

# UC Davis Policy and Procedure Manual

## Chapter 350, Supplies and Equipment

### Section 75, Fabrication and Modification of Equipment

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Responsible Department: Accounting and Financial Services

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

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#### I. Purpose

This section provides the policies and procedures for the fabrication or modification of inventorial equipment.

#### II. Definitions

- A. Fabrication--construction by the University of a new item of inventorial equipment intended for university use and valued at \$5,000 or more using new or used inventorial equipment, supplies, or inventoried components.
- B. Inventorial equipment--equipment that is non-expendable, tangible, personal property acquired for \$5,000 or more, and which has a normal life expectancy of more than one year (see [Section 350-50](#) for exceptions to the definition). This policy refers to inventorial equipment as "equipment."
- 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

- A. The department must promptly report all changes in its equipment inventory to Equipment Management, including when equipment is fabricated or modified per [Business and Financial Bulletin BUS-29](#).
- B. The department must receive prior approval from the sponsoring agency before modifying government-owned equipment acquired under the terms of a contract or grant.
- C. When the fabrication is made in part or entirely of previously inventoried equipment, those items must be retired.
- D. Fabrication progress should be reported periodically to Equipment Management, either as it occurs or on a predetermined cycle, not less than once per year.
- E. The cost assigned to the fabrication is the total of all materials, supplies, and services, from outside vendors or authorized recharge activities. For capitalization purposes, departmental labor, travel, payroll expenses and overhead must not be considered part of the cost (see [Accounting Manual Chapter P-415-32](#)).

#### IV. Procedures

- A. Fabrication
  - 1. Before starting the fabrication project, the department ensures that other suitable equipment is not available for shared use in accordance with [Section 350-24](#).
  - 2. The department creates a Fabrication Request (FR) document in the University's equipment tracking system (detailed procedures are at <http://dafis.ucdavis.edu/olrm/index.cfm?doc=FR>) and submits a completed [Fabrication](#)

[Justification form](#) to Equipment Management.

3. Equipment Management reviews the justification form, approves the FR document, and sends a property decal to the department.
4. The department includes the property number of the fabrication when ordering supplies, accessories, or components for the project.
5. The department shall report progress on the fabrication not less than once a year, to Equipment Management via e-mail ([eqhelp@ucdavis.edu](mailto:eqhelp@ucdavis.edu)). Indicate the cumulative total of the fabrication and estimated completion date.
6. If the estimated completion date differs from the date indicated in the University's equipment tracking system, Equipment Management enters the new date.
7. While the fabrication is in progress, the department is responsible for tracking all transactions (e.g., purchasing documents, cost transfers) pertaining to the fabrication.
8. When the fabrication is complete, the department e-mails Equipment Management. The e-mail contains the completion date as well as the itemized costs of:
  - a. Component parts
  - b. Purchasing card purchases
  - c. Services purchased from external vendors (cite purchasing document numbers)
  - d. Services purchased from campus recharge centers (cite recharge center's name)
9. Equipment Management enters a completion date and dollar amount into the University's equipment tracking system.
10. For sponsored projects or agreements (e.g., Federal contract or grant), Accounting and Financial Services applies the University's indirect cost rate to labor, travel, or other operating expenses that were a direct-cost on the agreement.

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**

1. When inventorial equipment is dismantled for parts, incorporated into another piece of equipment, or otherwise modified, the department creates an Asset Retirement (AR) document in the University's equipment tracking system to dispose of the item.

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.

2. Equipment Management reviews the authorization and approves the AR document.

**V. Further Information**

- A. Additional information is available from Equipment Management at [eqhelp@ucdavis.edu](mailto:eqhelp@ucdavis.edu) or <http://accounting.ucdavis.edu/CA/fabrications.cfm>.

## **VI. References and Related Policy**

- A. UC Accounting Manual [Chapter P-415-32](#), Plant Accounting: Inventorial Equipment--Fabricated Items.
- B. UC Business & Finance Bulletin [BUS-29](#), Management and Control of University Equipment:.
- C. UCD Policy & Procedure Manual (<http://manuals.ucdavis.edu/ppm/about.htm>):
  - 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.