

## EQUIPMENT - FABRICATION

**Responsible Official:** University Controller  
**Administering Department:** Financial Reporting  
**Effective Date:** July 1, 2024  
**Revised:** June 24, 2024

### Fabrication of Special Purpose Capital Equipment

The following establishes a policy and working procedure when a Principal Investigator wishes to build or fabricate a piece of capital equipment. These instances arise when it is more economically feasible, or fabrication is the only means of acquiring the specialized equipment. The budget line items associated with the fabrication include purchases of items that are less than \$5,000; these costs are exempt from F&A (indirect) costs.

Fabrications that are in process and requested prior to June 30, 2024, will be grandfathered under the previous capitalization threshold, which was an aggregate cost of \$1,000 or more and a useful life of greater than one year.

#### **Definition**

Special purpose equipment that is to be assembled or fabricated will result in an article of nonexpendable tangible property having a total acquisition cost of \$5,000 or more. The unit consists of items or assemblies of parts that are interconnected and interdependent to become a new functional entity for special purposes. "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activity.

#### **Fabrication Procurement**

1. It is the responsibility of the Principal Investigator to advise Financial Reporting when a special purpose equipment item is to be fabricated. A written request must be submitted to Financial Reporting at [equipadmin@finance.rochester.edu](mailto:equipadmin@finance.rochester.edu) prior to any initial purchase. This fabrication request should include a description of the item to be fabricated, a scientific justification, a breakdown of items and costs that will be used in the fabrication, the total cost of the components to be purchased, and an estimated completion date. If a federal award requires prior approval for equipment purchases, documentation of sponsor approval will need to be requested prior to the initiation of any fabrication request. Ownership of the fabricated item will be determined in accordance with the terms of the sponsor's award.
2. Financial Reporting will assign a property tag and inform the department by email of the tag number. Upon receipt of the copy of the requisition or invoice for the first authorized purchase, Financial Reporting will send the property tag to the department. It is the Principal Investigator's responsibility to ensure that the tag is placed on the fabricated piece of equipment when possible or kept with the fabrication paperwork.
3. Each subsequent order for components of the approved fabrication (requisition, supplier invoice request, procurement card payment purchase, etc.) should state that it is a "Component of (NAME OF ITEM OF EQUIPMENT)" and should indicate the property tag number. All components of fabricated items must be



coded with the Equipment Fabricated (SC64100) spend category, even if these individual items are \$5,000 or more.

### **Accounting Procedures for Fabrication**

4. Items within a fabrication that can "stand-alone" and have a value of \$5,000 or above will be issued their own property tag. A "stand-alone" item functions as a separate piece of equipment once the fabricated unit is disassembled. On requisitions it must be stated if an item is a stand-alone unit. All other components of a fabrication will have a specific property tag assigned; this is the tag number that departments reference on all requisitions whether a "stand-alone" unit is being purchased. Individual tags for stand-alone units are assigned for property accounting purposes.
5. To further illustrate tagging of stand-alone components, the following example is offered. The fabricated unit may include a computer workstation, including a logic unit, a monitor, a keyboard, and a printer. The requisition for the computer workstation costing greater than \$5,000 should cite the tag number for the larger overall fabricated unit, but the workstation will receive a separate tag number. To be considered part of the fabricated unit, the computing equipment must be clearly shown or justified to be essential to the operation of the fabricated equipment.
6. The University does not capitalize labor costs. Therefore, labor expenses should never be assigned to the Equipment Fabricated (SC64100) spend category. Similarly, fully costed University shop charges should also be charged to the appropriate spend category, either Service Center Charges (SC55650) or Service Center Fully Costed Charges (SC55660), which roll up to ledger account 65610 (Service Center Charges).
7. Items that do not have a useful life of at least one year, or that are general-purpose in nature cannot be considered components of a fabrication. Examples of such items that cannot be coded with the Equipment Fabricated (SC64100) spend category are tools, glassware, office supplies, furniture components, or chemicals.
8. It is the Department's responsibility to notify Financial Reporting in writing (referencing the account number and fabrication tag number) when the fabricated item is placed into service. This would normally be at the point when the fabricated item can perform the basic intended functions or tasks.
9. Financial Reporting is responsible for entering the fabricated equipment into the University's fixed asset system, which feeds the information into URSpace, the University's space and equipment inventory management system. Subsequently, the Department is responsible to ensuring that the status of the fabricated equipment is kept current in URSpace.
10. For the purchase of items needed to upgrade a fabricated piece of equipment, the original property tag should be referenced, but based on the cost of the item(s), either spend category Non Capitalized Equipment (SC58900) (for items costing under \$5,000) or the below spend categories (for items costing \$5,000 or more): Equipment Computers (SC64000); Equipment Electromedical and Electrotherapeutic (SC64050) or Equipment Scientific (SC64550).
11. For replacement of an existing fabricated piece of equipment, a new fabrication should be set up with Financial Reporting and the new fabrication will be issued a new property tag.