

UC Davis Policy and Procedure Manual

Chapter 350, Supplies and Equipment

Section 75, Fabrication and Modification of Equipment

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Responsible Department: Capital Asset Accounting and Equipment Management

Source Document: Business and Finance Bulletin BUS-29, Management and Control of Inventorial Equipment

I. Purpose

This section outlines procedures to be followed when departments fabricate or modify items of inventorial equipment.

II. Definitions

- A. Fabrication--construction by the University of a new item of inventorial equipment valued at \$1,500 or more using new or used inventorial equipment, supplies, or inventoried components. When the fabrication is made in part or entirely of previously inventoried equipment, those items lose their previous identity.
- B. Inventorial equipment--equipment owned by the University, or for which the University has custodial responsibility, and that has been previously classified as inventorial equipment by the Equipment Management Department, or can be classified as inventorial equipment according to the criteria outlined in Section 350-50.
- C. Modification--any alteration that changes the value, description, or function of an existing piece of equipment (e.g., incorporation into another piece of equipment or dismantling for parts).

III. Policy

The Equipment Management Department must be notified when inventorial equipment is fabricated or modified. For government-owned equipment, prior approval of the sponsoring agency is also required.

IV. Procedures

- A. Fabrication

Responsibility	Action
Department	<ol style="list-style-type: none">1. Ensures that suitable equipment is not available for shared use in accordance with Section 350-24.2. Before starting the fabrication project, processes Capital Asset Management System (CAMS) fabrication document.<ul style="list-style-type: none">• The document will assign an asset number to the equipment item being fabricated. The document must be fully approved before the department may create a Requisition (PR) or Departmental Purchase Order in DaFIS, or a UCD service unit order, to purchase supplies, accessories, or components for the project.3. As necessary, issues a DaFIS Requisition (PR) to the Purchasing department, Departmental Purchase Orders to external vendors, or orders to authorized campus recharge

	<p>centers for materials and services used in the fabrication.</p> <ul style="list-style-type: none"> • The department must indicate on requisitions and orders that materials or services are for the fabricated equipment by checking the FAB box at the front of the line item and clicking on the Equipment Certification button to enter the certification screen and checking fabrication. The asset number assigned to the fabrication is then entered into the asset number field of the screen. <p>4. Shall report progress on the fabrication periodically, but not less than once a year, to the Equipment Management Department via an email (eqhelp@ucdavis.edu).</p> <p>5. When fabrication is complete, reports total value of item to Equipment Management by an email itemizing the cost of:</p> <ul style="list-style-type: none"> • Component parts. • Purchasing card purchases. • Services purchased from external vendors (cite Purchase Order number or Departmental Purchase Order number). • Services purchased from campus recharge centers (cite recharge center's name). • Departmental payroll expense and overhead. <p>6. If inventorial equipment is modified for the fabrication, follows procedure in B, below.</p>
Equipment Management	7. Adjusts the value in CAMS.
Accounting & Financial Services	<p>8. For sponsored projects or agreements (e.g., Federal contract or grant), applies University's indirect cost rate to labor, travel, or other operating expenses that were direct-costed to agreement.</p> <ul style="list-style-type: none"> • The indirect cost rate is not applied to fabrication expenses for purchases of component parts and fabrication services from external vendors or authorized campus recharge centers.

B. Modification

Responsibility	Action
Department	1. When inventorial equipment is dismantled for parts,

	<p>incorporated into another piece of equipment, or otherwise modified, processes Asset Retirement document to dispose of those items using the appropriate transaction code and recording the Fabrication document number in the Notes screen of the Asset Retirement.</p> <ul style="list-style-type: none"> • For government equipment, the department obtains the sponsoring agency's written authorization to modify the item and sends a copy to Equipment Management before the equipment is modified.
Equipment Management	<p>2. Reviews the authorization and approves the Asset Retirement document.</p>

V. Further Information

Refer to Section 350-85 for procedures to be followed when equipment has been damaged or destroyed by accident. Further information may be obtained by contacting the Equipment Management at (530) 757-8801 or eqhelp@ucdavis.edu.

VI. References and Related Policy

- A. UC Accounting Manual Chapter P-415-32, Plant Accounting: Inventorial Equipment--Fabricated Items (<http://www.ucop.edu/ucophome/policies/acctman/>).
- B. UC Business & Finance Bulletin BUS-29, Management and Control of University Equipment, Section B-I-C (<http://www.ucop.edu/ucophome/policies/bfb/bus29.html>).
- C. UCD Policy & Procedure Manual (<http://manuals.ucdavis.edu>):
 - 1. Section 350-24, Equipment Screening and Sharing.
 - 2. Section 350-50, Classification of Inventorial Equipment.
 - 3. Section 350-51, Identification of Equipment.
 - 4. Section 350-55, Care and Control of Equipment.
 - 5. Section 350-85, Loss of or Damage to University Property.