

Policy 4209 Equipment

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Policy Sections	2
4209.1 Fabricated Equipment	2
4209.2 Purchase or Lease of Equipment	2
4209.3 Transfer, Release or Sale of Equipment.....	2
4209.4 Maintenance of an Equipment Inventory	4
4209.5 Useful Life and Depreciation Allowance	4
4209.6 Off-Campus Use of Equipment	4
4209.7 Disposal of Equipment	5

Scope

This policy covers:

- items that should be classified as equipment,
- requirements regarding the purchase of new equipment,
- rules governing the transfer, release or sale of equipment,
- requirements for maintaining the University’s equipment inventory system,
- factors used in determining useful lives and in calculating the depreciation allowance for equipment.
- guidelines for locating and using University equipment off campus or at home.

Policy Statement

Equipment is an asset of the University that should be safeguarded and used for University programs and purposes. Equipment must be depreciated according to useful lives established by the University.

Reason for the Policy

The University must properly classify, safeguard and depreciate its equipment, and must abide by federal guidelines and the terms of sponsored awards with respect to the purchase, use and disposition of equipment.

Definitions

Equipment

For University purposes, equipment is tangible non-expendable University property that has an estimated useful life of greater than one year and a unit value equal to or greater than \$5,000 (the capitalization threshold).

- If component parts are designed and assembled inside the University, the component parts that may cost less than this set unit value must still be considered equipment if the final assembled product costs at least the set unit value and meets the definition of Equipment as stated above.
- If a component part is purchased from an outside vendor separately from the original purchase of the equipment, the component part will be considered equipment if it meets the above definition.

For a more detailed description on classification of equipment, refer to the Guide [Fixed vs Movable Equipment](#). Question of classification should be referred to the Office of Grant and Contract Financial Administration (GCFA).

Policy Sections

4209.1 Fabricated Equipment

Equipment fabricated at the University will be capitalized and included in the moveable equipment inventory if the following criteria are met:

- The end item has a final assembled cost at least equal to the capitalization threshold. Allowable costs that can be included in the threshold are the costs of materials, non-salary direct costs and the direct labor and their related fringe benefit costs attributable to the equipment fabrication. Costs that may not be included are maintenance, repair and administrative support costs.
- The estimated useful life is greater than one year. Fabricated items that have been disassembled prior to meeting the useful life criteria of more than one year will be disallowed as capital equipment.
- Completed fabricated equipment delivered to sponsors or sponsor directed third parties before it has been used in place at the University for at least one year will not be included in the MEI.

4209.2 Purchase or Lease of Equipment

1. When a department is evaluating whether to purchase or lease equipment, other than those from contract vendors and sole sources, it must consider the overall costs associated with each purchase or lease alternative. For example, the University may be liable for property tax and subject to additional reporting requirements with respect to leased property. Equipment purchased for the University's exempt purpose is generally not subject to property tax.
2. Principal investigators planning to purchase equipment using sponsored project funds should refer to the specific terms of the sponsored agreement and contact the Offices of Grant and Contract Administration (GCA) for any necessary advance approvals.
3. The purchase or lease of equipment is to be made only when there is an approved budget to cover such purchase or lease.
4. Equipment is normally paid in full upon receipt and inspection. When warranted, the department should work with Purchasing Services to ensure that extended payment terms are negotiated and documented with the vendor, in advance of the purchase. For example: withholding twenty-five percent of the total cost until acceptable operations have been determined or for a specified duration of time (e.g., 3 months).
5. The purchase of equipment should conform to applicable University purchasing and equipment standards.
6. The administrative requirements for equipment purchased under federal grants and other agreements (excluding contracts) are located in [OMB Circular A-110, Section 34](#). For federal contracts, refer to the Federal Acquisition Regulations and the terms and conditions of the contract.

Note: See Section 4209.8 below regarding the requirements for those granting federal agencies participating in the Federal Demonstration Partnership.

4209.3 Transfer, Release or Sale of Equipment

1. The University permits the sale, transfer from one department to another, or release (with Provost's approval) to another institution, of equipment to which the University has title.
2. Equipment purchased with funds from a grant or contract, may not be sold from one department to another within the University since such a sale may entail a sponsor being charged twice for the same equipment. Equipment funded by grants or contracts and no longer required by the principal investigator should normally be made available to another investigator or department of the University

at no cost other than the cost to disconnect and move such equipment. Such equipment may be sold or released to another institution with Provost's approval.

3. Equipment to which the University does not have legal title may not be sold, transferred or released to other institutions or third parties without the written approval of the owner.
4. Disposition of equipment that was installed in buildings as a permanent fixture and removed for upgrading or renovation purposes shall require approval by the Associate Vice President for Facilities or his designee.
5. This policy does not apply to the sale, transfer or release of items of equipment or accessories with a purchase price below the minimum unit value of movable equipment. Refer to the [Controller's Office Fact Sheet](#) for the current unit value. Disposition of such items shall be at the discretion of the dean or a chair.
6. Observe standard policies regarding the transfer of safety-critical equipment, and especially any possible need for safety clearance(s) prior to releasing any potentially contaminated equipment for repair, service, transfer, or disposal. Refer to [Policy 3220](#) Purchase of Restricted Items.
7. The administrative requirements for equipment purchased under federal grants and other agreements (excluding contracts) are located in [OMB Circular A-110, Section 34](#). For federal contracts, refer to the Federal Acquisition Regulations and the terms and conditions of the contract.

Note: See Section 4209.8 below regarding the requirements for those granting federal agencies participating in the Federal Demonstration Partnership.

Transfer of Equipment to External Parties

In general, equipment purchased with funds from a sponsored project account, becomes the property of the University when it is delivered. There are, however, some sponsored agreements under which the sponsor retains title to any equipment purchased with sponsor funds.

When a faculty member or principal investigator moves to another institution, and requests transfer of equipment to a new institution the following standards will apply:

- Equipment purchased with federal funds may not be transferred to a for-profit institution.
- If an active grant is being transferred to another academic institution, equipment purchased on that grant during the active grant segment, may be transferred to the new institution in accordance with the terms and conditions of the grant.
- Equipment funded by a grant which is no longer active will be released only if the department chair certifies that the equipment is not needed by other Yale investigators in the conduct of research at the University.
- A detailed list of equipment (including laboratory equipment, office equipment, computing equipment, etc.) with individual tag number and approved for transfer by the department chair must be submitted to GCA and then to the Provost for approval. The list must show the source of funds used to purchase each item of equipment.
- Equipment purchased in whole or in part with University funds (such as the Science Development Fund, departmental general appropriations or departmental restricted funds) must remain at the University, unless the department chair certifies that it is of no use to anyone here. In that case, it may be transferred to the new institution. In some cases the new institution will be asked to pay a fair market value for the equipment purchased with the University funds

The Provost will forward the approved list to the appropriate GCA for:

- a determination of title to the equipment; and

- completion of the appropriate documentation required by the University and the awarding agency for release or transfer of title.

In all cases, the requirements of the granting or contracting agency concerning the transfer of equipment will supersede University policy.

4209.4 Maintenance of an Equipment Inventory

1. Each department of the University should maintain an accurate inventory of its equipment. In addition, federal regulations require that a complete equipment inventory survey be taken every two years by Grant and Contract Financial Administration (GCFA).
2. It is the responsibility of GCFA to maintain a Moveable Equipment Inventory (MEI), which lists all equipment by department.
 - Purchases of equipment made using a purchasing card must be reported to GCFA by the cardholder's department. Notification must include:
 - equipment account to which the equipment purchase has been transferred, and transaction reference number;
 - acquisition date;
 - item description and manufacturer;
 - quantity, unit cost and total cost;
 - model number and serial number;
 - building name and room number where equipment is located.
 - Departments are to notify GCFA of any [MEI Change in Status Form](#) of the equipment. A move from one laboratory to another within the same department is not considered a transfer for purposes of the equipment inventory.
 - Departments may request Oracle on-line access to the MEI by contacting the Office of GCFA at mei.admin@yale.edu.

4209.5 Useful Life and Depreciation Allowance

1. The useful life of equipment is to be based on its usefulness to the user or owner and is distinguished from its inherent or physical life. The economic usefulness of a piece of equipment with a long inherent life may be limited due to the impact of obsolescence, state-of-the-art developments and the economic circumstances of a particular operation. Actual useful lives vary widely for certain kinds of equipment because of intensity of use, breakage or theft.
2. The Office of the Controller is responsible for determining the useful life of equipment as set forth in this section. A list of useful lives by class of equipment may be obtained from the Office of GCFA.

4209.6 Off-Campus Use of Equipment

1. Individuals traveling on University business or performing University business while at home are responsible for the care and proper use of any equipment (e.g., laptops, calculators, etc.) that they may take with them to use for University business purposes.
2. When any equipment, even if it falls below the University's [current unit value](#), especially data processing equipment and GPS equipment, need to be taken outside of the United States, individuals should consult with the appropriate GCA or with the Office of General Counsel to determine if a special export license is required. Both civil and criminal penalties can be incurred for transporting certain equipment outside the U.S. without proper approval.

3. Equipment may only be located in non-University space if the department chair or director has approved its off campus location, and the equipment has the standard Yale issued asset tag (for equipment that meet the capitalization threshold) affixed to it. The department business manager must maintain a record of the location of such equipment in the official equipment inventory, and notify the [Office of Risk Management](#) of any equipment worth more than \$10,000 which will be off-campus for more than thirty consecutive days.
4. Without advance authorization for off-campus use of University property, the employee will be personally responsible for the full cost of repair or replacement of damaged, destroyed or lost property and for any injuries to others, or damage to the property of others resulting from the off-campus use of University property. With advance authorization, and provided the equipment is used in accordance with instructions for proper use, the University's insurance would pay for any loss of or damage to the equipment, and any injuries to others or their property. The department would assume the Office of Risk Management's deductible allocation.
5. Under no circumstances will the University be liable for any loss or damage to the University property, property of others, or for any injuries to any persons if such loss, damage or injury resulted from the failure of the user to use the equipment in the manner in which it was intended, or to follow all instructions for proper use. See Policy [1110](#) regarding personal use of University property.

4209.7 Disposal of Equipment

Departments are responsible for the equipment they purchase and also their eventual disposal. The business office of each department has the authority and gives approval to dispose of the equipment in their department.

Equipment purchased with grant and contract funds must follow the guidelines as stated in section 4209.3 of this policy. This includes consultation with the GCA Office, the Purchasing Services and the Provost's Office.

When a department disposes of a piece of equipment included in the MEI, it needs to use the appropriate deletion codes indicating the reason for deletion. This can be done in one of the following three ways.

1. Indicate the item to be deleted and the reason for deletion directly on the biennial inventory lists distributed to each department.
2. For those departments with access to the online system, the change can be made online.
3. Complete the [MEI Change in Status Form](#) for Moveable Equipment.

Departments need to notify the Office of Environmental Health & Safety to obtain the appropriate clearance(s) before disposal of a safety -critical equipment. Refer also to Procedure [1610 PR.2](#) on *Disposal of Obsolete Computers and Peripherals*.

4209.8 Federal Demonstration Partnership – General terms and Conditions

The Federal Demonstration Partnership (**FDP**) is a cooperative initiative of 10 federal agencies and 98 institutional recipients of federal funds of which Yale University is a member, that work to streamline the administration of federally funded sponsored projects. The **FDP** General Terms and Conditions govern the purchase and maintenance of federally funded equipment for those federal agencies listed below. For awards issued under the **FDP** terms and conditions the stewardship of Moveable Equipment is as follows:

- (A) Unless the agency-specific requirements provide otherwise, title to all equipment purchased or fabricated with Federal awarding agency or recipient cost sharing funds, as direct costs of the project or program, shall vest in the recipient upon acquisition without further obligation to the Federal Government, subject to the following conditions:

(1) The Federal awarding agency may require that title be transferred to the Federal Government or a third party if the project or program for which the equipment was purchased is transferred to another recipient. In any such case, the Federal awarding agency will notify the recipient of the intent to transfer title within 120 days following the expiration or termination of the project and [paragraph \(g\)\(2\) of section .34 of OMB Circular A-110 then applies.](#)

(2) As long as the Federal Government continues to support the project or program for which the equipment was purchased, the recipient:

(i) Must use the equipment in that project or program, unless it no longer is needed for that project or program. ***The recipient may not encumber the equipment without the approval of the Federal awarding agency.***

(ii) The recipient shall not use equipment acquired with Federal funds 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.

(iii) The recipient may, when acquiring replacement equipment, use the equipment that is being replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment.

(3) The recipient must continue to account for the equipment after the cessation of Federal support for the project or program for which the equipment was purchased, in a manner that ensures that: (a) equipment purchased under the award is not later included as a contribution toward cost sharing under another Federal award; and (b) depreciation or use charges for the equipment are not later included in any proposal for Facilities and Administration costs.

(B) The recipient shall specify in any cost-type sub award whether title to equipment purchased or fabricated under the sub award vests in the recipient or sub recipient. If title vests in the sub recipient, it must be subject to the conditions specified in paragraph (A) listed above. The recipient shall also require each sub recipient to specify, in any lower-tier, cost-type sub award that the sub recipient awards, whether title to equipment purchased or fabricated under that lower-tier sub award vests in the sub recipient making the sub award or in the lower-tier sub recipient.

(C) Expenditures for acquisition or improvement of general purpose and special purpose equipment, are allowable as direct costs of the project.

Federal Agencies currently participating in the Federal Demonstration Partnership

- National Science Foundation (NSF)
- National Institutes of Health (NIH)
- Office of Naval Research (ONR)
- Department of Energy (DOE)
- Department of Agriculture (USDA)
- Air Force Office of Scientific Research (AFOSR)
- Army Research Office (ARO)
- Army Medical Research and Materiel Command (AMRMC)
- National Aeronautic & Space Administration (NASA)
- Environmental Protection Agency (EPA)

Related Information

Guide 4209 GD.01 [Fixed vs Movable Equipment](#)

Procedure [1610 PR.02](#) Disposal of Obsolete Computers and Peripherals

[Policy 3220](#) Purchase of Restricted Items.

Policy [3201](#) General Purchasing

Policy [1705 Automobile Fleet, Rental and Safety Program](#).

Policy [1110](#) Personal and Off-Campus Use of University Property Including Vehicles

[Federal Demonstration Partnership Terms and Conditions](#)

[Federal Acquisition Regulations](#)

[OMB Circular A-110, Section 34](#).

Contacts

Subject	Contact	Phone
Grant and contract terms and conditions	Grant and Contract Administration	Central campus:432-2460 Medical School:785-4689
Classification of equipment, moveable equipment inventory	Grant and Contract Financial Administration (GCFA)	432-3072
Useful life of equipment	Office of the Controller	432-5524
Safety-Critical Equipment	Office of Environmental Health & Safety	785-3550

Roles and Responsibilities

Schools/Departments

Ascertain that the sale, transfer or release of equipment is satisfactory to the school or department. Reports all changes in status to GCFA. Responsible for all the equipment purchased.

The Offices of Grant and Contract Administration (GCA)

The Office of Grant and Contract Administration are responsible for determining the rights of any sponsor; that the title to the property rests with the University; and that there are no limitations upon the University's right to dispose of the equipment. They are responsible for executing the instrument of *transfer of title* (not involving a sale) of equipment to other institutions.

Office of Grant and Contract Financial Administration (GCFA)

It is the responsibility of the GCFA to maintain a Moveable Equipment Inventory (MEI), which lists all equipment by department. A complete equipment inventory must be taken every two years.

Purchasing Services

Purchasing Services shall be responsible for all aspects of an actual sale of a piece of equipment, including negotiation of price.

Provost Office

Approves the sale of transfer of equipment to other Institutions.

Revision History

Policy first issued on 11/1/00. First revision on 3/26/02. Major revision in spring of '07 and posted on 6/25/07.

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