

# PROCUREMENT SERVICES POLICY 12 SPECIAL CONSIDERATIONS RELATED TO EQUIPMENT

The University of North Carolina at Greensboro

Approved by Paul Forte, Interim AVC for Finance, August 4, 2021

Revised August 4, 2021

## 1. Purpose

This policy outlines some special considerations related to procuring and maintaining equipment.

## 2. Scope

This policy applies to all academic units, organizations, affiliates, and employees of UNCG.

## 3. Definitions and Roles and Responsibilities

### 3.1 Definition

**RENTAL:** A contract for the right to use a commodity or product for a period of time, usually with payments made at intervals over the period of use, and normally providing for short notice of cancellation

**LEASE:** A contract conveying from one to another the use of a commodity for a designated period of time in return for established periodic payments. This does not contain an option, or an obligation, to purchase.

**LEASE-PURCHASE:** A contract conveying from one to another use of a commodity for a designated period of time in return for established periodic payments, with an option or obligation to purchase the commodity. Used when outright ownership is uncertain or when it is the intent to delay ownership.

## 4. Policy

### Purchasing Used Equipment

Often companies will offer used equipment at special prices under new warranty conditions. Offers of this type are usually satisfactory but cannot be accepted without first offering competing vendors an opportunity to quote on similar equipment. All used equipment purchased should carry a new warranty except those items purchased from State or Federal Surplus Property. See section 1.2.2a of the [State Purchasing Manual](#).

## **Repair of Equipment**

### **Repair of In-Warranty Equipment**

Most new equipment is warranted by the manufacturer for a period of time against faulty parts or workmanship. Such equipment is generally supplied with a warranty card or warranty directions. This information is to be completed by the campus department and submitted to the manufacturer as soon as the equipment is received. Unless this warranty information is returned promptly, some manufacturers will not accept liability for the repair or replacement of the equipment. In the case of equipment obtained by solicitation, the warranty specifications will be spelled out on the solicitation, the offeror's/bidder's response, and the purchase order. A request for warranty service should be originated by the campus department owning the equipment. The campus department will communicate with the vendor for instructions on handling the warranty repair. If return to the vendor is necessary, the campus department will be responsible for forwarding the equipment to the vendor. The campus department is not to return the equipment until shipping instructions are obtained from the vendor. The vendor repairing the equipment will return the repaired equipment directly to the campus department. The campus department is to provide the vendor detailed return directions including the complete physical address, name of the person in charge of the equipment and contact info, room number, and the name of the building. Any freight or service charges not paid by the vendor will be billed to the campus department by the vendor after the transaction is completed.

### **Repair of Out-of-Warranty Equipment**

Repair of out-of-warranty equipment is paid for by the campus department on a per request basis. Requests for out-of-warranty service not covered by a service or maintenance contract should be initiated by the submission of a purchase requisition to Procurement Services. Procurement Services will require an on-line requisition and assign a purchase order number or the PCard may be used for the repair service request and authorize the campus department to contact the service facility. It should be noted here that it is best to always obtain thorough written estimates of repair costs in order to avoid spending more for repairs than would be necessary for replacement of the equipment. In instances where a firm-fixed price estimate is not available, Procurement Services may issue a "Not to Exceed (NTE)" Purchase Order for the repair. Such a Purchase Order authorizes repair to proceed up to a specified dollar limit; this limit may not be exceeded unless amended by a change order issued by Procurement Services. Additionally, where conditions warrant, the Purchase Order may provide for a tear down-and-quote where the campus department is not obligated to proceed with a repair if the initial tear-down and inspection demonstrates that the costs of repair will exceed the value of the equipment or the campus department elects not to proceed. The equipment to be returned for repairs should be returned to the company by the campus department in accordance with the repair facilities shipping instructions.

## **Renting and Leasing Equipment**

Lease agreements are for a definite period of time and cannot be cancelled during the life of the lease. Some leases contain an option to purchase the equipment at the end of the lease. If the equipment will be needed on a continuing basis, it is usually more economical to purchase the equipment outright, provided funds are available. Rental agreements are like lease agreements except that rental agreements normally provide for short notice of cancellation. The cost of some equipment is so great that it may be more economical to rent on a continuing but indefinite basis. Total dollar value of the rental or lease determines if competitive bidding is required. Section 1.2.2 of the [State Purchasing Manual](#) offers guidance on lease and rentals.

## **Trade in with Purchase**

Some used equipment has value when used as a trade on the purchase of new equipment of the same type. When a campus department wishes to trade-in used equipment, a request to do must be made of Procurement Services and included in the purchase requisition for the affected new equipment. The trade-in request is to include type of equipment, year of acquisition and production (if known), original or initial acquisition cost(s), model number, serial number, description, and Fixed Asset number. Complete the Trade in Request form and submit it to Procurement Services for approval. If the University deems this trade-in desirable, Procurement Services will request approval from the State Surplus Property Division. Prior to request for approval, Procurement Services should be provided with a written quotation of the trade-in allowance offered by the vendor. Only if approved by the State may the University offer the existing equipment as a trade-in under the purchase. The State Surplus Property Agency provides information and guidance on State surplus rules.

## **Equipment Trade-In**

When a piece of equipment has been disposed of by trading-in on a new item, the disposing campus department will complete, and forward equipment disposal form as directed.

## **5. Compliance and Enforcement**

The Director of Procurement Services is responsible for ensuring compliance with this policy.

## **6. Additional Information**

### **6.1 Supporting Documents**

[Purchase and Contract](#)  
[State Surplus Property Agency](#)

## 6.2 Approval Authority

This policy will be approved by the Interim Associate Vice Chancellor for Finance.

## 6.3 Contacts for Additional Information and Reporting

- Responsible Executive: Michael Logan, Director of Procurement Services, (336)334-4104, **mflogan@uncg.edu**
- Responsible Administrator: Richard Fleming, Assistant Director of Procurement Services, (336) 334-3078, **rrflein@uncg.edu**