

EQUIPMENT TRANSFERS AND SALES

When a faculty member leaves ISU for another educational institution, the faculty member often wishes to transfer or sell equipment items purchased by ISU to the new employing institution. These procedures only apply to the specific situation described herein, where a faculty member or researcher wishes to sell or transfer equipment items owned by ISU or the federal government to another institution, where the faculty member, principal investigator or researcher will be employed after leaving Iowa State University. All other sales or transfers of equipment are to be coordinated through ISU Surplus consistent with university policy, including any contemplated sales to retiring or former employees, which generally are not permitted. See Equipment/Excess Property Disposal Policy at: <http://policy.iastate.edu/policy/equipment/disposal/>.

The following procedures are to be used for equipment transfers and sales:

1. The departing faculty member **prepares a list of equipment items requesting to be transferred or sold**. This listing should be prepared not less than sixty (60) days before the faculty member leaves ISU. For each item, the listing needs to include the following information from the ISU Equipment Inventory System: ISU equipment tag number, description of the item, voucher date(s), combined cost of the item, the ISU account number(s) that funded the purchase, amounts charged to each ISU account number(s), and owner (i.e., Iowa State University, Sponsor Restricted, Federal Loan, or Internal Lease).
2. The ISU account numbers on the request need to be reviewed to determine if **any 4xx account numbers are listed** for the equipment items.
 - a. If the **4xx account number (project)** is or was a **federal contract** or **contract subject to FAR clauses** or the **owner of the item in the ISU Equipment Inventory System is 'Sponsor Restricted' or 'Federal Loan'**, then the item cannot be transferred or sold unless written approval is obtained from the sponsor/federal agency. These items are to be used **only** for the purposes authorized by the contract. Excess US Government-owned property (equipment no longer required in performance of the contract) cannot be transferred or sold without written authorization from the federal agency. The faculty member or department should contact the Manager of Sponsored Programs Accounting at 294-5279 if they wish to transfer or sell any equipment items meeting the above stated conditions.
 - b. If the **4xx account number (project)** is currently **active and the project** is being **transferred to the new institution**, then the faculty member must generally request approval from the sponsor to transfer the equipment item. This request to the sponsor also needs to be countersigned by OSPA. There may be other issues related to the transfer of the project that also need to be considered.

- c. If the **4xx account number** is from a **federally funded project** that is **not active** (i.e. the project is past the termination date) and was **not a federal contract**, then the depreciated value (ISU Equipment Inventory System's book value) must be determined.
 - i. If the **depreciated value is more than \$5,000**, the following federal regulations (OMB Circular A-110 restated) apply.
 - 1. When the equipment item is no longer needed for the original project or program, the item should be used for other federally-sponsored activities in the following order of priority: (1) activities sponsored by the federal agency which funded the original project, then (2) activities sponsored by other federal agencies.
 - 2. When the equipment item is no longer needed by ISU, then the item may be used for other activities as follows: ISU may retain the equipment for other uses after compensating the federal government. If ISU has no need for the equipment item, ISU should request disposition instructions from the federal agency. ISU can request transfer of the item without cost to the new institution. The federal agency is required to issue instructions within 120 days of the request.
 - ii. If the **depreciated value is less than \$5,000**, the department chair should first consider the existing equipment needs in the department. The priorities from the federal regulations listed above in 2.c.i.1. should be utilized. When the item is no longer needed by ISU, the item may be sold to the new employing institution.
 - d. If the **4xx account number** is from a **non-federally funded project** which is **not active** (i.e. the project is past the termination date) and the **owner of the item in the ISU Equipment Inventory System is NOT 'Sponsor Restricted'**, the department chair should consider the existing equipment needs in the department. When the item is no longer needed by ISU, the item may be sold to the new employing institution.
 - e. If **accounts other than sponsored program accounts** (non-4xx accounts) are listed, the department chair should consider the existing equipment needs in the department. When the item is no longer needed by ISU, the item may be sold to the new employing institution.
- 3. The department chair should review the listing of equipment items to be transferred or sold. The department has every right to retain the non-restricted equipment items for the department's use on other projects. The departing faculty member is not "entitled" to this equipment. The department is responsible for ensuring correct procedures are followed. The **department chair** needs to sign off on the listing indicating **approval** of the items to be transferred or sold.
 - 4. The **minimum sales prices** need to be determined by **ISU Surplus** for the equipment items, unless the equipment items are being transferred without cost to the new employing institution under one of the following scenarios: (1) items were purchased on an active project which is being transferred to the new institution (transfer approvals vary by sponsor); or (2) written

approval for the equipment transfer has been received from the sponsor/federal agency. For non-fully depreciated items, the minimum sales price is the current depreciated value (book value). For fully depreciated items, the minimum sales price is generally 5-10% of the original cost. Contact the ISU Surplus Supervisor at 294-7300 for determination of the sales price. The department can choose to charge the acquiring institution more than the minimum sales price for an item. **Shipping and handling fees** are to be paid by the new institution.

- a. **Items to be sold:** The department completes an Asset Recovery Form indicating the equipment items and estimated sales prices. The form and attached listing (see 1. above) are routed to the ISU Surplus Supervisor for review and approval of the sales prices. If any 4xx accounts are listed, the ISU Surplus Supervisor will request approval of the sale from the Manager of Sponsored Programs Accounting. The ISU Surplus Supervisor will communicate with the department after reviewing the form.
 - b. **Transferred Items:** The sponsor indicates approval in writing of the equipment and/or project to the new institution. This approval is sent or forwarded to OSPA for the award file. A copy of the approval will be forwarded to the ISU Inventory Control Office Accountant by Sponsored Programs Accounting.
5. The ISU department chair prepares a **confirmation memo to the department chair at the new institution** detailing the items to be transferred or sold with related sales prices. The Manager of Sponsored Programs Accounting can be contacted if assistance is needed with this memo. **The memo should be copied to ISU Surplus and Sponsored Programs Accounting and contain the following statement** for the **new institution to sign and return** after receipt of the items: “(Institution Name) acknowledges that we have possession of the equipment items listed below and have added the items to our inventory records. We agree to provide equivalent insurance coverage as is provided to other property owned by our institution. By accepting the terms under which this equipment is sold/transferred, (Institution Name) has no further obligation to Iowa State University.” After this statement and a listing of the items, the confirmation memo should contain a signature line for the Inventory Office at the new institution to sign and send back to the ISU department after receipt of the equipment items. If federal-sourced funds purchased the item, the following statement should be included in the memo: “We also agree that we will not charge the US federal government or federal-sourced projects for the use of this property.” The ISU department is responsible for obtaining the new institution’s signature on this memo.
6. If the equipment items are sold, the **new institution buying the items will issue a Purchase Order** to Iowa State University, ISU Surplus, 1102 Southern Hills Park Drive, Ames, IA 50010-8204 or fax the Purchase Order to 515-294-4008.
7. A departmental representative should be present when the equipment items are packed up to leave ISU to ensure only the items on the list are shipped to the new institution. **Shipping and handling fees** are to be paid by the new institution. **Payment** from the new institution must be made **within 30 days** of receipt of the equipment items. Payment should be sent to the ISU address listed in 6 above. Once payment has been made, ISU Surplus will issue a receipt to the new institution. The funds will be deposited into the ISU department’s ARP account.

8. Once the confirmation memo has been signed and returned from the new institution to the ISU department, a **copy of the signed confirmation memo should be sent to the ISU Inventory Control Office**, 3609 ASB. The Inventory Control Office will then remove the equipment items from ISU equipment inventory records and forward a copy of the memo to Sponsored Programs Accounting.

Please contact the Manager of Sponsored Programs Accounting at 294-5279, or the ISU Surplus Supervisor at 294-7300, if you have any questions on equipment transfers and sales.

**Controller's Department
August 2015**

**Also located in Appendix A of Iowa State University's
US Government-owned Property Control Manual**