

**Policy Name:** Equipment and Supplies Acquired On Grants  
**Policy Number:** F/UNTHCS/RES/OGCM-011  
**Scope:** Institutional Administrators/Grantholders  
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**Created/Revised:** Created 7/13/01  
**Effective:** 8/17/01

## **I. PURPOSE**

The purpose of this policy is to ensure that UNT HSC is in compliance with Federal regulations relating to the purchase of supplies and equipment purchased with Federal grant funds.

## **II. POLICY**

Under authority of Public Law 95-224, nonprofit institutions of higher education and nonprofit organizations whose primary purpose is the conduct of scientific research are exempted from further obligation to the Federal Government for equipment and supplies acquired under a grant for support of basic or applied scientific research, although PHS has the right to require transfer of title to certain equipment as provided in 45 CFR Part 74.136. The exemption does not apply to other types of institutions nor to other types of grants, e.g., training grants, regardless of the type of institution. All other equipment and supplies acquired under PHS grant-supported projects and activities are considered nonexempt.

All equipment acquired on Federal grants are subject to the following citations in the Code of Federal Regulations.

For items of equipment having a unit acquisition cost of \$1,000 or more (for grants subject to 45 CFR Part 74) or \$5,000 or more (for grants subject to 45 CFR Part 92.32), PHS has the right to require transfer of the equipment, including title, to the Federal Government or to an eligible third party named by the PHS awarding office under the conditions specified in 45 CFR Parts 74.136 and 92.32, respectively. This right applies to all types of grantees, including Federal institutions, under all types of grants under the stipulated conditions.

Except in instances where PHS has exercised the right of transfer of equipment, nonexempt equipment shall be used as indicated in 45 CFR Parts 74.137 and 92.32 or disposed of in accordance with 45 CFR Parts 74.139 or 92.32, as applicable. For "other uses" as specified in 45 CFR Part 74.137(d), PHS awarding office prior approval must be obtained before a recipient may make equipment available for use part time for other purposes while it is being used in accordance with 45 CFR Part 74.137(a), (b), or (c). Income generated by such alternate uses is program income and is subject to 45 CFR Part 74.46 if it accrues afterward (see "Program Income").

Exempt property still subject to the right of transfer and nonexempt property before disposition may, if necessary, be exchanged for replacement equipment subject to the rules in 45 CFR Part 74.138.

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Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee, respectively.

For governmental grantees subject to 45 CFR Part 92.32, if there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award and if the supplies are not needed for any other federally sponsored programs or projects, the grantee or subgrantee shall compensate the PHS awarding office for its share.

For non-governmental grantees subject to 45 CFR Part 74, if the unused supplies exceed \$5,000 in total aggregate fair market value and are not needed for any project or program currently or previously funded by the Federal Government, the recipient may either retain or sell the supplies and must compensate the PHS awarding office for its share. See 45 CFR Part 74.141(b) for details on computing the applicable credit.

Property acquired under a PHS grant-supported project is subject to the requirements for internal control specified in 45 CFR Part 74, Subpart H, and 45 CFR Part 92.32. States shall use, manage, and dispose of equipment acquired under a grant in accordance with State laws and procedures. All other grantees must maintain an adequate equipment management system that meets specified requirements.

A recipient's failure to establish a control system as required by 45 CFR Part 74.140(c) constitutes a material violation of the terms of the award. Therefore, the rights mentioned below are in addition to any other rights that PHS has in the event of a violation of grant terms (see particularly 45 CFR Parts 74.7 and 74.113 and "Financial Management and Non-Federal Audits" and "Suspension, Termination, and Withholding").