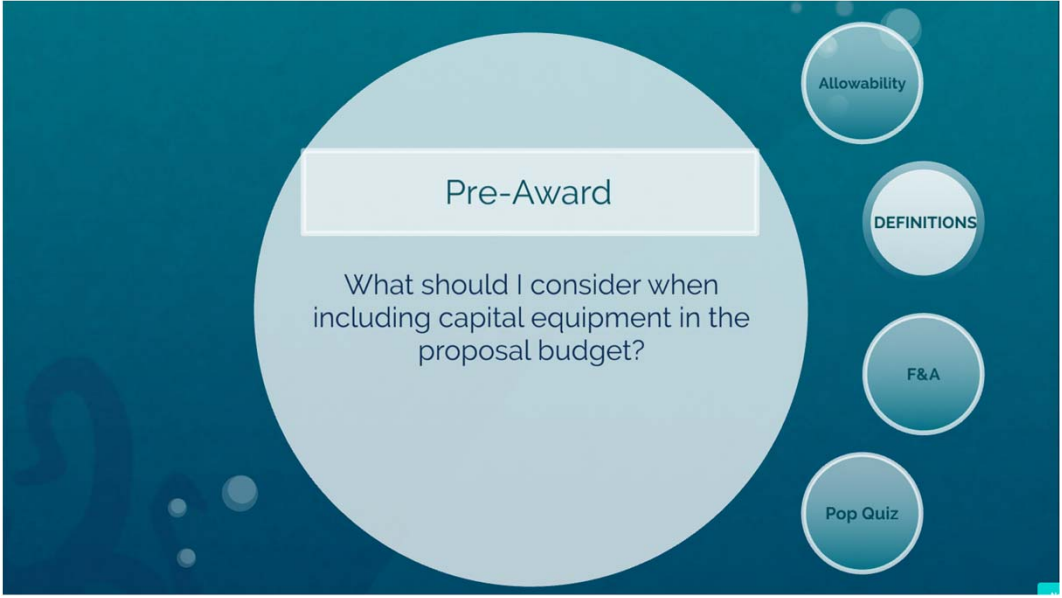




Introduction

Learning Objectives

- Recognize purchases that qualify as capital equipment, including upgrades and fabrications
- Understand the responsibilities associated with capital equipment purchased with sponsored project funding
- Consider the impacts of capital equipment at various stages of the sponsored award's lifecycle



Pre-Award

What should I consider when including capital equipment in the proposal budget?

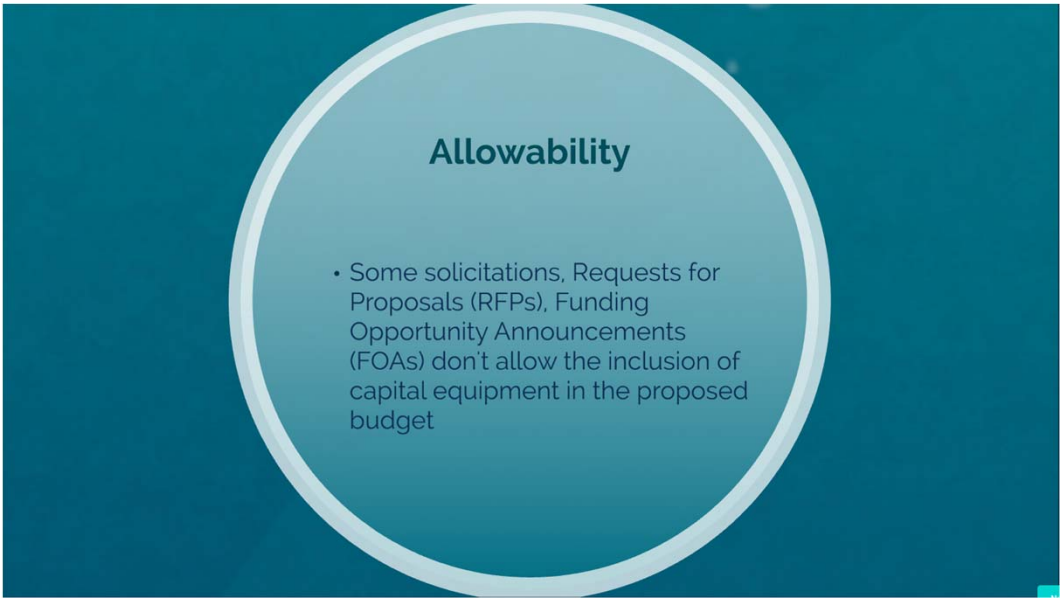
Allowability

DEFINITIONS

F&A

Pop Quiz

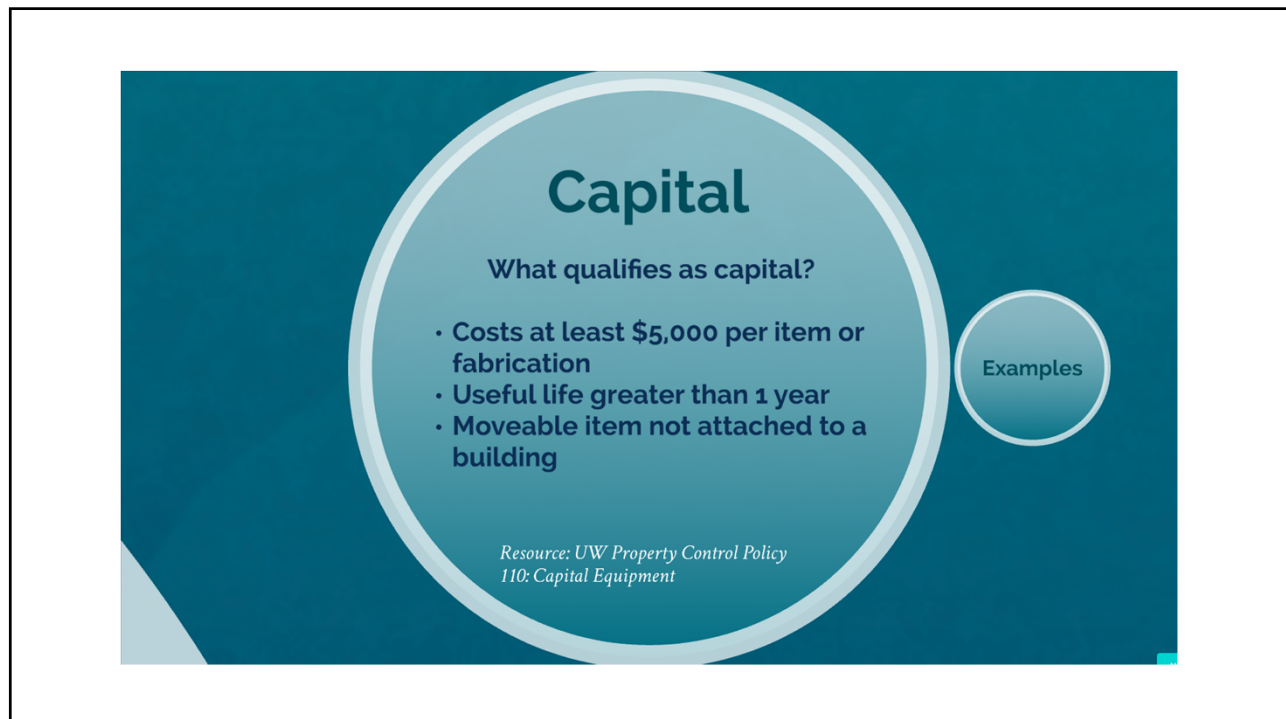
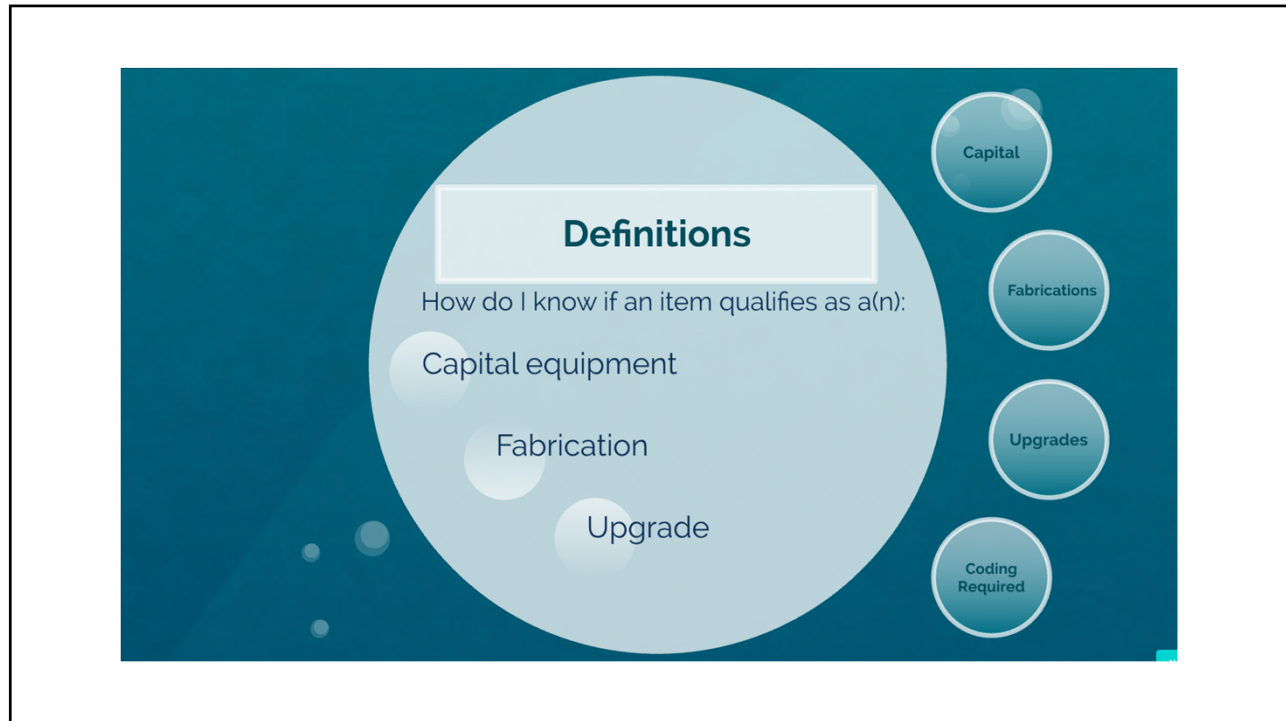
This slide features a large light blue circle on a dark teal background. Inside the circle, the title 'Pre-Award' is in a white box, followed by the question 'What should I consider when including capital equipment in the proposal budget?'. To the right of the circle are four smaller light blue circles, each containing a navigation option: 'Allowability', 'DEFINITIONS', 'F&A', and 'Pop Quiz'.



Allowability

- Some solicitations, Requests for Proposals (RFPs), Funding Opportunity Announcements (FOAs) don't allow the inclusion of capital equipment in the proposed budget

This slide features a large light blue circle on a dark teal background. Inside the circle, the title 'Allowability' is at the top, followed by a bulleted list item: 'Some solicitations, Requests for Proposals (RFPs), Funding Opportunity Announcements (FOAs) don't allow the inclusion of capital equipment in the proposed budget'.



Examples



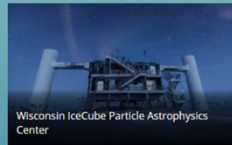
Fabrications

- Purchases of component parts and direct labor custom joined to create an asset of value greater than \$5,000 which are capitalized together as one asset.
- Component parts must work together to perform one function. Each component part must be necessary for the asset to function. Removal of any part would result in the asset not operating at capacity or for its intended purpose.

*Resource: Property Control Procedure
110.4: Fabricated Capital Equipment
Procedure*

Examples

Examples



Upgrades

- Upgrade made on existing capital equipment
- Upgrade's aggregate cost is \$5,000 or greater
- Result in substantial increase in either the equipment functionality or efficiency

*Resource: Property Control Procedure
110.5: Upgrades to Existing Capital
Equipment Procedure*

Coding Required

Account Codes for Capital Equipment

4602 Equipment – Laboratory & Classroom	4640 Furniture – Wood
4603 Equipment – Medical	4652 Automobiles
4604 Equipment & Furniture – Non-Wood	4655 Automobiles – Capital Lease
4605 Equipment & Furniture – Capital Lease	4660 Trucks & Other Vehicles
4620 Computer Equipment Including Data	4665 Trucks & Other Vehicles – Capital Lease
Communication and Data/Word Processing	4670 Fabrication in Progress
4625 Computer Equipment – Capital Lease	4680 Capital Purchases – Inter-Institutional
4630 Software Purchase	Agreements
4635 Software – Capital Lease	

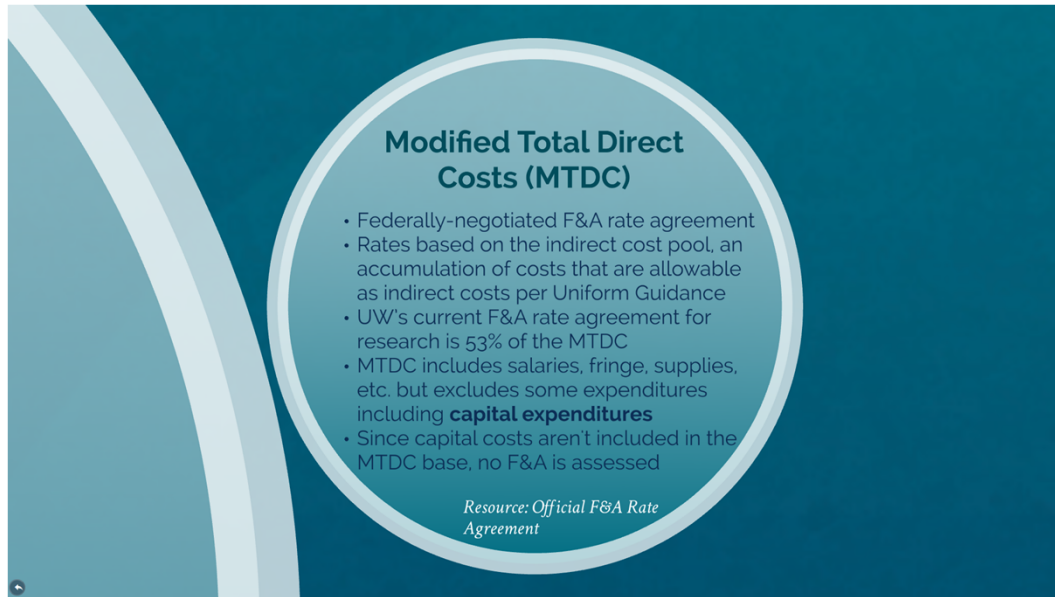
Account Code Details: <http://www.bussvc.wisc.edu/acct/codes/cccap.html>

F&A (Indirect or Overhead Costs)

- Ensure that the F&A is correctly calculated in the proposal budget - this is a frequent error
- F&A will not be assessed on capital equipment line items
 - Modified Total Direct Costs (MTDC) base
- Preventing post-award issues!

MTDC

Example



Modified Total Direct Costs (MTDC)

- Federally-negotiated F&A rate agreement
- Rates based on the indirect cost pool, an accumulation of costs that are allowable as indirect costs per Uniform Guidance
- UW's current F&A rate agreement for research is 53% of the MTDC
- MTDC includes salaries, fringe, supplies, etc. but excludes some expenditures including **capital expenditures**
- Since capital costs aren't included in the MTDC base, no F&A is assessed

Resource: Official F&A Rate Agreement

Example Scenario

Your PI is preparing a grant proposal and provides you with a list of items they would like to be included in the proposal budget. On that list is an item labeled as 'equipment'.

When you look closer, you see it is a \$3,000 laptop. (Let's assume that the sponsor will allow a laptop to be budgeted, and that the proper policies/procedures will be followed related to this computing device.)

You see that the acquisition cost is less than \$5,000 so you correctly place the cost in the "Supplies" budget category instead of "Equipment."

Supplies are assessed F&A so you ensure that the supply costs including this laptop are included in the F&A calculation, and you are ready to go!

Example Scenario - continued

When the award is funded, and the laptop is purchased, it is correctly coded to the 3194 "Computers & Related Peripherals Not Capitalized" account code, and F&A is assessed on the direct cost of the laptop.

The expenditures in WISDM - both the laptop and the F&A - match to what was budgeted.

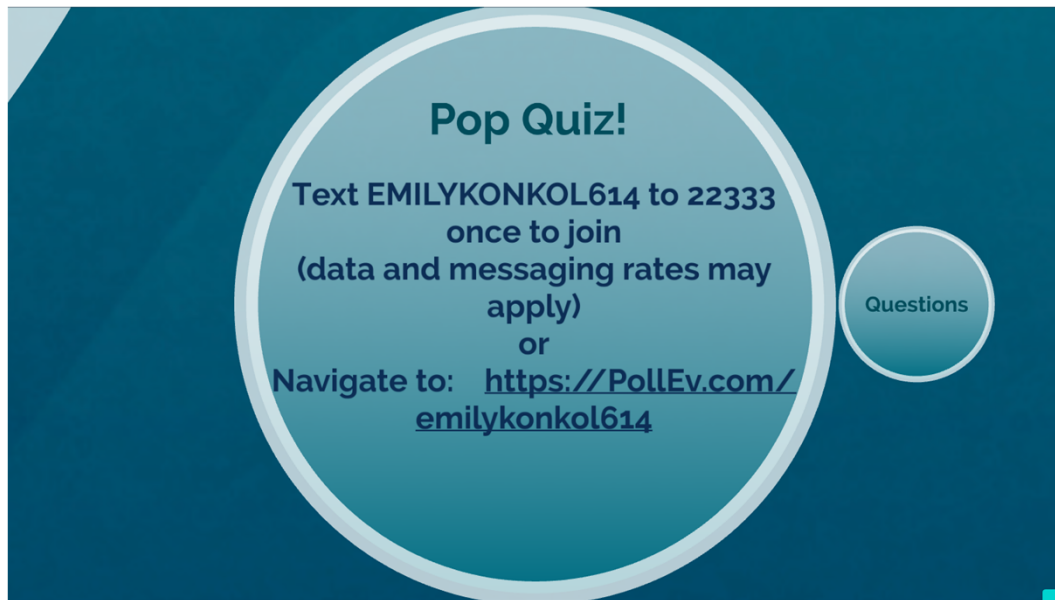
Example Scenario - continued

What if the laptop was mistakenly coded to "Equipment" as indicated by the PI?

The laptop would be mistakenly included under the "Equipment" budget category, and F&A would not be budgeted for the equipment since capital items are not included in the MTDC base.

When the laptop is actually purchased for \$3,000, it would be correctly coded to the 3194 "Computers & Related Peripherals Not Capitalized" account code, and F&A would be assessed on the laptop.

The expenditures in WISDM - both the laptop and the F&A - would NOT match to what was budgeted for either the "Equipment" category nor the "F&A" category. You work with the Postaward, PI, and RSP Accountant to resolve any budget issues, if necessary.

A graphic with a dark teal background. In the center is a large light blue circle with a white border. Inside this circle, the text "Pop Quiz!" is at the top. Below it, the text "Text EMILYKONKOL614 to 22333 once to join (data and messaging rates may apply) or Navigate to: <https://PollEv.com/emilykonkol614>" is displayed. To the right of the large circle is a smaller light blue circle with a white border containing the word "Questions".

Pop Quiz!

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once to join
(data and messaging rates may
apply)
or
Navigate to: [https://PollEv.com/
emilykonkol614](https://PollEv.com/emilykonkol614)

Questions

Pop Quiz - Answer

To qualify as a capital asset, a piece of equipment must cost at least how much money?

- A) \$3,000
- B) \$4,000
- ☒ C) \$5,000
- D) \$10,000

Pop Quiz - Answer

Account codes that start with these two digits signify a capital asset:

- A) 35
- B) 41
- C) 42
- D) 46**

Pop Quiz - Answer

The Hadron Collider, one of the University's most expensive fabrications, is located in this country:

- A) Switzerland**
- B) Australia
- C) Germany
- D) China

Pop Quiz - Answer

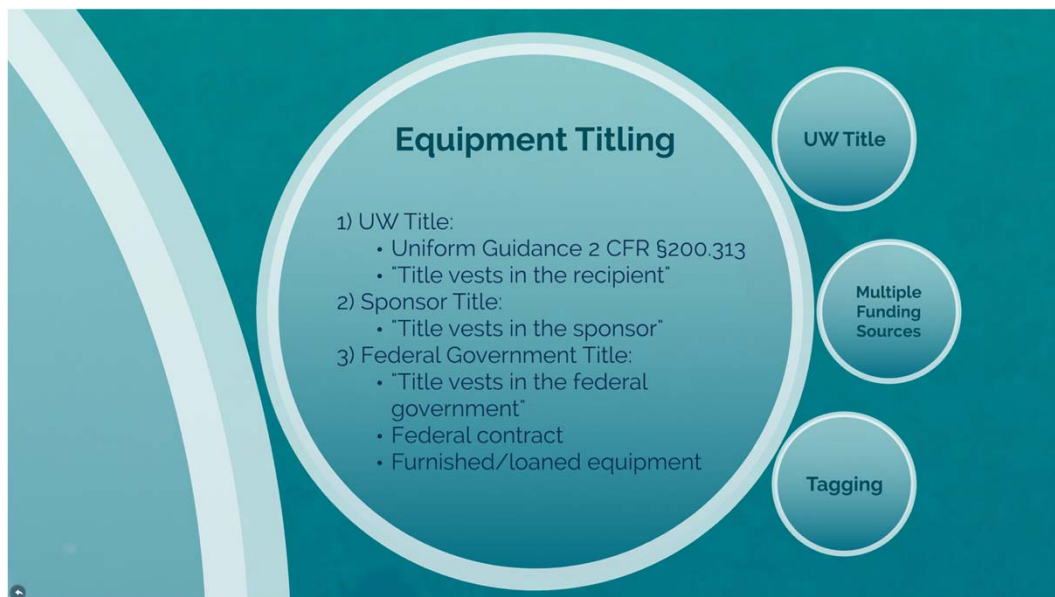
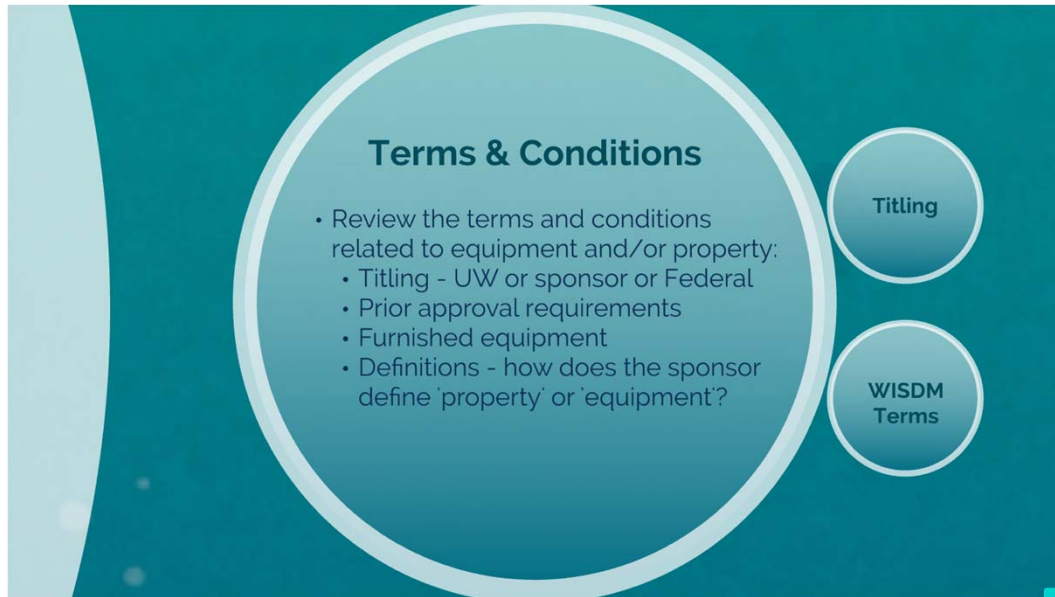
Capital equipment must have a useful life longer than ____ year(s):

- A) One**
- B) Two**
- C) Three**
- D) Four**

Award Acceptance

The proposal budget included capital equipment and the proposal was awarded. What now?

Terms & Conditions



Uniform Guidance 2 CFR §200.313

- This means title vests in the UW with the following general conditions:
 - Must be used for the project that purchased the equipment, for as long as it is needed (even beyond the project end date).
 - Once no longer needed for the acquiring project, must be used on other Federal projects
 - Must be disposed of according to the award terms

Resource: 2 CFR §200.313

Multiple Funding Sources


- Multiple sponsored projects may be contributing to the capital equipment purchase
- If one or more sponsored project funding sources assigns title to the Federal government or sponsor:
 - Title for the entire asset goes to Federal government or sponsor

Property Control Tags

- Tags provided to campus for inventory management
- Tags based on title - UW (U) or Sponsor (F)
- Keep in mind:
 - If a capital asset was purchased with multiple funding sources, if just one funding source is a sponsored project to which title is assigned to the sponsor or Federal government, the entire asset will have the sponsor or Federal government tag

Tags

Tags



UW Titled Sponsor Titled

WISDM Terms

- Capital equipment-related terms listed on WISDM Requirements tab
 - Equipment unallowable
 - Equipment titling
 - Equipment prior approval required
- Contact RSP Accountant with award-specific questions

[Projects](#) | [Personal](#) | [Funding Actions](#) | [Requirements](#) | [Associated Docs](#) | [WISPER](#)

Terms and Conditions Applicable to this Award

Select terms are shown below to aid award management, but are not all inclusive. Refer directly to the agreement for the complete set of terms.

Term or Condition	
Calendric Autonomy	
Equipment Title with UAW	
90 Day Pre-Award Spend Aboard	
Research Terms and Conditions	
Award is subject to Uniform Guidance	

Life of the Award

What do I need to do during the life of the award related to capital equipment?

Department Property Administrator

Acquisition/Fabrication

Asset Movement/Inventory

Sponsor Reporting

Audits

Pop Quiz


Department Property Administrator (DPA)

- If your department does not already have a DPA, a DPA will need to be assigned
- DPAs are the first line of communication for departmental questions on capital equipment

Resource: Departmental Property Administrator (DPA) List
<http://www.bussvc.wisc.edu/acct/propcont/tabPCtools.html>

Acquisition/Fabrication

- Communication is key!
- Fabrications require continued communication between DPA and Property Control
 - Checking for build impairment
- Each cost tracked by Property Control
 - Each pcard transaction requires fabrication form



**Asset Movement/
Inventory**

- Follow UW Property Control's procedures for moving capital equipment and physical inventories

Resource: Property Control Procedures,
[http://www.bussvc.wisc.edu/acct/
propcont/tabPCprocedures.html](http://www.bussvc.wisc.edu/acct/propcont/tabPCprocedures.html)

Inventories

Asset Movement

This slide features a teal background with a large central circle containing the title and bullet point. To the right of the circle are two smaller circles, one labeled 'Inventories' and the other 'Asset Movement'. A resource link is provided at the bottom of the central circle.



Inventories

- Property Control schedules inventories on an annual basis for campus. Selection criteria follows the guidance of the UW System Administrative Policy 334.C
- Facilitated by the Departmental Property Administrator (DPA)
- Department is tasked with meeting deadlines for inventories
- Full department support is necessary for success

Resource: UW Property Control Procedure
110.6: Physical Inventory

This slide features a teal background with a large central circle containing the title and bullet points. A resource link is provided at the bottom of the central circle. The left side of the slide has a decorative light blue curved graphic element.

Asset Movement

- When assets move, the DPA must be contacted
 - Updates need to be made to system maintained by UW Property Control Team
- This is the system of record for the campus
 - Used for sponsor property reporting and property audits

Resource: UW Property Control 110.8: Location/ Room Changes Procedure; 110.9: Change in Custody to another Department Procedure; 110.10: Asset Loan Agreement Procedure

Sponsor Reporting

- The RSP Accountant coordinates and submits property reports to the sponsor if required
- Assist the award's RSP Accountant with any required annual and/or final property reports
- UW Property Control Team runs reports from their system to support these property reporting requests

*Resource: Accountant Search
https://www.rsp.wisc.edu/accountant_search/*

Audit

- Audits can occur any time during or after the award life from many vested entities:
 - Property Control-facilitated operational physical inventories
 - Single audit, UW System Financial Statement Audit
 - Sponsored project-focused audits, where capital equipment is included in audit scope
 - F&A Site Visit
- Property Control and/or RSP communicate with DPA for assistance on sponsored project capital equipment audits

Pop Quiz!

Text EMILYKONKOL614 to 22333
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apply)

or

Navigate to: <https://PollEv.com/emilykonkol614>

Questions

Pop Quiz - Answer

This barcode tag signifies that title belongs to whom?

- A) UW-Titled
- B) Sponsor-Titled
- C) Federally-Titled
- D) Either Sponsor- or Federally-Titled (i.e. title isn't to the UW!)**



Pop Quiz - Answer

What does the acronym DPA stand for?

- A) Divisional Property Advocate
- B) Department Property Administrator**
- C) Designated Property Accountant
- D) Distinguished Party Accountant

Pop Quiz - Answer

Who administers barcode tags to campus?

- A) UW Research & Sponsored Programs
- B) Divisions/Dean's Offices
- C) UW Property Control**
- D) Legislative Audit Bureau

Pop Quiz - Answer

Who submits the required property reports to sponsors?

- A) UW Research & Sponsored Programs**
- B) Divisions/Dean's Offices
- C) UW Property Control
- D) Legislative Audit Bureau

Pop Quiz - Answer

Who could contact you about audit requests involving capital equipment on sponsored projects?

- A) UW Research & Sponsored Programs
- B) Divisions/Dean's Offices
- C) UW Property Control
- D) All of the above

When Does it End?

When do the requirements surrounding capital equipment end?

Sponsored
Project
Requirements

Property
Control

Sponsored Project Requirements

- The sponsored project-related requirements with RSP end once:
 - The final property report (if required) is submitted,
 - For equipment that had been Federally- or Sponsor-titled, title is transferred to the UW **or** the equipment is returned to the sponsor, **AND**
 - Any furnished equipment is returned to the sponsor

Property Control

- Capital equipment requirements only stop once the equipment is completely disposed of in the UW Property Control system

Disposition

A teal-colored slide with a large light blue circle in the center. The circle contains the title 'Disposition' and a bulleted list. To the left of the circle are three vertical wavy lines of varying shades of blue. At the bottom right of the circle is a resource citation.

Disposition

- Disposition includes retiring the equipment in the Property Control system
- Reasons include:
 - Scrapped assets (accountable)
 - Disappeared assets (unaccountable)
- Disposition Request Form
- PI Transfer Form

*Resource: Property Control Procedure
110.7: Equipment Disposition Procedure;
110.11: Departing Employee Request to take
Capital Equipment to a New Institution
Procedure*

A teal-colored slide with a large light blue circle in the center. The circle contains the title 'Final Notes' and a bulleted list. To the right of the circle are three smaller light blue circles stacked vertically, each containing a label: 'Contacts', 'Training', and 'Questions'. The 'Final Notes' title is enclosed in a white rectangular box.

Final Notes

- Recognize purchases that qualify as capital equipment, including upgrades and fabrications
- Be aware of the responsibilities associated with capital equipment purchased with sponsored project funding
- Topics associated with capital equipment occur at various stages of the award's lifecycle

Contacts

Training

Questions

Contacts

- Department Property Administrators (DPA)
 - <http://www.bussvc.wisc.edu/acct/propcont/tabPCtools.html>
- UW Property Control
 - BusSvc Property
 - <property@bussvc.wisc.edu>
 - Website:
 - <http://www.bussvc.wisc.edu/acct/propcont/prophome.html>
- RSP Accountant for the award
 - RSP Accountant Search:
 - https://www.rsp.wisc.edu/accountant_search/

Training

- Capital Equipment training offered by UW Property Control
 - <http://www.bussvc.wisc.edu/acct/propcont/prophome.html>
- Training required for DPAs
- Training encouraged for non-DPAs to broaden capital equipment related knowledge

