



Consolidated / Fabricated Laboratory Equipment Policy and Procedure

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PURPOSE

San Francisco State University may fabricate equipment that is not available commercially, or elsewhere. This equipment is typically used in areas of research under a sponsored project. The procedures for fabrication (assembly) of a capitalized equipment unit are below.

DEFINITIONS

Equipment: The federal government defines *equipment* as “an article of nonexpendable, tangible property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the organization for financial statement purposes, or \$5,000.”

Fabricated Equipment:

1. Total finished value =>\$5,000 and has a useful life of > 1 year.
2. Funding sources cannot be mixed so part of the fabricated unit is owned by the Federal Government or another outside entity and the remaining part(s) is owned by the university.
3. Must be free standing, movable as an entire unit, not permanently attached to a structure, and must not lose its identity when installed in other property.
4. The unit must be complete in itself. It will be added to, accounted for, and removed from capital inventory as one unit or record. All pieces stay together until entire unit is retired from inventory.
5. Assembled parts must be integrated, permanently attached to each other, and essential in the performance of the unit. A basic schematic diagram with a description must show how the parts are integral to the unit.
6. A fabricated unit with all assembled parts must be physically found in one location at all times. Parts which do not meet this requirement are considered individually for capitalization.
7. Indirect Costs (F&A) will not be assessed on fabricated equipment valued at \$5,000 or more.

PROCEDURE

1. The Principal Investigator (PI) identifies the piece of equipment that will be fabricated and notifies the Grants Administrator (GA) in ORSP.
2. The PI or sponsored project staff is responsible for identifying the items that will be used to fabricate the equipment, and notifying the GA so that these can be properly tracked, and exempted from indirect costs.
3. The cost of the items that will be used to fabricate the item must also be tracked so the value of the fabricated item can be established for inventory records.

4. Once the equipment has been fabricated, the GA will notify the Property Office so that the item can be asset tagged and added to physical inventory records.
5. ORSP will categorize the purchases related to the fabrication of the equipment as “capitalized equipment”, exempt from indirect costs.