



UC San Diego

Policy & Procedure Manual

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INVENTORY

Section: 522-4

Effective: 07/10/1989

Supersedes: 04/01/1986

Review Date: TBD

Issuance Date: 07/10/1989

Issuing Office: [CAMS \(Campus Asset Management System\)](#)

FABRICATED EQUIPMENT

I. REFERENCES

- A. University of California Accounting Manual
 - P-415-32 Plant Accounting: Inventorial Equipment - Fabricated Items
- B. University of California Business & Finance Bulletin
 - BUS 29 Management and Control of Inventorial Equipment
- C. UCSD Policy and Procedure Manual (PPM)
 - 150-14 Provision for Indirect Cost Recovery on Federal and Non-Federal Supported Programs
 - 523-5 How to Complete a Purchase Order Requisition Form
- D. UCSD Cost Accounting Standards Board Disclosure Statement (CASB DS-2), June 30, 1998
- E. OMB Circular A-21, Cost Principles for Educational Institutions (Revised), May 8, 1996

II. POLICY

Office of the President Administration and Federal policies specify accounting and audit procedures covering inventorial items of fabricated equipment. This policy outlines campus procedures for recording and reporting fabricated equipment in order to satisfy those requirements.

III. DEFINITIONS

A. Fabricated Equipment

1. An item of non-expendable, tangible, personal property, physically constructed by a campus activity which has a total acquisition cost of \$500 or more, and has a normal life expectancy of two years or more. Usually, various off-the-shelf equipment components, materials, and supplies are incorporated in such equipment.
2. The term "FAB" (fabricated, fabrication) as used in this policy does not include equipment fabricated for the sole purpose of sale and delivery to an outside activity under a specific contract for services handled through the Business Office.

B. Equipment Components

1. “Off-the-Shelf” items of non-expendable, tangible, personal property which have an acquisition cost of \$500 or more per unit and a normal life expectancy of two years or more. Generally, power supplies, meters, motors, TV cameras, recorders, counters, etc. fall into this category.

C. Materials and Supplies

Items which are incorporated into a FAB such as software, capacitors, resistors, connectors, nuts, bolts, wire racks, panels, fittings, etc.

IV. PROCEDURES

A. Initiating, Recording, Reporting, and Accounting for Equipment Fabrications

1. Departments should initiate a Request for Issuance of Fabrication Number form, Exhibit A. It should be signed by the authorized individual who will administer the FAB. Required information includes description of the item to the extent known; location, name and account number of the department that is to have custodial responsibility; the estimated value of the FAB; and the estimated completion date. Title and tax status should be appropriately indicated based on where title is to initially vest upon completion of the fabrication. Generally, title passes to the University unless it is specifically stated in the contract that the Federal Government retains title. The Office of Contract and Grant Administration (OCGA) Award Distribution Slip will indicate the taxable status of equipment for each award. Please note that it is the responsibility of the department via OCGA to obtain sponsoring agency approval of the fabrication when required.
2. Equipment Management will issue a FAB Number, and return a copy of the Request (with the FAB Number assigned) to the initiating department. The FAB Number becomes the control number and is to be referenced on all documents relating to the project, and will be used only for expenditures relating to the particular FAB.
3. When recording the fabrication of equipment, all materials, supplies, and services from outside vendors or authorized recharge activities used in the FAB should be object coded 9610 or 9611. These costs are excluded from the indirect cost rate.
4. Departmental labor, travel, or other operating expenses associated with the FAB should be coded with the object codes normally used for such expenses. These expenses are subject to the indirect cost rate.
5. Upon completion of a FAB, the custodial department will submit an Equipment Inventory Modification Request (EIMR) form to Equipment Management with a complete description of the item and its location. The total value should be summarized with purchase order numbers, recharge activities, labor, travel and operating expenses, each with applicable costs.
6. Upon receipt of the EIMR, Equipment Management will record the fabricated item on the custodial department's equipment inventory listing, and if not previously assigned, issue a property number which will close out the FAB.
7. An interim and updated EIMR is required annually on the anniversary date of assignment of the FAB number until the FAB is closed out (i.e., final EIMR submitted). The first and all subsequent interim EIMR's should include an updated completion date in addition to data elements as outlined in item 5 above. Upon receipt of the first interim EIMR, Equipment Management will assign a property number to the FAB and record the FAB Number on the custodial

**University of California San Diego Policy – PPM 522-4
PPM 522-4 Fabricated Equipment**

department's equipment inventory listing. The FAB Number will be substituted with the proper nomenclature upon completion of the FAB.

8. If the fund number applying to a particular FAB changes or additional fund numbers are added before FAB close out, the cognizant department will notify Equipment Management by memo of this change.

B. Purchase of Equipment Components, Materials and Supplies for Fabricated Equipment Items

1. The Purchase Order Requisition (POR) is the procedural mechanism utilized to purchase equipment components, materials and supplies from outside vendors to be incorporated into a FAB. The POR must include the notation "to be incorporated in FAB No. _____"; it is coded Subaccount 4, Object Code 9610 or 9611.

2. Fabrication Blanket Order

Authorized departmental personnel may submit a Purchase Order Requisition, Exhibit B, to their appropriate Purchasing Office for approval of a "Fabrication Blanket Order". After review and approval, a "Fabrication Blanket Order" will be issued. Purchases up to \$300 per vendor per day for supplies and materials to be incorporated into the particular FAB can then be made during the period specified on the order, using this Blanket Order number. Use of the Fabrication Blanket Order is entirely at the discretion of the department and is issued in the Chair or Director's name.

3. Low Value Purchase Order (LVPO)

Authorized department personnel may use the LVPO to purchase supplies and materials to be incorporated into the FAB in lieu of the Fabrication Blanket Order when supplies and materials purchased fall within the criteria of the low value purchase authorization. However, it is essential in such cases, that the LVPO include a statement "to be incorporated into FAB No. _____"; that it be coded Subaccount 4, Object Code 9610 or 9611, Exhibit C. Use of the LVPO is entirely at the discretion of the Department.

4. Equipment Purchases

Items of equipment, as defined in Section III.B., Equipment Components, to be incorporated into a FAB, are to be purchased in accordance with purchasing procedures as indicated in PPM 523-5. They must be identified as items "to be incorporated into FAB No. _____", and will be coded Subaccount 4, Object Code 9610 or 9611.

5. Taxability

Equipment Management will verify the correct tax status of all Purchase Order Requisitions for fabricated equipment.

- C.** Note: LVPOs and PORs should be annotated "non-taxable" i.e., not subject to the application of sales or use tax, if title to the FAB is to initially vest with the Federal Government.



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EXHIBIT A

FAB NO. _____	
REQUEST FOR ISSUANCE OF FABRICATION NUMBER *	
To: Equipment Management, Q-026	
Administrative Contact _____	Ext. _____
Department _____	Budget No. _____
Account Name _____	Account/Fund _____
Location: Bldg. _____	Room _____ Mail Code _____
Estimated Value _____	Estimated Completion Date _____, 19__
Upon completion of the fabrication, title will vest initially with:	
_____	University - taxable
	OR
_____	Government - non-taxable
Quantity/Description/Function	
Quantity:	_____
Description:	_____

Function:	_____

Prepared by _____	Date _____
_____	_____
Principal Investigator	Departmental Authorization
Equipment Management Approval _____	Date _____
Distribution - Original: _____	Equipment Management
Approved Copy: _____	Originating Department
*This form is not to be used for equipment to be built under "Contract for Services" administered by the Campus Business Office.	



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EXHIBIT B

FABRICATION BLANKET ORDER FORMAT

IT IS UNDERSTOOD THAT THE PERSON APPROVING THIS ORDER HAS THE PROPER AUTHORITY TO DO SO AND THAT FUNDING INDICATED IS AVAILABLE

<input checked="" type="checkbox"/> POR	<input type="checkbox"/> SUB-ORDER	<input type="checkbox"/> LVPO	SUGGESTED VENDOR
REQUISITION DATE	REQUISITION NUMBER B 17425	ORDER IS NOT VALID IF TOTAL COST EXCEEDS \$100 (EXCLUDING SALES TAX AND FREIGHT)	
DEPARTMENT	MAIL CODE	DEPARTMENT PHONE	BUYER
DATE NEEDED	COST NOT TO EXCEED (OPTIONAL)	SEND P.D. COPY TO	MAIL CODE
DEPARTMENT AUTHORIZED SIGNATURE		DATE	ORDER NUMBER
SIGNATURE		PHONE NO.	SUBJECT NO.
UNIVERSITY OF CALIFORNIA, SAN DIEGO		UNIVERSITY OF CALIFORNIA, SAN DIEGO	
PURCHASE REQUISITION		RECEIVING DEPARTMENT	
VENDOR NAME AND ADDRESS:		3175 MIRAMAR ROAD, BLDG. 509	
Name of Dept. Chair or Director		LA JOLLA, CALIFORNIA 92093	
Title		ATTN: REQUESTOR BLDG/ROOM PHONE NO.	
Dept.		OTHER	
La Jolla, CA 92093		ATTN: REQUESTOR BLDG/ROOM PHONE NO.	
(or other if appropriate)			
VENDOR NO.	PRICE BY	F.O.B.	
	Various Sources	To be Determined	
SHIP BY	TERMS	CONFIRMING DATE	
	To be Determined		

INV. OBJ. ORDER	ITEM NO.	QUANTITY UNITS	DESCRIPTION	UNIT PRICE	TOTAL PRICE
			PURCHASE AUTHORIZATION TO OBTAIN MISCELLANEOUS SUPPLIES FOR INCORPORATION INTO FAB NO. THIS PURCHASE AUTHORIZATION IS ISSUED TO THE (DEPT.) (DEPT. CHAIR OR DIRECTOR), OR HIS/HER DESIGNATED REPRESENTATIVE(S) (SPECIFY DESIGNEE BY NAME) TO OBTAIN VARIOUS SUPPLIES AND MATERIALS FOR INCORPORATION INTO FAB NO.		
			FOR THE PERIOD: (E.G.: 2/1/89 - 6/30/89) (IN NO CASE SHALL THE PERIOD STATED EXCEED THE CURRENT SPECIFIED ESTIMATED COMPLETION DATE OF THIS FAB NO. SUBMITTED TO EQUIPMENT MANAGEMENT (INVENTORY CONTROL)).		
			TOTAL COST NOT TO EXCEED: \$		
			INTERNAL INSTRUCTIONS FOR CONTROL UNDER THIS BLANKET AUTHORITY:		
			1. PURCHASE SHALL NOT EXCEED \$300 PER DAY PER VENDOR.		
			2. THIS PURCHASE ORDER NUMBER AS WELL AS THE ASSIGNED FAB NO. SHALL APPEAR ON ALL INVOICES FOR PURCHASES UNDER THIS BLANKET AUTHORITY.		
			DELIVERY DATE:	TAX	
				TOTAL	

* DIRECT ALL QUESTIONS RELATING TO THIS ORDER TO THE PURCHASING DEPARTMENT, Q-026 THE UNIVERSITY OF CALIFORNIA, SAN DIEGO LA JOLLA, CALIFORNIA 92093

INQUIRIES TO

BILL TO

PLEASE ITEMIZE ALL CHARGES SHOW CALIFORNIA SALES TAX PERMIT NUMBER WHEN BILLING CALIFORNIA THE BILL SHOULD BE DUPLICATE TO THE UNIVERSITY OF CALIFORNIA, SAN DIEGO ACCOUNTING OFFICE (Q-041) LA JOLLA, CALIFORNIA 92093

RETENTION PERIOD: FEDERAL FUNDS 10 yrs. OTHER FUNDS 5 yrs.

FO-2135 CENTRAL PURCHASING OFFICE (Q-026)

University of California San Diego Policy – PPM 522-4 Exhibit B
 PPM 522-4 Exhibit B Fabrication Blanket Order Format

IT IS UNDERSTOOD THAT THE PERSON APPROVING THIS ORDER HAS THE PROPER AUTHORITY TO DO SO AND THAT FUNDING INDICATED IS AVAILABLE

<input checked="" type="checkbox"/> POR		<input type="checkbox"/> SUB-ORDER		<input type="checkbox"/> LVPO		SUGGESTED VENDOR	
REQUISITION DATE		REQUISITION NUMBER B 171427		ORDER IS NOT VALID IF TOTAL COST EXCEEDS \$100 (EXCLUDING SALES TAX AND FREIGHT)			
DEPARTMENT		MAIL CODE		DEPARTMENT PHONE		BUYER	
DATE NEEDED		COST NOT TO EXCEED (OPTIONAL)		SEND P.O. COPY TO		MAIL CODE	
DEPARTMENT AUTHORIZED SIGNATURE				DATE			
TYPE-PRINT SIGNATURE		PHONE NO.		TAX (Check One) <input type="radio"/> TAXABLE <input type="radio"/> RESALE <input type="radio"/> NON-TAXABLE		ORDER NUMBER	
UNIVERSITY OF CALIFORNIA, SAN DIEGO PURCHASE REQUISITION				VENDOR ORDER NUMBER IS TEN CHARACTERS AND MUST APPEAR ON ALL INVOICES, PACKING SLIPS, PACKAGES AND RELATED CORRESPONDENCE			
				UNIVERSITY OF CALIFORNIA, SAN DIEGO RECEIVING DEPARTMENT 3175 MIRAMAR ROAD, BLDG. 509 LA JOLLA, CALIFORNIA 92093			
VENDOR NAME AND ADDRESS:				SHIP TO →			
ATTN: _____ REQUESTOR _____ BLDG./ROOM _____ PHONE NO. _____							
OTHER				ATTN: _____ REQUESTOR _____ BLDG./ROOM _____ PHONE NO. _____			
VENDOR NO.		PRICE BY		F.O.B.		CONFIRMING DATE	
SHIP BY		TERMS		CONFIRMING DATE		ATTN: _____ REQUESTOR _____ BLDG./ROOM _____ PHONE NO. _____	

INV. OBJ. CODE	ITEM NO.	QUANTITY UNITS	DESCRIPTION	UNIT PRICE	TOTAL PRICE
			2. (Cont.) INVOICES SHALL BE FILED WITH THIS PURCHASING AUTHORITY.		
			3. EIMR SUBMITTED TO MATERIAL MANAGEMENT, EQUIPMENT CONTROL DIVISION, UPON COMPLETION OF FAB NO. _____ SHALL INCLUDE INVOICE NUMBERS AND AMOUNTS FOR ALL PURCHASES UNDER THIS BLANKET AUTHORITY.		
COMMENTS: FEDERAL GOVERNMENT CONTRACT NO. _____ (IF APPLICABLE).					
(NOTE: IF A FEDERAL GOVERNMENT CONTRACT NO. IS APPLICABLE, THEN OBJECT CODE SHOULD BE 9611 TO INDICATE NON-TAXABLE STATUS.)					
RESALE STATEMENT - GOVERNMENT CONTRACTS: (IF APPLICABLE)					
FOR RESALE PER UNIVERSITY OF CALIFORNIA, SAN DIEGO RESALE CERTIFICATE NO. SXFH25-610105. THE GOODS/SERVICES HEREON (IS/ARE) TO BE USED IN CONNECTION WITH THE FEDERAL GOVERNMENT CONTRACT CITED IN THIS PURCHASE ORDER.					
TERMS AND CONDITIONS: (IF APPLICABLE)					
DELIVERY DATE: _____					

• DIRECT ALL QUESTIONS RELATING TO THIS ORDER TO THE PURCHASING DEPARTMENT, Q-026 THE UNIVERSITY OF CALIFORNIA, SAN DIEGO LA JOLLA, CALIFORNIA 92093

PURCHASING OFFICE INSTRUCTIONS: SPECIAL CLAUSES APPROVED APPROVALS APPROVED APPROVALS EXPEDITED CODE	BILL TO →	PLEASE ITEMIZE ALL CHARGES SHOW CALIFORNIA SALES TAX PERMIT NUMBER WHEN BILLING CALIFORNIA TAX. MAIL INVOICE IN TRIPLICATE TO THE UNIVERSITY OF CALIFORNIA, SAN DIEGO ACCOUNTING OFFICE (Q-026) LA JOLLA, CALIFORNIA 92093	INQUIRIES TO →	APPROVAL APPROVED SIGNATURE
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RETENTION PERIOD: FEDERAL FUNDS 10 yrs.
OTHER FUNDS 5 yrs.

CENTRAL PURCHASING OFFICE (Q-026)



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EXHIBIT C

LVPO FORMAT FOR FAB PURCHASES

IT IS UNDERSTOOD THAT THE PERSON APPROVING THIS ORDER HAS THE PROPER AUTHORITY TO DO SO AND THAT FUNDING INDICATED IS AVAILABLE.

POR SUB-ORDER LVPO SUGGESTED VENDOR

REQUISITION DATE: 6/16/89 REQUISITION NUMBER: D 35640 ORDER IS NOT VALID IF TOTAL COST EXCEEDS \$500 (EXCLUDING SALES TAX AND FREIGHT)

DEPARTMENT: MTF MAIL CODE: M-123 DEPARTMENT PHONE: X1234 BUYER: 9610

DATE NEEDED: COST NOT TO EXCEED (OPTIONAL): SEND P.O. COPY TO: NPA CODE: 4 OF: 9611

DEPARTMENT AUTHORIZED SIGNATURE: DATE: OR TAX EXEMPT TAX EXEMPT NON-TAXABLE ORDER NUMBER: D 35640 BUDGET NO: 1234

UNIVERSITY OF CALIFORNIA, SAN DIEGO
PURCHASE REQUISITION

VENDOR NAME AND ADDRESS:
* SMITH HARDWARE
* 1234 A Street
* San Diego, CA 90101 SHIP TO

VENDOR ORDER NUMBER IS TEN CHARACTERS AND MUST APPEAR ON ALL INVOICES PACKING SLIPS PACKAGES AND RELATED CORRESPONDENCE
UNIVERSITY OF CALIFORNIA, SAN DIEGO
RECEIVING DEPARTMENT
3175 MIRAMAR ROAD, BLDG. 509
LA JOLLA, CALIFORNIA 92093

VENDOR NO: PRICE BY: J. Smith FOB: Destination ATTN: J. Doe 231 MTF X1234
REQUESTOR BLDG-ROOM PHONE NO

OTHER

SHIP BY: UPS TERMS: Net 30 CONFIRMING DATE: 12/16/85 ATTN: REQUESTOR BLDG-ROOM PHONE NO

INV OBJ CODE	ITEM NO	QUANTITY UNITS	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	1	1 EA.	Widget	50.00	50.00
"To be incorporated into FAB NO. _____"					
					TAX: 3.00
					TOTAL: 53.00

* DIRECT ALL QUESTIONS RELATING TO THIS ORDER TO THE PURCHASING DEPARTMENT, Q-026 THE UNIVERSITY OF CALIFORNIA, SAN DIEGO LA JOLLA, CALIFORNIA 92093

INQUIRIES TO: TELEPHONE: (619) 452-1834

BILL TO: PLEASE ITEMIZE ALL CHARGES SHOW CALCULATIONS SALES TAX PERMIT NUMBER WHEN BILLING CALIFORNIA TAX. MAIL INVOICES IN TRIPLICATE TO THE UNIVERSITY OF CALIFORNIA, SAN DIEGO ACCOUNTING OFFICE (Q-027) LA JOLLA, CALIFORNIA 92093

John Doe AUTHORIZED SIGNATURE

RETENTION PERIOD: FEDERAL FUNDS 10 yrs OTHER FUNDS 5 yrs

FO-2135 CENTRAL PURCHASING OFFICE (Q-026)