



# **CAPITAL GUIDELINES**

September 2011

# TABLE OF CONTENTS

## I. EXECUTIVE SUMMARY

## II. WHAT IS A CAPITAL ASSET?

- A. General Definitions
- B. Components of an Asset
- C. Equipment and Furniture
- D. Software and Information Technology (IT) Projects
- E. Buildings and Improvements
- F. Other

## III. ACQUIRING CAPITAL ASSETS

- A. Accounting
- B. Funding
  - 1. Capital Budgeting
  - 2. Source of Funds
  - 3. Gifts and Donations
  - 4. Trade-ins
  - 5. Leases
  - 6. Other Acquisitions of Capital Assets
- C. Purchasing Process

## IV. SAFEGUARDING CAPITAL ASSETS

- A. Identification Tags
- B. Title to Capital Assets
- C. Insurance
- D. Receiving
- E. Recording
- F. Physical Inventories
- G. Off-campus Use

## **V. TRANSFERS, DISPOSALS, AND DELETIONS**

- A. Sponsored Project Funded Equipment
- B. Transfer or Sale to another OHSU department
- C. Relinquishment to another Institution Outside of OHSU
- D. Loans between Institutions
- E. Short-Term Borrowed Equipment
- F. Trade-ins
- G. Surplus
- H. Loss or Theft of Capital Assets
- I. Damage or Destroyed capital Assets
- J. Capital Assets Returned to Vendor
- K. Donation of Capital Equipment
- L. External Sale / Consignment of Capital Equipment

## **VI. DEPRECIATION**

- A. General
- B. Buildings and Fixed Building Equipment
- C. Equipment
- D. Land
- E. Land Improvements

## **VII. RESPONSIBILITIES**

- A. Acquiring Department
- B. Location Department
- C. Capital Accounting
- D. Hospital Financial Services
- E. Chief Financial Officer (CFO)
- F. Sponsored Projects Administration (SPA)
- G. Logistics

## **VIII. GLOSSARY**

## **IX. APPENDIX**

- A. To Capitalize or Not
- B. Related Forms and Procedures
- C. Guidelines for Applying Bar Code Tags
- D. Process to Purchase Equipment
- E. Equipment Relinquishment Procedure

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## I. EXECUTIVE SUMMARY

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These guidelines establish management and control procedures for the acquisition, safeguard, and disposition of capital assets belonging to, or in the custody of, OHSU. These guidelines are also established to fulfill the federal requirements regarding verification of assets and the safeguard of federally purchased equipment.

A capital asset is defined as:

Personal property (including art work), plant and equipment owned, leased under a capital lease, controlled or possessed by the institution meeting the following conditions:

- dollar cost of at least \$10,000 for a building improvement –this threshold also covers all building component assets that operate as an integral part of the building (i.e. HVAC).
- dollar cost of at least \$3,000 for movable and other fixed equipment (per base unit)
- useful life of more than ONE year, and
- not consumed in the normal course of business

Assets not meeting the definition of a capital asset should be expensed in the period the costs are incurred.

Assets may be acquired by purchase, lease/purchase, loan, gift, transfer, or by trade-in. Assets may be retired by sale, surplus or trade-in. These guidelines establish policies and procedures for each of these events.

Inventories of capital assets are taken every two years. Department executives and the designated department property custodians are responsible for the safeguarding of the department's assets and inventory reporting.

Depreciable lives are set in accordance with the American Hospital Association (AHA) guidelines, which are updated every five years.

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## II. WHAT IS A CAPITAL ASSET?

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### A. GENERAL DEFINITION

A capital asset is defined as property (tangible and intangible) owned, leased under a capital lease, controlled or possessed by the institution meeting the following conditions:

- dollar cost of at least \$10,000 for a building improvement –this threshold also covers all building component assets that operate as an integral part of the building (i.e. HVAC).
- dollar cost of at least \$3,000 for movable and other fixed equipment (per base unit)
- useful life of more than ONE year, and
- not consumed in the normal course of business

**Any purchase coded as a capital asset is subject to criteria testing by the OHSU Comptroller, and is subject to reclassification to operating expense if any of the criteria are not met.**

### B. COMPONENTS OF AN ASSET

**Base Unit** – a base unit may be comprised of either a single item, or a group of components purchased as separate items that function permanently together as one unit. See Appendix for examples.

**Storage Costs** – storage costs associated with an equipment purchase or project materials prior to being placed into service may be capitalized as a part of the asset. This must be reviewed on a case-by-case basis with approval from either the OHSU Comptroller or the Associate Administrator for Finance for Hospitals and Clinics. There must be a defined use and date for the asset(s) to be placed into service. Storage costs for non-capital items will be coded to operating expense.

**Freight** - freight charges incurred to acquire an asset are included in the asset's total value. Freight charges are not included in the base unit amount used to determine the threshold for capitalization. See Appendix for examples.

**Installation** – assembly and installation charges for capital assets, such as consultants' time, travel and associated expenses, are valid capital expenses and are included in the cost of the asset being capitalized. Installation charges are not included in the base unit amount used to determine the threshold for capitalization. See Appendix for examples.

**Labor** – in certain circumstances, labor and related payroll expenses are capitalized as a part of an asset. See the particular type of asset for more information.

**Leases** – described in section III B. 5.

## C. EQUIPMENT AND FURNITURE

The following items are considered capital purchases of equipment and furniture if above \$3,000 and meeting the general criteria of a capital asset:

**Increases to Asset Value** – additional purchases for in-service assets must meet the capital threshold guidelines. Items meeting the guideline test will be added to the in-service asset with the same inventory number but with a useful life based on the acquisition date of the additional purchase.

**Changes in Asset Value** – an asset's value may be increased within 90 days of the in-service date if the additional item is required for the asset to function as intended. This guideline applies even if the additional item is below capital threshold or on a new purchase order. Cost adjustments will not be given a separate inventory number.

**Repairs and Maintenance** - expenditures for repairs or maintenance that meet the capital threshold, are not recurring in nature, and benefit future periods of more than one year are considered major repairs and should be treated as an addition, improvement or replacement of an existing asset. Ordinary repairs and the replacement of minor parts are considered operating expense as they are not separately identifiable assets, and they restore the assets to their original operating condition.

**Bulk Purchases of Furniture** - bulk purchases of furniture (such as tables, bookcases, chairs) will be treated as any other purchase of assets. Each item within the bulk purchase will need to meet the threshold criteria to be considered a capital asset.

**Computers and Monitors** – computers and monitors are generally treated as separate assets for capital threshold purposes. Systems used in conjunction with other equipment such as operating room systems and ultrasound units are a part of the base cost for capital threshold purposes, if they are an integral part of the system. Equipment with monitors, other than computers, will be treated as a base unit only if together they are 100% dedicated to a specific task, project or group, and they will not be used separately. A replacement monitor for such units will be treated as a separate unit and must meet capital threshold criteria in order to be capitalized. As noted above, this does not apply to computer systems where monitors are considered separate items for capital threshold purposes.

**Modular/Cubicle Office Furniture** – new office modular furniture purchases will be considered as one unit for capital threshold purposes. Any individual panel, desktop, drawer unit, cabinet, or combination of these items purchased to replace or augment a modular unit will be capitalized if the capital threshold test is met. If the modular furniture meets the capital threshold, external vendor costs which are necessary to get the furniture ready for use will be included in the cost of the furniture (including planning, design, installation, etc.).

When items are purchased as an integrated system, all items must be considered as a single asset when applying the capitalization threshold. Items that have a standalone functional capability may be considered on an item-by-item basis. For example, an integrated system of office furniture (interlocking panels, desktops that are supported by locking into panels) must be considered as a single asset when applying the threshold. Stand alone office furniture (e.g., chairs, free standing desks) will be considered on an item-by-item basis.

**Signage** – new construction signage is considered a part of the building cost and will be capitalized regardless of cost. Additional signage after construction is considered a capital purchase if each individual unit meets the capital criteria.

**Contractor Purchased Equipment** – in some cases, as part of a construction project, a contractor invoice will contain line items for equipment purchases they have made on OHSU's behalf that are not itemized and without supporting documentation. It is the project manager's responsibility to obtain the necessary supporting documentation from the contractor for the items may be accounted for and tracked within the Fixed Asset module.

## D. SOFTWARE AND INFORMATION TECHNOLOGY (IT) PROJECTS

**Conditions to Determine if an IT Project Should be Capitalized** – in general, computer software, either purchased or developed internally, is considered a capital project if there is significant new functionality gained or when implementing new technology. Significant new functionality includes, but is not limited to: a new vendor product, a software implementation that involves integration into other existing systems, or a system implementation that results in changes in workflow processes by other areas not directly affected by the new software. Not included in this definition are software upgrades and system “fixes”.

**Stages of Computer Software Development** - there are three stages of computer software development: the preliminary project stage, the application development stage, and the post implementation/operation stage. Only the application development stage may be capitalized. The preliminary project and post-implementation/operation stage costs are expensed as incurred.

Preliminary Project Stage (costs are expensed)

- Conceptual formulation of alternatives
- Evaluation of alternatives
- Determination of existence of needed technology
- Final selection of alternatives

Application Development Stage (costs can be capitalized)

- Design of chosen path, including software configuration and software interfaces
- Coding
- Installation to hardware
- Testing, including parallel processing phase

Post-Implementation/Operation Stage (costs are expensed)

- Training
- Application maintenance

Major software projects should be separated into components or modules, so that as each module becomes ready to use, it can be capitalized while the other modules remain in process. If a software project is expected to have multiple phases, documentation should be provided to Capital Accounting defining the functionality of each phase and what type of costs there will be in each phase. The document should also include the expected timeframe for the project, and if there are consulting fees, please describe the work the consultants perform.

**Externally Purchased Software** - computer software packages and new website design purchased from third parties shall be treated as any other equipment. The individual license agreement must have a useful life of greater than one year, and the cost must meet the capital threshold.

All user licenses will be capitalized with an initial software purchase, up to 90 days after the purchase. Additional software user licenses purchased to gain access to software already in use at OHSU, later than 90 days after the initial license purchase, will be capitalized if each license meets capital threshold and will be used for more than one year. However, additional licenses purchased for existing software which requires an IT capital project to add functionality or enhancement to the software, will be capitalized along with other project costs. These licenses will have to meet the \$3,000 capital threshold either individually or as a group purchase.

All software licenses that individually meet capital threshold will be capitalized. Software that is on a production server is considered existing in the environment.

Memberships and subscriptions to website resources and software licenses will not be considered capital.

IT Maintenance contracts and other prepaid services that meet the \$50,000 threshold are amortized over the 12 month period for which they apply.

Major software renewals and upgrades that are not included in a maintenance contract may be capitalized if they provide additional functionality to the existing software and meet the \$3,000 threshold.

**Internally Developed Software** – the standard test to determine if software is internally developed, as defined by the NACUBO<sup>1</sup> Advisory Board, states the following characteristics must be met:

- the software is acquired, internally developed, or modified solely to meet the entity's internal needs
- during the software's development or modification, no substantive plan exists or is being developed to market the software externally

**Labor Costs**– labor costs for an IT project that results in the establishment of a new capital asset with total incurred labor costs of \$100,000 or greater must be capitalized. Only the portion of labor costs related to time spent working on the IT project are capitalized. Labor costs to be capitalized include OHSU employee payroll and related payroll benefits (OPE), temporary labor, personal service contractors, consulting firms, and third party software developers. This does not include employee labor used to cover the work normally performed by the individual directly assigned to the project (backfill labor).

The portion of the employees' payroll and OPE related to time spent working on other activities should be expensed. All general and administrative and overhead costs incurred, including all costs of support functions should be expensed. Support functions include administrative assistants and office managers who perform general office duties.

**When to Capitalize an IT Project** – capitalization of costs should begin when both

- The preliminary project stage is complete, and
- Management commits to funding a computer software project and it is probable that the project will be completed and the software will be used to perform the function intended.
- Capitalization should cease when all substantial testing is completed.

**Costs not to Capitalize as an IT Project:**

- General and administrative costs, supplies, and overhead costs should not be capitalized as costs of internal-use software. Internal and external costs incurred during the preliminary project stage should be expensed.
- Training costs should be expensed as incurred.
- Website subscriptions should be expensed as incurred.
- Some website subscriptions that meet the \$50,000 threshold may qualify for amortization. See HFS amortization team/CFS GL team for details.

## E. BUILDINGS AND IMPROVEMENTS

Buildings and improvements include direct costs related to a construction project with a capitalizable dollar value greater than \$10,000 and a useful life of more than two years. Furniture, fixtures, software, equipment, or other expenses, which are not an integral part of a building, are not considered in this category. Please see the "Equipment and Furniture", and "Software and IT Projects" section of these guidelines for treatment of these types of assets.

Activated projects that have subsequently been put on hold will have a maximum of two budget cycles to carry forward costs as construction in process. These costs will be considered useful if the project is submitted in the next budget cycle and the manager has a reasonable expectation that the budget will be approved. If the project is not reactivated within this time frame, all incurred costs on the project will be expensed.

**Construction Costs** – The historical cost of constructing an asset includes the costs necessarily incurred to bring it to the condition necessary for its intended use. This may include direct materials, direct labor, and variable overhead and interest costs. Examples of construction costs include, but are not limited to, architect and engineering fees, site preparation, demolition costs, building permit fees, contractor and sub-contractor fees, building materials, construction equipment rental and job-site utilities, construction equipment operating and maintenance costs, owner controlled construction insurance policies and wages and benefits, as compensation for construction work performed, employee's mileage reimbursements.

Costs to move furniture, equipment, and tenants due to construction will be capitalized. This also includes temporary storage of office contents, which is necessary during capital construction.

**Building Components** - consists of items permanently affixed/installed to the building shell, necessary for the building to be used as intended, which are integral to the building and can not be removed without damaging the building. Examples include, but are not limited to, elevators, HVAC, plumbing, electrical wiring, fixed theater or classroom seating, telecommunication/data wiring, fire alarm and sprinkler systems, and other fixtures and equipment installed with the intent of permanent use in the building. Telecommunication/data wiring is considered a building improvement if any part of it is installed inside of a wall and would remain with the building if the department moved. In contrast, cables/wiring that would be removed from the building if the department moved is considered a separate piece of equipment and will have to meet the capital threshold to be capitalized.

**Labor** - the cost of employees working directly on a capital project must be capitalized. This includes employee payroll and related payroll expense (OPE) when known and available. Any mark-up to a standard labor charge will only be allowed when approved by Central Financial Services. The labor costs capitalized include only that portion of the employees' payroll and OPE directly related to time spent working on the capital project. The portion of the employees' payroll and OPE related to time spent working on activities not directly related to a project should be expensed.

**Variable Overhead Cost** – Overhead costs that are increased due to construction are included as part of the constructed asset's cost and is applied via a mark-up rate to direct labor.

**Land Improvements** – long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Items in this category can include: roads, bridges, curbs, sidewalks, tunnels, drainage systems, water and sewer systems, lighting systems, fencing, and parking lots.

**Building Improvements** – building improvements are additions, alterations, renovations or structural changes that extend the useful life or enhance the value of an existing building. Building improvements or additions to an existing building which are not integral parts of the original asset will be treated as a separate asset and depreciated over the appropriate useful life.

Included in this category are the purchase and installation of carpet if the \$10,000 capital threshold and useful life of greater than one year are met. Carpet purchases exceeding the capital threshold are

considered an enhancement to the value of the building and will be capitalized. If a carpet purchase and installation are a part of a facilities capital project and the project cost – excluding the carpet, equipment and furniture - exceeds \$10,000 the cost of the carpet will be capitalized regardless of its cost. Other building improvement costs must be considered separately for threshold purposes.

**Leasehold Improvements** – leasehold improvements to leased facilities will be capitalized and amortized over the lesser of the useful life of the asset or the remaining life of the existing lease not including any options to renew.

**Repairs and Maintenance** - expenditures for repairs or maintenance that meet the capital threshold for assets, are not recurring in nature, and extend the life of the original asset, are considered major repairs and should be treated as an addition, improvement or replacement of an existing asset. Ordinary repairs and the replacement of minor parts are considered operating expense as they do not extend the asset's life, they are not separately identifiable assets, and they restore the assets to their original operating condition. If the equipment repaired was not a capital purchase, the repair would not be considered capital.

**Completion Date** - costs for construction projects described above will be capitalized until the asset is deemed placed in service, the walkthrough and final checklist have been completed, and the work is accepted as complete by the project manager. Costs incurred after the work is accepted as complete will be expensed, including costs incurred under the project's warranty.

**Feasibility Study** – feasibility costs incurred prior to submitting the Budget Letter to Capital Accounting will be expensed. This preliminary stage of a project includes design, consulting, internal labor, and other feasibility costs related to evaluating the length and cost of a construction project. Prior to construction, if the design stage of the project is the only stage that is currently approved for capital budget, the project definition and full scope (including deferred costs), must be submitted to Capital Accounting in order for the costs to be capitalized.

**Master Plan** – in general, costs such as architectural fees, incurred in the development of planning for a building or other major construction project may be capitalized. Costs that must be expensed include payments made to comply with state or local ordinances, overall planning not related to a specific project and expenses related to initial feasibility studies.

## F. OTHER

**Libraries** - books, periodicals (including owned electronic media) and reference materials in an established reference library or audio-visual department are considered capital assets, regardless of value.

**Artwork** – all works of art, historical treasures, and other similar assets will be capitalized at historical cost or fair market value at the date of donation. Installation, cleaning, reframing, refurbishing, retouching, moving and re-installation costs must be identified with a specific piece of artwork and must meet the capital threshold to be capitalized.

**Land** - land is capitalized at date of purchase. Some of the specific elements of land cost include the following:

- Original contract price
- Broker's commission
- Legal fees for examining and recording ownership
- Environmental assessments
- Title insurance
- Cost of real estate surveys
- Cost of razing old buildings
- See II. E. Land Improvements for additional capital costs

**Space** – lease or rent expense is considered an overhead expense and will generally not be capitalized.

**Vehicles** – any vehicle owned and registered to OHSU and meeting capitalization guidelines will be tracked as capital equipment. Please see Safeguarding Capital Assets, IV.B for information regarding vehicle titles. CFS holds all original vehicle titles.

**Web Site Design** – initial costs to develop web pages should be capitalized if the costs meet OHSU capital asset threshold guidelines. The life expectancy must be greater than one year and only external costs may be capitalized. Any redesign or updates to existing websites will be expensed.

**Capitalized Interest Costs** – interest costs incurred during construction should be capitalized in accordance with the provision of Financial Accounting Standards Board (FASB) Statement No. 34, Capitalization of Interest Cost.

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## III. ACQUIRING CAPITAL ASSETS

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### A. ACCOUNTING

**1. Purchased Equipment** - purchased equipment is capitalized by charging the item to object code 1981 (University accounts) or 1982 (Hospital accounts).

**2. Construction-In-Process (CIP)** – the projects module used by the Facilities Department identifies operating and capital projects based on the type of work order submitted. Work Orders that begin with the letter “F” are classified as capital projects. The standard capital threshold rules apply for both construction projects (\$10,000) and equipment (\$3,000). Capital projects submitted for equipment only should be identified in the work order header with the notation, “EQUIP”. “H” projects are used to track Hospital capital equipment purchases including software, within a specific Org. “U” projects are used to track capital software purchases including labor, within a specific Org.

### B. FUNDING SOURCES

**1. Capital Budgeting** - all assets included in this policy should be budgeted prior to purchase through the annual budgeting process. The Hospital and University have separate budgeting processes.

**2. Source of Funds** - funding sources for capital purchases include gifts, grants, borrowings such as bonds and cash from operations. The Chief Financial Officer, Treasury Manager and the business offices of Central Financial Services and Hospital Financial Services will identify sources of funds for capital during the budgeting process. The Treasury Manager will work in cooperation with Facilities Management and Capital Accounting in verifying and drawing from appropriate funding sources.

**3. Gifts and Donations** – in general, the OHSU Foundation and DCH Foundation process all donations of tangible property to any department of OHSU. They are the only OHSU entities that can acknowledge gifts and provide tax information to those donors who wish to use donations as tax deductions. Gifts and donations may come from private individuals, private practice plans, companies or corporations. Gifts of equipment or property with a value of \$3,000 and that meet the other OHSU requirements for a capital asset will be capitalized. The Foundations Accounting Department sends Capital Accounting a monthly list of all donations of tangible property to OHSU.

**4. Trade-ins** – see Trade-ins in Section V, E.

**5. Leasing** – equipment acquired through leasing may be capitalized, subject to the following criteria:

- University capital leases require pre-approval by the Vice President and Chief Financial Officer (CFO).
- Hospital capital leases require pre-approval by Hospital Financial Services.
- Contracts Department will negotiate all leases and lease/purchase agreements.
- OHSU can only be bound to a contract as provided in policy 01-50-001, web link [http://ozone.ohsu.edu/policy/pac/chapt\\_1/1-50-001.htm](http://ozone.ohsu.edu/policy/pac/chapt_1/1-50-001.htm).
- When these criteria are met, the asset cost will be coded to the capital budget. Imputed interest will be charged to the operating budget.

## 6. Other Acquisitions of Capital Assets

- **Equipment Transferred to OHSU** - equipment transferred to OHSU from other institutions should be reviewed and documented. The transferring institution will be asked to furnish written information including value, age, description, serial number, funding source, and federal accountability. This type of property must be added to the capital assets inventory and must be tracked and insured.
- **Equipment Loaned to OHSU** - it is OHSU's responsibility to track any equipment loaned to OHSU by another institution, vendor or person. The department accepting the loaned equipment is responsible for notifying Capital Accounting to obtain the necessary inventory tags. The loaned equipment may not be disposed of without the express written approval from the original institution or vendor. This type of property will be added to the capital assets inventory and tracked as loaned property.

See section IV. For a vendor-loaned equipment tagging information.

## C. PURCHASING PROCESS

Capital assets must be purchased through the OHSU ORACLE requisitioning/purchasing process. Purchasing cards and disbursements may **NOT** be used to purchase capital assets. See "Process to Purchase Equipment" in Section IX.D of these guidelines for step by step instructions. The following information details the requisition process:

When a requisition is written to object codes 1948, 1949, 1981 and 1982, an Oracle alert is sent to Capital Accounting prompting the review of the requisition. This review determines if the asset has been described in such a way that FA is readily able to create an asset and book it to the appropriate department. The requisition header should include a description of the equipment, what inventory org it should be assigned to and its physical location by building and room number. If additional information needs to be provided, the line justification of the line summary window should be used. If the required information is not within the requisition, it will be rejected and sent back to the preparer to be updated via an Oracle notification.

### Object Codes Descriptions:

1948 - University CIP Clearing  
1949 - Hospital CIP Clearing  
1981 - University Equipment Clearing  
1982 - Hospital Equipment Clearing

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## IV. SAFEGUARDING CAPITAL ASSETS

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### A. IDENTIFICATION TAGS

Identification tags shall be affixed to equipment where they can be readily seen, but where they will not be subject to damage or interfere with the use of the equipment. Tags shall be consistently located in the same place on similar items. Tags must not be positioned where they may be hidden when the equipment is put into service (e.g., on the side of a file cabinet). See "Guidelines for Applying Bar Code Tags" in Section IX of these guidelines for instructions on how to apply the tags.

Vendor-loaned assets are required to be tagged according to the above guidelines. Tags for vendor-loaned assets have a "V" in front of the tag number. An additional lavender tag which says, "Vendor-Owned Equipment" will also be added to each asset loaned from a vendor.

### B. TITLE TO CAPITAL ASSETS

Generally, OHSU will hold title to all capital assets. This includes items purchased with institutional funds; items purchased with Foundation funds or donated to OHSU by OHSU Foundation or Doernbecher Children's Hospital Foundation; all items donated by private parties; and items purchased with sponsored funds - unless otherwise specified by the sponsor. As such, all capital assets are subject to OHSU policies.

Vehicles - titles to all OHSU owned vehicles are kept on file in Capital Accounting, Central Financial Services for safekeeping. Departments are responsible for forwarding vehicle titles to Capital Accounting. It is also the department's responsibility to notify Capital Accounting if the vehicle is to be used outside the state of Oregon.

### C. INSURANCE

The Risk Management department at OHSU will maintain sufficient insurance coverage for all real property and equipment.

### D. RECEIVING ASSETS

It is the responsibility of the ordering department to certify receipt and completeness of delivery. The person for whom the purchase order was placed, or designee, is responsible for the timely determination of the equipment's condition on delivery. If damage is found, they must arrange for pickup and reshipment of the damaged equipment. They should notify Accounts Payable to ensure payment is not made before damaged equipment is replaced. For certain patient care equipment, Clinical Technology Services performs these functions.

### E. RECORDING ASSETS

Capital Accounting will maintain an equipment database in order to track and account for purchases of equipment throughout OHSU. To assist in the identification and control of equipment, upon purchase, Capital Accounting will assign each new item a unique inventory number and enter it into the equipment database. A bar-coded, numbered identification tag will be issued for each inventory item and permanently placed on the equipment by Capital Accounting or their designee. For small items, micro sized tags are available. Movable component-part items such as modular workstations will be entered into the equipment database, but will not be issued inventory numbers since they are easily dismantled.

and moved to other locations. Capital Accounting tracks equipment by: asset number, tag number, description, asset class, cost center, location, building code, cost, useful life, acquisition date, placed in service date, inventory account, budget account, grant/award number, status code, serial number, invoice number, requisition number, manufacturer, vendor, model number, condition code, and source of funding.

## F. PHYSICAL INVENTORIES/VERIFICATION

In order to satisfy federal and other external auditors, verification of equipment use, condition, and availability will be completed at least every two years during an OHSU-wide inventory process. The inventory process is a joint effort between the acquiring department and Capital Accounting. A listing of the equipment inventory with detailed instructions and a completion due date will be sent by Capital Accounting to each of the acquiring departments. All departments are required to perform the inventory and return the completed packets within the specified time. Final inventory counts are reconciled with the equipment in the ORACLE Assets and General Ledger modules.

As each piece of equipment is located during the physical inventory process, the current condition of the item will be noted using the appropriate Condition Code. Capital Accounting will update the code in the database as of the date the inventory was taken.

Capital Accounting may perform bar-code-scanning audits on a random basis.

**Note:** A department's failure to comply with the inventory deadlines will trigger a notification to the appropriate Executive Committee member, with a copy to the OHSU Comptroller.

**Missing Items** - items that are not located within the responsible department will be identified as missing in the financial records so that the particular item is not picked up in the Facilities and Administrative Rate Development. A formal notification, signed by the department head, must be submitted to Capital Accounting for all missing equipment. Missing equipment reports will be produced by Capital Accounting and distributed to the appropriate Executive Committee member. If the equipment is not located within two years or the next biannual inventory, it will be removed from the equipment database and any remaining book value will be charged to expense.

Additionally, any missing equipment purchased with grant or sponsored project funds will be reported to Sponsored Projects Administration by Capital Accounting.

Approval of Capital Accounting is required on all changes to the property inventory and on requests to dispose of property other than through surplus.

## G. OFF-CAMPUS USE

Consistent with other University policies, Department Heads are required to maintain all equipment and supplies for institutional use only and not allow any use for private purposes.

The Department Head may authorize institutional equipment or supplies for use off University owned or controlled premises, but only for the performance of University-related duties that fulfill University policies and missions.

For property and equipment other than pagers and cell phones and PDAs, an Off-Campus Use Property Agreement from Capital Accounting will be completed prior to the property leaving University owned or controlled premises. The employee receiving the property on loan shall be advised that he/she is responsible for returning the property in like condition, minus normal wear and tear.

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## V. TRANSFERS, DISPOSALS AND DELETIONS

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All equipment that is no longer needed must be disposed of in one of the following manners:

### A. SPONSORED PROJECT FUNDED EQUIPMENT

Any transfers or dispositions of equipment purchased with grant or sponsored project funds must be approved by Sponsored Projects Administration **prior to the action**. Permission will be granted based on a review of the terms of the award or contract. Sponsored Projects Administration is responsible for notifying the proper sponsoring agency when required.

### B. TRANSFER (OR SALE) TO ANOTHER OHSU DEPARTMENT

The department relinquishing the asset(s) must complete and submit an Equipment Inventory Transfer form to Capital Accounting. Find the form on the CFS Forms & Policies webpage at [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730). The department is also responsible for preparing a Journal Entry to transfer any cost to the new budget account. Any transfers between Hospital and University accounts must be pre-approved by Hospital Financial Services and Capital Accounting. Capital Accounting will update the asset record in the database.

### C. RELINQUISHMENT TO ANOTHER INSTITUTION OUTSIDE OHSU

The following tests must be met in order for a departing investigator to take equipment with him/her to another institution:

1. If the grant is active and the departing investigator is taking the related grant with him/her to the new institution.
2. The equipment is not needed for other OHSU activities and will not be replaced for the current purpose.
3. If the grant is currently closed/completed, the departing investigator requests to take equipment that was purchased under that grant:
  - i. The equipment is fully depreciated.
  - ii. If the equipment is not fully depreciated, then the investigator or the new institution is allowed to purchase the equipment at fair market value.

Note: When the grant is no longer active, title to grant funded equipment generally transfers to OHSU.

4. Requests meeting the above tests will be routed to the department's Dean or Vice President as well as to the Comptroller and/or the Executive Vice President and Chief Financial Officer (CFO) for final approval.

The responsible department must notify Capital Accounting **in advance** of the transfer by following the steps outlined in the "Equipment Relinquishment Procedure" in Section IX of this document.

Losses on disposal of equipment are allocated to Hospital departments, while University department losses are taken centrally. If any University department does not follow the procedures in this document and relinquishes unauthorized equipment, that department's general fund will be charged for the loss.

If the transfer involves computer equipment, the ITG department in compliance with HIPAA policy must examine the equipment. This also includes a transfer incident to a researcher transferring to another institution.

Oregon Opportunity Grant funded equipment may not be transferred.

Please see the Equipment Relinquishment Procedure in the Appendix for a more detailed breakout.

## D. LOANS BETWEEN INSTITUTIONS

Any items loaned to other institutions must have prior approval from the OHSU Comptroller or Associate Hospital Director. All items loaned must be verified and accounted for at the time of physical inventory. Loaned equipment remains the responsibility of the original department.

To ensure adequate insurance coverage and an appropriate method to track OHSU owned assets on loan to other institutions it is mandatory that the department fill out and submit to Capital Accounting a "Loans Between Institutions" form found at [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730).

Assets that are purchased using OHSU funds or funds from a granting agency where OHSU retains ownership that are purchased for other researchers in collaboration with OHSU are subject to the requirements listed above. This is regardless of the length of time or if the intention is to allow the researcher to use the asset throughout its useful life. These items are added to departmental inventory and tracked via the 99 location code identifying these assets as on permanent loan.

Upon receipt of the form, Capital Accounting will update the database to reflect the new location of the asset. After the asset has been returned to OHSU, the custodian of the equipment will need to provide documentation to Capital Accounting indicating the date the asset was returned to OHSU and the new location for the asset by building and room number.

Any equipment that houses patient or research data will need to be examined by ITG before leaving OHSU to ensure that HIPAA regulations are met and the interests of OHSU are protected.

## E. SHORT-TERM BORROWED EQUIPMENT

Short-term borrowed equipment is defined as equipment that leaves the facility on a short-term critical-use basis, accompanied by a patient. Prior approval is not required from the Comptroller or Associate Hospital Director due to the urgency of this situation, because the patient's safety is the priority. It is the department's responsibility to track borrowed equipment in a log within the department. These logs should specify the type of equipment borrowed, new location of the equipment, and an estimated time of use. Tracking logs can be found on the CFS Forms page at

[http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730). The department is also responsible for coordinating the return of borrowed equipment.

## F. TRADE-INS

If an existing asset is used to acquire a new piece of equipment, Capital Accounting **must be notified in advance of the requisition process** for the following determinations to be made:

- the trade-in amount offered by the vendor must be greater than the Net Book Value (cost less accumulated depreciation) of the asset
- if the asset to be traded in was acquired with sponsored funds

After approval has been given to allow the trade-in the department requisitioner should note the asset tag number and the trade-in amount on the requisition. The term "trade-in" must be in the requisition header and a quote identifying the trade-in must be attached to the requisition. The quote form can be found on the CFS Forms & Policies webpage at [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730). Capital Accounting will establish the new asset at full value and retire the trade-in asset at net book value.

## G. SURPLUS

Departments that have assets no longer needed (or in use), or are obsolete due to technological advancements should contact Capital Accounting via email prior to disposition. The notification should include asset tag numbers of each item so that the net book value of each asset may be calculated, and to determine if any are funded through a sponsored project. In the reply to the department, Capital Accounting will include the assigned Senior Financial Analyst, Sponsored Projects Administration (SPA) if necessary. Based on the terms of the award SPA will determine if the property is OHSU owned and if it may be disposed of.

After the approval to surplus an asset has been obtained from Capital Accounting, the department can contact Logistics to surplus the item(s). The department is responsible for completing an "Inventory Action" form to accompany the assets. Logistics-Surplus will dispose of the surplus property in accordance with OHSU Policy #05-50-005, "Purchasing and Contracting Sale of Surplus Personal Property-Surplus Personal Property".

Departments must retain copies of these Inventory Action forms with the signature of the Property Management department for three years for FA Inventory support. Please visit the Logistics website on the OZONE for complete policies and procedures  
[http://pdxlogappsvr/logistics/Delivery\\_&\\_Fleet\\_Services/Surplus/index.html](http://pdxlogappsvr/logistics/Delivery_&_Fleet_Services/Surplus/index.html).

Items sent to surplus will be flagged as Surplus in the Assets database once the appropriate notification has been forwarded from Logistics to Capital Accounting.

## H. LOSS OR THEFT OF CAPITAL ASSETS

In the case of loss or theft of property:

- Obtain an Incident Report form from Public Safety
- Return completed form to Public Safety
- Copies of completed form must be forwarded to:
  - Capital Accounting for removal from the equipment database
  - Risk Management for insurance purposes
  - Sponsored Projects Administration (if sponsored project funded) so the loss can be reported to the proper sponsoring agency

Sponsored Projects Administration will be responsible for requesting a release of liability from the sponsoring agency.

After receiving the appropriate documentation, Capital Accounting will remove the asset(s) from inventory, and Capital Accounting and/or Hospital Financial Services will generate journal entries to remove the original value, historical depreciation, and the remaining book value of the deleted equipment from the general ledger.

Capital Accounting reserves the right to review and question any instance of lost or stolen property.

## I. DAMAGED OR DESTROYED CAPITAL ASSETS

In the case of damaged or destroyed capital assets:

- Fill out the "Damaged or Destroyed Capital Equipment form" available on the CFS Forms & Policies webpage [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730)
- Return a copy of the form to:
  - Capital Accounting
  - Risk Management
  - Clinical Technology Services (if Hospital funded)

- Sponsored Projects Administration (if applicable)

Sponsored Projects Administration (if applicable) Sponsored Projects Administration will be responsible for requesting a release of liability from the sponsoring agency.

After receiving the appropriate documentation, Capital Accounting will remove the asset(s) from inventory, and Capital Accounting and/or Hospital Financial Services will generate journal entries to remove the original value, historical depreciation, and the remaining book value of the deleted equipment from the general ledger.

Capital accounting reserves the right to review and question any instance of damaged or destroyed property.

In the case of dismantling, disassembling, wrecking, or substantially altering a vehicle:

- Fill DMV Form 7 days prior to beginning that activity
- Obtain a salvage title within 30 days after dismantling and submit the registration plate to DMV. You can obtain the form by calling DMV Customer Assistance (503)-945-5000

## J. CAPITAL ASSETS RETURNED TO VENDOR

If a capital asset is returned to the vendor, a Returned Goods Authorization form must be filled out, signed by a department head and sent to Capital Accounting. This form can be found at [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730). A receipt documenting the returned item from the vendor must also be sent to Capital Accounting.

If the capital asset is being exchanged for a similar model, the capital asset will remain in the system, and Capital Accounting will update the tag, serial and model numbers, date placed in service and condition code for the asset, if applicable. The depreciation will be recalculated for the capital asset based on the new date placed in service.

If the capital asset is not being replaced, it will be retired in the system.

## K. DONATION OF CAPITAL EQUIPMENT

1. Department submits a donation request, including asset tag number, on the Surplus database located here: [http://pdxlogappsrvr/logistics/Delivery\\_&\\_Fleet\\_Services/Surplus/index.html](http://pdxlogappsrvr/logistics/Delivery_&_Fleet_Services/Surplus/index.html)
2. If the charity has not previously received a donation through the Surplus database, the organization information will need to be added to the database by the requestor.
3. Donation request form [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730) and verification of 501C status of donating to organization is forwarded to <mailto:surplus@ohsu.edu> via email using the SR# in the subject line. Capital Accounting also needs to be informed via <mailto:faalerts@ohsh.edu>. Capital Accounting reviews the donation request on the Surplus website, updating the donation form with funding and the net book value of the capital asset to be donated. Capital Accounting will forward the donation request form to the Comptroller or Hospital Administrator for approval. The Comptroller or Hospital Administrator will approve the donation request via email; Capital Accounting will approve the request on the Surplus database forwarding the updated donation form back to <mailto:surplus@ohsu.edu>. Upon receiving approval on the Surplus database, the department will coordinate with the selected charity or with Logistics to move the asset to the appropriate location.
4. Protocol of accepting donation should be included authority for acceptance and kept by donor.

## **L. EXTERNAL SALE OF CAPITAL EQUIPMENT / CONSIGNMENT**

Departments intending to sell a capital asset to an external party should consult the Surplus Consignment procedure manual here:

[http://pdxlogappsrvr/logistics/procedure\\_manual/Documents/Section\\_125/125.4\\_Surplus\\_Consignment.pdf](http://pdxlogappsrvr/logistics/procedure_manual/Documents/Section_125/125.4_Surplus_Consignment.pdf)

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## VI. DEPRECIATION

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### A. GENERAL

Unless otherwise noted, all depreciable lives are determined using the “*Estimated Useful Lives of Depreciable Hospital Assets*” publication by the American Hospital Association. If not specifically addressed by the AHA guide, the Capital Accounting group will make every reasonable attempt to match the depreciable life with a similar asset. Depreciation begins the month the asset is placed into service.

#### Range of Estimated Depreciable Lives by Asset Category

Category	Years
Equipment	
Computers and Software	3-5
Office	3-20
Medical	2-20
Grounds maintenance	5-20
Vehicles	3-12
Furniture	5-20
Buildings	10-40
Building Improvements	5-30
Land Improvements	2-25
Leasehold Improvements	15*
Libraries	5-20
Artwork	20
Land (not depreciated)	N/A

\*Or the remaining life of the lease, whichever is shorter.

Projects to develop internally generated software assets will be given a three year life unless a different life is otherwise justified.

Depreciation expense recognition:

- University – expensed at the university level, rather than by department or cost center.
- Hospital – expensed at the department level for financial reporting purposes.
- Cost studies (e.g. University’s Facilities & Administrative Rate study and the Hospital’s Medicare Cost Report) – depreciation is calculated at the cost center level identified by physical location or budget account. If more than one budget account provides funding for the asset, depreciation is calculated separately for each account.

### B. BUILDINGS & FIXED BUILDING EQUIPMENT

Buildings are capitalized at the date of purchase or when placed into service after construction. If an additional item is fixed to the building, it becomes part of the building. The additional value will be given a separate useful life based on the new acquisition date. Capital Accounting will assign the useful life to each item.

### **C. EQUIPMENT**

The acquisition date entered corresponds to the date invoiced.

### **D. LAND**

Land is not depreciated. The costs to acquire the land, appraisals, and recording and obtaining title are capitalized. If the acquisition plan contemplates the removal of any existing buildings, the total cost including removal is accounted for as the cost of land. For additional information related to land cost see section II E - Land Improvements, and section II F - Land.

### **E. LAND IMPROVEMENTS**

Improvements to the property that will have a measurable or estimated life will be depreciated over that life. Some examples of land improvements are grading, drainage, sewers, and electric and gas utility installation to the meter or distribution point.

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## VII. RESPONSIBILITIES

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Following is a list of responsibilities as they relate to the acquisition, safekeeping, tracking and disposition of capital assets:

### A. ACQUIRING DEPARTMENT

- Naming a designated contact person as Property Custodian for Inventory purposes
- Establishing proper budget for equipment through capital budgeting process
- Correctly preparing the initial equipment requisition through Oracle
- Obtaining proper approvals
- Certifying receipt of equipment and condition at the time of delivery
- Timely completion of required physical inventories
- Establishing proper control systems to adequately safeguard assets against loss
- Ensuring that equipment is properly maintained and in good working order (see Clinical Technology Services guidelines)
- Notifying Capital Accounting of changes in status or location of equipment
- Compliance with this policy

**NOTE:** Purchasing cards and disbursements may **not** be used to purchase capital assets

### B. LOCATION DEPARTMENT

- The location department assumes the responsibilities of the Acquiring Department

### C. CENTRAL FINANCIAL SERVICES - CAPITAL ACCOUNTING

- Reviewing and recording new asset acquisitions in the Oracle system
- On-going verification of assets
- Vehicles - acting as contact department for all correspondence between OHSU and the Oregon State Department of Motor Vehicles and the Department of Environmental Quality regarding OHSU owned vehicles
- Assisting departments in the management and inventory of capital assets
- Performing monthly general ledger reconciliations
- Maintaining the Capital Guidelines in support of OHSU's mission
- Providing informational reporting as needed

### D. HOSPITAL FINANCIAL SERVICES

- Performing monthly reconciliations
- Establishing procedures regarding capital assets unique to the hospital
- Approving transfers of equipment between the Hospital and the University
- Providing informational reporting as needed

## **E. VICE PRESIDENT AND CHIEF FINANCIAL OFFICER (CFO)**

- Responsible for providing institutional oversight, as delegated by the Board of Directors
- Reviewing all capital lease requests negotiated by the Contracts – Materials Management Department on behalf of the owning department

## **F. SPONSORED PROJECTS ADMINISTRATION (SPA)**

- Ensuring that the institution is compliant with all sponsor's terms and conditions, federal regulations regarding tangible property purchased with sponsored funds
- Advising Capital Accounting regarding sponsor requirements and federal regulatory updates
- Filing required reports to the appropriate funding and regulatory entities as required

## **G. LOGISTICS**

- Disposing of the surplus property in accordance with University Policy #05-50-005 "Purchasing and Contracting Sale of Surplus Personal Property-Surplus Personal Property"

## **H. FACILITIES – DESIGN & CONSTRUCTION**

- Establishing proper budget for capital improvements through capital budgeting process
- Functional & space programming, design and project management for all facilities improvements which create or improve a building or other structure.
- Ensuring capital improvements are completed to applicable federal, state and local codes and regulations, including receipt of occupancy permits.

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## VIII. Glossary

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**Amortization** –the gradual reduction of the value of an intangible asset (such as software) over the asset's useful life; a concept similar to depreciation.

**Base Unit** - in general, a base unit may consist of either a single item, or a group of components purchased as separate items but intended to function permanently together as one unit.

**Capital Project** - A body of work resulting in the acquisition, enhancement, or replacement of a capital asset with a placed in service cost meeting OHSU's thresholds.

**Capitalized Labor** – internal and/or external labor with an aggregate amount of \$100,000 or more, directly attributable to a capital project, will be capitalized on IT projects. Facilities labor assigned to a project within the ORACLE Project Accounting Module will be capitalized.

**Construction in Progress (CIP)** – capitalizable costs on construction or software projects that have not been placed in service. Please refer to Sections II, D and E for further definition of a capital project.

**GASB Statement 51 – Accounting and Reporting for Intangible Assets** – A pronouncement released by the Government Accounting Standards Board that provides accounting guidance for software development costs. This statement supersedes Statement of Position 98-1.

**Loaned Equipment** – Equipment is considered loaned to OHSU or on loan from OHSU if the intent is to possess the property for six months or longer.

**OPE (Other Payroll Expenses)** - the cost to the department of an employee in addition to the gross salary. OPE costs can include any of the following items: Health Insurance, Medicare, Retirement, SAIF, Social Security, Unemployment Insurance, and Workers Compensation.

**Relinquishment** – Transferring equipment to an institution outside of OHSU to benefit a principal investigator that is moving to another institution. Oregon Opportunity funded equipment is not allowed to be relinquished.

**Set-up Costs** – costs incurred to set up equipment or make ready a new facility may be capitalized. Contact Capital Accounting or HFS for determination.

**Short-Term Borrowed Equipment** – Equipment that leaves the facility on a short-term critical-use basis, accompanied by a patient.

**Statement of Position 98-1 – Accounting for the Costs of Computer Software Developed or Obtained for Internal Use** – a statement released by the American Institute of Certified Public Accountants (AICPA) to provide accounting guidance for software development costs.

**Threshold** – the minimum amount required for a base unit to be considered for capitalization. Only the base unit cost of capital is considered when applying this threshold. Installation and freight on equipment purchases may be capitalized but are not considered for the purpose of establishing the threshold.

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## IX. APPENDIX

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### A. TO CAPITALIZE OR NOT

Item(s) & Cost	Treatment	Why?
<b>Equipment Purchases</b>		
Office supplies for capital construction project \$3,200	Expense	Life is less than one year, and not a component of the finished asset
Freight of \$50 on a \$2,975 piece of equipment	Expense both freight and equipment	Only the equipment cost is considered for the \$3,000 capital threshold.
Replacement CPU for workstation - \$1,100	Expense	Below \$3,000 capital threshold
Replace transmission for OHSU vehicle - \$3,400	Expense	Routine maintenance expense which is merely returning the asset to original working condition
Initial Furniture order for new wing on building - \$145,000	Capitalize/Expense	Only items with a base unit threshold of greater than \$3,000 should be capitalized. <b>Note:</b> Modular (cubicle) furniture is the only exception. Modular furniture invoices that total \$3,000 or more will be capitalized
Temporary storage costs incurred on an equipment purchase that must be staged prior to a building or office completion	Capitalize	Storage costs may only be capitalized on a case-by-case basis <b>AND</b> only for assets not yet placed in service
A \$4,000 item is purchased that has a useful life on 10 months.	Expense	Does not meet the one year useful life requirement
Equipment is purchased for new surgical room, i.e. monitor (\$1,000), table (\$4,000) etc.	Capitalize all components	Components purchased to function permanently as one base unit
Replacement equipment is purchased for surgical room, i.e. monitor (\$1,000), table (\$4,000) etc.	Expense /Capitalize	Each item is treated separately and is subject to the base unit threshold of \$3,000. The monitor would be expensed
<b>Labor Costs</b>		
Internal and external labor totaling \$99,000 on an IT capital project	Expense	Below minimum capital threshold of \$100,000 for IT capitalized labor
Luncheon or other celebratory items provided for team working on capital project	Expense	Not a direct cost of the asset
Training on new software	Expense	Not considered a capital asset. Expense in the period incurred
An Employee is moved from regular duties to work on a capital project. Regular duties covered temporarily by either an internal or external person	Capitalize—Employee labor and OPE Expense—Backfill labor costs	Only direct project labor can be capitalized

(backfilled)

### Facilities Costs

Facilities project with an original estimate of \$12,000 completes with a cost of only \$8,900.

Expense

Below \$10,000 capital project threshold for building projects

### The following items are not normally considered capital purchases:

- **Increases to an asset's value** – additional items purchased for existing assets that are not part of the original asset and are below the \$3,000 capital threshold will be expensed.
- **Furniture** – individual items that do not meet the \$3,000 capital threshold will be expensed.
- **Minor equipment and supplies** - equipment and supplies that individually do not meet the capital threshold guidelines, and are not a true component of the final asset, must be expensed as incurred.
- **Moving costs** – moving costs of existing capital equipment or existing tenant assets are to be expensed as incurred.
- **Repairs and maintenance** – ordinary repairs and maintenance costs should be expensed in the period in which they are incurred. Maintenance costs are incurred to keep operational assets in usable condition. Ordinary repairs are recurring and often involve small expenditures.
- **Other items not normally capitalized:**
  - Extended warranties
  - Telephone expense
  - Training costs
  - Team building expense (food, gifts, etc)
  - Paint and patch type maintenance expenses
  - Renewals of 3<sup>rd</sup> party software licenses

## B. RELATED FORMS AND PROCEDURES

Authority to Enter into Agreements (OHSU Policy #01-50-001)

Title to Personal Property (OHSU Policy #06-10-001)

Loan of Institutional Property to Employees (OHSU Policy #06-10-005)

Loan of Institutional Property to Employees (OHSU Policy #06-10-010)

Purchasing and Contracting Sale of Surplus Personal Property - Surplus Personal Property (OHSU Policy #05-50-005)

Purchasing and Contracting Sale of Surplus Personal Property - Transfers and Donations (OHSU Policy #05-50-010)

Purchasing and Contracting Sale of Surplus Personal Property - Trade-ins and Auction Sales (OHSU Policy #05-50-015)

Purchasing and Contracting Sale of Surplus Personal Property - Other Sales (OHSU Policy #05-50-020)

OMB Circular A-110 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations”

University Hospital and Clinics – Administrative Policy Manual

### C. GUIDELINES FOR APPLYING BAR CODE TAGS

Identification tags should be affixed to equipment where they can be readily seen, but where they will not be subject to damage or interfere with the use of the equipment. Tags shall be consistently located in the same place on similar items. Tags should not be positioned where they may be hidden when the equipment is put into service (e.g., on the side of a file cabinet).

**Please affix tags using the following priority order:**

- First Priority: Put tag on **FRONT** of item.
- 1st - Upper left front
- 2nd - Lower left front
- 3rd - Upper right front
- 4th - Lower right front
- 5th - On front near logo or manufacturer's name

**Furniture:**

- Cylindrical Legs: Always place stickers vertically
- Chairs: (Facing Chair) Upper inner side of left leg
- Tables: (Facing Table) Upper inner side of left leg
- Pedestal Tables: Vertically on pedestal
- Files: Upper left front
- Bookcases: Upper left front
- Desks: Inner left side of knee-hole, high up
- Work Units: (MBI, etc.) Left inside entry to unit on metal or wooden strip at bottom of panel
- Sofas: Left front leg
- Small Items: (e.g. Pulse Oximeters, Infusion Pumps, etc.) Anywhere that does not cover manufacturer's serial number plate.

**If the above rules cannot be complied with, please note the exception on the inventory list and indicate where the sticker has been placed**

**Other Considerations:**

- If surface is rough, pebbled, or textured place tag on smoothest area of front
- Select a visible spot where a scanner may be used for physical inventory counts

**Items that cannot be tagged:**

- The tag will be attached to the appropriate equipment description print out sheet. The sheet will be kept on file in the department to be used for physical inventory scanning and/or audits.

### D. PROCESS TO PURCHASE EQUIPMENT

1. Request equipment on Capital Budget during annual budgeting process to ensure fund
2. The Purchasing Department under certain circumstances may require bids to be obtained. Refer to the Logistics website for further information:  
<http://www.ohsu.edu/xd/about/services/logistics/procurement/>

3. Request to purchase equipment via a requisition. Use this training document for requisition steps:  
[http://pdxlogappsrv/logistics/Training\\_at\\_Logistics/documents/CapitalAccountingAlerts.pdf](http://pdxlogappsrv/logistics/Training_at_Logistics/documents/CapitalAccountingAlerts.pdf)
4. The requisition will generate an alert to Capital Accounting for review
5. When equipment arrives, verify condition, and “receive” equipment in ORACLE
6. When received from Capital Accounting, place tag in visible location as per Guidelines in C above
7. Capital Accounting will contact the appropriate departmental party responsible for missing inventory information, e.g. serial number, building and room location of item, etc

## E. EQUIPMENT RELINQUISHMENT PROCEDURE

See section V.C. of this document for the qualifying tests for a departing investigator to take equipment with him/her to another institution.

1. Faculty members planning on transferring to another institution will need to prepare a list of all pieces of equipment to be moved. This form can be found on the Capital Accounting Forms webpage at [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730). Note that laptop computers are excluded from transfer as they can be readily redistributed within OHSU. The list should include the following information:
  - Inventory tag number
  - Asset description
  - Grant award number, if applicable
2. Capital Accounting verifies and adds the following information for each asset to the transfer request list:
  - Original cost
  - Fair market value
  - Acquisition date
  - Budget information for non-grant funded assets
  - Whether the equipment was purchased from previously sponsored funds that has vested to OHSU, and if so, if it is allowable to relinquish.
  - Whether the equipment is used for an active grant and if so Capital Accounting will route the list to SPA. SPA verifies equipment purchased from sponsored funds is allowable to transfer and returns the list to Capital Accounting.
3. Upon completion Capital Accounting returns the paperwork to the Faculty member. The Faculty member prepares a letter of relinquishment which can be found on the Capital Accounting Forms webpage at [http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP\\_JUMP\\_122730](http://www.ohsu.edu/xd/about/services/financial-services/forms/forms-policies.cfm#CP_JUMP_122730). The Faculty member submits both of these documents to the Department Chair for approval of transfer.
4. Department Chair after making corrections/deletions to the list as necessary sends recommendations to the Dean or Vice President. **Note:** The Department Chair should make every effort to see if the equipment could be used by anyone else in the department or anywhere else at OHSU before approving the request.

5. The Dean or Vice President approves/declines the equipment transfer and forwards the documents to Capital Accounting.
6. Capital Accounting obtains signatures from Accounting Manager and Comptroller and submits to new institution.
7. Capital Accounting follows up with new institution to ensure acceptance of transferred equipment, updates Oracle accordingly, and sends a copy of acceptance document(s) to SPA

**IMPORTANT: ALL STEPS MUST BE COMPLETED PRIOR TO THE EQUIPMENT LEAVING OHSU**

**\*ALL NETWORKED EQUIPMENT MUST BE SCRUBBED PRIOR TO LEAVING OHSU**