



## **POLICY & PROCEDURE DOCUMENT**

NUMBER: 3.2622  
2.2622

DIVISION: Finance and Administration  
Research

TITLE: Grants and Contracts Accounting – Capitalized Equipment

DATE: June 30, 2014

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### **I. Purpose and Scope**

This policy defines capital equipment and addresses related purchasing, reporting and retention requirements.

### **II. Policy**

1. Western Kentucky University (WKU) follows Office of Management and Budget's (OMB) definition 2 CFR Part 200.33 of capital equipment as "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000". Items costing between \$2,000 and \$5,000 will be considered expendable supplies for reporting purposes but will still be subject to WKU's property management standards (unless stipulated differently by the sponsor).
2. The Principal Investigator (PI/PD) is responsible for adhering to both the sponsor (federal, local, state or private) regulations stipulated in the award (see 2 CFR 200.313) and WKU guidelines regarding the purchasing, maintaining, safeguarding, and disposal of equipment purchased from restricted funds.
3. The funding agency must specifically approve the purchase of capital equipment costing \$5,000 or more, and there must be sufficient funds budgeted to cover its cost.
4. Grants and Contracts Accounting (GCA) reserves the right to disapprove an equipment purchase within the last 30 days of the project period. In the event an equipment

purchase is requested during this time frame, a justification must be submitted by the PI/PD.

5. In most cases, the title to equipment obtained through restricted funds remains with WKU. If the award document contains language to the contrary, WKU must obtain written approval from the sponsoring agency prior to disposal of the equipment. Any requests to transfer the title of equipment purchased with grant funds should be approved by GCA.

### **III. Procedure**

1. WKU policy requires any item (excluding software) with a cost of \$2,000 or more to be coded to the account code number for equipment or for technology purchases. (> \$2,000 but < \$5,000 to 78101-78149; > \$5000 to 78152-78166). Any item over \$5,000 is also subject to capitalization.
2. The WKU Purchasing Department uses a Federal ID tag System to identify all equipment purchased using federal funds whether wholly or partially. When a piece of equipment arrives in Surplus to be sold or disposed of, the Surplus staff will email GCA to determine how to proceed with the equipment based on whether the equipment is owned by WKU or a federal agency. GCA makes their decision based on the award document, guidelines at 2 CFR 200.313, and/or the agency web site. GCA will respond to the Surplus Department and they will proceed based on their procedures.
3. For complete details on WKU's property management system, contact Inventory Control located in the Purchasing Department.

### **IV. Reason for Revision**

#### May 2016

Revised to reflect re-organization of the Office of Research and Creative Activity and updated for OMB 2 CFR Part 200.

#### May 2021

Non-substantive changes resulting from fifth-year review in accordance with Policy 0.000V.

### **V. Related Policies**

All 3.25xx, 3.26xx and 3.27xx policies  
Policy 3.560V - University Property Accountability