



OFFICE OF THE CONTROLLER

PROPERTY & EQUIPMENT MANUAL

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SECTION I: OVERVIEW

A. INTRODUCTION

The policies in this manual provide a standard of practice for the management, accounting and control of moveable equipment (also referred to in this manual as capital equipment, property, or capital assets) owned by Columbia University (the University or CU), titled to the University, under the custody of the University, or for which the University is accountable to the federal government and other sponsors.

B. PRIMARY GUIDANCE TO WHICH THE POLICIES RESPOND

The policies in this manual respond to good business practices and Financial Accounting Standard Board (FASB) and Generally Accepted Accounting Principles (GAAP) requirements for recording and reporting capital assets and depreciation expenses. The federal regulations to which this policy responds include:

- **FAR 52.245-1**, Government Property, Parts 35, 45, and 52
- **OMB Circular A-21**: Cost Principles for Educational Institutions
- **OMB Circular A-110**: Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (Relocated 2 CFR 215)
- **OMB Circular A-133**: Audits of States, Local Governments, and Non-Profit Organizations

C. ROLES & RESPONSIBILITIES

1. Controller's Office

The Columbia University Controller's Office is responsible for the maintenance of this policies manual and for responding to questions regarding the policies contained in the manual. Responsibility for capital equipment management is shared by two groups within the Controller's Office: Capital Asset Accounting (CAA) and Research Policy & Indirect Cost (RPIC). This structure is designed to ensure both financial and government policies and procedures regarding equipment are addressed.

➤ **Capital Asset Accounting (CAA)**

CAA is the primary group responsible for moveable capital equipment management at the University. The CAA Property Manager serves as the primary liaison to schools and departments for all capital equipment related processes and is responsible for ensuring compliance with Generally Accepted Accounting Principles and government regulations for capital equipment management at the University. The CAA Property Manager reports to the Executive Director of Financial Reporting. Some other responsibilities of the CAA Property Manager include:

- Approving equipment related purchase requisitions and journal entries.

- Coordinating responses to audit inquiries concerning capital assets.
- On-going management and oversight of the University's contracted inventory management vendor, American Appraisal Associates.
- Screening capital equipment requisitions over \$100,000.
- Review and approval of capital equipment disposition requests.
- Tracking and reconciliation procedures for capital asset acquisitions and disposals.
- Year-end reconciliations of ARC activity to equipment database in e-PRAIS®.
- Preparing financial reports for moveable equipment.
- Providing training to users of overall equipment policies and physical inventory requirements.

➤ **Research Policy & Indirect Cost (RPIC)**

The overall responsibility of RPIC is to ensure to provide annual and final property reports for Government Owned/Furnished Equipment and other agencies or groups.

2. Custodial Departments

Chairpersons, deans and directors have general stewardship responsibilities for the maintenance and control of all property and equipment in their custody and control. A departmental equipment coordinator or equivalent is responsible for managing moveable capital equipment at the department level. Some of these responsibilities may include:

- Providing the CAA Property Manager with location and backup documentation supporting P-Card purchases.
- Managing the department's equipment inventory.
- Processing vendor invoices in the Accounts Payable (AP) module of the ARC system to initiate payments to vendors.
- Assisting with physical inventory, verifying the existence and condition of all moveable capital equipment.
- Notifying the CAA Property Manager of disposals, sales of surplus equipment, transfers in and transfers out and location changes throughout the year.

Principal investigators are responsible for the acquisition of capital equipment under their sponsored agreements or during the course of the research they are conducting.

3. Procurement Services

Three areas in Procurement Services are involved in the capital equipment cycle: the Purchasing Department, Accounts Payable Department and the P-Card program.

➤ **Purchasing Department**

Responsible for generating and approving purchase orders through the Procurement module of the ARC system and is responsible for tracking and monitoring operating and capital lease data charged to Account 63110 - Major Moveable Equipment Lease/Purchase.

➤ **Accounts Payable**

Responsible for processing vendor invoices and approving payments to vendors through the AP module of the ARC system. Capital Asset Accounting (CAA) will run monthly query reports in ARC with payment activity charges to Account series 680xx and 681xx. The query reports are used to determine capital equipment purchases to facilitate tagging and maintenance of the capital equipment inventory database.

➤ **P-Card Program**

Responsible for monitoring capital equipment purchases on the P-Card and providing quarterly reports to CAA for inventory tagging and maintenance of the capital equipment inventory database

4. Outside Vendor

An independent inventory management firm is contracted by the University to provide management oversight for the identification, tagging, recording and reporting of capital equipment. They use a proprietary asset management software, e-PRAIS® to manage CU's moveable equipment, including recording acquisitions, adjustments, movements, transfers, and dispositions. They provide an on-site presence and are responsible for tagging on-campus (Morningside, CUMC, Lamont and Nevis) moveable equipment on a quarterly basis and conducting the bi-annual physical inventory at on-campus facilities. They are also responsible for conducting a bi-annual physical inventory of equipment located at R/V Langseth (the "ship").

D. REVISION HISTORY

This manual was originally distributed in January 1983. It was revised in January 1990 raising the capitalization threshold from \$500 to \$2000 and in July 2008 to \$5,000.

E. WHO IS GOVERNED BY THESE POLICIES

The policies in this manual apply to all individuals who have custody, uses or control capital equipment owned by the University, titled to the University, under the custody of the University, or for which the University is accountable to the federal government and other sponsors. Covered individuals include,

but are not limited to, faculty, staff, students, contractors, consultants, those working on behalf of the University and/or individuals authorized by affiliated institutions and organizations.

F. WHO SHOULD KNOW THESE POLICIES

Anyone who has custody, uses or controls capital equipment owned by the University, titled to the University, under the custody of the University, or for which the University is accountable to the federal government and other sponsors.

G. EXCLUSION OR SPECIAL SITUATIONS

Real property (land & buildings), land and building improvements, building components, fixed assets (equipment affixed to real property), software, or minor equipment with a total acquisition cost of less than \$5,000 are not covered under this policy.

Special circumstances involving capital equipment located at off-campus locations such as R/V Langseth and ICAP centers will be addressed in policies and procedures developed by the off-campus facility in compliance with the policies covered in this core manual. Refer to the department's website to view their specific policies for unique situations that are not covered in this manual.

H. TYPES OF CAPITAL ASSETS

Capital assets consist of several types of assets: moveable equipment, fixed equipment, buildings, building components, building improvements, land, land improvements, computing equipment, library materials, rare books and collectibles.

Although all capital asset types are defined below, the policies contained in this manual pertain to moveable equipment. If you are unsure how to treat an acquisition, the CAA Property Manager will assist you to determine whether equipment is fixed or moveable and what the appropriate system of accountability should be.

Moveable Equipment

An item that is neither permanently affixed to nor part of a building. Moveable capital equipment should be charged to Account series 680XX and 681XX- not subject to indirect costs. Examples include centrifuges, copiers, oscilloscopes, vehicles, etc. For additional examples of moveable equipment, see Appendix C.

Fixed Equipment

Equipment permanently affixed to a building, but separate from the building itself. Fixed equipment is generally contactor installed, and used as furnishings, decorations or for specialized purposes. Examples are counters, laboratory benches bolted to the floor, wall-to-wall carpeting, blinds, built-in projection screens, animal runs and cages, gaseous piping systems, chemical waste disposal systems, raised flooring, etc.

Buildings

Roofed facility intended for the permanent or temporary shelter of persons, animals, plants, or equipment.

Building Components

Equipment items designed and installed as an integral part of a structure. Building components differ from fixed equipment in that they are not separate from the building structure. Useful life of building components may differ from that of the building. Examples include plumbing, electrical, building shell, etc.

Land

The solid part of the earth's surface, whether improved or unimproved.

Computing Equipment

Includes all mainframe, mini and micro computers, including all peripheral drives and software that is required to make the system operational. Personal computer operating and application software included with a purchase of a computer system (hardware) as part of the base system price will be considered part of that hardware system, and the related software will be included in the value of the hardware.

Library Materials

Books, journals, bound periodicals, and microfilms purchased for and catalogued in libraries in the University Library system. General library acquisitions are capitalized at cost plus associated expenses.

Rare Books and Collectibles

Rare books, museum collectibles and artwork acquisitions are capitalized at cost plus associated expenses. Rare books and other collectibles are not depreciated.

I. DEFINITIONS

Accountable Property
A term used to identify government property which is recorded in a formal accounting system and is controlled by an identification system and supporting records from its acquisition through disposal.
Capital Equipment
Capital equipment at Columbia University is defined as tangible, permanent item with a life of at least two years that is held for purposes other than investment or resale and has a value of \$5,000. Capital equipment (also referred to in this manual as moveable equipment, property or capital assets) includes University property and government owned property.
Capital Lease
Leases are considered capital leases under any of the following circumstances: <ul style="list-style-type: none">• Ownership transfers to lessee at end of lease• Lease contains bargain purchase option• Lease period is at least 75 percent of its useful life• Present value of lease payment is at least 90 percent of fair market value
Component Parts
Component parts are add-ons and accessories purchased after the fact that either increase the useful life of the asset or add additional functionality. Component parts are considered capital assets.
Custodial Department
Custodial Department includes a school, department, center, or unit of the University having physical control of University capital equipment.
Depreciation
Depreciation is a method for allocating the cost of buildings and equipment over time. Generally accepted accounting principles and federal regulations dictate that the value of capital assets must be written off as an expense over the useful life of the asset. Depreciation expense is calculated in e-Prais based on the asset's estimated useful life.
Disposition
Disposition is the process of determining if capital equipment is an excess or an unusable asset. It is removed from inventory when it is no longer physically located on-site. Examples of asset dispositions include sale, scrap, donation, etc. (see "Disposition of Equipment" in the Disposal section of this manual for more information).
E-Prais
Proprietary asset management software used by the University to account for all moveable equipment either owned by the University or owned by the government and other sponsors.
Excess Equipment
A term that describes the lack of use or benefit a piece of equipment can give to a project or person. Any excess equipment, whether University funded or sponsor funded, should be considered eligible for disposition (see "Disposition of Equipment" in the Disposal section of this manual for more information).
Fabrication
A fabrication is a one-of-a-kind creation. Fabrications are created by assembling a number of components (manufactured or custom made) to produce a piece of equipment that meets unique research specifications. Most fabrications are sponsor-funded and therefore have a number of compliance requirements related to acquiring and tracking equipment in an assembled fabrication (see

<p>“Fabrications” in the Equipment Requiring Special Handling section of this manual for more information).</p>
<p>Found Equipment</p> <p>Equipment discovered by a custodial department which does not appear on the University capital equipment inventory records. Custody of found equipment is assigned to the user department. The value will be estimated by Capital Asset Accounting of the Controller’s Office and the date found will be used as the date received.</p>
<p>General Purpose Equipment</p> <p>Equipment which is not limited only to research, medical, scientific or other technical activities. General Purpose Equipment is not allowable as a direct cost to a sponsored project unless specifically budgeted for in the proposal or notice of award. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and computing equipment.</p>
<p>Gifts-in-Kind</p> <p>The receipt of non-monetary gifts given to the University.</p>
<p>Government Property</p> <p>Government property includes all property owned or leased by the Federal government. Such property acquired under contracts with the University includes:</p> <ul style="list-style-type: none"> ➤ Government furnished property: property in the possession of or acquired by the government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants. ➤ Contractor acquired property: property purchased or otherwise provided by the University for the performance of a contract, title to which property is vested in the government by virtue of its procurement with government funds. ➤ Excess government property: property which is no longer required by the holding Federal activity and is available to other Federal agencies or Federal contractors such as the University. ➤ Federal surplus property: property which has been screened by all Federal agencies and generally made available to eligible institutions through the State Agency for Surplus Property.
<p>Loaned Equipment</p> <p>Loaned equipment is equipment either borrowed by the University from an external agency or by one <u>University department from another, or loaned by the University to an external agency or individual.</u></p>
<p>Minor Equipment</p> <p>Include tangible personal property having a unit cost of less than \$5,000 and having a useful life of less than two years. Minor equipment at the University is not considered “capital equipment” and is subject to indirect cost. Minor equipment should be charged to Account series 619XX.</p>
<p>Obsolete</p> <p>A term that means an item can no longer meet its intended purpose and is no longer useful to the</p>
<p>Personal Property</p> <p>Personal property at the University is defined as any movable item subject to ownership which is not real property.</p>
<p>Replacement/Repair Parts</p> <p>Replacement/repair parts are generally considered minor equipment and should be charged to Account</p>

619xx. However, replacement parts may be charged to capital equipment Accounts 680xx or 681xx regardless of cost, if the item:
a) extends the normal life expectancy of the asset by 2 or more years, or b) adds additional functionality or is an enhancement to the asset.
Special Purpose Equipment
Equipment which is used only for research, medical, scientific, or other technical activities and is allowable as a direct cost to a sponsored project.
Surplus Equipment
Item that is no longer needed or required.
University Property
Equipment purchased with non-government funds, or acquired through private gifts or donations.

J. CAPITALIZATION

Equipment is capitalized at Columbia University if it meets the University's capitalization criteria.

1. Capitalization Criteria

Any moveable capital equipment having a total cost (or donated estimated value) equal to or greater than \$5,000 and meets the following criteria must be capitalized:

- The estimated useful life of the item is equal to or greater than two years,
- The asset is moveable and is not permanently affixed to a building or structure,
- The asset is a non-expendable, tangible, personal property,
- The asset does not lose its identity in use,
- The property is of a non-consumable nature, and
- The property is not intended for sale in the ordinary course of operations, e.g. contract deliverables.

Specific capitalization guidelines for computer software are included in the policy "Accounting for Costs of Computer Software Developed or Obtained for Internal Use"

(http://policylibrary.columbia.edu/files/policylib/imce_shared/Costs_of_Computer_Software_for_Internal_Use.pdf)

2. Costs That May be Capitalized

The following costs MAY be capitalized (charged to Series 680xx of 681xx) when acquiring capital equipment:

- The net invoice price (after discounts or credits) of the equipment, including modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for its intended purpose.

- Ancillary charges, such as taxes, duty, freight, installation and protective in transit insurance.
- Capital equipment that is part of a fabrication project is also considered capital equipment, regardless of the dollar amount of the component items, provided that the total aggregate cost is \$5,000 or more and the final fabricated asset will have a useful life of at least two years. If a new component extends the useful life or capability of an existing asset, it should be capitalized.

3. Costs That May Not Be Capitalized

The following costs may NOT be capitalized (charged to Account series 680XX or 681XX):

- Separate warranty costs of maintenance contracts, including items for which periodic invoices are received either monthly or annually such as software, licensing fees, separate warranty costs of maintenance contracts, etc.
- Government furnished property.
- Rearrangement, transfer, or moving of equipment from one University location to another, including the costs incurred in dismantling, transporting, reassembling and reinstalling such items in a new location.
- Equipment repair costs.

Note: Equipment repair costs may be capitalized or charged to Account series 680XX or 681XX ONLY when the department requesting the repairs states on a repair invoice or other documentation that the repair will add at least two years to the item's assigned useful life of the asset, or the repair is an enhancement of the asset.

4. Capital Equipment Accounts

Since the ARC system does not have an asset tracking module, in order to isolate the transactions that would be considered for capitalization, we require that departments use Account series 680XX (for equipment purchases) and 681XX (for fabrications) to process requisitions and payments for capital equipment. The total of the charges to these Accounts during the year becomes the basis for the amount that will be added to e-PRAIS®.

K. EQUIPMENT LIFECYCLE

The equipment lifecycle begins from the time equipment is requested through the end of its useful life or when it is disposed. The equipment lifecycle typically consist of three phases: Acquisition, Use and Disposal.

The policies relating to equipment acquired through the University's normal procurement process (i.e. purchase requisition or PCARD) are covered in Sections II – IV of this manual for each phase of the equipment lifecycle.

- The acquisition phase addresses how equipment is acquired, authorized, received, identified and tagged, paid and recorded at the University. Equipment screening requirements, title and insurance considerations are also covered in the acquisition phase. (*See policy on Acquisition of Moveable Capital Equipment* - <http://policylibrary.columbia.edu/acquisition-moveable-capital-equipment>)

- The equipment use phase covers utilization, record keeping, physical security, physical inventory, movement of equipment, loans to other entities, and maintenance and storage of equipment. (*See policy on Use and Maintenance of Moveable Capital Equipment* - <http://policylibrary.columbia.edu/management-and-accounting-moveable-capital-equipment>)

- The equipment disposal phase, the final phase of the equipment lifecycle, addresses methods of disposal and authorization requirements, including reporting requirements at contract/grant close-out and policies relating to special disposals such as loss or damaged equipment. (*See policy on Disposal of Moveable Capital Equipment*- <http://policylibrary.columbia.edu/disposal-moveable-capital-equipment>)

The policies relating to equipment acquired through other means, such as “capital gifts-in-kind”, transfers-in from other institutions, government owned or furnished equipment, loaned equipment, capital leases, fabrication, or equipment purchased under construction contract are discussed in Section V- Equipment Requiring Special Handling in this manual.

SECTION II: ACQUISITION

A. METHODS OF ACQUISITION

The way capital equipment is acquired determines how it will be recorded and managed throughout its lifecycle. Equipment is acquired at the University through direct purchase, “capital gifts-in kind”, fabrication, transfer-in from other institutions, government owned or furnished equipment, loaned equipment, capital lease, or equipment purchased under construction contract

The majority of equipment at the University is acquired through direct purchase via Purchase Requisitions or P-Card transactions. This section will cover policies and procedures relating to equipment acquired through direct purchase. The other methods of acquisitions are covered in Section V- Equipment Requiring Special Handling of this manual.

B. PURCHASE REQUISITION ACQUISITIONS

Purchasers of capital equipment at Columbia use the eProcurement module of the ARC system to create a purchase requisition.

1. Obtaining Pre-Acquisition Approvals

Capital equipment purchase requisitions must obtain department approval via Workflow in the Procurement module within the ARC system. The requisition will also be routed via Workflow to the CAA Property Manager who will review the requisition for compliance with capitalization requirements and ensure the item is appropriately charged to capital equipment series Account 680XX or 681XX.

1.1 Account Usage

The University requires departments to use Account series 680XX for moveable equipment acquisitions and series 681XX for fabricated equipment. The type of capital equipment being purchased determines the appropriate Account to use:

Account series 680XX: use an account in this series to charge moveable equipment acquisitions, such as office furniture, scientific equipment, educational equipment, etc. These types of equipment are generally ready for use at time of purchase and do not need fabrication or customization. *See Appendix C for a list of types of moveable equipment and Accounts in series 680XX.*

- **Account series 681xx:** use an account in this series for fabrication projects, that is, equipment that requires assembling of a number of component parts or accessories to produce a final unit that meets your unique research specifications. However, departments are prohibited from charging Account series 681xx prior to obtaining a project code number from the CAA Property Manager. *See Section V- Equipment Requiring Special Handling for additional details on Fabrications and use of Account series 681xx.*

1.2 Purchase Orders

If the requisition passes each test, a purchase order is created and approved by the Purchasing Department and an encumbrance is created on the chartstring charged on the requisition.

A purchase order must be used to purchase any item of equipment. Use of a check request is prohibited.

2. Obtaining Post-Acquisition Approvals

The CAA Property Manager's approval is required on all journal entries and change orders processed by departments for capital equipment transactions affecting an Account series 680xx or 681xx. Since journal entries processed by Sponsored Projects Finance (SPF) are not routed to CAA for approval, CAA will reconcile the entries at year-end or on a more frequent basis as necessary.

2.1 Journal Entries

Journal Entries affecting Account series 680XX and 681XX are entered by Departments or the Controller's Office through ARC in the General Ledger module (Equipment Expenditure Corrections) and are routed to CAA for approval. Journal entries should be processed by departments for the following reasons:

- Change the chartstring of an invoice that has already been processed through ARC or paid through the P-CARD process.

Note: If there are payments remaining on the Purchase Order, the Department should also process a Change Order after the journal entry is processed.

- Change the Account of a transaction from a non-capital Account to 680XX or 681XX if it is determined that the transaction was set up under the wrong Account, meets the capital asset definition or component part/fabrication definition and should be capitalized.
- Change the Account of a transaction from 680XX to a non-capital Account if it is determined that the transaction does not meet the capitalization criteria.

2.2 Change Orders

A change order is used to make changes to a PO's dollar value or account. Change orders are processed and approved in the Procurement module in the ARC system. Change orders affecting Accounts 680xx and 681xx are routed to CAA for approval. The difference

between a change order and journal entry is that the change order affects attributes of a PO, whereas a journal entry affects the attributes of a payment that has already been processed.

Departments enter change orders for the following reasons:

- Once a final payment is made against a PO, if the PO value is greater than the sum of the AP payments made against that PO, then a change order is needed to liquidate the remaining balance on the PO.
- If the chartstring needs to be changed on the PO. This could happen if the PO was originally set up on the wrong account or if the PO was set up before an attribute of the correct chartstring was created.
- If an account needs to be changed (to/from 680XX or 681XX)

C. P-CARD ACQUISITIONS

The procedures for use of the Purchasing Card (P-Card) are contained in the Columbia University Purchasing Card Cardholder & Reconciler Procedures.

P-Card holders will not typically purchase moveable capital equipment or University acquired government property using the card, however, P-Card procedures do not preclude the acquisition. If the situation warrants, P-Cards may be used to purchase capital equipment, including government property; however, normal property accounting requirements for assets procured using the P-Card will not be waived. *(See the Purchasing Card Policy section of the Purchasing website for additional information- <http://policylibrary.columbia.edu/purchasing-cards-pcards>).*

Capital equipment purchased from the P-CARD should be charged to an Account series in 680XX outright purchases or 681XX for fabrications. Roles and responsibilities for P-Card transactions are defined by type of cardholder:

- **Departmental P-Cardholders** – authorized individuals who purchase items using the P- CARD on behalf of the University. They are responsible to ensure that capital equipment purchases meet the capitalization threshold, provide documentation to support transactions and equipment location to CAA on request.
- **'Ghost' P-Cardholder** – a central P-CARD which is used specifically to pay invoices from Fisher Scientific. Fischer Scientific is responsible for providing CAA with a spreadsheet on a monthly basis with details of transactions paid to Fisher via the University's central P-CARD.

The CAA Property Manager identifies P-CARD equipment purchases by obtaining a report of assets purchased on the P-CARD from Procurement Services. However, due to limitations of the P-CARD reporting system, the asset's location is not captured at time of payment, nor is a copy of the invoice stored in the system. Therefore, CAA must contact departmental P-CARD holders for information and documentation necessary to locate the asset and support the transactions.

D. RECEIVING EQUIPMENT

Receiving establishes physical accountability for capital equipment at Columbia University. The process ensures the correct equipment is received and is in good working order.

Since the University does not have central receiving, capital equipment purchases are delivered directly to departments located on-campus (i.e. Morningside, CUMC, Lamont and Nevis) and at off-campus locations such as R/V Langseth and ICAP centers.

1. Segregation of Duties

Departments are responsible for ensuring receiving responsibilities are adequately segregated from purchasing and accounts payable functions to protect against risks of theft, loss or unauthorized use of property. In smaller departments where segregation is not operationally feasible, alternate options should be discussed with CAA. However, in no event may individuals assigned receiving and reconciliation responsibilities be allowed to order or approve payments on equipment purchases.

2. Reconciliations

Departments are responsible for performing reconciliation procedures upon receipt of equipment purchases. The individual assigned to receiving should inspect items received upon arrival and reconcile the items against the purchase order and packing slip to determine if:

- The items were delivered to the correct destination.
- The exact items described on the P.O. were delivered.
- The correct quantity of items was shipped.
- The items were in good condition.
- The items are on back order.

E. PAYING FOR EQUIPMENT

Equipment purchases at Columbia University are paid either through invoices processed by Accounts Payable or through P-Card transactions processed by cardholders. The specific policies and procedures affecting each type of transaction are discussed below.

Upon receipt of the invoice from the vendor, the individuals responsible for processing and approving payments in the Accounts Payable (AP) module of ARC must reconcile the invoice information against the purchase order and packing slip to ensure payments are for items received and agreed upon pricing.

When charging Account 680xx in the AP module, the entry of a PO number is required. The system will prompt:

- A 'liquidation' in the amount of the payment on the PO/chartstring.
- Completion of the "AP asset form" where the asset's location and contact information must be entered.

The invoice will be routed to the Accounts Payable department for final approval once the departmental approver approves the invoice in the AP module.

Note: Refer to the Columbia University Purchasing Card Cardholder & Reconciler Procedures for P-Card payment processes for more detail.

F. TAGGING AND IDENTIFICATION OF CAPITAL EQUIPMENT

The University contracts with an outside vendor to perform capital equipment tagging services. However, the outside vendor is only responsible for tagging assets located on the main campuses (e.g. Morningside, CUMC, Lamont and Nevis). Off-campus locations such as R/V Langseth and ICAP centers are responsible for tagging their own assets.

1. On-Campus Tagging

Moveable equipment meeting the capitalization criteria must be tagged with a CU barcode tag and entered into the e-PRAIS® system. The outside vendor will tag capitalized equipment at Columbia main campuses on a quarterly basis, using reports provided by the CAA Property Manager.

CAA is responsible for providing the following information to the outside vendor for purposes of tagging and identifying equipment:

- Purchase requisition information from the Procurement module of the ARC system, including the requisition number, purchase order number, the point of contact and telephone number for the originator of the requisition demand.
- Information from the Procurement module within the ARC system, which provides purchase order number, description of assets ordered, department, account number (680XX for capital equipment and 681XX for components of capital equipment to be fabricated), ship to information, and acquisition cost.
- Invoice and payment information from the Accounts Payable (AP) module in the ARC system, which provides purchase order, invoice number, check number(s), vendor, etc. Payment normally indicates receipt of applicable assets.
- The outside vendor will develop a tagging plan and list of property to be tagged. The outside vendor will coordinate with the custodial department when developing the tagging schedule to maximize the use of personnel time and availability of the asset to physically inspect and tag.
- On a quarterly basis, the outside vendor will visit departments to identify capital equipment and affix a property tag on all capital equipment.

- The outside vendor will identify, mark and record government furnished property in the same manner as University equipment. However, government property will be prominently marked with a “Property of the U. S. Government” decal.
- If the University subsequently acquires title to property, the government identification will be removed. The University bar-code label will serve as the identifying reference.

2. Off-Campus Tagging

Tagging of University or government property at off-campus locations (e.g. R/V Langseth, ICAP centers, Baker Field, Harlem Hospital, etc.) is the responsibility of the off-campus department.

- The CAA Property Manager will provide CU barcode tags to off-campus departments to be affixed to any new equipment acquisitions upon receipt of the equipment.
- The CAA Property Manager will provide additional “Property of the U. S. Government” labels to offsite departments for tagging government owned property.
- The offsite department must notify the CAA property manager of the asset tag number assigned and related asset information at least quarterly.

G. SCREENING AND SHARED USE OF EQUIPMENT

1. Reason for Screening

It is a University policy to ensure that every effort is made to avoid unnecessary or duplicate equipment purchases. This policy conforms to federal regulations.

2. Screening Equipment

Screening for available capital equipment must take place before requisition is submitted for the purchase of capital equipment.

- The Departmental equipment coordinator will be required to screen their department equipment inventory for the item in order to determine whether the item is already available and whether the item can be shared.
- The CAA Property Manager will be responsible for screening equipment items when the unit cost exceeds \$100,000. When it is determined that an item of equipment is available for shared use, the department must notify the CAA Property Manager by completing the EQUIPMENT INVENTORY ADJUSTMENT FORM <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>. The CAA Property Manager will record such availability in the property records.

H. TITLE

1. University Capital Equipment

Title to capital equipment at Columbia University is held by the University or in temporary custody for external agencies. Capital equipment may not be transferred without the express written approval of the appropriate University (Chair or authorize designee) or government agency official. All movement of capital equipment must be coordinated through CAA.

2. Property Acquired Under Grants and Contracts

The contracting officer may transfer title of equipment to the University at any time during the period of project performance. Transfer of title is subject to the condition that the University will not charge any existing or future contract for depreciation or use allowance. Title to excess government property may be transferred to the University with the stipulation that the property be used for the activity for which it was obtained. For further guidance, refer to the specific provisions of the award.

3. Transfer in From Other Institutions

Columbia University occasionally receives property from other universities when faculty members transfer their research to CU. Title is vested in the University for each item of capital equipment transferred into the University unless grant regulations dictate otherwise.

I. INSURANCE ON UNIVERSITY CAPITAL EQUIPMENT

The University administers a self-insurance program which provides "all risk" insurance on University owned property, such as audiovisual, scientific and office equipment, etc.

- The Risk Management Department of the Office of the Treasurer estimates the value of equipment to determine appropriate levels of property insurance needed through a "Blanket Property Program".
- Departments are charged an annual allocation based on the estimate determined by Risk Management.
- The University's loss sharing deductible on all Property Damage/Loss claims is \$2,500. Claims with a total loss under this amount will not be eligible for reimbursement from Risk Management. For instruction on how to file a claim, refer to the Risk Management website on the Finance Gateway: <http://finance.columbia.edu/content/insurance-risk-management>.

For further information or questions relating to insurance on loaned equipment, capital leases, special artwork, etc. contact the Risk Management Department at (212) 854-1063

J. RECORDING CAPITAL EQUIPMENT

Records of inventoried equipment are maintained by the CAA Property Manager in e-PRAIS® which contains, at minimum, the following information:

- description and classification
- ownership
- date of acquisition
- Model and Serial number
- Manufacturer
- University identification number
- Purchase order number
- Cost
- Funding source
- Columbia account number
- ARC chartstring
- Space location
- Name of responsible person

It is the responsibility of the custodial department to maintain accountability of capital assets and report any unrecorded assets to the CAA Property Manager.

CAA will send departments with new equipment acquisitions a listing of acquisitions, at least quarterly. Departments will be required to provide CAA with the location of the asset or other information necessary for tagging the asset. However, departments wishing a full inventory listing of its equipment may submit a request to CAA as needed.

SECTION III: USE

A. ACCEPTABLE USE

1. Institutional Use

University capital equipment is intended for institutional use and not for private purposes. Use may be additionally restricted by the terms of the award for which the capital equipment was acquired. Individuals requesting home use (for institutional purposes) of equipment must obtain the approval of the Principal Investigator and notify CAA of the particular equipment to be used at home. CAA will update the equipment database accordingly.

1.1. University Property

The custodial department should review the use of University capital equipment annually. Any capital equipment which is no longer needed should be reported to the CAA Property Manager.

1.2. Government Property

The custodial department and the principal investigator will restrict the utilization of capital equipment acquired for use under a specific grant or contract. When required, a record of current use of government capital equipment will be maintained. Capital equipment needs should be reviewed periodically.

The principal investigator should report any equipment which is no longer required to the CAA Property Manager. When it is desirable to use an item of equipment on another grant or contract, written approval must be obtained from the contracting officer prior to the transfer of equipment. All transfers must be coordinated through the CAA Property Manager. Use the Equipment Inventory Adjustment Form: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>

CAA will maintain a record of each item of all government property regardless of unit cost. Required government reports will be submitted to the appropriate agency.

2. Personal Use

Personal use of University assets is prohibited, except when approved by an authorized individual.

B. BI-ANNUAL PHYSICAL INVENTORY

Physical inventories validate the accuracy of the property accounting record, which ensures accurate financial reporting of University moveable capital equipment and accurate accountability and financial reporting of capital equipment not titled to the University. Custodial departments are required to work with CAA to conduct all required inventories.

The purpose of the physical inventory is to:

- verify existence of equipment recorded in the e-Prais property accounting system,
- verify the location and condition of equipment,
- determine equipment disposals,
- identify excess, defective or obsolete assets on hand, and
- Comply with government bi-annual inventory requirements.

1. On-Campus Physical Inventory

The outside vendor will conduct physical inventory of University and government moveable capital equipment located at Morningside, CUMC, Lamont, and Nevis campuses on a bi-annual basis.

- During the physical inventory, the outside vendor will affix a CU tag on equipment that was not previously tagged. If the equipment item is determined to be too small, or if application of the label will adversely affect the operation of the item, the auditor from the outside vendor will record the assigned label number and all pertinent information for subsequent entry into the equipment database.
- CAA will follow-up with departments on any differences between quantities determined by the physical inspection and those shown in the accounting records to determine the causes of the discrepancies.

2. Off-Campus Physical Inventory

The outside vendor will conduct a bi-annual inventory of moveable capital equipment located at R/V Langseth (the "Ship"). However, the outside vendor will not perform a physical inventory of equipment located at other off-campus locations such as ICAP centers, Baker Field, Harlem Hospital etc. The custodial department is responsible for physical inventory of equipment located off-campus.

- CAA will provide off-campus departments with an inventory listing of property from the equipment database.
- The department will verify that the equipment items exist and are being used. All discrepancies, changes or corrections should be noted on the inventory report and returned to CAA within 60 days.
- CAA will reconcile any discrepancies and make changes and corrections to the equipment database as reported by the custodial department.
- CAA will verify each custodial department's inventory on a random sampling basis.

C. REPORTING CAPITAL EQUIPMENT STATUS CHANGE

The custodial department is responsible for notifying CAA whenever the status of equipment changes. The Equipment Inventory Adjustment Form: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form> should be used to report changes to the CAA Property Manager.

Following are examples of equipment status changes with related codes to be noted on the Equipment Inventory Adjustment Form:

Code	Description
1.....	Equipment transferred to Columbia University
2.....	Equipment transferred from Columbia University
3.....	Excess
4.....	Sold. Attach copy of cash receipt voucher
5.....	Trade-in on new equipment include new PO # in "Reason for action"
6.....	Stolen Attach copy of security report
7.....	Scrapped Attach copy of cash receipt voucher
8.....	Reported lost or missing
9.....	Disposed
10.....	Other (e.g. permanent change of location, equipment on loan, shared use, home use requests, returns to vendor for credit, damaged, etc.)

D. PHYSICAL SECURITY

The custodial department is required to make adequate provisions for the physical security of capital equipment. Areas containing capital equipment should be kept locked after business hours or at other times when not in use. Special precautionary measures should be taken in the case of high value, portable capital equipment.

E. CAPITAL EQUIPMENT MAINTENANCE & CARE

The custodial department is responsible for the necessary care to maintain the condition of the capital equipment in order that the longest useful life is secured. Written approval must be obtained from the government property administrator prior to effecting any cost to the government for major repair or rehabilitation to government property.

F. REPORTS TO GOVERNMENT AGENCIES

When special reports covering capital equipment are required by a government agency, the principal investigator or head of the custodial department should furnish the CAA Property Manager with whatever technical data is needed to meet the reporting requirements.

SECTION IV: DISPOSAL

A. METHODS OF DISPOSALS

The source of funding for equipment determines how it can be disposed. For example, sponsor funded purchases and donations may have specific disposal restrictions. The key to determining disposal restrictions is to read the sponsor agreement or donation documentation. Contact Sponsored Project Administration (SPA) to help determine if there is a restriction on a type of disposal (for example, a donation that cannot be sold). Once any restrictions have been addressed, the department property coordinator should coordinate with CAA to complete an Equipment Inventory Adjustment Form located here: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>

Guidance for the disposal of electronic data storage media is covered in “Data Sanitization/Disposal of Electronic Equipment Policy (<http://policylibrary.columbia.edu/management-and-accounting-moveable-capital-equipment>)

1. Disposition of University Capital Equipment

1.1 Sold or Traded Capital Equipment

Departments are prohibited from selling capital equipment without first contacting the CAA Property Manager.

1.2 Damaged/Destroyed Capital Equipment

University capital equipment that has been damaged or destroyed beyond economical repair or is no longer useful and is being cannibalized can be removed from the inventory records upon written notification to CAA on the Equipment Inventory Adjustment Form: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>

1.3 Transfer-Out Capital Equipment - Leaving CU

When a principal investigator research project is transferred to another institution, the awarding agency reserves the right to require the University to release the capital equipment for use by the new institution. The new institution is required to notify the University upon receipt of the capital equipment. The items transferred will be removed from the records when a copy of the acknowledgement is received by the CAA Property Manager.

2. Disposition of Government Capital Equipment

2.1 Excess Capital Equipment

When government capital equipment becomes excess to the grant or contract for which it was provided, authority to use the property will be requested from the contracting officer. If there is no need, the property will be reported as excess in the manner prescribed the CAA Property Manager.

Excess government capital equipment should not be traded-in or cannibalized without the concurrence of the CAA Property Manager and the written approval of the cognizant federal agency.

2.2 Lost/Damaged/Stolen Capital Equipment

Lost, damaged, stolen, or destroyed government capital equipment should be reported to the CAA Property Manager in all cases as soon as the condition is known. The CAA Property Manager will advise the contracting officer. The contracting officer will notify the University, in writing, as to the extent of the University liability.

2.3 Other

The University is relieved of responsibility for government capital equipment with the concurrence of the contracting officer or his duly authorized representative by the following:

- Consumption of capital equipment in performance of the grant or contract.
- Retention by the University for consideration given to the government.
- Sale of capital equipment. Proceeds will be distributed in accordance with grant/contract provisions. The CAA Property Manager should be contacted for appropriate accounting procedure.
- Transfer of title to the University.
- Abandonment in place by the government.

B. REPORTING DISPOSALS

1. Lost/Stolen Property

When it is believed that University or government capital equipment has been lost or stolen, the PI or designee should inform the Public Safety Office Security and the CAA Property Manager as soon as possible, but no longer than 48 hours after the occurrence and request an investigation.

The PI or designee should forward a written report and a copy of the security investigation report to the CAA Property Manager within 30 days if the property is not located within that time. Reports should contain the following information:

- Asset tag number
- Contract or grant number (if applicable)

- Description of item(s) lost, damaged, destroyed
- Indicate whether the asset needs to be replaced or repaired and the cost to repair or replace the property
- Date and time of incident, cause or origin of the loss, and damage or destruction
- Insurance on the asset(s) if applicable
- Actions taken to preclude future incidents
- Pertinent facts relevant to determine liability and responsibility for replacement of the asset.

The department should observe the following guidance when conducting an inquiry into the loss of property:

- An inquiry shall be initiated immediately after discovery of the lost or stolen property. The inquiry shall be an informal proceeding designed to determine the facts and circumstances leading to the occurrence.
- The department is responsible for establishing procedures and designating a person to initiate and conduct the inquiry.
- This inquiry should identify, at minimum, background information, such as what happened, how it happened, where it happened, who was involved, and when it happened.

C. CONTRACT AND GRANT CLOSURES

The process of closing a grant or contract requires a final review by RPIC and CAA of the status of any capital equipment used in the project. The purpose of the final report is to provide closure to the agreement.

1. Identifying Upcoming Closures

Upcoming closures are identified by means of the following resources:

Federal Awards- ONR awards: RPIC receives monthly email notifications once a month from The Office of Naval Research (ONR).

Federal Awards- Non ONR awards: RPIC receives email notification from Sponsored Project Finance or Sponsored Project Administration indicating the award is in the close-out process.

Non-Federal Awards: RPIC receives routine emails from SPA notifying upcoming closures.

2. Grant/Contract Closures

Grant/contract closures and reconciliation procedures are handled by RPIC. Once RPIC has identified current grant/contract closures, RPIC will submit a letter to the sponsoring agency of the final status of capital equipment in the possession of the University.

D. ENVIRONMENTAL STEWARDSHIP

The Columbia Office of Environmental Stewardship provides assistance in managing recycling and reuse efforts. If you have capital equipment owned by the University that no longer serves your needs you may want to list the item(s) as available to others. For further information and guidance please go to the following Website: <http://www.environment.columbia.edu/>

SECTION V: EQUIPMENT REQUIRING SPECIAL HANDLING

A. CAPITAL GIFTS-IN-KIND

The University on occasion receives gifts of capital equipment (“capital gifts-in-kind”). These types of gifts of equipment are recorded in the University’s ADVANCE gifts system as a gift-in-kind. Equipment gifts are also recorded by the Office of the Controller’s Office in the e-PRAIS® inventory system if the equipment meets the University’s capitalization threshold of \$5,000 or more with a useful life of two (2) or more years.

The Office of Alumni and Development (OAD) will notify the CAA property manager when a gift is received. OAD should furnish the following information to the CAA property manager:

- Copies or correspondence from the donor.
- An appraisal or reasonable estimate of market value.
- Memo from the University staff member accepting the gift indicating a complete description of the donated item, whether used or new, and the location. Gifts of bound volumes, pamphlets, and other library collections will be recorded by the library and will not be included in the equipment inventory records.

OAD will record the value of the gift in the ADVANCE system in the following order of preference:

- 1) the appraised value of the capital equipment as secured by the donor (often submitted in connection with a Form 8283), unless Columbia has reason to believe that it is inaccurate;
- 2) the appraised value as secured by Columbia; or
- 3) §1. See IRS Publication 561, *Determining the Value of Donated Property*, for more details.

The custodial department, CAA and OAD will follow these procedures when capital equipment is sold during the two (2) years following the gift:

- The custodial department will notify CAA prior to the sale by completing a Sales Surplus Form.
- The CAA Property Manager will advise the Office of Gift Planning of the sale.
- The Office of Gift Planning will be responsible for filing the Federal Form 8282.

Title to donated capital equipment will vest with the University and be recorded as accountable equipment under a particular school/department.

B. FABRICATION

Capital equipment is treated as a fabrication if it meets the definition of an asset being constructed, has a defined development period, and meets the University's capitalization criteria.

Fabricated equipment is not capitalized until the fabrication period is complete.

1. Allowable Costs of Fabrications

The value of a fabricated asset is equal to the total federal allowable costs associated with its construction. These costs include the following:

- Original invoice prices (net of discounts/credits) paid for components
- All costs for shipping, handling, in-transit insurance, and storage related to delivery and installation of the asset's components
- All of the asset's installation costs, including site preparation
- All testing costs
- All books, manuals, and training necessary for the asset's operation

2. Identifying Fabrications

- Before a fabrication project is started, the department must request a project code from CAA using a Fabrication Project Code Request Form located on the Finance Gateway. Include/attach the following relevant information on the form.
 - Project name/description
 - Responsible person
 - Project start date
 - Projected completion date
 - Estimated total cost
 - Estimated useful life once placed in service
 - Scope of work or schematic

- CAA will assign a project code to the fabrication, so that all allowable costs associated with the fabrication can be tracked independently from the start of the project through to completion. Use of Account 681xx is prohibited prior to issuance of a project code number by the CAA Property Manager.

- Departments will note the project code on all future purchase requisitions submitted for the project.

3. Account Series 681xx

Fabrications are not capitalized until construction is complete. Departments are required to charge costs associated with the project to Account 681xx while the project is in progress. Component parts and accessories that are part of the fabrication are to be included in the cost of the project, regardless of the dollar amount provided that the total aggregate cost is \$5,000.

The CAA Property Manager will not approve charges to Account 681xx unless the project is still in progress. If components or accessories are purchased in a separate Purchase Requisition from the original order, the Requisitioner must state on the Purchase Requisition form the applicable project code to which the components or accessories are to be applied.

The CAA Property Manager will reject requisitions for purchases submitted after the original estimated completion date of the fabrication project. It is the responsibility of the department to notify the CAA Property Manager of changes to the original estimated completion date.

Once the fabrication is complete and the capital equipment has been placed in service, CAA will move the project and all associated costs out of Account 681XX into Account 680XX. By doing so, the project will be recognized as capital equipment in the financial records of the University.

Note: At year end, all Account 681xx projects need to be reconciled to determine if update to the e-PRAIS® system is necessary or if projects are incomplete and will continue to be tracked outside of the equipment database.

C. TRANSFER-IN FROM OTHER INSTITUTIONS

Columbia University occasionally receives property from other universities when faculty members transfer their research to CU. Title is vested in the University for each item of equipment transferred into the University unless grant regulations dictate otherwise. If the fair market value of the equipment is \$5,000 or more, the capital equipment must be recorded in e-PRAIS®.

The Department must notify CAA that a faculty member is transferring to Columbia University and that capital equipment is being transferred as well. (Sometimes, the communication will come directly from the asset management group of the transferring institution who has a vested interest in receiving approval to transfer accountability for the items from their institution to ours).

The Transferring Institution must provide the following information regarding the capital equipment being transferred:

- Description
- Make
- Model Number
- Serial Number
- Original Acquisition Cost
- Acquisition Date
- Source of Funding (and title)
- Net Book Value (NBV) of asset

The Department must notify the Capital Asset Accounting property manager of the exact location (Building, Room and Floor) of the capital equipment once it has been transferred to the University.

Capital Asset Accounting will ensure all relevant information necessary to tag and track the capital equipment is captured in e-PRAIS® as an addition and identified as a transfer-in from another institution.

D. GOVERNMENT OWNED OR FURNISHED CAPITAL EQUIPMENT

1. Government Owned Capital Equipment (GOE)

Unless otherwise specified in the grant, title to capital equipment purchased or fabricated with government grant or cooperative agreement funds will vest with Columbia University upon acquisition. However, in special situations the grant may require that title to capital equipment purchased, acquired or fabricated pass directly to the government. In these cases, the capital equipment will need to be tagged with a "Property of US Government" sticker, in addition to the CU ID tag. The capital equipment will be tracked in the e-PRAIS database, but will be noted as GO/GFE and thus will not be included in the University's annual depreciation calculation. The University has the obligation to record and track Government Owned Assets, but is prohibited from recognizing depreciation expense or recording the acquisition as an asset.

2. Government Furnished Capital Equipment (GFE)

Sponsored activity may result in the University obtaining use and/or ownership of capital equipment outside of the procurement process. Capital equipment may be transferred to Columbia along with a sponsored agreement, most often when the principal investigator takes a position at Columbia. Government contracts may also provide capital equipment from other sources. The items must be valued by methods described in the “Capital Gifts-in-Kind” section above.

E. LOANED CAPITAL EQUIPMENT

➤ Capital Equipment to which the University does not have title (Government Equipment)

Title to capital equipment which is not vested in the University but is in the care and custody of the University cannot be loaned without the specific written approval of the title holder.

➤ Intramural loan of University capital equipment

If capital equipment is loaned by one Columbia department to another department, the custodial department should complete the Equipment Inventory Adjustment Form: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form> and send it to the CAA Property Manager.

If capital equipment is loaned to a faculty member, staff member or student for use at an off campus location, advance written approval must be obtained from the department chairperson or an administrative officer delegated authority by the chairperson. In such case, the CAA Property Manager should be notified on the Equipment Inventory Adjustment Form: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>

➤ Extramural loan of University capital equipment

The loan of capital equipment to an external organization or individual must have the prior written approval of the department chairperson or administrative officer delegated authority to control capital equipment.

The borrower must furnish a certificate of insurance or statement of liability to cover the cost of the capital equipment.

All loaned capital equipment must be reported to the CAA Property Manager using the Equipment Inventory Adjustment Form: <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form> .

When the capital equipment is returned, the lending department must notify the CAA Property Manager.

➤ **Loan of capital equipment to the University from non-government organizations**

Capital equipment received on loan for demonstration purposes (e.g. trial purposes) is not recorded as an asset by CAA. However, departments are to notify the CAA property manager of loaned items indicating that the item is neither University nor government property.

F. CAPITAL LEASES

A capital lease is a lease that meets one or more of the following criteria.

- The lease contains an option to purchase the property
- Ownership is transferred to the lessee at the end of the lease term
- The lease term exceeds 75% of the asset's estimated economic life; or
- The present value of the lease payments exceeds 90% of the fair market value of the asset.

A lease with an option to purchase is considered to be a University capital asset at the time of acquisition. However, the asset will be valued annually based on the payments made towards the lease/purchase price.

The Purchasing Department should notify departments of lease termination six month prior to the expiration of the lease indicating whether to purchase/buyout or return/extend the leased equipment.

When an option to purchase is not exercised, the ordering department is required to initiate a journal entry to transfer the expenditure to Account 63050, rental of equipment.

G. CAPITAL EQUIPMENT PURCHASED ON CONSTRUCTION CONTRACT

Facilities Management will be responsible for identifying capital equipment (fixed and moveable) acquired through construction contracts or other means that deviate from the standard requisition/purchase order process.

H. EQUIPMENT UNDER THE CONTROL OF A SUBCONTRACTOR

OMB Circular A-110 and Federal Acquisition Regulations 45.510 apply to each agreement entered into by the University whereby government property may come under the control of a subcontractor.

- Whenever a subcontractor is in possession of Government capital equipment, the University will ensure that subcontractor has a federally approved property system that is in compliance with the requirements of FAR 45.5, OMB Circular A-110, and other applicable federal regulations.

- The University shall require each subcontractor to submit property reports to the University in such a manner and frequency as to allow the University to report Government capital equipment in the possession of the subcontractors in its report to the Government.
- The contractor shall require any of its subcontractors possessing or controlling Government capital equipment to adequately care for and maintain that property and assure that it is used only as authorized by the contract.
- The subcontractor will assume responsibility and obligations of the capital equipment. This includes any reporting requirements, title transfers and final property closeouts.
- Sponsored Project Administration will notify Research Policy and Indirect Costs (RPIC) when a subcontract provides for purchases of capital equipment with grant funds.
- At the end of the subcontract, RPIC will request a copy of the physical inventory from the subcontractor for any capital equipment in the subcontractor's custody that was purchased with grant funds. RPIC will send a copy of the inventory list to the CAA Property Manager.
- Upon receipt of the final physical inventory, CAA, working with the Department Equipment Coordinator, will determine the appropriate disposition instructions for the capital equipment based on the disposal process. In addition, the CAA Property Manager will provide disposal instructions to any subcontractor under its supervision. Sponsor reports will be updated in accordance with final disposition activities. Examples of this could be transfers of title to the subcontractor or requests for return of capital equipment.
- After the subcontractor has verified that there is no longer capital equipment accountable under the subcontract, they will issue a final property certificate of closure to RPIC.

I. MOTOR VEHICLES

The Office of Risk Management will furnish the CAA Property Manager with all information necessary to record University owned or leased vehicles. Government owned vehicles carry government registration plates and/or identification.

J. SURPLUS GOVERNMENT PROPERTY

Request for acquisitions of capital equipment from government surplus or excess sources must be processed through the CAA Property Manager. The purchaser and the property department will follow screening procedures.

Receipt of government capital equipment will be acknowledged by signing the government shipping document. The shipping document will be sent to the CAA property manager who will record the item in the University equipment inventory database.

K. FOUND CAPITAL EQUIPMENT

Found capital equipment is property discovered by a custodial department which does not appear on the University capital equipment inventory records.

Custody of found capital equipment is assigned to the user department.

The value of found capital equipment will be estimated by CAA and the date found will be used as the date received.

L. LOST\STOLEN\DAMAGED CAPITAL EQUIPMENT

Property custodians are responsible for immediately reporting lost or stolen University or government owned capital equipment to the department administrator, CAA, and local authorities as the circumstance dictates. Lost/Stolen/damaged/destroyed equipment must be reported to the CAA Property Manager by filling out an Equipment Inventory Adjustment form:

<http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>

Refer to section IV(B)(1) of this manual for further details.

M. MINOR EQUIPMENT

Minor Equipment includes any item that falls below the University capitalization threshold of \$5,000. Such items are considered supplies and should be charged to Account series 619XX at acquisition. Minor equipment is not recorded in the University capital asset database. However, if an individual item such as a component part or accessory is part of a fabrication project, it must be charged to Account 681XX even if it costs less than \$5,000. See section V(B)(3) of this manual for details on fabrications.

SECTION VI: CONTACTS

For general equipment information or questions:

Capital Asset Accounting
Studebaker Bldg.
615 West 131st Street, 3rd Floor
Email: equipment@columbia.edu
Telephone: (212) 851-7329

For property insurance information or questions:

Risk Management Department
Studebaker Bldg.
615 West 131st Street, 3rd Floor
Website: <http://finance.columbia.edu/content/insurance-risk-management>.
Telephone: (212) 854-1063

APPENDIX A: FREQUENTLY ASKED QUESTIONS (FAQ'S)

What is capital equipment?

All of the following criteria must be met in order for an item to be considered capital equipment:

- The acquisition cost must be \$5,000 or more.
- The asset must have an estimated useful life of two years or greater,
- The asset is moveable and is not permanently affixed to a building or structure,
- The asset is a non-expendable, tangible, personal property,
- The asset does not lose its identity in use,
- The property is of a non-consumable nature, and
- The property is not intended for sale in the ordinary course of operations, e.g. contract deliverables.

What costs are added to the original cost of capital equipment, and what costs are not?

Shipping, internal handling, installation costs, architectural fees, etc. are included in the original cost. Warranties, service contracts, maintenance agreements, are not.

When should I use Account 680xx vs. Account 681xx to charge capital equipment?

Use Account 680XX to charge capital equipment acquisitions that meet the University capitalization criteria and are ready for use at time of purchase. See Appendix C for a list of Accounts in series 680XX and the specific accounts to use for different types of equipment.

Use Account 681xx for equipment that requires fabrication or assembling of a number of component parts or accessories to produce equipment that satisfies unique research specifications. The total aggregated cost of the component parts and accessories must meet the University capitalization threshold of \$5,000. Use of Account 681xx is prohibited unless a project code has been assigned by the CAA Property Manager.

What form do I use to request a fabrication project code from the CAA Property Manager?

Use the Fabrication Project Code Form <http://finance.columbia.edu/content/fabricated-project-code-fpc-form-0> to request a project code from the CAA Property Manager for new fabrication projects. Indicate the project code on all Purchase Requisitions submitted for the project. The CAA Property Manager will not approve a Purchase Requisition charging Account 681xx unless a project code is provided by the requestor.

What is e-Prais?

E-Prais is the University's central capital equipment database. It provides information necessary for managing and accounting University moveable capital equipment, government equipment, and other equipment for which the University is accountable.

Does Government property need to be recorded in e-Prais if it's under \$5,000?

Yes. For questions regarding this process, please send an email to the CAA property manager at equipment@columbia.edu.

How do I determine the title of capital equipment acquired with government funding?

Since CU is a non-profit university, most capital equipment acquired with government funds is titled to the University. If there is a question about title, contact Sponsored Project Administration and obtain a copy of the grant or contract, which will provide information on title. All capital equipment acquired with government funds must be accounted for until disposition regardless of title, but property titled to the government must be reported annually to the agency holding the contract.

Can I get a record of capital equipment belonging to my department?

Yes. If you are an authorized individual on the account, you may obtain a listing of your department's capital equipment by contacting CAA at equipment@columbia.edu. CAA will review your request and provide you with a listing of capital equipment belonging to your department or area as appropriate. If you have specific requirements for data, identify them and your unique requirements will be met, if possible.

How long do we need to maintain records?

Financial and property records, supporting data, statistical records or any document pertinent to an agreement should be retained for the term stipulated in the award, for a period of seven years after submission of the final payment, or seven years after disposition of the property, whichever is later. This also applies to subcontractors.

(See Records Retention Policy <http://policylibrary.columbia.edu/records-retention-policy>)

Note: There are exceptions to the above guideline. If any litigation, claim or audit is started before the 7-year expiration period, the records must be retained until all litigation, claims or audit findings have been resolved. You must keep all supporting documentation, including approvals to Purchase and screening documents. Contact CAA if you have any questions.

How do I determine whether an item of capital equipment needs to be tagged?

If equipment meets the University capitalization criteria, that is, it has an acquisition cost, or estimated value (in the case of a donation) of at least \$5,000 and a useful life of 2 years or more, it should be tagged. On-campus capital equipment will be tagged on a quarterly basis by an outside vendor. Off-campus (R/V Langseth, ICAP Centers) capital equipment should be tagged by property custodians or designated individuals at the off-campus locations.

Do I need to notify CAA if capital equipment is going to be moved permanently to a new location?

Yes. When capital equipment is moved permanently to a new location, the CAA Property Manager should be notified of the new location. Report the move to the CAA Property Manager by completing the Equipment Inventory Adjustment Form. If the move is temporary, the location may be maintained locally by the Principal Investigator or Property Custodian.

How do I report the transfer of capital equipment?

If it is a transfer to another university, complete the Equipment Inventory Adjustment Form and submit it to the CAA Property Manager. The CAA Property Manager will validate the capital equipment and send a report to the receiving institution to ensure it will be accepted. Before preparation for shipment, such acceptance must be received.

If tagged capital equipment is removed from campus and used off-campus, what must I do?

If capital equipment is removed from campus, the property custodian or principal investigator must notify the CAA Property Manager who removed the property and where it is physically located so e-PRAIS can be updated. Return of the capital equipment must also be reported so e-PRAIS can be updated to reflect return to campus. Use the Equipment inventory Adjustment Form to report the removal and return of the equipment.

Do we need to notify CAA on capital equipment that is loaned to CU?

Yes. All capital equipment loans, regardless of value should be recorded in e-Prais. It is recommended you contact CAA for assistance.

How often are physical inventories of capital equipment conducted?

An outside vendor conducts physical inventory of moveable capital equipment at on-campus locations and at R/V Langseth on behalf of the University on a bi-annual basis. Off-campus capital equipment physical inventory is to be performed by custodial departments. Refer to section III(B) of this manual for further details.

What do I do if property is lost or stolen?

Report the theft or loss to the CAA Property Manager and if on campus report a theft to the Campus Security Department. If the theft occurs off campus, report it to the local police department.

What is Screening?

Screening is the process of ensuring, either prior to purchase or concurrently with a purchase that the same or equivalent piece of capital equipment is not excess or otherwise available to share. Each Sponsor or Agreement may have different screening requirements.

What do I do if I have capital equipment that is no longer useful to my department?

Capital equipment no longer required is considered excess to the department. It may be disposed of through trade-in, recycling through Office of Environmental Stewardship, sale, donation or other reasonable disposal method. Physical disposal of the asset must be approved by the department chairperson or designated representative. All department capital equipment disposals must be coordinated with the CAA Property Manager.

How do I dispose obsolete University capital equipment?

Any capital equipment disposal or transfer requires completing an Equipment Inventory Adjustment Form. This form can be found at <http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>. Forward a scanned copy of the completed form to equipment@columbia.edu. Remove and destroy any affixed Columbia University asset tags prior to disposing the capital equipment.

How do I sell University surplus capital equipment?

In addition to completing the Equipment Inventory Adjustment Form, you will need to complete a Bill of Sale – Surplus Equipment form. Contact CAA for the form at equipment@columbia.edu. Once complete, return the form to: equipment@columbia.edu. CAA will review your request and grant approval.

Can I sell used capital equipment on Ebay?

No. The University does not allow you to sell old capital equipment on Ebay or similar auction websites.

Does CAA need to know about capital equipment that is donated to CU?

Yes. In order for the University to comply with Federal regulations regarding donations, CAA must receive copies of all documentation. In many cases the pre-donation paper work, including any type of proposal or letters related to planned donations, will help determine if the donation is restricted or unrestricted.

Is capital equipment purchased with gift funds considered a donation?

No. When money is donated to CU, the money is the gift, not the capital equipment subsequently purchased with the funds.

How do I determine if donated capital equipment is new or used?

New capital equipment is defined as not used prior to receipt by CU, and manufactured in the last two years; the donor must also be the manufacturer of the capital equipment. If purchased by a third party as a capital equipment donation to CU, it must have been invoiced less than 90 days prior to arrival at CU. Capital equipment is considered “used” if it is over two years old, even if it is in the original unopened box and donated by the original manufacturer.

What is a capital lease?

A capital lease is a lease that meets one or more of the following criteria.

- The lease contains an option to purchase the property
- Ownership is transferred to the lessee at the end of the lease term
- The lease term exceeds 75% of the asset’s estimated economic life; or
- The present value of the lease payments exceeds 90% of the fair market value of the asset.

APPENDIX B: UNIVERSITY EQUIPMENT FORMS

Equipment Inventory Adjustment Form:

<http://finance.columbia.edu/content/equipment-inventory-adjustment-eia-form>

Fabrication Project Code Form:

<http://finance.columbia.edu/content/fabricated-project-code-fpc-form-0>

Surplus of Equipment Bill of Sale:

<http://finance.columbia.edu/content/surplus-equipment-bill-sale-0>

APPENDIX C: EXAMPLE MOVEABLE EQUIPMENT & ACCOUNTS

Moveable Equipment	Printers, copiers, etc.	Account 68010
Educational Equipment	Audiovisual aids, recording devices, etc.	Account 68010
Recreational Equipment	Athletic equipment, game room equipment, etc.	Account 68010
Scientific Equipment	Items acquired for the purpose of supporting basic and applied research such as microscopes, centrifuges, autoclaves, incubators, lasers, spectrophotometers	Account 68020
Motor Vehicles	Automobiles, trucks, motorcycles, and similar vehicles used primarily to transport people or goods.	Account 68080
Computing Equipment	Computers and related equipment including microcomputers, printers, scanners, etc.	Account 68020
General Purpose Equipment	Reproduction and printing equipment, fax machines, grounds and custodial equipment, air conditioners, refrigerators, etc.	Account 68010
Leased Equipment	All	Account 63110
Government-Owned Equipment	All	Account 68010

