

II. ACQUISITION

The University may acquire materiel in various ways. A series of Acquisition Codes⁵ is used by the University to identify the method of acquisition.

A. ACQUISITION - UNIVERSITY INVENTORIAL EQUIPMENT

Described below are examples of common acquisition transactions.

1. By Purchase Order

The equipment is recorded by receipt date as Code 30 (Purchased, Government Retains Title) or Code 31 (Purchase Order). The Equipment Management Department assigns a property number and the designated campus office enters the data elements required by the Office of the President into the appropriate electronic database. Accessories/components purchased in conjunction with that equipment shall be recorded with that equipment. Accessories and/or components purchased separately shall be added to the existing equipment inventory entry as a price adjustment.

2. By Gift to the University

The equipment is recorded by date gifted as Code 34(Gift) and is assigned a property number by the Equipment Management Department. Equipment Management should not inventory gifts until the location has processed a "Gift/Private Grant Acceptance Report" (Form UDEV100 or campus equivalent). Gifts of art and scientific collections may be inventoried as a multiple-piece item or group. Gifts of bound volumes, pamphlets, documents, and other library collections are separately recorded by the location Library at fair market value; they are not included in the location's general equipment inventory.

3. Fabricated Equipment

University-fabricated inventorial equipment must be reported to the Equipment Management Department by an Equipment Inventory Modification Request (or equivalent document) while in progress or upon completion. Required

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<u>Acquisition Code</u>	<u>Description</u>
<u>30</u>	<u>Purchased, government retains title</u>
<u>31</u>	<u>Purchase order</u>
<u>32</u>	<u>Fabrication</u>
<u>33</u>	<u>Purchased by Regents' Contracts</u>
<u>34</u>	<u>Gift</u>
<u>35</u>	<u>Found equipment</u>
<u>36</u>	<u>Intercampus Transfer (between UC campuses)</u>
<u>37</u>	<u>Borrowed from another UC campus</u>
<u>38</u>	<u>Borrowed from a non-UC, non-governmental agency</u>
<u>39</u>	<u>Borrowed from a governmental agency</u>
<u>41</u>	<u>Miscellaneous</u>
<u>42</u>	<u>Government-furnished equipment</u>
<u>44</u>	<u>Non-inventorial equipment</u>
<u>45</u>	<u>Recovered equipment</u>

information includes a complete description of the item, the location, name, or account number of the custodial department, and the cost of the equipment.

If the fabricated equipment consists of components which have been acquired by purchase order using corporate object code 9600, or 9610 (or campus equivalents) on award-funded equipment (or campus equivalents), the Equipment Management Department retains copies of the purchase orders until the fabrication report is received. Ordinarily, equipment under fabrication is recorded and tracked separately from the equipment records, then recorded on the inventory when the fabrication is substantially complete. However, if the completion date of an item of fabricated equipment is problematic or indefinite, inventorial acquisitions may be coded using (as appropriate) corporate object code 9000 or 9900 (or campus equivalents) and recorded on the equipment records at the time of the purchase. In any case, the equipment under fabrication should be identified and tracked throughout the fabrication cycle. Fabrication progress should be recorded periodically, either as it occurs or on a predetermined cycle not less than once per year.

The cost assigned to the equipment 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 of acquiring a fabricated asset. (See Accounting Manual Chapter [P-415-32](#).)

Fabricated equipment is recorded using acquisition code 32 (Fabrication).

4. Purchase by Construction Contracts

The location construction contract administrator is responsible for reporting equipment acquired under construction contracts to the Equipment Management Department. Equipment will be categorized by Equipment Management in collaboration with the construction contract administrator and entered into inventory using acquisition code 33 (Regents' Contracts).

5. Found Equipment

Found equipment is recorded using acquisition code 35 (Found). Custody is assigned to the using or custodial department. The value is estimated by the user or custodial department. The date found is used as the date received.

6. Construction and Repair Requisitions

Construction and repair requisitions cover fabrication of inventorial and non-inventorial equipment and maintenance and repair work. If the requisition includes inventorial items, the Equipment Management Department retains a copy. The purchase of any items to be used in fabrication, maintenance, or repair work is covered by a purchase requisition, which should be cross-referenced to the construction and repair requisition. When the service department reports the date of completion, the equipment is recorded using acquisition code 31 (Purchase Order).

7. Acquisition of State Surplus Property

Equipment secured through the State Surplus Property Program is recorded at the fair market value as of the date of transfer of title to the University. The equipment is recorded using acquisition code 31 (Purchase Order).

If initial repairs are necessary to put the equipment into operating condition, the cost is added to the value of the equipment.

These procedures are used regardless of fund source, including extramural funds if the particular award permits the acquisition of surplus property.

8. Equipment Sold by the University to a Service or Auxiliary Organization (approved recharge center)

Inventorial equipment sold to a department by a University service or auxiliary organization approved as a recharge center should be recorded on the inventory records at the time of the sale. The cost is the price charged to the department by the service or auxiliary organization and the receipt date is the date of delivery to the department. It is recorded using acquisition code 31 (Purchase Order).

9. Component Parts and Equipment Enhancements

a. General Provisions - Component parts with a cost of \$5,000 or greater which permanently increase the value or useful life of a specific (as identified by the property number) University-owned unit of inventorial equipment shall be added to the value of that unit of equipment as capital transactions. The description of upgraded equipment items should be revised to reflect any material enhancements. Equipment upgrades valued at less than \$5,000 are to be expensed as non-capital transactions. Repair components, regardless of cost, shall also be expensed.

b. Fund Sources

i. The purchasing entity should identify whether the fund source shall be federal or non-federal when purchasing component parts and enhancements for equipment.

ii. Split-funded Items (using federal and non-federal funds) - When component parts and enhancements are acquired for existing equipment using federal funds, the entire piece of equipment will be coded as federally-funded for purposes of reporting to Office of the President (EFA 100), regardless of the funding source for the initial item.

Split-funded components will be tracked separately (federal vs. non-federal) for the purposes of transfer under the provisions of [BUS-38](#), Disposal of Excess Material and Transfer of Federally-Funded University-Owned Material.

c. Prohibited Transactions - Under no circumstances whatsoever shall University funds be used to purchase employee-owned property with University resources, including purchase of component parts, or assemblies for installation in employee-owned equipment.

B. ACQUISITION UNDER AWARDS WITH EXTRAMURAL SPONSORS

1. Records

The University records agency-furnished and University property acquired under an award in the proper category of the equipment inventory records during the life of the award. This facilitates a listing of equipment by fund number for fiscal and inventorial reports to the agency. Until completion or termination of the award, all such property, whether agency property or University property, is identified in the records by the award fund number. Upon completion or termination of the award, records for property to which the University has acquired title are updated to reflect the change in title, but the fund number and fund source code remain unchanged.

2. Responsibility of Campus Offices

- a. Upon receipt of an award, the Contract and Grant Office notifies the Equipment Management Department of the award provisions regarding reporting and vesting of title.
- b. At the end of each fiscal year, the Accounting Office furnishes to the Contract and Grant Office a list of all awards completed/terminated and for which final settlement has been made during the year. The Contract and Grant Office in coordination with the Principal Investigator and sponsoring department ascertains the status of title to equipment procured under each award and notifies the Equipment Management Department accordingly. The Equipment Management Department institutes any actions that may be necessary to adjust the records to show current status of title.

3. Acquisition – Government Property

a. Government-Furnished Property

Government property may be shipped to the University from government installations, or plants of government departments, or other government agency contractors. The University becomes responsible for such property upon delivery of the property into its custody or control. The shipping activity shall furnish the University with copies of documents necessary for University records to accurately reflect the transaction. When government-furnished property is transferred from one award to another within the University, it remains government-furnished property.

b. University Acquired Property

Direct purchases by the University of property for the performance of an award, title to which vests in the Government, are subject to a determination by the contracting officer of the government agency involved that the property is allocable to the award and is reasonably necessary therefore. Such property becomes government property upon its receipt by the University. Property withdrawn from University stores for direct charge to an award is considered government property at the time of approval of the claim for reimbursement or at the time of issuance

for use of such property for the performance of the award, whichever is earlier.

c. Excess Government Property

Excess government property is materiel, used or new, which is owned by the government, and is no longer needed by the holding federal agency, but has additional useful life. Items are usually allocated on a first-come, first-served basis. The University may be authorized to receive such excess government property by a contracting agency when the property directly furthers an active award. Such authorization is dependent upon the terms of the award and the regulations of the specific agency involved. The Materiel Manager determines the appropriate procedure in each case.

- 1) Cost - Excess government property is usually obtained without cost. However, the University specifies the method of shipment and pays all expenses of packing, transportation and subsequent installation, rehabilitation, and maintenance. Award funds may be used for these expenses.
- 2) Records - The University maintains suitable records showing the location, description, and value of the property, i.e., the amount set forth on SF 122 or DOD Form 1342, as applicable. Items are recorded at the original acquisition cost as indicated on the transfer document. If the value is not indicated on the transfer document, it is the responsibility of the Property Administrator to obtain the value. Expendable or consumable items are not subject to specific record keeping requirements, except for information supporting utilization. Information must be available to allow annual reporting of the balance of government-owned material by award.

4. Title to Equipment Acquired Under Awards with Extramural Sponsors

The specific provisions of the applicable award govern in each instance.

- a. The government may acquire title to equipment as a result of specific award provisions, issuance of change orders, or award termination. Such property, unless otherwise provided by the award, is considered government property on acceptance of title by the government.
- b. The contracting officer may transfer title to the University at the beginning, during, or at the end of an award. Transfer of title is subject to the condition that no charge may be made by the University for depreciation, amortization, or use of the equipment under any existing or future government awards. When title is thus transferred, the University is without further obligation to the government with respect to the equipment unless specific provisions to the contrary are stated in the award or transfer document.
- c. Title may pass to the University at the beginning, during, or at the end of an award but with recovery rights retained by the funding agency.

- d. Title to excess government property remains with the government. Upon request of the University or at the initiative of the agency, title may be subsequently given to the University with the understanding that the property will be used for the award activity for which it was obtained and, upon termination of the award, for comparable purposes as long as the property has a useful life. When no longer required, it may be sold and the proceeds applied by the University to furtherance of like purposes.