UNIVERSITY OF ALASKA
UNIFORM GUIDANCE WORKING GROUP

Section Number & Name: 200.439 Equipment and Other Capital Expenditures

A-21 Reference: J-18

BACKGROUND INFORMATION:

A. Does the revised guidance contain new language? ☒ Y ☐ N

Specifically describe the new language and how it differs: See attached.

B. Is the new guidance more or less restrictive than university processes? ☐ More ☒ Less

Specifically describe how it is more or less restrictive:
Allows for the cost of disposal if the Federal agency requires disposal

C. Cite any relevant system-wide policies/regulations/procedures:
Accounting and Administrative Manual Section 100 A-25

D. Cite any MAU-level relevant processes or manuals:

E. Is there an impact to electronic systems (Banner HR/Finance, Web Timesheets, Effort Reporting, etc.)? ☐ Y ☒ N

List specific system(s) impacted and method of impact:

ACTION PLAN: Is specific action needed? ☒ Y – see below ☐ N – no action needed

Recommended Action(s):

1. Possibly update equipment and other capital expenditures in the manual for disposal policy
2.

UA responsible area requiring documentation of compliance:

Rosemary Madnick, Heather Paulsen, Barbara Hyde, Tanya Hollis, Christi Eickholt, Andrew Gray, Claire Ligsay, Cindy Eriksen, Tana Myrstol

200.439 Equipment and other capital expenditures.

(a) See §§200.13 Capital expenditures, 200.33 Equipment, 200.89 Special purpose equipment, 200.48 General purpose equipment, 200.2 Acquisition cost, and

200.12 Capital assets.

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

Deleted: 18.

Deleted: a. For purposes of this subsection, the following definitions apply: ¶
(1) "Capital Expenditures" means expenditures for the acquisition cost of capital assets (equipment, buildings, and land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancilla ... [1]

Deleted: shall

Deleted: (1)

Deleted: where approved in advance by

Deleted: .

Deleted: (2)

Deleted: 5000

Deleted: .

Deleted: (3)

Deleted: 61 ¶

Deleted: .

Deleted: (4)

Deleted: subsections J.18.

Deleted: (

Deleted: above

Deleted: by

Deleted: (5) Equipment and other capital expenditure ... [2]

Deleted: use allowances or

Deleted: .

Page 1: [1] Deleted **Christi F Eickholt** **6/26/2014 1:22:00 PM**

a. For purposes of this subsection, the following definitions apply:

(1) "Capital Expenditures" means expenditures for the acquisition cost of capital assets (equipment, buildings, and land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the institution's regular accounting practices.

(2) "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or $5000.

(3) "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

(4) "General purpose equipment" means equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

b.

Page 1: [2] Deleted **Christi F Eickholt** **6/26/2014 1:22:00 PM**

(5) Equipment and other capital expenditures are unallowable as indirect costs. However, see section J.14, Depreciation and use allowances, for rules on the allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also, see section J.43, Rental costs of buildings and equipment, for rules on the allowability of rental costs for land, buildings, and equipment.

(6)

(1)