

Research St. Joseph's - Hamilton (RSJ-H)		Pages 1 of 3	Number 044-RSJ-H
Policy Title Capital Equipment		Date 01 November 2015	
Supersedes New Policy	Cross Reference	Issuing Authority RSJ-H Scientific Director	
<input checked="" type="checkbox"/> Charlton Campus	<input checked="" type="checkbox"/> West 5th Campus	<input checked="" type="checkbox"/> King Campus	

Position responsible for developing and maintaining the policy: RSJ-H Scientific Director

1.0 POLICY STATEMENT

The Research Institute receives funding for research projects from external sources, including funding from the federal and provincial governments. The Research Institute must properly classify, safeguard, and depreciate equipment. In addition, many sponsors may have capital equipment requirements in the terms and conditions of the award.

This policy provides guidance for the management and control of capital equipment either that is owned by Research St Joseph's – Hamilton (RSJ-H), titled to RSJ-H, under the custody of RSJ-H, or for which RSJ-H is accountable to the sponsors of any related research conducted. All capital equipment is an asset of the Research Institute that should be safeguarded and used for Research Institute research programs and purposes.

2.0 POLICY

This policy, governs the treatment of capital equipment in any Research Program that has been purchased with funds held in trust or received in-kind in an agreement with RSJ-H.

To the extent there is any inconsistency between RSJ-H policies and the terms and conditions of a sponsoring agency's award under which equipment is purchased/provided in-kind, the more restrictive of the two shall govern.

2.1 Acquisition/Purchase

Types of costs that may be capitalized as equipment:

The following costs are applied towards the \$3,000 acquisition cost and should be capitalized with the equipment.

- Any initial modifications, attachments, accessories, or auxiliary apparatus that is necessary to make an item of capital equipment useable for its acquired purpose.
- Shipping charges, protective in-transit insurance, freight, and installation costs.
- Upgrades, modifications, or enhancement parts that increase the useful life of the equipment by one year or more.

Types of costs that may not be capitalized as equipment:

- Equipment repair costs

These Research St. Joseph's - Hamilton policies are **CONTROLLED** documents as are all management system files on the intranet. Any documents appearing in paper form are not controlled and should **ALWAYS** be checked against the intranet version (electronic version) prior to use.

- Separate warranty costs or maintenance contracts
- Demolishing or dismantling costs
- Spare or replacement parts that do not increase the useful life of the equipment by one year or more.

ALL CAPITAL EQUIPMENT MUST BE APPROVED BY THE PRINCIPAL INVESTIGATOR AND THE OFFICE OF RESEARCH ADMINISTRATION USING A COMPLETED PURCHASE REQUISITION FORM.

2.2 Equipment Classifications

Capital equipment is classified differently depending on ownership or title to the equipment. Title to or ownership of equipment is determined by the provisions of the sponsoring award, contract, or agency policy. There are two classifications of capital equipment:

Purchased by the Research Institute

Equipment purchased in whole or in part by Research Administration with title vested to the Research Institute is considered "shared equipment."

Purchased by PI with funds received by the RI for that purpose

Equipment purchased with non-industry-sponsored Research Institute-held funds is considered "Research Institute equipment." Title to Research Institute-equipment is vested with Research Institute. Research Institute equipment is subject to the same guidelines as sponsored equipment.

3.0 IDENTIFICATION OF EQUIPMENT

To maintain effective identification of equipment, all equipment must be affixed with uniquely numbered identification asset tags provided by the Finance Department. Tags and tag numbers facilitate equipment inventory control by enabling individuals to match pieces of equipment to their associated information. In cases where items cannot be physically tagged (e.g., too small, temperature sensitive, or in cases where the tag would interfere with use or operation), a property record/tag must still be maintained and available for review upon request.

4.0 DISPOSITION

Disposition is the process of removing equipment which has no further Research Institute use from inventory. Any piece of capital equipment which has ceased to function or for which the Research Institute has no further use must be disposed of and removed from inventory records. Equipment must also follow the dispositional process when it is:

- No longer in use;
- No longer the responsibility of Research Institute (e.g. transferred or sold); or,
- No longer part of the inventory of active items.

Information regarding capital equipment items that have been removed from the inventory records must be maintained by the Finance Department. Ultimate disposition data should include date and description of disposal method (e.g. scrapped, transferred and donated). Fully depreciated assets that are still being used should remain on the inventory records.

5.0 RESPONSIBILITIES AND CONTACTS

The Research Institute is responsible for capital equipment in accordance with the provisions of the funding agreement. The Research Institute has a decentralized equipment management practice under which the principal investigators are responsible for most aspects of equipment management. Management of capital equipment includes proper record maintenance, safeguarding of equipment, and assurance that disposition or encumbrance of equipment is performed in accordance with the funding requirements.

6.0 PRINCIPAL INVESTIGATORS

Principal Investigators (PIs) are responsible for the management of type 2 capital equipment purchases from their research funding awards and have ultimate responsibility for compliance with this policy and the terms and conditions of the award. PIs are responsible for tracking equipment used in their lab or under their direction, assisting in the completion of reports and physical inventories, and notifying the Research Administration and/or Finance Department of any changes with respect to condition, location, loss, damage, or disposition.

7.0 FINANCIAL ACCOUNTING AND REPORTING

Finance Department maintains Research Institute-funded capital equipment policies to ensure adherence with Generally Accepted Accounting Principles (GAAP) and other regulatory requirements, to promote consistent accounting treatment across the Research Institute, and to ensure the operating results of Research Institute are not misstated as a result of transactions unrecorded or recorded improperly.

8.0 DEFINITIONS

Acquisition Cost: the cost of an asset including the cost to ready the asset for its intended use. The acquisition cost of capital equipment includes the purchase price of the item, the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for purpose for which it is required, costs necessary to obtain and prepare the asset for use, shipping costs, taxes, protective in transit insurance, and installation. The acquisition cost of donated assets is the fair market value at the time of donation. Acquisition cost does not include repairs, service contracts, or supplemental warranties.

Capital Equipment: moveable, tangible personal property with a useful life of more than three years a per-unit acquisition cost of \$3,000 or more. Capital equipment includes scientific equipment, fabrications, software, and donated assets. Capital equipment is recorded on the RI's general ledger as a capital asset and expensed to the appropriate capital equipment object code.

These Research St. Joseph's - Hamilton policies are **CONTROLLED** documents as are all management system files on the intranet. Any documents appearing in paper form are not controlled and should **ALWAYS** be checked against the intranet version (electronic version) prior to use.