Capital Equipment Purchasing for JHU
What is capital equipment?

- Capital equipment is defined as an article of non-expendable, tangible property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

- Machinery, office machines, vehicles (cars, trucks, etc.), scientific instruments or other apparatus that may be used repeatedly without material impairment of its condition, and is not highly perishable, is defined as capital equipment.
Fixed Assets- Responsibilities

- Regarding **equipment** accounting, Fixed Assets Shared Services is responsible for:
  - Identifying and recording all equipment acquisitions
  - Approval of all Capital Shopping Carts and creating assets
  - Conducting the two-year equipment inventory
  - Tagging newly acquired assets and updating changes in location
  - Maintaining the University's equipment inventory
  - Preparing equipment lists and providing to administration and departments a wide variety of equipment reports
  - Updating the equipment assets for use in F&A recoveries
  - Updating the equipment assets for use in calculating depreciation
  - Providing data for equipment reports on specific grant and contracts for Sponsored Projects Shared Services as required in the Notice of Award
- Policies and Procedures are available online: [http://www.controller.jhu.edu/policy/list.html](http://www.controller.jhu.edu/policy/list.html)
Supply Chain - Responsibilities

- Regarding **equipment** purchasing, the Supply Chain Shared Service Center is responsible for:
  - Final approval of CAPP (Capital Expenditures Purchase Order) document types
  - Creation of Purchasing documents
HOW TO PURCHASE CAPITAL EQUIPMENT USING A “CAPP” SHOPPING CART
Creating the Shopping Cart

- On Shopping Home Page, click “Create Shopping Cart.”
Enter General Data

- “Create Shopping Cart” screen will appear
- Start your order in the “General Data” section of this screen

“General Data” section shown on next page
Changing the Document Type

- Default Document Type is ECPO

- Must change to “CAPP”
Entering Item Data

- Enter the order information
Please add the room/building that the asset will be used in as an “Internal Note” in the Notes and Attachments section, if different from delivery address. Designate contact person for inventory purposes.
Approvals Workflow

- Items that have document type CAPP will be routed to the Fixed Assets Shared Service Center (FASSC) as part of the approval workflow.
- The General Ledger Account 631113 “JHU Only Equip > 5K” should be used on CAPP Purchase Orders.
- FASSC will determine if the purchase meets the Asset Requirements and all data relevant to the equipment item will be entered into an asset shell.
- An asset shell is established with an asset class, asset number, cost center, and internal order number. No dollar amounts are assigned to the asset shell.
- The shopping cart will be forward to Supply Chain for final approval and for purchase order issuance.
- When a goods receipt is completed, the asset posts using the cost object, commitment item and GL account on the purchase order, to both FM and the asset ledger.
On-line Payment Requests

- Using Online Payment Requests is discouraged.

- Information on equipment acquisitions other than through purchase orders is not automatically identified.

- If an Online Payment Request is used, the General Ledger Account 631113 “JHU Only Equip>5K” should be used.

- University departments are responsible for notifying Fixed Assets Shared Services using form C824 for transferred, moved, donated or disposed equipment.
  - Instructions and C824 Form available online: [http://ssc.jhu.edu/fixedassets/forms.html](http://ssc.jhu.edu/fixedassets/forms.html)
Common Problems
Impact of Errors

- Equipment expenses posted as supplies may be taking F&A incorrectly.

- The University follows OMB Circulars A-21, A-110 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.

- Upon finding errors, the shopping cart requestor will be notified of the incorrect purchase by the FASSC.
Identifying Mistakes

- Once a goods receipt is completed, changes to the PO cannot be made.

- Shopping carts issued as ECPO’s will bypass Fixed Assets. Supply Chain cannot change ECPO’s to CAPP purchase orders. Initiators must delete the ECPO shopping cart and re-issue using CAPP.
Shopping Carts that are pending approval will appear in the “Tasks” tab.
Create the asset shell, enter asset information into shopping cart, complete approval of shopping cart, then route to Purchasing.
Once changes are completed, an asset packet is compiled and a JHU inventory tag number is assigned for tagging.
FASSC Approval

General Data
Buy on Behalf Of: [blank]
Name of Shopping Cart: GE Healthcare Aktapurifier 10 (Yu)
Approval Process: Display / Edit Agents
Document Changes: Display
Document Type: CAPP

Item Overview

<table>
<thead>
<tr>
<th>Line Number</th>
<th>Description</th>
<th>Product Category</th>
<th>Product Category Description</th>
<th>Quantity</th>
<th>Net Price / Unit</th>
<th>Delivery Date</th>
<th>Account Assignment</th>
<th>Item Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aktapurifier 10</td>
<td>41100000</td>
<td>LAB SUPPLIES &amp; EQUIP</td>
<td>1.000</td>
<td>37,430.00</td>
<td>10/12/2010</td>
<td>Asset (4059832)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>PVC-900 Monitor</td>
<td>41100000</td>
<td>LAB SUPPLIES &amp; EQUIP</td>
<td>1.000</td>
<td>5,595.20</td>
<td>10/12/2010</td>
<td>Asset (4059832)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Conductivity Cell PVC-900</td>
<td>41100000</td>
<td>LAB SUPPLIES &amp; EQUIP</td>
<td>1.000</td>
<td>1,133.35</td>
<td>10/12/2010</td>
<td>Asset (4059832)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Frac 950</td>
<td>41100000</td>
<td>LAB SUPPLIES &amp; EQUIP</td>
<td>1.000</td>
<td>6,632.90</td>
<td>10/12/2010</td>
<td>Asset (4059831)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Rack B 12 MN Frac-950 tubes</td>
<td>41100000</td>
<td>LAB SUPPLIES &amp; EQUIP</td>
<td>1.000</td>
<td>205.15</td>
<td>10/12/2010</td>
<td>Asset (4059831)</td>
<td></td>
</tr>
</tbody>
</table>

Total Value
Asset Transactions in SAP

Goods Receipt triggers Capitalization / Posting Date
Asset Transactions in FM

<table>
<thead>
<tr>
<th>Item</th>
<th>2009 Approved Budget</th>
<th>2009 Current Budget</th>
<th>2009 YTD Budget</th>
<th>2009 YTD Actual</th>
<th>2009 YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies and Materials</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$0</td>
</tr>
<tr>
<td>Major Movable Equipment - Property Plant &amp; Equip</td>
<td>$20,049.76</td>
<td>$20,049.76</td>
<td>$20,049.76</td>
<td>$20,049.76</td>
<td>$0</td>
</tr>
<tr>
<td>Travel</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Expense Operating</td>
<td>$24,049.76</td>
<td>$24,049.76</td>
<td>$24,049.76</td>
<td>$24,049.76</td>
<td>$0</td>
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<tr>
<td>Change in Fund Balance Operating</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$0</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Ending Fund Balance UP</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

*Figures may include rounding errors.*
Fabricated Assets

- Asset class 900000 has been created for “Asset Fabrication In Process.”
  - This is to block depreciation from assets that are currently being fabricated.

- Applies to fabricated assets that do not meet the JHU capital project criteria.

- Please annotate on the C825 Fabrication Form the approximate “in service date.”
  - When the asset is “in service” please notify FASSC to begin asset depreciation.
  - Please note on shopping cart approximate date of completed fabrication.

- Fabricated assets will derive:
  - GL – 183202
  - Commitment Item - 653424
Conclusion

- Key point to remember is changing the shopping order type to CAPP. The document type automatically defaults to ECPO.

- Use of Online Payment Requests for equipment purchases is discouraged. Departments are responsible for completing the form C824 to ensure accurate and timely recording of all equipment.

- Shopping carts issued as ECPO’s will bypass Fixed Assets. Supply Chain cannot change ECPO’s to CAPP purchase orders. Initiators must delete the ECPO shopping cart and re-issue using CAPP.
Questions

• Specific inquiries should be directed to the appropriate Shared Service Center

  • Fixed Assets Shared Services
    http://ssc.jhmi.edu/fixedassets/index.html

  • Supply Chain Shared Services
    http://ssc.jhu.edu/supplychain/index.html