

## **OGCA PROCEDURES EQUIPMENT, INVENTORY, SURPLUS PROPERTY**

### **BACKGROUND**

OGCA maintains the property/inventory records for the entire University (not just sponsored agreements). This includes tagging all equipment and maintaining the records of losses, transfers, sales and resales.

OGCA is responsible for approving and establishing all equipment fabrications as capital items in the inventory and financial records.

OGCA prepares the depreciation schedules for the University financial statements.

OGCA is responsible for assuring that all moveable and fixed equipment acquisitions are appropriately classified in the accounting system (FAS subcode range 52xx).

OGCA undertakes a physical reinventory of all equipment, every other year. The reinventory process is divided by administrative unit, with one half of the campus receiving the review in the first year and the second half of the campus receiving the review in the second year.

**Moveable equipment** is a stand-alone item (useable free of support from other equipment) with an acquisition cost of \$5,000/unit (including tax and shipping and handling) and a useful life of one year or more.

**Fixed equipment** is an item that is permanently affixed to a building. While it may have originally been purchased as a separate item or as a component or does not, in itself, meet the \$5,000/unit requirement, it becomes incorporated into the structure and becomes a part of the building's cost and depreciation process.

All equipment acquisitions must be processed through the Emory Procurement Department. For additional information concerning purchasing policies and procedures please visit the Procurement web site.

If you have any general questions concerning the University capitalization/property policies, inventory system or surplus property process or if you need any related forms, please contact Renee Corsello, OGCA inventory manager: Tel 404-727-2287 or email [rcorsel@emory.edu](mailto:rcorsel@emory.edu)

### **GENERAL**

**The rest of this presentation applies only to equipment purchased under restricted, sponsored agreements (OGCA 5-ledger and restricted 6- and 2-ledger range of accounts) and is not intended as a guide to the general University purchasing, property and inventory policies.**

**Sponsor restrictions are in addition to University requirements. The most restrictive requirement will apply when there is a conflict between the University and the Sponsor policies.**

**Most sponsors have restrictions or instructions and guidelines on allowable purchases of equipment.** Many sponsors do not allow any equipment purchases or require explicit prior approval. Please review your sponsor guidelines and your specific award terms and conditions for requirements prior to processing any equipment purchases. This presentation is not intended as a definitive explanation of equipment restrictions, it only highlights some common practices and issues related to equipment authorizations on sponsored agreements. The individual award terms and conditions will apply to all equipment purchases.

**Equipment purchases have a high audit profile.** All equipment purchases must be reasonable, necessary, allowable, allocable and incurred within the award period. All equipment purchases must be based on the scientific/technical needs of the project. All equipment purchases must be justified on the basis of use and benefit to the individual accounts/awards charged.

Most sponsored projects will only have moveable equipment and will **not have any fixed equipment purchases.** The only sponsored projects with fixed equipment would be construction projects and projects with specific alterations and renovations approvals. No fixed equipment can be charged against a sponsored project without prior OGCA approval.

**Some sponsors may have a definition of equipment, which has a lower cost threshold than the University policy** (e.g., State of Georgia is \$1,000). The sponsor definition is applicable to their prior approval requirements and guidelines for purchase, not to the University capitalization and inventory systems. When the sponsor's threshold is less than \$5,000, the purchase of the item must be treated with an equipment-like authorization process. OGCA must approve the requisition and purchase and the item must be approved and reported to the sponsor in accordance with their guidelines. Items defined as equipment under sponsor policies, but costing less than the University definition, are classified under FAS subcode 5208 (non-depreciated equipment).

Unless there are extenuating circumstances, **equipment should not normally be purchased within the last 30 days of a sponsored agreement.** Purchase requests in the last 30 days should have a strong justification and an explanation of how the project will benefit from the purchase at that late date. Purchase requests in the last 30 days will only be approved on an exception basis. (Some sponsors have more restrictive requirements, prohibiting equipment purchases 60-90 days prior to termination.)

**For Federal awards, no general-purpose equipment** (examples: computers, furniture, refrigerators, cameras) may be purchased, unless a Direct Cost Exception has been approved, in conformance with the Cost Principles Policy.

OGCA will not approve the **purchase or long-term lease of any vehicle** on a restricted award, unless there is specific sponsor authorization.

For Federal awards, whenever possible, purchases should be **American-made** products and should be purchased from **Small Business, Minority-Owned Firms and Women's Business Enterprises.** Some awards, primarily contracts, may have specific requirements for set-aside purchases or may require prior approval of a small/minority/women's contracting plan. If a plan is required, the actual expenditures are subject to audit against the plan. (Note: Most plans include a number of services and supplies, not just equipment. However, the plan could apply to some or all of the equipment purchases for a project.) The plan is considered a deliverable of the award and project costs may be disallowed or funding reduced if the project does not meet the contracting plan.

**Not all sponsors give Emory title to equipment purchased under their awards.** Equipment requisitions should not be split across accounts that do not have like title arrangements. If an equipment item is split-purchased and one of the awards does not give title to Emory, the equipment becomes the property of the sponsor that made the non-title award and the equipment may have to be transferred to the sponsor. (Examples: GADHR, State of Georgia, NASA and many contracts do not automatically give title to Emory.) When title is not given for equipment purchased, the item is classified under FAS subcode 5208 (non-depreciated equipment).

Emory normally has title under FDP and Expanded Authorities grants, unless specifically restricted in the award terms and conditions. However, even under FDP/EA the sponsor has the right to request transfer of the equipment at termination of the award, with appropriate notification.

**Some training programs allow purchase of selected items of equipment that become the property of the training fellow at termination of the award.** Title will vest with the individual upon their completion of the training program. When title will vest to an individual, the item is classified under FAS subcode 5207 (non-title equipment).

If an item was originally purchased on a sponsored agreement, there may be **restrictions on how the item may be surplus or disposed of, when it is no longer needed or is no longer operable.** The sponsor may also have special reporting requirements for lost or stolen equipment. Please contact OGCA for award-specific guidelines before you surplus or dispose of any item purchased on a restricted award. The surplus sale proceeds may need to be returned to the sponsor or may need to be applied to a successor account or the sponsor may need to provide disposition instructions and authorizations.

Many awards (e.g., Federal contracts, DOD awards) have an annual or final inventory-reporting requirement. **OGCA generates all equipment/property/inventory reports to the sponsors.** The PI/Department should not submit any equipment/inventory reports to the sponsor without OGCA approval and signature. Please immediately advise OGCA if you receive an ad hoc request from a sponsor concerning equipment or inventory issues.

## **APPROVALS**

**All requisitions, expenditures or reimbursements for equipment (both University and Sponsor definitions), against a restricted account, must have prior approval from OGCA.**

The **School of Medicine** requires that all equipment purchases in excess of \$10,000 have prior SOM approval.

The **College** requires that all equipment purchases in excess of \$10,000 have prior College approval, unless the item was specifically listed and approved in the sponsor's budget.

**OGCA must countersign all requests for rebudgeting or equipment authorization,** when specific sponsor approval is required for a purchase.

**The Departmental Chair, the School/AE and OGCA must authorize the transfer of any equipment to another institution.** Please contact OGCA prior to making any agreements to transfer equipment. In addition to University policies, for items purchased under a sponsored

agreement, there may be sponsor restrictions or sponsor authorizations that must be considered before equipment can be transferred.

If you have a question about the equipment restrictions for a specific award, please contact your OGCA representative. Because the requirements are unique to the sponsor and the specific agreement, please provide the Emory account number with all inquiries, so that we can assure that we provide the correct information.

### **FAS SUBCODING**

Most equipment purchases will be subcoded 5200 (moveable equipment) or 5201 (computer equipment) in the accounting system. The appropriate subcode is applied by the requisition and purchasing systems as items are processed.

Separate from sponsor guidelines and the normal purchasing procedures, the following FAS subcodes must have OGCA approval before an item purchased can be so classified in the accounting system:

- 5203 (fixed equipment),
- 5207 (non-title equipment),
- 5208 (non-depreciated equipment) and
- 5240 (equipment \$1,500-\$4,999)