

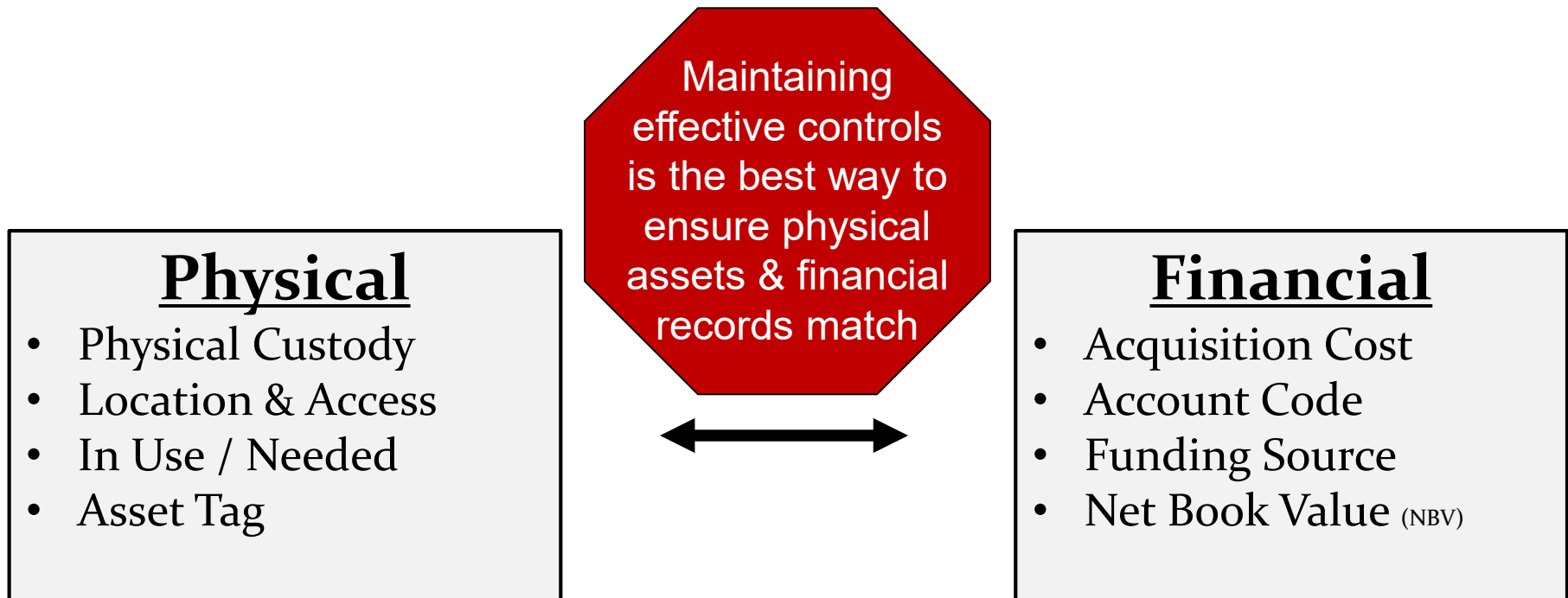
# FY2019 Internal Controls Unit Meetings

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## CAPITAL EQUIPMENT UPDATE

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# Stewardship of Capital Equipment



## Key Takeaways:

- Ensure on-going controls are in place - *the Biennial Equipment Inventory should only serve as validation*
- Ensure the Asset Management list always reflects departmental equipment
  - All equipment on the list belongs to the department, and
  - All equipment that belongs to the department is on the list
  - All equipment information is accurate and up-to-date

# Capital Equipment – Key Reminders

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- Capital Equipment Gap Analysis Elements – Key Areas of Focus
  - Acquisition & Recording
  - Tagging
  - Tracking Active Equipment
  - Monitoring & Stewardship
  - Biennial Inventory
  - Disposal
- Capital Equipment Report in [Business Objects](#)
  - Contains a summary page & pre-defined sorts, including: Oldest Capital Equipment, Custodian (Blanks Listed First), Capital Equipment Cost, Location, and VP Area / Dept Grp / DeptID
  - *AMo1 AsMang Capital Equipment by DeptID, Dept Grp, or VP Area*
- Units Have the Ability to Update Non-Financial Asset Information within the Asset Management System
  - Obtain the [OARS](#) Role: *AM DEPARTMENT ASSET SPECIALIST*
- Gap Analysis & Written Procedure Templates are available on the [Internal Controls Website](#) & within [M-Reports](#)

# Capital Equipment & The Internal Controls Certification Plan

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- **FY2018**

- Draft Gap Analysis available
- Unit discussions – Overview of capital equipment controls

- **FY2019**

- Gap Analysis added to Internal Controls Certification
- “YES” - Gap analysis completed and plans in place for addressing control gaps within the next 12 months

- **FY2020**

- Gap Analysis included in Internal Controls Certification
- “YES” - Unit has completed the annual gap analysis and proper controls are in place

# Key Contacts

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- Property Control [Tagging / Monitoring / Inventory]
  - Agustin Guzman – [guzmana@umich.edu](mailto:guzmana@umich.edu) – (734)647-5414
  - Stacey Glemser – [staceygm@umich.edu](mailto:staceygm@umich.edu) – (734)764-9783
  - Karin Feher – [jensenka@umich.edu](mailto:jensenka@umich.edu) – (734)764-6254
- Financial Operations [Proper Account Usage]
  - Vicky Dziubinski – [vickyd@umich.edu](mailto:vickyd@umich.edu) – (734)647-3778
  - Kandie Little – [khines@umich.edu](mailto:khines@umich.edu) – (734)763-2393
  - Jarrod Van Kirk – [jvankirk@umich.edu](mailto:jvankirk@umich.edu) – (734)647-3791
- Property Disposition [All Disposals]
  - Hillary Schreiber – [schreibh@umich.edu](mailto:schreibh@umich.edu) – (734)764-2470

**Willing to come out and meet with Unit reps to discuss  
the Capital Equipment process**



# FABRICATED EQUIPMENT

## *Key Unit Responsibilities*

1

Ensure fabrication components are coded to Account 614060 (for University owned equipment) or Account 614330 (for Sponsor owned equipment)

2

Notify Sponsored Programs (for Sponsored Fabrications) or Financial Operations (for Non-Sponsored Fabrications) when the fabricated equipment is completed and in use

3

Facilitate tagging and notify appropriate personnel within the department of the completed equipment, as necessary

**Equipment Fabrication** is the process of constructing a piece of capital equipment.

- The completed equipment must have an expected useful life of 1 year or more and the estimated non-labor costs of building the equipment must be in excess of \$5,000.

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### Allowable Charges on Fabrication Account 614060 or 614330

- Fabrication expenses should include the non-labor costs of materials and supplies necessary to fabricate the equipment

### Unallowable Charges on Fabrication Account but Allowable on Fab P/G

- Salaries, fringes, postage, telephone, copying, gas cylinder rentals, warranties, shipping (unless part of an invoice), custodial charges, and consumable items such as chemicals/reagents/gases



# Sponsored Fabrications

If equipment fabrication is budgeted in the agreement, Department requests SP Customer Service to open a new Sub (FAB) P/G, named after the equipment to be fabricated.

The Department purchases fabrication components on the Fab P/G, using Account code 614060 (for University owned equipment) or 614330 (for sponsor owned equipment).

If unable to assign the appropriate fabrication Account code at acquisition, the Department must JE all applicable costs to the appropriate Account after acquisition.

The Department notifies Sponsored Programs Customer Service when fabrication is complete and equipment is in use.

\*The Department, or SP, writes the appropriate closing JE to move all fabrication components from the Fabrication account on the Sub P/G to the Capital Equipment Account on the Parent P/G.

Financial Operations reviews the JE to close the fabrication and notifies Property Control of the newly completed equipment.

Property Control goes to the department to assess and physically tag the fabricated asset

Once the asset is tagged, Sponsored Programs processes the JE and Financial Operations adds the completed fabricated equipment to the Asset Management System.

The department tracks and maintains the fabricated equipment in the same manner as all other capital equipment.

For questions regarding Sponsored Fabrications, please contact your Sponsored Programs

Coordinator

# Non-Sponsored Fabrications

The Department purchases fabrication components using account code 614060 (for University owned equipment).

[Financial Operations recommends that a separate P/G be established to track all costs of the Fabrication.]

If unable to assign the appropriate fabrication account code at acquisition, the Department must JE all applicable costs to the appropriate account after acquisition.

\*The Department writes the appropriate closing JE to move all fabrication components from the Fabrication account (614060) to the Capital Equipment account (614000).

Financial Operations reviews the JE to close the fabrication and notifies Property Control of the newly completed equipment.

Property Control goes to the department to assess and physically tag the fabricated asset

Once the asset is tagged, Financial Operations adds the completed fabricated equipment to the Asset Management System.

The department tracks and maintains the fabricated equipment in the same manner as all other capital equipment.

For questions regarding Non-Sponsored Fabrications, please contact  
[accountingoperations@umich.edu](mailto:accountingoperations@umich.edu)

## \*To Write JE to Close Fabrication:

- Move the costs out of Account code 614060 (Equipment Fabrication) or 614330 (Sponsor Owned - Fabrication) on to Account code 614000 (Equipment > \$5,000) or 614300 (Sponsor Owned Equipment)
- [For Sponsored Only] Also, in the same JE, move the whole amount from Account code 614000 (or 614300) on the Sub P/G to Account code 614000 (or 614300) on the Parent P/G
- Save all supporting documentation
- In the long description include: Fab P/G#, Parent P/G#, End Date, Name of Fabricated Equipment, Location of Equipment, Department Contact & Asset Custodian (Name & Phone Number)