FIN-052

Fixed Assets Accounting and Reporting of Equipment Acquired for Sponsored Programs

Effective Date Friday, October 12, 2018

Status Final

Last Revised Wednesday, July 1, 2026

Policy Type University

Contact Office Business Assets

Oversight Executive
Vice President and Chief Financial Officer

Applies To Academic Division and the College at Wise.

Table of Contents

Policy Statement
1. Procurement of Equipment
2. Title to Equipment
3. Equipment Use
4. Sponsored Program Subcontracts Involving Equipment
5. Sponsored Program-Funded Fabrications of Equipment
6. Responsibilities
7. Compliance with Policy

Procedures

Reason for Policy

This policy addresses the specific accounting, control, and reporting requirements associated with equipment acquired for use on sponsored programs. The requirements and responsibilities identified supplement the general requirements stipulated in University policy FIN-034: Accounting Requirements for Equipment Assets.

Definition of Terms

Equipment

Description Tangible property costing $10,000 or more per item and having a useful life greater than one year.

Government–Furnished Equipment (GFE)

Description

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

Property

Description

Land, including land improvements, structures, and appurtenances thereto, as well as equipment and supplies.

Responsible Party

Description

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

Sponsor-Owned Equipment

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

Sponsored Program

Description

Any externally funded research, public service, or scholarly activity (including hosting or attending conferences) at the University that has a defined scope of work often including a set of specific programmatic objectives and/or deliverables, and line-item-based budget, providing the basis for sponsor expectations and awardee accountability (i.e., a reciprocal transfer of something of value). Sponsored programs are funded through grants, agreements, and contracts that include terms and conditions for the disposition of tangible properties and outcomes (e.g., equipment, records, specified technical reports, theses, or dissertations) or intangible properties and outcomes (e.g., rights in data, copyrights, and inventions). **Note:** The terms *sponsored program*, *sponsored project*, *sponsored award*, and/or *sponsored activity* are often used interchangeably.

Sponsor–Owned Equipment

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

Policy Statement

The University has established requirements governing the accounting, control, and reporting of sponsored research equipment: 1) procured for use on sponsored programs, 2) temporarily loaned to the University by a sponsor, 3) loaned by the University to a subcontractor, or 4) requiring unique fabrication of University-owned equipment.

1. **Procurement of Equipment:**
   Sponsored program terms and conditions, as well as applicable State and Federal regulations, govern the procurement of equipment. The sponsored program provides both the authority for the purchase of equipment, typically itemized within the approved budget, and establishes title or ownership.

2. **Title to Equipment:**
   Unless otherwise specified in the sponsored program terms, title to newly purchased equipment is vested with the University upon receipt.

   Note: Under federally-funded sponsored programs, purchased equipment is subject to the federal government's right to transfer title for a period of up to 120 days following the expiration of the sponsored program.

   Exceptions:
   Sponsors may restrict ownership of purchased equipment for their programs if any of the following apply:
   a. Sponsor specifically holds title to equipment during the term of the program but will release title to the recipient upon final closeout of the program (usually requires recipient's request).
   b. Sponsor holds title throughout program completion, as well as any program extension, or involving transfer of equipment to another active program.
   c. Sponsor holds title permanently and requires purchased equipment returned to the sponsor upon program closeout.
   d. Sponsor maintains "Quasi-title" in that the program agreement states the recipient has immediate title, but disposition of equipment still requires prior approval from the sponsor.

   If an active sponsored program is transferred to another institution, any equipment purchased with those funds is typically released to the new institution to support continuation of the program. Prior to effecting this transfer, a Relinquishing Statement must be completed and issued by the Office of Sponsored Programs (OSP).

   If the University is a subcontractor on a federally-sponsored prime, the question of title to equipment purchased with sponsored program funds is determined by the terms of the prime contract.

3. **Equipment Use:**
   The University agrees to use sponsored equipment for its stated research purpose, as outlined in the sponsored program agreement. If shared with other sponsored programs, the program's Principal Investigator (PI) may be required to obtain prior approval from the sponsor. The University will not charge the sponsor for depreciation or amortization of the funded equipment.

4. **Sponsored Program Subcontracts Involving Equipment:**
   When the University has a sponsored program that includes external subcontracts, OSP will include appropriate property control provisions in the subcontracts or related agreements. If the University is loaning equipment to a subcontractor, all the pertinent equipment information (asset description, asset number, manufacturer serial number, cost, etc.) and essential terms (i.e., loan period, liability of equipment, etc.) will be included in the subcontract agreement.

   If the University loans government-owned property to a subcontractor to support performance of the subcontract, all pertinent equipment information (asset description, asset number, manufacturer serial number, cost, etc.) and essential terms (i.e., loan period, liability of equipment, etc.) will be included in the appropriate agreement.

   The University remains responsible and accountable for the government-owned property in the possession of the subcontractor. Government property reports for the prime contract must include all government property.

5. **Sponsored Program-Funded Fabrications of Equipment:**
   Research requests from sponsors may involve the fabrication of unique equipment that is not available for retail purchase but is necessary to conduct the sponsored program.

   The following criteria does not qualify as a fabrication:

   - Constructing pieces of equipment internally, for the sole reason of being more cost effective than purchasing the completed equipment from an external source; or
   - Assembling components of an equipment item or system (i.e. "computer array," capital or non-capital depending upon its full purchased cost).

   If fabricated equipment is to be provided to the sponsor as a deliverable under the terms of the sponsored program, no special notifications to or approval from Business Assets are required. However, if the fabricated equipment is titled to the University, a Fabrication Request must be submitted, reviewed, and approved by the designated authorities.

   Upon approval, any equipment components purchased to fabricate the equipment will be coded with an assigned fabrication number, and the fabricated asset will be capitalized for its completed cost. A sponsored program-funded fabrication request will require the following signatures: 1) Principal Investigator, 2) Department Chair, 3) authorized OSP representative, and 4) Business Assets.

6. **Responsibilities:**
   The ***Office of Naval Research (ONR)*** is responsible for periodically auditing and approving the University's Fixed Assets Management System and associated internal controls to ensure it meets federal standards.

   Business Assets is responsible for:
   - The accurate accounting, financial reporting and inventory of fixed assets, including but not limited to buildings, infrastructure, equipment, software, and library books.
   - Maintaining central accounting records of equipment, including equipment fabricated, loaned, purchased, or otherwise provided in support of sponsored programs.
   - Reviewing and approving equipment purchase requisitions, submitted by departmental or unit responsible parties through the University's system of record.
   - Requesting equipment title as required from either the sponsor or the Office of Naval Research (ONR). [Note: ONR is designated as the administrative arm of the federal government responsible for oversight of sponsored programs issued by governmental agencies such as NASA and Department of Defense (DOD)].
   - Notifying the responsible party, typically the Principal Investigator for sponsored programs, when the University has received title to equipment.
   - Reviewing, approving, and signing Fabrication Requests submitted by schools and units.
   - Preparing property reports on equipment-related activity for sponsored programs.

   The ***Office of Sponsored Programs (OSP)*** is responsible for:
   - Understanding the status of equipment (e.g., who holds title and what, if anything, is required to transfer title to the University as part of sponsored program closeout) at the time a sponsored program is accepted; and communicating this to Business Assets as daily information.
   - During the pre-submission review process, notifying Business Assets of any sponsored program or subcontract anticipated to contain equipment terms and conditions where title to equipment does not

fully convey to the University upon receipt; or sponsor equipment to be on loan to the University or award modification for equipment changes.
- Providing OSP signature approval on Fabrication Requests.
- Assuring appropriate accounting of sponsored program expenditure activity, including purchases and fabrication of equipment, and reporting to sponsors.
- Coordinating with Business Assets in requesting property reports for equipment-related activity at the time of sponsored program closeout, clarifying to whom such reports should be directed.

Principal Investigators and Other Responsible Parties (including Equipment Managers/Administrators/Coordinators, Research Administrators, etc.) are responsible for:
- During the proposal preparation process and prior to the purchase of any equipment, performing internal reviews to determine whether equipment is necessary for the successful completion of the sponsored program, and is not reasonably and cost-effectively available from existing University resources.
- Understanding the status of equipment (e.g., who holds title and what, if anything, is required to transfer title to the University as part of sponsored program closeout) at the time a sponsored program is accepted.
- Informing OSP and Business Assets of new faculty hires with equipment to be transferred to the University and coordinating the transfer activities.
- Notifying Business Assets of equipment transferred to the University from other institutions or sponsors.
- Preparing and submitting Fabrication Requests, when required.
- Performing unit-level review and approval of equipment purchase requisitions and routing approved equipment purchase requisitions to Business Assets for final approval.

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

Direct questions about this policy to Business Assets at askfinance@virginia.edu.

Procedures

Fabrication Request
Business Assets
Surplus Property Procedures (Facilities Management)

Related Information

Federal Regulations:
2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance):

Subpart D – Post Federal Award Requirements - Property Standards (§200.310 - §200.316)

Subpart E – Cost Principles:
§200.407 Prior written approval (prior approval)
§200.436 Depreciation
§200.439 Equipment and other capital expenditures
§200.443 Gains and losses on disposition of depreciable assets

Federal Acquisition Regulations (FAR), Part 45 – Government Property

University Policies:
FIN-030: Purchases of Goods and Services
FIN-034: Accounting Requirements For Equipment Assets
PRM-016: Surplus Property Disposal
RES-009: Proposal, Acceptance, and Management of Sponsored Programs

Major Category Finance and Business Operations

Next Scheduled Review Friday, October 27, 2028

Revision History

Updated $ amt in Equipment 7/1/26; Updated links 3/30/26; Updated Contact Office 2/12/26; Confirmed 10/27/25; Minor updates 10/24/22.

Category Cross Reference
Research Administration

Supercedes Policy Text

VIII.C.5, Property Management & Shared Use of Equipment; Fixed Assets Accounting (Property): VIII.E.1, Overview of Government Property; VIII.E.2, Property Included and Excluded; VIII.E.3, Acquisition of Research Equipment and Materials; VIII.E.5, Equipment Title, Disposition and Subcontracts; VIII.E.6, Equipment Screening.

Approved By Policy Review Committee

Approved Date Friday, October 12, 2018