



University of Massachusetts
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Memorandum

TO: Deans, Directors and Department Heads
FROM: Andrew P. Mangels, Controller
DATE: May 27, 2008
SUBJECT: Fiscal Year 2009 Equipment Guidelines

The capitalization level for equipment is increasing from \$1,000 to \$5,000 on July 1, 2008. This allows the university to ensure compliance with federal inventory and costing policies relating to federal research. UMass system policy still requires that inventories of equipment \$1,000 or greater be conducted. Based on these policies, the Property Office will continue to tag and inventory all movable equipment with an acquisition cost of \$1,000 and over. Note that a one year transition period will be in effect for July 1, 2008 to June 30, 2009 to allow grants and contracts previously awarded to spend existing equipment budgets budgeted at the \$1,000 threshold (see details below).

The following policies are effective July 1, 2008:

Policy for tracking equipment

All movable equipment purchases greater than or equal to \$1,000 will be tagged either by Property Office staff or by arrangement with a department and recorded in the asset management system. Tagged equipment is scheduled to be scanned every two years by campus building location. Departments are notified and asked to provide access to equipment when a building is scheduled to have a physical inventory.

Each department head needs to assign an equipment coordinator to be the liaison with the Property Office to ensure that departmental equipment is properly accounted for. The equipment coordinator is required to determine the disposition of any equipment not observed during a department's physical equipment inventory.

The location of all equipment not on campus must be documented and maintained by the department. Primarily this includes computers, laptops and other telecommunications devices greater than or equal to \$1,000.

Equipment Disposal and Equipment Transfers

All equipment should be disposed of in accordance with federal, state and university guidelines. Equipment costing \$5,000 or more must be disposed of through [Waste Management](#) with a [Surplus Equipment Disposal Form](#). The Property Office needs to be informed when equipment greater than or equal to \$5,000 is transferred between departments or between campus locations in order to update the asset database. Note: surplus equipment or furniture with resale value greater than \$100 can be sold as surplus following the [Procedure For Sale of Surplus Equipment](#) using the [Surplus Equipment Sale Form](#).

Non-capital equipment costing less than \$5,000 can be disposed of through [Waste Management](#) with a [Surplus Equipment Disposal Form](#) or by sign-off of department equipment liaison. The Property Office (mgarrand@admin.umass.edu) must be provided documentation of disposals to update the inventory system. Disposal of computers, laptops and other telecommunication devices must conform with OIT guidelines to prevent loss or theft of sensitive personal, health or educational data such as student grades, ssn#'s or credit card information.

Transition Period for Equipment Purchased in FY2009 on Grants and Contracts

Effective immediately, all grant proposals should use the \$5,000 capitalization level for equipment budgets for equipment expected to be purchased after July 1, 2008. Budget all acquisitions less than \$5,000 as supplies with the F&A (indirect) cost rate in effect.

A one year transition period will be in effect for July 1, 2008 - June 30, 2009 to allow grants *previously awarded* to spend existing equipment budgets budgeted at the \$1,000 threshold. Equipment between \$1,000 and \$4,999 purchased during FY2009 on grants and contracts can be charged to account code 765915 to be exempt from F&A (indirect cost) charges to the grant or contract during this period. Note that general purpose equipment is generally not allowed as a direct charge to federal grants and contracts unless specifically and exclusively used for purposes of the grant.

Account Codes Effective July 1, 2008

The following account codes should be used for capital and non-capital equipment purchases:

Supplies \$0 to \$999: Items costing less than \$1,000 are considered supplies and will not be tagged or recorded in the asset management system by the Property Office.

Departments should maintain procedures to ensure that items costing less than \$1,000 are safeguarded from theft and not purchased for personal gain.

734200	Office and Administrative Supplies: Pens, pencils, file folders, paper products, incl. photocopy paper, film, tape, computer diskettes, ink cartridges and small office machines under \$1,000. Academic Depts., incl. grants, use 741400.
739600	Laboratory Supplies: Glass, syringes, needles, testing materials, protective gear and low dollar lab equipment costing less than \$1,000. Use 761250 for outside lab services.

741400	Library and Teaching Supplies: Supply items, other than books, used in a library or for teaching. Includes low dollar academic equipment costing less than \$1,000. Also includes fabric for clothing such as costumes for theater, etc.
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Equipment \$1,000 to \$4,999:

NON-CAPITAL EQUIPMENT PURCHASE	
741970	Non-Capital Equipment Any movable non-IT equipment item valued at \$1,000-\$4,999.99 that will be tagged and tracked in the University's equipment inventory. For computer hardware, systems, and peripherals see 741980.
741980	Non-Capital Information Technology Equipment Any movable computer hardware, systems, and peripheral item valued at \$1,000-\$4,999.99 that will be tagged and tracked in the University's equipment inventory.

Equipment \$5,000 and over:

CAPITAL EQUIPMENT PURCHASE	
763100	Information Technology Equipment- >\$4,999; Computer hardware, systems, and peripherals. Use 741980 if \$1,000-\$4,999.99: For computer software, see 734800. For computer supplies, use 734200. For computer/software maintenance, use 768100.
763140	Telecommunications Equipment >\$4,999;
763180	Computer Software >\$100,000;
763210	Research/Educational Equipment >\$4,999; Items necessary for research or for instructional use in a teaching setting.
763400	Facility Equipment >\$4,999; Items necessary for the operation of programs of a state facility. For example: machinery, instruments, appliances, and modular units (trailers). Includes Plant, Shop, Operational Equipment and equipment associated with implementing energy savings conservation measures. Room air conditioners included here if greater than \$4,999. For the initial purchase of equipment during the construction of a facility, use 772180.
763500	Motorized Vehicle Equipment >\$4,999; Motor vehicles, including passenger vehicles, airplanes, helicopters, passenger trucks and lawn mowers/tractors greater than 90 h.p. Includes motorized vehicle equipment accessories.
763700	Office Equipment >\$4,999 ; For example, postage, fax machines, etc. See 763100 for Computer Equipment.
763800	Printing/Photocopying Equipment >\$4,999; Printing, photocopier, duplicating, and micrographics equipment, and equipment for the micro production of source documents or electronic data and microfilm/microfiche readers and printers. Includes the payment that covers the cash buyout of such leased equipment.
764200	Medical Equipment >\$4,999; For example, x-ray machines, blood gas analyzers, etc.
764300	Law Enforcement and Security Equipment >\$4,999; For example, radar systems, breathe analyzers, firearms, etc. For police vehicles, see 763500; for ammunition, see 744800.
764500	Heavy Equipment - General >\$4,999; For example, front-end loaders, backhoes, bulldozers, tractors, cranes, dump trucks, etc., for other than farm use. See 763500 for Motorized Vehicle Equipment.
764600	Television Broadcasting Equipment >\$4,999; High technology equipment used for audiovisual productions for video and other television broadcasting.
765915	Non-Cap Grant Rsrch/Educatn Eq; one year transition period to allow grants previously awarded to spend existing equipment budgets budgeted at the \$1,000 threshold.

