

# ARC Notes Supplement

June 2009

## Additional Information Regarding the University's Change in the Equipment Capitalization Threshold

We reported that the university is changing its equipment threshold in the June issue of *ARC Notes*. In an effort to provide the most current information to you, we are forwarding the following memo from Tom Ewing, Associate Controller, Office of Business and Finance, that was sent to the college senior fiscal officers yesterday (see below).

This increase in the equipment capitalization threshold from \$3,000 to \$5,000 is in keeping with the equipment policies that are in place at most other educational institutions as established in the Code of Federal Regulations (2 CFR Part 220, formerly known as A-21).

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**From:** Ewing, Tom [mailto:ewing.6@busfin.osu.edu]  
**Sent:** Thursday, June 18, 2009 11:14 AM  
**Subject:** Change in Equipment Capitalization Threshold

Dear Senior Fiscal Officers:

Effective July 1, 2009, the University is increasing its capitalization threshold for moveable equipment from \$3,000 to \$5,000. When implemented, this change is expected to reduce the number of equipment assets subject to detailed federal tracking requirements by over 12,000 items (approximately 37% of the total, based on June 30, 2008 equipment data). This memo briefly outlines some of the key operational changes associated with the implementation of the new threshold.

1. Effective July 1, 2009, the PeopleSoft Asset Management System will reflect new equipment additions based on the new threshold. As such, receipting requirements and use of the capitalized equipment account codes (653xx account range) will be required for items \$5,000 and above. Please use the non-capitalized equipment accounts (655xx account range) for all items under \$5,000.
2. All new proposals and budgets submitted for OSURF sponsored programs must reflect the new threshold.
3. The scope for the annual Physical Inventory Equipment Review (PIER) self-audit process and the biennial physical audits conducted by Asset Management will be reduced to include only \$5,000+ items.
4. The Office of Information Technology will run programs in early July to reclassify equipment assets in the \$3,000-\$4,999 range from "cap" to "non-cap" status in the PeopleSoft Asset Management system. Colleges and vice presidential units will have the option of keeping these items in Asset Management or requesting their removal from the system. OSURF non-cap items will remain in the Asset Management system for at least six months, pending further review and guidance from the Research Foundation.
5. The procedural guidance related to non-capitalized assets has been revised to allow colleges and vice presidential units to take a more risk-based approach to the tracking of non-capitalized items. Under the revised guidance, deans, vice presidents and their senior fiscal officers should evaluate their non-capitalized equipment and identify those items

that are theft-prone (such as computers), sensitive (such as firearms) or may be taken off-campus. Items meeting these criteria should be inventoried at least annually. These items may be tracked in the PeopleSoft Asset Management system or by alternative means, such as spreadsheets. For those choosing to track non-capital assets in the PeopleSoft Asset Management system, Asset Management will continue to provide the year-end non-capitalized asset Physical Inventory and Equipment Review (PIER) self-audit listing.

6. Starting on July 1, the Asset Management group will conduct a re-tagging project to affix replacement/non-cap tags on all of the \$3,000 - \$4,999 reclassified items. In order to complete this project in a timely fashion, the Asset Management group will employ university students to locate each equipment item and attach the replacement tag. We are requesting that your equipment coordinators and other faculty/staff in your units provide their full cooperation and assistance to the retagging efforts.

7. Requests to remove non-cap items from the Asset Management system may be directed to DeeAnn Willis-Berry. Asset Management will gather these requests over the next few months and will work with OIT to do a mass deletion of these items from the system. Please submit these requests by October 31, 2009.

For your reference, I have attached a copy of the revised guidance on non-capitalized assets to the bottom of this message. We anticipate that the revised guidance will be published on the Business & Finance policy website in early July. If you have any questions or concerns regarding the change in the capitalization threshold, please feel free to contact DeeAnn Willis-Berry at 688-4788 or [willis-berry.1@osu.edu](mailto:willis-berry.1@osu.edu) or Robert Hunt at 688-4131 or [hunt.377@osu.edu](mailto:hunt.377@osu.edu).

Thanks for your help,  
Tom

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**Revised Procedures for Non-Capitalized Assets:**

VIII. Tracking Non-Capitalized Equipment

A. University organizations are responsible for maintaining effective physical custody over all movable equipment assets, irrespective of whether they are capital (cost of \$5,000 or more) or non-capital (costing less than \$5,000).

B. Capital assets, those costing \$5,000 or more, must be tracked through the Asset Management system within the PeopleSoft Financials system.

C. Deans, vice presidents and their senior fiscal officers should evaluate all non-capitalized equipment in their areas and identify those items that are theft-prone (such as computers, monitors, laptops, computing equipment, digital cameras, etc.), sensitive (such as firearms) or may be taken off-campus. Items meeting these criteria should be inventoried and tracked at least annually.

D. Colleges and vice presidential units have the option of tracking non-capitalized assets in the PeopleSoft Asset Management system or through an alternative process, such as a spreadsheet.

E. If your organization tracks non-capitalized items in the PeopleSoft Asset Management system, you are required to use tags provided by Asset Management. This is necessary to prevent the duplication of tag numbers in the system. Asset Management has non-capitalized asset tags with unique numbers available at no cost to your organization.

F. Each organization is responsible for the physical tagging of all non-capitalized items that are theft-prone,

sensitive or may be taken off campus. If you wish to use your own tags (for items tracked outside the Asset Management system), do not use white, scarlet or gray colors.

G. Non-capitalized equipment which is used off-site must bear a non-capitalized equipment tag (either the unit's tag or a tag from the Asset Management system) in order to identify it as university property.

H. Asset Management does not perform physical audits on non-capitalized items.

I. Each organization tracking non-capitalized items through the PeopleSoft Asset Management system is responsible for retiring those items when they have been disposed. All non-capitalized assets must be disposed in accordance with the policies and procedures for surplus property.

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