



4.9 Rentals/Leases

Policy Statement

Equipment rentals and leases are allowed under State regulations. The length of time of the transaction determines whether an agreement will be considered a rental or a lease.

Employee vehicle rentals and property rentals by UGA are not covered under this policy and procedure. The University travel policy includes information regarding vehicle rentals. The Office of Real Estate and Space Management should be contacted at 706-542-1361 regarding real estate (property) rentals.

Reason for policy

This policy provides guidance on renting and leasing equipment.

Procedures

For procedural purposes, rental of equipment is categorized in two ways: as rentals (short term transactions of 90 days or less) and as leases (transactions of more than 90 days). Rentals or leases may contain a purchase option with credit accruing against such option as lease payments are made.

Petty Cash:

Rentals (transactions of 90 days or less) that are \$500 or less may be purchased with petty cash.

Purchasing Card (P-Card):

Rentals of equipment may be purchased with a p-card, as long as the rental period is less than 90 days. The p-card's single transaction limit is applicable to the allowable dollar amount. (The p-card may not be used to rent vehicles for employee use per the P-card policy updated 4/1/2017.)

Purchase Request (UGAmart requisition):

If petty cash or p-card procedures are not utilized, rentals must be initiated by a UGAmart requisition. The vendor's rental agreement should be attached to the UGAmart requisition.

Leases (more than 90 days) should be requested by processing a UGAmart requisition in accordance with normal purchasing **procedures**. The State of Georgia requires the lessor to execute the State's Standard Agency Agreement. If the lessor has provided this agreement, it should be attached to the purchase request but it should not be signed by the department and no commitments should be given by departments for the lease or delivery of equipment. After necessary approvals and processing, which may include competitive bidding, a purchase order will be issued to cover the lease. For competitive bids, Procurement will include the State Purchasing Division Lease/Rental contract in the solicitation. Rental payment will be made after proper approval by the department. Partial payment forms or payment requests used to initiate monthly or other periodic rental payments against equipment leases should indicate the order/contract number against which funds are encumbered. Leases may be handled as multiyear agreements. See [Contract Renewal/Administration/Multiyear Contracts Policy](#). For lease financing agreements, the contract may provide for interest payments or for the allocation of a portion of the contract payment to interest. The University is permitted to pay interest on installment purchase or lease/purchase contracts provided the contract clearly defines the interest rate and payments. (O.C.G.A.) Section 50-5-64.5 prohibits state entities from paying interest as a late fee on outstanding principal balances associated with contracts.

Termination of Lease Agreements: A department wishing to terminate a lease contract before the end of the lease period should provide a written request to the University Procurement Office. Procurement will review the agreement and determine if termination is possible.

Policy definitions

Rentals – agreements of 90 days or less

Leases – agreements of more than 90 days

Lessor – vendor providing equipment

Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Procurement Officer

Policy Owner: [Procurement](#)

Policy Contact: [Robert Currey](#)

Phone Number: 706-542-2361

Record Retention

Leases will have a contract/agreement associated with the transaction.

Record Copy: Procurement

Retention: 7 years after expiration, BOR [0472-14-002](#)

Related information

SPD-SP027 State Entity Contract for Equipment Rental or Lease

[Section 3.2.2 Contract Renewal/Administration/Multi-Year Contracts](#)

Date Reviewed: 02/05/2018

[< Radioactive Materials](#) | [Repair](#) [>](#)

Policy Dates

Effective Date: 01/01/2016

Date Last Updated: 06/17/2016

Date of Last Review: 11/13/2019

Date of Approval: 11/13/2019

Previous Version of Policy: