



TEXAS TECH UNIVERSITY

Operating Policy and Procedure

OP 65.14: Federal Equipment

DATE: August 30, 2016

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to set forth the institutional policy for the acquisition, maintenance, and disposition of federal equipment.

REVIEW: This OP will be reviewed in March of even-numbered years by the Managing Director of Accounting Services and the Managing Director of Procurement Services with substantive revisions forwarded to the Assistant Vice President and Controller and the Vice President for Administration and Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Policy Statement

It is the policy of Texas Tech University (TTU) that federal equipment will be managed, safeguarded, and accounted for in accordance with all applicable federal regulations, terms and conditions of the award, state law, and institutional policy. This policy is **in addition to** the requirements set forth in OP 63.08, Property Management and 72.09, Procurement of Goods and Services.

2. Federal Regulations

Grants and Cooperative Agreements Issued Before 12/26/2014: [Circular A-110, C.34](#)

Grants and Cooperative Agreements Issued After 12/26/2014: [2 CFR 200.312-313](#)

Contracts: [FAR §52.245-1](#)

3. Definitions

- a. Equipment - tangible, non-expendable property that has an estimated useful life of more than one year and a value of \$5,000 or more per unit.
- b. Federal Equipment - equipment either furnished by the federal government or acquired or fabricated through federal grants, contracts, and cooperative agreements (funds in Banner beginning with 21).
 - (1) *Purchased Equipment*—equipment procured through TechBuy or on a procurement card (only fabricated equipment parts under \$2,000 may be purchased on a procurement card).
 - (2) *Transferred Equipment*—equipment transferred to the institution with a principal investigator (PI) under a sponsored agreement.

- (3) *Government-furnished Equipment*—equipment provided directly by the federal awarding agency.
 - (4) *Fabricated Equipment*—equipment that is not purchased in final form but, rather, is assimilated, built, or constructed on site, has a useful life of more than one year, and the cumulative cost of all its components is \$5,000 or more.
- c. Acquisition Cost - value of equipment at the time it is acquired.
 - (1) If purchased or fabricated, this is the invoice price inclusive of shipping, handling, insurance, storage, installation, site preparation, and testing.
 - (2) If furnished by the federal government or transferred in from another entity under a sponsored agreement, acquisition cost is the fair value.
 - d. Property Manager - an employee within Accounting Services (AS) with overall responsibility for all TTU property.
 - e. Property Custodian - the TTU employee, usually the PI, with responsibility for safeguarding equipment and maintaining property inventory records.
 - f. Fixed Asset System – the system of record for the university’s assets that is maintained by the property manager.
 - g. Property Inventory System – web-based system used by property custodians to report any changes in equipment and annually certify inventory.

4. Equipment Title

- a. Title to equipment acquired or fabricated under a federal grant or cooperative agreement vests with the recipient (TTU) unless the award terms and conditions state otherwise.
- b. Title to government-furnished equipment or equipment acquired or fabricated under a contract remains with the federal government while in TTU’s possession. Title generally transfers to TTU upon completion of the project.

5. Acquisition

All equipment acquired with federal funds must be necessary and reasonable for proper and efficient accomplishment of project and program objectives.

- a. Purchased Equipment
 - (1) Federal equipment is procured by the PI or department through TechBuy by completing the *Federal Equipment Purchase* form.
 - (2) The following reviews are performed for TechBuy requisitions:
 - AS project management reviews for allowability, ensures the *Federal Equipment Purchase* form is accurately completed, obtains PI justification and sponsor

approval when required, and notes in the requisition history whether ownership vests with TTU or the sponsor.

- AS property management reviews for proper account coding.
- Procurement Services (PS) reviews for compliance with state and institutional policies and laws including Historically Underutilized Business and Small Business Enterprise requirements and proper account coding.

- (3) Receiving reports are completed in TechBuy by the department/PI before payment is made to the vendor.
- (4) After receipt of the equipment and payment of the invoice by Payment Services, the property manager enters the asset information into the Fixed Asset System.

b. Fabricated Equipment

(1) TechBuy

If it is anticipated that the total cost for fabricated equipment will exceed \$5,000, the PI/department completes the *Federal Equipment Purchase* form and [Attachment H, OP 63.08](#), when procuring the initial equipment or component parts. (Attachment H must be attached to the requisition in TechBuy.) As subsequent components are procured, the PI/department completes the *Federal Equipment Purchase* form in TechBuy and references the original purchase order (PO) number.

The following reviews are performed for TechBuy requisitions:

- AS project management reviews for allowability, ensures the *Federal Equipment Purchase* form is accurately completed, obtains PI justification and sponsor approval when required, and notes in the requisition history whether ownership vests with TTU or the sponsor.
- AS property management reviews for proper account coding, monitors charges to 7J0060, and capitalizes the original asset and all component parts together in the Fixed Asset System upon completion of the equipment.
- PS reviews for proper account coding and compliance with state and institutional policies and laws including Historically Underutilized Business and Small Business Enterprise requirements.

(2) Procurement Card

Components less than \$2,000 may be purchased on a procurement card in accordance with the [Procurement Card Guidelines](#).

- The PI/department should include [Attachment H, OP 63.08](#), with the monthly procurement card reconciliation and also reference the original PO number within the online procurement card reconciliation system. All component acquisitions are coded to account 7J0060 to ensure complete and accurate capitalization.
- PS reviews for proper account coding and for compliance with procurement requirements set forth in [OP 72.09](#).

- AS property management monitors charges to 7J0060 and capitalizes the original asset and all component parts together in the Fixed Asset System upon completion of the equipment.

c. Transfer of Property to TTU

TTU may obtain use or ownership of federal equipment outside of the procurement process. Equipment may be provided directly by a federal agency to carry out the project (e.g., government-furnished) or transferred to TTU with a faculty member.

The department/PI should complete [Attachment G, OP 63.08](#), upon accepting federal property and forward to the property manager. If an active sponsored project is involved, the property manager will forward to the Office of Research Services (ORS). ORS will ensure appropriate title transfer. The property manager will perform a physical inspection of the equipment to collect required data elements, determine the fair value for entry into the Fixed Asset System, and properly tag the equipment.

6. Records and Tags

The fixed asset system captures all requisite data elements outlined in OMB Circular A-110, C.34.(f)(1) and FAR§52.245-1(f)(1)(iii). Federal equipment is tagged with a unique bar code that ties to the Fixed Asset System, as well as an additional tag “Property of U.S. Government.”

7. Equipment Care

The property custodian is responsible for the proper maintenance and physical security of assigned federal property. Routine, preventive maintenance should be performed and documented, with the goal of maintaining the efficiency and usefulness of the equipment for as long as possible. Departments must ensure safeguards are in place to prevent loss, damage, or theft.

8. Physical Inventory

To comply with federal regulations, the location of equipment must be kept current at all times. To maintain accurate inventory records, the property custodian should report changes in equipment location, existence, and condition throughout the year.

- a. Changes in location and condition of equipment can be made directly by the property custodian through the online [Property Inventory System](#) at any time.
- b. The transfer of federal equipment from one TTU department or property custodian to another TTU department or property custodian may also be initiated through the Property Inventory System at any time. Both the transferring and receiving department must approve. Transfers must be in accordance with the provisions in section 10 below.
- c. In the event federal equipment is lost or stolen, the department should immediately report this to the property manager by completing [Attachment B, OP 63.08](#), or [Attachment C, OP 63.08](#), as appropriate. The property manager will promptly notify AS project management in the event of loss or theft of federal equipment. AS project management will take the required action.

- d. Annually, the property custodian, or his/her designee, will complete a full physical inventory, verifying the existence, location and condition of the equipment through the Property Inventory System.

9. Subrecipient Control

When TTU provides federal equipment to a subrecipient or issues a subaward with budgeted equipment:

- a. ORS will notify the property manager and include the following in the subaward
 - Federal flow-down provisions including equipment title;
 - Clear identification of the assets provided to or to be acquired by the subrecipient;
 - Certification by the subrecipient that their property control system is federally approved or meets federal property regulations; and
 - Periods for which the subrecipient must submit property reports to TTU.
- b. The property manager will:
 - Work with AS project management and the department/PI to complete [Attachment J, OP 63.08](#);
 - Coordinate with the subrecipient to complete the property control system certification; and
 - Obtain and monitor annual property reports to be submitted by the subrecipient.

10. Equipment Use during the Project Period

Federal equipment must be used on the project for which it was acquired but may also be made available for use on other projects if such use would not interfere with the acquiring project. Preference for such other use must be given to other projects of the funding agency, then to other federal projects, and, lastly, to non-federal projects. For grants and cooperative agreements issued prior to December 26, 2014, departments/Pis should contact AS project management prior to utilizing federal equipment for non-federal projects since the use may require agency approval. AS project management will take appropriate action.

Once the equipment is no longer needed, the equipment may be used for other projects or institutional activities. Departments/Pis should contact AS project management who will assist with determining whether there are other uses for the equipment and, if not, will seek disposition instructions from the agency.

11. Transfer to another Educational Institution

If an **active** TTU sponsored project is being transferred to another institution, equipment must be transferred in accordance with the terms and conditions of the award. However, if the equipment title vests with TTU and transfer is not required, the equipment will be released only if the department chair, college dean, and vice president for research certify that the equipment is no longer needed for ongoing research.

In rare circumstances, TTU may authorize the transfer of equipment funded by an inactive project if such equipment is essential to the continuation of a PI's research at his/her new institution.

Such transfer would require written approval of the vice president for research and remuneration from the receiving institution.

Requests and authorizations for property transfers to other educational institutions must be documented using [Attachment I, OP 63.08](#).

12. Reports

Annual and final reports are required for federally owned property provided by or procured under a federal award and held by TTU and its subcontractors. AS project management submits the requisite reports, as well as any other annual or final inventory reporting required under the terms and conditions of the award.

13. Property Closeout

Once the sponsored project ends, AS project management initiates the closeout process as outlined in [OP 65.13](#) and submits any requisite final reports. For projects in which title does not vest with TTU, the property manager will request disposition instructions from the agency.