

Office of Sponsored Programs

Equipment Policy for Federal Sponsored Programs

Policy ID: OSP 0019 **Date: 08/31/2021** **Status: Approved**

Policy Type: Public

Issuing Office: Office of Sponsored Programs (“OSP”)

Responsible Executive: Provost

Affected Parties: All Liberty University (“Liberty”) faculty and staff making equipment purchases using federal funds on behalf of Liberty must comply with this Equipment Policy for Federal Sponsored Programs (“Policy”). The Policy applies only to federally sponsored programs where Liberty receives funding through federal awards (including any grant, subgrant, contract, or cooperative agreement, each of which for the purposes of this Policy is a sponsored program), whether those funds come directly from a federal agency or indirectly through an intermediary (known as a “pass-through entity”). This Policy does not govern equipment received from or purchased through non-federal sources (e.g., research foundations, alumni donations, state sponsored funds, etc.). While reference may be made in this Policy to Liberty’s equipment procedures, this Policy applies only to federally sponsored programs.

Reason for Policy: Liberty University receives external funding from federal and non-federal sponsors and must classify, safeguard, depreciate and retire equipment accordingly. In addition, certain sponsors may have capital equipment requirements in the terms and conditions of the award.

Federal regulations include:

- Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, [2 CFR 200.312](#); [200.313](#); [200.436](#) (Uniform Guidance)

Policy Statement: It is the policy of Liberty University to follow the Uniform Federal Guidance 2 CFR 200.313 regarding equipment purchasing and management in Federal awards. Capital equipment is the property of Liberty University or a sponsor, not the faculty, department, school or unit. Capital equipment should be safeguarded and used for University programs and purposes.

This policy summarizes the required treatment of capital equipment in any area that has federally sponsored research. If direction differs between this policy and external regulations, sponsor terms, or other internal policy or procedures, the more restrictive instruction will apply.

As in the case with all expenditures, individuals should confirm prior to the purchase of property and equipment that it is allocable and allowable if federally sponsored funding is being used for the purchase.

Procedures: The following procedures relate to acquisition, recording, and disposition of equipment in areas with federally sponsored research.

Acquisition/Purchase: When using federal funds, acquisitions/purchases must meet the requirements outlined in OSP's [Procurement Policy](#) and any additional specific sponsor requirements.

Equipment Use: In accordance with the Uniform Federal Guidance 2 CFR 200.313; Equipment must be used by Liberty 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.

Liberty 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.

During the time that equipment is used on the project or program for which it was acquired, Liberty must 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.

(i) First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment.

(ii) Second preference must be given to programs or projects under Federal awards from other Federal awarding agencies.

(iii) Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

Liberty must not use equipment acquired with the 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.

When acquiring replacement equipment, Liberty 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.

**University Capitalization
Criteria:**

Contact University Accounting Department to access the University Capitalization Criteria chart.

Records:

Liberty University's policy is to have effective control over, and accurate records of, all Property, Plant and Equipment received by purchase, donation, or any other means for use by the University. Accurate records of the equipment shall be kept in the University's Property, Plant and Equipment database. This database is part of the financial records of the University and shall be owned and maintained by the Accounting Department. Please contact the University's Accounting Department to access this policy.

To ensure that the Property, Plant and Equipment database is accurate and current, Managers responsible for the fixed assets should notify, in a timely manner, the representatives of the Accounting Department managing the database of all acquisitions, dispositions, and transfers of fixed assets.

Equipment valued at \$5,000 or more, that has been loaned, acquired or purchased using federally funded awards, will be tagged and tracked in the database, and will be capitalized and depreciated.

Per the Uniform Federal Guidance 2 CFR 200.313, property records must 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 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.

Per the Uniform Federal Guidance 2 CFR 200.313, a physical inventory of the property must be taken, and the results reconciled with the property records, at least once every two years.

Disposition:

Equipment purchased with federally sponsored funds is often subject to sponsor-specific disposition restrictions and may require additional sponsor approval before disposition. The PI will work with the Office of Sponsored Programs (OSP) to comply with any relevant sponsor restrictions. Additionally, any retirement request for capital equipment purchased on an active federally sponsored award should be reviewed by the PI and OSP. Federal sponsor-titled equipment may not be removed from University premises or oversight without prior approval of the sponsor and OSP.

University departments are responsible for reporting any changes, including retirement or relocation of equipment. The form for reporting a Property and Equipment Transfer, Sale, and Disposal should be completed and approved to ensure the asset is properly removed from the database and inventory list. Please contact the University's Accounting Department to access this form.

Review Cycle:

Every two years or as needed. All OSP policies will be reviewed by the Director of the Office of Sponsored Programs, with input from the following departments as needed: Finance, Legal, Human Resources and the Graduate School. The Provost will approve all OSP policies.

Glossary of Terms:

Property: Per the Uniform Guidance 2 CFR 200.1 "property" means real property or personal property. "Real property" means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment. "Personal property" means property other than real property. It may be tangible, having physical existence, or intangible.

Equipment: Per the Uniform Guidance 2 CFR 200.1 "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 non-Federal entity for financial statement purposes, or \$5,000."

Assets: Institutional definition of "assets" is expenditures with a life expectancy greater than one year or improvements that extend the useable life of an asset and whose unit price meets the capitalization threshold.

Disposition: The process of removing equipment from inventory that has no further University use.