1. PURPOSE:

The purpose of this policy is to provide guidelines for purchasing equipment on sponsored projects. All equipment purchases must follow the University procedures. The following is only intended to provide additional information on issues related to sponsored projects. For all purchases, the most restrictive policy (University or sponsor) will apply.

1.1. For full information on University procedures and forms go to the Fixed Assets home page: http://author.ecu.edu/cs-admin/purchasing/centralstores/FixedAssets.cfm

1.2. As with all financial transactions for sponsored projects, the individual terms and conditions and the general sponsor guidelines should be reviewed before making any equipment purchases or taking any actions related to equipment disposals. Most sponsors have some type of restriction or prior approval requirement for equipment purchases. Contact your OGC representative for information/assistance on specific requirements.

1.3. OGC must approve all equipment purchases on sponsored projects.

2. MOVEABLE EQUIPMENT:

Is a tangible, moveable asset with a unit cost of $5,000 or more, titled to the University and having a useful life of more than one year. All moveable equipment must be tagged by fixed assets and the home department must maintain a perpetual inventory.

2.1. Some sponsored projects have a lower dollar threshold definition of equipment (e.g., $500). The sponsor may require that a separate inventory be maintained for items purchased with their funds. For equipment purchased under sponsored projects, the home department must maintain an inventory of all purchases under grant funds that meet the sponsor’s
definition; even if not required by ECU Fixed Assets inventory procedures.

2.2. University policy also requires that PCs and laptops with a unit value of $2,500 must be tagged and maintained on inventory.

2.3. Software, valued at $100,000 or more, is capitalized and maintained on the University inventory. Occasionally, a sponsor may require that software, at a lower value, be treated like equipment for approval and inventory purposes.

3. **UNIT:**

Any single item that can function on its own or a set of components that work together to form one single item. Example: Integrated system – Projection system.

4. **COST:**

The unit price of $5,000 is the cost before any trade-ins and includes all of the costs necessary to place the asset in its intended location and condition for use. This includes any costs for freight, installation, and training.

4.1. Example:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lab table</td>
<td>$4,200</td>
</tr>
<tr>
<td>Installation</td>
<td>$ 500</td>
</tr>
<tr>
<td>Freight</td>
<td>$ 300</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td>$5,000</td>
</tr>
</tbody>
</table>

4.2. Repairs or replacement parts, general maintenance, and maintenance contracts are not included as equipment cost.

5. **BEST PRACTICE:**

Departmental Administrator/Principal Investigator should maintain a separate inventory for sponsored projects; assuring that all items purchased under sponsored projects can be tracked to the individual sponsor and FOAP (even if the item does not meet the University inventory threshold) and assuring that all items appropriately appear on the general departmental inventory when appropriate.

6. **GENERAL PURPOSE EQUIPMENT/SUPPLIES:**

Items such as computers, faxes, monitors, furniture, refrigerators, vehicles, telephones, etc. (regardless of cost) usually cannot be purchased on a federal sponsored project or must have specific approval. Many non-federal sponsors also restrict general purpose equipment. Please contact your OGC representative prior to initiating purchases for any general purpose or multi-use equipment on a sponsored project.
7. **COMMON USEFUL LIVES:**

1. Office Furniture (e.g., conference table): 20 years
2. Scientific Equipment (confocal microscope): 10 years
3. Office Support (photocopier): 10 years
4. Computer equipment (server): 5 years
5. Vehicles: 5 years

8. **INVENTORY/TRACKING:**

When tracking equipment in the home department be sure to have all of the following information available:

1. Tag number
2. Building and room location
3. Serial number
4. Banner FOAP – fund source. If split-funded have all fund #s.
5. Asset type – brief description
6. Total cost
7. PO/Invoice #
8. Manufacturer/Vendor
9. Custodian – individual responsible for the equipment

9. **RE-INVENTORY:**

Federal regulations require that the University physically re-inventory all equipment on at least a biennial basis. State regulations require that the University re-inventory all equipment on an annual basis (reports usually due in November). The department must make a physical review of the inventory and communicate any changes in status to Fixed Assets. Timely submission of inventory reports is an audit requirement.

10. **STATUS CHANGE:**

As part of your equipment and inventory maintenance, departments should maintain routine notification of the following changes: (notify Fixed Assets and OGC, as appropriate)

1. Surplus
2. Broken/unusable
3. Location change
4. Loan – to another department/PI. Any transfer off campus or to a non-ECU entity must be preapproved by Fixed Assets and OGC (for sponsored funds).
5. Lost/Stolen
6. Obsolete
7. Transfer in/out
8. Trade-in
9. Exchanged
11. DEPARTMENTAL RESPONSIBILITIES:

1. Purchasing
2. Monitoring/safeguarding equipment
3. Identifying/assuring tagging with Fixed Assets
4. Tracking/maintaining inventory
5. Updating changes
6. Re-inventory – physical annual review
7. Spot checks
8. Reconciling lists
9. Disposals – coordinated with Fixed Assets and OGC (for sponsored projects)

12. ACQUISITION METHODS:

1. **Purchase** – Via PORT, purchase order. Pre-approval from OGC for sponsored funds.
2. **Gift** – Contact Fixed Assets and University Development.
3. **Trade-in** – Selling old asset for credit. Should be part of the P.O. process. Should be pre-approved by Fixed Assets and OGC (for sponsored funds).
4. **Exchange** – Replacement of one unit for another. Should be pre-approved by Fixed Assets and OGC (for sponsored funds).
5. **Transfers In** – PI brings equipment from another institution. Contact Fixed Assets and OGC to establish tagging and inventory trail.
6. **Fabrication** – (see below #15)

13. DISPOSAL METHODS:

1. **Surplus** – Contact Fixed Assets for removal process. Contact OGC (for sponsored funds) before processing any surplus transactions. OGC must determine title restrictions prior to disposal.
2. **Trade-in** – Similar equipment for newer model to vendor for credit. OGC must pre-approve for sponsored funds. Materials Management must approve as part of new purchase process. Fixed Assets must be notified.
3. **Direct sale** – Sell to another department (via cost transfer) or 3rd party vendor, etc. OGC must pre-approve for sponsored funds. Fixed Assets must be notified of transfers and must pre-approve any cash (3rd party) arrangements. Normally, Fixed Assets must process the sale (if allowed) to an external buyer.
4. **Transfer** – PI leaves institution and takes equipment to new institution. Must be pre-approved by Chair, Dean, Fixed Assets, and OGC for sponsored funds. Fixed Assets must be notified of change for sponsored funds and must pre-approve for all other funds (i.e., State, Special Funds).

14. FIXED EQUIPMENT:

Is equipment/unit that is built in or permanently affixed to a building or structure (e.g., cabinetry, fume hoods). On occasion, moveable equipment may be temporarily attached to a structure for safety or security reasons (e.g., TV, projector) but this is not considered fixed
equipment as the normal use would not require permanent installation.

15. **FABRICATION:**

When supply items (screws, bolts, metal, misc. electronics, components, etc.) are combined to create a new piece of equipment. The new item must be inventoried if it meets the unit value definitions. Contact Fixed Assets for inventory/tagging. Fabrication of items that meet the equipment definitions must be pre-approved by OGC (for sponsored funds) as the fabricated unit must meet the same approval requirements as a purchased item. Labor costs may be included in the cost of fabrication for capitalization purposes.

16. **TITLE:**

Ownership of the asset. Assets purchased with University funds (State and Special Funds) are automatically titled to ECU/State. Items purchased with sponsored projects funds may not have title with ECU. The sponsor may withhold title or only give title after the end of the grant period or may only give title upon request. Because title is not automatic on sponsored projects, PIs/Departmental Administrators should verify title status with OGC before taking any action about trade-in, disposal, or transfer of equipment purchased under sponsored projects.

17. **SPLIT FUNDING:**

Equipment purchases may be split-funded by use of multiple FOAPs. However, caution should be used when split-funding items using multiple sponsored projects or with a sponsored projects FOAP and a non-sponsored project FOAP. The most restrictive policy applies for equipment purchases and title. The use of $1 from a sponsored fund means that the item must follow the sponsor guidelines for purchase/title/disposition. A purchase should normally not be processed where there is a conflict in title requirements.

18. **LATE PURCHASES**

18.1. Equipment should not normally be purchased, from a sponsored project, within the last 60 days prior to the termination date of the award. OGC will normally disallow late purchases unless there are unusual circumstances or the award is an equipment-only project.

18.2. All equipment purchased under a sponsored agreement must normally be ordered, invoiced, received, and in use prior to the end date of the award. OGC may disallow costs if the equipment is not received and in use prior to the end date of the award.