

Subject: Externally-Funded Equipment & Property Management Procedure	Category: Sponsored Program Administration	Approval:
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PURPOSE

It is the policy of the California State University (CSU) that each campus shall have procedures in place for managing equipment acquired through grants and contracts in compliance with applicable regulations and/or grant or contract terms and conditions. This procedure governs the manner and extent to which California State University, Stanislaus (University) manages externally-funded equipment and property and complies with Integrated CSU Administrative Manual (ICSUAM) Sponsored Programs (SP) policy number 11003.13.

DEFINITIONS

For definitions, refer to ICSUAM SP Policy 11001.01 SP Policy Definitions.

OVERVIEW

The Externally-Funded Equipment and Property Management Procedures, working in conjunction with the University’s Property Control Procedures, are designed to maintain uniform accountability for equipment procured with external sponsor agency funds. These procedures are used to provide accurate records for the acquisition, maintenance, control, and disposition of property. The combination of accurate accounting records and strong internal controls must be in place to protect against theft and detect the unauthorized use of said property. All University departments and organizations conducting research, instruction, and/or other sponsored work under grants, and other agreements are required to comply with these procedures.

PROCEDURE: EQUIPMENT & PROPERTY MANAGEMENT

When purchasing equipment with funds from a federal contract or non-federal grant or contract source, the University shall follow institutional policies regarding equipment purchase and disposition or the guidelines in the sponsored agreement, whichever is more restrictive.

When purchasing equipment with federal funds, it is the responsibility of the University to comply with institutional policies related to fixed asset management and with federal regulations contained in the Code of Federal Regulations (2 CFR 200) Property Standards, Section 313.

When purchasing equipment or equipment components with a purchase price of \$5,000 or greater under federally-funded awards, the University is required to comply with specific use, management, and disposition requirements.

Any property transferred within the University from a federally-sponsored program shall remain subject to the original funding source requirements and tracked accordingly in the University's fixed asset system.

1. Title

Subject to the obligations and conditions set forth in 2 CFR 200, Section 313, title to equipment acquired under a federal award will vest upon acquisition in the University. Unless a statute specifically authorizes the federal agency to vest title in the University without further obligation to the federal government, and the federal agency elects to do so, the title must be a conditional title. Title must vest in the University subject to the following conditions:

- a. Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- b. Not encumber the property without approval of the federal awarding agency or pass-through entity.
- c. Use and dispose of the property in accordance with requirements outlined below under "Equipment Use" and "Disposition of Equipment".
- d. Equipment acquired under a federal award that passes through the state (pass-through awards) must be used, managed, and disposed of in accordance with state laws and procedures.

2. Equipment Use

- a. Equipment must be used by the University in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by a federal award, and the University must not encumber the property without prior approval of the federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority:
 - i. Activities under a federal award from the federal awarding agency which funded the original program or project, then
 - ii. Activities under federal awards from other federal awarding agencies.
This includes consolidated equipment for information technology systems.
- b. During the time that equipment is used on the project or program for which it was acquired, the University must also make equipment available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment and second preference must be given to programs or projects under federal awards from other federal awarding agencies. Use for non-

federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

- c. The University will not use equipment acquired with a federal award to provide services 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.
- d. When acquiring replacement equipment, the University may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

3. Equipment Management

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place will, as a minimum, meet the following requirements:

- a. Property records must be maintained that include a description of the property, serial number or other identification number, the source of the funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of federal participations in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- b. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two (2) years.
- c. A control system must be in place to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- d. Adequate maintenance procedures must be in place to keep the property in good condition.
- e. If the University is authorized or required to sell the property, proper sales procedures will be established to ensure the highest possible return.

4. Disposition of Equipment

When original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the University must request disposition instructions from the federal awarding agency if required by the terms and conditions of the federal award. Disposition of the equipment will be made as follows, in accordance with federal awarding agency disposition instructions:

- a. Items of equipment with a current per-unit fair-market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the federal awarding agency.
- b. If the federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in

excess of \$5,000 may be retained by the University or sold. The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the federal awarding agency may permit the University to deduct and retain from the federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

- c. The University may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the University must be entitled to compensation for its attributable percentage of the current fair-market value of the property.
- d. In cases where the University fails to take appropriate disposition actions, the federal awarding agency may direct the University to take disposition actions.

5. Purchase of Supplies (including Computing Devices)

- a. Costs incurred for materials, supplies, and fabricated parts necessary to carry out a federal award are allowable.
- b. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- c. Materials and supplies used for the performance of a federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.
- d. Where federally-donated or furnished materials are used in performing the federal award, such materials will be used without charge.

6. Disposition of Supplies

The University is required to track supplies and materials (including cost of computing devices) purchased under federally-funded grants with a total aggregate residual value of \$5,000 or greater at the end of the project period.

- a. Title to supplies will vest in the University upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, the University must retain the supplies for use on other activities or sell them, but must, in either case compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. See 4.b. above for the calculation methodology.
- b. As long as the Federal Government retains an interest in the supplies, the University must not use supplies acquired under a federal award to provide

services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by federal statute.

RESOURCES AND REFERENCE MATERIALS

- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards: Property Standards, Sections 310 - 316
- Administration of University Property: ICSUAM 01401.00
- State Contracting Manual (SCMJ Chapter 7.29)
- Federal Acquisition Regulation (FAR)
- CSU Capital Assets Guide (included in the annual CSU GAAP Manual)