Equipment Acquisition

Introduction

The Equipment Acquisition policy provides for appropriate oversight of the public trust given to the Board of Regents, State of Iowa, by statute to contract for goods, services, and capital improvements (Code of Iowa 8A.122, 8A.302, and 262). Equipment at the university may be acquired by purchase (including lease purchase, installment purchase, and fabrication), gift, or transfer. Each method has specific procedures or legal requirements to be followed.

Policy Statement

Equipment Acquisition and Controls

Procurement Approvals

Equipment with a unit cost of less than $1,000,000 must be purchased by the Procurement Services director acting through the purchasing agent after obtaining all required departmental and administrative authorizations. Equipment with a unit cost greater than $1,000,000 and less than $2,000,000 must be submitted to the Board of Regents Chief Operating Officer for approval.

Equipment costing more than $2,000,000 must be submitted to the Board of Regents Chief Operating Officer for approval. At the discretion of the Board of Regents Chief Operating Officer, the equipment purchase may be submitted to the Board for approval.

Any equipment purchase request submitted to the Board of Regents Chief Operating Officer for approval must include the following information regarding the equipment to be purchased.

- Description of the equipment
- Justification of the need for the equipment
- Any known alternatives to the equipment proposed
- Estimated cost and source of funding
Submissions of equipment purchase requests to the Board of Regents chief operating officer shall be coordinated by the purchasing agent working with the requesting department to provide the above information. Upon completion, a draft of the equipment purchase request shall be reviewed by the director of Procurement Services before it is forwarded to the Office of the Senior Vice President for Operations and Finance. If approved, the Office of the Senior Vice President for Operations and finance will submit the equipment purchase request to the Board of Regents chief operating officer. Equipment orders may be placed only after receipt of required approvals.

Physical Equipment Inventory

Biennially, all equipment as defined in this policy must be inventoried by the department assigned responsibility through purchase acquisition, departmental transfer, donation, etc. Units are required to promptly report to the Inventory Control Office any damaged, stolen or missing items as soon as the problem is discovered. These items should also be immediately reported to the Department of Public Safety.

Segregation of Duties

To maintain good internal controls, to the extent staff size allows, duties must be segregated so that the following duties are not assigned to the same individual in a department:

- Initiating and approving the purchase of equipment
- Maintaining equipment records
- Taking physical inventory

Off-Campus Use of Equipment

Employees taking property off-campus accept fiduciary responsibility and if equipment is negligently lost or stolen, the employee will be responsible for replacement or reimbursement. Employee agrees to surrender off-campus property on demand, transfer or separation from the university.

Equipment Definition

Fixed Equipment

Permanently affixed/installed furniture, fixtures, and equipment. Fixed equipment which is part of a capital project is exempt from the requirements of the following subsections.

Moveable Equipment

Moveable equipment at Iowa State University must be assigned a property number by the Equipment Inventory Office. This property number is printed on an equipment tag, which is affixed to all university equipment with a unit cost of $5,000 or more.

Equipment

Any movable property that has a useful life of one year or more and a unit acquisition cost of at least $5,000, is identifiable, and is not a replacement part.

Equipment (Add To)

Items that become component parts used with or permanently connected to an existing piece of equipment carrying an Iowa State University numbered decal, including items costing less than $5,000.
Alternative Acquisition Methods

Fabricated Items

Departments must report to the Inventory Control Office any items fabricated, and must provide information which will allow for recording asset information into the inventory system, e.g., asset description, cost, useful life, location, custodian, etc. An equipment tag will be provided and must be affixed to moveable fabricated equipment.

Lease/Purchase

The lease purchase of equipment costing less than $100,000 may be authorized through the university's internal leasing program, provided funds are available to cover the period involved, and it is advantageous to the university's requirements. Installment agreements and lease purchases of equipment costing $100,000 or more require prior approval by the Executive Director of the Board of Regents, State of Iowa. By law, lease purchases and installment agreements of greater than $50,000 must be reported to the Legislative Fiscal Committee, through the Board office, thirty (30) days prior to an order being placed.

Departments and employees must not commit to a lease purchase or installment agreement without Procurement Services’ approval. Federal funds cannot be used for the interest portion of lease payments. Farm equipment leases are arranged on an annual basis with the option for renewal in most instances.

Interdepartmental Transfers

Each administrative officer of a budgetary unit is responsible for the equipment and furniture purchased and assigned to his or her unit. Departments requesting transfer of inventory to another university unit must go through the appropriate administrative officers of each unit.

Transfers In From Other Institutions

Employing units who have new employees transferring in with equipment from another institution must contact the Inventory Control Office so that transferred equipment items can be tagged and added to the university's inventory. If there is a cost associated with the transfer, it is treated as procurement and Procurement Services must handle the acquisition.

Donated Equipment

Any items gifted to the university that meet the equipment definition above must be tagged and added to the university's equipment inventory by contacting the Inventory Control Office. The receiving unit must coordinate with the ISU Foundation to ensure all campus gift requirements are met and the gift is properly acknowledged and recorded.

Federally Owned Equipment

Federally owned equipment means all property owned or leased by the federal government. Federally owned equipment includes both government-furnished property and university-acquired property. Government-furnished equipment is property in the possession of, or acquired directly by, the government and subsequently delivered or otherwise made available to the university. University-acquired equipment is property procured under federal contracts wherein the government retains a title interest.

Principal investigators (PIs), departments and/or research units are responsible for notifying the Inventory Control Office when equipment is furnished or loaned to the university by the federal government for periods longer than six months. The Inventory Control Office notification must include a copy of the federal agency transfer document. Federal regulations require that this
equipment be tagged and included on the university's equipment inventory records. Inventory records will identify the equipment as federally owned. Federally owned equipment may not be transferred, disposed, cannibalized, or removed from campus without prior written approval from the federal agency.

Resources

Links

• Contracting at ISU
• Equipment Inventory, Financial Accounting and Reporting
• ISU Surplus
• Procurement Services
• Iowa Code 8A.122 and 8A.302
• Board of Regents Policy Manual §2.2.6 Purchasing