A Division of Finance and Administration

Sponsored Projects Accounting (SPA)

shutterstock · 133131986

Loaned Governmental Equipment

February 2017

SPA has received some audit requests from sponsors related to loaned government equipment. We thought this would be a good time to highlight the Federal and UT Policy requirements for tracking these items.

Uniform Guidance (UG) 200.312 Federally-owned and exempt property, states that "the non-Federal entity must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency." It goes on to include information on how to handle this equipment once the award has ended. UG also allows for each agency to establish their own guidelines for managing loaned government equipment.

For example, The US Department of Energy's Code of Federal Regulations **48 CFR 970.4501-1(a)** requires UT to have a system in place for identifying, protecting, managing, and disposing of all government owned equipment in our custody. UT uses IRIS as our system for meeting the Federal requirements for managing government owned equipment.

A budget isn't about restrictions. Having a plan allows you the freedom to make purchases without guilt and regret.

UT FI0605-Equipment, includes the process for ensuring we meet Federal requirements for government loaned equipment. FI0605, #7, states; "Generally, the university retains ownership and title to all movable equipment purchased with university funds. Exceptions are equipment purchased with grant, contract, or agency funds and written agreements or contracts where ownership is retained by or reverts to the funding agency. The university remains responsible and accountable for such equipment while it is in the university's custody. "

FI0605, #8 &9, outlines the responsibilities of the department, and Controller's Office, which includes; creating an asset number for the equipment and completing an *Equipment Acquisition Report Form T-66*. This form includes a section entitled "Source of Funds" where Grant/Contract-Federal is listed as an option. This allows for the equipment to be tagged and placed on the University's official inventory system where it can be reviewed during the annual equipment inventory verification report.

Please see the following links for additional information:

http://policy.tennessee.edu/fiscal_policy/fi0605/

https://www.federalregister.gov/documents/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#p-677

Borrowed vs. Loaned Government Equipment

FI0605 –Equipment, can be somewhat confusing when dealing with government loaned equipment. In reading the "Borrowed Equipment" section of this policy it contains the word "loaned" as well as "borrowed." However, as pointed out in the first article, loaned government equipment is covered under FI0605, #7, and is not considered "borrowed equipment."

What distinguishes loaned governmental equipment from borrowed equipment?

Borrowed equipment, as stated in FI0605, #23, are items loaned to UT for official use in such cases of exhibits or demonstrations. While written statements of responsibility for damage or loss are sometimes required, and agreements must be forwarded to the Treasurer's Office so that proper insurance coverage can be obtained, these items are not required by UT to be added to our inventory system. The companies for which the agreements to use the items do not impose policies on UT for tracking and managing the items. Borrowed items are also normally items that are used by UT on a short-term basis.

As stated earlier, loaned government equipment is required to be tracked by both UT and Federal policies. Equipment used on grants are also normally used for the life of the project instead of a short-term basis.

When working with equipment supplied by a Federal sponsor for use on the projects, please ensure the equipment is properly accounted for within UT's IRIS inventory system.

Upcoming SPA Training Classes

March 22, 2017—Cost Sharing

April 18, 2017—Direct Costing

Classes are offered through HR and located in the Conference Center Building.

Register here for training classes:

http://uthr.admin.utk.edu/TandD/Management_Supervision.shtml

You can also complete trainings for credit towards the Sponsored Projects Accounting Certificate on Blackboard. Please contact Jay Taylor at vtaylor@utk.edu for access to the SPA Blackboard trainings.

Cost Sharing Sneak Peak!!!

During the Cost Sharing Training we will cover such questions as:

Should I include cost share in my project even though it isn't mandatory?

I included cost sharing in my proposal, but what does all this terminology really mean?

Now that my proposal has been awarded, is the cost sharing component really that important?

I have a third-party external to UT contributing, so I don't need to worry about them, right?

What can I do to stay out of trouble?

In addition, we will define the three types of cost share used within the University System for sponsored projects!