Transfer/Sale of Equipment between Domestic Institutions

No. 3951

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Faculty
Staff

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1.0 Purpose

The university has a significant investment in fixed assets, such as land, buildings, fixed equipment, infrastructure, and moveable equipment, used to carry out its mission. This policy covers only the university's moveable equipment.

This policy clarifies the university's ownership interest in equipment and specifies compliance with:

- terms and conditions of sponsored projects;
- applicable university, state and federal requirements (laws, policies, and procedures);
- state surplus property regulations and the fair remuneration for the sale of equipment; and
- university-wide property management system standards.

The ownership of equipment is especially critical when faculty leave the employment of the university and wish to transfer university equipment or supplies to their new place of employment. **Generally, the university has sole ownership of, or title to, all equipment acquired** except as described in Section 2.1 herein**.** There are **limited circumstances** under which equipment may be transferred or sold to a new institution. Additionally, this policy establishes **procedures for receiving equipment** transferred from other domestic institutions.

In extremely rare situations, requests may be considered to transfer equipment to institutions outside the United States. These requests will require all approvals established in this policy **and** additional approvals from the Office of Export and Secure Research Compliance (OESRC). These additional requirements are necessary to ensure compliance with security or export control laws and regulations. The OESRC must be contacted for guidance on the additional requirements.

2.0 Policy

The university has a significant investment in fixed assets used to carry out its instruction, research, and outreach or public service missions. Therefore, the university has a fiduciary responsibility to protect and safeguard all university assets and ensure they are used in the furtherance of the university's mission. Policy 3950, Fixed Assets Accounting states "all land, buildings, fixed equipment, infrastructure, and movable equipment are owned by the university and not by a specific individual, department, or other operating unit."

Land, buildings, fixed equipment, and infrastructure assets are usually not moveable or portable and transference is usually not a normal practice. Throughout the policy, the term "faculty" will be used to refer to faculty and all other university employees.

Faculty are generally prohibited from taking movable equipment and supplies from the university with the exception of circumstances enumerated in Section 2.1 below and after obtaining appropriate approvals established per this policy. Similarly, faculty are not authorized to accept moveable equipment and supplies from other entities until documentation is obtained regarding ownership and conditions of the no-cost transfer or purchase.

This policy prohibits the negotiation of long-term loan agreements to other institutions because these agreements represent de facto gifts and delay the inevitable disposition of the equipment. For similar reasons, short-term loans should only be approved under extraordinary circumstances and must be coordinated with the Director of Fixed Assets & Equipment Inventory Services (FAEIS), and with the Office of Sponsored Programs (OSP) if purchased with sponsored funding.

To ensure all university information is handled with appropriate security and access controls, **it is the responsibility of the department to delete sensitive university information or data from all information technology resources being transferred to another domestic (or foreign) institution.**

2.1 Transferring Equipment to Other Domestic Institutions

Approval and disposition of equipment and supplies requested by the faculty to be transferred/sold to the new institution depends upon the ownership and funding source. Generally, the source of funding determines whether the equipment can be transferred at no cost or whether the receiving institution must pay for it. The most common scenario prompting requests from faculty members occurs when they choose to leave the university prior to the conclusion of a sponsored project, and seek to transfer the project and its related equipment and supplies to their new institution. After discussion with the sponsor, the university may accommodate the request.

Departments must notify the Director of FAEIS regarding **all** requests to transfer or sell equipment and supplies, regardless of the funding source. If the equipment transfer request is associated with a sponsored project, the OSP must also be notified. These notifications are necessary to ensure proper approvals are obtained prior to the equipment being physically removed from the university.

Faculty may also request to transfer equipment and supplies purchased from one of the other funding sources described below. In these cases, the faculty member will need to coordinate with their new employer regarding purchasing such equipment and supplies from Virginia Tech. The costs associated with preparing, packing and transporting the item(s) should be included in the purchase price. Generally, all cost associated with the transfer of equipment are funded by the new institution.

There are six major sources of funds used to acquire equipment and supplies: state funds (including Education and General (E&G), recovered overhead, Equipment Trust Fund bond proceeds, grants and contracts or other sponsored funding, donations or "in-kind" gifts, and capital outlay funds. Generally, most of these funding sources provide the university sole ownership of, or title to, all equipment with the following **exceptions**:

- Equipment acquired through sponsored projects where the sponsor retains title to or an equity interest in the equipment, or where the sponsor furnishes equipment to be used in the performance of the project and requires its return at the completion of the project.
- Equipment acquired on federally-sponsored projects sometimes results in the university having conditional title for the duration of the sponsored project, and the final determination of ownership is made upon the conclusion of the project in accordance with the Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations, 2 CFR Part 200.313 Property Standards: Equipment (2 CFR 200.313).
- Equipment on short-term loan from another institution.
- Leased equipment (unless such equipment meets the criteria for a capital lease).

Approval and disposition of equipment depends on the ownership and funding source(s) used to acquire them.

The following three scenarios are common situations and provide guidance on the variables to consider when determining the feasibility of an equipment transfer.

1. **Equipment and supplies purchased on a transferring sponsored project:**

   Ownership of equipment and supplies associated with the project should be resolved according to the terms and conditions defined by the sponsor.

   - A no-cost transfer is appropriate only if the total cost of the equipment or supplies was paid from the sponsored project.
   - If any portion of the cost of the equipment or supplies were paid for with other Virginia Tech sources of funds, then the university must recoup the appropriate portion of the university's cost through the Surplus Property sales process described in item three below.
   - When university resources are used to satisfy equipment or supplies cost-sharing commitments, Virginia Tech's obligation should be proportionately reduced to the amount expended on the project.

2. **Equipment purchased on a terminated sponsored project:**

   When the university has title to the equipment purchased on sponsored project, the university must recoup the appropriate portion of the purchase cost through the Surplus Property sales process described in item three below. If the university has conditional title to federally funded equipment with a current per-unit fair market value in excess of $5,000, a refund is due to the federal agency for its proportional share of the fair market value in accordance with the 2 CFR 200.313.

3. **Equipment and supplies owned by the university, and purchased with Virginia Tech funding sources other than a sponsored project:**

   This includes equipment and supplies purchased from state funds (E&G or recovered overhead), Equipment Trust Fund (ETF) bond proceeds, and all other sources of non-sponsored funds. The university must recoup the appropriate portion of the purchase cost through the Surplus Property sales process. **In these cases, university Policy 3955, Management of Surplus Property applies and is used to determine the sales price of the equipment. A no-cost transfer is normally prohibited.**

In addition, the approvers as listed in Section 2.1.1 must determine that the request will not create a detrimental impact on the university. The department will work with FAEIS to complete the sale. **Furthermore, if the equipment was purchased with Equipment Trust Fund bond proceeds and the equipment is less than SEVEN years old, it cannot be sold unless the department replaces the item with a similar piece of equipment thereby preserving the collateral for the bonds issued to fund the ETF program.**

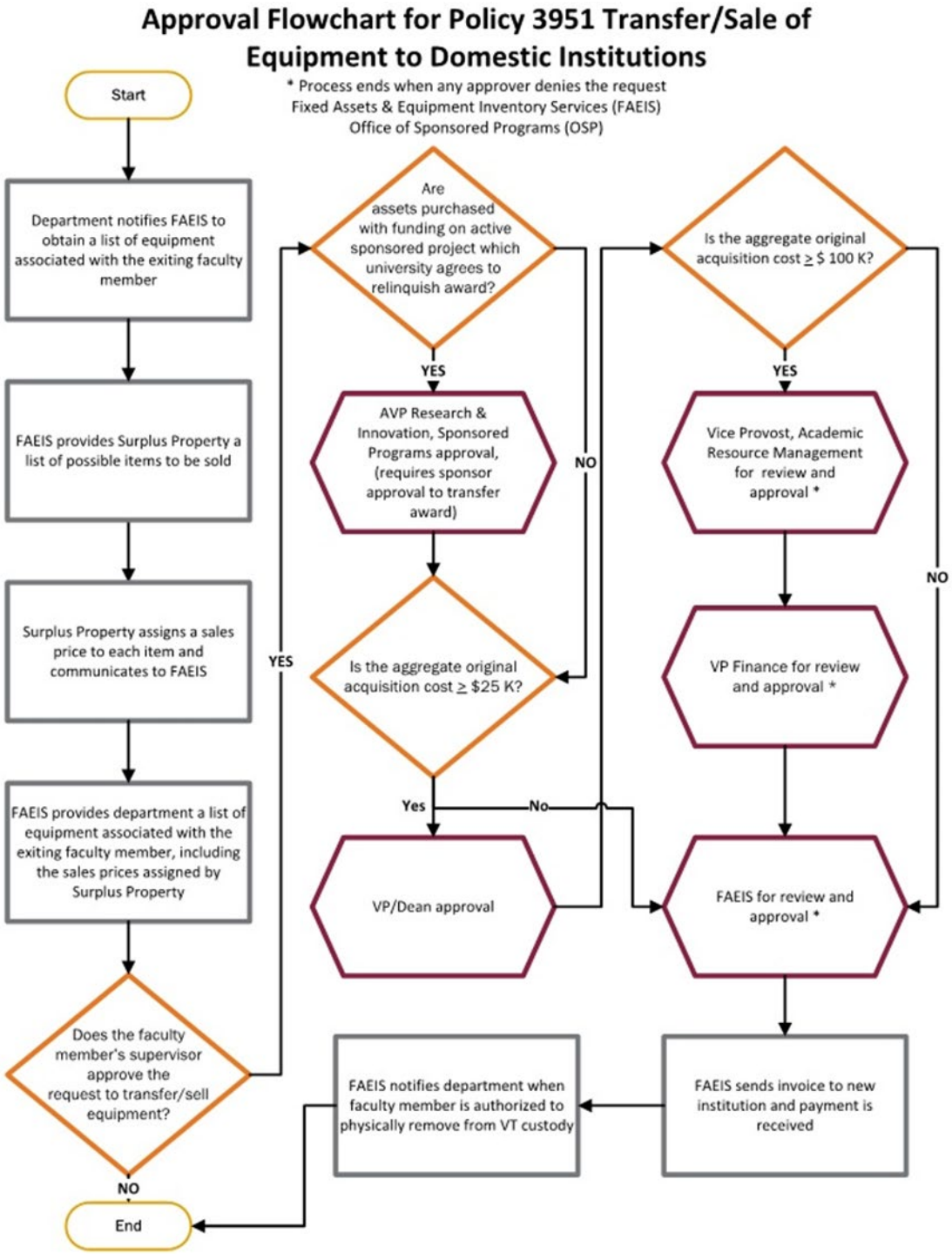
2.1.1 Authorized Approvals and Routing Instructions

The approval process ends at any point when the request is denied by an approver or the transfer/sale is considered to have a detrimental impact on the university. Authorization for transfer or sale of equipment and supplies is based upon the aggregate original acquisition cost of the equipment and supplies to be transferred or sold. Additional approvals are necessary if the exiting faculty member is a Department Head or VP/Dean or other senior leader. Signature authorization certifies that the transfer/sale will not have a detrimental impact on the university. Approvers should consider the following questions to determine if equipment should be transferred or sold to another domestic institution:

- Will the faculty member continue the same research project(s) at the new institution under the same sponsor?
- Is the equipment so specialized that it has limited use in other research projects at Virginia Tech?
- If replacement equipment needs to be purchased, will it cause a hardship to the university?
- Will the transfer/sale adversely affect the research of other faculty members?
- Can this equipment be declared surplus?

Based on the answers to these questions, the university may refuse to sell any or all of the equipment.

The chart below establishes the required approvals for equipment transfer:



2.2 Receiving Equipment from Another Domestic Institution

Department managers are responsible for ensuring faculty members bringing equipment to the university notify the department fixed assets equipment coordinator, FAEIS, and the OSP. Failure to notify FAEIS prevents the asset from being covered under the university insurance policy. Failure to notify FAEIS and the OSP of equipment on loan from a federal sponsor puts the department financially responsible for loss of or damage to the equipment. Any cost to be incurred for the transfer of the equipment assets (transportation, insurance, etc.) is the responsibility of the university department.

3.0 Procedures

The processes and procedures for transferring or receiving equipment vary depending on the source of funding and ownership. Several individuals/groups are responsible for the receipt and transfer of equipment as faculty members arrive and depart employment with the university.

3.1 Transferring Equipment to Other Domestic Institutions

As soon as a department learns of a faculty member leaving the university and requesting to transfer equipment, they must contact the Director of FAEIS with a list of equipment and supplies the exiting faculty member would like to take to their new institution. Any equipment or supplies linked to an active sponsored project must also be communicated to the OSP. The Director of FAEIS will extract data from the university property management system and provide a listing of all equipment including the original acquisition cost and the sales price obtained from the Manager of Surplus Property.to assist the Department Head and exiting faculty member in negotiating the proposed list, which includes the sales price determined by Surplus Properly. Ownership and funding sources for each item will be considered as presented in Section 2.1.

Once negotiations are complete, it is the responsibility of the department to complete the Request to Transfer/Sell Equipment to Another Domestic Institution form, attach the final negotiated list of equipment to be transferred/sold, attach applicable documentation and sponsor approval if associated with an active sponsored project, and begin the process of acquiring applicable approval signatures established per this policy.

3.1.1 Responsibility and Accountability for Transferring Equipment

3.1.1.1 Departmental

- As soon as an equipment transfer request is known, a department representative should begin communicating with the Director of FAEIS and if applicable, the OSP. This must occur at least two months before the requestor's last day of employment at Virginia Tech. This length of time is needed as requests involve contacting multiple individuals including the receiving institution and possibly government agencies.
- Provide the Director of FAEIS with a list of equipment and supplies the exiting faculty member would like to take to their new institution.
- Based on the list of sales prices provided by FAEIS, the Department Head and exiting faculty member will negotiate which items will be requested for transfer or sale.

- After the list has been finalized, complete the Request to Transfer/Sell Equipment to Another Domestic Institution form, attach applicable documentation as deemed appropriate, and route for signatures.
- If the new institution is outside the United States, then seek approvals from OESRC for equipment transfer requests.
- Negotiate with the receiving institution to pay all costs associated with preparing, packing and transporting the item(s).
- Ensure that only equipment (and supplies) listed on the approved Request to Transfer/Sell Equipment to Another Domestic Institution form are taken by the exiting faculty member and that all other equipment (and supplies) are retained by the university.
- **IMPORTANT: Delete sensitive data from informational technology resources before removing from Virginia Tech's control. Guidance for removing sensitive data from information technology resources can be found at Virginia Tech's IT Security Office.**
- Maintain associated documentation in accordance with Policy 2000, Management of University Records.

3.1.1.2 Fixed Assets & Equipment Inventory Services

- Determine if equipment or supplies are being transferred to a domestic institution.
- Upon department request, extract equipment listing from the university property management system and provide to the department.
- The Director of FAEIS will review the request, verify funding sources and ownership, and determine if there are any prohibitions on selling the listed equipment.
- Consult with the OSP if associated with an active sponsored project.
- The Director of FAEIS will submit the list of equipment and supplies to the Surplus Property Manager to determine the sales price of each item as needed. In conjunction with the Procurement Department, negotiate a sale with the receiving institution in compliance with state surplus property regulations.
- Provide guidance to departments and assist in the routing of paperwork to obtain appropriate signatures.
- Upon receipt of the final and approved 2 CFR 200.313 form, communicate to receiving institution and send an invoice to the new institution.
- As applicable, provide the department, OSP and Surplus Property a copy of the fully executed Request to Transfer/Sell Equipment to Another Domestic Institution).
- Upon written notification of the university's receipt of proceeds from the sale, the Director of FAEIS will remove the equipment from university record and notify Surplus Property of the deposit.
- If selling conditionally owned equipment with a current per-unit fair market value in excess of $5,000 which was originally acquired under a federal award, coordinate with OSP to return the federal agency's proportional share of the fair market value in accordance with the 2 CFR 200.313.
- Maintain associated documentation in accordance with Policy 2000, Management of University Records.

3.1.1.3 Office of Sponsored Programs

If a equipment transfer request is related to an active sponsored project, OSP will conduct the following actions:

- Confirm ownership and eligibility for transfer of the equipment if the sponsored project is being transferred to the new institution.
- Obtain sponsor approvals for transfer or sale, if necessary
- Review and approve Request to Transfer/Sell Equipment to Another Domestic Institution
- If selling conditionally owned equipment with a current per-unit fair market value in excess of $5,000 which was originally acquired under a federal award, coordinate with FAEIS to return the federal agency's proportional share of the fair market value in accordance with the 2 CFR 200.313.
- Maintain associated documentation in accordance with Policy 2000, Management of University Records.

3.1.1.4 Surplus Property

- Determine sales price for equipment and supplies provided by FAEIS for potential sale.

3.2 Receiving Equipment from Another Domestic Institution

The faculty member's prior institution and the sponsoring agency must provide appropriate written documentation to the OSP, to support the transaction for no-cost transfers related to a sponsored project. For all other items not associated with a sponsored project, the faculty member's prior institution must provide documentation to support their agreement to the sale or no-cost transfer before the equipment or supplies are physically received. If the prior institution wants to sell supplies and equipment to Virginia Tech, the faculty member's hiring department will negotiate a fair and reasonable purchase price and other applicable terms and conditions. The prior institution will provide the Virginia Tech hiring department an invoice which should include an itemized listing of the equipment and supplies and a relinquishing statement granting Virginia Tech title to the equipment. The hiring department must initiate the purchasing transaction in HokieMart to acquire these items.

3.2.1 Responsibility and Accountability for Receiving Equipment

3.2.1.1 Departmental

- Department managers are responsible to ensure each faculty member bringing equipment to the university notifies the department fixed assets equipment coordinator, FAEIS staff in the Controller's Office, and the OSP. Information needed to accept and record the applicable items in the university fixed assets system includes the following as applicable:
    - Description of equipment or supplies
    - Manufacturer
    - Model
    - Serial number
    - Current location
    - Original acquisition cost
    - Award number, if affiliated with a sponsored project

- Provide FAEIS and if applicable, the OSP with contact information for the equivalent departments at the relinquishing institution.
- Provide FAEIS and if applicable, the OSP with written documentation supporting a no-cost transfer of items or purchase of items.
- Negotiate terms and conditions of purchase with prior institution and initiate purchase in accordance with Virginia Tech procurement policies and procedures. Prior to receiving equipment or supplies, obtain documentation relinquishing title to Virginia Tech.
- Notify the Director of FAEIS and the OSP when loaned equipment is received and returned.
- Notify FAEIS upon receipt of the equipment to ensure the equipment is tagged with a barcode within 60 days of receipt.
- Maintain associated documentation in accordance with Policy 2000, Management of University Records.

3.2.1.2 Fixed Assets & Equipment Inventory Services (FAEIS)

- Retain relinquishing paperwork from the faculty member's previous institution for no cost transfers or appropriate invoice documentation for any items purchased.
- Initiate and control the inventory/barcode tagging and collection of detailed demographic information of all equipment.
- Physically inventory and record the receipt and return of loaned equipment in the university property management system.
- Maintain associated documentation in accordance with Policy 2000, Management of University Records.

3.2.1.3 Office of Sponsored Programs

If equipment transfer request is related to a sponsored project, OSP will conduct the following actions:

- Determine ownership.
- Finalize contractual paperwork associated with sponsored project.
- If equipment involves an active sponsored project, provide the Director of FAEIS with the Banner fund associated with the project, and a detailed listing of the equipment including ownership.
- Maintain associated documentation in accordance with Policy 2000, Management of University Records

4.0 Definitions

AGGREGATE ORIGINAL ACQUISITION COST is the cumulative total cost (when the goods were acquired/purchased) of all fixed assets and supplies.

EDUCATIONAL AND GENERAL are state program codes describing all operations related to the institution's educational objectives. This includes all activities associated with instruction, research, public service, academic support, student services, institutional support, and operations and maintenance of plant.

EQUIPMENT TRUST FUND BOND PROCEEDS is a funding resource established by the General Assembly to meet a need for new or updated equipment for various educational and general programs in Virginia institutions of higher education. Funding for this program comes from the sale of bonds by The State Council of Higher Education in Virginia (SCHEV) and the Virginia College Building Authority (VCBA).

INFORMATION TECHNOLOGY RESOURCE is any item such as a computer, tablet, smartphone or similar device and associated peripherals used to store university data, including those in research contracts or private activities with the university, and any privately owned technology device that are connected to the Virginia Tech network or used to store university data.

MANAGERS include but are not limited to vice presidents, deans, department heads, department chairs, directors, or similarly titled administrative managers of every university organizational unit.

MOVEABLE EQUIPMENT (items with a unit value of $2,000 or more and an estimated useful life greater than one year, except Equipment Trust Fund items where the unit value is $500 or more) is an item of tangible personal property that is generally mobile and is not permanently affixed to any building or room.

RECOVERED OVERHEAD OR FACILITIES AND ADMINISTRATIVE COSTS represent the amount recovered from sponsors for their share of support costs that cannot be identified readily and specifically with a particular sponsored project; for example, departmental clerical salaries, utility costs, custodial expenses, etc. A portion of these recoveries are allocated to academic departments and are generally intended to be reinvested to support their ongoing research programs. **F&A costs are known by many different names, such as "indirect costs," "overhead costs" or simply "administrative costs."**

SENSITIVE UNIVERSITY INFORMATON includes all university information that could cause physical, financial, or reputational harm to the university or to members of the university community if released inappropriately. Under Policy 7100, Administrative Data Management and Access, data classified as university-internal or as limited-access may be sensitive information.

SUPPLIES mean all tangible personal property other than those described as moveable equipment. A computing device is a supply if the acquisition cost is less than $2,000, except Equipment Trust Fund items where the unit value is $500 or more).

5.0 References

Policy 3950, Fixed Assets Accounting
http://www.policies.vt.edu/3950.pdf

Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations, 2 CFR Part 200.313 Property Standards: Equipment
https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#200.313

Policy 3955, Management of Surplus Property
http://www.policies.vt.edu/3955.pdf

Request to Transfer/Sell Equipment to Another Domestic Institution
https://www.controller.vt.edu/content/dam/controller_vt_edu/forms/fixedassets/Request_to_Transfer_Equipment_to_Another_Domestic_Institution.pdf

Guidance for removing sensitive data from information technology resources
http://security.vt.edu/resources/surplus.html

Policy 2000, Management of University Records
http://www.policies.vt.edu/2000.pdf

Policy 7100, Administrative Data Management and Access Policy
http://www.policies.vt.edu/7100.pdf

6.0 Approval and Revisions

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

- Revision 1
  - Policy underwent a complete revision and expansion in all significant areas. Key changes include adding the receipt of equipment from other domestic institutions, defining roles and responsibilities of employees, updated the authorized approval threshold for Dean and Vice President, and updating changes in federal regulations.
  - Added requirement that sensitive data must be deleted from informational technology resources before they are transferred out of Virginia Tech's control.

  Approved September 15, 2017 by the Vice President of Finance and Chief Financial Officer, M. Dwight Shelton Jr.

- Revision 2
  - Policy underwent a complete revision and expansion in all significant areas. Key changes include replacing the chart in Section 2.1.1 with an updated and clarified flowchart; inserting applicable definitions and references to companion university policies and procedures; and other minor changes for clarification.

  Approved September 27, 2019 by the Vice President of Finance and Chief Financial Officer, M. Dwight Shelton Jr.

- Revision 3
  Technical updates to links.

  Approved September 23, 2022 by Vice President for Policy and Governance, Kim O'Rourke.