
Equipment Purchases - Coding

Revised: 02.07.06

I. POLICY

In accordance with [North Dakota Century Code Chapter 44-04-07](#), the director of each agency and institution is required to maintain a record of the inventory of equipment and furniture. The entities are also required to do a physical inventory each year and certify said inventory. Inventories include equipment and furnishings with an individual value greater than or equal to \$5000. For those items less than \$5000, accountability records should be maintained on a departmental basis. These records should be maintained for proof of items that are covered by an insurance policy. Without the record keeping system, insurance claims may be disallowed.

II. PROCEDURES

Applicable property includes all personal property with an extended useful life in excess of one year and an identity which is not altered materially through use is equipment. If equipment is purchased the item is recorded at net, which is the invoice price, less all discounts, plus freight. Trade-in allowances are **not** deducted in determining the asset value to be recorded.

The following are the equipment Account numbers used by the University:

- 551005 Computer Equipment > \$250 < \$5000
- 552030 Other Equipment < \$5000
- 691035 Other Equipment >= \$5000
- 682020 Fixed Equipment >= \$5000
- 693005 Computer Equipment >= \$5000 (computers)
- 693020 Other IT Equipment >= \$5000 (excluding computers)
- 552030 Expendable Equipment/Plant Funds < \$5000
- 691035 Capital Equipment from Plant Appropriation >= \$5000
- 682020 Fixed Equipment/Plant Funds >= \$5000
- 551030 Expendable Equipment < \$5000-Recharge Center use only
- 552095 Equipment >= \$5000-Recharge Center use only
- 552095 Fixed Equipment >= \$5000-Recharge Center use only

EXPENDABLE EQUIPMENT includes all personal property with (1) an extended useful life in excess of one year, (2) an identity which is not altered materially through use and (3) an acquisition price (invoice cost less discounts plus freight charges plus trade-in value given) is less than \$5000. These items are not tagged and tracked on the UND inventory system.

Departments may choose to attach minor equipment tags to these items to aid them in tracking their minor equipment. These types of items include desk calculators, shelving units, movable

cabinets, coat racks, modular furniture, etc. The exception to this policy is memory upgrades for a printer or computer. Such upgrades are considered expendable equipment and charged to Account 551005. Any items that meet the above criteria would be coded to Account 551005, Account 552030, or Account 551030 (to be used by Recharge Centers only). Those items not meeting the above criteria are generally coded to Account 535045 - Other Supplies or Account 536015 - Office Supplies (except as noted below).

CAPITAL EQUIPMENT includes all personal property with (1) an extended life in excess of one year, (2) an identity which is not altered materially through use and (3) an acquisition price equal to or greater than \$5000. Capital equipment may be classified as **movable equipment** or **fixed equipment**.

Movable equipment with an acquisition cost greater than or equal to \$5000 is coded to Account 691035, 693005 and 693020, Account 691035 (if recorded on a plant fund) or Account 552095 (to be used by Recharge Centers only). These items will have an equipment tag number that is tracked by inventory personnel.

Fixed equipment with an acquisition cost greater than or equal to \$5000 is coded to Account 682020 or Account 552095 (to be used by Recharge Centers only). Fixed equipment consists of items that become identified as a part of the building (i.e. physically attached) instead of being capitalized separately. Thus, these items will not have an equipment tag number, as they become part of the building itself.

Subsequent enhancements or add-ons:

It is the university's policy to capitalize the initial purchase of equipment meeting the minimum dollar value and useful life criteria. Subsequent enhancements or add-ons to that equipment will be charged to expendable equipment unless **each** enhancement/add-on meets both the minimum dollar value (\$5000) and useful life criteria. **Please note that the dollar value threshold of \$5000 applies to each individual enhancement and not the amount of all cumulative enhancements.**

Information Technology Plan and Related Accounts

Under the direction of the Information Technology Department in Bismarck, UND submitted an Information Technology Plan. The plan included the outlining of a strategic plan for the technology for the university. The plan makes it necessary for the university to track the IT expenditures for all sources of funds for comparison to the university budget. The use of the following Accounts will assist in this process. The following Accounts will need to be utilized when purchasing information technology equipment.

Account 581035 -Capital Leases-IT Equipment –

Should be used for making lease payments for computers or IT equipment. Under this arrangement, the university owns the equipment. These leases are generally set up with a financing company.

Account 551005 -Computer Equipment > \$250 < \$5000 –

This Account number is similar to Account 552030 - Expendable Equipment. Examples of items coded to this Account are printers, printer boxes, enhancements to existing computers, scanners, CD burners, backup systems, mother boards, Ethernet cards, memory, hard drives, keyboard, mouse, zip drives, modems, emulation boards, co-processors and other peripheral devices.

Account 693005 -Computer Equipment >= \$5000 –

This Account is similar to Account 691035. **Only computers** will be coded to this Account.

Account 693020 -IT Equipment >= \$5000 (Excluding Computers) –

This Account is similar to Account 691035 and should be used for all IT equipment excluding computers. Examples of this Account are printers, scanners and other peripheral devices.

Personal Computer Purchases:

When purchasing a computer, the following items will be considered as one unit for capitalization and inventory purposes and will all be included under one tag number: the system unit including disk drives, keyboard, monitor and reasonable amount of computer software (when the software is acquired at the time of the computer purchase and where reasonable is defined as up to 50 percent of the hardware cost).

Printers will be tagged separately.

Additional disk drives, surge protectors, mouse(s), external modems, emulation boards, memory expansion boards and chips, co-processors and expansion chassis purchases will be reviewed to determine if it meets the minimum dollar value and useful life criteria test and coded accordingly. If the item meets the capitalization criteria, it will be added to the tag number of the item being enhanced. Any **replacement** monitors, keyboards, disk drives, etc. are repair items coded to Account 591105.

Outlet strips, cables, plug 'n play kits, etc., acquired after the initial purchase of a personal computer will be considered supplies and coded to Account 532115 or Account 535045.