

SECTION 7: ACQUISITION PROCEDURES

SUBJECT: LOANED/DEMONSTRATION/SAMPLE PRODUCTS Procedure #7.3.16

POLICY

Equipment loaned to the University for official University with a value over \$2,000 requires a signed loan agreement and entry into the [Equipment Inventory Office](#) OASIS system.

Demonstration or sample equipment or products provided to the University by a supplier must be submitted to Procurement Services for approval if the value exceeds the direct buy limit (currently \$10,000).

Additional requirements may apply if the equipment or product is loaned to a UW Medicine or Medical Center organization.

PROCEDURE

Demonstration/Sample Equipment or Products

Before acquiring demonstration or sample equipment or products worth more than the direct buy limit (currently \$10,000) from a supplier, departments should consult with Procurement Services to allow Procurement to issue a purchase order that details the conditions under which the University will accept the equipment or product.

The provision of a no-cost demonstration product should not be considered a guaranteed purchase. University personnel should refrain from indicating that the provisions of a no-cost demonstration product will result in a purchase.

The University will not accept responsibility for equipment or other products or services delivered to any University location without prior approval by the requesting department (for items with a value less than the direct buy limit) or by Procurement Services (for items with a value over \$10,000). Products, equipment or services provided without such approval may be considered a donation, and in no event will the University assume any further obligation for the delivery or provision.

Loaned Equipment

If the equipment will be:

- On loan for more than six months and cost \$2,000 or more, **within 24 hours of receipt**, department tags asset and enters it into OASIS as a "T" status asset. The item should be treated the same as a newly purchased piece of equipment. Information to be entered should include:
 - UW Tag Number (contact your departmental inventory person)
 - Description
 - Manufacturer

- Model
- Serial Number
- Custodian/User
- Building
- Wing
- Room Number
- Status (enter - T)
- Requisition Number (enter 000000)
- Accountable Budget
- Total Cost
- Class Code
- Date Received
- Acquisition method (enter - OL for On Loan)
- The Equipment Inventory Office will review the OASIS entry for complete information and approve the asset
- If the equipment will be on loan for more than six months but cost less than \$2,000, the equipment should be monitored and accounted for separately by the receiving department.
- Department retains copies of the loan agreement(s).

Additional Considerations for Healthcare Organizations

- The Physician Payments Sunshine Act ([42 CFR 402 & 403](#)) requires that manufacturers of medical products, including drugs, medical devices and supplies report payments and transfers of value to physicians and teaching hospitals to CMS (Center for Medicare and Medicaid Services). Under this act, loan periods greater than 90 days trigger the reporting requirement. This reporting requirement should be included in the loan agreement if the loan period is greater than 90 days.
- Equipment loans must be for research purposes only and the name of the study for which the equipment will be used must be identified.
- The University cannot take title to the equipment. The manufacturer should (but is not required to) remain responsible for maintenance costs.
- If no money is exchanged for the equipment (an “in-kind” donation in exchange for the researcher’s time), the [UW Office of Sponsored Programs \(OSP\)](#) must be informed. OSP will contact the appropriate agency regarding compliance with that agency’s guidelines.
- When the equipment is returned, it must be at the manufacturer’s expense
- Clinical use is **PROHIBITED**
- “Product Evaluation” transactions should be referred to your manager, who may refer them to UW Medicine Compliance. These transactions must include a fair exchange (measured by the fair market value of the equipment loan and the fair market value of the researcher’s time) or the transaction may violate the Federal Anti-Kickback statute ([42 USC 1320a-7b](#)) and/or the Washington State Ethics Law ([RCW 42.52](#)).