

# Fabricated Equipment Process

## Definition

Investigators occasionally must create equipment that is not available elsewhere. Fabricated equipment items are created either for use by the sponsor or for use by the University. Fabricated equipment is defined as an item of equipment that is built or assembled from individual parts by a PI and/or other sponsored project personnel, an internal shop, or an external shop with an aggregate cost of \$5000 or more. When a completed item of fabricated equipment has an aggregate cost of \$5,000 or more and when that item will be recorded as capital equipment in the University's asset system, the individual component costs associated with the fabrication (regardless of the individual amounts) will not be assessed indirect costs (also known as "Facilities & Administrative (F&A)" or "IDC"),

To be considered a **fabrication**, all components must work as one unit; parts alone are not considered a fabrication. All items that comprise the fabrication project are considered *"equipment" regardless of the dollar amount of those items. An instance where components are simply connected together in a system, such as when individual computers and servers are joined to create a network, does not constitute a fabrication.*

*Fabrication does not apply to swapping out parts in a completed piece of equipment*

*Standard items that are altered or customized to make them usable on a sponsored project do not qualify as fabricated property.*

## Procedures Overview

The Controller's office should be made aware of any fabricated equipment projects prior to the acquisition of component parts or services related to the fabrication. This is accomplished by completing the top portion of a Fabricated Equipment Form or Sponsor Owned Fabricated Equipment Form and submitting it to the Controller's office.

Upon receipt of the initial Fabricated Equipment Form, the Controller's office will assign an inventory tag number and will provide the number to the PI/Financial Manager. This number should be referenced on all acquisitions for the fabrication. When the fabrication is completed, the PI should alert the Controller's office. The Controller's office will initiate an accounting entry to transfer the individual costs to a capital equipment account code. The Controller's office will tag the fabricated item and record it in the University's asset system.

Acquisitions related to the fabrication should be charged to account 5909-Fabricated Equip Work-in-Process or 5851- Sponsor Owned Fabricated Equip WIP. These accounts will be used to aggregate the cost until the fabricated equipment is completed. Costs charged to account 5909 or 5851 will not be assessed IDC.

All charges related to the fabrication, even those over \$5,000 for a single item, should be charged to account code 5909 or 5851 (and not any other 59XX or 58XX account).

## Step-by Step Procedure

### *BEGINNING*

STEP 1: Complete the top portion of the appropriate fabricated equipment form (<http://inside.mines.edu/Equipment>). This includes the following information:

Date:  
Department:  
Principal Investigator/Financial Manager Name:  
Email:  
Phone Extension:  
Fabrication Name:  
Fabrication Location:  
Estimated Cost:  
Estimated Date of Completion:  
Function of Fabrication:  
Tag #'s of Previously inventoried Equip. to be Included in Fabrication:  
INDEX:

The "appropriate" fabricated equipment form is dependent on whether the title to the equipment will vest with CSM or the Sponsor.

For equipment whose title vests with CSM – please use the Fabricated Equipment Form.

For equipment whose title vests with the sponsor – please use the Sponsor Owned Fabricated Equipment Form.

STEP 2: Email the electronic version of the Fabricated Equipment Form to the Plant Fund Accountant at [mroach@mines.edu](mailto:mroach@mines.edu). A tag number will be placed on the Fabricated Equipment Form and emailed back to the sender of the form. The actual tag will be affixed to the equipment upon completion

### *MATERIALS ACQUISITION*

Please include the assigned tag number in the description of any PCard purchases and purchase orders for this project. Also, be sure to code any purchases for this project to account 5909-Fabricated Equip Work-in-Process or 5851- Sponsor Owned Fabricated Equip WIP. Please pay particular attention during the PCard reallocation process.

### *UPDATES*

The Controller's office will send periodic updates of the fabricated equipment form that includes the details of transactions related to the project. The update will be sent each month following when transaction occur for a particular project.

### *END*

Upon project completion, notify the Controller's office so that the equipment can be tagged.