

PROCEDURE NUMBER: FINA 3.00 Procedure

SECTION: Administration and Finance

SUBJECT: Sponsored Awards – Equipment Management

DATE: May 1, 2025

REVISION:

Procedure for: All Campuses

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Issued by: Administration and Finance – Controller’s Office

Procedure Statement

The University Administration and Finance Division, Controller’s Office, will ensure compliance with University Policy FINA 3.00. This procedure is applicable to campuses, units, departments, centers, Principal Investigators (PIs), and administrators at the University who are involved with the initiation, administration, and conduct of sponsored awards. The purpose of this procedure is to supplement the associated policy by providing additional detail and guidance on the management of equipment on sponsored awards.

As a steward of equipment that is purchased with sponsored funding, the University is responsible for ensuring the assets are managed (e.g., safeguarded, tracked, reported, retired, and disposed of) in compliance with applicable federal and state regulations, sponsor and award requirements, and University policy and procedure.

A. Equipment Acquisition

Only equipment charges that are explicitly approved in the sponsored award budget should be charged to the sponsored award. Any deviations require prior approval from the funding agency or sponsor. This will be documented by the Office of Sponsored Awards Management (SAM) through the original or amended sponsored-approved budget and budget justification.

All equipment purchased with sponsored funding must follow policy/procedure [BUSA 7.00](#) (Purchasing), [FINA 2.14](#) (Acquisition and Payment of Goods and Services), [FINA 2.82](#) (Asset Management) as well as Office of Sponsored Awards Management [Incorporating Equipment into](#)

Your Budget guidelines. When equipment is purchased for greater than \$5,000¹ and has a useful life that exceeds one year, it is considered a capital asset. All other purchases associated with sponsored awards that are under this threshold are treated as materials/supplies.

As with all other purchases related to sponsored awards, equipment must be allowable, allocable, reasonable, and consistently treated. At the time of acquisition, the PI must ensure that the equipment purchase is an allowable cost of the sponsored award. To avoid duplication and unnecessary expenditure, the PI is also responsible for ensuring similar equipment is not available to support the sponsored award activities of a project prior to purchase.

B. Equipment Utilization

Equipment must be used by the University for the sponsored project or program that it was acquired as long as it is needed. When no longer needed for the original project or program, the University is authorized to use the equipment in connection with its other sponsored activities, in the following order of priority:

- activities sponsored by the awarding agency which funded the original project; then
- activities under sponsored awards from similar awarding agencies (e.g., other federal agencies).

During the time sponsored equipment is being used for its original intent, the University may also make the equipment available for use on other sponsored projects or programs currently or previously supported by the awarding agency, provided that such use will not interfere with work on the project or program for which it was originally acquired. Use of the sponsored equipment for non-federal funded programs or projects is also permissible.

Sponsored equipment acquired with federal funding should not be used to provide services to 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 awarding agency retains an interest in the equipment.

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.

Intra-departmental equipment usage must follow [2 CFR 200.468](#) and applicable University policy/procedure to ensure the appropriate allocation of costs.

C. Equipment Disposal and Transfer

PIs and/or their designees must notify SAM, GFM, and the Asset Management Team prior to the transfer or disposal of sponsored equipment. The title of ownership for equipment purchased

¹ Effective July 1st, 2025, the capitalization threshold for capital assets will increase to \$10,000.

with sponsored funding typically rests with the University unless otherwise specified in the award. As such, sponsored equipment may be vested with either (1) the University or (2) the sponsor. The University is bound by the sponsor's agreement regarding whether the ownership of the equipment is vested in the University.

In accordance with 2 CFR 200.313, if the current fair market value of the sponsored equipment is less than \$5,000, there is no additional obligation to the government. The department can transfer or dispose of the equipment as it deems appropriate, per State disposal guidelines. If the equipment is sold, there is no obligation to remit any of the proceeds to the federal government.

Where the fair market value is greater than \$5,000 and **title of the sponsored equipment is vested with the sponsor**, GFM, in coordination with SAM, will contact the sponsoring agency for transfer and disposal instructions and restrictions and any necessary prior approval to ensure appropriate treatment and compliance.

When titled is vested with the University, the following applies:

Disposal

The disposal guidelines detailed in the **FINA 2.82 Asset Management procedure** must be followed.

- When the original sponsored project that funded the equipment is ongoing, proceeds from the sale of the equipment will be credited back to the project and treated as program income.
- When the original sponsored project is terminated but a project with the same sponsor who originally funded the equipment is ongoing, proceeds from the same will be credited to another project with the same sponsor.
- When the original sponsored project is terminated and there are no other projects with the same sponsor, proceeds from the sale will be credited to other similar sponsored research (e.g., another federal agency).

Transfer

- **Internal Transfer** – Transferring possession of sponsored equipment from one department to another department does not require the approval of the awarding agency, since the title is held by the University, not individual departments. The transfer guidelines detailed in the **FINA 2.82 Asset Management procedure** must be followed.
- **Permanent Transfer or Sale to Another Institution** – Sponsored equipment transfers occur when a PI ceases to have an employment relationship with the University and transfers their research activities to another institution of higher education. As sponsored equipment is an asset owned by the University, the transfer of these assets requires appropriate review, coordination, and approval. In any instance of permanent transfer to another institution, the recipient institution must be willing to accept responsibility for the equipment.

- Prior to the PI leaving the University, the unit/department has the responsibility to inventory sponsored equipment related to the PI's active projects to enable review and verification of the assets and their value by the Asset Management Team. Documentation of the transfer must be provided to the Asset Management Team in order to remove the asset from inventory upon transfer.
- For sponsored equipment purchased with non-state-appropriated University funds, the PI should submit a request for transfer to their Dean and/or Department Head. The request must be approved by unit leadership and State Surplus, via Consolidated Services.
- For sponsored equipment purchased with sponsored funds, in addition to the approvals listed above, SAM and GFM must review all transfer requests, with SAM coordinating with the sponsor regarding the potential transfer.
- If a sponsor has approved the transfer of sponsored award activities to another institution and has not explicitly denied a request to transfer the sponsored equipment, the University will presume the sponsoring agency expects the equipment to transition with the PI.
- For instances when a PI requests sponsored equipment to transition to an entity that is not an institution of higher education, the PI and department should follow the procedures for disposing of surplus equipment, when the title of the equipment rests with the University.

D. Roles and Responsibilities

The following roles and responsibilities should be adhered to:

PI and Departments

- Ensure equipment purchases are documented in proposal submissions.
- Initiate requests for the purchase of approved equipment with sponsored funding.
- Provide accurate, timely, and complete information regarding equipment/property statuses, including notifying SAM, GFM, and the Asset Management Team regarding any equipment-related actions and changes (e.g., sharing, transfer, disposal, damage, etc.).
- Maintain and use assets in a responsible manner, including taking necessary security precautions to discourage loss and theft of assets.
- Ensure all sponsored equipment purchases are allowable costs of the award.
- Ensure similar equipment is not available to support the project prior to purchase.
- Notify GFM and the Asset Management Team regarding any titled equipment that is transferred to the University.

Purchasing Department

- Assist PIs and departments with procuring equipment in accordance with applicable regulations.

Controller's Office – Asset Management Team

- Oversee the asset management function, including establishing and managing processes and guidelines for asset acquisition, recording, tagging, inventory, disposal, and transfer.

Controller's Office – Grants and Funds Management (GFM)

- Review equipment purchases for allowability and compliance with applicable regulations and award terms and conditions prior to the completion of sponsor invoicing.
- Assist PIs and departments, the Asset Management Team, and SAM with equipment-related matters, as needed.
- Complete any disposition statements required by sponsors during project closeout (e.g., SF-428 Tangible Personal Property Report).

Office of Sponsored Awards Management (SAM)

- When indicated within the proposal, ensure equipment budget is included in the project proposal, approved by the sponsor, and appropriately documented in the approved budget and budget justification.
- Coordinate with the sponsor regarding any needed approval and instruction for equipment sharing, transfer, and disposal.
- Coordinate with the PI and sponsor to obtain approval for the purchase of unbudgeted equipment.
- Complete any relinquishing statements required by sponsors during project transfers.

E. Resources and Forms

Resources, trainings, and guides can be found on the Controller's Office website under the Grants and Funds Management and Resources and Training Toolbox sections.