Budget Officer finds capital equipment that is not included on the unit's inventory list, please note the tag numbers and contact the PFA for assistance.

If the person responsible for capital equipment leaves during the year, the accountable department should take a physical inventory before their departure. An Excel listing of the department's inventory can be downloaded from Data Insights at any time throughout the year.

Annual Audit:

Any time during the year, the PFA will visit the department and verify on a sample basis,

[illegible]

Annual Inventory Schedule:

Quarter #1:

Send Out – August 1st

Due Back – August 31st

Organization Unit Department

- 1270 Internationalization
- 2030 Financial Services
- 2040 Institutional Financial Activity
- 2050 Bookstore
- 2080 Financial Assistance
- 2090 Enterprise Risk Management
- 2100 HR and Inclusive Community
- 2105 Fringe Benefits
- 2120 Internal Audit
- 3010 General Counsel
- 3510 Chancellor
- 4010 Admission
- 4510 Newman Center
- 5510 Marketing and Communications

Quarter #2:

Send Out – November 1st

Due Back – November 31st

Organization Unit Department

- 1020 Student Affairs & Incl Excellence
- 1040 Housing and Residential Education
- 1050 Office of Graduate Education
- 1080 Natural Sciences and Mathematics
- 1090 Daniels College of Business
- 1100 Sturm College of Law
- 1255 Registrar
- 1260 Centers & Institutes
- 1300 Institutional Priorities
- 2020 Campus Safety
- 2110 Facilities Planning & Management
- 2510 Information Technology
- 5010 Advancement
- 5810 Mountain Campus

Quarter #3:

Send Out – February 1st

Due Back – February 28th

Organization Unit Department

- 1060 Arts & Humanities/Social Sciences
- 1075 Ritchie School of English & Computer Science
- 1120 Morgridge College of Education
- 1131 Fisher Early Learning Center
- 1132 Ricks Center
- 1140 Graduate School of Prof Psychology
- 1150 Joseph Korbel School of International Studies
- 1160 Graduate School of Social Work
- 1170 University College
- 1210 Office of Research & Sponsored Programs
- 1230 University Libraries

Quarter #4:

Send Out – May 1st

Due Back – May 31st

Organization Unit Department

- 1010 University Adjustment
- 1030 University Health & Counseling Serv
- 1251 Provost
- 1253 Undergraduate Academic Programs
- 1510 Athletics & Recreation
- 1520 Recreation and Wellness
- 2010 Financial Affairs
- 2095 Conferencing and Event Services
- 5710 Office of Diversity and Inclusiveness
- 6510 DU Agency Organizations

Appendix B



Asset Disposal/Move Form

Contact Name		P-Tag Number	
Phone Number		Attach P-Tag	
Department			
Disposal/Move Date			
Asset Serial#/VIN			
Asset Description			

Select one of the following disposal/move actions and complete all information in the section.



Transferred

From Department:	To Department:
Department Contact:	Department Contact:
User Org #:	User Org #:
Bldg Name:	Bldg Name:
Room #:	Room #:

Was there an attempt to repurpose among the University community before selling, trading-in, donating or discarding?

☐ Yes ☐ No

If No Please Explain: _____



Sold

Sale Price \$
Money Deposited To _____ Fund Org Account



Controller's Office
UNIVERSITY OF DENVER



Traded In

Used to Purchase:

From Vendor:

Attach a copy of the invoice showing the trade in value to this form.



Donated, Discarded, or Other

Donated Agency Name

Discarded Reason

Other - Explanation

Attach a donation receipt to this form.

Name: _____

Date: _____

Unit Budget Officer: _____

Date: _____

Net Book Value greater than \$5,000

Deans/ Directors: _____

Date: _____

Net Book Value greater than \$10,000

University Controller: _____

Date: _____