

**To: Departmental Administrator**

**From: Jerry Fife**

**Subject: New Procedure Regarding Fabricated Equipment**

Effective January 2005, a new procedure is being implemented by University Central Asset Management regarding the tracking of Fabricated Equipment. Our current capitalization policy, which can be found at( <http://vanderbilt.edu/ocga/vupolicies/assetcapt/assetcapitalization.htm>) remains intact whereby the department is basically responsible for notifying Asset Management that an asset is being built (via the Notification of Fabricated Equipment form) and to obtain a tag number. The department is also responsible for displaying this tag number on every requisition, purchase order, and invoice pertaining to that particular fabricated asset. Please read the policy for further details.

In order to maintain control over the charges that are processed and to account for them appropriately, the following new procedure will be implemented in January, 2005.

Asset Management will send out the requests for information via email by the 7<sup>th</sup> working day of the month succeeding the month to which the transaction is posted to the ledger. Asset Management will require that a response from the department be provided no later than the 30<sup>th</sup> of the same month. If Asset Management has not received a response to their information request by the 30<sup>th</sup> of the month, Asset management will prepare a journal entry to move those charges to an appropriate account before the general ledger month end close. Charges originally processed to the fabricated account (74080) that are capital by themselves (greater than \$3,000 and useful life greater than 1 year) will be capitalized as moveable equipment (i.e. that item will be capitalized with it's own asset number as a single piece of equipment). Charges originally processed to the fabricated account (74080) that are not capital by themselves will be expensed (i.e. that item will be charged to a non-capital account).