Capital Equipment Overview 2020

Procedures and Guidelines

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Northwestern | FINANCIAL OPERATIONS

Presentation Outline

- Key Due Dates (2)

- Definition of Capital Equipment and the Importance of Maintaining an Accurate Inventory (3-5)

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Key Due Dates

- **Presentation / Project Kickoff:** 3/25/20

- **Unit Reps Receive AM013:** 3/26/20

- **Open Lab Session 1:** 5/5/20

- **Open Lab Session 2:** 5/21/20

- **Return of updated AM013 reports:** 5/31/20

- **Open Lab Session 3:** 6/25/20

- **Asset Requests Submitted:** 6/30/20

What is Capital Equipment?

- Equipment costing $5,000 or more and has a useful life of more than one year

- Equipment purchases meeting this criteria will be recorded in the inventory database (Asset Management System) and assigned a bar-coded University tag number

- Equipment is usually listed under the department ID that was used to fund the equipment purchase

- Inventory records include asset description, model, serial number, custodian, location, funding information (chartstring), and cost

Why Maintain the Inventory Data Base of Capital Equipment?

- Properly reflect the amount of our equipment on financial statements

- Assist departments in tracking equipment and internal control

- Federal funding guideline 2 CFR Part 200 (Uniform Guidance) requires an inventory at least once every two years

- Accurate records are required for the Facilities & Administrative (F&A) proposal

Special Consideration for F&A Rates Proposal

- Equipment depreciation is a significant cost component contributing to the F&A rate

- Accurate equipment inventory:

    – Solid rate for the equipment component

    – Better preparation for the F&A rates preparation and negotiation

    – The Federal negotiator reviews the equipment of selected Departments on-site

Questions?

Contact Cost Studies:
northwestern.edu/coststudies/staff.html

New Equipment – Additions

- Capital equipment must be located for our department to tag the items

- Please include the following information in the header comments on purchase orders related to capital equipment:

  - Specific location (Building <u>and</u> Room Number)

  - PI's Name

  - Short description of equipment

  - Component system or stand-alone items, if multiple items on PO

Example

Purchase Order Inquiry

Purchase Order

Business Unit NWUNV
PO ID PUR1222522

PO Status Compl
Budget Status Valid

▾ Header

PO Date 11/06/2017
Supplier Name VISION RES-001
Supplier ID 0000171130   Supplier Details
Buyer Walker,Colleen Sweeney
PO Reference

Header Details
Change Order
All RTV
Matching

Activity Summary
Header Comments...
Document Status
▾ Actions

Backorder Status Not Backordered
Receipt Status Received
☐ Hold From Further Processing

Amount Summary

Merchandise	9,600.00
Freight/Tax/Misc.	0.00
Total	9,600.00 USD
Encumbrance Balance	0.00 USD

Lines

Line		Item ID	Item Description	Category	PO Qty	UOM	Merchandise Amount		Status
1			"PHANTOM CAMERA, MIRO C110 WIT	LAB_EQUIP_ASSET	1.0000	EA	9,600.00	USD	Closed

Example, continued

PO Header Comments

llName of person responsible for the equipment.
   Neha Kamat

2.   Location of equipment (building name and room number).
   Tech E358

3.   Description of system or item being purchased. (e.g. microscope, freezer, laser, etc.)
   High speed camera

4.   If there are multiple items on the order, do any of them join together to form one system or do they all work on a stand-alone basis?

N/A

Return

Form can be found here: Capital Equipment Purchase Form

Roles & Responsibilities
Accounting Services

- Updating the inventory records with new asset additions (e.g., asset descriptions, physical location, custodian name)

- Updating the inventory records by approving asset retirements and transfers through NUFinancials

- Updating asset information based on responses from Unit Representatives other than disposals or transfers (e.g., serial or model number, room number)

- Tagging each new piece of capital equipment, however acquired

Roles & Responsibilities
Unit Representatives

- A capital equipment unit consists of a single department or related grouping of departments that has capital equipment

- Departments have assigned Unit Representatives who will be liaisons between Financial Operations and their unit for capital equipment purposes

- They will also support Financial Operations by publicizing, monitoring, and enforcing capital equipment policies and procedures at the unit level

- Unit Rep Form: http://www.northwestern.edu/controller/accounting-services/equipment-inventory/docs/representative-registration-form.pdf

Unit Representative Responsibilities

- Assist Financial Operations with tagging their unit's new capital equipment in a manner that works best for their unit

- Unit Representatives are responsible for facilitating the physical observation of capital equipment inventory by a Financial Operations representative when required

- Biennially, it is the responsibility of the Unit Representative to:

  – Determine and execute a method of capital equipment inventory verification that works best for their unit

  – Provide required updates to Financial Operations via email in Excel format.

More information on Unit Representatives can be found at:
northwestern.edu/controller/accounting-services/equipment-inventory/unit-representatives.html

Capital Equipment Tagging

- An Accounting Services (A/S) Representative will contact the Unit Representative to inform them of the untagged assets in their department.

- Options to tag the equipment include:

  - Scheduling a walk-through with the Unit Rep

  - The Unit Rep suggesting people for A/S to contact

  - The Unit Rep volunteering for our self-tagging initiative

FY20 Tagging Process – Volunteers

- Accounting Services is always looking to expand its self-tagging initiative.

- Initiative Details:

  - A/S will provide you with a listing of untagged assets in your department.

  - We will then send you tags via campus mail

  - You will update A/S via email when the assets are tagged. Pictures of the tags on the assets will also be required.

  - A/S will update Asset Management System

Inventory Verification Procedure Overview

- Accounting Services (A/S) will email the Asset Inventory (AM013) reports to Unit Representatives on **March 26th, 2020**.

- Unit Reps will conduct their inventory verification of assets on the report.

- Unit Reps will then submit their edited Asset Inventory reports to A/S for review. **Due: May 31st, 2020**

- Once verification is complete, Unit Reps will submit the necessary disposal/transfer requests via Asset Self-Service portal. **Due: June 30th, 2020**

Inventory Verification Procedure Overview (Continued)

- A/S will reconcile edited reports with a current report to verify the asset requests passed through the approval process.

- A/S will input all the edits not covered by Asset Self-Service (e.g., serial or model number).

- A/S will reach out to Unit Reps for clarification if needed.

- Once all inventory changes are reconciled A/S will send the Unit Rep an email confirming completion of the FY20 inventory verification.

Capital Equipment Inventory Physical Verification

- Required at least biennially

- The main cycle of 2020 physical inventory begins now and continues through June 2020

- In addition to existence, Unit Representatives will verify the following attributes for each piece of capital equipment on the inventory list:

• Tag Number	• Serial Number
• Asset Description	• Building Name and Room Number
• Manufacturer	• Custodian/PI Name
• Model Number	• Department

Asset Inventory Report – AM013

- *What is the Asset Inventory Report – AM013?*

  - Cognos report that Accounting Services employees can access

  - Provides a listing of Capital Equipment Inventory with information such as: asset identification number, description, model number, serial number, etc.

- *Why is this inventory report used?*

  - Unit Representatives to review department inventory and notify changes to Accounting Services supplement to the NUFinancial submissions

Asset Inventory Report – AM002

This is an inventory report Unit Reps can run themselves at any time throughout the year

Training Guide:
https://kb.northwestern.edu/page.php?id=82020

Finance, Facilities, and Research Administration Reports (FFRA)

Asset Management (AM)

Cognos Reporting

- Access to the Cognos Asset Inventory Report – AM002

  - Asset ID Number
  - Tag Number
  - Asset Description
  - Manufacturer
  - Model Number
  - Serial Number
  - Federal Contribution

  - Invoice Date
  - Purchase Order Number
  - Chart String
  - Custodian Name/Department
  - Original Cost
  - Re-inventory Date
  - Location

Example Inventory Verification

Status	Asset	Tag	Description	Purchase Date	Manufacturer	Model	Serial	Campus	Department	Department Description	Building Name	Room	Name	PO	Chartstring	Cost
G	000000000002	N0008379	FREIGHT ELEVATOR	8/1/72	GALLAGHER & SPECK	2500LBS	2 STOPS	EV	5600100	Administration	Jacobs Ctr (And/Lev)	1730				7,258.00
D - D	000000000003	N0002523	ELEVATOR	8/1/49	RELIANCE	3000LB		EV	4024200	Psychology	Cresap Lab.	2032				7,311.00
G	000000000004	N0002790	ELEVATOR	8/1/68	GALLAHER & SPECK	2500LB	100FPM/3 STO	EV	1800100	Facilities Management	Rebecca Crown Center	1120				13,422.00
D	000000000005	N0002791	ELEVATOR	8/1/68	GALLAHER & SPECK	2500LB	100FPM/3 STO	EV	1800100	Facilities Management	Rebecca Crown Center	640				13,422.00
E	000000000006	N0015183	PASSENGER ELEVATOR	8/1/60	GALLAGHER & SPECK	3500LB	100FPM/3 STO	EV	4702000	Engineering First/ MCC It	Health Services (Ev)	L-230				13,427.00
G	000000000007	N0021669	FREIGHT ELEVATOR	8/1/43	WESTINGHOUSE		3,000 LB	CH	1800100	Facilities Management	Ward Building	6030				15,146.00
E	000000000008	N0023917	2 ELEVATORS	8/1/25	WESTINGHOUSE	3000LB	9 STOPS	CH	1800100	Facilities Management	Jacobs Ctr (And/Lev)	2010				15,846.00
G	000000000009	N0002789	ELEVATOR	8/1/68	GALLAHER & SPECK	2500LB	100FPM/3 STO	EV	1800100	Facilities Management	Rebecca Crown Center	172				16,020.00
D - T	000000000010	N0015667	PASSENGER ELEVATOR	8/1/61		2500LBS	200FPM/5 STO	EV	4702000	Engineering First/ MCC It	Technological Instit	AB-160	NW CORNER			19,156.00
E	000000000011	N0021671	2 ELEVATORS 3000LB	8/1/43	Bran Berry	4000LBS	83138310	CH	1800100	Facilities Management	Ward Building	G-340				20,890.00
D - S	000000000012	N0015664	PASSENGER ELEVATOR	8/1/61	WESTINGHOUSE	3000LBS	200FPM/5 STO	EV	4702000	Engineering First/ MCC It	Technological Instit	L640	NE CORNER			22,654.00

G	Good - Asset Exists and Listed Information is Accurate
E	Edited - Edits have been made to the listed information (e.g., Location change, custodial change, etc. Please also highlight the edited cell
D	Disposed Most common disposal. Use this method for assets that are scrapped, stolen, destroyed, cannibalized, recycled, no longer functional, listed as free on the surplus property website, or do not fit into any other disposal method.
D - T	Traded-In - Assets that were traded in for different assets, returned to the vendor or manufacturer, or otherwise exchanged.
D - S	Sold - Assets that were sold and for which proceeds were received.
D - D	External Transfer or Donated - Assets that were given to an external (non-NU) entity without proceeds.

Untagged Assets

- The FY20 Evanston Reinventory Project also serves as an opportunity to tag all currently untagged assets.

- All untagged assets on your reinventory sheet will need to have a contact assigned to them.

- A/S will mail the tags to the contact provided, similar to self-tagging initiative.

- You can assign yourself as contact for tagging the assets.

- After exhausting all methods of locating untagged equipment, contact A/S to determine a resolution.

Untagged Assets Tab

Missing Asset Tab

- Please list any assets that are not on the inventory listing on a separate tab along with the Purchase Order number.
- Include a short description of the asset in the 1st column.
- Relevant purchasing information, preferably the Purchase Order Number, should be in the 2nd column.

Submitting Disposal & Transfer Requests

- Eligible for Disposal Request - Equipment that has been sold, stolen, traded-in, scrapped, donated, returned to vendor, destroyed, transferred out to an external entity, cannibalized, recycled, no longer functional, or posted on the surplus property.

- Asset Disposals in NUFinancials should only be submitted after the equipment is physically removed from the University.

- Submit capital equipment disposals and transfers including change of custodian, custodial department, or physical location via the Asset Management Self Service portlet found at:

  NUFinancials > NavBar ⊙ > NU Interfaces and Processes > Assets Self Service > Create/Search Asset Request > Add

More information can be found at:
https://www.northwestern.edu/controller/accounting-services/equipment-inventory/asset-request-instructions.pdf

Asset Inventory Updates

- Unit Representatives will email their completed AM013 report to equipment@northwestern.edu

- We then expect Unit Representatives to submit all their asset request in NUFinancials.

- Once Accounting Services receives the inventory sheet, we'll update the inventory dates and verify the information in the Asset Management System has been updated.

- Please refrain from sending partial reports to us. Hold onto any partials and submit the entire report when you complete it.

Common Challenges for the Inventory

- Equipment has been relocated and not reported to Accounting Services

- Assets have been disposed and were not reported to Accounting Services

- Assets are not found and departments are not certain the equipment was disposed

- Labs are locked or experiments are taking place

FAQ

- *How should I handle the computer servers that are in my asset listing and are located at 2020 Ridge or NUIT Chicago?*
  - Ignore these servers. We are currently working with 2020 and NUIT Chicago to properly locate and tag the equipment.

- *What is a component system?*
  - Comprised of individual equipment or items that, when connected together, operate as a system. Items less than $5,000 and are part of the component system should be capitalized if they cannot operate on a stand-alone basis.

- *What is the difference between fabricated equipment and component system?*
  - Component systems generally do not require extensive construction or assemblage

- *I can't submit requests to alter the serial number or asset description. What do I do?*
  - The only updates covered by asset self service are disposals, location changes & department changes. All other updates will be handled by Accounting Services when you submit your edited report.

- *What do I do if assets are missing from the report?*
  - Please list any assets that are not on the Inventory listing on a separate tab along with the Purchase Order number.

Capital Equipment Resources

- To initiate Dispsoal or Transfer please follow the pathway below:
  NUFinancials > NavBar   > Navigator > NU Interfaces and
  Processes > Assets Self Service > Create/Search Asset Request >
  Add

- Capital Equipment Purchase Form: [Capital Equipment Purchase Form](#)

- Job Aid for asset management self-service portal can be found at:

  https://www.northwestern.edu/controller/accounting-services/equipment-inventory/asset-request-instructions.pdf

Questions?

Visit the equipment website at:
northwestern.edu/equipment-inventory

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