UNIVERSITY OF MIAMI  
SPONSORED PROGRAMS POLICIES AND PROCEDURES

Section F: Cost Principles
Policy  F1.2: Equipment Purchases with Federal and State Funds

PURPOSE:

To establish a policy and procedure for the acquisition of both domestic and foreign equipment funded with federal, federal pass-through, state and state-pass through sponsored awards to ensure compliance with sponsor requirements.

DEFINITIONS:

Equipment: An article of nonexpendable, tangible personal property, procured or fabricated, which is complete in itself, is of a durable nature, has an expected service life of more than one year, and has an acquisition cost of $2,500 or more per unit. Equipment includes all costs to purchase, install, and all necessary modifications, attachments, etc. needed in order to make a newly acquired item of equipment functional for the purpose for which it was purchased or fabricated.

Acquisition Cost: Net invoice unit price including freight and installation charges of an item of equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make the item usable for the purpose for which it is required.

General Purpose Equipment: Equipment that is normally usable for other than research, medical, scientific, or technical activities, regardless of whether special modifications are needed to make the equipment suitable for a particular purpose. General purpose equipment includes such items as office equipment and furnishings, heating and cooling units, reproduction and printing equipment, motor vehicles, cameras, and computing and automatic data processing devices.

Special Purpose Equipment: Equipment that is generally usable only for research, medical, scientific, or technical activities, including such items as microscopes, x-ray machines, and surgical instruments.

POLICY:

The university will purchase equipment with sponsor funds only if the same equipment is not available within the university for shared use.

The university will purchase equipment through the university purchasing system.

The university will purchase foreign-made equipment only if no instrument or apparatus of equivalent scientific value is manufactured in the United States.
The following rules of allowability apply to equipment and other capital expenditure purchases:

1. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges to a sponsored account, except where justified in the proposal budget and approved in advance by the sponsoring agency.

2. Capital expenditures for special purpose equipment are allowable as direct charges to grants, provided the acquisition of items having a unit cost of $2,500 or more is approved in advance by the sponsoring agency, or when allowed under the grant terms and conditions, utilizing the University’s Internal Approval process mechanism.

3. Capital expenditures for improvement to equipment, buildings, and land which materially increase their value or useful life are unallowable as direct charges, except where approved in advance by the sponsoring agency.

REFERENCES:
OMB, Circular A-110, subpart C [http://www.whitehouse.gov/omb/circulars/a110/a110.html#34]
Department of Health and Human Services Grants Manual and 45 CFR, part 74
NSF Grant Policy Manual.
Grant guidelines from the Department of the Interior.
Department of Education, 34 CFR, part 74 and 77 of EDGAR.
Grant guidelines from the Department of Transportation.

PROCEDURES:

1. The principal investigator (PI) prepares a University of Miami Purchase Requisition Form for the equipment and a Non-Availability of Equipment Form (see [http://www.miami.edu/controller/equipment.doc](http://www.miami.edu/controller/equipment.doc)) signed as indicated below certifying there is no available equipment that can be used or shared. The completed Non-Availability of Equipment form must be attached to the Purchase Requisition form when purchasing equipment on federal, federal pass-through, state grants and state-pass-through grants.

<table>
<thead>
<tr>
<th>Acquisition Cost</th>
<th>Certification</th>
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<tbody>
<tr>
<td>$ 2,500.00 - $ 4,999.99</td>
<td>Principal Investigator or designee</td>
</tr>
<tr>
<td>$ 5,000.00 - $ 9,999.99</td>
<td>Departmental Chairperson (or designee)</td>
</tr>
<tr>
<td>$10,000.00 - $24,999.99</td>
<td>Dean (or designee)</td>
</tr>
<tr>
<td>$25,000.00 or more</td>
<td>Property Accounting</td>
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Note: Capital acquisitions of $5,000,000 or more are subject to approval by the Executive Committee of the Board of Trustees. Acquisitions of computer equipment with a unit value of $7,500 or more ($5,000 on software) are subject to approval by the Vice President for Information Technology.

If the acquisition cost is $25,000 or greater, the purchase requisition should be forwarded to the Property Accounting Office, which will then research the university’s records. If surplus equipment is located, the holding department will be contacted to ascertain whether the equipment is available for use or time sharing.

2. Sponsor agency approval – equipment purchases must be justified in the proposal and provided for in the approved budget and, if required by the sponsor, must be approved in writing prior to the purchase.

3. In unusual circumstances, it may be necessary for the PI, in order to allow for adequate lead time, to initiate a Purchase Requisition for equipment prior to receipt of the award document. In other situations, equipment needs are identified after a grant has been awarded. In these
cases, it is necessary to receive written sponsor approval if award is not under the Federal Demonstration Partnership terms (FDP), or if award is under the FDP, approval via the Internal Prior Approval process (see Sponsored Programs Policy/Procedure F8 at http://www.miami.edu/controller/policies/text/f8.htm). A copy of the sponsoring agency approval or the Internal Prior Approval form http://www.miami.edu/controller/Internal.doc must be attached to the Purchase Requisition. Note: federal awards indicate whether they are issued under FDP terms and conditions.

4. Foreign-Made Equipment - duty free entry of foreign made scientific instruments is possible under certain circumstances. A statement of justification is prepared by the PI or department head requesting the equipment. This statement must have sufficient documentation to show that all possible domestic instruments have been considered and that it has been determined that a foreign instrument has superior characteristics that are necessary to accomplish the purpose for which the instrument is being purchased. This statement of justification is attached to the Purchase Requisition for review and follow-up action.

5. Items of equipment costing $2,500 or more with a useful life of more than one year will be recorded in the university’s accounting system using the following object codes:
   - 6103 purchased, university title
   - 6105 confabricated, university title
   - 6810 purchased, non-university title
   - 6811 confabricated, non-university title

6810 & 6811 are mainly used for sponsored accounts with specific equipment terms and conditions where equipment title remains with the sponsoring agency.

Note: Additional information concerning equipment purchases may be obtained by contacting Sponsored Program - Expenditure Compliance Administration for sponsor compliance issues and the Purchasing Department for acquisition issues.