FIN-034

Accounting Requirements for Equipment Assets

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Contact Office Business Assets

Oversight Executive
Vice President and Chief Financial Officer

Applies To Academic Division and the College at Wise.

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Reason for Policy

Equipment assets owned or held by the University must be accurately inventoried and recorded to meet (1) generally accepted accounting principles; and (2) applicable federal and state regulations. This policy details guidelines on how equipment assets records are to be maintained.

Definition of Terms

Business Assets

Description

The University unit responsible for the accurate accounting, financial reporting, and inventorying of fixed assets (which includes but is not limited to: buildings, infrastructure, equipment, software, and library books).

Equipment Assets

Description

Includes all the following except for fixed equipment, which is part of a building structure or its systems (such equipment is part of the cost of the building and is accounted for as such):

Capital Equipment (Capital and Equipment Trust Fund (ETF) Equipment)

Description

Equipment that meets **ALL** the University's criteria for asset capitalization which are:

1. A minimum cost of $10,000 ($500 if ETF funded for the College at Wise) upon acquisition or completion of a fabricated equipment asset (note: ETF funding does not allow fabrications).
2. A useful life of greater than one year.
3. The equipment asset is titled to the University.
4. The equipment functions either as a standalone asset or as an integral part of a larger University asset.

Equipment Trust Fund (ETF)

Description

Funds that are provided by the Commonwealth of Virginia and managed by the State Council for Higher Education of Virginia (SCHEV) for purchasing new or upgrading obsolete equipment used for instruction and research.

Government–Furnished Equipment (GFE)

Description

Equipment provided by a federal sponsor where title remains with the federal government and does not become University property.

Sensitive Equipment

Description

Non-capital equipment (less than $5,000) deemed sensitive by the sponsoring agency. Sensitive equipment may include cameras, computers, camcorders, small instruments, tools, and unique or custom items.

Sponsor–Owned Equipment

Description Equipment purchased using sponsored program funds for which the title is retained by the Sponsor.

Responsible Party

Description

Organization (department) chair, dean/vice president, or Principal Investigator (PI) who controls the use of capital equipment.

Policy Statement

Equipment assets must be recorded, maintained, and inventoried in the University's finance system. These equipment assets must be identified, tagged, maintained, and used only for authorized purposes. The University must report on the use of equipment assets as required by accounting standards, government regulations, contracts, and agreements.

Business Assets is responsible for maintaining individual equipment asset records within the University's finance system.

1. **Initial Accounting and Recording:**
   To meet institutional expectations for effective internal control and responsible stewardship over equipment assets, the responsible party must designate an equipment administrator/coordinator to manage equipment assets within their unit(s) and serve as the liaison with Business Assets.

   Upon receipt, the responsible party must notify Business Assets so that asset tags can be applied and the equipment assets can be properly recorded. All supporting property documents must be submitted to Business Assets and, when acquired to support a sponsored program, to the Office of Sponsored Programs for their respective records.

   The equipment administrator/coordinator must notify Business Assets of all changes regarding University equipment assets via an Equipment Inventory Disposal Request (P1) Form, Off-Grounds Capital Equipment Certification (P2) Form, or Equipment Inventory Internal Transfer Request (P3) Form, signed by the appropriate responsible party.

2. **Identification:**
   The responsible party or designated equipment administrator/coordinator must assist Business Assets in identifying and tagging new equipment assets within their unit(s).

   All equipment assets will have asset tags affixed by Business Assets to the main body of the item where they are conspicuous and readily visible for inventory scanning without having to move the item. Asset tags may only be removed by the responsible party, Facilities Management (i.e., for surplus property), or an authorized third-party (such as a computer recycling vendor) when equipment is being disposed of, surplused, or traded-in. Once removed, assets tags must be returned to Business Assets.

   All federal Government-furnished equipment (GFE) over $5,000 will be tagged with both University asset tags and "PROPERTY OF U.S. GOVERNMENT" stickers. All GFE will have a "PROPERTY OF U.S. GOVERNMENT" sticker affixed to them. These asset tag numbers and data will then be entered into the University's finance system.

   Sponsors may require separate sponsor tags be assigned and affixed to the equipment they fund (i.e., JPL – Jet Propulsion Labs subcontractor for NASA requires their tags be placed on equipment).

   If the title is transferred to another institution or if disposed by sale, scrap, or donation, GFE identification tags are to be removed only by authorized parties. If the equipment is processed by a third-party vendor, they will remove and submit all tags to Business Assets. If the equipment is processed by Surplus Property, they will remove all University asset tags and return them to Business Assets.

Government property should be segregated from University property. Since commingling cannot always be prevented, it is important that Government property be clearly identified and controlled by appropriate records.

3. **Use:**
   The responsible party must make sure that equipment assets are only used for authorized purposes, this includes compliance with any sponsor/owner terms and conditions. A utilization record must be maintained for each equipment asset. Such records should be available, upon request, and it is recommended they be kept in a plastic envelope attached to each equipment asset. (Reference: Federal Acquisition Regulation (FAR)clause 52-245-1 Government Property.)

4. **Maintenance:**
   The responsible party and users of the equipment asset are jointly responsible for its proper care and maintenance.

   Maintenance includes repair, rehabilitation, and correction of defects according to manufacturer's instructions. All repairs and servicing will be entered in the maintenance records. If an item is replaced by the manufacturer due to defect, the equipment administrator/coordinator must work with Business Assets to remove the tag from the original and affix a new tag to the replacement upon receipt. *Note: Maintenance DOES NOT include the cannibalization of existing equipment to maintain other equipment without proper approval. An approved P-1 form is required for University-owned equipment assets. If Government-owned or Sponsor-owned, prior written approval from the owner must be secured before the equipment asset is destroyed.*

5. **Inventory:**
   Each responsible party is required to participate in the annual inventory process of equipment assets (including sponsor-owned equipment). This involves completing and submitting the applicable required inventory reports to Business Assets in a timely manner.

6. **Reporting:**
   Business Assets is responsible for year-end financial reporting of fixed assets, as well as submitting both annual and final equipment reports as required for sponsored programs. However, sponsor reporting may require equipment items not capitalized (i.e. Sensitive equipment or Supplies), for which the responsible party will provide the required property detail to Business Assets.

   For Government-furnished equipment there may be additional reporting requirements. Federal regulations require the annual submission of reports for contracts with agencies such as the Department of Defense and NASA. These reports are to reflect the total equipment inventory cost values (not detailed listing of each piece of equipment) recorded through September 30 (the end of the federal fiscal year), and are due no later than October 31 of the same year. Additionally, there are many other Governmental agencies as well as other sponsors who maintain ownership of any equipment purchased by University or furnished to University and require similar reports.

   Federal regulations also require the submission of final, or close-out inventories. These close-out inventories are due to the Government sponsoring agency within 90 days of the sponsored program expiration date. OSP must notify Business Assets promptly upon a sponsored program expiration where a property report is required.

Business Assets is responsible for preparing and submitting both annual and final equipment reports. However, sponsor reporting may require equipment items not capitalized (i.e., Sensitive equipment or Supplies), for which Principal Investigators (PIs) will provide the required property detail to Business Assets.

7. **Disposition of Equipment:**
   Equipment must be disposed of appropriately, such that disposal of:
   - Sponsored equipment must be coordinated with the Office of Sponsored Programs.
   - Capital and ETF equipment must be coordinated with the Business Assets.
   - Equipment containing stored electronic data must be in compliance with University policy IRM-003: Data Protection of University Information.

   Types of disposition include, but are not limited to:
   a. *Transfer of Equipment:* To another institution, usually at the request of, or as a contractual condition from the equipment owner. This could also occur at the request of a faculty/PI, who is relocating to another institution. Transfers of equipment are described in the policy, FIN-013: Permanent Transfer of Equipment Assets to or from the University.
   b. *Surplus and Sale of Equipment:* To dispose of equipment that is not needed, no longer useful, or is no longer functional and cannot be repaired or improved in a cost-effective manner, departments must follow University policy PRM-016: Surplus Property Disposal.
   c. *Donation of Equipment:* Surplus equipment may be released (donated) to another university as described in policy, FIN-013: Permanent Transfer of Equipment Assets to or from the University.

8. **Compliance with Policy:**
   Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

   Direct questions about this policy to Business Assets.

Procedures

Accounting for Business Assets:
1. **Disposals:** P1 – Equipment Inventory Disposal Request Form
2. **For Off-Grounds tracking purposes:** P2 – Off-Grounds Capital Equipment Certification Form
3. **Internal Transfers (transferring responsibility of assets to another Org): P3 –** Equipment Inventory Internal Transfer Form

Related Information

FIN-013: Permanent Transfer of Equipment Assets to or from the University
IRM-004: Information Security of University Technology Resources
PRM-016: Surplus Property Disposal

Major Category Finance and Business Operations

Next Scheduled Review Friday, October 27, 2028

Revision History

Updated $ amt in Capital Assets 7/1/26; Updated links, resources 3/30/26; Updated Contact Office 2/12/26; Confirmed 10/27/25; Minor edits 10/24/22; Updated Links 6/22/20; Revised 9/11/18.

Category Cross Reference
Physical Resource Management

Supercedes Policy Text

X.A.1. Fixed Assets Accounting (Property): Maintenance of Equipment Inventory; FIN-034, Maintenance of Equipment Inventory; VIII.E.4, Fixed Assets Accounting (Property) - Maintenance of Equipment Records.

Approved By Policy Review Committee

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