

University of Notre Dame
Federal Property Management Standards
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The Controller's Office, through the Department of Accounting and Financial Services, is responsible for maintaining inventory records for all capital assets, regardless of the funding source. General capital asset accounting policies are outlined in a separate policy. This policy defines additional management standards which apply to property furnished by the Federal government. The policies and procedures detailed herein comply with the requirements of Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations." The property management policy also complies with the requirements of Federal Acquisition Regulation (FAR) Part 45, "Governmental Property." The procedures comply with the DoD Manual for the Performance of Contract Property Administration issued by the Assistant Secretary of Defense. Compliance with the directives ensures uniformity of standards governing the management and disposition of property furnished by the federal government, the cost of which was charged to a project supported by a federal award.

Because of the variance in rules and regulations across governmental agencies managing acquired or furnished federal property, it is emphasized that principal investigators, divisional or lead principal investigators, and business managers must be familiar with specific contractual requirements for the properties before initiating the following processes: (1) acquisition, (2) cannibalization, (3) disposal, including transfer or sale, (4) safekeeping, (5) vesting of title, and (6) accountability. This caveat applies regardless of whether equipment is procured with grant or contract funds furnished by a sponsoring agency or obtained through a federal surplus property program.

For purposes of these guidelines, government-furnished property (GFP) includes any property that has been acquired directly by the government and subsequently delivered or otherwise made available to the University for its use. Contractual agreements governing acquisitions from federal or state excess property pools require equipment items not meeting the University's definition of equipment to be held as accountable property. In these instances, the agreement terms and conditions prevail over University of Notre Dame policy.

PROPERTY MANAGEMENT STANDARDS AND PROCEDURES

Property Management

Responsibilities associated with property management shall be as follows:

- Department heads: Responsible for care and protection to prevent loss, damage, or destruction.
- Departmental custodians: Responsible for daily operations of the departmental property controls to include identification and tagging, departmental record keeping and reporting, movement, inventory, and communications of property issues to Research & Sponsored Programs Accounting (RSPA) and Accounting & Financial Services (AFS).
- Assistant Controller for Accounting and Financial Services: Responsible for oversight of the property management system, including policies and procedures, training, and overall communications.

- **Manager of Plant Fund Accounting:** Responsible for identification, record-keeping, and reporting of property acquisitions, accounting records, periodic internal audits, and ensuring the timeliness and accuracy of updates to the property management system.
- **Accounting & Financial Services staff:** Identify property through the University's purchasing systems, governmental and other acquisition documents; enter data into the Capital Asset System according to the requirements of OMB Circular A-110; assign barcode, tamper-evident tags to physically identify each acquired item by asset number; update appropriate fields of the Capital Asset System, as needed; provide the necessary information to Research & Sponsored Programs Accounting staff so they may prepare and distribute timely governmental property reports; identify, investigate, and report incidents involving loss, damage, or destruction of property to appropriate authorities; ensure accuracy of information relative to property movement; coordinate a biennial physical inventory of all accountable property; conduct periodic visits to spot check departmental inventories; conduct corrective actions to deficiencies disclosed during internal audits; and communicate with appropriate individuals regarding property issues.
- **Research and Sponsored Programs Accounting:** Determine who has title to property and communicate this to the Manager of Plant Fund Accounting. Generate any necessary property reports and distribute to the appropriate agency.

Purchasing/Acquisition of Equipment on Grant or Contract Accounts

The primary objective of acquisition is to ensure only items and quantities authorized by contract terms and conditions or budget requirements are acquired or fabricated and to ensure the validity of property classifications. Reference is hereby made to the University Procurement Services' Policy Manual which can be reviewed at http://buy.nd.edu/buying_help/policy/index.shtml. See *buyND* e-Procurement, Bidding Policy, and Purchasing with Federal Funds for specific guidelines regarding purchasing, acquisitions, and procurement, including the acquisition of governmental property.

Federally-funded equipment acquisitions costing \$5,000 or more are subject to screening procedures to ensure unnecessary or duplicative items are not purchased. Prior to purchasing a major item of equipment, the University expects screening will be conducted to determine that similar or like equipment is not available on campus for shared use. Some sponsoring agencies may have special requirements regarding equipment acquisitions. The principal investigator will coordinate efforts with the University's Purchasing Department when special requirements are mandated. In the absence of sponsor guidance, it is suggested for items of equipment costing \$5,000 or more, inquiry be made to the cognate units and the inquiry be documented. Exhibit I to this document contains a "Certificate of Non-Availability of Equipment", which may be used to document the inquiry by the principal investigator.

Receiving

The primary objectives in receiving property are to determine the quantity received and its condition, and to identify transit-related discrepancies.

Each individual who receives property purchased, acquired, or procured by or for the University shall examine the property to determine the quantity received compared to the bill of lading or shipping document, the condition of the property, and identify any discrepancies. University personnel shall reconcile the bill of lading or shipping document and packing list with purchase orders, requisition documents, and related documents to ensure accountability for all items, attachments, and accessories. Once the shipping document and equipment received have been confirmed, the user is responsible for entering the receipt in the *buyND* system. Vendor invoices are received into Payment Services. If the vendor invoice references a purchase order, the invoice is routed to an Accounts Payable clerk for processing. The clerk first queries *buyND* by the PO# to identify if the items have been received. If received, the clerk notes the receiving document number on the invoice (i.e., RN). If not, then the clerk files the PO Invoice and checks again at a later time. If nearing the invoice due date, and receiving has still not been noted in *buyND*, the clerk contacts the department or requisitioner to ensure receipt of goods or to become aware of any disputes.

Identification

Each item of equipment costing \$5,000 or more must be identified to ensure accountability for insurance purposes, capitalization procedures and effective property control.

The Manager of Plant Fund Accounting, or appropriate designee(s), shall extract relevant data from payment files, purchase orders, check vouchers, goods-in-kind documents, and/or governmental documents and enter such data into the Capital Assets System monthly. Each movable asset shall be assigned a physical tag number, which shall be affixed to the item by a tamper-evident bar-coded tag, or kept on file by the department contact when affixing the bar-coded tag is not possible. Property with a life expectancy of one year or less shall be recorded by a non-capital account code.

Records

The official records are maintained in the Capital Assets System by AFS to show status of and to establish control over property.

Procurement Services personnel are responsible for retaining and filing requisitions, bids, purchase orders, check vouchers, and other documents relative to all purchases, including property. RSPA staff are responsible for interacting with governmental agencies regarding the receipt of governmental property, interacting with Departmental custodians regarding governmental property and retaining copies of documentation in the historical RSPA grant files.

Storage

Placing governmental property in appropriate areas is paramount not only for the operability and utility of the property, but also for its effective control and protection. Storage areas shall be clean, organized, limited to authorized personnel, properly lighted, and arranged for short-term and long-term preservation. Each individual who has responsibility for storing property shall ensure the appropriate safeguarding of the property. The departmental property custodian shall be responsible for storing excess property.

Lost, Stolen, Damaged or Destroyed Equipment

The University is responsible for replacing or repairing equipment that is lost, stolen, damaged, or destroyed. Any loss or theft of equipment must be promptly reported to Campus Security and AFS. The Manager of Plant Fund Accounting will report the loss or theft to RSPA, who will make a loss or theft report to the appropriate governmental contracting officer. The Manager of Plant Fund Accounting will reflect the loss or theft in the Capital Asset System.

Any equipment that is willfully damaged or destroyed must be repaired or replaced with University funds. It is inconsistent with federal property regulations to cannibalize furnished or acquired property without authorization from the cognizant federal agency.

Depreciation and Use Charges

Under applicable federal regulations, indirect cost charges for depreciation cannot be made for the portion of equipment acquired with federal funds even though equipment title has been transferred to the University. The University's inventory records indicate the source of funds; therefore, federal participation, if any, is excluded in the University's calculation of use charges.

Inventories

Physically locating and counting property is necessary for loss, damage, and destruction control, risk management, and to ensure the availability of property to meet the intended purpose. Excess property can be identified for reutilization, upgrades or repairs, or if government property for disposition instructions.

The Manager of Plant Fund Accounting shall coordinate a physical inventory on a biennial basis. Information is distributed to Department Heads or their designee in advance to allow adequate time for visual verification and identified corrections to be processed. Department Heads shall provide information to the departmental custodians to locate, count, and verify property. The Manager of Plant Fund Accounting shall request information regarding each asset to determine its usage, operability, and anticipated location. Property records shall be updated and corrections provided to the Manager of Plant Fund Accounting to correct the University's official inventory records. Discrepancies regarding governmental property shall be reported by the departmental custodians to the Department Head and the Manager of Plant Fund Accounting in a timely manner.

Periodic and final inventory reports required by sponsoring agencies are generated by RSPA in coordination with the Manager of Plant Fund Accounting.

Responsibility for care, custody, and maintenance of equipment is assigned to the Department Head. This responsibility and accountability includes the responsibility to physically count equipment items at least biennially and reconcile the results with the inventory records. Equipment inventory listings are furnished by the Manager of Plant Fund Accounting. Any differences in the physical count and inventory records are to be reported to the Manager of Plant Fund Accounting, for notification to RSPA and the appropriate sponsoring agency.

A principal investigator may receive governmental property directly from a federal agency without the knowledge of the Manager of Plant Fund Accounting or RSPA. In these instances, it is the responsibility of the principal investigator to report these items to the Manager of Plant Fund Accounting so the property can be logged on University records and tagged. This requirement also applies to all departmental property obtained from a federal surplus property program. Any items, regardless of source, meeting the criteria as a capital asset must be tagged and placed in the University Capital Asset System.

Movement

Movement is defined as the process of moving all types of property from one point to another within facilities in which the University operates, for any purpose.

- A. Each individual who moves property, for whatever reason or purpose, shall be responsible for ensuring the property is safeguarded and moved under proper authority. Notification of such changes shall be reported in a timely manner to the Departmental Property Custodian, who, in turn, reports such changes to Plant Fund Accounting staff to ensure updates to the University's Capital Asset System.

- B. Property to be shipped off-site for research experiments shall be reported to the Departmental Property Custodian in sufficient time to allow for proper documentation, insurance coverage when appropriate, shipping arrangements, and proper preparations for shipment. The Departmental Property Custodian shall be the point of contact for all shipments, especially those involving movement outside of the United States.

Transfer of Property to Other Institutions

In some cases, property may follow a principal investigator if he/she transfers to another institution. Property purchased with grant or contract funds or otherwise provided by a sponsor will be transferred upon receipt of proper request and sponsor authorization if title has not been vested in the University and if no law, agreement, or regulation exists to indicate that the University may logically expect to obtain title to the property. Where title has been vested in the University or will become so vested in the normal course of events, transfer will be approved only when no need for the property exists within the University.

The following conditions must be met before a transfer of property can be approved by the University:

- A. All requests for transfer of property will be coordinated by and through the dean and/or director having administrative responsibility for the contract(s) or grant(s) involved.

- B. A written request must be received by the dean and/or director from an authorized representative of the proposed recipient organization stating in detail what property is being requested and that the recipient organization will accept responsibility for the item(s) transferred.

- C. Written approval must be received by the dean and/or director from an authorized representative of the sponsoring agency unless title to the property has been unequivocally transferred to the University.

- D. Provision must be made in writing by an authorized representative of the sponsor or receiving organization for the University to be reimbursed for any costs which it may incur incidental to the transfer. If the removal of the equipment results in significant costs to make the space usable, these costs also must be approved for reimbursement. Care must also be taken to ensure the University is reimbursed for its participation, if any, in the original acquisition cost of the property.
- E. A statement by the department or school head must be forwarded to the appropriate vice president through the dean and/or director stating no need exists for the equipment in the foreseeable future. Approval by the dean and/or director or an authorized representative will be evidence also that no current need exists elsewhere within his/her area of responsibility.
- F. The appropriate vice president must decide whether it is in the best interest of the University to approve transfer of the item(s) in question or whether title should be retained by the University.

Despite transfer of the principal investigator to another institution, the equipment does not have to be transferred if:

- A. The University retains the project for which the equipment was acquired and, with the approval of the federal granting agency, places the project under a new director.
- B. The cost of transferring the equipment, as determined by the granting agency, would be excessive, relative to its current value.
- C. The new grantee does not require the equipment to continue the project.

Annual Financial Reports of Governmental Property

Certain funding agencies rely on reports from contractors regarding the value of property and number of items with the contractor. Reports are completed based on the specific needs of each funding agency.

RSPA is responsible for researching grant and contract files to determine awards subject to reporting requirements. Plant Fund Accounting shall provide data reports from the Capital Assets System to RSPA for specific reporting purposes.

The property accounting records will contain data to report the dollar amount of federal governmental-owned property, such as land, building, and equipment. The report shall be prepared and forwarded by RSPA to the federal governmental property administrator in accordance with FAR 45.6 and the corresponding FAR supplement paragraphs.

Definition of Equipment/Property

The University defines an item as a capital asset if it can be used repeatedly without material impairment of its physical condition, has a calculable period of service of more than one year, and a value of \$5,000 or more. However, if the federal capitalization rate specified on the Office of Management and Budget Circular A-21 or future federal circulars or regulations as amended, is lower, this amount is used. In certain instances, external agencies define accountable equipment less stringently. Grant or project directors should be aware that a purchase requisition for non-accountable equipment (usually referred to as expendable or exempt), as defined by an external awarding agency's contractual document (generally items less than \$5,000), is processed and classified as equipment in accordance with University policy. Title to non-accountable (expendable) equipment usually vests with the University at acquisition.

Title to equipment acquired by the University with federal funds shall vest in the University, subject to the following conditions:

Under federal contracts, title to equipment purchased with contract funds costing \$5,000 or more vests as set forth in the terms and conditions of the contract (reference FAR Clause 52.245 and FAR 35.014). Under federal grants, title to federally furnished equipment remains with the federal government. Title to equipment acquired with project funds shall vest as set forth in OMB Circular A-110.

Generally, title to equipment costing less than \$5,000 is vested in the University upon acquisition (FAR 52.245).

Capital expenditures for general purpose equipment are allowable as direct contract charges only when approved in advance by the sponsoring agency.

Capital expenditures for special purpose equipment are not allowable as direct charges unless the acquisition is approved in advance by the sponsoring agency or a budget revision is approved through the Office of Research.

Sponsoring agencies may require prior approval from their appropriate contracting officer before certain items of equipment (usually those costing \$1,000 or more) are procured. Approval to purchase may be made by letter of authorization. Items listed in the approved proposal budget are usually considered to have met the prior approval condition required by most federal agencies. However, to prevent disallowance of cost, caution should be exercised to ensure the agency's requirements are met.

As an absolute safeguard against cost disallowance, project directors are urged to submit requests and receive written authorization for purchase from the federal agency contracting officer. Approval for purchase is treated as official documentation and kept on file in RSPA.

Consumption

The process of incorporating property or material into an end item or otherwise consuming it in performance of a contract is termed consumption. University operations are such that materials and property classified as equipment are not consumed; therefore, this function is not applicable.

Utilization

The process of using property for the purpose it was acquired is termed utilization. Principal investigators shall be responsible for ensuring property is used in accordance with contractual authorization, when appropriate, according to the purpose for which it was designed, and in a safe manner. For governmental property, utilization includes the time period in which property has been authorized, usage on non-governmental work, and proper recording of actual use.

Maintenance

Regular required upkeep and maintenance ensures operability of property. Principal investigators shall ensure performance of regular required maintenance, when appropriate. Maintenance actions shall be recorded upon completion. Maintenance records shall be analyzed when breakdowns occur to determine the cause and to ascertain the possibility of inadequate preventive or routine maintenance.

Subcontractor Control

A prime contractor has responsibility for all property awarded or provided by a funding agency. Therefore, subcontractors are responsible to prime contractors for property under its control.

The Office of Research shall ensure subcontracts contain the flowdown of proper clauses and provisions consistent with the University's policies and procedures for the control, use, maintenance, repair, protection, and preservation of property. This may take place either through the University, as the prime contractor, performing oversight of its subcontractors or through the prime contractor electing to rely upon the government's surveillance, when governmental property is involved, through the operation of a support property administration delegation.

When governmental property is included with an award, the appropriate Governmental Property Administrator shall be made aware of all such subcontracts, purchase orders, transfers, and other actions that contain or provide governmental property to a subcontractor. The subcontract functions shall contain the required approvals by the appropriate Governmental Contracting Officer for incorporation and flowdown of the limited risk of loss provisions and the administration of the risk of loss provisions on behalf of the government for any instances of loss, damage, or destruction of governmental property in the possession of the subcontractor.

The Assistant Controller for RSPA shall also ensure the University's compliance as a subcontractor with directives of a prime contractor.

The Departmental Property Custodian shall ensure property has been tagged at the subcontractor's locations and shall require appropriate reports consistent with the requirements of the applicable funding agency(ies).

Disposition and Excess Federal Governmental-owned Property

Disposition is defined as the process of disclosing excess property to and requesting disposition instructions from funding agencies, and effecting disposal of property.

- A. Property declared as excess by any University unit shall be evaluated by the departmental custodian to determine condition, ownership, and reutilization, when appropriate. Excess governmental property or property in which the Federal Governmental has reserved the right to retain title shall be reported to the appropriate agency for disposition instructions as promptly as possible after the item is determined to be excess. Notification should be made by use of Form 1428 or DD Form 1342 by RSPA. (See FAR 45.6, DFAR 245.6 and NASA FAR Supplement 1845.6.) In the event such property may be disposed, the departmental custodian shall notify University Surplus Property and Plant Fund Accounting of their excess property.
- B. Disposition of governmental property shall be accomplished within thirty days of receipt of disposal authority. University identification tags or markings shall be removed or destroyed on items returned to the government. Documentation shall be retained to include authority, disposal action, date of disposal, and bills of lading or other shipment documents, when applicable.
- C. Property for which the University retains title shall be made available for reutilization, if the condition warrants, may be used as "trade-in" to the manufacturer or a vendor for upgraded or newer products, or may be sold or donated as dictated by University policy. Priority reutilization of property acquired with federal funds shall be to other federal projects.
- D. Items deemed to be scrap/salvage shall have all identification markings removed or otherwise destroyed and recycled through a salvage business, if economically feasible, or disposed of through the trash removal system following approval of Plant Fund Accounting. Proceeds from scrap sales of Governmental property shall be credited to the federal government.
- E. Any offerings to the public shall be via public sale. Sales shall be advertised in advance through adequate means of printed advertising. Proceeds from the sale of assets purchased with governmental funds shall be credited to the federal government, when appropriate.

In accordance with OMB Circular A-110 and FAR, governmental furnished equipment and contractor purchased equipment will be reported to the federal awarding agency within 90 days of contract or grant completion.

Contract Property Closeout

RSPA shall analyze each project in the closeout process to determine property associated with it. The property listing will be reconciled with the Capital Asset System records. A final property report shall be prepared by RSPA according to the contract guidelines and submitted to the appropriate agency. Disposition of governmental property shall be requested or, if in the best interest of the University, title to the property shall be requested with the final property report.

In the event the Governmental Contracting Officer requests transfer of property from a completed contract to another active contract or transfers title to the University, the Manager of Plant Fund Accounting shall annotate the property and project records to reflect the change.

The Departmental Property Custodian, RSPA and the Manager of Plant Fund Accounting shall interact with the appropriate property administrator to ensure property issues are resolved before contract closeout. Issues could include discrepancies in the number of items, items that cannot be located, discrepancies in dollar values, etc.

Exhibit I

CERTIFICATION OF NON-AVAILABILITY OF EQUIPMENT

TO BE PURCHASED ON A FEDERAL AWARD

Purpose of the Form:

Federally-funded equipment acquisitions costing \$5,000 or more are subject to screening procedures to ensure unnecessary or duplicative items are not purchased. Prior to purchasing a major item of equipment, the University expects screening will be conducted to determine that similar or like equipment is not available on campus for shared use. Some sponsoring agencies may have special requirements regarding equipment acquisitions. The principal investigator will coordinate efforts with the University's Purchasing Department when special requirements are mandated. In the absence of sponsor guidance, it is suggested for items of equipment costing \$5,000 or more, inquiry be made to the cognate units and the inquiry be documented.

Description of Equipment Required:

Estimated Cost:

Contract or Grant Title:

University of Notre Dame Account Number, i.e. FOAPAL:

Departments contacted:

Completion of this form certifies no available like equipment was found upon screening in accord with University Policy and Procedures.

Date _____

Principal investigator _____

College _____