UNIVERSITY OF HAWAII

Creating a Requisition for a Capital Asset Purchase
User Guide

Fiscal Services Office

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Introduction

Creating a Requisition (REQS) that includes one or more capital assets, is similar to creating a basic REQS. Capital assets include property, plant, and equipment purchased and constructed by the University. For more information on capital assets, KFS object codes used for capitalized assets, and policies and procedures related to Capitalization, see UH Systemwide Policies and Procedures Information System (PPIS), Administrative Procedures Chapter 8 Business and Finance: AP 8.550 Capitalization.

UH and KFS Rules and Recommendations

- To qualify as a capital asset, each item’s unit cost must meet the capitalization threshold of $5,000.00 or more, and the object code used in the accounting line(s) must be a capital asset object code.
- Capital Assets are identified in KFS based on the use of capital asset object codes in the accounting lines. The object codes used in KFS for capitalized assets describe the asset category and the ownership. The first three digits of the object code describe the asset category and the last character describes the ownership.

<table>
<thead>
<tr>
<th>Object Codes</th>
<th>Ownership Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>76XX = Construction</td>
<td>A = Agency owned</td>
</tr>
<tr>
<td>77XX = Equipment</td>
<td>F = Federal owned</td>
</tr>
<tr>
<td>78XX = Library Books</td>
<td>G = Federally funded, University vested</td>
</tr>
<tr>
<td>*3rd digit further describes the asset within each category</td>
<td>U = University owned</td>
</tr>
</tbody>
</table>

*Please see AP 8.550 Capitalization for a list of capital asset object codes

- If Capital Asset object codes are assigned to an accounting line on the REQS, completion of the Capital Asset tab is required.
- When Item Type QUANTITY is selected on the Items tab with a unit cost of $5,000 or more and a capital asset object code is not used, upon submittal the system will produce a warning. The user is asked if they want to continue submitting the REQS or if they wish to stop and fix the capital asset warning conditions. The user may select ‘yes’ to continue and submit the REQS, or ‘no’ to return to the REQS and use a capital asset object code.

NOTE: The same warning is not produced if the line is Item Type = NO QUANTITY.

- When selecting Capital Asset System State “Modify Existing System”, please refer to AP 8.509 Property and Equipment Overview, which indicates that a subsequent acquisition extends the life or increases the production capacity of the equipment and has a unit acquisition cost of $1,000 or more. Any subsequent acquisition with a unit cost greater than or equal to $5,000 will be assigned a separate asset tag.

This guide will focus on the two tabs on the REQS that are affected when a purchase is for capital assets – the Items tab and the Capital Assets tab. This guide is not intended to duplicate the Creating a Requisition User.
Entering Capital Asset Information on a Requisition

Items Tab

When there are qualifying capital asset items on the REQS, the Capital Asset tab must be completed. Users should determine if an item qualifies as a capital asset, based on the specific item being purchased and its unit cost, before deciding whether to use a capital asset object code. Capital Asset object codes entered in item accounting lines will trigger what items require capital asset information entered in the Capital Asset tab (regardless of item unit cost).
If there are accounting lines with capital asset object codes and the user tries to submit the REQS without completing the Capital Asset tab, they will get an error.

Capital Assets Tab

The Capital Asset System Type and Capital Asset System State must first be selected. Then upon clicking the ‘select’ button, additional Capital Asset sections/fields will open for completion. The additional fields presented in the Capital Asset tab are determined by the values selected in the System Selection section; see Appendix A for examples.

System Selection Section

- **Capital Asset System Type** – The Capital Asset System Type provides instructions to the Capital Asset Accounting Office (CAAO) on how the asset records should be created. Select the type of system from the drop down menu list.
  - **Individual Assets** – Select when creating individual asset record(s). This selection indicates each qualifying item line (i.e. each item line or each unit if Item Type is Quantity and the quantity is greater than 1.00) on the REQS is an individual asset. NOTE: If multiple units are included on an item line where Item Type is No Quantity, provide CAAO information on how the line should be separated into multiple assets, in the Capital Asset Note Text field.
  - **Multiple Systems** – Select when item lines are to be combined to create multiple asset systems. After the ‘select’ action is taken, the Capital Asset Note Text field will be available to include instructions on which item lines are to be combined. Alternately, you may attach a spreadsheet in the Notes and Attachments providing the breakdown for each system.
    - For example (see Example 3 in Appendix A), if a department purchases two (2) different computer systems with a total value of $5,000 or more for each system, but the systems are sold and invoiced as separate components (e.g. motherboard, hard drive, memory, etc.), the components may be listed as six (6) different item lines on the REQS. If item lines 1-3 should be combined to create one asset record and item lines 4-6 should be combined to create a second asset record, select this option. Alternately, the components may be listed as quantity 2 each on item lines 1-3.
If each computer system consists of 1 each of item lines 1-3, this option should also be selected since item lines are being combined to create multiple asset records.

- **One System** – Select if all capital asset item lines are to be combined to create one asset record.
  - For example (see Example 5 in Appendix A), if a department purchases a computer system with a total value of $5,000 or more but the system is sold and invoiced by components (e.g., motherboard, hard drive, memory, etc.); the components may be listed on separate item lines on the REQS. If ALL item lines should be combined to create one asset record, select this option.

- **Capital Asset System State** – This selection provides information on if the payment is to create a new asset record or is part of an existing asset. This will also determine the type of information that will be required in the Capital Asset Items section. Select the Capital Asset System State from the dropdown menu list.
  - **Modify Existing System** – Select when a payment is to be added to an existing asset (i.e. payments to be applied to an asset fabrication).
  - **New System** – Select when payment is to create a new asset record.

  - **NOTE:** Only one Capital Asset System Type and Capital Asset State may be selected on a REQS. If a REQS is used to make payment for both a new asset and to modify an existing asset, select the Capital Asset System Type “Individual Assets” and Capital Asset System State “New System”. The system will prompt you to complete the Capital Asset Items section where you may select a Capital Asset Transaction Type for each item line. Information on the new equipment and fabrication can be provided in each item line by selecting the appropriate Capital Asset Transaction Type and including applicable details in the Capital Asset Note Text field (refer to the System Detail and Capital Asset Items Section below).

- **Action** - Click the ‘select’ button in the action field.

- Two new buttons will then display in the Action field — ‘change’ and ‘update view’.
  - The ‘change’ button deletes all information on the Capital Assets tab. If selected, the system will display the following message - “If you continue, the Capital Asset System State, System Type, and all information in the Capital Asset tab will be cleared. Do you wish to continue?”
Selecting ‘yes’ clears the Capital Asset tab and then returns the user to the REQS.
Selecting ‘no’ returns the user to the REQS.

NOTE: Changes to the accounting line object code from a capital asset object code to a non-capital or expense object code, will require the user to select the ‘change’ button to clear all asset information from the Capital Asset tab. If information in the Capital Asset tab is not cleared, upon submitting the REQS the user will get the error below, instructing them to fix the object code or remove the capital asset information in the Capital Asset tab. If the Capital Asset tab was partially filled out before the accounting line object code was updated, the user may also get other errors as seen below.

- The ‘update view’ button is used when changes have been made to the Items tab (i.e. changes to a unit cost, or adding another capital asset item line). This button updates the Capital Asset Items section to reflect the changes made to the Items tab. The ‘update view’ button can only be used before the REQS has been submitted.

- If there are no items on the REQS with a capital asset object code, when the user clicks the ‘select’ button in the action field, they will get the following error:

System Detail and Capital Asset Items Section

Once system details are selected, KFS will display the (applicable) fields below in the Capital Asset tab. The specific fields displayed are dependent on the Capital Asset System Type and State selected – please refer to “Appendix A – Examples” for screenshots of these fields in the Capital Asset tab. Only qualifying items appear here, and there may be multiple line items.

1. **Capital Asset Transaction Type** – Used to identify the asset category (for example, fabrication or cost of installation). Select one of these transaction types from the dropdown menu list:
   a. New Asset – Select to create a new asset record
   b. Modify Existing – Select to modify an existing asset record
   c. Cost of Assembling the Asset**
   d. Cost of Installation**
   e. Capital Lease
   f. Other Service (includes tax and freight charges)**
   g. Preparing the Site and Asset**
   h. In-transit Insurance**
   i. Fabrication – Select if payment is to be added to an existing fabrication. (This option is normally selected with the Capital Asset System State “Modify Existing System”.)
**Select if adding cost to a New Asset created in the REQS or as a subsequent acquisition to modify an existing asset record.

**Note:** Per AP 8.509 Property and Equipment Overview under “Subsequent Acquisition”, if the unit cost of the upgrade (subsequent acquisition) is $5,000 and up, CAAO will create a separate asset record and assign a new tag instead of adding the cost to an existing asset.

2. **Capital Asset Note Text** – Enter text specific to this asset (e.g. description or instructions on which lines are to be combined for a multiple system purchase).

3. **Capital Asset System Description** - Enter description of asset. Only presented for Capital Asset System Types “One System” or “Multiple Systems” and the Capital Asset System State “New System”.

4. **Add Asset Number** – Lookup Asset Number(s) to be modified and click ‘add’ to populate the selected Asset Number. Only presented for Capital Asset System State “Modify Existing System”.

5. **Asset Numbers** – (Display Only) Displays the asset numbers that were added and are to be modified. A ‘delete’ button is also available to clear added asset numbers if necessary. Only presented for Capital Asset System State “Modify Existing System”.

6. **Receiving Outside of Current Fiscal Year** – defaults to “no” with a ‘select’ button available. Clicking the ‘select’ button toggles this field to “yes”, changes the button to ‘clear’ and fixes the Asset Type code field to 100000 (moveable assets not yet received). Clicking the ‘clear’ button restores the defaults. Only presented for Capital Asset System Types “Individual Asset” or “One System” and the Capital Asset System State “New System”.

7. **Asset Type Code** - Enter the asset type code or select from the lookup. The Asset Type Code categorizes the type of equipment being created. Only presented for Capital Asset System Types “Individual Asset” or “One System” and the Capital Asset System State “New System”.

8. **Manufacturer** – Enter the name of the manufacturer. Clicking the ‘same as vendor’ button populates the field with the vendor name from the vendor tab. Only presented for Capital Asset System Types “Individual Asset” or “One System” and the Capital Asset System State “New System”.

9. **Model Number** – Enter the model number of the asset. Only presented for Capital Asset System Types “Individual Asset” or “One System” and the Capital Asset System State “New System”.

**Location Section**

The Location section is only presented if Capital Asset System Type “Individual Assets” or “One System” and Capital Asset System State “New System” are selected. For Capital Asset System Type “Multiple Systems”, location information can be provided in the Capital Asset Note Text field with the instructions on how lines are to be combined

10. **Item Quantity** - Enter the quantity of the item to be stored at this location.

11. **Campus** – Search for and select a campus using the lookup tool.

12. **Building** – Search for and select a building code using the lookup tool. Selecting a building code from the lookup automatically fills in all address fields for the selected building.
   a. ‘Off Campus’ button - If the location is not found in the building lookup the address may be manually entered by clicking this button.

13. **Address** – If a building was selected Address is auto populated, and cannot be changed. If ‘off campus’ button was clicked, enter Address manually.

14. **Room** – Search for and select a Room for the selected building. If a building was selected, the Room must be a valid and active room for the building. If ‘off campus’ button was clicked, enter Room manually if applicable.

15. **City** – If a building was selected City is auto populated, and cannot be changed. If ‘off campus’ button was clicked, enter City manually.

16. **State** – If a building was selected State is auto populated, and cannot be changed. If ‘off campus’ button was clicked, select the State from the dropdown list.
17. **Postal Code** – If a building was selected postal code is auto populated, and cannot be changed. If ‘off campus’ button was clicked, enter postal code manually.

18. **Country** - If a building was selected Country is auto populated, and cannot be changed. If ‘off campus’ button was clicked, select the Country from the dropdown list.

19. Click the ‘add’ button.
   a. **NOTE:** The ‘add’ button at the bottom of this section applies only to the Location section. If creating multiple asset records with different locations, additional building/location information may be entered and the ‘add’ button clicked again.

**NOTE:** An item line with multiple quantities can have multiple quantities at one location, or multiple locations with a different location added for each quantity of the item.

For Capital Asset System Type “Multiple Systems” and Capital Asset System State “New System”, no location section is presented. Location details for each system should be included in the Capital Asset Note Text field.

For questions or assistance with completing the Capital Asset tab for specific capital asset purchases, please contact the Capital Asset Accounting Office ([caao@hawaii.edu](mailto:caao@hawaii.edu)).
Appendix A – Examples

The following are examples to show the fields available when each Capital Asset System Type and Capital Asset System State combination is selected.

Example 1 – Capital Asset System Type: Individual Assets, Capital Asset System State: New System

Capital Asset System Type “Individual Assets” indicates that each item line (or each unit if the quantity is greater than 1.00) should have a separate asset record created. There is no System Detail section, and each line has its’ own Capital Asset Transaction Type, Capital Asset Note Text, Asset detail fields and Location section.

NOTE: If a REQS is used to make payment for both a new asset and to modify an existing asset, select Capital Asset System Type: Individual Assets and Capital Asset State: New System. The system will prompt you to complete the Capital Asset System Description and to select a Capital Asset Transaction Type for each payment line. Information on the new equipment and fabrication can be provided in each payment line’s Capital Asset Transaction Type and Capital Asset Note Text field.
Example 2 – Capital Asset System Type: Individual Assets, Capital Asset System State: Modify Existing System

Capital Asset System Type “Individual Assets” indicates that each item line should have a separate capital asset record created. There is no System Detail section and each item line has a separate Capital Asset Transaction Type and Capital Asset Note Text. This example modifies an existing asset, so asset number(s) being modified should also be searched for and selected for each line. There are no asset details or location information to add, the data is on the existing asset record.
Example 3 – Capital Asset System Type: Multiple Systems, Capital Asset System State: New System

This sample REQS has components listed on 6 item lines, for 2 separate computer systems “A” and “B”. Computer system A (lines 1-3) should be combined to create one asset record and computer system B (lines 4-6) should be combined to create another.

The System Detail section includes only the Capital Asset Note Text and Capital Asset System Description fields; asset detail fields and the location section are not presented (when Capital Asset System Type = Multiple Systems). Accordingly, include instructions in the Capital Asset Note Text field, on which item lines should be combined to create multiple asset records, and also the location information for each of those asset records. Asset details such as Manufacturer and Model number, if available, should be included in the Capital Asset System Description field. Alternately, a spreadsheet with the data may be attached in the Notes and Attachments tab of the REQS.

In the Capital Asset Items section, the appropriate Capital Asset Transaction Type must be selected for each item line.
Example 4 – Capital Asset System Type: Multiple Systems, Capital Asset System State: Modify Existing Systems

This sample REQS is to order upgraded components for 2 existing computer systems. Components are listed on 3 separate quantity item lines. Quantity 1 of each of the 3 item lines belong to each existing computer system.

The System Detail section includes Asset Number selection and the Capital Asset Note Text field. Since 2 existing computer systems/asset records are being modified, search for and select the applicable asset numbers. Include instructions in the Capital Asset Note Text field, on how items should be combined to create multiple asset records (i.e. quantity one each of lines 1-3 should be assigned to asset number A and the remaining quantity one each should be assigned to asset number B). Alternately, a spreadsheet with the data may be attached in the Notes and Attachments tab of the REQS. There are no asset details or location information to add, since an existing asset record is being modified and the data is on the existing asset record. If asset details such as Manufacturer and Model Number need to be updated with the upgraded parts, also include in the Capital Asset Note Text field.

In the Capital Asset Items section, the appropriate Capital Asset Transaction Type must be selected for each item line.
Example 5 – Capital Asset System Type: One System, Capital Asset System State: New System

Capital Asset System Type “One System” indicates that ALL item lines on the REQS should be combined to create one asset record.

The System Detail section includes one Capital Asset Note Text, Capital Asset System Description and Asset detail fields which are for all item lines. There is also a single Location section applicable to all items.

In the Capital Asset Items section, the appropriate Capital Asset Transaction Type must be selected for each item line.
Example 6 – Capital Asset System Type: One System, Capital Asset System State: Modify Existing Systems

In this example, all Capital Asset Item lines on the REQS are being combined to modify one existing system/asset record.

The System Detail section includes Asset Number selection and the Capital Asset Note Text field. Search for and select the applicable asset numbers then click the ‘add’ button. Include any notes on how the system is being modified in the Capital Asset Note Text field. There are no asset details or location information to add, since an existing asset record is being modified and the data is on the existing asset record. If asset details such as Manufacturer and Model Number need to be updated, also include that information in the Capital Asset Note Text field.

In the Capital Asset Items section, the appropriate Capital Asset Transaction Type must be selected for each item line.
The following is an example of filling out the Capital Asset tab on the REQS for the most common selection - Capital Asset System Type: Individual Assets, Capital Asset System State: New System.

In this example, the department is purchasing 2 separate pieces of laboratory equipment, and they are listed on 2 separate item lines. Each item/item line is over $5,000.00 and capital asset object code 770U-Equipment (UH) is used.

In the Capital Asset tab, System Selection section, Capital Asset System Type “Individual Assets” and Capital Asset System State “New System” should be selected.

Click the ‘select’ button and the Capital Asset Items section is presented.
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Capital Asset Items

- **Capital Asset Transaction Type** – Select “New Asset” since each item line is a new and individual piece of equipment.
- **Capital Asset Note Text** – Enter text with information specific to this asset (i.e. description). “Laboratory Equipment - Electron Microscope” is entered.
- **Receiving Outside of Current Fiscal Year** – “No” is the defaulted value and not changed for this example.
- **Manufacturer** – Enter Manufacturer name or click ‘same as vendor’ button. Entered “Warrior Equipment”.
- **Asset Type** – Use the lookup tool to search for and select the appropriate Asset Type code. NOTE: Clicking on the ‘search’ button without entering any search criteria will return all available asset types. Click ‘return value’ for the desired asset type. For this example, asset type “340001-Microscope” is selected.
• Model Number – Enter the Model Number of the asset. “TEST123” is entered.

Location Section
• Item Quantity – Enter the quantity of the item(s) to be stored at this location. “1.00” is entered.
• Campus – Use the lookup tool to select the campus where the item will be stored. “MA” is selected.
• Building – Use the lookup tool to search for and select the building where the item will be stored or select ‘off campus’ to complete the building address fields manually. Building “1195C” is selected using the lookup tool.
• Address (Address, City, State, Postal Code and Country fields) – Address fields for the selected building were populated from the building table and are display only.
• Room – Use the lookup tool to search for and select the building room number. NOTE: Clicking on the ‘search’ button without entering any search criteria will return all available rooms. Click ‘return value’ for the desired room. For this example, room “101” is selected.
• Select ‘add’ to add the location to the capital asset item line. The location is added and a ‘delete’ button is available if needed.
Repeat steps in Capital Asset Items and Location sections for Item Line 2.