

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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## Equipment Management Policy

### I. Policy Objective

It is the policy of the California State University Bakersfield Auxiliary for Sponsored Programs Administration (SPA) to have a management system for equipment acquired through grants, contracts, cooperative agreements, and other agreements, from both federal and non-federal sources.

#### **Authority**

CSUB Asset Management Standard Operating Policy

CSU Equipment Management Guidelines

ICSUAM 11005-00-DRAFT: Externally Funded Equipment & Property Management

(<https://csyou.calstate.edu/Policies/icsuam/Pages/11005-00-DRAFT.aspx>)

Uniform Guidance: 2 CFR §§ 200.12 Capital assets, 200.20 Computing devices, 200.33

Equipment, 200.48 General purpose equipment, 200.58 Information technology systems, 200.89

Special purpose equipment, 200.313 Equipment, and 200.439 Equipment and other capital expenditures.

### II. Terms and Definitions

*Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the SPA Board for financial statement purposes, or \$5,000, is not permanently attached to or incorporated in university buildings and grounds, and is used to conduct university and/or SPA business.

*Capitalized Equipment* means equipment and software valued at \$5,000 or more. Capitalization means to record a property in the accounting records of SPA as an asset. Detailed guidelines on capitalization of assets are in the Capital Assets Guide issued as part of the CSU GAAP Reporting Manual.

*Capital expenditures* means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

*Depreciation* is the method for allocating the cost of fixed assets to periods benefitting from asset use.

*General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

*Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

### **III. Policy Statements**

Equipment purchased with federal and/or non-federal funds, through a grant, contract, cooperative agreement, or other agreement, is the property of the California State University Auxiliary for Sponsored Programs Administration and is subject to the following statement of requirements.

### **IV. Statement of Requirements**

#### **Federally Funded Equipment (Grants)**

When purchasing equipment with federal funds, SPA will comply with CSUB institutional policies related to fixed asset management and with federal regulations contained in the Uniform Guidance, 2 CFR 200.313 Equipment, or OMB Circular A-110, Property Standards. These regulations require recipients of federal funds to follow institutional policies and to minimally tag, track and inventory all equipment or equipment components with a purchase price of \$5,000 or greater. Equipment acquired under Federal awards received prior to December 26, 2014, is subject to OMB A-110, unless the awarding agency notifies SPA that the Uniform Guidance should apply. Equipment acquired under Federal awards received on or after December 26, 2014, is subject to 2 CFR § 200.

In order to comply with Uniform Guidance, 2 CFR § 200.313, equipment acquired under Federal awards shall be governed by the following requirements:

(a) ***Title.*** Subject to the obligations and conditions set forth in 2 CFR § 200.313, title to equipment acquired under a Federal award will vest upon acquisition in SPA. Unless a statute specifically authorizes a Federal agency to vest title in SPA 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 SPA subject to the following conditions:

- (a) (1) the equipment shall be used for the authorized purposes of the project until funding for the project ceases or until the property is no longer needed for the purposes of the project.
- (a) (2) SPA shall not encumber the property without approval of the Federal awarding agency or pass-through entity.
- (a) (3) the equipment shall be used and disposed of in accordance with paragraphs (b), (c) and (e) of this section.

(b) ***Pass-Through Awards.*** Equipment acquired under a Federal award that passes through the State (SPA is a Subrecipient and the State is a pass-through agency) must be used, managed and disposed of, in accordance with State laws and procedures.

(c) ***Use of Equipment.*** (c) (1) Equipment must be used 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 the Federal award, and SPA 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.

(c) (2) During the time that equipment is used on a project or program for which it was acquired, SPA will 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 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 will be considered if appropriate.

(c) (3) SPA 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.

(c) (4) When acquiring replacement equipment, SPA 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.

(d) **Management requirements.** 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:

(d) (1) Property records will be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Award Identification Number, FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation 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.

(d) (2) A physical inventory of the property will be taken and the results reconciled with the property records at least once every two years.

(d) (3) A control system will be used to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft will be investigated.

(d) (4) Adequate maintenance procedures will be developed to keep the property in good condition.

(d) (5) The order of responsibility for custody and maintenance of equipment acquired by SPA for sponsored projects, and for which title is vested in SPA, shall be as follows: (a) the Principal Investigator, (b) the Chair of Department, (c) The Dean of the School/Head of Unit (Vice President, Associate Vice President, or Assistant Vice President), (d) Associate Vice President for Grants, Research, and Sponsored Programs. Whenever possible, and as soon as it is allowable, SPA will seek the transfer of title to equipment to CSUB in order to ensure management consistency with the Asset Management Policy of the University. Equipment transferred to CSUB from SPA shall remain subject to the original funding source requirements and shall be tracked accordingly in the university's fixed asset system. The Dean of the School/Head of Unit will have ultimate custody and responsibility for equipment so transferred to CSUB.

(d) (6) If SPA is authorized or required to sell the property, proper sales procedures will be established to ensure the highest possible return.

(e) **Disposition.** 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, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, SPA 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:

(e) (1) 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.

(e) (2) Except as provided in 2 CFR 200.312 *Federally-Owned and Exempt Property* paragraph (b), or 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 SPA 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 SPA to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(e) (3) SPA may transfer title to the property to the Federal Government or to an eligible third party (for example CSUB) provided that, in such cases, SPA must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(e) (4) In cases where SPA fails to take appropriate disposition actions, the Federal awarding agency may direct SPA to take disposition actions.

(e) (5) 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, and title to this equipment is vested in SPA, physical custody, maintenance, and accountability for the equipment will remain with the Principal Investigator, under the direct supervision of the Chair of the Department and the Dean of the School. Any internal repurposing of the equipment will be subject to the approval of the Dean and the AVP for Grants, Research, and Sponsored Programs. All such equipment will otherwise remain subject to the *ASSET MANAGEMENT STANDARD OPERATING POLICY* of CSUB, consistent with the provision of the *Operating Agreement between the Trustees and California State University, Bakersfield, and California State University, Bakersfield Auxiliary for Sponsored Programs Administration* (Agreement # COA 1581, Section 2).

(e) (6) 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, and title to this equipment is transferred from SPA to CSUB, the management, maintenance, and accountability for this equipment will be in the purview of CSUB and all such equipment will be subject to the *ASSET MANAGEMENT STANDARD OPERATING POLICY* of CSUB.

(e) (7) Cost of equipment disposal. If SPA is instructed by a Federal awarding agency to otherwise dispose of or transfer equipment, the costs of such disposal or transfer are allowable costs.

**(f) Capital Expenditures for Equipment.** The following rules of allowability will apply to capital expenditures for equipment:

(1) Capital expenditures for general purpose equipment are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

- (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.
- (3) Capital expenditures for improvements to equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity.
- (4) SPA may be compensated for the use of its equipment and software projects capitalized in accordance with Generally Accepted Accounting Principles, provided that they are used, needed in the SPA's activities, and properly allocated to Federal awards. Such compensation must be made by computing depreciation as prescribed in 2 CFR 200.436 Depreciation.
- (5) When approved as a direct charge pursuant to paragraphs (1) through (3) above, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.
- (6) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

*(g) Rental of Equipment.* SPA may rent equipment for use in its projects provided the rental arrangements are consistent with the provisions 2 CFR 200.465 Rental costs of real property and equipment.

### **Funding Other than Federal Grants**

When purchasing equipment with funds from a non-federal grant source, SPA will follow the processes and procedures as set forth in this policy for federally funded equipment, or the guidelines in the sponsored agreement, whichever is more restrictive.

*Approved by the Board of Directors of the CSUB Auxiliary for Sponsored Programs Administration on May 29, 2015.*