

# GEORGETOWN UNIVERSITY

## Office of Property Accounting



## Appendix D Federal Funded Equipment

## **Purpose**

The purpose of this policy is to outline the specific responsibilities and procedures for acquisition, use, disposition and reporting of federally owned equipment. Federally owned equipment is equipment to which the Federal government has retained title. It can be equipment loaned to Georgetown by the government or it can be equipment purchased with a federal grant and/or contract funds where the grant or contract agreement specifies that title to purchased equipment is owned by the federal government.

## **Policy**

OMB Circular A-110 establishes uniform requirements for federal grants and agreements awarded to institutions of higher education, hospitals and other non-profit organizations. In accordance with this circular and the sponsoring agency, Georgetown University is subject to certain federal controls on the acquisition, use and disposition of federal equipment.

## **Equipment Definitions**

- *Capital Equipment:* Any movable item with an acquisition cost of \$5,000.00 or more. Delivery and installation costs included with the initial purchase of the equipment will be recorded as part of the total value of the asset. The item must also have a useful life of one year or more.
- *Fabricated Equipment:* Any equipment that is assembled (permanently attached to, installed in, or used with) with other components which raise the dollar value to \$5,000.00 or more. Delivery and installation costs included with the initial purchase of the equipment will be recorded as part of the total value of the asset. The assembled equipment must also have a useful life of one year or more.
- *Loaned or Transferred Equipment:* Any capital or fabricated equipment loaned or transferred to Georgetown University for the purposes of instruction, demonstration, experimentation or research for a period of time must be reported to the Property Accounting Office so the equipment can be tagged and tracked.

## **Responsibilities**

The University is responsible for all Government property in accordance with the provisions of the sponsored project. This responsibility is shared by various departments within the University. The specific responsibilities are:

- *The Department:* Provide the care necessary to maintain the equipment in the condition received or better (normal wear is expected). Adequate safeguards should be in place to prevent loss, damage, or theft of the equipment. Identify a specific property administrator within its area.

- *The Property Administrator:* Should ensure proper use of the equipment. Should notify the Office of Property Accounting whenever a transfer (into or out of Georgetown), disposal, or donation (by or to Georgetown) of equipment will take place. Serve as the primary point of contact between the department and the Office of Property Accounting.
- *The Property Analyst:* Analyze new transactions with equipment account codes and determines the type of asset. Maintain inventory records for all Government, University, and other sponsor owned equipment. Assigns property tags to equipment. Performs biennial inventory in accordance with OMB Circular A-110 and A-21.

## **Equipment Ownership**

All equipment purchased with federal funds is the property of the sponsoring agency unless otherwise stated in writing by the grant or contract sponsor. While this equipment is in Georgetown's possession it remains owned by the federal government. Any equipment received from the federal government or purchased with federal funds will be identified as such with adequate safeguards in place. Federal equipment can only be disposed of when approved by the federal sponsoring agency.

Federal Equipment is provided to Georgetown at no cost yet remains the property of the federal government; it is neither recorded as an expense transaction in the General Ledger nor recorded as a capital asset on the Balance Sheet. No depreciation expense or other transactional information will be recorded for federal equipment in Georgetown's financial systems of record. Customary methods of cost recognition will not identify federal equipment because it does not appear in the General Ledger. However, federal equipment has value and must be carefully managed by departments and staff.

## **Equipment Acquisition**

The Office of Property Accounting receives a download of the Purchasing / Accounts Payable system of all new transactions coded with equipment account codes. If the equipment's cost center starts with "RX" and the sponsor type is "FED" it is deemed federal equipment. Any capital equipment obtained by a department through other means, such as by journal voucher, wire transfer, donation or transfer from another department or institution, must be reported in detail to Property Accounting. If the equipment has a useful life of one year or more and has an acquisition cost of \$5,000.00 or more it will be considered a capital asset. Since equipment purchased with federal funds is the property of the sponsoring agency and owned by the federal government, the federally sponsored capital equipment is not recorded on the university's balance sheet upon acquisition. At the end of a contract/grant if title is transferred to the university, the equipment is recorded on the university's balance sheet at its net book value.

## **Equipment Tagging**

Property Accounting will conduct all tagging of federal equipment. Tagging is conducted on a monthly basis, and consists of obtaining identifying information from each capital asset (such as model and serial numbers), and placing physical barcode labels on the main portion of the items. Federal equipment is tagged with red barcode labels in order to easily identify the equipment as federally owned. The equipment is then tracked by our Assetmaxx system. The Assetmaxx System will include a description of the equipment, the acquisition date, the acquisition method, the acquisition cost, the manufacturer, the model, serial number, the condition, the department, funding type and the physical location.

## **Equipment Utilization**

All equipment purchased with federal funds must be necessary. This equipment is provided for specific use not for general use. The degree of utilization must justify retention. Notification of idle equipment must be given to the sponsoring agency.

## **Equipment Disposition**

Prior to disposing federal equipment, the federal sponsoring agency must be notified if you want to dispose, transfer or sale equipment. Once the federal sponsoring agency is notified approval must be given in order for such action to take place. The money received from a sale must be returned to the agency. The red federal barcode label must be removed. At the end of a contract/grant if title is transferred to the university the red federal barcode label must be removed and a Georgetown University blue barcode label must be placed on the equipment. If the equipment is transferred to another entity a completed Transfer & Disposal Form must be completed. The accounting system must be updated to show ownership has changed. All disposals must be reported to Property Accounting-GAO. A completed Transfer & Disposal Form must be sent to the Property Analyst.

## **Equipment Lost or Stolen**

All efforts should be made to avoid such loss or thefts. However, in the event that federal equipment is stolen, it must be immediately reported to the university police. A theft report must be completed including a description of the missing item(s), serial number(s), date and location item was stored. If the equipment is lost or stolen they will be reported as lost unless the police are informed and a report filed. A copy of the report must be forwarded to Property Accounting-GAO along with a completed Transfer & Disposal Form. The federal sponsoring agency must be notified of such events as well.

## **Equipment Physical Inventory**

Georgetown University is required to perform full physical inventory of its capital equipment, and a subsequent reconciliation to the permanent property database, at least once every two years, in accordance with the Office of Management and Budget Circulars A-110 and A-21. The Property Accounting Office conducts this physical inventory. This process allows Georgetown departments to verify inventory and make appropriate corrections if necessary. Property Accounting prepares a spreadsheet with the equipment that is assigned to each department. Each department reviews the spreadsheet and informs Property Accounting if any items listed is no longer in there department as well as completes a Transfer & Disposal Form. Each department also assists the Property Analyst to locate and identify the equipment when conducting the physical inventory. Property Accounting then reconciles the results from the inventory with the permanent property database (Assetmaxx). Any discrepancies are resolved with the departments at this time.