



Standard Administrative Policy and Procedure

Subject: University Capital Equipment and Depreciation of Capital Assets Policy

Number: UW SAP 7-9.6

I. PURPOSE

The University of Wyoming has a fiduciary responsibility to manage Capital Equipment with which it has been entrusted, either acquired using any type of University funds or donated from an outside entity.

This management of Capital Equipment includes strict adherence to applicable State and Federal policies to assure safeguarding and accounting for all Capital Equipment. The University defines Capital Equipment as any individual item which:

- A. Has a per-unit acquisition or Fabrication/Construction cost of \$5,000 or more or the aggregate acquisition exceeds \$500 when the purchase is made as an allowable use of applicable bond proceeds;
- B. Is movable (not permanently affixed to a building or infrastructure);
- C. Has a useful life of at least one (1) year; and
- D. Is an inanimate object, typically used to perform tasks (e.g. research, grounds-keeping, farming, transportation, etc.).

It does not include real property (land), most software, animals, or library holdings.

In fulfillment of its mission and compliance responsibilities, the University must maintain an accurate inventory system and procedures that safeguard University assets, and assure financial accountability, reporting accuracy, adequate insurance, efficient utilization, and appropriate disposition of all Capital Equipment.

The following policy applies to all University Organizations and individuals involved in the acquisition, utilization and/or disposition of all Capital Equipment in their operations. The Asset Management Office is responsible for assisting University Organizations and individuals in recording, monitoring, and tracking Capital Equipment.

Additional definitions and policies specific to federally-acquired assets can be found in University of Wyoming Office of Sponsored Programs' Post Award policies.

II. ORGANIZATION PROPERTY ADMINISTRATOR (OPA)

A. Designation

Every campus Organization must designate at least one Organization Property Administrator (OPA). The Asset Management Office will formalize this

designation through an agreement with the OPA and the Organization's Senior Financial Officer or Business Manager.

B. Responsibilities and Training

The OPA must manage Capital Equipment for the OPA's individual Organization(s) in accordance with policy for the equipment's entire lifecycle, from arrival on campus through final disposition. Personnel designated as OPAs must undergo training developed and provided by the Asset Management Office within 30 days of designation.

C. Local Awareness Activities

OPAs will train/orient employees or anyone taking on responsibilities within the given Organization related to Capital Equipment policies, usage, procurement, disposition and/or related activities. Training may also be provided/supplemented by the Asset Management Office, Office of Sponsored Programs, Procurement and/or Payment Services.

III. CAPITAL EQUIPMENT POLICY

This Capital Equipment policy is organized into asset life-cycle stages: (1) acquisition of equipment; (2) tagging and physical inventory tracking; and (3) final dispositions.

A. Acquisition of Equipment

- 1. Institutional Inventory Records** - All Capital Equipment purchases must be placed on institutional inventory records regardless of their funding source(s) or ownership title (Federal, State, University or other).
- 2. Donations, Gifts, and Gifts-In-Kind** – Donations, Gifts and Gifts-In-Kind are non-monetary gifts, which if they meet the definition of Capital Equipment, must be added to institutional inventory records. All non-monetary gifts of Capital Equipment must first be reported to the University of Wyoming Foundation for processing. The asset value must be based on a written estimated Fair Market Value of the gift. The University is not permitted to establish a Fair Market Value on any donated Capital Equipment. The University of Wyoming Foundation will advise the donor on the necessary procedures to follow for establishing Fair Market Value in accordance with UW Regulation 12-1.
- 3. Research-Related Capital Equipment**
 - a. Transfer-In Without Purchase** - With prior approval from their Division's business office, Organizations hiring new research-related employees can execute a Transfer-In of existing Capital Equipment assets without purchase from the new hire's former institution. Organizations of new hires who

negotiate a Transfer-In of Capital Equipment must notify their OPA. The OPA is responsible for executing the required form (UW Sale/Transfer Procedures for Equipment Purchased with Sponsored Program Funds) to notify the Asset Management Office of the incoming equipment.

- b. Transfer-In With Purchase** - With prior approval from their Division's business office, Organizations hiring new research-related employees can purchase existing Capital Equipment from a new hire's prior institution. If the equipment is being transferred with a federal award to the University, a purchase may not be necessary or allowed. Organizations should consult the Office of Sponsored Programs for allowability. If approved and allowed, Organizations must requisition such purchases through Procurement Services within Financial Affairs.
- 4. Fabricated/Constructed Capital Equipment** - Fabricated/Constructed Capital Equipment expected to cost \$5,000 or more and have a useful life of at least one (1) year or more must be declared in advance to the Asset Management Office through a Fabrication Request Form so an Asset ID Tag number is established and referenced for all future qualified expenditures. Upon putting the Fabricated/Constructed equipment into service, the equipment's responsible person must notify their designated OPA, who will contact the Asset Management Office to have the equipment tagged, and the appropriate accounting entries made.
 - a. CIP Equipment** - CIP (Construction-In-Progress) equipment is capitalized to its appropriate capital asset categories upon the earlier occurrence of:
 - 1)** When the equipment is placed into service; or
 - 2)** Execution of substantial completion contract documents.
- 5. Upgrades** - Upgrades (purchased or Fabricated/Constructed) to existing Capital Equipment, costing \$5,000 or more with a useful life of at least one (1) year, can be capitalized only if the Upgrade results in one or more of the following:
 - a.** A substantial increase in the functionality of equipment which allows it to function or perform tasks it was previously incapable of performing; or
 - b.** A substantial increase in the efficiency of the equipment, that is, an increase in the level of the service provided by the equipment.

The record of the qualified Upgrade must be linked to the original equipment and its corresponding Asset ID Tag, but the Upgrade will depreciate under its own separate schedule.

B. Tagging and Physical Inventory Tracking

- 1. Asset ID Tag** - All Capital Equipment must be tagged with the appropriate Asset ID Tag and records completed in the asset management module of WyoCloud upon the asset's arrival on campus, or in the case of Fabricated/Constructed, when placed into service. OPAs must make arrangements for and access to the asset for tagging within one week of a request made by the Asset Management Office.
 - a.** In some instances, the tagging may be done by the OPA.
 - b.** Certain pieces of Capital Equipment over the \$5,000 threshold are considered a replaceable part and not an asset. These will not be tagged. Included in this category are subcomponents of assets such as pumps and core holders.
- 2. Location** - Asset ID Tags must be placed on an easily visible location of the asset.
- 3. X-Tags** - Capital Equipment that is designated by the Asset Management Office as "untaggable" (i.e., asset is smaller than tag, located in a remote or difficult to access area, etc.) must still have inventory records completed in the asset management module of WyoCloud and will be assigned a tag number, referred to as an X-Tag.
- 4. Physical Inventory** - Physical inventories will be scheduled by the Asset Management Office using a rolling process across campus that ensures every Organization conducts a full inventory once every two years. The OPA is responsible for completing the biennial inventory. The OPA or designee must account for all Capital Equipment. The Asset Management Office will reconcile the records to those in the asset management module of WyoCloud.
- 5. Required Information** – Required inventory information includes:
 - a.** Asset ID Tag
 - b.** Description
 - c.** Manufacturer
 - d.** Model
 - e.** Serial Number (or Federal stock number, national stock number or other ID number)
 - f.** Acquisition Date
 - g.** Cost
 - h.** Location
 - i.** Asset Owner (UW employee to whom asset is assigned)
 - j.** Asset Key (indicates source of funding)
 - k.** Invoice Date

Federally-acquired assets must also include:

- l.** FAIN (Federal Award Identification Number)
- m.** Who holds title
- n.** Percentage of federal participation in the project costs for the federal award under which the property was acquired
- o.** Use and condition of the property
- p.** Final disposition record, including date of disposal and Sale price or method used to determine Fair Market Value where a recipient compensates the Federal awarding agency for its share.

Information specific to federally-acquired assets as listed above is recorded and tracked by the Office of Sponsored Programs.

- 6. Missing Inventory** - Organizations have up to fifteen (15) business days from the last physical inventory or audit to locate items if they were not found in their last documented location. Consequences of non-compliance are outlined in Section VI below.
- 7. Changes to Asset** - In between physical inventories, the OPA is responsible for notifying the Asset Management Office of Capital Equipment Location changes (equipment moving to a different room or building), cost center updates, Trade-Ins, Transfers-In, Transfers-Out, Donations, Gifts and Gifts-In-Kind, disposals and any other status change including change of Principal Investigator (PI) or assignment contemporaneous to the change, and no later than within fifteen (15) calendar days of its occurrence.
- 8. Temporary Location Change**- A signed asset check-out form (“Organization Check-Out List for Temporary Location Change of Equipment”) must be obtained through the Asset Management Office for any Capital Equipment removed from its recorded location for seven (7) days or more. This is for a temporary use of an asset in a location that differs from the primary location recorded in WyoCloud.

C. Final Dispositions

- 1.** Organizations must make a written request on a Property Disposition Request (PDR) form and submit it to the Asset Management Office for approval prior to disposition of all University property including Capital Equipment. Organizations shall also follow all applicable University policies regarding disposing of University property, including but not limited to processes required to ensure that sensitive and confidential information has been entirely erased from University property prior to its disposal. PDRs having items identified by the Asset Management Office as purchased with grant funds are sent to the Office of Sponsored Programs for approval prior to being forwarded to the Surplus Office.

2. Disposition includes the following (see Appendix A, “Definitions” for more information):
 - a. Surplus
 - b. Transfer within the University, including changes to Organizations, Asset Owner, or rooms or other locations
 - c. Move/Sale to departing employee’s new institution
 - d. Transfer-Out: Transfer to departing employee’s new institution with ongoing sponsored project
 - e. Cannibalization
 - f. Deliver per contract
 - g. Return to vendor
 - h. Trade-In
 - i. Lost/Destroyed
 - j. Stolen
 - k. Record-Keeping Error
 - l. Unallowable Dispositions
3. **Move/Sale** - At the University, Moves or Sales are done in cases where: 1) a researcher is departing for a new academic institution, and 2) the Capital Equipment associated with the researcher is not a federally-acquired asset.

For the purposes of this policy:

- a. **Move** is defined as a zero-dollar sale to a new academic institution that results in a transfer of title, possession and accountability for the equipment from the University to the new institution; and
- b. **Sale** is defined as a transaction to a new academic institution in which title to equipment, possession and accountability is relinquished in exchange for Sale price as agreed upon by the new institution and approved by the Organization’s appropriate signing authority.

The Move/Sale must be documented by OPAs on a PDR. The Asset Management Office reviews all Moves/Sales and works with Organizations and the receiving University as necessary to process and document the transaction.

4. **Transfer-Out:** For purposes of this policy, “Transfer-Out” is defined as a transfer of title and accountability for federally-acquired equipment to a new institution. At the University, transfers can only be done in cases when a researcher is departing for a new institution with an ongoing sponsored project that will be moved there, and the sponsored project paid for the Capital Equipment asset. This used equipment may Transfer-Out without purchase from the University, or could have an exchange of funds under limited circumstances. Transfer-Out of equipment is documented by OPAs on a PDR, and must be approved by the Office of Sponsored Programs to ensure compliance with their policies.

5. **Lost/Destroyed Inventory** - Capital Equipment should be reported as Lost only after a concerted, documented effort has been made to find it. Lost or Destroyed equipment must be reported to the Asset Management Office according to the following procedure:
 - a. A PDR for the Lost/Destroyed equipment must be submitted to the Asset Management Office as soon as determination of the loss or destruction has been made. The PDR must include documentation and a description of how loss/destruction was identified:
 - 1) Lost: the OPA must describe in detail the efforts made in trying to locate or retrieve the item;
 - 2) Destroyed: Documentation of Destroyed equipment must include a description of how the destruction occurred, and must be accompanied by a photograph of the equipment.
 - b. The PDR must be signed by the Organization's Dean, Director or Department Head. Loss of equipment over \$10,000 must be signed by the area Vice President.
 - c. The Asset Management Office will remove items from active records as Lost or Destroyed upon receipt and review of the PDR. The Asset Management Office reserves the right to audit all Lost or Destroyed equipment PDRs, and as necessary follow procedures listed in section VI below, "Consequences for Non-Compliance."
6. **Stolen Inventory** - Capital Equipment reported as Stolen should be reported to the Asset Management Office on a PDR, which must be accompanied by a University police report or report of law enforcement in the jurisdiction where the theft took place if it was not on University property.

IV. DEPRECIATION OF CAPITAL ASSETS POLICY

- A. University assets, including those not covered in this policy, are depreciated straight line by month over the years as follows:

1. Buildings	50
2. Land Improvements. Landscaping	20
3. Land Improvements. Unclassified	15
4. Land Improvements. Parking Lots	10
5. Infrastructure. Utility Systems	30
6. Infrastructure. Streets	18
7. Infrastructure. Sidewalks	15
8. Infrastructure. Telecomm Systems	15
9. Equipment. Farm	10
10. Equipment. Food Service	10

11. Equipment. Law Enforcement	10
12. Equipment. Shop	10
13. Equipment. Dormitory	7
14. Equipment. Education	7
15. Equipment. Laboratory	7
16. Equipment. Vehicles	7
17. Equipment-IT. Computer	3
18. Equipment. Data Processing	3
19. Equipment. Office	3

- B. Upgrades and improvements to existing buildings costing \$50,000 or more are capitalized and depreciated over the life of the building and are not Capital Equipment.

V. GENERAL ROLES & RESPONSIBILITIES

- A. **Organization Property Administrator (OPA)** – Serves as the liaison between their Organization and the Asset Management Office for matters regarding Capital Equipment.
- B. **Division Business Manager** – Coordinates the designation of OPAs for their Division and provides oversight and support to the OPAs in execution of their responsibilities. The Business Manager is the University employee within the Division who is primarily responsible for oversight and management of the Division’s financial activities.
- C. **Asset Management Office** – Responsible for the overall management of Capital Equipment acquired by and assigned to the University of Wyoming in accordance with current University policies and procedures and applicable state and federal policies. Management duties include establishing and maintaining necessary records to ensure accurate accounting and reporting of all Capital Equipment in the possession of the University.

VI. CONSEQUENCES FOR NON-COMPLIANCE

- A. Any employee(s), including faculty, staff or student employee(s), failing to comply with this policy and/or to cooperate with and assist the OPA may result in disciplinary action for that employee up to and including termination based on the severity of the action or non-action of the employee(s). Incidents related to fraud will be referred to the UW Police Department for further investigation and action.
- B. OPAs are accountable to their Organizations, the Asset Management Office, the Risk Management Office and Internal Audit to comply with this policy. They must contact the Asset Management Office if they are experiencing issues of non-compliance from other employees (see VI.A above) or if they need additional training or help.

- C. Researchers should be mindful that failure to follow federal guidelines could result in loss of future research funding.

VII. INQUIRIES REGARDING POLICY

Inquiries regarding the above items illustrated within this policy should be directed to the Asset Management Office. Additionally, final interpretation of the policy will be determined by the Associate Vice President for Financial Affairs.

Responsible Division/Unit: Division of Administration

Source: None

Links: <http://www.uwyo.edu/regs-policies;>

<http://www.uwyo.edu/administration/financial-affairs/policies/;>

<http://www.uwyo.edu/administration/financial-affairs/chart-of-accounts.html>;

<http://www.uwyo.edu/research/files/docs/EquipTransferProc.doc>;

<https://www.uwyo.edu/administration/financial-affairs/forms/index.html>;

Associated Regulations, Policies, and Forms: UW Regulation 7-9; UW Regulation 12-1; UW Office of Sponsored Programs Post-Award Policies; UW Sale/Transfer Procedures for Equipment Purchased with Sponsored Program Funds; Fabrication Request Form; Organization Check-Out List for Temporary Location Change of Equipment (Asset Check-Out Form); Property Disposition Request Form (PDR)

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APPENDIX A: Definitions

Acquisition Date: The date the equipment is received by the University.

Asset Check-Out/Temporary Off-Campus Assignment: A University Capital Equipment asset that will temporarily reside for seven (7) days or more at a location different than the one recorded in Asset Management's WyoCloud records.

Asset ID Tag: A numbered tag that is affixed to an asset by the Asset Management Office signifying that the item is Capital Equipment and whether it is titled to the University, or a federal or state government agency.

Asset Key: A field in the asset management module of WyoCloud that captures funding source information as a one-word description: Federal; State; PPM; UWYO; None.

Asset Owner: University employee to whom asset is assigned; primary user and/or Principal Investigator (PI) if a grant-funded asset, who is responsible for day-to-day usage. This information is tracked within the WyoCloud system.

Cannibalization: An asset removed from active service (retired), but remaining on campus for the purpose of supplying spare parts for another (same or similar) piece of equipment that is still in service.

Capital Equipment: An acquisition qualifies as Capital Equipment if it meets these four criteria:

1. Item has a per-unit acquisition cost of \$5,000 or more before any applicable trade-in allowance or qualifies as a fabricated/constructed assessed with a cost of \$5,000 or more.
2. The acquired item has a useful life expectancy of one (1) year or more.
3. The item is moveable; that is, it is not permanently affixed to a building, infrastructure or another object in such a way as to lose its unique identity.
4. The item is an inanimate object, typically used to perform tasks (e.g. research, grounds-keeping, farming, transportation, etc.). Items like artwork, animals and most software are not considered Capital Equipment assets.

CIP Equipment: Equipment in the process of being Fabricated/Constructed by an Organization with an expected useful life of at least one (1) year and an expected cost of \$5,000 or more.

Destroyed: Damaged or ruined beyond repair.

Division: Includes the Office of the President, the Office of Academic Affairs, the Division of Administration, the University of Wyoming Foundation, the Division of Information Technology, the Office of Research and Economic Development, the Division of Student Affairs, the Department of Intercollegiate Athletics, and the Office of General Counsel.

Donations, Gifts, Gifts-In-Kind: A non-monetary gift or donation received by the University and processed by both the University of Wyoming Foundation and the Asset Management Office to be used in operations.

Fabricated/Constructed: Purchases of component parts and direct labor that are custom joined to create an asset not commercially available, and is capitalized together as one asset. To meet this definition, component parts must work together to perform one function. Each component part must be necessary for the asset to function, i.e., removal of any part would result in the asset not operating at capacity or for its intended purpose.

Fair Market Value: The price for which an asset would be sold on the open market.

Location: The area of primary use or storage (defined by country, state, city, building and area). Tracked by OPA and recorded by Asset Management Office in WyoCloud.

Lost: An item that is unable to be found after all efforts have been exhausted.

Move: For the purpose of this policy, a move is defined as a zero-dollar Sale to a new institution that results in a transfer of title, possession and accountability for the non-federally acquired equipment from the University to a new academic institution. At the University, moves can only be done in cases where a researcher is departing for a new academic institution. In any other situation, equipment must be declared as Surplus.

Organization: An Organization represents a department or unit where staff is identified and business is transacted. Each individual Organization is part of a hierarchy that rolls up to the Division level. While the specific hierarchy varies, one example is:
Division/SubDivision/Unit/Department/Organization.

Record-Keeping Error: Incorrect information recorded by either Organization or the Asset Management Office.

Sale: For purposes of this policy, a Sale is defined as a transaction in which title to non-federally acquired equipment, possession and accountability is relinquished in exchange for Sale price. At the University, Sales can only be done in cases when a researcher is departing for a new academic institution. In any other situation, equipment must be declared as Surplus.

Stolen: Knowledge that an item was misappropriated. Property Disposition Request forms processing Stolen items must include a police report.

Surplus: Any item that:

1. Does not function anymore;
2. Is obsolete;
3. Is not useful; or
4. Is not needed in the foreseeable future.

Trade-In: An active asset relinquished to a vendor in exchange for the reduction in price towards the purchase of a new similar asset whose cost is greater than \$5,000.

Transfer: A change in the Capital Equipment's recorded location, Asset Owner, or from one University Organization to another University Organization. Transfers are documented by OPAs via the Property Disposition Request form, and the new location, Asset Owner and/or Organization recorded into WyoCloud by Asset Management.

Transfer-In: For purposes of this policy, "Transfer-In" is Capital Equipment received from an incoming employee's prior institution (usually from another university) with an ongoing

sponsored project that will be moved here. This used equipment may Transfer-In without purchase to the University, or could have an exchange of funds under limited circumstances.

Transfer-Out: For purposes of this policy, “Transfer-Out” is defined as a transfer of title and accountability for equipment to a new institution. At the University, transfers can only be done in cases when a researcher is departing for a new institution with an ongoing sponsored project that will be moved there, and the sponsored project paid for the Capital Equipment asset. This used equipment may Transfer-Out without purchase from the University, or could have an exchange of funds under limited circumstances.

Unallowable Dispositions: Disposals that fail to comply with University procedures for disposition.

Untagged Asset: Capital Equipment receiving an X-Tag because it is not compatible with being tagged due to special circumstances (e.g. asset too small for the tag, would adversely impact asset performance, etc.)

Upgrade: For purposes of this policy an Upgrade refers to substantial improvements costing \$5,000 or more. Upgrades may be fabricated/constructed or purchased complete. To be considered a Capital Equipment Upgrade, the Upgrade must result in one or more of the following:

1. A substantial increase in the functionality of equipment which allows it to function or perform tasks that it was previously incapable of performing.
2. A substantial increase in the efficiency of the equipment, that is, an increase in the level of service provided by the equipment without the ability to perform additional tasks.

X-Tag: A consecutive number ending with an X assigned to Capital Equipment considered to be untaggable due to size, location or other constraints, and tracked within the asset management module.

Straight Line/Even Depreciation: A method of computing depreciation by dividing the asset’s cost by the number of years it is expected to be used. The University does not take salvage value into consideration for this calculation.