

DISPOSAL OF MOVEABLE CAPITAL EQUIPMENT

Policy Statement

This policy is intended to provide assistance in determining the proper accounting for moveable equipment (also referred to as capital equipment) owned by Columbia University (the University or CU), titled to the University, under the custody of the University, or for which the University is accountable to the federal government and other sponsors. Relevant procedures are contained in the Property Manual:

http://cait.cumc.columbia.edu:88/dept/finance/controller/financial_reporting/property_equipment_manual.pdf

Guidance for the disposal of electronic data storage media is covered in “Data Sanitization/Disposal of Electronic Equipment Policy”. <http://policylibrary.columbia.edu/data-sanitizationdisposal-electronic-equipment-policy>

Reason for the policy

This policy provides guidance to assure that the disposal of moveable capital equipment is properly accounted for and where applicable in accordance with government regulations.

Primary guidance to which this policy responds

This policy responds to good business practices and Financial Accounting Standard Board (FASB) and Generally Accepted Accounting Principles (GAAP) requirements for recording and reporting capital assets and depreciation expenses. The federal regulations to which this policy responds include:

- **FAR 52.245-1**, Government Property, Parts 35, 45, and 52
- **OMB Circular A-21**: Cost Principles for Educational Institutions
- **OMB Circular A-110**: Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (Relocated 2 CFR 215)
- **OMB Circular A-133**: Audits of States, Local Governments, and Non-Profit Organizations

Roles and responsibilities

1. Controller’s Office

The Columbia University Controller’s Office is responsible for the maintenance of this policy and for responding to questions regarding the policy. Responsibility for moveable capital equipment management is shared by two groups within the Controller’s Office: Capital Asset Accounting (CAA) and

Research Policy & Indirect Cost (RPIC). This structure is designed to ensure both financial and government policies and procedures regarding equipment are addressed.

➤ **Capital Asset Accounting (CAA)**

CAA is the primary group responsible for capital equipment management at the University. The CAA Property Manager serves as the primary liaison to schools and departments for all capital equipment related processes and is responsible for ensuring compliance with Generally Accepted Accounting Principles and government regulations for capital equipment management at the University.

➤ **Research Policy & Indirect Cost (RPIC)**

The overall responsibility of RPIC is to provide annual and final property reports for Government Owned/Furnished Equipment .

2. Custodial Departments

Chairpersons, deans and directors have general stewardship responsibilities for the maintenance and control of all capital equipment in their custody and control. A departmental equipment coordinator or equivalent is responsible for the disposal of equipment at the department level.

Revision history

None

Who is governed by this policy

This policy applies to all individuals who have custody, use or control capital equipment owned by the University, titled to the University, under the custody of the University, or for which the University is accountable to the federal government and other sponsors. Covered individuals include, but are not limited to, faculty, staff, students, contractors, consultants, those working on behalf of the University and/or individuals authorized by affiliated institutions and organizations.

Who should know this policy

Anyone who has custody, uses or controls capital equipment owned by the University, titled to the University, under the custody of the University, or for which the University is accountable to the federal government and other sponsors.

Exclusion or special situations

None

Policy Text

A. Methods of Disposal

Disposal of capital equipment is governed by the source of funding for equipment. All disposals should be conducted in accordance with the guidance provided by the relevant documents for the capital equipment. Contact Sponsored Project Administration (SPA) to help determine if there is a restriction on a type of disposal (for example, a donation that cannot be sold). Once any restrictions have been addressed, the department equipment coordinator should coordinate with CAA to complete an Equipment Inventory Adjustment Form: <http://Finance.Columbia.Edu/Forms/eia.Pdf>.

1. Disposition of University Capital Equipment

Sold or Traded Capital Equipment

Departments are prohibited from selling capital equipment without first contacting the CAA Property Manager. <http://finance.columbia.edu/forms/>

Damaged/Destroyed Capital Equipment

University capital equipment that has been damaged or destroyed beyond economical repair or is no longer useful and is being cannibalized can be removed from the inventory records upon written notification to CAA on the Equipment Inventory Adjustment Form:

<http://Finance.Columbia.Edu/Forms/Eia.Pdf>.

Transfer-Out Capital Equipment - Leaving CU

When a principal investigator research project is transferred to another institution, the awarding agency reserves the right to require the University to release the capital equipment for use by the new institution. The new institution is required to notify the University upon receipt of the capital equipment. The items transferred will be removed from the records when a copy of the acknowledgement is received by the CAA Property Manager.

2. Disposition of Government Capital Equipment

Excess Capital Equipment

When government capital equipment becomes excess to the grant or contract for which it was provided, authority to use the property will be requested from the contracting officer. If there is no need, the property will be reported as excess in the manner prescribed the CAA Property Manager.

Excess government capital equipment should not be traded-in or cannibalized without the concurrence of the CAA Property Manager and the written approval of the cognizant federal agency.

Lost/Damaged/Stolen Property

Lost, damaged, stolen, or destroyed government capital equipment should be reported to the CAA Property Manager in all cases as soon as the condition is known. The CAA Property Manager will advise the contracting officer. The contracting officer will notify the University, in writing, as to the extent of the University liability.

Other

The University is relieved of responsibility for government capital equipment with the concurrence of the contracting officer or their duly authorized representative by the following:

- Consumption of capital equipment in performance of the grant or contract.
- Retention by the University for consideration given to the government.
- Sale of capital equipment. Proceeds will be distributed in accordance with grant/contract provisions. The CAA Property Manager should be contacted for appropriate accounting procedure.
- Transfer of title to the University.
- Abandonment in place by the government.

B. Reporting Disposals

1. Lost/Stolen Property

When it is believed that University or government capital equipment has been lost or stolen, the PI or designee should inform the Public Safety Office Security and the CAA Property Manager as soon as possible, but no longer than 48 hours after the occurrence and request an investigation.

The PI or designee should forward a written report and a copy of the security investigation report to the CAA Property Manager within 30 days if the property is not located within that time. Reports should contain the following information:

- Asset tag number
- Contract or grant number (if applicable)
- Description of item(s) lost, damaged, destroyed
- Indicate whether the asset needs to be replaced or repaired and the cost to repair or replace the property

- Date and time of incident, cause or origin of the loss, and damage or destruction
- Insurance on the asset(s) if applicable
- Actions taken to preclude future incidents
- Pertinent facts relevant to determine liability and responsibility for replacement of the asset.

The department should observe the following guidance when conducting an inquiry into the loss of property:

- An inquiry shall be initiated immediately after discovery of the lost or stolen property. The inquiry shall be an informal proceeding designed to determine the facts and circumstances leading to the occurrence.
- The department is responsible for establishing procedures and designating a person to initiate and conduct the inquiry.
- This inquiry should identify, at minimum, background information, such as what happened, how it happened, where it happened, who was involved, and when it happened.

Contract and Grant Closures

The process of closing a grant or contract requires a final review by RPIC and CAA of the status of any capital equipment used in the project. The purpose of the final report is to provide closure to the agreement.

1. Identifying Upcoming Closures

Upcoming closures are identified by means of the following resources:

Federal Awards- ONR awards: RPIC receives monthly email notifications once a month from The Office of Naval Research (ONR).

Federal Awards- Non ONR awards: RPIC receives email notification from Sponsored Project Finance or Sponsored Project Administration indicating the award is in the close-out process.

Non-Federal Awards: RPIC receives routine emails from SPA notifying upcoming closures.

2. Grant/Contract Closures

Grant/contract closures and reconciliation procedures are handled by RPIC. Once RPIC has identified current grant/contract closures, RPIC will submit a letter to the sponsoring agency of the final status of capital equipment in the possession of the University.

D. Environmental Stewardship

The Columbia Office of Environmental Stewardship provides assistance in managing recycling and reuse efforts. If you have capital equipment owned by the University that no longer serves your needs you may want to list the item(s) as available to others. For further information and guidance go to the following Website: <http://www.environment.columbia.edu/>

DEFINITIONS

Accountable Property
A term used to identify government property which is recorded in a formal accounting system and is controlled by an identification system and supporting records from its acquisition through disposal.
Capital Equipment
Capital equipment at Columbia University is defined as tangible, permanent item with a life of at least two years that is held for purposes other than investment or resale and has a value of \$5,000. Capital equipment (also referred to in this manual as moveable equipment, property or capital assets) includes University property and government owned property.
Capital Lease
Leases are considered capital leases under any of the following circumstances: <ul style="list-style-type: none">• Ownership transfers to lessee at end of lease• Lease contains bargain purchase option• Lease period is at least 75 percent of its useful life• Present value of lease payment is at least 90 percent of fair market value
Component Parts
Component parts are add-ons and accessories purchased after the fact that either increase the useful life of the asset or add additional functionality. Component parts are considered capital assets.
Custodial Department
Custodial Department includes a school, department, center, or unit of the University having physical control of University capital equipment.
Depreciation
Depreciation is a method for allocating the cost of buildings and equipment over time. Generally accepted accounting principles and federal regulations dictate that the value of capital assets must be written off as an expense over the useful life of the asset. Depreciation expense is calculated in e-Prais based on the asset's estimated useful life.
Disposition
Disposition is the process of determining if capital equipment is an excess or an unusable asset. It is removed from inventory when it is no longer physically located on-site. Examples of asset dispositions include sale, scrap, donation, etc.
E-Prais
Proprietary asset management software used by the University to account for all moveable equipment either owned by the University or owned by the government and other sponsors.
Excess Equipment

A term that describes the lack of use or benefit a piece of equipment can give to a project or person. Any excess equipment, whether University funded or sponsor funded, should be considered eligible for disposition.

Fabrication

A fabrication is a one-of-a-kind creation. Fabrications are created by assembling a number of components (manufactured or custom made) to produce a piece of equipment that meets unique research specifications. Most fabrications are sponsor-funded and therefore have a number of compliance requirements related to acquiring and tracking equipment in an assembled fabrication.

Found Equipment

Equipment discovered by a custodial department which does not appear on the University capital equipment inventory records. Custody of found equipment is assigned to the user department. The value will be estimated by Capital Asset Accounting of the Controller's Office and the date found will be used as the date received.

General Purpose Equipment

Equipment which is not limited only to research, medical, scientific or other technical activities. General Purpose Equipment is not allowable as a direct cost to a sponsored project unless specifically budgeted for in the proposal or notice of award. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and computing equipment.

Gifts-in-Kind

The receipt of non-monetary gifts given to the University.

Government Property

Government property includes all property owned or leased by the Federal government. Such property acquired under contracts with the University includes:

- **Government furnished property:** property in the possession of or acquired by the government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants.
- **Contractor acquired property:** property purchased or otherwise provided by the University for the performance of a contract, title to which property is vested in the government by virtue of its procurement with government funds.
- **Excess government property:** property which is no longer required by the holding Federal activity and is available to other Federal agencies or Federal contractors such as the University.
- **Federal surplus property:** property which has been screened by all Federal agencies and generally made available to eligible institutions through the State Agency for Surplus Property.

Loaned Equipment

Loaned equipment is equipment either borrowed by the University from an external agency or by one University department from another, or loaned by the University to an external agency or individual.

Minor Equipment

Includes tangible personal property having a unit cost of less than \$5,000 and having a useful life of less than two years. Minor equipment at the University is not considered "capital equipment" and is subject to indirect cost. Minor equipment should be charged to Subcode series 62XX.

Obsolete
A term that means an item can no longer meet its intended purpose and is no longer useful to the University.
Personal Property
Personal property at the University is defined as any movable item subject to ownership which is not real property.
Replacement/Repair Parts
Replacement/repair parts are generally considered minor equipment and should be charged to Subcode 62XX. However, replacement parts may be charged to capital equipment Subcode 61XX or 63XX regardless of cost, if the item: <ul style="list-style-type: none"> a) extends the normal life expectancy of the asset by 2 or more years, or b) adds additional functionality or is an enhancement to the asset.
Special Purpose Equipment
Equipment which is used only for research, medical, scientific, or other technical activities and is allowable as a direct cost to a sponsored project.
Surplus Equipment
Item that is no longer needed or required.
University Property
Equipment purchased with non-government funds, or acquired through private gifts or donations.

If any URL in this PDF document does not open into a webpage, please copy and paste the URL into another web browser window. You may also choose to save the PDF to your computer and open it with the most recent version of Adobe Acrobat: <http://get.adobe.com/reader/>. For further assistance, please call the CUIT Service Desk at 212-854-1919.