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**Subject: Transfer of Equipment from the University to Other Domestic Institutions**

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## **1. Purpose**

The University purchases or fabricates thousands of pieces of equipment worth tens of millions of dollars each fiscal year. There are five major sources of funds used to acquire equipment: state funds (including Education and General and recovered overhead), Equipment Trust Fund proceeds, grants and contracts or sponsored projects funds, donations or “in-kind” gifts, and capital outlay funds or bond proceeds. Because of the extensive involvement of faculty in the creation of proposals for grants and contracts and in solicitations for donations, misconceptions about ownership sometimes arise, especially when faculty members leave the employment of the university and wish to take equipment with them. This policy clarifies the University’s ownership interest in equipment and specifies the **limited circumstances** under which equipment may be transferred to other institutions. If the receiving institution is outside the United States, additional procedures are necessary to ensure compliance with various security or export control laws and regulations. These additional requirements are not included in this policy.

## **2. Policy**

As mentioned in Policy 3950: Fixed Assets Accounting, “**all land, buildings, and equipment are owned by the University and not by a specific individual or department.**” Generally, the university has sole ownership of all equipment acquired regardless of source of funding or method of acquisition with the following exceptions:

- Equipment acquired through sponsored projects where the federal government or other sponsor retains title to the equipment or where the sponsor furnishes equipment merely for the duration of the project
- Equipment on short-term loan from another institution
- Leased equipment

These exceptions are not common; the university has title to the vast majority of the equipment it acquires.

The university generally retains possession of all equipment for which it has title. An exception may be requested by completing the “Request to Transfer Equipment to Another Domestic Institution” form available on the Controller’s Office webpage. This form must be completed with specific information about each piece of equipment to be transferred and other information needed to demonstrate that the transfer will not have a detrimental impact on the department(s) responsible for the equipment or on the university. The form also documents the approvals necessary to authorize such a transfer and ensures that the university’s fixed assets system is properly updated. The department transferring the equipment should negotiate to have the receiving institution pay the costs of shipping the equipment authorized for transfer. All other dispositions of equipment must follow the normal Surplus Property procedures, as described in Policy 3955: Reporting Surplus Property, for guidance.

The most common scenario prompting such requests from faculty members occurs when they choose to leave the university prior to the conclusion of a sponsored project, and they seek to transfer this project and its related equipment to their new institution. In most cases, the sponsor (typically a federal governmental agency) accommodates the request to transfer the project by terminating the existing award at the university and issuing a new

award to the new institution. The Office of Sponsored Programs must be notified of all such transfers of projects to ensure proper procedures are followed to terminate these projects including any final billings to the sponsor.

Approval and disposition of equipment requested by the faculty to be transferred depends on the ownership of the equipment. There are three cases to be considered:

**Equipment ownership retained by sponsor, and purchased on the transferred sponsored project:**

If the sponsor retained title to the equipment as part of the terms and conditions of the original award, then they will usually also provide some type of written request for the equipment to be transferred along with the project. Such written documentation should be attached to the completed and approved "Request to Transfer Equipment to Another Domestic Institution" form. Upon verification of the sponsor's ownership of the equipment by the Manager of Fixed Assets and the Office of Sponsored Programs (OSP), a no-cost transfer will be authorized in accordance with the written direction of the owner of the equipment (the sponsor).

**Equipment owned by the university, but purchased on the transferred sponsored project or equipment brought by the faculty member from another institution:**

For federally sponsored projects, OMB Circular A-110 normally provides that title to the equipment is vested in the university upon the purchase of such equipment from a federally sponsored project. Similar to the first case above, if the sponsor provides written documentation requesting that equipment be transferred along with the sponsored project and it is attached to the completed and approved "Request to Transfer Equipment to Another Domestic Institution" form, a no-cost transfer will be authorized upon verification by the OSP and the Manager of Fixed Assets as to the source of funding or verification of the donation from the other institution.

**Equipment owned by the university, and purchased from sources other than the transferred sponsored project:**

This type of equipment includes equipment purchased from state funds (E&G or overhead funds), Equipment Trust Funds, etc., other sponsored projects where the title vests in the university upon the completion of the grant, and all other sources of funds. **In these cases, Surplus Property regulations apply and a no-cost transfer would normally be prohibited.** Instead, the department will have to agree that it no longer has any use for such equipment, declare it surplus property, and work with the Surplus Property department to complete the sale. **Furthermore, if the equipment was purchased with Equipment Trust Funds and the equipment is less than five years old, it cannot be sold, as the equipment is used as collateral for the bonds issued to fund the program.**

This policy will also prohibit the negotiation of long-term loan agreements to other institutions because they represent defacto gifts and delay the inevitable disposition of the equipment.

The same ownership and transference standards apply to land, buildings, fixed equipment, and infrastructure assets; however, since these assets are usually not moveable or portable, transference is usually not applicable.

### **3. Procedures**

Normally, the faculty member or Principal Investigator will complete the request form and submit it for approval. Department heads are authorized to approve transfers of equipment with total original cost up to \$10,000 without additional approvals. If the total original acquisition cost of the equipment requested to be transferred exceeds \$10,000, additional approvals are required by the appropriate Dean or Vice President. Finally, transfers of equipment with total original costs in excess of \$100,000 will also require review by University General Counsel and then approval of the Vice President for Budget and Financial Management. If the requestor is a department head, then the lowest approval level is the appropriate Dean or Vice President.

If approved, the form is returned to the Manager of Fixed Assets and Equipment Inventory Services so that the fixed assets system can be updated to reflect this transfer when completed.

### **Transferring Equipment to Another Institution – Active Grants or Government Owned**

Equipment purchased on active grant or contract funds or otherwise provided by the sponsor can be transferred to another institution upon receipt of proper request and sponsor authorization. The Principal Investigator or Department Head is required to submit a “Request to Transfer Form” to the Manager of Fixed Assets and Inventory Services for approval to transfer grant related supplies and equipment. The Manager of Fixed Assets should be notified in writing a minimum of four weeks before the employee’s (P.I.) last date of employment with Virginia Tech. This request should include a detailed listing of supplies and equipment to transfer (including the Virginia Tech barcode number, manufacturer, model, serial number and current location) and a written justification and consideration of the following:

- Will the principal investigator continue the same research project at the new institution under the same sponsorship?
- Is the equipment so specialized that it has limited use in other research projects?
- Is the cost of the equipment so significant that it would cause a hardship to the university to replace it with other means?
- Will the transfer affect the research function of the department and its faculty members?

If the aggregate value of supplies and equipment to transfer exceeds \$10,000, approval of the appropriate Dean or Vice President is required. Once proper approvals are received, the written justification should be forwarded to the Office of Sponsored Programs for verification of approval from the sponsor. If sponsor approval is verified, OSP should return the approved form to the Manager of Fixed Assets for notification to the new institution and removal from university records.

### **Transferring Equipment to Another Institution – University Owned**

Since Virginia Tech is a state university, most equipment is titled to the university and is therefore not normally eligible for transfer. The Principal Investigator or Department Head is required to submit a Request to Transfer Form along with a Surplus Property Report Form ([purch.vt.edu/forms](http://purch.vt.edu/forms)) to the Manager of Fixed Assets and Inventory Services for approval to transfer supplies and equipment. The Manager of Fixed Assets should be notified in writing a minimum of four weeks before the employee’s (P.I.) last date of employment with Virginia Tech. This request should include a detailed listing of supplies and equipment to transfer (including the Virginia Tech barcode number, manufacturer, model, serial number and current location) and a written justification and consideration of the following:

- Will the principal investigator continue the same research project at the new institution under the same sponsorship?
- Is the equipment so specialized that it has limited use in other research projects/
- Is the cost of the equipment so significant that it would cause a hardship to the university to replace it with other means?
- Can this equipment be declared surplus property?

If approved, the Manager of Fixed Assets and Inventory Services will submit the Surplus Property Report Form to the Director of Purchasing. The Director of Purchasing will seek approval from the State Surplus Property Manager and negotiate a sale with the receiving institution in compliance with state surplus property regulations. A copy of the state approval along with terms of the sale will be conveyed to the Manager of Fixed Assets. After receipt of funds, the Manager of Fixed Assets will notify the new institution and remove the equipment from university records.

## **4. References**

OMB Circular A-110 “Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations”

Policy 3950: Fixed Assets Accounting

Policy 3955: Reporting Surplus Property

## **5. Approval and Revisions**

Approved March 7, 2003 by the Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.