Capital Equipment Overview 2020

Procedures and Guidelines

Presented by:
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Accounting Services
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Presentation Outline

• Key Due Dates (2)
• Definition of Capital Equipment and the Importance of Maintaining an Accurate Inventory (3-5)
• New Capital Equipment Additions (6-9)
• Roles and Responsibilities of Accounting Services (10)
• Roles and Responsibilities of Capital Equipment Unit Representative (11-12)
• Tagging Capital Equipment and Volunteers (13-14)
• Inventory Verification Overview (15-16)
• Capital Equipment Inventory Verification Procedures (17-21)
• Untagged / Missing assets (22-24)
• Disposal / Transfer Requests (25-26)
• Challenges / FAQ / Resources (27-30)
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 and 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
- **Buyer**: Walker, Colleen Sweeney
- **PO Reference**

#### Activity Summary

- **Header Details**
- **Change Order**
- **All RTV**
- **Document Status**

#### Amount Summary

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

#### Lines

<table>
<thead>
<tr>
<th>Line</th>
<th>Item ID</th>
<th>Item Description</th>
<th>Category</th>
<th>PO Qty</th>
<th>UOM</th>
<th>Merchandise Amount</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>“PHANTOM CAMERA, MIRO C110 WIT”</td>
<td>LAB_EQUIP_ASSET</td>
<td>1.0000 EA</td>
<td>9,600.00 USD</td>
<td>Closed</td>
<td></td>
</tr>
</tbody>
</table>
Example, continued

<table>
<thead>
<tr>
<th>PO Header Comments</th>
</tr>
</thead>
</table>
| 1. Name 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
Capital Equipment Purchase Form

The purpose of this form is to provide information to Accounting Services for capitalization, tagging, and asset tracking of purchases that meet capital equipment criteria (definition: cost meets or exceeds $5,000 and has a useful life of one year or more). Please note that if you are scrapping or trading-in already existing capital equipment, you must adhere to the capital equipment policies and procedures found on the Equipment Inventory website: https://www.northwestern.edu/controller/accounting-services/equipment-inventory/index.html

1. Short description of equipment being purchased (what would the department users call this equipment):

2. Name of Principal Investigator or custodian (person responsible for the equipment):

3. Custodian Department (department under which the equipment should be listed in inventory):

4. Location of the equipment (building name and room number):

5. Is this purchase associated with any other purchase order? If so, please provide all PO numbers:

6. Please indicate whether this purchase is new, an upgrade to an already existing piece of capital equipment, a replacement, or if it involves the trade-in of any other capital equipment? Please list all the tag numbers below of already existing capital equipment that may be associated with an upgrade or retired as a result of this purchase (traded in or scrapped due to a replacement purchase):

7. If multiple items are included on purchase order, please indicate which items work together to form one component system or if any items operate as stand-alone equipment.

8. Please include this form in the requisition at time of creation by clicking add attachment to the right of the line item on the review and submit page of the requisition.

For questions, please contact Equipment Services at equipment@northwestern.edu.

Version Effective June 2019

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

<table>
<thead>
<tr>
<th>Status</th>
<th>Asset</th>
<th>Tag</th>
<th>Description</th>
<th>Purchase Date</th>
<th>Manufacturer</th>
<th>Model</th>
<th>Serial</th>
<th>Campus</th>
<th>Department</th>
<th>Department Description</th>
<th>Building Name</th>
<th>F from</th>
<th>Name</th>
<th>PO Description</th>
<th>Cost</th>
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<td>0000000000002</td>
<td>M0000000252</td>
<td>FREIGHT ELEVATOR</td>
<td>8N72</td>
<td>GALLAGHER &amp; SPECK</td>
<td>2500LBS 2 STOPS</td>
<td>EV</td>
<td>E00000100</td>
<td>Administration</td>
<td>Jacobs Ctr (AndrLevi)</td>
<td>C1730</td>
<td>7,258.00</td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>RELIANCE</td>
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<td>Psychology</td>
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<td>22,654.00</td>
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</tr>
</tbody>
</table>

### Notes
- **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-NIU) 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

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Send to me</td>
<td>Asset #18950, 14539,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>17242, 18344, 18573,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18436</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Anne Jane</td>
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<tr>
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<td></td>
</tr>
<tr>
<td></td>
<td>Lurie 20250</td>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Asset #13732</td>
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</tbody>
</table>
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 Disposal 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

Contact

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