



Financial Management of Property, Plant and Equipment Appendix A: Summary of Policy for Capital Equipment for Areas with Sponsored Research

Note: This Appendix summarizes the guidance in the [Financial Management of Property, Plant and Equipment Policy](#) that specifically relates to areas with sponsored research. The various accounting and system requirements that relate to all equipment at Harvard are found in the [Financial Management of Property, Plant and Equipment Policy](#).

Policy Statement

Capital equipment is the property of Harvard University or a sponsor, not the faculty, department, school or unit. Capital equipment should be safeguarded and used for University programs and purposes.

This appendix, as part of the [Financial Management of Property, Plant and Equipment Policy](#), summarizes the required treatment of capital equipment in any area that has sponsored research. If direction differs between this policy and external regulations, sponsor or donor terms, or other internal policy or procedures, the more restrictive instruction will apply.

As in the case with all expenditures, areas should confirm prior to the purchase of property, plant and equipment that it is allocable and allowable if restricted or sponsored funding is being used for the purchase.

Reason for Policy

The University receives external funding from federal and non-federal sponsors and must classify, safeguard, depreciate and retire equipment accordingly. In addition, certain sponsors may have capital equipment requirements in the terms and conditions of the award.

Federal regulations include:

- Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, [2 CFR 200.312](#); [200.313](#); [200.436](#) (Uniform Guidance)
- Federal Acquisition Regulations (FAR), [parts 45](#) and [52.245](#)
- [Defense Federal Acquisition Regulation Supplement \(DFARS\)](#)
- [Department of Energy Financial Management Handbook](#), Chapter 10

Who Must Comply

All areas must comply with the [Financial Management of Property, Plant and Equipment Policy](#) and areas with sponsored research must comply with this Appendix A. Areas are defined as all Harvard University schools, school or units, Allied Institutions and University-wide Initiatives.

Procedures

The following procedures relate to acquisition, recording, retirement, and disposition of equipment in areas with research.

I. Acquisition/Purchase

When using federal funds, areas acquisitions must meet the following:

- A. Requirements from [Section II](#) of the Financial Management of Property, Plant and Equipment (PPE) Policy and any additional specific sponsor requirements.
- B. [Appendix B](#) for information on the types of costs that may be capitalized as equipment versus those costs that must be expensed separately. This includes information on both equipment acquired by



HARVARD UNIVERSITY FINANCIAL POLICY

Responsible Office: Office for Sponsored Programs

Revision Date: 07/01/2018

<https://osp.finance.harvard.edu/policies/>

purchase, multi-component equipment and capitalization of lab space.

C. [Uniform Guidance](#) and [Procurement Policy](#) regarding contractor selection justification requirements.

II. Fabrications – Work in Progress (WIP)

Refer to [Appendix B](#) for detailed information on Equipment Fabrications, including how to determine if your project qualifies for capitalization or if it needs to be expensed separately. See also [Appendix F – Fabrications Flowchart](#).

Fabrications are excluded from indirect costs.

All sponsored WIP must be reviewed every 6 months. If an award is scheduled to close, but the WIP remains open, a justification required as to why the WIP will remain open. The open WIP may need to be moved onto a new account string.

III. Upgrades (also known as Betterments, Enhancements or Modifications)

Refer to [Appendix B](#) for detailed information on upgrades.



IV. Equipment Classifications

Capital equipment is classified based on ownership of or title to the equipment, which is determined by the provisions of the sponsored award terms and conditions under which it was acquired. There are four classifications of capital equipment used for research:

Classification	Purchase/Acquisition Details	Title	Description	Equipment Tag Type?		Depreciated?	F&A Calc.?
				Harvard	Government		
Sponsor-Funded	Purchased in whole or in part with sponsored funds	Harvard* *May be conditional title. See award terms & conditions & applicable federal regulations.	Sponsored equipment purchased with federal funds may also be considered "exempt equipment." Title to exempt equipment is conditional and is subject to federal use and disposition restrictions. Equipment purchased with non-federal funds may also be subject to special terms and conditions of the sponsored award.	Yes	No	Yes	No
Government-Titled Equipment (GTE)	Purchased with federal funds with title vested to the federal government	Government or External Entity	GTE may not be disposed or removed from service without approval from the sponsor. Note that non-federal sponsors may also reserve title to equipment according to the terms and conditions of the award.	Yes	Yes	Yes	No
Government-Furnished Property (GFP)	In the possession of, or acquired directly by, the federal government & subsequently delivered or otherwise made available to the University under a grant or contract	Government or External Entity	Title to GFP remains with the government, regardless of the equipment's value. GFP is recorded in Oracle Assets with an acquisition cost of \$0, as the equipment is not purchased.	Yes	Yes	No	No
University-Funded Equipment	Purchased with non-sponsored university funds (including gifts or endowments)	Harvard	Title to University-funded equipment is vested with Harvard. University-funded equipment is tested as part of the Single Audit and is generally subject to the same guidelines as sponsored equipment. For policy information related to University-funded equipment, see the main Financial Management of Property, Plant and Equipment Policy .	Yes	No	Yes	Yes



V. Records

A. Identification of Equipment

See [Inventory and Asset Management](#) of the Financial Management of Property, Plant and Equipment Policy.

B. Tagging Equipment

All equipment that is the property of the federal government, whether Government-Titled Equipment or Government-Furnished Property, must be tagged with an additional tag identifying it as government property.

See [Inventory and Asset Management](#) of the Financial Management of Property, Plant and Equipment Policy.

C. Inventory Control

Federal regulations require any area with federally-sponsored research perform a full physical inventory of all sponsored and non-sponsored equipment with an original price of \$5,000 or more every two years to verify both the accuracy of equipment records and the existence and current use of equipment (whether purchased, fabricated or furnished). Inventory records must contain information necessary to identify the equipment including equipment description, serial number, acquisition information and location. It is the responsibility of the areas to perform the federal and University-required inventories and maintain all inventory and equipment records. See [Fixed Assets Inventory Job Aids](#).

D. Movement of Equipment

The movement of Government-Titled Equipment must be registered with the area-level equipment manager using an Offsite Equipment Form regardless of the duration of removal from its recorded location.

Additionally, the movement of Harvard equipment to international locations is subject to export controls. Please contact the area equipment manager and the area's [Export Control Officer](#).

See [Inventory and Asset Management](#) of the Financial Management of Property, Plant and Equipment Policy.

VI. Disposition, Retirement and Impairment - See [Appendix D](#)

A. Retirement of Sponsor-Funded or Sponsor-Titled Equipment

Equipment purchased with sponsored funds is often subject to sponsor-specific disposition restrictions and may require additional sponsor approval before disposition. The area equipment manager will work with the Office for Sponsored Programs (OSP) to comply with any relevant sponsor restrictions. Additionally, any retirement request for capital equipment purchased on an active sponsored award should be reviewed by the area sponsored research office and OSP. Sponsor-titled equipment may not be removed from University premises or oversight without prior approval of the sponsor and OSP.

B. Equipment Sales (See [Appendix D](#))

The University does not allow the sale of sponsor-funded equipment; exceptions to this policy are rare and are reviewed by the area equipment manager, area sponsored research office, the school or unit finance office and OSP on a case-by-case basis. Sales or [Unrelated Business Income Tax](#) may apply. Contact the Tax Reporting Office for additional information.



Responsibilities and Contacts – Summary for Capital Equipment for Areas with Sponsored Research

Harvard University: Harvard University is responsible for capital equipment in accordance with the provisions of the corresponding sponsored project and federal guidelines. Harvard has a decentralized equipment management structure under which individual areas are responsible for most aspects of sponsored equipment management. Management of capital equipment includes proper records maintenance, safeguarding of equipment, and assurance that disposition or encumbrance of equipment is performed in accordance with federal and other sponsor requirements.

Principal Investigators: Principal Investigators (PIs) are responsible for the management of capital equipment under their sponsored awards and have ultimate responsibility for compliance with this policy and the terms and conditions of the sponsored award. PIs are responsible for tracking equipment used in their lab or under their direction, assisting in the completion of reports and physical inventories, and prompt notification of the area equipment manager and department of any changes with respect to condition, location, loss, or damage.

Areas with Sponsored Research: Areas are responsible for maintaining their equipment records in Oracle Fixed Assets. In addition, areas are responsible for using, maintaining, protecting, and disposing of capital equipment according to the terms and conditions of the sponsored award through which the equipment was acquired. Areas are also responsible for following University capital equipment policies. Contact your area's equipment manager for additional guidance.

Office for Sponsored Programs: The Office for Sponsored Programs (OSP) is responsible for providing sponsored policy and procedural guidance. OSP is also responsible for responding to requests for reports and information from sponsors, auditors and other parties. OSP, on behalf of the areas, submits federal reports to the government (e.g. NASA form 1018).

Financial Accounting and Reporting: Financial Accounting and Reporting (FAR), within the Office of the Controller, maintains capital equipment policies to ensure adherence with Generally Accepted Accounting Principles (GAAP) and other regulatory requirements, to promote consistent accounting treatment across the University, and to ensure the operating results of University school and units are not misstated as a result of transactions unrecorded or recorded improperly.

Definitions – See [Appendix G](#)

Related Resources

[Capital Equipment Policy Training](#)

[Government-Owned Property Overview and Procedures](#) provides information on managing government-furnished property (GFP) and government-titled equipment (GTE).

[Financial Management of Facilities and Equipment Policy](#) –for all capital assets at the University (including equipment, buildings and land).

[Procurement Policy](#)