

**Sam Houston State University**  
**A Member of The Texas State University System**

**Finance & Operations Policy FO-51**

**Disposition of Equipment Acquired with Federal Funds with a per unit Fair Market Value of \$5,000 or more.**

When equipment with a per unit fair market value of \$5,000 or more is acquired under a Federal award, OMB Circular A-110 requires that the University adhere to specific guidelines when disposing of the equipment. As part of its project closeout procedures, Contracts & Grants will review project expenditures to determine if equipment with a per unit fair market value of \$5,000 was acquired. If such equipment was purchased, C&G will contact the Principal Investigator to determine if the equipment is still needed.

If SHSU has no need for the equipment, Contracts & Grants will request written disposition instructions from the awarding Agency. OMB Circular A-110 outlines several disposition scenarios along with specific disposition requirements.

If so instructed, or if disposition instructions are NOT received within 120 days, per OMB A-110, SHSU shall sell the equipment and reimburse the Federal awarding agency the amount of the proceeds multiplied by the percentage of the Federal participation in the original program. SHSU will be permitted to retain \$500 or 10% of the proceeds whichever is less for its selling and handling expenses.

If SHSU is instructed to ship the equipment elsewhere the University shall be reimbursed by the Federal Government for an amount equal to SHSU's percentage share in the original project, multiplied by the current fair market value of the equipment. The University is also entitled to reasonable shipping or interim storage costs.

If SHSU is instructed to otherwise dispose of the equipment, the University shall be reimbursed by the Federal awarding agency costs incurred as a result of this disposition.

If the University no longer needs the equipment, OMB A-110 indicates that the recipient may retain the equipment for other uses. If the University chooses to retain the equipment for other purposes, the awarding Agency must be compensated based on the fair market value as detailed in OMB Circular A-110. C&G will contact the SHSU Purchasing department to help determine a fair market value for the equipment.

State funds may be expended for the payment of travel expenses incurred within the boundaries of the State of Texas for the purpose of direct recruitment of students.

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**OMB Circular A-110 Requirements**

When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the Federal awarding agency. The Federal awarding agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported to the General Services Administration by the Federal awarding agency to determine whether a requirement for the equipment exists in other Federal agencies. The Federal awarding agency shall issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern.

- (1) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse the Federal awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.
- (2) If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the recipient's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- (3) If the recipient is instructed to otherwise dispose of the equipment, the recipient shall be reimbursed by the Federal awarding agency for such costs incurred in its disposition.
- (4) The Federal awarding agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such transfer shall be subject to the following standards.
  - i) The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing.
  - (ii) The Federal awarding agency shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with grant funds and federally-owned equipment. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of this section, as appropriate.
  - (iii) When the Federal awarding agency exercises its right to take title, the equipment shall be subject to the provisions for federally-owned equipment.

Approved by: James F. Gaertner, President – 01/30/08  
Reviewed by: Jack Parker-Vice President for Finance & Operations – 01-30-08  
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