**POLICY**

It is the policy of Upstate Carolina NCORP (UC-NCORP) to follow NCI Grant Policies in regard to management of equipment purchased with federal funds. This policy details the requirements for purchasing, prevention of duplication, maintenance and inventory management of all UC-NCORP equipment and furnishings purchased in whole or in part with NCI grant funds.

**DEFINITIONS**

**Acquisition Cost:** The cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity’s regular accounting practices.

**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. (See also capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies

**Federal interest**: For purposes 45 CFR 75.343 or when used in connection with the acquisition or improvement of real property, equipment, or supplies under a Federal award, the dollar amount that is the product of the: (1) Federal share of total project costs; and (2) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.

**Micro-purchase:** A purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity’s small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). Per OMB Memo M-18-18, the threshold is currently $10,000.

**Simplified acquisition threshold:** The dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 and in accordance with 41 USC § 1908. (See also Micro-purchase.)

**Supplies:** All tangible personal property other than those described in Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $5,000, regardless of the length of its useful life. See Computing devices and Equipment.

**Equipment and Other Capital Expenditures:**

The following rules of allowability must apply to equipment and other capital expenditures:

1. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the NIH awarding IC or pass-through entity.
2. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $25,000 or more, or that relate to a change in scope, have the prior written approval of the NIH awarding IC or pass-through entity.
3. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the NIH awarding IC, or pass-through entity. See Depreciation for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also Rental Costs of Real Property and Equipment.
4. When approved as a direct charge pursuant to items (1) through (3) above, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the NIH awarding IC.
5. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.
6. Cost of equipment disposal. If the non-Federal entity is instructed by the NIH awarding IC to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

**GUIDELINES**

**8.3.2.2 Sale of Real Property, Equipment, and Supplies**

The requirements that apply to the sale of real property are addressed in the Construction Grants chapter. For equipment and supplies purchased under NIH grants for basic or applied research by non-profit institutions of higher education or non-profit organizations whose principal purpose is the conduct of scientific research, the recipient is exempt from any requirement to account to NIH for proceeds from the sale of the equipment or supplies; however, NIH has certain rights with respect to such property as specified in Administrative Requirements—Management Systems and Procedures—Property Management System Standards.

All other types of grants and recipients are subject to the requirements in 45 CFR 75.320 and 75.439 if title to the equipment vests in the recipient rather than in NIH. If the grant-supported project or program for which equipment was acquired is still receiving NIH funding at the time of sale, the recipient must credit the NIH share of the proceeds to the grant and use that amount under the deductive alternative for program income. If the recipient is no longer receiving NIH grant support, the amount due should be paid in accordance with instructions from NIH. These grants and recipients also are subject to the requirements in 45 CFR 75.321 and 75.453 with respect to the use or sale of unused supplies. If the recipient retains the supplies for use on other than federally sponsored activities, an amount is due NIH as if they were sold.

**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 pro-curement 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.

IIA

**8.3.3.2.1 Exempt Property**

Under the Federal Grant and Cooperative Agreement Act, 31 U.S.C. 6306, NIH may permit non-profit institutions of higher education and non-profit organizations whose primary purpose is the conduct of scientific research to obtain title to equipment and supplies acquired under grants for support of basic or applied scientific research without further obligation to the Federal government. However, there is one exception: NIH has the right to require transfer of title to equipment with an acquisition cost of $5,000 or more to the Federal government or to an eligible third party named by the NIH awarding IC under the conditions specified in 45 CFR 75.319. NIH may exercise this right within 120 days of the completion or termination of an award or within 120 days of receipt of an inventory, as provided in 45 CFR 75.320(e)(2), whichever is later.

**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:**

**Acquisition**

* UC-NCORP will utilize Spartanburg Regional Healthcare System (SRHS) purchasing policies and procedures and ensuring compliance with NIH policy statement requirements and guidelines listed above for acquisition of equipment and supplies under the NCORP grant.

**Practices to Prevent Duplication of Purchases**

* UC-NCORP requires a purchase request submitted to the UC-NCORP Administrator for review and approval.
* Review of current inventory and equipment list will occur to assure no duplication.
* Purchases above $5,000 require approval of the Leadership Council.
* All equipment purchases will be identified with UC-NCORP inventory number and grant number.
* All equipment will be maintained on a UC-NCORP grant federal inventory list.

**Reporting of Property purchased with Federal Funds**

* All equipment purchased during the grant award will be reported on the Federal Financial Report (FFR) per guidelines.
* Income earned from the sale of equipment will be reported on the FFR for the period in which the proceeds are received in accordance with the reporting requirements for the program income alternative specified. Amounts due NIH for unused supplies must be reflected as a credit to the grant on the FFR using line 10 m.

**Disposition of Equipment/Disposal**

* When original or replacement equipment acquired by Federal funds is no longer needed for the program, UC-NCORP must request disposition instructions (NIH Grants Management). Items of equipment with a current per unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with no further obligation to Grants Management. Depreciation value is assessed.
* Equipment (Computer/Electronic Data) that is donated to local charities is stripped of all information by a Department of Defense (DOD) wipe on all disk up to 26 times which overwrites all data and this makes it impossible to recover.
* Except as provided in this section, or if the HHS awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of $5,000 may be retained by the non-Federal entity or sold. The HHS awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the HHS awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the HHS awarding agency may permit the non-Federal entity to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

**Management Requirements**

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the requirements stated in the Code of Federal Regulations.

The UC-NCORP Equipment Inventory Policy and 4029F Inventory Management Log is in compliance with NIH Uniform Code of Federal Regulations:

* All equipment is maintained following SRHS policies and procedures and biomedical quality controls.
* Property records are maintained by UC-NCORP that include a description of the property, a serial number or other identification number and the tag number (UC-NCORP NCORP Grant Number). In addition, the physical location is recorded. This includes equipment located at the UC-NCORP community sites purchased with grant funds. This off-site equipment is maintained on the log and verified during site visits.
* The source of funding for the property (including the Federal Award Identification Number or FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
* Equipment needed for UC-NCORP is bided prior to purchase. The vendor quotes are attached to the Equipment Quote Form and presented to the Administrator for selection and approval (non-budgeted items over $500 must be approved by the Administrator/items over $5,000 must be presented to the Leadership Council).
* After the quote is approved, the equipment is ordered. When it is delivered to UC-NCORP it is received and checked per purchase order
* The equipment is tagged with the following information: serial number or other identification number, the source of funding for the property (Grant Number), who holds title, and the acquisition date. This information is also listed on the Equipment Inventory List located at UC-NCORP.
* A physical inventory of the UC-NCORP property is maintained and verified by UC-NCORP at least once every two years. The results are reconciled with the property records on the Equipment Inventory Form.
* A control system of a locked building and lock office space is in place to ensure adequate safeguards to prevent loss, damage, or theft of UC-NCORP property. Any loss, damage, or theft will be investigated by Administrator, SRHS Security, and if needed the police.
* Adequate maintenance procedures are in place to ensure that UC-NCORP property is kept in good condition. Computers and printers are maintained by the Information Technology Department of SRHS.

**REFERENCES:** NIH Grant Policy Statement (October 2018), 45 CFR §75.319(b) & 2 CFR § 200.313

**ASSOCIATED FORMS:** Federal Inventory Management Log – 3030F

**COMMITTEE APPROVAL:**

Policy and Procedure Committee