

Guidelines to Follow When Purchasing Capital Equipment

The primary responsibility for safeguarding RIT's assets lies with Property Control, a unit within the Accounting/Financial Reporting group of the Controller's Office. However, departments across the Institute can assist in this important area by following a few simple guidelines developed by Property Control.

Definition of Capital Equipment

Capital equipment is defined as an article of nonexpendable, tangible personal property with a useful life of more than one year and an acquisition cost (including freight and installation charges) of at least \$1,500. RIT also capitalizes software with a cost of \$100,000 or more.

All capital equipment is recorded as an asset on the general ledger using object code 16200.

What's Not Considered Capital Equipment

<i>Item Description</i>	<i>Charge Object Code</i>
Furniture with a per unit cost less than \$1,500	84000
Equipment with a per unit cost less than \$1,500	84000
Maintenance & Repairs – Buildings	80000 - 80009
Maintenance & Repairs – Equipment	80200 - 80209
Warranties for capital equipment	80200 – 80209
Equipment Rentals & Leases	76950
Software less than \$100,000	73750
Licenses & Permits	74200
Supplies	73000 - 73509

Purchase Requisitions

Did you know that the Oracle Fixed Asset system is fully integrated with Oracle Purchasing and Accounts Payable? The good news about this feature is that Property Control is able to capture the information required to record equipment purchases in the Fixed Asset system directly from the information you enter on a purchase requisition. The bad news is that when information on the requisition is incomplete, it can be very difficult for Property Control to track down the details required to correctly record your department's assets.

Here are some quick pointers to help you help us safeguard the Institute's capital equipment:

- All parts for a personal computers including monitor, keyboard, docking station, etc., are considered to be one piece of equipment. When upgrades such as additional memory and extra drives are purchased at the same time as the computer, they will also be capitalized (e.g., use object code 16200 on the requisition). The same is true for other capital equipment purchases – if there are multiple parts, and the total cost is at least \$1,500, use object code 16200.
- Charge printers purchased at the same time as a computer, with a unit cost of less than \$1,500 to object code 84000 – equipment less than \$1,500.

- Operating software purchased with capital equipment is part of the cost of the equipment and is capitalized.
- Charge application software that is required for the operation of the equipment to object code 16200 (when it is purchased with the equipment).
- Application software that is not installed, but purchased at the same time as the equipment (i.e., Microsoft Office), is generally not considered part of the cost of the equipment and should be charged to object code 73750. purchased with
- When an extended warranty is purchased, charge a maintenance & repair object code (warranties are not capitalized).
- If you are purchasing several pieces of equipment that have a unit cost less than \$1,500, but the total requisition is more than \$1,500, use object code 84000 (not 16200).
- Modular workstations are generally not capitalized, even when the total of the component parts exceeds \$1,500.
- Provide *meaningful descriptions* for all capital equipment purchases. The information that prints out on the inventory reports from the fixed asset system is based upon the description that is entered on the purchase requisition. Meaningful description will help you when it's time to inventory your department's capital equipment
- Since certain Oracle reports truncate descriptions when they are printed, enter the most important information at the beginning of the description field.
- Place references such as “web proposal”, “quote #” or “part number” at the end of the description field.

If you have questions about these capital equipment guidelines, please contact Jane McGrath-Briggs, Property Control Administrator, at ext. 5-4933. Please visit the Controller's Office web site for more information:

<http://finweb.rit.edu/controller/propertycontrol.html>