



# DGCA Breakfast Briefing

Equipment Management  
Sponsored Programs

# First - The Basics

## **Rutgers Capital Equipment Definition:**

All movable equipment with an original acquisition cost at or above \$5,000 and a useful life of one year or more

**Rutgers University Property Management Department**, within Division of University Accounting is responsible for maintaining the university's capital equipment records and conducting physical inventories.

Once items are received and paid for, Property Management locates the equipment and makes a final determination whether the items are to be capitalized. If so, bar coded tags are affixed to the items and recorded in university's property records.

Property Management conducts physical inventories every 2 years (OMB A-110)

**Purpose of Equipment Policy:** Ensures equipment used for sponsored programs is managed in accordance with sponsor requirements and in a manner that maximizes its benefit

University Policy: Section 40.2.10 Equipment Inventory and Property Management

# Key Rutgers Equipment Forms

## **Equipment Transfer/Disposal Form:**

- Used when any equipment is to be transferred (to a new location or department) or disposed of
- Equipment Disposal includes:
  - Stolen (Provide RU Police Report )
  - Trade In (Provide PO # which Shows the Trade In)
  - Returned to Vendor (Provide Copy of Credit memo from Vendor)
  - Cannibalized by the department
  - Other

## **Surplus Disposal Request Form:**

- Obsolete capital equipment

## **\*\*Sign-Out Form for Equipment Removed from University Premises:**

- At home, another institution, off-campus office, at subrecipient site

# Capital Equipment – Sponsored Programs

Purchases of capital equipment are subject to agency/sponsor regulations and award terms and conditions.

- Acquisition
- Title
- Disposal

Prior to purchasing any equipment on a sponsored program, the following questions should be asked:

1. Is the equipment necessary for the performance of the project?
2. Is this equipment allowable according to sponsor terms and conditions?
3. Is equipment purchase reasonable?
4. Is this equipment purchase allocable to the project?
5. Is the timing of the purchase consistent with period of performance (not at end of award)

# Types of Equipment

**Special Purpose Equipment:** Used only for research, medical, scientific or other technical activities

**Fabricated Equipment:** Design, development and building of unique, specialized equipment that is not available commercially.

**General Purpose Equipment:** Not limited only to research, medical, scientific or technical activities. Examples include office equipment and furnishings, motor vehicles, reproduction and printing equipment

Similar to rules for direct charging of administrative expenses, a parallel requirement for detailed budget justification linking the equipment acquisition to the technical work of the project as part of the approved proposal whenever “general purpose’ equipment is to be charged to a sponsored program.

# Use of Equipment During and After Period of Performance of Sponsored Program

## **During the Period of Performance:**

Primary use of equipment on a federal sponsored program should be for the performance of the sponsored program in which it was purchased from\* (OMB A-110) (Allocability)

### “Hierarchy of Use”

First, permits the equipment to be used for other federal programs funded by the SAME agency that paid for the equipment

Next on programs funded by other federal agencies

Then, on any non-federal programs if authorized by the agency

\*User charges are to be treated as program income

## **After the Period of Performance:**

Typically no restriction if RU retains title. When the sponsor retains the title, the sponsor policies and award terms and conditions should be reviewed

# Sponsor Owned and Government Furnished Equipment

## **Sponsor Owned:**

Some sponsors retain title/ownership of equipment

Property owned by sponsors may have acquisition and reporting thresholds that differ than RU's.

Cannot unilaterally dispose of these assets – Must contact DGCA for review and approval

## **Government Furnished:**

Owned by and titled to the federal government while in RU's possession and until it is properly disposed of

# External Transfers of Sponsored Program Equipment

First, contact DGCA before transferring any sponsored program equipment

In addition to specific agency requirements, the University's requirements for transferring sponsored program equipment to another institutions are:

- \*Equipment purchased with grant/contract funds may be moved to another institution if the grant/contract is moved to the same institution

- \*Equipment purchased on ongoing grant/contracts remaining at the University cannot be transferred

- \*Equipment purchased on a grant/contract that is closed cannot be transferred unless related to a longitudinal study paid by the agency sponsoring the transferred grant/contract



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# Capital Equipment on Sponsored Programs

## **Capital Equipment impacts the University F&A Rate**

Depreciation on capital equipment purchased with sponsored programs and cost share funds must be excluded from the calculation

- Purchase Requisitions (Natural Accounts and Allowcability)
- Journal Entries transferring to Other Funding Sources
- Federal Site Visits

## **Single Audit A-133 - Equipment Compliance Audits**

## **Award Closeout – Equipment Inventory**

## **Cost-Shared Equipment**

## **Recharge Centers**

Comments & Questions?