



**Equipment and Property Management- Sponsored Programs**

<b>Policy Number:</b>	AA-09-006
<b>Policy Administrator:</b>	Dean, Sponsored Programs and Extended Learning
<b>Policy Initiator:</b>	VP Administration & Finance and Provost & VP Academic Affairs
<b>Authority:</b>	Campus Administration
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<b>Revised Date:</b>	
<b>Approved:</b>	President Thomas A. Cropper
<b>Approval Signature:</b>	/s/

**Purpose:**

The purpose of this policy is to establish standards to properly manage equipment and property purchased with federal or non-federal funds, through a grant, contract, cooperative agreement or other agreement.

**Scope:**

This Policy applies to all campus Sponsored Programs (SP) under grants, and other agreements with the federal government and non-federal government entities.

**Accountability:**

The Vice President for Administration and Finance / Chief Financial Officer is responsible for ensuring the compliance of the policies and procedures for all Equipment and Property Management purchased with federal or non-federal funds, through a grant, contract, cooperative agreement or other agreement.

**Policy:**

Equipment purchased with federal or non-federal funds, through a grant, contract, cooperative agreement or other agreement is the property of the university and subject to the following:

**A. Federally Funded (Grants)**

**1. Equipment**

When purchasing capitalized equipment with federal funds, it is the responsibility of the campus to comply with institutional policies related fixed asset management and with federal regulations contained in the Code of Federal Regulations (2 CFR 200), Property Standards. Awardees purchasing equipment or equipment components with a purchase price of \$5,000 or greater under federally funded awards are required to comply with specific use, management and disposition requirements in compliance with Section 313 of 2 CFR 200.

A physical inventory of equipment shall be taken and the results reconciled with the equipment/fixed asset records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference.

**2. Supplies**

Supplies and materials (including computers, laptops, tablets, etc.) purchased under federally funded grants require awardees to track supplies with a total aggregate residual value of \$5,000 or greater at the end of the project period in accordance with Section 314 of 2 CFR 200.

**B. Funding Other than Federal Grants**

When purchasing equipment with funds from a non-federal grant source, Principal Investigator (PI) should follow the campus procedures regarding equipment purchase and disposition or the guidelines in the sponsored agreement, whichever is more restrictive.

**C. Federally Owned Property**

Title to federally-owned property remains vested in the Federal Government. The equipment attached to the Training Ship Golden Bear (TSGB) belongs to MARAD.

**D. Related Documents**

[UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#)

**E. Definition of Equipment**

**1. Capital Equipment**

Capital Equipment is an article of tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Capital Equipment will be tagged and added in the University's CFS PeopleSoft Asset Management System.

**2. Sensitive Equipment**

Sensitive Equipment is an article of tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of at least \$500 or more per unit, but not more than \$4,999.99. Sensitive Equipment will be tagged and tracked using the CMA equipment tagging form recorded by the receiving department.

**3. Communication & Computer Devices**

Communication and Computer Devices are articles of tangible nonexpendable personal property having a useful life of more than one year, regardless of the purchase price. These include computers, tablets, laptops, printers, scanners, cameras, monitors, projectors, and cellphones. Communication and Computer Devices will be tagged and added in the University's CFS PeopleSoft Asset Management System if the cost is more than \$5,000.

**Procedure:**

**A. Procurement and Tracking Procedure for Assets Purchased Through a Sponsored Program (SP)**

**1. Ordering Procedure**

The PI generates a Requisition for the acquisition of the asset and, together with the required supporting documentation, forwards it to the Procurement Office. The Procurement Office processes the Purchase Order, sends it to the vendor, and sends an electronic copy to the PI. The Receiving Department has access to all purchase orders through the CFS PeopleSoft system and is responsible for tagging all Capital as well as Sensitive Equipment based on per unit purchase price.

**2. Receiving & Cal Maritime Tracking Procedure**

The supplier delivers the new equipment to the Cal Maritime Receiving Department, where it is received in the CFS PeopleSoft system. The Cal Maritime Receiving Department tags all capital and sensitive equipment items and delivers it to the Principal Investigator. If the supplier delivers the equipment directly to the PI, the Cal Maritime Receiving Department will tag the equipment later upon the request of the Principal Investigator. It is the responsibility of the PI to notify the Cal Maritime Receiving Department and request the tagging of these items. The Cal Maritime Receiving Department will forward information on the tagged equipment and the tag number to the Accounting Department via email.

**3. Payment Procedure**

The vendor sends an invoice to Accounts Payable requesting for payment. After the confirmation of tag numbers for the sensitive/capital equipment, the invoices are routed to PIs for their approval before processing the invoices for payment. After payment, Accounts Payable sends electronic copies of all Invoices/Purchase Orders for SP projects to the Accounting Department.

**4. Tracking Procedure**

The accounting office reviews and enters all information based on vendor invoices and purchase orders for assets, and maintains a list of all asset purchases. For equipment managed in the university's Fixed Asset management system, the applicable Asset Subtype code must be used to identify the equipment as federally funded (i.e. "NONIN-FEDFUND" for Federally Funded/University Owned equipment or "NONIN\_FED-CM" for equipment purchased as cost match for a federal award; for Federal-Owned equipment, use "NONIN-FED-OWN"). This includes any equipment transferred or donated to the university from the auxiliary that was originally funded by a federal grant.

- a. On a monthly basis, grant accountant will review the asset related to all SP and maintain SP equipment records which include the following:
  1. A description of the equipment.
  2. Manufacturer's serial number or other identifying number.
  3. Source of the equipment, including the award number
  4. Whether title vests in the recipient or the Federal Government.
  5. Acquisition date and cost
  6. Percentage of Federal participation in the cost of the equipment
  7. Location, use and condition of the property
  8. Ultimate disposition data, including date of disposal and sales price of the property
- b. On a bi-annual basis (every 2 years), the accounting office will initiate a physical inventory of all assets and including Sponsored Project Assets.

## 5. Uses

When acquiring replacement property, the campus should use the property to be replaced as a trade-in or sell the property and use the proceeds to offset the replacement property cost.

Federally funded equipment must be used by the campus with the following order of priority:

- a. Program or project for which it was acquired as long as needed, whether or not the project or program continues to be funded by a federal award
- b. Activities under a federal award from the federal agency that funded the original project
- c. Activities under a federal award from other federal agencies, including consolidated equipment for information technology systems.

## B. Title and Ownership

### Ownership of Assets Purchased Through a Federal Grant

Non-profit institutions of higher education and nonprofit organizations whose primary purpose is the conduct of scientific research hold title to equipment acquired using federal funds. The costs of the equipment are fully expensed in the sponsored program funds. Capital assets will be tracked in the University's CFS PeopleSoft Asset Management system and sensitive equipment will be tracked on the Cal Maritime equipment tagging form.

The exception to this title/ownership policy described above would be the equipment attached to the Training Ship Golden Bear (TSGB). Title to federally-owned property remains vested in the Federal Government, and therefore, the equipment attached to the TSGB belongs to MARAD.

Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity 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 non-Federal entity subject to the following conditions:

1. 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.
2. Not encumber the property without approval of the Federal awarding agency or pass-through entity.
3. Use and dispose of the property in accordance with Federal Regulations.

## C. Transfer of Principal Investigator (PI) to another Organization

Cal Maritime is the legal entity to which a grant is awarded. When the Principal Investigator moves to another organization, the following options apply in the order listed:

1. Cal Maritime SP may request continuation of the project under the direction of an alternate PI. If the alternate PI is approved by the granting agency, the grant will continue and thus title to the equipment purchased under the grant will remain with Cal Maritime SP.
2. Cal Maritime SP may relinquish its interests and rights in the grant to the PI's new organization. If the new organization is approved by the granting agency to continue the grant activity, then any equipment purchased with grant funds and still needed for the grant project would be expected to be transferred to the new grantee organization, which would assume title. If Cal Maritime SP does not voluntarily agree to relinquish equipment with the grant, the granting agency may require the transfer of the equipment.
3. If an alternate PI is not accepted by the granting agency (or no alternate is nominated), and Cal Maritime SP refuses to relinquish its rights in the grant, then the grant will be terminated. Title to the equipment will remain with the University, subject to disposition or use as described below. The PI's new organization may submit a new application through the regular peer review process to request support for the research. A change of grantee may not take place where it will involve the transfer of a grant to or between foreign institutions or international organizations.

#### **D. Disposal of Assets**

When 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 (as indicated above under “Use”), the Office of SP and the PI must request disposition instructions from the federal awarding agency if required by the terms and conditions of the federal award. If the campus is authorized or required to sell the property by the federal agency, proper sales procedures must be followed to ensure the highest possible return.

If the item is sold, the value of sale can be (1) the replacement value (the value it will take to purchase the same type of equipment new) or (2) the fair market value. The granting agency determines if the equipment can be sold for the replacement value or the fair market value. If the granting agency does not make any determination on the value of sale, the Office of SP will make the determination in collaboration with the PI. Income from the disposal of assets will be recorded as abatement to expenses in the project and account where the original expenditure occurred and the asset will be marked as “disposed”, on the University's CFS PeopleSoft Asset Management system.