

## Office of Sponsored Programs

# Procedure 30012 Acquisition, Ownership, Reporting and Disposition of Sponsor Funded Property

Revision Date 6/1/2021

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## 1. Introduction

**Responsible Officials;** Senior Director of Post Award

**Effective Date;** August 19, 2003

**Revision Date;** June 1, 2021

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## 2. Scope

Equipment is often obtained in connection with sponsored programs through shipment from the sponsor or through purchase utilizing sponsor-furnished funds. The purpose of this procedure is to outline the Office of Sponsored Programs (OSP) responsibilities and procedures for the acquisition, ownership, reporting and disposition of equipment.

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## 3. Procedure Statement

Procedures are necessary to ensure acquisition of equipment is an allowable and allocable charge to the sponsored project, ownership is correctly identified for the University Fixed Assets and Equipment Inventory Services (FAEIS) office, periodic reporting of Government-owned property is accurately submitted and disposition of sponsor funded property is in accordance with applicable federal regulation or contractual agreements.

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## 4. Definitions

**Accountable** property is all property that meets the University's capitalization criteria.

**Controllable** property does **not** meet the University's capitalization criteria, but which the University is obligated or chooses to physically control (such as firearms, leased equipment, and low dollar transportation equipment requiring license and registrations, etc.).

**Equipment (movable)** – **Equipment** (items with a unit value of \$2,000 or more and an estimated useful life greater than one year, except for Equipment Trust Fund items where

the unit value is \$500 or more) is an item of tangible personal property that is generally mobile and is not permanently affixed to any building or room. Computer software and internally generated software valued at \$100,000 or more and an estimated useful life greater than one year is considered software and intangible assets.

**Exempt property** means tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal Government. An example of exempt property authority is contained in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306), for property acquired under an award to conduct basic or applied research by a non-profit institution of higher education or non-profit organization whose principal purpose is conducting scientific research.

**Federally Owned Property** includes both Government furnished equipment and equipment acquired with funds provided from the Federal Government where title remains vested in the Federal Government. When title vests in the government the University acts as custodian of the equipment.

**Restricted Funds** external funds earmarked for a specific purpose in a legally binding agreement for which the University will perform certain services in exchange for a specified dollar amount.

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## 5. Procedures

### A. Acquisition

#### 1. Sponsor Funded Equipment

OSP shall review all requisitions for equipment costing greater than or equal to the university capitalization limit outlined in [Policy 3950](#) to ensure the purchase is authorized by the sponsoring agency.

Considerations when reviewing requests to charge equipment to sponsored funds:

- i. If equipment was not identified in the approved budget or binding agreement, determine if prior sponsor approval is required and determine ownership.
- ii. The cost must directly benefit and support the scope of work.
- iii. Will the equipment support multiple projects? If so, ensure the department has included appropriate documentation regarding allocation of the cost.
- iv. If supported by more than one source of funding, does each funding source provide the university unconditional title? If not, requisition should be denied indicating title can't be split between two entities.
- v. The State Council of Higher Education (SCHEV) provides resources to the University for purchasing equipment needed for instruction and research. All equipment purchased with SCHEV funding remains the property of SCHEV (even items with split funding) for the specified number of years defined in [Policy 3950](#), "Fixed Asset Accounting". Restricted funds should not be commingled with SCHEV purchases as serious problems arise with

conflicting ownership, use and disposition.

SCHEV funds are called Equipment Trust Funds on FTMFUND.

- vi. Equipment purchases made towards the end of a sponsored project are scrutinized by sponsors and auditors. The rationale is most equipment is needed at the beginning and midpoint of the project life to complete the scope of work, not the end. This does not mean all such expenses are unallowable, but it does mean an equipment purchase late in the project period (e.g. within six months of the project end-date), will need to be carefully explained, and may require written approval from the sponsor's grant or contract officer. If a grant is being continued or renewed, equipment purchases late in a project may be appropriate.
- vii. Review purchase requisition to determine if the sponsored program has a Technology Control Plan (TCP) as outlined in [OSP procedures 29-05](#). If so, notify the Office of Export and Secure Research Compliance (OESRC) and FAEIS to ensure the equipment is properly identified and marked as being purchased on a restricted research program.

FAEIS will obtain needed documentation associated with equipment purchase orders. In the event OSP approves the expenditures via journal entry, a copy of the journal entry and supporting documentation should be forwarded to FAEIS.

Post Award is responsible for communicating to FAEIS any changes in title, terms and conditions, or transfer of accountability from one contract to another during the performance of a contract or grant.

## 2. Sponsor Provided equipment

When equipment is physically provided by a sponsor or an industrial affiliate prior to accepting custody, review to determine if the sponsored program has a Technology Control Plan (TCP) as outlined in [OSP procedure 29-05](#). If so, notify the Office of Export and Secure Research Compliance (OESRC) and FAEIS to ensure the equipment is properly identified and marked as being purchased on a restricted research program.

Equipment and other items of property may be received from the sponsor. Shipping documents should be prepared by the sponsor, listing all items of property contained in the shipment. These documents should be sent to the OSP Post Award Administrator either directly by the sponsor or by the individual receiving the property for the University. The Post Award Associate will send copies of shipping documents to the appropriate department authorized authority to verify that the property has been received and to certify that the property will be used and maintained as required. Upon receipt of this written verification, the shipping document will be signed by the [Assistant Associate Vice President for Research and Innovation, Sponsored Programs Administration](#), or his/her designee, and returned to the sponsor or affiliate. A copy of the signed shipping document shall be retained in the Post Award Management, and the Post Award Associate will forward a copy to the FAEIS in order for the equipment to be tagged and entered in the system.

Any equipment provided to a subcontractor by a sponsor should be specifically identified in the subcontract and should detail any special procedures for handling, identification, storage or use. Written verification of receipt of the equipment should be obtained from

the subcontractor with a copy to be provided to the sponsor (for sponsor owned items) and a copy maintained in the Post Award Management. Notification of sponsor owned equipment held by a subcontractor should be given to FAEIS by the appropriate Post Award Associate. Clear procedures for equipment disposition at the project conclusion should be stated in the subcontract document.

Government Furnished Equipment should not be modified in any way using either University resources or sponsored resources.

## B. Ownership

Contract Associates will define ownership of accountable equipment during the award negotiation stage. If equipment was not budgeted, ownership of equipment may not be incorporated into the contractual agreement. If equipment is approved during the life of an award, the assigned Post Award Associate will contact the sponsor to determine ownership. The sponsor will dictate whether title to such property will vest with the University or the sponsor.

Controllable property does not meet the University’s capitalization criteria and ownership will not be tracked or monitored by OSP.

Post Award Associate will ensure title of equipment is accurately marked in Banner on the “user defined data” tab of the FRAGRNT screen.

<b>Equipment Attribute Definitions Per Award Terms and Conditions</b>		
Title B	State Funded-University Holds Title	Title to property purchased with sponsored funds received from another Commonwealth of Virginia entity will vest in the university.
Title C	Private Funded-University Holds Title	Title to property purchased with sponsored funds received from a private company will vest in the University.
Title F	Federally Funded – University Holds Title	Title to property purchased with federal funds vests with the University without obligation.
Title FC	Federally Funded – University Holds Conditional Title	Title to property purchased with Federal funds vests conditionally with the university, if the current per unit fair market value exceeds \$5,000. The university uses the net book value (historical costs less accumulated depreciation) as a surrogate for fair market value.
Title G	Federal Government Owned	Title to property acquired by the University in performance of the sponsored project remains vested in the Federal Government.
Title H	Federally Furnished	Title to property furnished by the Federal Government remains vested in the Federal Government.
Title I	Non- Federally Furnished	Title to property furnished by the Non-Federal sponsor vested in the sponsor.
Title L	Local Funded-University Holds Title	Title to property purchased with sponsored funds received from a Non-Commonwealth of Virginia entity will vest in the University.
Title O	Other Ownership	Sometimes a third party may provide equipment as either a loan or as in-kind cost share. The

		Title to such property vests with the Private entity providing the equipment.
Title P	Private Ownership	Title to property purchased with sponsored funds received from a private company will vest in the Sponsor.
Title V	State of VA Ownership	Title to property purchased with sponsored funds received from another Commonwealth of Virginia entity will vest in the Sponsor.

### C. Annual Reporting of Government Owned Property

The Office of Naval Research (ONR) administers the annual property/inventory reporting requirement per 2 CFR 200.313(d)(2). OSP works with the FAEIS to compile the report and submits it to ONR, the cognizant agency for Virginia Tech

The Post Award Associate shall prepare and submit all project property reports and annual property reports required by federal agencies (i.e. DOD, NASA, DOE, etc.). The submittal of the reports will be governed by the terms of the award. The content of all reports shall be coordinated with FAEIS prior to submission to the sponsor.

### D. Close-out and Disposition

- A. Review Banner screens “Grant Inception-to-Date” screen (FRIGITD) to determine if expenditures meet Virginia Tech’s definition of equipment.
- B. Email FAEIS to obtain a list of accountable equipment for each fund in order to capture possible loaned equipment as well as equipment charges. If equipment has been charged to the project or loaned by the sponsor, reconcile this to the FAEIS listing. OSP will coordinate with the principal investigator or other department personnel to reconcile the items charged to the project and the FAEIS report. Discrepancies will be resolved prior to close-out.
- C. Post Award Associate will verify title and obligation with contractual agreement and Banner on the “user defined data” tab of the FRAGRNT screen. Discrepancies will be reported to FAEIS and department.
- D. Prior to disposing of any equipment, it must be determined if the University has any obligations to a third-party sponsor with respect to the equipment. OSP will communicate with PI/department authorized authority, and FAEIS regarding sponsor owned equipment to determine disposition instructions.
- E. Prior to disposing of equipment, determine if the sponsored program has a Technology Control Plan (TCP) or CUI Management Plan (CMP) as outlined in [OSP procedure 29-05](#). If so, notify the Office of Export and Secure Research Compliance (OESRC) and FAEIS to ensure proper disposition.
- F. The source of funding, ownership, and current per unit fair market value determines how equipment can be disposed.
  - a. University owned equipment will be disposed of in accordance with VT [Policy 3950](#): Fixed Asset Accounting.
  - b. Equipment with conditional title (FRAGRNT Title FC) will be disposed of in accordance with 2 CFR 215.34. If departments submit a request to dispose of university owned equipment funded by federal monies, FAEIS will review the net book of the equipment (the university used the net book value as a surrogate for

fair market value). If the net book value is less than 5,000 the title will be updated and the item can be sent to surplus. If the net book value exceeds \$5,000 FAEIS will notify the department to work with OSP regarding disposition instructions in accordance with 2 CFR 215.34g.

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## 6. References

[OSP procedure 29-05](#): Management of Export Controlled Sponsored Projects.

[Policy 3950](#) : University Fixed Assets Accounting.

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## 7. Approvals and Revisions

This procedure has been reviewed and approved by the Director, Office of Sponsored Programs on August 19, 2003.

This procedure was revised to include references to the HokieMart System and guidance on equipment purchased or provided to subcontractors. This revised OSP policy was reviewed and approved by the Assistant Vice President for Sponsored Program Administration on September 12, 2006.

This procedure has been revised to include guidance on the acquisition, ownership, reporting, disposition of accountable equipment. This revision has been approved by the Associate Vice President for Research and Innovation, Sponsored Programs, **June 1, 2021**.