

THE UNIVERSITY OF TEXAS AT EL PASO

Business Process Guidelines

Loaned Equipment

Purpose

This business process guideline provides instructions to all Deans, Directors, department Chairpersons, project directors and principal investigators (PD/PI), designated inventory custodians, and all other UT El Paso employees on the procedures necessary for the control of loaned equipment in the possession of UTEP.

Policy

The Vice President of Business Affairs issues this process guideline in accordance with The University of Texas at El Paso's Handbook of Operating Procedures (HOOP), section 7 Financial Services, chapter 3 University-Owned Property, and Equipment <https://www.utep.edu/hoop/section-7/ch-3.html> , and chapter 4 Transfer of Capital and Controlled Equipment <https://www.utep.edu/hoop/section-7/ch-4.html> , as applicable. Equipment may be received on loan by UTEP from another in-state or out-of-state agency, an agency of the federal government, or a private entity. The use of U.S. Government-owned equipment by UTEP employees and departments is governed by the policies and procedures of various government agencies as outlined in their respective publications and guidance letters. Proper care of private and/or government-owned equipment loaned to the university is essential because the university may be liable for any U.S. Government-owned items that are lost, damaged, destroyed, or unreasonably consumed.

Procedures

Before accepting any loaned equipment, and before any equipment arrives at the university, the department that intends to receive the loaned equipment, must have a properly approved, written agreement that details the terms and conditions of the loan, including any special clauses related to the length of the agreement, maintenance, insurance, use restrictions, and return conditions. In most cases, the Office of Sponsored Projects (OSP) is the appropriate departmental authority to sign the agreement.

Loaned equipment refers to equipment, works of art, exhibits, demonstration equipment, and other tangible items brought to the University for use free of charge. While no payment for the equipment is involved, other costs such as shipping, insurance, and repair costs may be incurred by the university.

It is the responsibility of the receiving department to notify the Inventory Department of any loaned equipment received on campus so that the equipment can be properly

tagged with a white university inventory tag, and another red tag that identifies the equipment as loaned, and therefore not university property. The Inventory Department will create a new record for the equipment in the university assets database, identifying at a minimum the equipment's description, declared value, responsible department, and location. Inclusion in the assets database means that the equipment will be subject to review and to be included in the annual campus-wide physical inventory, but will not increase the value of the total inventory assets and will not generate a depreciation expense.

Equipment loans can happen in various ways:

- **Equipment loaned by an external source.** This refers to equipment that is the property of someone other than UTEP. Departments receiving the loaned equipment must be fully aware of any conditions and restrictions imposed by the owner on the use of the equipment, including special care, maintenance, or insurance. Federal-owned equipment may have restrictions that preclude the loan of certain equipment. UTEP is responsible for the equipment while it is in its possession and may be liable to the owner in case any items are lost, damaged, destroyed, or unreasonably consumed. If the owner requires the university to provide insurance for damage or loss of the loaned equipment, then the department needs to contact the Office of the Vice President of Business Affairs in sufficient time to review the possible insurance needs and to acquire any necessary insurance.
- **Inter-agency equipment loans.** University departments have the opportunity to borrow equipment from another state agency for official University use. Written approvals are required before accepting an equipment loan. The receiving department needs to be aware of any restrictions on the equipment, especially when it refers to federally-owned equipment.
- **Inter-departmental equipment loans.** University departments have the opportunity to borrow some equipment from other departments on campus. In coordination with the OSP, loan arrangements should be documented in writing by the appropriate departmental authority (department chair, director, or administrator), and should be agreed upon by the borrowing department's authority. In all cases, the internal agreement should detail each department's responsibility for the equipment. The loaning department also has the responsibility to notify the Inventory Department of the temporary transfer of the equipment to another department, so that the Inventory Department updates the assets database to include the equipment's new department and location.

Equipment loans are restricted to official university business only. Equipment loans for personal use, or other non-university related private use are strictly prohibited.

Applicability

This procedure applies to all UTEP employees and departments that are in possession of loaned private, state or U.S. Government-owned equipment.

Definitions

Equipment: means a tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale and does not ordinarily lose its identity or become a component part of another article when put into use. Equipment does not include material, real property, special test equipment, or special tooling.

Government-furnished property: Property in the possession of, or directly acquired by, the Government and subsequently furnished to the Contractor for the performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is deliverable under a cost contract when accepted by the Government for continued use under the contract.

Government Property: All property owned by or leased to the Government or acquired by the Government under the terms of the contract. Government property includes both Government-furnished and Contractor-acquired property. Government property includes material, equipment, special tooling, special test equipment, and real property. Government property does not include intellectual property and software.

Loaned equipment: Refers to equipment brought to the University for use free of charge. The loaning agency retains ownership over the equipment.

Project Director/Principal Investigator (PD/PI): A term generically herein to refer to the individual with primary responsibility for a contract or grant. The terms Project Director and Principal Investigator are synonymous in this publication and will be indicated by PD/PI.

The Code of Federal Regulations section CFR 200.1 contains additional definitions that may be applicable to this guideline, and can be consulted in the following link <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#page-top>

Responsible Party

Office of the VPBA, Comptroller's Office, General Accounting Department, and the Office of Sponsored Projects (OSP)

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