

# **Overview of Revisions To Caltech's Fabrication Policy And Process Guidelines**

*Effective May 1, 2009*

# Equipment Fabrication Policy

## Policy Revisions In A Nutshell

### **Definition of Fabrication**

Clarifies criteria that must be present for equipment fabrication to be accepted

### **Treatment of Deliverables**

Includes definition and information on burdening

### **Costs**

Further refines which costs may, and may not, be charged to a fabrication account

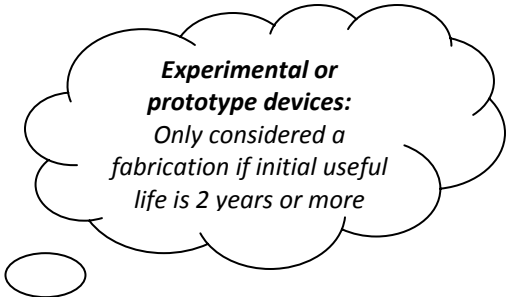
### **Subsequent Modifications**

Clarifies treatment of subsequent modifications to existing fabrications

## Equipment Fabrication Definition

Policy anticipates extensive construction or assemblage of an item of equipment or a scientific instrument that is built from individual parts by Caltech personnel, often including internal or external shop staff.

1. *Unique research specifications*
2. *total estimated cost of \$5,000 or more*
3. *Estimated useful life of at least 2 years*
4. *Not permanently fixed to a building or structure*
5. Tangible and capable of specific identification and continuous control through tagging and periodic physical inventory
6. Owned by Caltech when completed



**Experimental or prototype devices:**  
Only considered a fabrication if initial useful life is 2 years or more

Note that software development is not considered a fabrication. However software that is an integral component of a fabrication can be considered part of a fabrication (is the software necessary for the fabricated equipment or instrument to work?)

Connecting components together in a system (physically or virtually) does not constitute an equipment fabrication.

# Deliverables

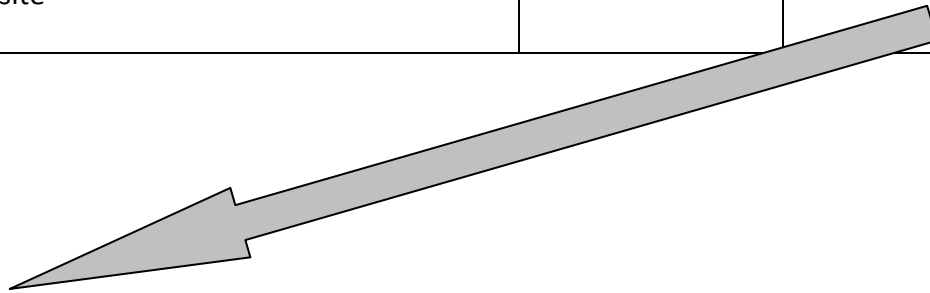
*“A deliverable is an item of equipment or scientific instrument created by Caltech personnel in connection with grant or contract funding to which Caltech will not hold title”*

To understand the **financial impact** think of it as a 2 step process

1. Do I have a fab or a deliverable?
2. If it's a deliverable, what is it and will Caltech continue to have access to it?

## Step 1

Characteristics	Category	Overhead?
When placed in service, title vests with Caltech (even if located at a non-Caltech site)	Caltech Fab	No
When placed in service, title vests with govt (or other) <b>AND</b> it will be located at a Caltech site	Govt (or other) Fab	NO
When placed in service, title vests with govt (or other) <b>AND</b> it will <b>NOT</b> be located at a Caltech site	Deliverable	Maybe



## Step 2

Type of deliverable	Space hardware	Continued access to Caltech researchers	No further access and not space hardware
Overhead?	No	No	Yes

# Costs

## Allowable On A Fabrication

Materials & supplies. Shop labor. Individual items of equipment that will be incorporated into the fabrication. Shipping/transportation charges. Salaries and wages of **non-academic Caltech staff** (e.g. engineers and technicians) working directly on the fabrication. Travel directly related to the installation of the fabrication equipment.

Note: the T&C of specific awards may further restrict the types of costs that can be charged to fabrication accounts.

# COSTS

## **Not Allowable On A Fabrication (not exhaustive)**

**Academic personnel labor (e.g. salaries for faculty, graduate research assistants, postdocs, senior research associates).** Books. Periodicals. Memberships. Computer Maintenance and Repair. Copying / Fax usage. Entertainment. Equipment maintenance and repair. Facility rental. Food. Legal expenses. Meetings, conferences, symposia. Travel (unless directly related to the installation of the fabricated equipment). Software acquisition and/or development unless necessary for fabricated equipment or instrumentation to operate. Visa applications.

**Exceptions: In highly unusual circumstances, salaries of academic staff for work directly on the fabrication may be allowed.**

**Requires the approval of both the Division Chair and the Provost.**

## **Subsequent Modifications**

To be overhead free subsequent modifications must:

- Be \$5,000 or more, and
- Extend the useful life of the fabricated equipment by at least 2 years

## **Exceptions**

Any exceptions to the fabrication policy must be approved by the Provost and the Vice President for Business & Finance

# Process Guidelines

## **In the Proposal**

Equipment fabrications should be clearly identified and appropriately budgeted in proposals:-

- Nature of the fabrication explained in the proposal narrative
- Estimated costs in budget and budget justification

## **Internal Review and Approval**

Internal review and approval of the fab is recommended prior to the submission of the proposal.

<i>Proposed value</i>	<i>Review and Approval</i>	<i>Days Notice Required</i>
\$5,000 - \$99,999	Property Services and OSR	5
\$99,999 - \$250,000	Division Chair, Property Services, and OSR	7
Over \$250,000 or 'special circumstances'	Provost, Division Chair, OSR, and Property Services	10

If prior internal review is not possible the fabrication should be included in the proposal budget with the F&A rate applied to the fabrication expenses using the MTDC formula. If it is later accepted as a fabrication, the F&A will be adjusted as appropriate. Proposals submitted without prior internal review and approval and without overhead will still be subject to internal review after submission and if approval is not granted, overhead will be applied.

## **After-the-fact Fabrications?**

Submit expenditure category budget and description for review and approval by OSR (and potentially sponsor) Or work with OSR for request for supplemental funding from sponsor

# Process Guidelines

## Establishing a Fabrication Account

*A fabrication account should be established at the same time as the account for the main award. **Equipment Fabrication PTA Request Form.***

*Subsequent requests to increase by an amount greater than **20%** of the original fabrication require an updated **Equipment Fabrication PTA Request Form** that provides an explanation of the reasons for the increase*

## **Review of Costs Charged to Fabrication Account**

Project Accounting and Property Services may review and request additional information on the appropriateness of particular costs charged to that fabrication account

- In the absence of adequate justification, the costs will be transferred from the fabrication account onto an appropriate non-fabrication account
- Depending on the account to which the cost is transferred, indirect costs may be applicable to the costs that are transferred.

# Process Guidelines

## **Placing the Fabricated Equipment in Service (and Closing the Fabrication Account)**

Once the fabrication process has been completed, Property Services records the fabricated items as Caltech assets and tags the fabricated items

- Property Services will contact the PI within 30 days of the estimated placed-in-service date (listed in the fabrication request form) – this may be before the end of the period of performance of the main award
- If the item is not completed at that time, a revised estimated placed-in-service date should be provided
- If the fabrication is ready to be placed in service Project Accounting performs a final review of the expenditures charged to the fabrication account and follows up with the division if additional support or explanation is required.
- Once final fabrication costs have been reviewed and agreed upon, Property Services places the asset in service and Project Accounting closes the fabrication account.

**Cost transfers should not be processed after the asset has been placed in service**