

# Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Title to Property, Equipment and Supplies

1. Ref.: [2 CFR Part 200.311-315](#)

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3. Originating Office/Agency: Office of Management and Budget

4. Key Words: real property; Federally-owned property; exempt property; intangible property; equipment; supplies; title; use; disposition

## Scope

Real property, intangible property, equipment and supplies acquired using Federal funds under a Federal award, unless otherwise specified by the funding agency, are the property of Eastern Washington University (EWU) and, as appropriate, are inventoried and tagged by EWU's Inventory Control office. Federal awards that finance tangible and intangible property, equipment and supplies normally contain terms and conditions that vest title of these items to the grantee. Under no circumstances do items purchased through a Federal award become the personal property of the Principal Investigator/Project Director (PI/PD) or any other grant or contract personnel. It is, however, the PI's/PD's responsibility to manage the use and maintenance of any property purchased with Federal funds including ensuring that it is only employed for the specific purposes of the Federal grant or contract.

As the end of the project period nears, the PI/PD should consult with the Office of Grant and Research Development to determine the appropriate disposition of tangible property, equipment and supplies. Title or ownership will generally transfer to the university, but not always. Depending on the terms and conditions of the Federal award, the sponsor may request return of property or allow obsolete or unused equipment to be sold, in which case the PI's/PD's department retains the proceeds. In the case of unused supplies exceeding \$5,000 in total aggregate value that are not transferred to another program, the Federal government must be refunded the amount of their value. In some instances, the Federal funding agency may require documentation of property inventory or require the university to submit an annual report itemizing equipment on hand acquired by grant funds even after the grant has ended.

Title, use and disposition information from the Uniform Guidance by property category is provided below.

## **2 CFR Part 200.311 - Real Property**

*Real property* means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

(a) *Title*. Title to real property acquired or improved under a Federal award will vest upon acquisition in the university.

(b) *Use*. Real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the university must not dispose of or encumber its title or other interests.

(c) *Disposition*. When real property is no longer needed for the originally authorized purpose, the university must obtain disposition instructions from the Federal funding agency or pass-through entity. The instructions will provide for one of the following: retain title after compensating the Federal funding agency; sell the property and compensate the Federal funding agency; or transfer title to the Federal funding agency or to a third party designated/approved by the Federal funding agency.

## **2 CFR Part 200.312 - Federally-owned and Exempt Property**

(a) *Title to Federally-owned Property*. Title to Federally-owned property remains vested in the Federal government. The university must submit annually an inventory listing of federally-owned property in its custody to the Federal funding agency. Upon completion of the Federal award or when the property is no longer needed, the university must report the property to the Federal funding agency for further Federal agency utilization.

(b) *Title to Exempt Property*. Exempt Federally-owned property means property acquired under a Federal award where the Federal funding agency has chosen to vest title to the property to the university without further obligation to the Federal government, based upon the explicit terms and conditions of the Federal award. The Federal funding agency may exercise this option when statutory authority exists. Absent statutory authority and specific terms and conditions of the Federal award, title to exempt federally-owned property acquired under the Federal award remains with the Federal government.

## **2 CFR Part 200.313 - Equipment**

*Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the university for financial statement purposes, or \$5,000.

(a) *Title*. Title to equipment acquired under a Federal award will generally vest upon acquisition in the university. Unless a statute specifically authorizes the Federal agency to vest title in the university without further obligation to the Federal government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the university subject to the following conditions:

(1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Federal funding agency or pass-through entity.

(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.

(b) *Use*. (1) Equipment must be used by the university in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the university must not encumber the property without prior approval of the Federal funding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal funding agency, in the following order of priority: i) Activities under a Federal award from the Federal funding agency which funded the original program or project, then ii) Activities under Federal awards from other Federal funding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the university must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Federal funding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal agencies. Use for non-Federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in [2 CFR Part 200.307](#) - Program income to earn program income, the university must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal government retains an interest in the equipment.

(4) When acquiring replacement equipment, the university may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

(c) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the university is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(d) *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal funding agency, except as otherwise provided in Federal statutes, regulations, or Federal funding agency disposition instructions, the university must request disposition instructions from the Federal funding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal funding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal funding agency.

(2) Except as provided in [2 CFR Part 200.312](#) Federally-owned and exempt property or if the Federal funding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per unit fair market value in excess of \$5,000 may be retained by the university or sold. The Federal funding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal funding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal funding agency may permit the university to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The university may transfer title to the property to the Federal government or to an eligible third party provided that, in such cases, the university must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where the university fails to take appropriate disposition actions, the Federal funding agency may direct the university to take disposition actions.

#### **[2 CFR Part 200.314](#) - Supplies**

*Supplies* means all tangible personal property other than those described in [2 CFR Part 200.313](#) Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the university for financial statement purposes or \$5,000, regardless of the length of its useful life.

(a) *Title*. Title to supplies will vest in the university upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the Federal program and the supplies are not needed for any other Federal award, the university must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal government for its share. The amount of compensation must be computed in the same manner as for equipment. See [2 CFR Part 200.313](#) - Equipment, paragraph (e)(2) for the calculation methodology.

(b) As long as the Federal government retains an interest in the supplies, the university must not use supplies acquired under a Federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.

#### **[2 CFR Part 200.315](#) - Intangible property**

*Intangible property* means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

(a) *Title*. Title to intangible property acquired under a Federal award vests upon acquisition in the university. The university must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal funding agency. When no longer needed for the originally authorized purpose, disposition of the

intangible property must occur in accordance with the provisions in [2 CFR Part 200.313](#) – Equipment, paragraph (e).

(b) The university may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal funding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

(c) The university is subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at [37 CFR Part 401](#), "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements."

(d) The Federal government has the right or obligation to:

(1) Obtain, reproduce, publish, or otherwise use the data produced under a Federal award;

(2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes; and

(3) Provide information under the Freedom of Information Act ([FOIA](#)). In response to a FOIA request for research data relating to published research findings produced under a Federal award that were used by the Federal government in developing an agency action that has the force and effect of law, the Federal funding agency must request, and the university must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA.