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University of California
Office of the President

Senior Vice President—
Business and Finance

Strategic Policy & Analysis
Research Administration Office

Memo

Operating Guidance

No. 95-10
October 4, 1995

VICE CHANCELLORS--BUSINESS AND FINANCE ADMINISTRATION* CONTRACT AND GRANT OFFICERS OFFICE OF THE PRESIDENT FUNCTIONAL MANAGERS

Subject: Definition of Equipment in Contract and Grant Proposals--Interim Guidance

Federal regulations currently allow applicant organizations to define "equipment" to include non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, "lower limits" may be established by the applicant organization. "Lower limits" mean that the applicant organization may choose to establish a lower dollar threshold and/or a longer useful life.

The University currently defines "equipment" to include non-expendable personal property having a useful life of more than *two years* and an acquisition cost of \$500 or more per unit. A review is under way at the Office of the President to consider changing these thresholds, but until that review is completed the current University definition of "equipment" should be used for the purpose of completing contract and grant proposals for federal support.

The guidance given above will result in the same practice that has been followed for over twenty years, and so few if any operating changes should be made at the present time. An exception is the case where an agency has prepared preprinted budget forms that stipulate equipment line items having the \$5,000 threshold. In these cases the Contract and Grant Office should make it clear to the sponsoring agency, for example by a pen and ink change on the form, that the University is using the \$500 threshold.

For example, the National Science Foundation's latest *Grant Proposal Guide* (NSF 95-27) contains the following line item on form 1030, Summary Proposal Budget:

- D. EQUIPMENT (LIST ITEM AND DOLLAR AMOUNT FOR EACH ITEM EXCEEDING \$5,000.)

This should be altered to look like the following:

D. EQUIPMENT (LIST ITEM AND DOLLAR AMOUNT FOR EACH ITEM EXCEEDING ~~\$5,000.~~
\$500)

Refer: Bill Sellers
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william.sellers@ucop.edu

Subject Index: 15
Organization Index: U-115



David F. Mears
Director
Research Administration Office

cc: David Barnard; Equipment Managers

*Note: The addressees above represent the standard distribution of Contract and Grant Memos. Additional addressees, if any, may be added based on the subject of the Memo. See cc's.

Research Administration

University of California

LETTER

Information

April 5, 1995

CONTRACT AND GRANT OFFICERS

EXTRAMURAL FUND MANAGERS

FEDERAL SYSTEMS COMMITTEE

FEDERAL AUDIT COORDINATORS

Subject: Proposed Revisions to OMB Circular A-133

Proposed revisions to OMB Circular A-133, "Audit of Institutions of Higher Education and Other NonProfit Institutions" were published in the Federal Register on March 17, 1995. A copy of the proposed revision is available electronically through the WEB SERVER at:

[/raohome/](#) (refer to the section titled "OMB Circulars")

If you are unable to access the WEB SERVER and would like to obtain a paper copy of the proposed revision, please notify Joan Zimmerman in our office via email at joan.zimmerman@ucop.edu.

Comments on the proposed revisions are due at the OMB by May 16, 1995. A draft comment letter will be prepared by the Research Administration Office and sent to you for your review shortly.

The proposed revision includes the following changes:

Increased Threshold for Audit. The threshold will be increased from \$25,000 to \$300,000. New Risk-Based Approach To Determine Major Programs.

Required Level of Internal Control Testing.

Guidance on the Schedule of Federal Awards. The Schedule of Federal Awards will require the listing of all federal awards by CFDA and Award Number. This requirement would apply to prime awards and flow-through awards.

Attestation on Internal Controls and Compliance.

Modified Requirements Related to Audit Findings.

Due date for submitting reports will be shortened from 13 months to 9 months.

The assigned cognizant agency shall be the Federal awarding agency that provides the predominant amount of direct funding to a recipient.

Refer:

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Subject Index: 04

Organization Index: F-005

David F. Mears

Director

Research Administration Office