

**COLORADO STATE UNIVERSITY**  
**Financial Procedure Instructions**  
**FPI 4-3**

1. **Procedure Title:** Property Management – Acquisition of Capital Equipment
2. **Procedure Purpose and Effect:** Procedures for any department or organization within the university to acquire capital equipment. The acquisition process comes in many forms and is governed by Federal Acquisition Rules (FAR) for contracts, the Office of Management and Budget (OMB) for grants-and Colorado State University Policies. This procedure provides guidance on the many ways the university can acquire capital assets, including; direct purchases, donations and gifts, fabrications, leases, transferred-in, federal surplus property or reutilization, and loaned equipment.
3. **Application of Procedure:** This procedure applies to all departments or organizations that acquire capital equipment and provides guidance regarding the acquisition process.
4. **Exemptions:** Any exemptions to this procedure require approval by Procurement, Business and Financial Services, and/or Office of Sponsored Programs (OSP).
5. **Definitions:**
  - A. **Acquired Value/Acquisition Cost:** The standard asset value for property, regardless of age or use. The acquired value should be recorded as the net invoice unit price of the property. Other costs to include in the acquired value are services (such as shipping, insurance, modification, installation, etc.) as well as the cost of attachments, accessories or auxiliary apparatus necessary to make the property usable for the purpose of which it was acquired.
  - B. **Acquisition:** The acquiring of property or services by contracting with appropriated funds through purchase or lease, or other means, including transfer or fabrication, whether the property or service are already in existence or must be created, developed, demonstrated, and evaluated.
  - C. **Capital Asset:** The term Capital Asset is interchangeable with Fixed Asset (which is also known as Property, Plant and Equipment). A capital asset denotes that the capitalization process and the characteristics of the item qualify it for inclusion in the University Plant Fund. A capital asset is any property that benefits a program for more than one year and meets the established capitalization threshold.
  - D. **Capital Equipment:** Capital equipment, also known as movable equipment, includes items which are not considered an integral part of a university building, are non-expendable, do not lose their identity through incorporation into a more complex unit, have a useful life of more than a year, and have an acquisition cost of \$5,000 or more, or other threshold if set by a contract, grant, or agreement.
  - E. **Capital Equipment Fabrication:** The creation of an item of equipment or scientific instrument that is built or assembled from raw or semi-finished material by CSU personnel, including internal or external shop staff and meets capital criteria.
  - F. **Capital Lease:** The act of acquiring assets by making periodic payments, which generally consist of principal and interest. A capital lease transfers substantially all of the benefits and risk inherent in ownership of the equipment to the lessee. At the end of the payment period, the lessee will obtain title

to the asset, yet was able to use the asset and spread the payments out over time easing the financial burden of making a large acquisition.

- G. Capitalization:** Capitalization acknowledges that a transaction meets all criteria necessary to be a fixed asset of the university. Capitalization does not necessarily mean that the university will be responsible for tracking the individual asset or that the individual asset is subject to depreciation or amortization. Library books will not be tracked individually in the CAM system; however, the accumulated cost of these kinds of assets will be maintained in CAM to coincide with the University General Ledger.
- H. Colorado State University Research Foundation (CSURF):** Technology Transfer Office responsible to protect and manage the intellectual property resulting from research at Colorado State University including negotiating contracts with commercial partners.
- I. Colorado State University Research Foundation (CSURF) Equipment Leasing Program:** The arrangement between CSU and CSURF to facilitate the acquisition of scientific, administrative support, and research equipment for the benefit of CSU pursuant to lease purchase arrangements. The CSURF Equipment Leasing Program (“Program”) consists of two options: the “Municipal Lease” and the “CSURF Line of Credit Lease”.
- J. Colorado State University Research Foundation (CSURF) Line of Credit Lease (LOC):** Used to acquire equipment valued up to \$50,000.
- K. Colorado State University Foundation (CSURF) Municipal Lease:** Used to acquire equipment valued \$50,000 or higher.
- L. Contractor Acquired Government Property:** Property acquired, fabricated or otherwise provided by the university for the performance of a contract or grant. Title is vested in the government in accordance with contract or grant terms and conditions.
- M. Donation:** Gifting equipment without monetary compensation.
- N. Excess Government Property:** Property that has additional useful life but is no longer required by the federal agency and is available to other federal agencies or federal contractors, such as the university.
- O. External Lease:** A direct lease agreement between a department and a vendor.
- P. Fabrication:** A manufacturing process in which an item is made from raw or semi-finished material instead of being assembled from ready-made components or parts.
- Q. Federal Acquisition Regulation (FAR):** FAR is the governing body for contracts.
- R. Federally Funded:** Federally funded capital equipment requisitions are those that will encumber funds provided by a federal sponsoring agency, the full amount of the purchase or any portion thereof. This includes non-federal agencies providing federal-pass-through funds.
- S. Fixed Asset:** The term Fixed Asset, is interchangeable with Capital Asset, and includes personal property and equipment of a durable nature that has an estimated useful life to an organization of at

least one year and meets the established capitalization threshold. A fixed asset does not actually have to be “fixed”, in that it cannot be moved. A fixed asset is also known as Property, Plant and Equipment (PPE).

- T. Gift:** A thing given willingly to someone without payment; a present.
- U. Government Furnished Property/Equipment (GFE):** Property in the possession of, or directly acquired by the Government and subsequently delivered to or otherwise made available to the university for use under specified contracts and grants. This could include excess government property and/or transferred property. The unit acquisition cost of government furnished property shall be determined by the government and furnished to the university. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of government furnished property will be provided on the transfer document covering shipment of the property to the university.
- V. Government Property:** All property owned or leased by the government. Such property acquired under contracts with the university includes government furnished property and contractor acquired government property.
- W. Internal Asset Transfer:** An asset transferred within the campus to another CSU department. This includes transferring a capital asset to the Surplus Property department for disposal.
- X. Lease:** Grant or rights by a lessor to a lessee to possess and use real or personal property for a stated time-period in exchange for rent or other consideration.
- Y. Lease Agreement:** A contractual agreement conveying the right to use property, plant or equipment usually for a stated time-period. A lease agreement involves at least two parties, a lessor and a lessee. The lessor agrees to allow the lessee to use the item for a specified time-period in return for periodic payments. There are two types of lease agreements available; an operating lease and a capital lease.
- Z. Operating Lease:** Includes a lessor (vendor), who collects rent, and a lessee (the university), who uses the leased equipment or property and pays periodic rent for such use. The lessee merely uses the equipment and/or property and there is no transfer of ownership or any risk of benefit of ownership. An Operating Lease is for a period longer than 12 months.
- AA. Office of Management and Budget (OMB):** The governing body for grants.
- BB. Purchase:** Acquiring something by paying for it.
- CC. Threshold:** Monetary limits for assets to be capitalized.
- DD. Title:** Title to acquired property can be dependent upon the contractual obligations in predefined agreements. For contract or grant acquisitions, the Office of Sponsored Programs provides title information. Title to donated property or property purchased with university funds rests with the university rather than with a department. Departments that are assigned property for custody and use are held accountable for such property.

**EE. Transfer:** Transfer of property to or from other universities or organizations. These occur primarily due to a transfer of faculty and/or the transfer of a sponsored project from one university or organization to another. Property purchased by the university or furnished by the federal government to which the government retains title is considered Government Furnished Equipment (GFE) when it is transferred to an ongoing federally sponsored contract or grant.

**6. Procedure Statement:** There are multiple ways the University can acquire capital equipment including directly purchasing either new or used items, receiving donations and gifts, fabricating, leasing, transferred-in, reutilizing and loaned.

**A. Direct Purchases:** Initiation of a Kualu Requisition document is used to make a direct purchase from a vendor.

**1. Purchase Order.** A requisition is initiated and submitted in the Kualu Financial System where it is electronically routed to the Property Management Office (as well as other necessary individuals or groups) and reviewed for compliance with acquisition procedures, object code usage and capital asset information. Additional information to help with the object code usage and the capital asset tab can be found on the Property Management website. If approved, the requisition is electronically routed to Procurement for processing and is assigned a Purchase Order Number. The Office of Procurement will make purchases approved by the principal investigator and, when required, the Office of Sponsored Programs. Purchases will be made in compliance with university policy and procedures, general federal regulations, and any special procedures required by the sponsoring agency or specific contract, grant, or agreement. After an item of equipment is received and payment has been made, the Purchase Order is closed. Property Management creates the asset, assigns a decal number, records the purchase on the department's property inventory list and affixes a property decal to the equipment. An Inventory Specialist will contact the responsible party assigned to the asset in order to set up a time to decal the equipment.

Consideration should be made as to buy new or used. The Procurement Services department regulates the purchasing process.

**B. Donations and Gifts:** The University frequently receives donations and gifts from a variety of sources such as commercial companies, alumni and private parties. There is a difference between a donation and a gift for Property Management purposes, however, regardless of whether the property is a direct donation or a gift; there will not be any performance expectations of the university in exchange for having been given the asset. Donations should be reported to Advancement whenever possible.

**1. Direct Donation.** When a donor directly donates an item or items to a department, the department must promptly notify Property Management. A list of the donated items, a signed statement from the relinquishing agency releasing title of the property to the university, and a signed letter of acceptance from the university dean or department head acknowledging receipt of the property are required documents and need to be submitted to Property Management. The department may use the Incoming Property Declaration Form, located on Property Management's webpage, in place of any or all of the required documents. Direct donations do not go through the Advancement Office and there will be no tax benefits for the donor.

**2. Gift-In-Kind Donation.** CSU receives non-cash contributions from donors. The Advancement Office handles the gift-in-kind process and Property Management is notified on a monthly basis of

all items gifted to the University. All donated items deemed to be over \$5,000 require an appraisal. Property Management will then add any items that meet capital criteria to the Quali database. The primary reason for gifts going through the Advancement Office is for the tax benefit received by the organization or person donating the gift. An asset acquired as a gift-in-kind must be kept by the University for a Minimum of three years in order for the donating entity to receive their tax benefit.

- C. Fabrications:** A fabrication takes place when the university makes or builds something in-house. Equipment or software that is fabricated or based on the specification set forth by a researcher may result in an asset that requires identification and control. The Asset Processor, within Business and Financial Services, or the Office of Sponsored Programs play a key role in tracking the costs that accumulate while fabricating an asset.
- The most important consideration for in-house fabrications is the capacity and expertise of organization staff and the facilities and tools required. Costs to be capitalized for internal software should be captured from the point management has authorized and committed funds until the program is in use. Refer to FPI 4-7 (Fabrication of Equipment, Models, & Deliverables), FPI 4-11 (Software and Internally Developed Software), and FPI 4-12 (Intangible Assets and Internally Generated Intangible Assets) for more information regarding fabrications and what types of costs to capitalize.
1. **Sponsor Work-In-Progress (SPWIP).** If the funding source of a fabrication is on a 53-research account, then an 88 SPWIP account will need to be requested and will be administered through the Office of Sponsored Programs.
  2. **Work-In Progress (WIP).** If the funding source of a fabrication is anything other than a 53-research account, then an 89 WIP will need to be requested and will be administered through the Asset Processor.
- D. Lease Agreements:** Departments may need to use a lease to purchase equipment. The department can either do an External Lease (lease directly from a vendor) or use Colorado State University Research Foundation (CSURF). All leases must adhere to the lease requirements outlined in Section 8 of the Purchasing Manual. The lease contract information will need to be forwarded to the Property Management Lease Accountant (in Business and Financial Services) in order to be classified as an operating lease or a capital lease. If it is determined to be a capital lease, the Property Management Lease Accountant will make the necessary capital leasing entries to the general ledger and create an asset. Refer to FPI 4-8 (Classification of External Lease Agreements, Rent and Use Charges) and FPI 4-9 CSURF Equipment Leasing Program) for more information regarding Leases.
1. **External Lease.** An external lease will be classified as either an operating lease or a capital lease.
    - a. **Operating Lease.** A requisition will need to be submitted annually, for each year of the lease term, using the expense object code 6646 and will not result in an asset being created.
    - b. **Capital Lease.** An asset will be created by the Property Management Lease Accountant and the department will need to submit a requisition to set up the payments for the asset using the proper lease payment object code (8300-Furniture/Fixture, 8310-Other Capital Equipment, etc.). The Capital Asset tab will need to be completed using "Multiple Systems" as the Capital Asset System Type; "Modify Existing" as the Capital Asset System State; entering the asset number created by the Lease Accountant; and using "Capital Lease" as

the Capital Asset Transaction Type. The lease payment terms will need to be entered in the Payment Info Tab and the Lease Agreement attached in the notes section.

2. **CSURF Lease.** A CSURF lease will be set up as either a CSURF Line-of-Credit Lease (for assets valued up to \$50,000) or as a Municipal Lease (for assets valued at \$50,000 and up).
  - a. The department will need to complete the applicable Request Form and submit it to CSURF; Procurement can assist the department in contacting CSURF. CSURF oversees the lease purchase program and will forward the lease paperwork to the Property Management Lease Accountant.
  - b. Once the Lease Accountant has made the necessary capital leasing entries to the general ledger, the asset will be created in the CAM database and assigned a decal.
  - c. Payments are the responsibility of the Acquiring Department. A payment will be initiated by CSURF's issuance of a request for a fund transfer into a revolving fund. A payment check will be generated from the revolving fund via a Disbursement Voucher.

**E. Transferred-In:** Equipment that is transferred into the university from another university or other federal agency.

1. **Contract, Grant or Agreement.** If the transfer of equipment is related to a contract, grant, or agreement the department shall promptly report the transferred-in equipment to the Office of Sponsored Programs. The Office of Sponsored Programs is responsible for obtaining any sponsoring agency approvals necessary regarding the transfer and for collaborating with Property Management to ensure that the equipment being transferred-in is properly reflected in the university's records.
2. **Direct.** If the transfer of equipment happened at the department level, the department is responsible to report the transferred-in equipment promptly to Property Management. A list of the transferred-in equipment, a signed Letter of Release from the relinquishing agency releasing title of the property to the university, and a signed Letter of Acceptance from the university dean or department head acknowledging receipt of the property are required documents and need to be submitted to Property Management. The department may use the Incoming Property Declaration Form, located on Property Management's webpage, in place of any or all of the required documents.
3. **Federal Surplus Property or Reutilization.** The Federal Surplus Property Program is monitored by the General Services Administration (GSA). The university can acquire property at little or no cost from the federal government through this program. This property is considered surplus by the federal government and could be reutilized. The federal government defines Surplus Property as "Excess personal property not required by any federal agency as determined by the Administrator of the General Services Administration (GSA)". Excess Personal Property is defined as "Any personal property under the control of a federal agency that the agency head determines is not required for its needs or for the discharge of its responsibilities". Procurement has provided Colorado State University departments the necessary eligibility to log in to the Federal Surplus Property website to obtain equipment. You will need an access code and password, contact your Procurement Agent for the code and password. To screen for Federal Surplus Property, go to: [www.gsaccess.gov](http://www.gsaccess.gov). Thomas Phillips is the contact person on the government side. His contact information is: [thomas.phillips@state.co.us](mailto:thomas.phillips@state.co.us), 4999 Oakland St, Denver Co, (W) 303-370-2166. If you locate an item or items, you are interested in obtaining, email the information to Thomas Phillips, so he can put a "freeze" on the item(s).

It is the department's responsibility to promptly report incoming federal surplus property received. A list of the acquired items, a signed Letter of Release from the relinquishing agency releasing title of the property to the university, and a signed Letter of Acceptance from the University Dean or Department Head acknowledging receipt of the property are all required documents and need to be submitted to Property Management. The department may use the Incoming Property Declaration Form, located on Property Management's webpage, in place of any or all of the required documents.

Further information about this program can be obtained at <http://www.nasasp.org>.

- F. Loaned Equipment:** Loaned equipment consists of assets owned by some organization or person, other than CSU, where CSU has been granted the use of such equipment for a specified length of time. Some equipment may be on loan from a sponsor or the federal government, or the equipment might be on loan to a contract, grant or agreement.
1. Loaned equipment does not have a minimum tracking value. It is recorded using the monetary value stated on the loan documents.
  2. Property that will be on loan to the university for more than 30 days is tracked in Quali.
  3. If the loaned equipment is directly related to a contract, grant or agreement, the Office of Sponsored Programs should notify the Property Management Office.
  4. If the loan is initiated at the departmental level, the department is responsible to report the loaned equipment promptly to Property Management.
  5. A list of the loaned items, with their stated monetary values, and a loan document signed by both parties are the minimum required documents. The department may use the Incoming Property Declaration Form, found on Property Management's webpage, in place of any of the required documents.

## **7. Reference and Cross-References:**

ASTM home page (E2279-03 Standard for Establishing the Guiding Principles for Property Management): <http://www.astm.org/index.shtml>

CSURF website: <http://www.csurf.org/>

Federal Acquisition Regulation home page (FAR Part 45, FAR 52.245-1, DFARS, NASA FARS, and DOE FARS): <https://www.acquisition.gov/?q=browsefar>

Financial Reporting and Analysis (FRA) website: <http://busfin.colostate.edu/Depts/FRA.aspx>

GASB home page (GASB 34): <http://www.gasb.org/>

GSA home page: <http://www.gsa.gov/portal/category/100000>

NPMA – The College and University Property Manual and Fundamentals of Personal Property Management: <http://www.npma.org/>

OMB Uniform Guidance information is located at: [http://www.whitehouse.gov/omb/grants\\_docs/](http://www.whitehouse.gov/omb/grants_docs/)

OSP website: <https://vprnet.research.colostate.edu/OSP/>

Procurement Services website: <http://www.purchasing.colostate.edu/>

Property Management website: <http://busfin.colostate.edu/Depts/PropMgt.aspx>

## **8. Forms and Tools:**

Add equipment to the Property System form can be located at:

<http://busfin.colostate.edu/Depts/PropMgt.aspx> (Under the Forms heading)

KFS User's Manual is located at:

[http://busfin.colostate.edu/Resources/Guides\\_Manuals.aspx](http://busfin.colostate.edu/Resources/Guides_Manuals.aspx) (Under the Manuals Heading)

The Incoming Property Declaration Form can be located at:

<http://busfin.colostate.edu/Depts/PropMgt.aspx> (Under the Forms heading)

CAM Basic Training (includes information on how to complete a requisition for capital equipment) can be located at:

<http://busfin.colostate.edu/Depts/PropMgt.aspx> (Under the Training Heading)

Gift-in-Kind Processing Forms can be located at:

<https://advancing.colostate.edu/DAIS/FORMS> or by contacting University Advancement at 970-491-3416

Kuali Tips for Capital Assets can be located at:

<http://busfin.colostate.edu/Depts/PropMgt.aspx> (Under the Guides and Manuals heading and the Kuali Documents subheading)

To apply for the CAM Processor Role please fill out the Application for Kuali Financial System located at:

<http://busfin.colostate.edu/Resources/Forms.aspx>