

# MBL Capital Equipment Quick Reference Guide

Please refer to the [Capital Equipment Management Policy K.1.10](#) for more information

## Purchasing Equipment

### What is equipment?

Equipment is an item of non-expendable, personal property having a useful life of more than one year and an acquisition cost that is \$5,000 or more per unit. Equipment includes items for scientific use as well as facilities use.

Capital Equipment purchases are reviewed by Financial Services at MBL, who are responsible for determining if purchase meet capitalization criteria as defined by Policy K.1.10. If the purchase is determined to be equipment, an asset will be created in the Capital Equipment Inventory Database and, the expense will be capitalized. Any equipment that does not meet capitalization criteria will be moved to general supplies during Financial Services' review.

Equipment can be purchased, or it can be transferred to the MBL. If a transfer, please refer to the Incoming Equipment Declaration Form for further instructions.

### Equipment purchased with federal funds.

Screening procedures should be followed for Federal awards to avoid the purchase of duplicative equipment. Departments are responsible for screening procedures as well as determining if additional Federal approvals are required prior to purchase.

When purchasing equipment, please refer to the following chart for subaccount coding.

## Equipment Subaccount

5370

Equipment - \$5,000 or more per unit

### Fabricated (Constructed) Scientific and Technical Equipment

Record scientific and technical equipment that is constructed or assembled to accomplish a special purpose in the performance of a project.

## Key Terms

### Capital Equipment:

The Marine Biological Laboratory defines capital equipment as an item of nonexpendable, tangible personal property having a useful life of more than one year, and an acquisition cost that is \$5,000 or more per unit.

### Fabricated Equipment:

A unique, identifiable, and discrete item that has a useful life of more than one year and is made of material and components which cumulatively cost \$5,000 or more.

### Asset Custodian/Contact:

The individual, designated by the department head, whose responsibilities include securing capital equipment, maintaining capital equipment records in a timely manner, and participating as needed in equipment inventories or capital equipment verifications.

### Physical Inventory:

The annual process of physical verification of all capital equipment acquired, furnished, or fabricated, including that property in possession or control of subcontractors. Physical inventories require the scheduling, performing, and subsequent reporting of information to Financial Services for audit purposes. Physical inventories include sighting, tagging, marking, recording, reconciling, and reporting of capital equipment, including overages, shortages, requests for approved inventory adjustments, and, when necessary, requests for relief of responsibility.

## Contact Information

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## Does my purchase meet capitalization criteria?

### Examples of capital expenditures:

1. Scientific equipment
2. Copy Machines
3. Autoclaves
4. Vehicles
5. Fabricated (constructed) equipment.

### Including:

- Freight
- In-Transit Insurance
- Multiple items purchased on one or more purchase order that work together as a unit with a combined cost of \$5,000.
- Any modification or accessories necessary to make the equipment usable.
- MBL shop charges
- Operating software purchased with hardware with a combined cost of \$5,000 or more.

### Examples of NON-capital expenses:

1. Accessories less than \$5,000 purchased separately from the original PO.
2. Replacement parts (even if over \$5,000)
3. Professional services
4. Tools with a cost less than \$5,000 for building constructed equipment.
5. Software purchased separately with a cost less than \$100,000.
6. PCs, laptop computers, or tablets with an original cost of less than \$5,000 per unit
7. Furniture and fixtures
8. Extended Warranties
9. Maintenance Agreement
10. Repairs

Please review Capital Equipment Training online [HERE](#)

## Tagging New Assets

The Division of Research will distribute and secure equipment tags for each item meeting capitalized equipment criteria.

The equipment tag will be placed in a visible location on the capital item and the following information will be captured in the inventory database:

- Tag number
- Photo of item with tag visible (if possible)
- Building
- Room
- Manufacturer
- Model number
- Serial number
- Description (if different from the description found on the tagging request)
- Equipment custodian

### What if the asset can't be tagged?

There are some items that cannot be tagged due to the physical nature of the equipment. An example would be the internal components of a machine or pieces submerged under water for long periods of time.

Items that cannot be physically tagged will be issued a Tag ID number for tracking purpose within the Capital Equipment Inventory database. "Non- Taggable" will be noted in the comments field of the database along with a description of why the item can't be tagged.

The person who purchased the equipment, or the custodian will be required to provide a description as to why the item will not be physically tagged to the Division of Research.

Though the item is deemed "non-taggable" it will still be required to be inventoried on an annual basis.

## Annual Physical Inventory

1. Does the equipment still exist?
2. Is the equipment in usable condition?
3. Is the equipment being used?
4. Is the location correct?
5. Does the asset tag on the equipment match the system record provided?

A physical inventory is performed each year to verify the existence, condition, and location of MBL assets.

## Disposal of MBL-Owned Equipment

Departments must notify the Division of Research when equipment is disposed of using the Capital Equipment Disposal Form found on the MBL website. The disposal form should include the asset information as well as disposal method and proper authorizations.

### Disposal Methods

- **Junk/Discard/Used for Parts**
- **Trade-In:** *Purchase order requests and purchase orders must indicate if equipment is being traded in as part of the purchase. Procurement will facilitate trade-ins and authorize the disposal form.*
- **Sale:** *Any sale of MBL equipment to third parties outside the MBL, including MBL employees, requires the prior approval of Financial Services and Procurement based upon written recommendation of the head of the department. Procurement will facilitate sales and authorize the disposal form.*
- **Transferred to another Institution:** *The transfer of equipment to another institution requires approval of Financial Services based upon written recommendation of the head of the Department or Director of Research.*

The MBL asset tag should be pulled from the equipment prior to disposal.

### Additional Requirements for Disposal of Equipment Purchased with Federal Funds:

A trade-in or sale of equipment purchased on a federal grant is subject to the approval of the Federal awarding agency (2 CFR 200.313)). Disposal of assets purchased on Federal funds with a net book value of more than \$5,000 require the return of proceeds to the Federal government (2 CFR 200.313)). There may be additional requirements that vary by awarding agency. Please refer to grant and contract agreements for any additional requirements.