



EQUIPMENT PURCHASES MADE WITHIN 90 DAYS FROM AWARD END DATE

Your department is attempting to purchase equipment on a federal or federal pass-through grant or contract that has an award end date less than 90 days from today. Guidelines dictate that all equipment should be ordered at least 90 days prior to the end date of an award and promptly received in order to justify usefulness to the completion of the project. Equipment purchases near the end of an award period generate intense scrutiny and red flags to an external auditor and will require project-specific justification and/or sponsor approval. Departments / Principal Investigators will be held responsible to provide such documentation to an auditor. Any expenditures made for budgetary convenience ("use up remaining funds") is not allowable.

Please complete the following items below:

- 1. Check here if this particular award is to be receiving a continuation increment or a no-cost extension that has not been processed yet by OSRA, which will push the award end date forward to a period greater than 90 days from today.

If Box 1 is not checked, then please complete items 2 and 3 below:

- 2. It is highly recommended that any equipment purchases made fewer than 90 days of an award end date receive written prior approval from the sponsoring agency.

Did you receive prior written sponsor approval? YES or NO

If YES, please indicate the date approval was received from sponsoring agency, as well as the agency contact granting approval and attach approval to this form:

Sponsoring Agency Approval Date: _____

Name and Title of Sponsoring Office: _____

Phone: _____

Email: _____

- 3. Provide the detailed project-specific justification below as to the need to purchase equipment after 90 days from the award end date, especially if your response in item 2 above was NO, as detailed explanation will be required to external auditors during audit:

[Empty rectangular box for justification]

APPROVED:

Principal Investigator/Delegate

Department Chair

General Equipment Purchasing Guidelines

All equipment should be ordered at least 90 days prior to the end date of an award and promptly received in order to justify usefulness to the completion of the project. Equipment purchases near the end of an award period generate intense scrutiny and red flags to an external auditor and will require project-specific justification and/or sponsor approval. Departments / Principal Investigators will be held responsible to provide such documentation to an auditor. Any expenditures made for budgetary convenience (“use up remaining funds”) is not allowable.

There are many considerations when purchasing equipment:

If the PI plans to purchase “**general-purpose**” equipment for a federal project, **prior sponsor approval is required**. The request will need to include a clear justification for such equipment, demonstrating careful consideration as to the appropriate allocation of the cost. As with administrative costs, the direct charging of “general-purpose” or non-technical equipment is subject to **significant audit scrutiny** by external auditors. “General purpose equipment” is equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, air conditioning equipment, and reproduction and printing equipment. General purpose equipment is generally treated as an indirect cost because it cannot be easily linked to a particular cost objective. Equipment types that are typically considered “general purpose” may only be appropriate as a direct expense when the PI is able to justify that the equipment is necessary for the unique scientific/technical tasks of the specific agreement, not already available, and will be initially utilized almost exclusively for the award objectives.

Capital expenditures for “**special purpose**” equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. “Special purpose equipment” is equipment that is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, genomic sequencers, imaging equipment, and spectrometers.

Rebudgeting into or from equipment may have an effect on the F&A costs. For an award subject to the modified total direct cost (MTDC) base, funds rebudgeted from supplies into equipment will result in surplus F&A funds that can be rebudgeted into direct costs. HOWEVER, if funds are rebudgeted out of equipment into supplies a deficit in F&A will result, and funds will need to be moved from direct costs into F&A costs

If the item of equipment is to support multiple projects, or to support both sponsored and unsponsored activity, there should be an appropriate, documented allocation of the cost.