

Research Workday Town Hall

September 28, 2023

Research Workday Town Hall Agenda

September 28, 2023



- Welcome
- Capital Planning & Review
- Purchasing: Capital
- Accounting for Capital Purchase
- Q&A

Capital Planning & Review

Capital Planning & Review

1. What is capital
2. How to find the tool
3. How to get access to the tool
4. How to use the tool (Demo)
5. Academic Specific SBAR

What is Capital?

- ❖ **Capital equipment** is equipment that: 1) is durable (economic useful life greater than one year); ***and*** 2) has a cost of \geq \$5,000 per unit (cost includes equipment, installation & shipping/freight).
(This applies to a single item or a system)
- ❖ **Expensed equipment** is equipment that is not durable (economic useful life of one year or less) ***or*** has a unit cost $<$ \$5,000 (cost includes equipment, installation & shipping/freight).
(May be referred to as Expensed, Non-Capital, or Operational)

Routine and Strategic

	Routine	Strategic
Definition	Routine maintenance capital primarily used for repurposing of existing space, renovations, repairs, and equipment purchases	Strategic capital which directly supports the organization's current strategic plan
Facility Impact	<p>Typically does not change the facility footprint (usable space)</p> <p>Exchange of one asset for another that has same capacity to perform the same function</p> <p>Cosmetic and/or Infrastructure related, often involving assets that support day to day operations (cyclical flooring and painting, major repair (roof) and/or equipment (HVAC))</p>	<p>Typically creates material increase to the facility footprint (usable space) and/or operating capacity</p> <p>Enhancements and new construction that expands and/or upgrades asset to serve needs greater than or different from existing intentions</p>
Financial Return	<p>Small incremental value to the operating bottom line (often bottom line neutral)</p> <p>protect current operating revenues and expenses</p>	<p>Potentially large incremental value to operating bottom line</p> <p>measurable strategic/mission value</p>
Funding Source	Operating cash, contracts/grants*	Operating cash, philanthropy, contracts/grants*, debt

Laptops and Desktops (SC405) Spend Category

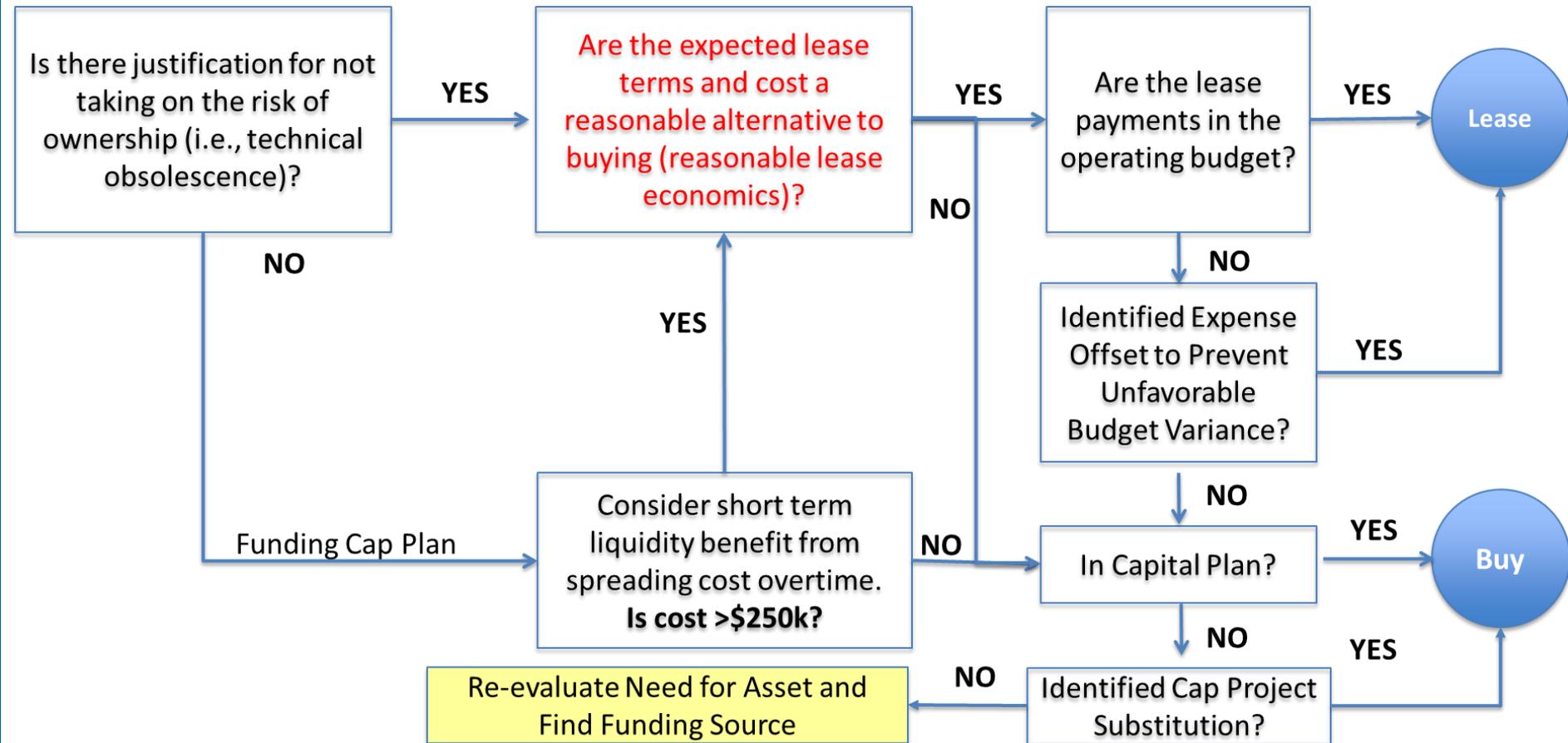
For laptop and desktop purchases with a total quote/rec amount <\$5k

- This will be expensed and can be requisitioned under any req type (punchout is ok this way)
- There will no longer be a notification for you to fill out a capital requisition for these if the total amount stays under \$5k

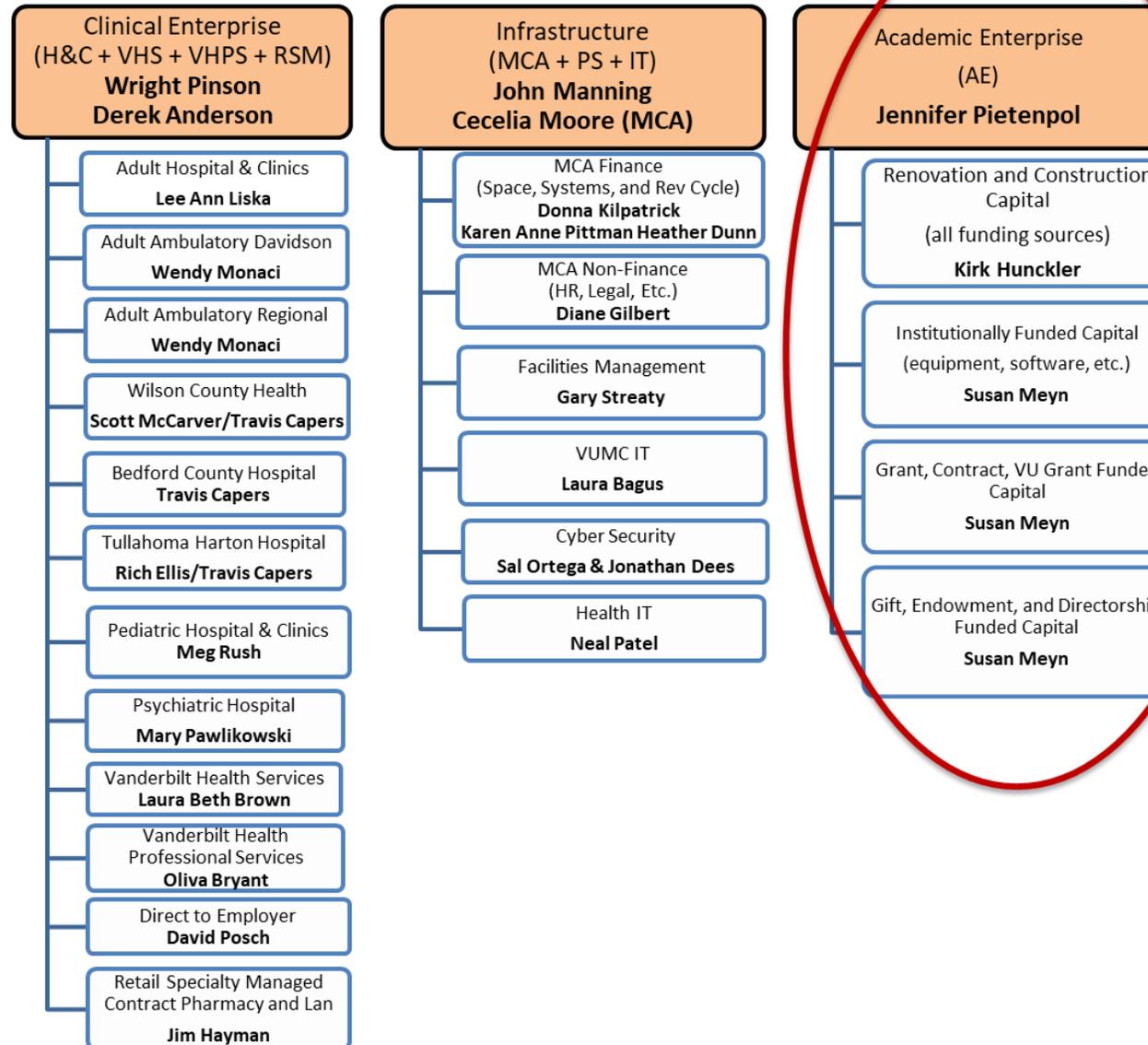
For laptop and desktop purchases with a total quote/rec amount >\$5k

- This will require a capital requisition, a project ID (PJ), a quote attached even if it's a punchout (it can be an eQuote), and a capital planning tool number in the memo field.
- Those over \$5k must flow through the capital planning tool to be recognized by leadership. This is the same process when requesting capital equipment.

When is Leasing ok (Biomedical Equipment)?



Divisions that Spend Capital



How do I Find the Capital Planning Tool?

1. From the WorkDay homepage, search for "Capital Planning" in the search bar.
2. After the search has been executed, click the "task" from the list of options.
3. You will arrive at the Capital Tool landing page with "tiles" that allow you to complete different tasks.

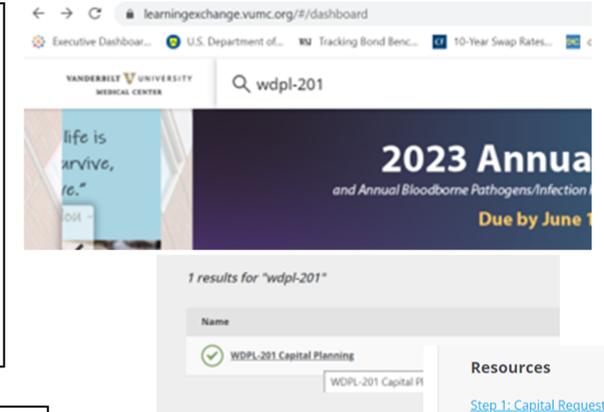
Resources and Access to the Capital Tool?

To access training resources log into learning exchange

<https://learningexchange.vumc.org/#/dashboard>

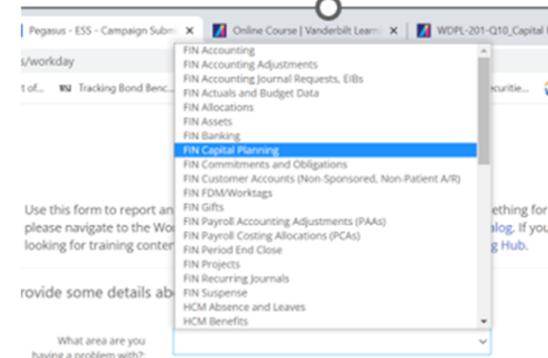
and search for **wdpl-201**

Click on the course title and navigate to the **Resources** section on the bottom right of the webpage to access **Quick Reference Guides (QRG)** for all major functions within the tool



To get access or report an issue log into Pegasus <https://pegasus.vumc.org/ess>

and submit a Workday Support Issue. Select FIN Capital Planning as the Area.



Demo



Capital Request Form

Use this page to create a new Capital Request

[Click Here ->](#)

https://www.myworkday.com/vumc/d/wday/app/capitalPlanning_tttkyx/capitalPlanning_tttkyx/.html

Academic Specific SBAR

For AE requests, the SBAR – Justification fields have been adapted, and are required as follows:

SBAR Situation: Provide funding details including cost centers, worktag numbers and names, showing % distribution.

SBAR Background: Provide justification, including brief list/description of the project(s) that will be supported, highlighting grant funded projects if applicable.

SBAR Assessment: *Leave blank if the following are not applicable.*

If a VUMC or VU core will house and manage the equipment:

- List name of core and core manager

If a freezer is requested:

- Describe the daily need/use of the freezer to explain/justify need for immediate access
- Indicate replacement vs. new. If replacement, what is the plan for discarding the old freezer? If new, where will it be housed?
- Indicate if a freezer farm space is requested and provide the following details:
 - Grants supported – list
 - Investigators supported – list name(s) and department(s)
 - Justification for why the Glenrose Biospecimen facility cannot be used instead.
 - Management of the freezer(s) – list name(s) and department(s)

SBAR Recommendation: Indicate approval by the department chair or CBO for this request. Summarize any other funding commitments/support for this project from department chair, center/institute director, and/or executive leadership.

Examples include reference to a startup package, APS commitments, or leadership commitments.

Purchasing: Capital

Purchasing: Capital

You must have an approval email from the Workday Capital Planning application to begin the requisition process for a capital purchase.

You are receiving this message because the capital request listed below has been approved to move forward to procurement. If you have any questions regarding the capital request please contact the primary contact listed below.

Capital Request ID: 10712

Primary Contact: Anita Knapp (123456)

Capital Request Name: DAVIDSON--Nuclear Dose Calibrator

Capital Request Description: Request for urgent replacement of Nuclear Cardiology dose calibrator currently out of service and irreparable. Current calibrator is 23 yrs old.

Operating Entity: Adult Outpatient Davidson Clinics-AMBD (OEAOD)

Approved By: Walter Mellon (654321)

Notification Message: Approved by D3300 8/25

This email box is not monitored. Please do not reply to this message.



Purchasing: Capital

You will need the following information to complete the requisition form...

- Project (PJ) Number
- Location (where capital project will be installed/used)
- Necessary worktags (cost center, grant tags, etc.)
- Item Catalog # (if applicable)
- Spend Category
- Price
- Capital Request Item Number**

** This number will be included in the approval email that comes from the Capital Planning application in Workday.

Finding the PJ Number

Just because a PJ number is available does not mean it is ready for a requisition.

You must have all necessary approvals/documents before creating a capital requisition.

The screenshot shows a dashboard titled "Capital Planning" with several tiles. The tile "FP&A - All Capital Requests" is highlighted with a red border. It contains the text: "This page will show all capital requests, user can add additional details and proforma to each capital request. Master user can delete a capital request." Below the text is a "Click Here ->" link.

The screenshot shows the "All Capital Requests" filter interface. It includes a search bar, sorting options (Sort Ascending, Sort Descending), and a "Filter Condition" dropdown set to "=". Below this is a "Value" input field containing "10491", which is highlighted with a red border. A blue "Filter" button is located below the input field.

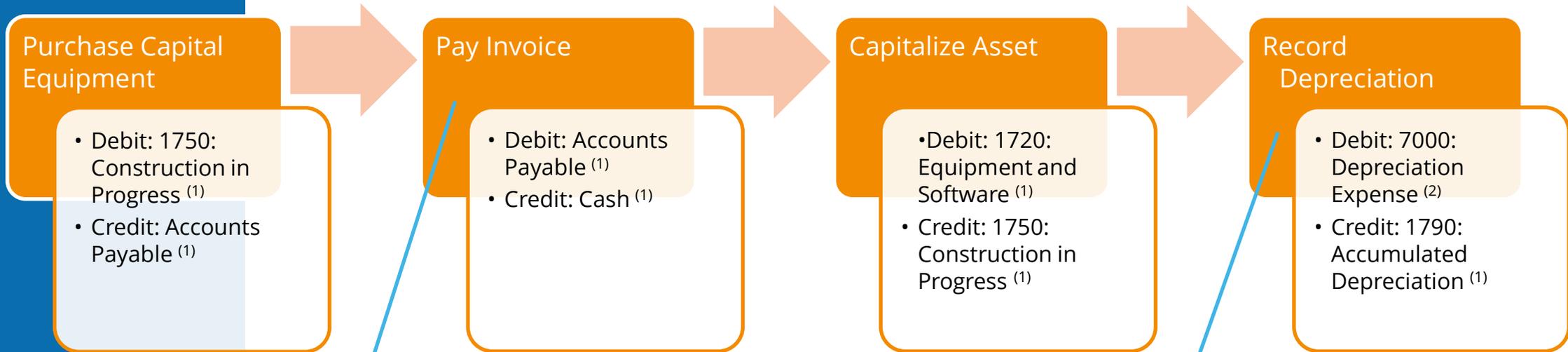
All Capital Requests 91 of 3327 items

Capital Request ID Number	Capital Request Name	Area	Operating Entity	Dept/PCC	Fiscal Year	Request Type	Total Capital Request Cost	Routine or Strategic	Capital Request Status	Modifier	Project ID	Cost Center	View Capital Request
10,002	LiCor Pearl - Rosenthal Lab	Academic Enterprise	Academic Grants and Gifts-VUAE Clinical Departments (OEAcad_GG)	Otolaryngology	FY23	Equipment	\$74,166.88	Routine	Approved		PJ00017		View

Accounting for Capital Purchases on Grants and Gifts

Accounting in Workday

Recorded on Grant ID in Workday :



Full cost of equipment purchase appears in the Research module and becomes billable to the sponsor once the invoice is paid by Disbursements.

Depreciation expense does not appear in the Research module and is not eligible to be billed to the sponsor. Depreciation journals simply contain the Grant ID for tracking and reporting purposes.

Meets both UG and GAAP compliance requirements

(1) Recorded on the Balance Sheet.
(2) Recorded on the Income Statement.

Research Transaction Summary

Designed to capture ONLY sponsor reimbursable expense

MENU



res trans



CR Fin - Research Transaction Summary



Company Vanderbilt University Medical Center

Year FY24
FY23

Organization Grant: GR013230 4042331761 UCA202979-07:SOUTHERN COMMUNITY COHORT STUDY

Asset accounts are included to capture the full cost of sponsor reimbursable capital expenses.

20 items

Ledger Account	Mar - FY23	Apr - FY23	May - FY23	Jun - FY23	Jul - FY24	Aug - FY24	Sep - FY24	
1720:Equipment And Software	0	0	0	0	20,220.78	0	0	20,220.78
1750:Construction In Progress	0	0	20,220.78	(20,220.78)	0	0	0	0.00
5000:Staff Salaries: Exempt	257,191.91	30,176.36	30,176.38	30,176.37	0	0	0	347,721.02
5010:Staff Salaries: Non-Exempt	33,675.47	4,240.98	4,312.68	4,295.55	(72.94)	0	0	46,451.74
5200:Faculty Salaries	81,101.28	9,495.82	9,156.07	11,406.49	553.31	1,702.70	0	113,415.67
5575:Fringe Benefit Expense	98,541.18	10,980.33	10,955.46	11,088.85	100.33	371.19	0.00	132,037.34
6010:Non-Medical Supplies	7,548.69	0	0	0	0	0	0	7,548.69
6100:Machinery And Equipment	10,225.00	0	0	212.27	0.00	0.00	0.00	10,437.27
6200:VU Expense	6,708.34	871.87	871.87	871.87	0	0	0	9,323.95

Grant Funding of Asset Acquisition

Recorded on legacy Grant cost center in M&D:

Purchase Capital Equipment

- Debit: Equipment Expense ⁽²⁾
- Credit: Accounts Payable ⁽¹⁾

Pay Invoice

- Debit: Accounts Payable ⁽¹⁾
- Credit: Cash ⁽¹⁾

Required to be UG compliant

Recorded on Grant ID in Workday :

Purchase Capital Equipment

- Debit: 1750: Construction in Progress ⁽¹⁾
- Credit: Accounts Payable ⁽¹⁾

Pay Invoice

- Debit: Accounts Payable ⁽¹⁾
- Credit: Cash ⁽¹⁾

Required to be UG compliant

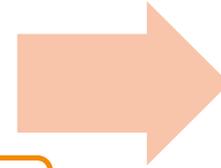
(1) Recorded on the Balance Sheet.
(2) Recorded on the Income Statement.

Capitalize and Depreciate Asset

Recorded on legacy central administration cost center in Academic Enterprise in M&D:

Reclassify Equipment Expense to Capitalize Asset

- Debit: Capital Asset Equipment ⁽¹⁾
- Credit: Equipment Expense ⁽²⁾



Record Depreciation

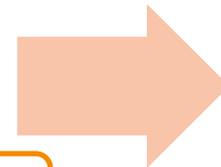
- Debit: Depreciation Expense ⁽²⁾
- Credit: Accumulated Depreciation ⁽¹⁾

Required to be GAAP compliant

Recorded on Grant ID in Workday:

Capitalize Asset from CIP

- Debit: 1720: Equipment and Software ⁽¹⁾
- Credit: 1750: Construction in Progress ⁽¹⁾



Record Depreciation

- Debit: Depreciation Expense ⁽²⁾
- Credit: Accumulated Depreciation ⁽¹⁾

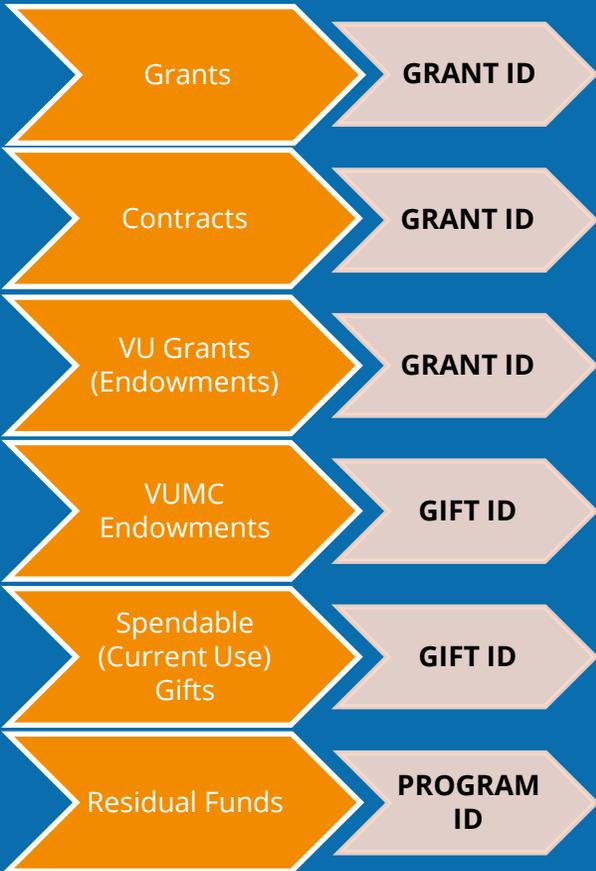
Required to be GAAP compliant

Depreciation expense appears on the Department's default Grant Cost Center that is related to all Grant IDs.

(1) Recorded on the Balance Sheet.
(2) Recorded on the Income Statement.

Grant vs Gift: Reminders and Clarifications

Accounting for grants and gifts are very similar and largely the same. For both, spend incurred (capital asset purchases and expenses) generates F&A and recognizes revenue. There are slight differences in how and when F&A is charged and revenue is recognized between grants and gifts.



F&A and Revenue Recognition on Grant ID

- Created via Award Costs Processing
- Timing: processed at business process completion; F&A is only assessed when allowable by the Sponsor.

F&A and Revenue Recognition on Gift ID

- Created via Allocations
- Timing: currently processed during month end close. Intent is to eventually process weekly.



Questions?