



Chapter Two

Acquisition

Sections in this Chapter

Overview	1
Purchasing	2
General Information	2
Accounting for Property Purchases	2
Pre-purchase Activities	3
Screening	4
Purchases to Upgrade Existing Equipment	9
References and Resources	9
Sensitive Items	10
Donations to Stanford	11
Roles and Responsibilities for Processing Donations	11
References and Resources	15
Property Loaned to Stanford	16
Incoming Transfers of Property from other Universities or Entities ..	17
References and Resources	18
Equipment Leases	19
Sponsor or Government Furnished Property	20
References and Resources	21

Overview

Acquisition, within the context of this document, encompasses the various methods by which Stanford University obtains, receives, and becomes accountable for property. The most common method of acquisition for property at Stanford University is purchasing. Other methods include donations, transfers, loans, leases, and sponsor-furnished property.

Purchasing

General Information

The purchasing process is the most common means of acquisition for property at Stanford University. Requisitions for property are placed online, using the iProcurement application within Oracle Financials.

Purchase requisitions are routed by the requester for approval signatures, orders are placed by Procurement, and receiving of the property is recorded in iProcurement by designated departmental personnel. The entry of the receiving transaction initiates a flow of data into the Sunflower Assets PO Interface from which the Department Property Administrator (DPA) can subsequently create an asset record. Additional training information about the preparation of purchase requisitions may be [obtained online](#).

Accounting for Property Purchases

Stanford financial policies and federal regulations are implemented through the Chart of Accounts, which flow through two core accounting applications:

- **Grants Accounting (GA)** which records all detailed expenditure transactions and then summarizes them in the GL (**Note: All** University expenses are posted in Grants Accounting, not just those related to grants)
- **General Ledger (GL)** which records balance sheet, revenue and summary expense, and fund balance transactions.

The Chart of Accounts is a set of codes, including expenditure types, used to classify, record, and control how financial transactions and balances are collected and stored. It provides the framework for understanding the financial picture of Stanford's operations. The Chart of Accounts uses segments and their descriptive attributes to organize financial information for a variety of purposes such as:

- Internal reporting and financial management
- External reporting and compliance
- Effective management of funds
- Proper recovery of indirect costs from sponsors

These are the segments used in GA and GL:

Grants Accounting (GA) Segments	General Ledger (GL) Segments
P roject	
T ask	P roject
A ward	F und
E xpenditure Type	O bject
O rganization	O rganization

When purchasing property, it is important for DPAs to ensure the appropriate PTAE0 is used; **specifically the Expenditure Type**, which sorts the equipment into the correct category in the GL. Stanford uses this information for asset accounting and to capture depreciation and indirect cost recovery. It is important to note that all sponsors indirectly pay a portion of overhead costs, known as Indirect Costs (IDC) or Facilities and Administration (F&A), which includes many of our equipment purchases. Please reference the [“Commonly Used Expenditure Types”](#) on the web.

Pre-purchase Activities

Virtually all capital asset purchases made by Stanford – federally funded in particular, are subject to pre-purchase screening to avoid acquiring duplicative items. In addition, if sponsored funds are used to purchase property, there are other pre-purchase considerations, such as approval to purchase. Specific requirements may be identified in each agreement.

When using sponsored funds to make a purchase, it must successfully meet all four of the tests described below, per [OMB Circular A-21](#).

- **Allowable:** Allowable and unallowable costs are defined in A-21 AND in the terms of specific awards – items must be budgeted and approved to be allowable.
- **Allocable:** Only those expenses that BENEFIT a project may be charged to that project
- **Reasonable:** Costs must reflect what a “prudent person” would pay
- **Consistent:** Costs must be handled consistently across the University by following Stanford policy

Reference the following examples:

Example	Allocable	Allowable	Reasonable
Researcher wishes to purchase lab supplies, budgeted and approved, for the project	X	X	X
Researcher wishes to purchase a \$50,000 oscilloscope when a \$3,000 model will work just as well for the project	X	X	It would not be reasonable to spend \$50,000 when \$3,000 would suffice
Researcher decides to purchase alcohol for a sponsored project party and charge it to the grant specifically supporting government research	X	Alcohol is NEVER allowable	X

Unallowable Methods of Purchase

The only appropriate way to purchase property is through the iProcurement system. Use of Stanford P-Cards, personal funds or personal credit cards to purchase capital equipment or material for fabricated equipment is [prohibited by Stanford policy](#).

Screening

Screening is the process of ensuring, either prior to purchase or concurrently with purchase that the same or equivalent property is not excess or otherwise available to share. It helps avoid purchasing unnecessary or duplicative items; it is good business practice and required by the University and by most sponsors. Each sponsor or agreement may have different screening requirements; check your individual agreements for clarification. If you have many agreements with one particular sponsor, you should become familiar with that sponsor's general requirements. If you fail to screen prior to purchase for a sponsor funded piece of equipment, the sponsor may retroactively disallow the purchase and the department must then pay for the purchased equipment from non-sponsor funds.

Internal Screening Requirements

Internal screening is a verification to determine if the same or similar item you are planning to purchase is already available for use within your department or Stanford University. Internal screening is performed at the following levels for Stanford-funded, unrestricted purchases, as well as sponsor-funded purchases. If the item is sponsor or government-funded or furnished, lower levels of screening, or external screening may be required; please check the agreement.

Asset Acquisition Cost	Internal Screening Level Required
Acquisition Cost less than \$5,000	No screening required
Acquisition Cost between \$5,000 and \$24,999.99	Screening performed against similar assets within a single organizational unit
Acquisition Cost over \$25,000	Screening performed against all similar assets in SFA (i.e.: the entire SU campus and off-campus facilities)

The exception to the internal screening requirement is components being acquired for an approved fabrication.

Screening and approval to purchase are separate processes, but both are pre-purchase requirements. As the DPA, you will review and approve all capital purchase requisitions for your area. DPA approval of the purchase requisition verifies that the DPA has reviewed the requisition for accuracy and has performed pre-purchase screening as required.

Completing Pre-Purchase Screening in Sunflower

Effective November 1, 2003, all pre-purchase screening is performed via Sunflower Assets (SFA) using the “Asset Search Report”. Only DPAs with access to SFA Reports can perform internal screening. Search all active inventory assets that meet your criteria. If suitable items are found, contact the purchase requisition originator and notify them of the results. If items are found and the end user chooses to accept them as an interdepartmental transfer or loan, you must contact the originator of the requisition and have it canceled and make arrangements for the internal transfer of the equipment. If the process of canceling the requisition takes longer than 48 hours, Stanford may incur costs for canceling orders with some vendors.

External Screening

External screening is a requirement specified in many government sponsored agreements. Details regarding what needs to be screened can be found in each individual contract. It is the responsibility of the Principal Investigator (PI) to ensure that external screening has been fulfilled prior to the purchase of property. The actual task of initiating and documenting the external screening may be delegated to a research assistant or DPA. **When the sponsored agreement requires screening or pre-purchase approval, not doing so could result in disallowance of the cost of the item as a direct charge to the project.**

The form most often required to process external screening is the DD Form 1419. A negative response from a sponsor will usually include a "Certificate of Non-Availability" (CNA) number. This number and the date issued are recorded in the SFA record. If a sponsor does not respond to a screening request, assistance should be obtained from the cognizant contracting officer. Generally, if no response is received within 30 days, it is interpreted to mean the item is not available and Stanford may proceed with the purchase. Contact your PSR if you require assistance with this process.

Sponsor Approval to Purchase

During negotiation of an agreement, Stanford and the sponsor representative can agree upon a waiver of the external screening requirement/pre-purchase approval. If this is the case, it must be explicitly stated in the agreement. If there is not a waiver, an Acquisition Approval Letter is prepared by the PI or a delegate whenever acquisition of a non-approved item is necessary. Processing of this letter is to be in accordance with the instructions in the agreement. An example of an approval letter can be found at the end of this section. An "Authorization to Buy" letter from the sponsor may be a combination screening/authorization letter. It is important to note that the Contracting Officer or the Grant Management Officer is the only authorized person who can provide this approval. Make sure that all approvals are forwarded to your institutional representative, e.g. OSR, RMG or ERA. In the event an audit is conducted or during an ordinary closeout and approvals to purchase are asked for, this will relieve your department from having to supply the backup.

Placing and Approving the Purchase Requisition

When an on-line iProcurement requisition is filled out, accuracy is imperative – it is the basis from which a property record is established and financial transaction information is generated.

Capital equipment purchase requisitions in iProcurement (Oracle Financials) must be approved by a DPA. When approving the requisition, the approving DPA must complete the screening attestation, which means they have completed the required pre-purchase screening referenced above. It is important for DPAs to understand the iProcurement system. Class information and user guides are available in the online [Learning Center](#) for your reference. You may also want to refer to the "[Non-Catalog Ordering Category Types](#)" chart on the web.

Modular Furniture and Fixed Equipment

Modular furniture is not recorded in expenditure types for individual furniture such as desks, chairs, and filing cabinets. Use Expenditure Type 53135 for modular furniture and 53145 for fixed equipment when they will be generally capitalized as part of a major capital (PPE) project. If a small purchase is made on a department's operating project/budget and it qualifies as a capital asset, the following rules apply and should be followed:

1. A new task must be created in Grants Accounting (GA) and must be flagged as "capitalizable".
2. Only direct external costs related to the asset's purchase and installation may be charged to that task. These costs include: purchase price, taxes, shipping and 3rd party installers (e.g., from the manufacturer or distributor).
3. Capital Accounting must be notified of the following at the time the new task is requested: Project and Task, dollar amount to be capitalized, and the month the asset is going to be placed in-service. Capital Accounting must be notified upon completion of the project and/or final payment.
4. Each task will represent an individual asset and may not be used for multiple assets or to cover general department purchases. These tasks should not be open for very long, they should be open only long enough to capture the cost of an individual purchase.

Software Capitalization

Software is not capitalized unless it is part of an operating system of a computer, where its cost is captured as part of the computer, or if Stanford's acquisition cost or fair market value is \$500,000 (half million dollars) or more. If you are capturing the cost of software only (in excess of \$500,000), you record it as an "untaggable" asset in SFA.

Bulk Equipment

Bulk equipment (Stanford-owned) is defined as the purchase of 25 or more identical items with individual costs of \$400 or more, AND an aggregate cost of \$10,000 or greater. Bulk equipment doesn't apply to sponsored projects. Bulk purchases, not associated with a capital project, are treated as capital equipment. Each item will be tagged with a separate SU.ID tag, and the "Bulk" flag in the SFA record will be checked. Check the [Controller's Office website](#) for additional information.

Computer Clusters

Clusters are acquired to perform tasks usually assigned to much more expensive supercomputers. In order to capitalize computers that *individually cost less than \$5,000* but as a cluster cost more than \$5,000 (single asset), **all the following criteria must be met:**

- Combined units work together as parallel computing units
- The units are being clustered to serve a specific purpose in a research environment
- Clear and documented reason for use/acquisition as a cluster on file with the DPA
- Cluster must be kept for a minimum of three years

Please note that if any part of the computer cluster needs replacement, the replacement would be considered an expense since it is the total value of the cluster that is being used for accountability and depreciation expense purposes.

Upgrades to the cluster would need to meet **all of the following:**

- Cost \$5,000 or more
- Increase the useful life by more than one year
- Provide substantially increased performance or functionality.

Cost Sharing for Equipment Purchases

Cost sharing represents that portion of the total project costs of a sponsored agreement borne by the University, rather than by the sponsor. Cost sharing of direct expenditures represents a redirection of departmental or school resources from teaching or other departmental and school activities to support sponsored agreements. Equipment cannot be offered as cost sharing unless the receipt of the award is contingent upon such cost sharing. PIs should take care in preparing proposals for sponsored agreements not to commit the use of Stanford-owned or government-owned equipment as cost sharing, but rather to characterize the equipment as "available for the performance of the sponsored agreement at no direct cost to the project." Proposals which include the acquisition of special-purpose equipment as a direct cost may include an offer of University funds to pay for all or part of the cost of such equipment. These proposals may be for equipment or instrumentation grants, where the purpose of the grant is to buy equipment and we are required to share the cost with the sponsor, or research-oriented grants or contracts where the purchase of equipment required for the research is an allowable expense included in the proposal and award. Purchase and acquisition must occur during the period of performance. The portion of the purchase price paid by the University must be charged directly to a cost sharing account in support of the award. For the complete policy on Cost Sharing, please go to the [Research Policy Handbook](#). If cost sharing is employed, the [Cost Sharing Authorization form](#) must be used.

Purchases to Upgrade Existing Equipment

Trade-Ins

Since the equipment being traded in is permanently leaving Stanford, this is actually a two-fold transaction: an acquisition and a disposal. See Section 10 "Disposals/Transfers" for details. One aspect that is different in this disposal is that disposition must be approved before the purchase commitment is made (pre-purchase).

Upgrades

An upgrade is defined as an addition of components to existing capital equipment that are individually \$5,000 or more each and have a useful life of more than 1 year. It is important to note that an upgrade is not a replacement of already existing components to an item, but rather an add-on that will substantially improve functionality and increase the useful life of the capital equipment.

An upgrade must be assigned its own SU.ID barcode tag number, and a record created in SFA. The record must carry a reference to the parent item in order to be properly tracked. If these items are components that are inside an existing item, for example a \$5,000 board that was added into a computer, and cannot be tagged, document the parent clearly on your record in your untaggable folder or binder.

References and Resources

- Reimbursement (2 sites)
 - [Message from the Office of the Controller](#)
 - [Administrative Guide Memo 36.4: Reimbursement of Expenses](#)
- [P Card Information](#)
- [Detailed Discussion of "Allowable & Unallowable"](#)
- [Research Policy Handbook: RPH 3.5 Cost Sharing: Stanford University Policy and Procedure](#)
- [Sample Letter](#) to the ACO to request Approval to Purchase Equipment
- [Commonly Used Capital Equipment Expenditure Types](#)

Sensitive Items - Policies and Business Process

Objectives:

- Reduce potential liability and risk (financial AND reputation) for the University
- Ensure processes are established for handling and disposing of sensitive property
- Enable compliance with Department of Toxic Substances Control (DTSC) regulatory requirements DTSC: CCR 22-66261 thru 66274

Definition:

Capital equipment or supplies that function as data gathering devices or are otherwise considered "universal" or "electronic waste" per DTSC regulation. These types of items are considered hazardous waste at the time of disposal. Examples include:

1. Electronic property - computers, monitors or other equipment containing cathode ray tubes, printers, fax machines, video and audio equipment.
2. Consumer electronics - Personal Digital Assistants (PDAs), cell phones, calculators, and similar hand-held devices.

Policies and Business Processes:

1. The Department Property Administrator should work closely with the Property Management Office and the Environmental Health & Safety Department in handling sensitive property. Implementation of sensitive property staff awareness communications, at the department level, is highly recommended.
2. Sensitive Property that is either an item of capital equipment or is Sponsor-owned, must be identified, tracked, inventoried, and disposed of within the property management system. Records are established and maintained in the Sunflower property management database by the Department Property Administrator.

Sensitive Property acquired as an expense/supply item that does not meet the capital threshold is tracked at the discretion of the accountable department throughout its useful life. A record may be established and maintained in the Sunflower property management database if so desired. At the time the item becomes excess and needs disposal, it can be accomplished either through the Sunflower property management system, or by using approved recycle bins provided by Environmental Health and Safety.

Donations to Stanford

Stanford is the fortunate recipient of generous property donations from many sources, such as corporations, companies, individual donors, other universities and sponsors. In order to insure continued benefit from this generosity and meet requirements established by the IRS and University policies, it is important that the procedures and guidelines in this section are followed. The appearance of donor documents vary considerably; however, the procedure for processing donations is consistent. The end of this section provides sample donation documents. It is important to remember that there should be a need or purpose for a donation of equipment and that the dean of the school must approve any equipment that may contain hazardous materials. Prompt recording is critical. Untimely recording of donations could jeopardize future donations; particularly from large corporate donors.

In order for Stanford to comply with federal regulations regarding donations, PMO must receive copies of all documentation. In many cases the pre-donation paper work, including any type of proposal or letters related to planned donations will help determine if the donation is restricted or unrestricted. For example, the donation letter may specify that a donated microscope be restricted for use in biological/physical research.

Stanford University is the owner of all donations, without exception. Donations are not the personal property of faculty, staff or students, although they may have been the primary contact or delivery point for the donation and designated end user. As of September 2003, property donations are recorded at a value of \$5,000 or more.

Roles and Responsibilities for Processing Donations

At the end of this section there is a checklist of things you need to do or obtain to process a donation. Using the checklist will make your job easier and save time for everyone involved in this process.

Department Property Administrators (DPA's) Role in Processing Documentation

Appropriate acknowledgment of gifts is particularly important. Donations should be processed immediately after the donation is physically received at Stanford. The tasks listed below should be followed, preferably in the order shown:

1. Gather all donation documents and list them on Property Management Office (PMO) donation checklist. PMO will retain all donation documents as the official record for the University. Departments should forward a legible copy of all donation documentation to PMO, including:
 - Letter of intent to donate and/or Donation Agreement from donor
 - Shipping and Receiving Documents; e.g. Packing List
 - Acknowledgment of Receipt of Property and Certification of Use from donor (this form can only be signed by the PI or Dean)

- IRS Form 8283 (form is processed by the Property Management Office who works directly with the Donor. The director of the Property Management Office is the person authorized to sign the form on behalf of the University.)
 - Proof of Value e.g. appraisal, invoice, receipt
 - Any other documentation regarding the donation
2. Create a record of the donation by using iProcurement to set up a no cost Rapid Purchase Order (RPO). Be sure to list different items on separate lines, just like a "normal" purchase order. This is used as a method of documenting and tracking most donated equipment.
Ensure the "donation" expenditure type **“53125 – SU EQUIP GIFTS”** is **selected**, and use the department gift PTA. The exception to this is **bargain donations**. A bargain donation occurs when Stanford pays for part of the equipment and the donor gives a larger-than-normal discount. For example, a typical educational discount is 20%-40%. A bargain donation might include an 80% or greater discount. Funding for a bargain donation can stem from a sponsored agreement, however Stanford will retain title and the source is still considered "donation". If you are unsure a purchase is part of a bargain donation, please contact your PSR for assistance.
 3. Create a single SFA record for the main item as outlined in the Records Section. PMO will determine Fair Market Value (FMV), and ensure Accounts Payable (AP) creates an invoice for property donations valued at \$5,000 or more.
 4. Upon request, Gift Processing will prepare and send an official university gift receipt for gifts of equipment and other tangible personal property, including gifts valued at less than \$5,000. These receipts confirm delivery of described items and the date the gift was received, but do not include the value of the item(s). IRS rules require donors, not the university, to establish the value of items donated for any tax-related purposes. Receipts may be requested by contacting [Gift Processing](#). If Stanford obtains an appraisal, it is to be used internally only, and not shared with a donor.
 5. Physical Identification: see the Identification Section.

PMO's role is to:

- Provide guidance to the Stanford Community
- Develop a donation documentation file with the help of the DPA
- Sign off on the IRS Form 8283 (the P.I. or Dean does not do this)
- Modify SFA records to reflect discounted prices and fair market value (FMV)
- Maintain complete files on donated equipment

Gift Processing's role is to:

- Record gift value (for university purposes) in donor's giving history
- Provide an official receipt to the donor when requested

Donations of money for the purpose of purchasing equipment

When money is donated to Stanford, the money is the gift, not the equipment subsequently purchased with the funds. Equipment, which is purchased with donated funds, is owned by Stanford. Equipment purchased with donated or gift funds is not donated equipment and therefore is not subject to any of the procedures detailed in this section of the manual. Also, if Stanford purchases a piece of equipment, and a donor then offers to pay for that equipment, it is still a donation of funds, not equipment. Enter SFA records for equipment purchased with donated funds as you would any other capital equipment. Call Gift Processing for procedures on recording the donation of money.

Use and Restrictions

Stanford must retain all corporate and private donations for at least two years from date of acquisition unless the donor authorizes otherwise in writing. If the item is disposed of prior to the two year limit, both the donor and IRS may need to be notified. The exception to the two year limitation is material which has a useful life of less than one year. Donations may not be transferred in exchange for money, other property, or services within 2 years of date of receipt. For more detailed interpretation of these regulations, please contact your PSR.

Equipment provided as part of a grant

Equipment provided in conjunction with or as part of a grant is not a donation. A grant has a set of expectations associated with it, and will detail within it whether specific pieces of equipment will be furnished, loaned, or donated later. Specific handling of these instances may involve assistance by the Office of Sponsored Research (OSR). [Review the Gift vs. Sponsored Project matrix on the Dean of Research site.](#)

Determination of Fair Market Value

The department receiving the donation is responsible for obtaining and providing to PMO all available documentation for donations of equipment, including a price listing. PMO will then make the determination of the FMV. The donor is responsible for declaring the value reported to the IRS. An appraisal may be required if the donation value is over \$5,000 (see IRS Form 8283). PMO may adjust or alter the book value when property is discounted. PMO must keep copy of FMV documentation, along with all other donation documentation it receives from donor and department.

Donations Intended for Immediate Sale

Donations of equipment intended for sale pose significant tax implications for donors. When a donation is given for immediate fund-raising it must be sold within sixty days. If Stanford retains the donation longer than 60 days, it must be recorded into SFA in the same manner as all donated equipment. Extended delays or differences from the donor's stated donation value and the actual sale price may result in the donor having to amend their tax return. The DPA should contact their Office of Development Representative when the item is sold or if there are any complications.

New Versus Used Equipment Donation

New equipment must meet all the following criteria:

1. Not having been used prior to receipt by Stanford
2. Manufactured by the donor within the last two years

If property is purchased by a third party as a donation to Stanford, it must have been invoiced less than 90 days prior to arrival at Stanford. Also, equipment is considered "used" if it is over two years old, even if it is in the original unopened box and donated by the original manufacturer. If you receive a "used" donation, see "[Determination of Fair Market Value](#)" earlier in this section.

Non-Capital Asset Donations

PMO should be notified of any donations of property, regardless of value. You need not enter donations of equipment with a total value of less than \$5,000 in SFA. These must be processed with a no-cost RPO and all paperwork must be sent to PMO. Departments are still encouraged to send a thank-you letter to the donor and to notify Gift Processing if an official receipt is needed. If you receive a significant donation of materials that are not capital equipment, contact your PSR.

Retroactive documentation of donations previously unrecorded

This would apply during physical inventory or as a follow-up to a donor requesting documentation. Contact your PSR for assistance.

Disposal of Donations

In general, you cannot declare any donated items for excess for at least two years after receipt. See Disposal Section for details.

References and Resources

- [Guide Memo 41 Gifts to the University](#)
- [Guide Memo 42 Receiving and Processing Gifts](#)
- [Guide Memo 42.1 Acknowledgment of Gifts](#)
- [Guide Memo 42.2 Departmental Special Collections](#)

- **Sample Donation Documents**

Each donor's documentation will vary in format and layout, but should contain the donation information listed in these sample documents. The key reference numbers listed in these documents include:

- Gift or Order Number
- Proposal or Donor Grant Number
- Quote Number

It is imperative that all the paperwork is gathered at the time of the receipt of the donation. The following list describes the primary types of documents typically associated with a donation:

1. Letter of Intent to Donate: Proposal, Donor Grant, Gift or Reference numbers are usually found on this document. The total value of the donation may also be included.
2. Shipping and Receiving Documents: Paperwork such as packing slips; this document verifies what items have been shipped.
3. Acknowledgment of Receipt of Property and Certification of Use: The Gift/Order number is referenced. This form dictates the restrictions that may apply to the use and disposal of the equipment. It must be dated and signed by the receiving person, who must be a Stanford University Employee (preferably the PI or Department Head.
4. IRS Form 8283: This is a form that the donor uses to claim the donation on their taxes if valued over \$5,000. The Director of PMO is the only person authorized to sign this form on behalf of Stanford University, **not the PI!** PMO will only return signed IRS forms to a donor when property is tagged and entered in SFA.
5. Quotation List: This form looks like a shipping document; it will state "Quotation" at the top. This is not to be used as or in place of Proof of Value (#6) or Shipping/Receiving Document (#2). It has a quote number and may reference a proposal number. This can be used when no other document is available with a dollar value.
6. Proof of Value: External Order Master. Both the Gift/Order and Grant ID number are referenced. This states the value of the donated item(s) listed. Use this form to write the SU.ID number assigned to the donated equipment and its accessories. This is a list of equipment to be sent. It should not be used as a shipping/receiving document (#2).
7. Other related paperwork: Be sure to send any other paperwork that might pertain to the donation to PMO.

Property Loaned to Stanford

A loan is property which has been provided to Stanford free of charge, for a specified period (short or long term), by an institution or individual. A loan of property to Stanford must have a beginning date and an end date. There are always terms and conditions that exist and must be approved by PMO or by Procurement. While the property is in Stanford's possession it must be cared for in the same manner as purchased or donated property. This includes tagging the property with an SU.ID barcode tag and green “non-Stanford” overlay, and creating a property record in Sunflower Assets (SFA). Regardless of dollar value, input all incoming loans into SFA.

Loans from Manufacturers

An equipment loan coming directly from a manufacturer must be processed through Procurement. Per Guide Memo 54.6 (http://adminguide.stanford.edu/54_6.pdf), a loan occurs when Stanford receives free use of equipment. A manufacturer may lend Stanford experimental or prototype equipment that needs testing under regular operating conditions. Even though no payment is involved, other liabilities, such as insurance coverage and repair costs need to be covered by a loan agreement negotiated by Procurement.

To arrange a loan, departments must submit an online requisition to Procurement. In addition to the standard information, the requisition should include:

- Complete description of the property
- Length of time the property will be kept
- Market value
- Whether the department may at some time wish to purchase the item

Other Loans – Sponsor-Furnished Property

PMO will approve the loan of property in circumstances where it is loaned by a sponsor to the University. Sponsor-furnished property is defined as an agreement between Stanford and a sponsor for a specific purpose. If no loan document was provided by the property owner, the DPA will complete the [loan form](#) except block 1 (loan number). The loan number will be provided by PMO; this loan number will also be used as the agreement number in the "Associate Assets and Agreements" section of SFA.

If a loan document was received with the property, provide the document to PMO for entry into SFA.

1. Ideally, the PI should contact the DPA announcing the arrival of this property at Stanford; however, what often occurs is the property is found during an office or lab walk-through, or is added to SFA during a physical inventory. If this happens, the documentation must be acquired "after-the-fact" to complete records in SFA. Through communication and education, this latter scenario should be reduced in the future.
2. The DPA requests all documentation available for each piece of property, including the original institution tag number, if available, and nomenclature (item description), and forwards copies to their Property Service Representative (PSR). The DPA will also complete the loan form except block 1 (loan number). The loan number will be provided by PMO; this loan number will also be used as the agreement number in SFA.
3. PMO determines whether additional documentation is required, and forwards this information to the DPA before the records are created in SFA. PMO will research restrictions and provide guidance.
4. The DPA creates an SFA record. Some fields will be completed with "default" data; the PSR will either complete these fields or provide the data to the DPA to complete, after PMO has determined the values.
5. If any loaned property will be used in an off campus location, the PSR must determine that it is authorized and the DPA must ensure a [Stanford Off-Campus Equipment Verification Worksheet](#) has been completed.

Incoming Transfers of Property from other Universities or Entities

Stanford University occasionally receives property from other universities when faculties transfer their research to Stanford. Ownership (title) and accountability for property transferring to Stanford is determined on a case by case basis. Ownership may vest with Stanford, or it may remain with the sponsor and be considered Government Furnished Property (GFP) under a specific sponsored project.

Incoming property originally federally funded should be transferred to Stanford at no charge (Stanford may be responsible for shipping and handling fees). If the Fair Market Value (FMV) of each asset being transferred is over \$5,000, it is considered a donation to Stanford and the receipt and recording process outlined in the Donation section should be followed. The organization transferring the property to Stanford must provide a property listing, including at least the following information:

- Transferring institution tag number
- Nomenclature (description)
- Model number
- Serial number
- Original acquisition cost
- Original acquisition date
- Last accountable agreement
- Original source of funding

If this information is not provided, your PSR should be notified so they can contact the property department at the transferring institution.

Occasionally property is transferred to Stanford at a negotiated cost. This property must have been originally acquired by the releasing organization with unrestricted or institutional funds. These items must be clearly identified under the original source of funding. When this occurs, Stanford must issue a purchase requisition and the releasing organization must issue an invoice. Stanford Procurement should be contacted, prior to issuing a purchase requisition, to establish the FMV and provide guidance for the proper handling of each transfer.

Donated Equipment Transfers

IRS requirements may need to be fulfilled if the property being transferred to Stanford was originally donated to the releasing organization. If the releasing organization did not complete the required two year IRS possession requirement, they must provide Stanford with a completed IRS form 8283 and request the original donor to notify the IRS of the transfer on an IRS form 8282.

References and Resources

- [Incoming \(Stanford Borrower\)](#)
- [Outgoing \(Stanford Lender\)](#)

Equipment Leases

Regardless of how it is acquired, capital assets in Stanford's care must be tracked and maintained. Leased equipment must be handled in this manner. A lease of equipment is similar to a loan, in that it is not owned by Stanford, but is being used by Stanford and may eventually be returned to the original owner. It is different from a loan in that there is a monetary payment for the use of the equipment. However, if the lease payments are in aggregate \$200,000 or greater, the lease may be considered capital for accounting purposes.

Tagging and Recording Leased Equipment

All "capital-type" leased equipment must be tagged with an SU.ID barcode tag and lease overlay, and recorded in SFA. What is "capital-type" equipment? Ask yourself this question, "If I were to purchase this item, would it be considered capital equipment?" If the answer is "yes", then tag the equipment and enter the information into SFA. For example, a copier that, if purchased, would cost more than \$5,000 would be an example of "capital-type" equipment. For accounting purposes, however, the payments are expensed.

Capital Equipment Leases

A capital equipment lease is capitalized if the total value of the payments excluding any transportation costs is \$200,000 or more, and at least one of the remaining four criteria are also met:

1. Ownership of the leased property is transferred to Stanford by the end of the lease term
2. The lease contains a bargain purchase option
3. The lease term is substantially (75% or more) equal to the estimated useful life of the leased property
4. At the inception of the lease, the present value of the minimum lease payments, with certain adjustments, is 90% or more of the fair value of the leased property.

If an equipment lease is less than \$200,000, we treat it as an expense item as discussed above.

Note: Before entering into a capital equipment lease, contact Plant Accounting for more information. Reference the Controller's Office [Capital Lease Accounting webpage](#).

Disposing Leased Assets

See the [Disposal Section](#) for details on the different ways to dispose leased assets.

Sponsor or Government Furnished Property

Sponsor or Government Furnished Property (GFP) can be either equipment or material. All Government Furnished Equipment (GFE), regardless of value, must be input into SFA. You must first obtain a PMO assigned voucher number before entering the information into the SFA. Government Furnished Material (GFM) is normally provided to the University in support of a fabrication and used within a sponsored project. The DPA is responsible to receive, control, and account for GFM in Stanford University's PMO [Material Tracking System](#). The instruction manual for use of that system is available on the same website.

Property that is provided to Stanford for use on a sponsored project is technically called "furnished property". Furnished property is not a loan. Furnished property is accountable and reportable on a sponsored agreement. Accountability of the property to the sponsored agreement can be established at the inception of the agreement or by a modification at a later date.

Ownership of furnished property remains with the sponsor and is identified on an active agreement, as identified by the sponsor. Acquisition of furnished property is initiated by the PI and assisted by the DPA, and processed through the Office of Sponsored Research (OSR). The Contracting Officer will direct the inter-contract transfers in accordance with authority stated in the releasing and gaining agreements.

In order to process transferred or loaned GFP, you need one of the following Department of Defense (DoD) shipping documents:

- DD Form 1149 - Shipping and Receiving (Used GFP) see sample at the end of this section
 - DD Form 1348-1 - Shipping/Receiving (Used for equipment newly acquired by the government)
- AND**
- A Bill of Lading or a freight bill provided by the shipper, if furnished from outside Stanford

For non-DoD agencies or sponsors, you may only require a letter of transfer of accountability.

Following are some of the federal regulations relating to GFP. Contact your Property Service Representative (PSR) if you need assistance obtaining or interpreting regulations:

Property in the possession of contractors	FAR 45.500, and agency specific supplements
Property in the possession of subcontractors	FAR 45.510, and agency specific supplements
Contractor responsibilities (property)	FAR 45.502
Contractor responsibilities (transportation)	FAR 47.207-5
Inspection of Research and Development (short form)	FAR 52.246-9
Inspection of Facilities	FAR 52.246-10
Subcontractor Inventory	FAR 45.614
Subcontracts	FAR 32.504
Risk of Loss	FAR 32.503-16, FAR 46.505, 52.245-2 alts. I & II (Fixed Price), and FAR 52.245-5 (Cost Reimbursement)
Protection of Government	FAR 32.503-14
Contract administration, Contractor conformance	OMB A-110 93.47
Joint Service Regulation "Reporting of Transportation"	AR 55-8
Discrepancies in Shipments	NAVSUPINST - 4610.33C All on STD Form 364 - AFR 4610.33C, MCO P4610-19D, and DLAR 4500.15

References and Resources

- [Section R-2 Reference: Federal Regulations Relating to Property](#)
- [DD Form 1149](#)