

Equipment Loans to Stanford

- Authority** This Guide Memo was approved by the Provost, and the Vice President for Business Affairs and Chief Financial Officer (“CFO”).
- Summary** This Memo describes the policies that apply to equipment loans. Only Procurement and the CFO are authorized to execute documents which commit Stanford to a loan obligation.
1. DEFINITIONS AND TERMS
 2. REQUISITIONS
 3. RECEIVING & RECORDING
 4. INSURANCE COVERAGE
 5. CHANGE OF TERMS
 6. RETURN OF EQUIPMENT

1. DEFINITION AND TERMS

- a. **Loans of Equipment** – A loan occurs when Stanford receives free use of equipment. For example, a manufacturer may lend Stanford experimental or prototype equipment that needs testing under regular operating conditions. Even though no payment is involved, other liabilities, such as insurance coverage and repair costs, need to be covered by a loan agreement negotiated, signed and executed by Procurement.
- b. **Sponsor-Furnished Property** – Sponsor-furnished property is a loan of property from a sponsor and managed under the terms and conditions of an existing sponsored award or bailment agreement. The Property Management Office, in conjunction with Office of Sponsored Research, is responsible for ensuring the terms and conditions of the award are followed. More information about Sponsor-furnished Property can be obtained at <http://www.stanford.edu/dept/ORA/upai/toc.html>, Chapter 2, Acquisition, Property Loaned to Stanford.
- c. **Leases** – For policy regarding equipment leases, consult Administrative Guide Memo 54.3, Equipment and Real Estate Leases, at http://adminguide.stanford.edu/54_3.pdf.

2. REQUISITIONS

- a. **Initiating the Loan** – Following departmental approval, departments must submit an online requisition to Procurement in Oracle Financials using the Standard.Capital Equipment category. Forward any agreement forms or other documentation to Procurement.
- b. **Equipment Purchase at the End of the Agreement** – To buy equipment at the end of a loan, the department must submit a new online requisition, using the Standard.Capital Equipment category and referencing the original purchase order number.

3. RECEIVING & RECORDING

The department must inspect, verify and document the condition of loaned equipment when received. Online receiving in Oracle Financials is required for loaned equipment as it is for purchased equipment.

Departmental Property Administrators are responsible for establishing and maintaining property records for loaned equipment in the Sunflower asset management system. Loaned equipment must be tagged and tracked according to the policies of the Property Management Office at <http://www.stanford.edu/dept/ORA/upai/toc.html> within 30 days of receipt.

4. INSURANCE COVERAGE

Stanford's goal is for the lender's insurance to cover all aspects of damage and injury related to an equipment loan. Contact the Director of Risk Management or the Director of Procurement if there is any question of Stanford assuming any liability for the loan or that appropriate coverage is provided.

If the lender is not providing insurance, note this on the requisition.

5. CHANGE OF TERMS

Departments must observe the start and stop dates of the loan. Using the item outside the terms of the agreement has significant contractual implications and may subject Stanford to rental charges, early termination charges, and other liabilities. The lender's insurance may be valid only during the stated period.

6. RETURN OF EQUIPMENT

Unless the department wishes to buy the equipment, a memo or email to the assigned buyer in Procurement is sufficient to return the item at the end of loan. Procurement will notify the lender.

To terminate an equipment loan early, the department must contact the assigned buyer in Procurement. An online requisition to Procurement is required to extend the duration or renew the term of a loan.