



Section 500: Award Management

OSR Policy 500.8 — Capitalized Equipment

Responsible Officer: Director
Responsible Unit: Award Management
Effective date: July 1, 2008
Last revised on: November 4, 2008

Policy Statement

The Office of Sponsored Research ([OSR](#)) is responsible for establishing and maintaining accountability for capitalized equipment acquired under research grants, contracts, and subcontracts in accordance with sponsoring agency directives, federal guidelines defined in OMB Circulars [A-21](#) and [A-110](#), and [University policy](#).

To prevent cost disallowances or exceptions by auditors, equipment purchases are required to meet criteria of effective utilization as defined by the sponsoring agency. In addition, to be considered “effectively utilized,” purchases of authorized equipment must be made well in advance of the ending date of the project period.

I. Principal Investigator Responsibilities

Principal Investigators (PIs) are required to coordinate with the sponsoring agency, OSR and [Asset Management](#) in obtaining, controlling, and managing equipment for their research projects.

The PI is also responsible for:

- Ensuring the equipment is in good condition and as ordered upon receipt.
- Reporting discrepancies or damages to the [Purchasing Division](#).
- Maintaining physical control of all equipment acquired.
- Safeguarding equipment against loss, damage, or unauthorized use.
- Notifying Asset Management of major changes in location of equipment.
- Instructing subcontractors/subgrantees of compliance and requirements regarding equipment.

II. Specialized/Fabricated Equipment

Requests to build or fabricate research-specific equipment must have been previously identified in the proposal budget and justified with sufficient documentation to identify the costs of individual items that when fabricated make the capitalized functional piece of equipment.



Costs associated with the fabrication process are incurred in a sub-account established to capture them as direct costs. Upon completion of the fabrication, a description of the equipment is provided to Asset Management to provide for decaling and inclusion in the University's capitalization program.

While individual components composing a piece of fabricated equipment may cost less than \$5,000, the finished piece as a whole is often worth more than the \$5,000 capitalization threshold defining capitalized equipment, which is allowable as a direct cost. Therefore, all costs associated with the fabrication process must be transferred to the prime account and coded as equipment within 30 days, or risk the possibility of component items valued below the \$5,000 threshold being allocated as Facilities and Administrative (F&A) costs.

Reason for Policy

The University offers this policy to provide clarification and guidance as to University practices regarding expenditure inquiries regarding equipment, in conjunction with federal regulations governing allowability and allocability.

Exclusions/Exceptions

Because of the inconsistent nature of possible exclusions and exceptions, these are broached on an individual, case-by-case basis.

Procedures and Related Policies

- [Policy 300.7](#) [Direct Costs: Non-Personnel](#)

OSR Research Tool Kits

None.

Contacts

Questions and concerns can be submitted online at [Ask OSR](#) or by using the [OSR staff directory](#). Within [RAMSeS](#), the “*Speak to Someone*” option assists in locating the staff member best suited to address project-specific issues.

References



[Research Administration Glossary at Carolina](#)

1. Asset Management, a division of Material and Disbursement Services (MSD).
2. Purchasing Services, a division of Material and Disbursement Services (MSD).



Revision History

Prior Revisions: The policies in the *Office of Sponsored Research Policies & Procedures Manual* supersede any OSR policies, procedures and appendices previously included in the *University Business Manual*, a publication of UNC Chapel Hill's [Division of Finance](#).

