

ADMINISTRATIVE POLICY

Fabrication of Fixed Assets

Approval Authority: Vice Chancellor for Finance, Information Technology and CFO

Responsible Administrator: Controller

Responsible Office: Finance

Policy Contact: Director of Accounting and Financial Reporting

Originally issued:

March 2018

Current version

effective as of:

July 2023

POLICY STATEMENT/REASON FOR POLICY

This policy establishes criteria for the inclusion of fabricated equipment on research projects sponsored by the federal government, so that such charges are in compliance with federal regulations and university policies. Vanderbilt University follows uniform policies and procedures for financial statement purposes and for compliance with federal requirements 2 CFR 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

From time-to-time for reason of cost efficiency, timeliness of delivery, non-availability or uniqueness of a particular piece of equipment, it may be necessary or advantageous for a research project to fabricate a piece of equipment rather than purchase the item.

THIS POLICY APPLIES TO

This policy applies to all Vanderbilt staff responsible for initiating, processing, and authorizing fabricated equipment asset purchases. For additional details on capitalization of equipment, please reference Vanderbilt University Capitalization Policy.

POLICY

A. Fabrications of equipment criteria for capitalization

1. Total estimated cost of \$5,000 or more.
2. Equipment is not expendable and has an estimated useful life of more than one year.
3. When completed, equipment will remain at Vanderbilt University and is not a deliverable of a sponsored award from another institution.
4. When completed, equipment will not be affixed permanently to a building or structure.
5. Is tangible and capable of specific identification and continuous control through tagging and physical inventory.

B. Construction costs charged to the Fabricated Equipment account that are integral to the fabrication of equipment

1. Materials and supplies
2. Shop labor
3. Individual items of capital equipment that will be incorporated into the fabrication

4. Shipping and transportation charges
5. Travel directly related to installation of the fabricated equipment

Note: the terms and conditions of specific awards funding fabricated equipment may further restrict the types of costs that can be charged to the fabrication account. Questions about the validity of a particular cost can be referred to Research Finance.

C. Costs not allowable for fabricated equipment

1. Academic personnel labor costs (e.g., salaries for faculty, graduate research assistants, postdocs, senior research associates)
2. Books, periodicals, memberships
3. Computer maintenance and repair
4. Copying and fax usage
5. Entertainment
6. Equipment maintenance and repair
7. Facility rental
8. Food
9. Intracompany charges (e.g., Software Store Purchases)
10. Legal expenses
11. Meetings, conferences, symposia
12. Travel (unless directly related to the installation of the fabricated equipment)
13. Software acquisition and/or development unless necessary in order for the fabricated equipment or instrument to operate
14. Visa applications

D. When to begin capitalization

Fabricated Equipment is capitalized when placed in service.

E. Subsequent modifications

Subsequent modifications to the fabricated equipment or replacement of individual parts after the original fabrication has been capitalized should be expensed, unless the subsequent modification or replacement itself costs \$5,000 or more and extends the useful life of the fabricated equipment beyond 1 year.

F. Timeline

Fabricated Equipment assets using sponsored awards as funding sources must be completed within the budget dates of the sponsored award. This applies even if a combination of sponsored funds and non-sponsored funds are being used. Fabricated Equipment not using sponsored award funds must be completed within a reasonable amount of time subject to review by the Controller.

DEFINITIONS

Asset Management – Oracle Fixed Asset Sub Ledger (FASL) – repository containing all details of capital assets.

Capitalize – Capitalizing is an accounting method used to delay the recognition of expenses by recording the expense as a long-term asset. In general, capitalizing expenses is beneficial as it allows organizations acquiring new assets with a long-term lifespan to spread out the costs.

Fabricated Equipment Asset – is a piece of equipment that, when assembled, functions as a stand-alone asset, or is an enhancement to an existing asset. In the case of Vanderbilt, personnel built or assembled the equipment from individual parts or components.

CONSEQUENCES OF NON-COMPLIANCE

Assets may not be properly accounted for resulting in inaccurate or incomplete Entity financial statements.

PROCEDURES

[Fabricated Equipment Request Form](#)

ADDITIONAL CONTACTS

Subject	Contact	Office	Phone	Email
Fabrication Questions	Finance	Accounting	(615) 343-6601	capitalassets@vanderbilt.edu

RELATED POLICIES/DOCUMENTS

[Capitalization Policy](#)

HISTORY

Issued: March 2018
Reviewed: June 2023
Amended: June 2023
