VERMONT STATE COLLEGES SYSTEM

CHANCELLOR'S PROCEDURES FOR IMPLEMENTING POLICY 408: *MANAGING EXTERNALLY FUNDED EQUIPMENT*

I. PURPOSE

The purpose of this policy is to provide procedures on the use and management of equipment funded by external sources. Equipment must be used and managed in compliance with federal regulations and requirements of the sponsor. The following procedures have been approved by the Chancellor pursuant to VSC Policy 408, *Grants and External Funding*.

II. DEFINITIONS

Equipment: As defined by 2 CFR 200.1, **"equipment"** means tangible personal property having a useful life of more than one year and a per-unit acquisition cost of $10,000 or more. This includes information technology systems.

III. PROCEDURES

A. Equipment Purchased with Federal Funds

When equipment is purchased using federal funds, the following regulations from 2 CRF CFR 200.313 must be followed as outlined below.

1) Use

Equipment is required to be used for the project for which it was acquired, as long as needed. During the grant's period of performance, the equipment may be used for other federally funded projects, as long as this use does not interfere with the work of the main project for which it was originally acquired. The first priority is for it to be used by other projects funded by the same agency. The second priority is for it be used by projects funded by other federal agencies. The equipment may also be used by programs that are not federally funded.

The equipment should not be used to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.

When the equipment is no longer needed for the original project, the equipment may be used for other activities. In such cases, the first priority is to use the equipment for other projects funded by the same federal agency that provided the funding for the equipment. The second priority is to use it for other federally funded projects. If the equipment can't be used for other projects funded by the same agency or for other federally funded projects, the equipment may be utilized for other institutional uses.

If it becomes necessary to replace equipment, the equipment needing replacement can be traded in or sold, with the proceeds offsetting the cost of the replacement property.

2) Management

All grant-funded equipment is required to be marked with an asset tag. Property records must be maintained that include:

a) Description of equipment
b) Vendor name
c) Serial number or other identification number
d) Colleague voucher number and asset ID
e) Source of funding, including the federal award identification number
f) Title holder
g) Acquisition date or date received
h) Unit acquisition cost
i) Percentage of federal participation in the project costs for the federal award under which the property was acquired
j) Location (building and room)
k) Use of equipment
l) Condition of equipment
m) Final disposition record, including the date of disposal and sales price or the method used to determine current fair market value

These records are to be maintained by the grant manager and shared with the VSC Shared Services Finance Department and each institution's Office of Sponsored Programs, or equivalent office.

A physical inventory of the equipment must be taken every two years. Each institution's Office of Sponsored Programs, or equivalent office, will notify grant managers with due dates for completing the inventory. The results of the inventory must be reconciled with the property records.

As part of the inventory, grant managers will describe safeguards put in place to prevent loss, damage, or theft of the equipment. Grant managers are responsible for developing maintenance procedures to keep the equipment in good condition. Upon completion or termination of a grant or contract, a physical inventory of all federally owned property shall be conducted by the PI and submitted to the Shared Services Finance Department and the institution's Office of Sponsored Programs, or equivalent office.

In the case of loss, damage, or theft, the PI must immediately report to the Shared Services Finance Department and the institution's Office of Sponsored Programs, or equivalent office. An investigation will be conducted by the relevant public safety office at the location where the equipment was maintained.

3) **Disposition**
The VSC institution will request disposition instructions from the federal funder if this is required by the terms and conditions of the award. Otherwise, equipment with a current fair market value of $10,000 or less per unit may be retained, sold, or disposed of with no further responsibility to the federal awarding agency.

Unless specified by the federal awarding agency, items of equipment with a current per-unit fair market value in excess of $10,000 may be retained or sold. If sold, the federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from the sale by the federal awarding agency's percentage of participation in the cost of the original purchase or 10% of the proceeds, whichever is less.

The procedures for how to dispose of the property are outlined in VSC Policy 422, *Disposal of Equipment*.

4) **Title**
When a VSC institution acquires property under a federal award, the title will vest to the institution subject to the following conditions:

a) The equipment is used for the authorized purposes of the project during the period of performance or until the property is no longer needed.
b) The property isn't encumbered without the approval of the federal awarding agency (or pass-through entity, if applicable).
c) The equipment is used, managed, and disposed of as explained above.

B. <u>Equipment Purchased with Non-Federal Funds</u>
Equipment purchased with non-federal funds shall follow the requirements outlined by the funder. Such equipment shall be managed in the same way as federally funded equipment, as described in Section 2 above. Disposal of equipment shall be in accordance with VSC Policy 422, *Disposal of Equipment*.