

Acquiring Equipment Under Federal Agreements

POLICY

WSU personnel are responsible for obtaining equipment in accordance with applicable University, state, and federal regulations. (*SAAM 30.10, OMB Circular A-110*)

PRE-ACQUISITION

Before obtaining an equipment item for use on a sponsored project, departmental personnel are responsible for assuring that the transaction is appropriate. The following criteria are to be evaluated:

- Allowability
- Prepurchase screening requirements
- Prior approval requirements
- Where the title will vest

ALLOWABILITY

Award Document

Check the award document for clauses relating to the purchase of equipment and the acquisition of government-furnished property. If the award document is not available, contact Sponsored Programs Services (SPS).

Subcontracts

A subcontract may include a line item budget that includes equipment. In addition, the federal agency or the University may provide government-furnished property directly to the subcontractor.

Property Control System

Unless exempted by special terms and conditions of the subcontract and/or agency regulations, the subcontractor is required to have either of the following property control systems:

- A federally-approved system of property control.
- A system that meets the criteria required by federal regulations for government-furnished property and/or purchased equipment.

Assurance

The subcontract may include federal flow-down provisions, special terms and conditions, and/or an assurance clause stating that the subcontractor has a system of property control that meets the preceding criteria for equipment and/or government-furnished property. A subcontractor may be required to provide the University with a copy of the subcontractor's federally-approved property control system or business policies and procedures.

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Circular A-21

If the federal agreement does not specifically mention equipment, apply OMB Circular A-21 regulations regarding equipment allowability. In general, A-21 states:

- General purpose equipment items, (e.g., office equipment, motor vehicles, etc.) are usually not allowable as a direct charge unless approved in advance by the sponsoring agency.
- Special purpose equipment items (i.e., equipment used only for research, medical, scientific or other technical activities) are allowable with prior approval from the sponsor. (Itemization on an approved proposal budget may constitute prior approval in many cases; see [Prior Approval](#).)
- Expenditures for capital improvements are usually unallowable unless approved in advance by the sponsoring agency.

EQUIPMENT SCREENING BY WSU

WSU units are to screen existing equipment inventories to avoid purchasing unnecessary or duplicative items.

Screening is recommended at the following two points in a project's history:

- Before a proposal is submitted to a federal agency for approval.
- Before a piece of equipment is purchased with federal funds. See *BPPM 70.10* for general requisition procedures.

Sharing

Principal investigators are to share special purpose equipment when feasible.

Screening Levels

Cost More Than \$5000

If the equipment item costs more than \$5000 the equipment coordinator screens the departmental equipment inventory for like or substantially similar equipment. If another suitable item is not available in the department, enter the following statement in the item description of the Departmental Requisition:

NO SUITABLE ITEM AVAILABLE IN THE DEPARTMENT.

The University maintains an online inventory listing available to departments (see *BPPM 20.50*).

Cost More Than \$10,000

If the equipment item costs more than \$10,000 send the requisition to Property Inventory where all University property is screened for like or substantially similar items.

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Cost More Than \$10,000
(cont.)

If appropriate equipment does not exist or is not available for use, the University's Property Administrator attaches a certification to the requisition and forwards the purchase documentation to Purchasing.

If appropriate equipment exists and is available for use, the University's Property Administrator returns the requisition to the originating department requesting that the department do one of the following:

- Negotiate a shared-use agreement with the unit that owns a similar equipment item.
- Provide a written justification from the department chair detailing why similar equipment items are not appropriate. The department attaches the justification to the requisition and sends the purchase documentation to Purchasing.

PRIOR APPROVAL

If the equipment item has been itemized in the approved proposal budget, additional agency approval is generally not required. However, certain agencies require additional approval by the agency coordinating officer. Direct questions to SPS.

Complete and route a Sponsored Project Activity Request if the equipment item is not itemized in the original approved budget and additional approval and/or rebudgeting is required (see *BPPM* 40.23).

Industrial Plant Equipment (IPE)

Industrial plant equipment purchased on Department of Defense contracts must have prepurchase approval of the Defense Supply Center, Richmond (DSCR). (48 *CFR* 245)

IPE Definition

Industrial Plant Equipment (IPE) is plant equipment with an acquisition cost of \$15,000 or more used for the purpose of: cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical or chemical properties of materials, components or end items entailed in manufacturing, maintenance, supply, processing, assembly or research and development operations. IPE is in federal stock group 34. (48 *CFR* 245.301)

DSCR Screening

To request DSCR screening for IPE, the principal investigator submits DoD Industrial Plant Equipment Requisition (DoD Form 1419) to the Defense Supply Center Richmond, ATTN: JH, 8000 Jefferson Davis Highway, Richmond, VA 23297-5100. Obtain DoD Form 1419 from SPS.

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Automatic Data Processing Equipment (ADPE)	Submit requests to acquire Automatic Data Processing Equipment (ADPE) to the Administrative Contracting Officer (ACO) Office of Naval Research - Seattle. The ACO submits contractor requests to the Defense Information Systems Agency in accordance with the Defense Automation Resources Management Manual. (48 <i>CFR</i> 245.302-1)
ONR Submittal Instructions	Before completing the requisition DoD Form 1419 for IPE, or submitting a request to purchase ADPE equipment, the principal investigator may wish to informally discuss the proposed acquisition with the Office of Naval Research (ONR) Administrative Contract Officer, Seattle; telephone 206-526-3168. ONR may have additional or alternate instructions for submittal of a requisition for IPE or a purchase request for ADPE.
DSCR Screening	<p>The DSCR screens each IPE request to determine whether the item is available. If the item(s) is not available, the DSCR issues a Certificate of Nonavailability.</p> <p>Attach a copy of the Certificate of Nonavailability to the Department Requisition when purchasing the item through WSU Purchasing.</p>
Acquiring Special Test Equipment	When special test equipment or components are known, the solicitation (and the contract) are to separately identify each item to be furnished by the federal government or acquired or fabricated by the contractor for the federal government. Individual items of less than \$5,000 may be grouped by category. (48 <i>CFR</i> 245.307-2)
<i>Notice and Approval</i>	<p>Under negotiated contracts containing the clause regarding Special Test Equipment at 48 <i>CFR</i> 52.245-18, WSU must notify the contracting officer if it intends to acquire or fabricate special test equipment.</p> <p>Within 30 days of receipt of the notice from WSU, the contracting officer completes the following:</p> <ul style="list-style-type: none">• Reviews the proposed items for necessity and proper classification as <i>special</i> test equipment.• Screens the availability of existing federally-owned test equipment in accordance with agency procedures.• Notifies WSU, approving or disapproving the acquisition or fabrication and, if it is disapproved, states whether the equipment will be furnished by the federal government.

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DETERMINING TITLE	Either the award document or the approval letter for equipment purchase includes title-vesting information.
ACQUISITION	Equipment may be purchased, transferred from another federal project, acquired from federal agencies, or fabricated.
Purchase	Complete a Departmental Requisition according to procedures in <i>BPPM 70.10</i> .
Internal Transfer	<p>Equipment must be used on the original project for as long as needed. When no longer needed for the original purpose, equipment may be used for other projects currently or previously sponsored by the federal government. (Projects of the original agency are to be given first priority if there is a choice.)</p> <p>After verifying the allowability of the transfer with SPS, the unit's equipment coordinator initiates an Inventory Control Report (WSU 1033).</p>
Federally-Furnished	The terms and conditions of a federal agreement usually specify equipment items to be furnished to WSU. The principal investigator usually initiates acquisition of government-furnished property.
Federal Excess Property	Federal excess property is available for use on federal cost-reimbursement contracts and federal grants (see <i>BPPM 20.78</i>).
Fabrication	<p>The principal investigator (or equipment coordinator) maintains a separate file for each fabricated equipment item. All expenditure documents (IRIs, Departmental Requisitions, Receiving Reports, etc.) related to fabrication are retained in the file. When the item is completed, the responsible individual uses the assembled documents to calculate acquisition cost of the item.</p> <p>The acquisition cost is multiplied by the current Facilities and Administrative (F&A) cost rate to obtain the F&A cost of acquiring the item. (See <i>BPPM 40.25</i> for the current F&A cost rate.) This F&A cost is added to the acquisition cost to obtain the value of the equipment item. This figure is used for inventory management and disposal purposes.</p>
RECEIVING	See <i>BPPM 70.14</i> for receiving procedures.
Federally-Owned	WSU becomes responsible for the equipment upon delivery.

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Acknowledgment of Receipt The departmental equipment coordinator (or principal investigator) signs and dates the government shipping document accompanying the item. Copies of the form are distributed to the following offices:

- Sponsored Programs Services
- Cognizant agency contract administrator
- Originator of the shipment
- Department
- Property Inventory