**GUIDELINE FOR OBJECT CLASS CODE 705**

**FABRICATION OF CAPITAL EQUIPMENT**

# REQUIRES PRIOR APPROVAL FROM PROPERTY INVENTORY DEPARTMENT

1. The Principal Investigator, faculty or staff, in order to use object Code 705, you must comply with the following minimum requirements:

* Federally-Funded Capital equipment costing $50,000 or more must have a

Pre-Acquisition Screening Certification completed. Please reference Procedure CR2055, for further details;

* Determine that the fabricated piece of equipment when completed must have a value of $5,000 or more and a useful life of two years or more;
* Request Property Inventory approval prior to the start of the activity;
* Request Property Inventory fabrication number for the activity

1. A written request must be sent to **Kara Bressler**, Administrative Support Assistant, **kjs7@psu.edu** or **Scott Cingle**, Supervisor Property Inventory, **iyc3@psu.edu** asking to:

* Principal Investigator (Custodian);
* Description of the equipment being built;
* Budget and fund numbers being used;
* Approximate total cost;
* Approximate length of time to build; and
* Request Property Inventory fabrication number

1. When funding is changed or adding new funding, notify Kara Bressler or Scott Cingle

in writing providing:

* Current budget and fund numbers; and
* New budget and fund numbers

1. All expenses for fabrication or development of the equipment may be charged to object class 705, except any equipment item that can be used independently, must be coded 710, 712 or 751 that Costs $5,000 or more and the useful life of two years or more.
2. **You must** place the assigned fabrication number, **ex. 09-01**, on all purchasing documents. When using e-Buy+, place fab # in the “Internal Notes” area. ARL orders, the Fab # must be placed somewhere on the purchase order, note section? Pcards – place Fab# in Purpose/Description area.

6) The Penn State Purchasing Card **may be used in an Emergency.** However, the

Principal Investigator is responsible for working collaboratively with his or her

Departmental bookkeeping staff and for ensuring his/her Department bookkeeping staff

have:

* Have created a journal voucher to charge 705 object code classification;
* Have sent Property Inventory Department copies of the Purchase Card receipts

**Failure to submit receipts will make expenditures subject to overhead burden.**

7) Upon completion of the fabricated equipment, notify Kara Bressler –

**kjs7@psu.edu**

* Review the accumulated purchases for this equipment fabrication; and
* Tag the equipment item(s).

9) Any PSU University College or Department Fabrication request, needing two or more source documents to complete a fabrication **must** have a Fab number assigned.

**NOTE: The above guideline must be followed so that the item can be properly classified as capital equipment. Failure to follow the guideline will result in the application of the overhead rate to all costs.**

**Revised 03/2017 smc38/iyc3**