**POLICY**

It is the policy of the Upstate Carolina NCORP (UC-NCORP) to adhere to NCI guidelines related to Capital Assets as defined below.

**DEFINITIONS**

Tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP.

Capital assets include:

(1) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and

(2) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

Capital expenditures:

Expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

Equipment:

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.

**GUIDELINES**

*8.3.3 Property Management System Standards*

*Generally, recipients may use their own property management policies and procedures for property pur-chased, constructed, or fabricated as a direct cost using NIH grant funds, provided they observe the requirements in 45 CFR Parts 75.316 through 75.323, as applicable, and the following. State governments will use, manage, and dispose of equipment acquired under a grant in accordance with state laws and procedures as specified in 45 CFR 92.32.*

*The dollar threshold for determining the applicability of several of the requirements in those regulations is based on the unit acquisition cost of an item of equipment. As defined in 45 CFR 75.2, the acquisition cost of an item of equipment to the recipient includes necessary modifications and attachments that make it usable for the purpose for which it was acquired or fabricated. When such accessories or attachments are acquired separately and serve to replace, enhance, supplement, or otherwise modify the equipment’s capacity and they individually meet the definition of equipment (see Glossary in Part I), any required NIH prior approval for equipment must be observed for each item. However, the aggregate acquisition cost of an operating piece of equipment will be used to* *determine the applicable provisions of 45 CFR 75.320. If property is fabricated from individual component parts, each component must itself be classified as equipment if it meets the definition of equipment. In this case, the aggregate acquisition cost of the resulting piece of equipment will determine the appropriate accountability requirements in 45 CFR part 75.320.*

*Recipients are required to be prudent in the acquisition of property under a grant-supported project. It is the recipient’s responsibility to conduct a prior review of each proposed property acquisition to ensure that the property is needed and that the need cannot be met with property already in the possession of the organization. If prior approval is required for the acquisition, the recipient must ensure that appropriate approval is obtained in advance of the acquisition. The recipient also must follow appropriate procurement procedures in acquiring property as specified in Administrative Requirements—Management Systems and Procedures—Procurement System Standards and Requirements.*

*Recipients of NIH grants other than Federal institutions cannot be authorized to use Federal supply sources.*

*8.3.3.2 Equipment and Supplies*

*In general, title to equipment and supplies acquired by a recipient with NIH funds vests in the recipient upon acquisition, subject to the property management requirements of 45 CFR Parts 75.317, 75.320, 75.321, and 75.323. Limited exceptions to these general rules are States, which may use, manage, and dispose of equipment acquired under a grant in accordance with State laws and procedures, and certain research grant recipients with exempt property (see 45 CFR 75.326). These requirements do not apply to equipment for which only depreciation or use allowances are charged, donated equipment, or equipment acquired primarily for sale or rental rather than for use.*

*8.3.3.2.2 Nonexempt Property*

*All other equipment and supplies acquired under all other NIH grant-supported projects by any other type of recipient are subject to the full range of acquisition, use, management, and disposition requirements of 45 CFR Parts 75.320 and 75.321. Property acquired or used under an NIH grant-supported project, including any federally owned property, also is subject to the requirements for internal control specified in 45 CFR 75.303. Pursuant to 45 CFR 75.323, equipment (and intangible property and debt instruments) acquired with, or improved with, NIH funds must not be encumbered without NIH approval.*

*The recipient’s management system for equipment must meet the requirements of 45 CFR part 75.320(d), which include the following:*

* *Records that adequately identify (according to the criteria specified in the regulations) items of equipment owned or held by the recipient and state the current location of each item.*
* *A physical inventory of the equipment, at least once every 2 years, to verify that the items in the records exist and either are usable and needed or are surplus (a statistical sampling basis is acceptable).*
* *Control procedures and safeguards to prevent loss, damage, and theft.*
* *Adequate maintenance procedures to keep the equipment in good condition.*
* *Proper sales procedures when the recipient is authorized to sell the equipment.*

*For items of equipment having a unit acquisition cost of $5,000 or more, NIH has the right to require transfer title to the equipment to the Federal government or to an eligible third party named by the NIH awarding IC under the conditions specified in 45 CFR 75.320(e)(3). Such transfer shall be subject to the following standards: (1) The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing. (2) The awarding IC may require submission of a final inventory that lists all equipment acquired with NIH funds and* *federally-owned equipment. (3) If the awarding IC fails to issue disposition instructions within 120 calendar days after receipt of the inventory or if so instructed, the recipient shall sell the equipment and reimburse the HHS awarding agency an amount computed by applying to the sales proceeds the percentage of HHS share in the cost of the original project or pro-gram. However, the recipient shall be permitted to deduct and retain from the NIH share $500 or ten per-cent of the proceeds, whichever is less, for the recipient’s selling and handling expenses. If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the awarding IC an amount which is computed by applying the percentage of the recipient’s share in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred. If the recipient is instructed to otherwise dispose of the equipment, the recipient will be reimbursed by the HHS awarding agency for such costs incurred in its disposition. If the recipient’s project or program for which or under which the equipment was acquired is still receiving.*

*support from the same HHS program, and if the HHS awarding agency approves, the net amount due may be used for allowable costs of that project or program. Otherwise the net amount must be remitted to the HHS awarding agency by check. This right applies to nonexempt property acquired by all types of recipients, including Federal institutions, under all types of grants under the stipulated conditions.*

*If there is a residual inventory of unused supplies exceeding $5,000 in aggregate fair market value upon termination or completion of the grant and if the supplies are not needed for other federally sponsored programs or projects, the recipient may either retain them for use on other than federally sponsored activities or sell them, but, in either case, the recipient must compensate the NIH awarding IC for its share as a credit to the grant.*

*Recipients of NIH grants must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless the terms and conditions of the award provide otherwise.*

**PROCEDURES**

Capital Assets purchased for UC-NCORP must have prior approval by Leadership Council. Any Capital Assets as defined above will be maintained on a separate inventory list that will include details of asset (UC-NCORP identification number, model number, name, purchase amount, date purchased).

Inventory

* Annually federal inventories are verified and documented to ensure accuracy. Any discrepancies found will be reviewed and reconciled. Corrective measures will be taken by the Grant Manager to prevent future occurrences. If possible, the inventory record will be corrected through standard issue, credit issue, return, or receipt transactions.

It is the policy of UC-NCORP not to use federal funding for renovations as defined above.

**REFERENCES:**

NIH Policy Statement, December 2019

**ASSOCIATED FORMS:** 3005F Capital Asset Inventory Form

**COMMITTEE APPROVAL:** Policy and Procedure Committee