Equipment Purchasing (JHU)

Topics

- The Responsibilities of the Fixed Assets Shared Services Center (FASCC) and the Supply Chain Shared Services Center (SCSSC)
- Equipment Purchase Approval Overview
- CAPP vs. ECPO Shopping Carts
- Definition of Equipment and Fabrication
- Creating a Shopping Cart for Equipment Purchases
- Online Payment Requests
- Disposal and Transfer Form C824
- Correcting Errors
Assumptions

- You have access to Shopping Cart or are able to view reports in Analysis.
- You are familiar with how to create an eMarketplace and Free Text Shopping Cart.
- You know what Account Assignment type and number to charge for your equipment purchase.
- Your Account Assignment is set up to accept equipment charges.

Fixed Assets Shared Services Center Responsibilities

- Approve all Capital Expenditure Purchase Order (CAPP) Shopping Carts and create assets.
- Identify and record all equipment acquisitions.
- Tag newly acquired assets and update changes in location.
- Maintain the university’s equipment inventory.
- Conduct the two-year equipment inventory.
- Prepare equipment lists and related reports for departments.
- Provide data for property reports for specific grants and contracts for Sponsored Projects Shared Services as required in the Notice of Award.
Supply Chain Shared Service Center Responsibilities

- Approve CAPP Shopping Carts after Fixed Assets Shared Services has approved and processed the Cart.
- Follow normal purchasing policies and procedures.
- Ensure that there are two (2) competitive quotes and/or a justification attached to the Shopping Cart.

Equipment Purchase Approval Overview

- Departmental-approved Shopping Cart with CAPP document type is submitted into approval workflow and automatically routed to FASSC.
- Does purchase meet CAPP requirements? NO: FASSC times up with the Initiator to rework the Shopping Cart or to make corrections.
- YES: FASSC reviews asset sheet with asset number, reserved bat number, and budget information as provided in Shopping Cart. No dollar amounts are assigned to the asset sheet.
- Shopping Cart is approved and forwarded through workflow to Supply Chain for final approval and funding of the purchase order.
- When a goods receipt/confirmation is completed, the asset value is populated into the asset record and depreciation begins.
- FASSC Inventory Specialist will notify department to coordinate tagging of the equipment and adding to the inventory listing.
Equipment Purchase Approval Overview
SOM Only

If the purchase meets CAPP requirements:
- FASSC creates asset shell with asset number, requested log number, and budget information as provided in the Shopping Cart. No dollar amounts are assigned to the asset shell.
- FASSC approves and forwards through workflow to Supply Chain for final approval and issuing of purchase order.
- When a goods receipt confirmation is completed, the asset value is populated into the asset record and depreciation begins.

If total is $10,000 or greater:
- FASSC advises initiator that the Plant Assets – Physical Accounting Form must be completed and submitted to SOM-owa@jhu.edu for their review and approval.

DEMEC

If the initiative is rejected, the Shopping Cart or make corrections:
- FASSC follows up with the initiator to complete corrections.

APPROVED

Why Use CAPP Document Type?

Equipment Shopping Carts using document type CAPP are automatically routed to FASSC:

- Promote control and accountability of equipment
- Calculate F&A cost recovery rates
- Determine correct space allocation/category for Sponsor reimbursement
- Fulfill equipment requirements of sponsoring agencies
- Calculate depreciation for proper accounting
Why Use CAPP Document Type?

Shopping Carts using document type ECPO are NOT automatically routed to FASSC.

- Supply Chain cannot change the document type from ECPO to CAPP. Initiators must delete the ECPO Shopping Cart and re-create using CAPP.
- Equipment purchased as supplies (ECPO) instead of equipment (CAPP) may be taking F&A incorrectly.
- The university follows Uniform Guidelines, which require the timely identification and correction of errors.
- Monitoring and corrections are difficult and time consuming for Shared Services and the Controller’s Office.

What Is Equipment?

**Equipment:** Non-expendable, tangible property having a useful life of more than one year and a purchase cost of $5,000 or more per unit (cost includes installation costs and freight and shipping charges).

This includes other apparatus that may be used repeatedly without material impairment of its condition, and is not highly perishable.
What Is Fabrication?

Fabrication: Individual component parts are purchased for the purpose of building or fabricating equipment, where the equipment value, once complete, is over $5000 but less than $100,000.

- Fabricated equipment is not to be put into use immediately.
- When ordering individual component parts, select CAPP as the document type even if the cost of the components are under $3000.
- Asset is in an "Asset Fabrication in Process" status.

Fabrication Form C825

- When fabricating equipment, complete Fabrication Form C825 and send to FASSC.
- Completing the form lets FASSC know to block depreciation on the asset until it is complete.
- An asset shell record is created and a reserve asset tag # is assigned.
- Notify FASSC when the asset is in service so depreciation can begin and the status of "Equipment" can be assigned to the asset.
What Is Not Equipment?

- Consumable supplies – Items that have a useful life of less than one year
- Items costing less than $5000 per unit – Calculators, computers, etc.
- Maintenance and service agreements
- Equipment replacement parts – Does not enhance the value of the equipment

CAPP Documentation Requirements

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<tr>
<td>CAPP Shopping Cart</td>
<td>CAPP Shopping Cart</td>
<td>Fixed Assets – Project Accounting Form (SOM Only)</td>
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Fixed Assets – Project Accounting Form – SOM Only

- Obtain approval from SOM Office of Financial Affairs by completing the Fixed Assets – Project Accounting Form for any equipment purchases over $10,000.
- Complete and email to: somcapital@jhu.edu or attach to CAPP Shopping Cart.

Creating a CAPP Shopping Cart

Can be created as an eMarketplace or Free Text Shopping Cart.

1. Click Go Shopping link.
2. Click Go Shopping sub-tab.
3. Click Create Shopping Cart link.
Creating a CAPP Shopping Cart

4. Click Set Values link
5. Click Account Assignment tab
6. Enter General Ledger Account number 631099 under the Account Assignment tab – this number should be used for all CAPP Shopping Carts (equipment and fabrication component parts).

Creating a CAPP Shopping Cart

Default document type is ECPO – MUST be changed to CAPP.

7. Click the Search icon in the Document Type field.
8. Double-click CAPP.
Creating a CAPP Shopping Cart

9. Enter the **Shopping Cart Vendor** number if the Cart is a free text Cart.

10. Leave the **Contract/Line** field blank.

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Creating a CAPP Shopping Cart

11. Enter the following information in the **Approval Note** section on the Create Shopping Cart screen:

- **Equipment**: Designated contact person for inventory purposes and the Room/Building where the asset will be used if different from delivery address

- **Fabrication**: The message "Component Part," the reserve tag#, and estimated fabrication completion date
Installation Costs and Freight/Shipping Charges

- Be aware that installation costs and freight and shipping charges are considered a part of the cost of equipment and may appear on the invoice – do not add these charges to the Shopping Cart.
- Verify with the vendor the amount of charges that may appear on the invoice – if the charges will bring the invoice amount to over $5000, use CAPP as the document type.

Online Payment Requests

- Using Online Payment Requests to make equipment purchases is discouraged:
  - Checks and balances process is bypassed
  - Makes it difficult to control budget expenses
- Information on equipment acquisitions other than through purchase orders is not automatically identified.
- If an Online Payment Request is used, document type ZZ (Check Request) and General Ledger Account number 631113 should be used.
- University departments are responsible for notifying Fixed Assets about equipment purchases made using Online Payment Requests by completing Transfer Disposal Form C824.
Disposal and Transfer Form

University departments also complete Transfer Disposal Form C824 for transferred, moved, donated, or disposed equipment and are responsible for notifying FASSC.

- If equipment is replaced or needs to be returned, contact FASSC before contacting the vendor.

Correcting Errors - Reconciliation

- If an error is found during monthly reconciliation, department personnel should initiate an equipment non-payroll cost transfer.
  - This action will be routed to the FASSC for approval.
  - FASSC will follow up to create and tag the asset.

- The FASSC routinely reviews postings to supplies.

- If the inventory team identifies a possible equipment purchase, they will verify equipment is present, tag, and issue a correcting transfer.

- Once goods receipts are completed or invoices are posted, changes to the purchase order cannot be made.
Correcting Errors – Invalid Combination

- If your account assignment does not allow you to make equipment charges against it, the following "Invalid combination" error message will display when you are attempting to place your Shopping Cart order:

```
Invalid combination of grant 124151, program 90079228, class 652400, and fund 9100000000
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Do NOT bypass the Fixed Assets process and change the document type from CAPP to ECPO to force your order through.

This will cause incorrect grant reporting to the Sponsor.

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Correcting Errors – Invalid Combination

To correct:

- **Option #1** – Contact Sponsored Projects and have Equipment added to your grant as a sponsored class account so that equipment charges can be posted against it.

- **Option #2** – If you are unable to add Equipment as a sponsored class account against your current account assignment, use another non-sponsored or sponsored account that does allow equipment charges.
Equipment Transactions in SAP – Display Purchase Order (ME23N)

- The example below reflects a goods receipt/confirmation triggering depreciation.

Goods receipt/Confirmation date = posting date; depreciation begins

Asset amount posted to the Asset Record and amount depreciation is based on

Reminders

- Remember to change the shopping document type to CAPP (document type automatically defaults to ECPO).
- Shopping Carts issued as ECPOs will bypass Fixed Assets.
- Use of Online Payment Requests for equipment purchases is discouraged.
  - Departments are responsible for completing the form C824.
- If equipment is replaced or needs to be returned, contact FASSC before contacting the vendor.
- The FASSC routinely reviews postings to supplies.
- Equipment Shopping Carts created as ECPOs instead of CAPPs run the risk of not being correctly reimbursed by the Sponsor for the cost of the equipment.
Resources

- Fixed Assets policies and procedures are available at: https://apps.finance.jhu.edu/policy_procedures/list_policy_procedures.htm#one
- Fixed Assets – Project Accounting Form (SOM Only) is located at: http://ssc.jhu.edu/fixedassets/forms.html
- Fabrication Form C825 is located at: http://ssc.jhu.edu/fixedassets/forms.html
- Transfer Disposal Form C824 and completion instructions are located at: http://ssc.jhu.edu/fixedassets/forms.html

FASSC Contact List

<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim Hartley</td>
<td>Inventory Manager</td>
<td>443-997-5755</td>
<td>443-997-5781</td>
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<tr>
<td>Timothy Wolf</td>
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<td>443-997-5783</td>
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<tr>
<td>David Diosdado</td>
<td>Inventory Specialist</td>
<td>443-997-5795</td>
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<td>Crystal Gonzales</td>
<td>Inventory Specialist</td>
<td>443-997-5790</td>
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<tr>
<td>Doug Miller</td>
<td>Inventory Specialist</td>
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Questions?