

VINCENNES UNIVERSITY
FEDERALLY FUNDED EQUIPMENT POLICY

Purpose

The purpose of this policy is to outline the specific policies, responsibilities and procedures for acquisition, control, use, care, maintenance, disposition and reporting of federal equipment.

Policy

The federal government through the Uniform Guidance requires the University to procure, use, and control property in accordance with Federal laws, executive orders, instructions from the Federal sponsoring agency, and any special instructions contained in the specific sponsored projects. It is Government policy, however, to rely upon the University's internal written procedures, subject to evaluation and approval.

Definitions

- The federal government's definition of Capital Equipment is defined as any unit item with a life expectancy of a least one year and having an acquisition cost of \$5,000 or more. Shipping, taxes in-transit insurance, and installation charges should be included under this category for new purchases, provided these costs are included on the original purchase order. The University's capitalization threshold is \$5,000 (effective 7/01/2015). All grants must be reviewed to determine the definition of capital equipment as defined by the grant.

Responsibilities

The University is responsible and accountable for all Government property in accordance with the provisions of the sponsored project, including property provided under contract, which may be in possession or control of a subcontractor. This responsibility is shared by numerous University personnel, and is specifically delegated as follows:

- The Principal Investigator along with the purchasing and accounting offices are responsible for reviewing equipment purchases on contracts and grants, for obtaining any sponsoring agency approvals necessary, and for coding the equipment purchase properly in order to track the equipment that is purchased with federal dollars.
- The Fixed Asset Coordinator located in the purchasing department maintains inventory records for all Government, University, and other sponsor owned equipment. This individual is also responsible for assigning property tags to equipment, for performing inventories in cooperation with the departments, and for providing reports and information from equipment inventory records.
- The Principal Investigators are authorized to initiate requests for the purchase of equipment or to request restricted or Government excess property for his/her project. Principal Investigators are also responsible for proper use, maintenance and security of all assigned property, and for notifying the Fixed Asset Coordinator of any Government property received and any shortage, damage, loss or theft of Government property.

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- Purchasing along with the Principal Investigator will manage procurements. Procurement will be made in compliance with University procedures, general Federal regulations (e.g., Uniform Guidance), and any special procedures required by the sponsoring agency or specific grant or contract.

Equipment Acquisition

Most federal agencies require that equipment be budgeted for in the proposal. Unforeseen equipment purchases are often necessary; therefore, departments should be cognizant of any sponsor restriction on the purchase of unapproved equipment. **All equipment purchased with federal funds must be necessary and reasonable for proper and efficient accomplishment of project or program objectives.**

Ownership

Ownership of equipment is normally designated by the sponsoring agency at the time of the award. Vincennes University is bound by the sponsor's agreement whether or not the ownership belongs to the University.

Tagging Equipment

The Fixed Asset Coordinator will issue an equipment tag for all equipment purchases over \$5,000 and for other designated equipment requiring tracking. The Fixed Asset Coordinator enters the funding source in the fixed asset system which designates the equipment as being purchased using federal funds.

Utilization of Equipment

The Uniform Guidance provides the following guidelines of the utilization on equipment purchased with federal funds:

- “The recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority:
 - activities sponsored by the Federal awarding agency which funded the original project, then
 - activities sponsored by other Federal awarding agencies.
- During the time that equipment is used on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs

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if such other use will not interfere with work on the project or program for which the equipment was originally acquired. Preference for use shall be as follows:

- other projects or programs sponsored by the Federal awarding agency that financed the equipment; then
- projects or programs sponsored by other Federal awarding agencies.
- The recipient shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.
- If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal awarding agency. User charges shall be treated as program income.
- When requiring replacement equipment, the recipient may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of the Federal awarding agency.”

Care and Maintenance

The department shall provide the care necessary to maintain the equipment in the condition received or better (normal wear is expected) in order that the most useful life is secured.

The Principal Investigator is also responsible for proper use, maintenance and security of all assigned property, and for notifying the Fixed Asset Coordinator of all property received indirectly and/or any shortage, damage, loss or theft of property. Maintenance should be in accordance with manufacturer’s guidelines and recommendations.

Storage and Movement

When equipment is temporarily not utilized, but required for authorized use in the future, it must be adequately stored to protect it from theft, corrosion, contamination, and damage to sensitive parts. No equipment will be moved by the Maintenance department unless a transfer form has been completed and approved by the Fixed Asset Coordinator.

Loss, Damage or Destruction

Departments must have appropriate safeguards in place to prevent loss, damage, and/or theft of equipment. However, in the event that equipment is stolen, it must be immediately reported to the department chairperson, director, or dean and to security. The department must complete a written report outlining the description of the missing or damaged items, serial number, date and circumstances for the loss, building and room number, steps taken to recover the property, and any other relevant information.

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If government owned equipment is stolen, the University is required to promptly notify the appropriate government official of the theft. Therefore, the Fixed Asset Coordinator must notify the Accounting office immediately. A copy of the above referenced report must be forwarded to the Fixed Asset Coordinator. The department could be liable for the loss, damage or destruction of government property.

Equipment Disposition

Prior to disposing any equipment, it must be determined if the University has any obligations to a third party sponsor with respect to the equipment. If equipment was purchased under sponsored funding, it must be determined whether the equipment is:

- sponsor-owned: equipment purchase made with contract funding are generally sponsor-owned, however, in rare situations this condition may also apply to grants;
- university-owned: most equipment purchased under grants is University-owned.

After determining who has title to the equipment, it must be ascertained whether the project that the equipment was purchased for is still on-going. If the project is still on-going, the University normally has an obligation to utilize the equipment for the purposes of the project, or perhaps to make the equipment available to other federally-assisted projects.

If it is determined that the sponsored project has ended and the University retains title to the surplus property, the University may still have obligations with respect to the equipment.

Because the requirements of equipment disposition differ slightly among granting agencies, you should contact the Accounting office prior to disposing federally funded equipment.

Physical Inventory

The University has the fiduciary responsibility of maintaining proper control over all of its equipment, regardless of the location or purpose. Failure to accurately account for equipment could preclude the University as a whole from applying for federal grants as the inventory records are subject to federal and other external audits. Adequate insurance requires accurate documentation of University owned equipment; therefore, each department must review the records and submit any changes to ensure that the records in the inventory system are correct.

The Purchasing office conducts a physical inventory for departments on bi-annual basis. This process allows University departments to verify inventory and make appropriate corrections. The Fixed Asset Coordinator prepares and distributes a listing of all equipment located in each department. Each department must verify the items on the list and note any corrections before returning the list to Purchasing. Departments must also assist the Purchasing office to locate and identify the equipment when they are conducting the physical inventory, which is performed bi-annually.

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Subcontractor Control

Each subagreement entered into by the University where the Federal property may come under the control of a subcontractor must contain specific provisions concerning the subcontractor's responsibility for the care, custody, and use of the property. This provision should require, by flowing down requirements in the prime award, that the subcontractor assume the responsibility and obligations of the University with respect to the property while it is under the subcontractor's control. These obligations will include appropriate care, utilization, storage, movement, disposition, and record keeping. The subcontractor's approved property control system shall include procedures necessary for accomplishing this responsibility.

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Reporting Requirements

The Accounting office is responsible for submitting equipment reports required by federal agencies.

Sources of Federal Guidelines

- **Chapter II Office of Management and Budget Circulars and Guidance, Uniform Guidance 2 Part 200**

<https://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a110/2cfr215-0.pdf>

Sources of Other Pertinent University Policies

<http://survey.vinu.edu/controller/static.php?page=fixedassets>