



Property Control Procedures

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Contact:

Dan DeLaTorre
University Property Administrator
Mary Reed Building – Room 107A
Dan.delatorre@du.edu (303) 871-4882

SECTION A - GENERAL

I. PURPOSE

- a. To establish procedures for the management and control of capital equipment owned by, or in the custody of; the University of Denver (Colorado Seminary).
- b. To satisfy the requirements of the Federal Government and non-government sponsors in regards to control over Government Property and sponsor owned property, as hereafter defined, for which the University of Denver (DU or University) is responsible and accountable.

II. APPLICABILITY

- a. Certain property/equipment records are required for Federal Agencies, the University's financial statements, insurance coverage, budgeting, and for equipment control and utilization purposes. This policy, along with applicable Federal and University policies, prescribes procedures to accomplish the above requirements.
- b. This policy applies to equipment belonging to, or in the custody of; the University of Denver. Federal sponsor-owned property which is in the custody of DU is subject to procedures for control of federal property as required by the Federal Acquisition Regulations (FAR 45.5), Department of Defense Supplement to the FAR (DFAR 245.5), Office of Management and Budget (OMB) Circulars, and other applicable agency and contractual requirements.
- c. **Title to property/equipment rests with DU rather than with a department, regardless of source of funds or donation associated with the acquisition.** Departments that are assigned property for custody and use are held accountable and responsible for such property.

III. RESPONSIBILITY

- a. The University of Denver is responsible for all the equipment to which it holds title. Custodial responsibility for other equipment rests with DU to the extent that it has agreed to accept responsibility therefore.
- b. The vice Chancellor for Business and Financial Affairs has assigned responsibility for the management and control of inventoried equipment, through the Controller, to the Property Administrator.
- c. The Property Administrator is responsible for the recording of all University owned equipment over \$5,000, equipment in custody of DU, and for taking periodic inventory on a random basis.
- d. It is the responsibility of the Property Administrator to implement and administer the provisions of these procedures in all areas of the University having custodial responsibility for University and/or Governmental property.

The Property Administrator shall –

1. Inform all members of the faculty and administrative officers of their obligations for the use, care, maintenance and safekeeping of all material under the control of their respective departments or units.

2. Provide for maximum utilization of all property.
3. Issue written instructions relating to acquisitions, use, and disposition of all inventoried property and Government Property for which the University is responsible.

IV. DEFINITIONS

- **Accessory Item** – Defined in FAR 45.501 as an item that facilitates or enhances the operation of plant equipment but which is not essential for its operation.
- **Accountable Organization** – That organization or unit of the University of Denver having physical control and accountability for property or equipment.
- **Agency** – Entity, i.e. organization, corporation, foundation, or person from which the University derives outside support through grants or contracts.
- **Auxiliary Item** – Defined in FAR 45.501 as an item without which the basic unit of plant equipment cannot operate.
- **Award** – A legal document providing support from outside agencies. Award includes grants as well as contracts.
- **Centrally Reportable Equipment** – Defined in NASA 18-5.245-70(a) as plant equipment, special test equipment (including components), special tooling, and non-flight space property (including ground support equipment) (1) generally commercially available and used either as a separate item or as a component of a system (2) cost of \$1,000 or more and (3) is identifiable by manufacturer and model number.
- **Contract** – An agreement. As used in this section, it includes grants from, and contracts with outside agencies.
- **Contracting Officer** – The duly authorized individual delegated by appropriate authority to enter into a contract and thereafter administer the contract on behalf of the Federal Government.
- **Deliverable** – Equipment costing over \$5,000 purchased with non-university funds which will be delivered to an outside agency shortly after receipt of the equipment by DU. Title of equipment vests with the outside agency and the equipment is not put on the University's inventory.
- **Found Equipment** - Equipment, discovered either by the Property Administrator or an accountable department, which is not on inventory records. Equipment must have an acquisition value of over \$5,000.
- **Government Property** - A special category of equipment defined in Office of Management and Budget Circular A-110. Such property of equipment acquired under contracts with the University includes:
 - **Government-furnished property:** Property in the possession of; or directly acquired by, the Government and subsequently delivered to, or otherwise made available to, the University for use under specified grants or contracts. (*FAR 45.101*)
 - **Contract-acquired property:** Property acquired, or otherwise provided, by the University for the performance of a contract to which title is vested with the Government. (*FAR 45.101*)

- **Excess Government property:** Property which is owned by the Government and the holding agency has determined that the item is no longer required for its original intended purposes. The holding agency may assign property to other requirements, make available to other federal agencies, or to federal contractors such as DU. Title to property remains with the Government. See Section C (Government Property) for detailed discussion of excess Government property.
- **Federal surplus property:** Property which has been screened by all federal agencies and is no longer needed for any Government purposes. The University can obtain title to property.
- **Industrial Plant Equipment (IPE)** - defined in FAR 45.505-5 as plant equipment in Federal stock group 34 with an acquisition cost of \$15,000 or more used for cutting, abrading, grinding, shaping, forming, joining, heating, treating, or otherwise altering the physical properties of materials, components or end items entailed in manufacturing, maintenance, supply, processing, assembly, or research and development operations.
- **Inventoriable Equipment**
 - **University** - University owned property that has an acquisition value of over \$5,000, is freestanding, and has a normal life expectancy of more than 2 years.
 - **Government** - Requirements for property acquired by DU under a Government contract or grant (Contractor acquired) and Government furnished property are defined as follows:
 - Contractor Acquired - If title vests with Government then a property control record must be maintained regardless of value. If title rests with the University through specific reference of FAR clause 52-245.5 (acquisition cost less than \$5,000) or as set forth in the contract (acquisition cost greater than \$5,000) then a property record must be maintained as required for University owned property.
 - Government Furnished - Accountability must be maintained for each item regardless of value.
 - **Loaned Equipment** - Equipment which is either borrowed by the University from an external agency or by one University department from another or loaned by the University to an external agency or individual.
 - **Motor Vehicle** - Any motorized carrier, designed primarily for the transportation of persons or property, which is operated on a public road. Not included is any implement intended solely for agricultural operations and only incidentally operated or moved over a public road.
 - **Plant Clearance Officer** - An individual appointed by the Defense Logistics Agency, or the head of the contract administration office for other departments and agencies, to instruct the contractor on the preparation of inventory schedules; make pre-inventory scrap determinations; determine the acceptability of inventory schedules and records; prepare and maintain plant clearance cases and disposal documents; initiate screening and provide technical support to screeners; conduct or arrange for verification of quantity, condition, description and special processing requirements of equipment; and ensure timely shipment or release of contractor property.

- **Principal Investigator (PI)** - The academic or administrative staff member responsible for initiating and conducting an externally funded project. The individual may also be known as the Project Director or Administrator.
- **Salvage** - Property which because of its worn, damaged, deteriorated, incomplete condition or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.
- **Scrap** - Property that has no reasonable prospect of being sold except for the recovery value of its basic material content.
- **Sensitive Property** - Movable equipment which has an acquisition value of \$2,000 or less, is freestanding, has a normal life expectancy of two years or more and is desirable for personal use and/or sale. Easily moved items to include, but not be limited to, computers, monitors, printers, VCRs, televisions, binoculars, cameras, calculators, microwave ovens, and stereo equipment.
- **University Property/Equipment** – That property to which title is vested with the University whether secured with University funds or funds derived from external sponsors.

SECTION B – UNIVERSITY PROPERTY

1. ACQUISITION – UNIVERSITY PROPERTY

- a. **Equipment/Property Procurement** – Equipment/property procurement should be initiated in accordance with the University of Denver Purchasing Manual. All purchases for multiple pieces of equipment shall be itemized and priced separately on the Purchase Order and the Voucher for Purchases and Services in order to properly identify and tag each individual inventoriable unit.

Purchase Orders – Inventoried property is acquired by purchase requisition and purchase order, and is recorded in the university's subsidiary property records. This property is purchased using account 781200. Personal computers costing more than \$5,000 are purchased using account 781100. The information is maintained in such a manner as to provide a complete historical record from the point of acquisition to final disposition. Accounts Payable is responsible for furnishing a copy of all purchase orders for material classified as inventoried property to the Property Administrator as well as any purchase orders for material of a questionable nature, for final determination and classification.

b. **Equipment/Property Records and Accounting**

1. **Purchased Equipment** – New inventoriable equipment acquired through the Purchasing system is identified on Purchase Orders by use of account numbers. The Property Administrator assigns an Inventory Control Number and records the Purchase Order Number, date of acquisition, organization number and account, department, nomenclature, location, manufacturer, model/serial number, and value. The inventory tag is attached to the equipment by a representative of the Property Administrator for all equipment on campus. The inventory control tag is mailed to off-campus locations for attachment to off-campus equipment.
2. **Accessory Item** – An item which facilitates or enhances the operation of plant equipment, but which is not essential for its operation. The accessory by itself has no function. To be capitalized, the accessory must have an acquisition cost of more than \$5,000 and a useful life of one year or more.

Example: An LCD panel is purchased to be used with an existing computer and overhead projector in group presentations. If the cost is greater than \$5,000 and the expected life is one year or more, a separate tag number will be assigned to the item. Note: An LCD panel can be used with other computers, but is not a stand alone item.

3. **Betterment (sometimes referred to as an improvement)** - A tangible component or enhancement that is affixed to an inventoried (tagged) item of equipment which extends the life of the equipment, increases the productivity of the equipment or enhances the quality of the inventoried equipment. The cost of the betterment is added to the value of an inventoried item of equipment if over \$5,000.

Example: A new processor is installed in an existing computer to upgrade the computer from a Pentium I to a Pentium V. If the cost is greater than \$5,000, the cost is added to the value of the inventoried computer.

Replacement of a part of an existing asset by another of like quality is not betterment, even though the useful life of the asset is maintained or extended.

II. GIFTS

Inventoried property acquired by gift is assigned a property number and recorded by the Property Administration Office. The date the gift is accepted is considered as the date of acquisition. The Property Office should record no gift until a copy of the University of Denver Gift Memorandum is received from the Development Office. The memo should list the donor, description of equipment, location by building, and value. The value will be a fair appraisal of the item by the department and shall be broken out for each separate inventoriable piece of equipment.

Upon receipt of such a memorandum, the item will be identified by decal number, however, no amount or acquisition cost will be inserted unless such an amount is identified on the memorandum.

The Property Office records gifts of art and/or scientific collections on a multiple item or group basis. Gifts of bound volumes, pamphlets, documents and other collections &e recorded by the Libraries and do not become a part of the Property Records.

III. FABRICATED EQUIPMENT

Upon completion of fabricated equipment within a department, the following guidelines should be followed:

- a. Prepare a memo to the Property Administrator listing:
 1. As complete a description of the item as possible.
 2. Location of equipment.
 3. Custodial department and account number under which the equipment was charged.
 4. Value - this should include the purchase price of all materials, supplies and fixtures used plus any freight charges, all labor costs for construction and installation, if any.
 5. Serial number and/or model number if assigned.

- b. The Property Administrator will assign an Inventory Control Number for the equipment built.

IV. FOUND EQUIPMENT

Found equipment will be reported to the Property Administrator. The custody is assigned to the using or accountable department. The value is estimated by the department. The date found is used as the date of acquisition. Found equipment which had previously been reported as stolen or missing shall be reported to the Campus Safety and to the Property Administrator. This found equipment shall be reinstated to the inventory.

SECTION C - GOVERNMENT PROPERTY

I. ACQUISITION - GOVERNMENT PROPERTY

- a. **Government Furnished Property** - Government Property may be shipped to the University from government installations, or other government agency contractors. The University becomes responsible for such property upon delivery of the property into its custody or control. Because so many of these transactions are consummated between the Principal Investigator (PI) and the agency without the University Property Administrator being involved, the Principal Investigator is charged with the responsibility of notifying the University Property Administrator. Notification of receipt must be made to the University Property Administrator within five working days after receipt of Government property. The Principal Investigator shall furnish the Property Administrator with all documents (shipping, transfer and custody) necessary for University records to accurately reflect the transaction. The University Property Administrator will establish all University records paper and property database) and notify the Government Contracting Officer and the Administrative Contacting Officer (Office of Naval Research) of the receipt of property. The regulations for management of Government property in the possession of the contractor are provided in FAR 45.5.
- b. **Contractor/Acquired Property** - Such property is acquired by direct purchase only, on account number 782100. Direct purchases by the University of property for the performance of a contract, title to which vests in the federal government, are subject to a determination by the Contracting Officer of the federal government agency involved, that the equipment is necessary for completion of the contract. Equipment purchased by DU for which reimbursement is to be requested becomes government property upon its receipt by the University. The Contract Number or designation must be reflected on the Purchase Order and Voucher for Purchases and Services. Title to property with an acquisition cost of \$5,000 or less vests with DU if FAR clause 52-245.5(1) is in the contract. For property with an acquisition cost greater than \$5,000, title vests as determined in the contract.
- c. **Excess Government Property** - Excess government property is equipment, new or used, which is owned by the federal government, is no longer needed by the holding federal agency, but has additional useful life. Items are usually allocated on a first come, first served basis. Equipment obtained from a Defense Reutilization Marketing Office (DRMO) is considered excess and is still titled to the Government. This equipment must be assigned and made accountable to an active Government contract.

The University may be authorized to receive such excess government property by a contracting agency, with approval from the Contracting Officer, when the equipment directly furthers an active contract. The equipment would be considered Government Furnished Property (GFP) and become accountable to the contract. Such authorization is dependent upon the terms of each contract and the regulations of the specific agency involved. The Property Administrator determines the appropriate procedures in each case.

1. **Cost** - Excess government property is usually obtained without cost; however, the University specifies the method of shipment and pays all expense of packing, transportation and subsequent installation, rehabilitation if needed and maintenance. Contract funds may be used for these expenses when authorized by contract provisions.
2. **Records** - The University maintains records showing the location, description and value of the property. Items are recorded at the original acquisition cost as indicated on the transfer document, normally a DoD Form 1342. Here again, the Principal Investigator is charged with the responsibility of notifying the Property Administrator

of any transaction consummated without their prior knowledge or approval. Notification of receipt must be made to the Property Administrator within five working days after receipt of Government property. If and when the title to the equipment passes to the University, the recorded value should be adjusted to the fair market value at the time the title passes. Expendable or consumable items, if not immediately consumed, are subject to specific record keeping requirements provided in FAR 45.505-3, Records of Material.

- d. **Fabricated Property** - A separate account number must be obtained through OSP for all equipment to be fabricated for the DRI/ARC or research grants and contracts (Banner Funds beginning with 3....). All costs related to the fabrication project must be charged to the fabrication account (i.e. salaries, materials, components, etc.).

When the project is completed, the Property Administrator must be notified in order to price (capitalize) and tag the new equipment. The notification must include a complete description of the item, the location, name or account number of the department that is to have custodial responsibility, and the value of the equipment.

Banner accounts 782300, components and accessories for fabricated equipment can only be used for components and accessories that will be used to fabricate new equipment items. Purchase requests using account 782300 must use an organization number assigned to a fabrication project.

If the fabricated equipment consists of component parts, which have been purchased on Purchase Orders, a copy of the purchase order is retained until a fabrication report is received. If the completion of an item of fabricated equipment is problematic or indefinite, inventoried acquisitions are recorded on the property records at the time of purchase.

The value assigned to the property is the sum total of its component parts, both inventoried and non-inventorial, all materials, supplies, and labor. These costs should be detailed and provided to the Property Administrator for review and capitalization.

- e. **Records** - the University maintains suitable records showing the location, description and value of the property received in the above methods of acquisition. It is the responsibility of the Purchasing Department and the Central Receiving Office to insure that the Property Administration Office receives copies of the receiving documents that accompany the delivery of Government Property. All items are recorded at the original acquisition cost as indicated on the transfer or receiving documents. If the value is not indicated on the documents, it is the responsibility of the Property Administration Office to obtain the value. If and when the title to the property transfers to the University, the recorded value is maintained. As stated under Excess Government Property (Item c.), expendable or consumable items, if not immediately consumed, are subject to specific record keeping requirements provided in FAR 45.505-3, Records of Material.

II. PROPERTY ACQUIRED UNDER GRANTS AND CONTRACTS WITH GOVERNMENT AGENCIES

The specific provisions of the applicable grant or contract govern in each instance. Such property, unless otherwise provided for by the contract or grant, is considered Government Property on acceptance of title by the Government.

- a. **By Title Transfer.** The Contracting Officer may transfer title of property to the University at the beginning, during or after the end of a contract or grant. See Section C.I.b., Government Acquired Property, for specific references to title transfer rules. Transfer of title is subject to the condition that the University may make no charge for depreciation, amortization or use of the property under any existing or future Government contracts or grants. When title is thus

transferred, the University is without further obligation to the Government respecting the property unless specific provisions to the contrary are stated in the contract or grant or transfer document.

- b. **With Recovery Rights.** Title may pass to the University at the beginning, during or at the end of a contract or grant, but with recovery rights retained by the funding agency.
- c. **Excess Property.** Title to excess Government Property remains in the Government's name. Title to Government Furnished Property remains in the Government's name. Please see Section C.I.c., Excess Government Property, for more details. Upon request of the University or at the initiative of the agency, title may be subsequently given to the University on the understanding that the property will be used for the contract or grant activity for which it was obtained and upon termination of the contract or grant for comparable purposes, so long as the property has a useful life.
- d. **By Basic Agreement.** In accordance with Basic Agreement cited by the contract, title to all Government Property will be in accordance with such existing agreement. If FAR clause 52.245-5(1) is in the contract, title to equipment purchased with funds available for research having an acquisition cost of less than \$5,000 shall vest in the University upon acquisition provided that the University shall receive approval of the Contracting Officer prior to acquisition. Title to equipment with an acquisition cost of \$5,000 or more purchased with research funds shall vest as set forth in the contract or grant. Title to all property furnished by the Government shall remain in the Government until disposition has been made by the Contracting Officer.

Upon transfer of title, all government identification tags will be removed under the supervision of the University Property Administrator.

III. RESPONSIBILITIES OF THE HEAD OF DEPARTMENT AND THE PRINCIPAL INVESTIGATOR

The Department Head of the accountable department and the Principal Investigator, if a contract is involved, have the primary responsibility for the care, maintenance, records and control of material in their custody and/or all property acquired under the terms of a contract. They must maintain up-to-date departmental records and, if a contract is involved, initiate such documentation to fully inform the Property Administrator as to all provisions of each contract concerning the care, custody, maintenance, records, control and all transactions involving said property so that the Property Office may properly carry out its functions concerning inventoriable equipment.

- a. **Location of Equipment** - The location (building and room number) of each item of inventoriable equipment shall be noted in the departmental records. Current records as to movement of equipment shall be maintained in such a manner that any item of equipment can be located for inspection or inventory purposes, within one working day. The accountable department shall notify the Property Administrator within five working days of any building and room changes for inventoriable equipment.
- b. **Physical Security** - The Department Head and the Principal Investigator, if a contract is involved, shall make adequate provisions for the physical security of the equipment in their custody. Areas containing equipment shall be kept locked after business hours or at other times when not in use. Special precautions shall be taken in the case of high value, portable equipment.
- c. **University Inventoriable Equipment** - Annually the head of the department shall review the use of University inventoriable equipment in their custody. Any equipment that either temporarily or permanently is not needed shall be reported to the Property Administrator for inclusion in a list of excess items. This list will be screened by the Property Administrator for possible redistribution and utilization in other departments.
- d. **Utilization of Property or Equipment** - The head of the custodial department and the Principal Investigator shall restrict the utilization of property acquired for use under a specific contract or grant to the purposes of the contract or grant. A minimum level of use should be established for each item in accordance with FAR 45.509-2. When use falls below this level, an analysis of need shall be made and retention justified. Current property needs shall be annually reviewed so those excess items may be identified. The Principal Investigator shall report immediately to the Property Administrator any property so identified, to report to the Contracting Officer property which retention is not justified. When it is desirable to use property on other contracts or grants, the Principal Investigator, through the Property Administrator, shall secure prior written approval from the Contracting Officer for such use when the specific grant or contract requires such approval.

Periodically, all inventoried property in the custody of the head of the custodial department should be reviewed for utilization. Any property that either temporarily or permanently is not needed should be reported to the Property Administrator for inclusion in a list of excess material. This list shall be screened against local campus needs prior to being circulated to external users for the purpose of utilizing University and government property to its fullest.

The University Property Administrator will report all property whose title rests with the government which has become idle or excess after a reasonable length of time to the Administrative Contracting Officer for disposition instructions.

- e. **Storage and Movement** - When property is temporarily idle, but required for authorized future use, it must be stored in accordance with sound business practices with adequate protection from corrosion, contamination (dust, temperature, and humidity) and damage to sensitive parts. Sludge chips and cutting oils shall be removed from property. Notation of the storage location shall be made on the property records. The property must be adequately protected during movement. This entails proper techniques and safety precautions for packing, crating, skidding, handling and moving equipment. Government Property may be moved to off-campus storage sites only with prior approval of the Government Property Administrator. A shipping document, transfer document or similar instrument must be obtained.
 - Co-mingling of Government Property and University Property is permitted only as follows (FAR 45.507):

- 1) When the Government Property is special tooling, special test equipment or plant equipment which is clearly identified and recorded as Government Property.
 - 2) When scrap of a uniform nature is produced from both Government-owned and contractor-owned materials and physical segregation is impracticable.
 - 3) When scrap produced from Government-owned material is insignificant in consideration of the cost of segregation and control.
 - 4) Government contracts involved are fixed-price and provide for the retention of the scrap by the contractor, or
 - 5) When approved by the Government Property Administrator in writing.
- The Department Head, Principal Investigator, or his/her authorized representative, is responsible for the following:
 - 1) Property is moved only under the proper authority. Property is moved under proper authority and only after the Property Administrator is made aware of all facets concerning the transfer of this property.
 - 2) That adequate protection is provided during movement.
 - 3) Notifying the University Property Administrator of loss or damage occurring during movement. The University Property Administrator will report the loss or damage to the Government Property Administrator.
 - 4) Notifying the Property Administrator when an item becomes idle or excess to the needs of the contract.

f. **Care and Maintenance (FAR 45.509-1)** - The custodial department shall provide the care necessary to maintain the property in the condition received or better, normal wear expected, in order that the most useful life is secured. The maintenance program shall be preventive in nature, undertaken on a regular basis, to prevent the occurrence of defects and to detect and correct minor defects before they become serious. Records of the maintenance details and inspection of equipment shall reflect deficiencies discovered and/or corrected. With respect to Government Property such schedules should be made available to the Property Administrator. Prior to effecting any major repairs or rehabilitation at the cost to the Government, the written approval of the Government Property Administrator must be obtained. The Principal Investigator shall be responsible for the program which shall include the following actions:

Periodic inspections

- Lubrication of all bearings and moving parts in accordance with the manufacturers requirements or other established chart or plan
- Periodic cleaning of equipment, especially that equipment which will not be used for a long period of time
- Protection of equipment from the elements, deteriorating agents and conditions
- Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts

- Equipment is properly stored and preserved
- g. **Notification of Loaned Equipment** - The Department Head and the Principal Investigator are responsible for notification of the Property Administrator for all federal equipment loaned to their department. All loaned equipment that becomes unused and/or obsolete shall be returned to the lender or notification made to the lender requesting disposition instructions. Copies of all correspondence shall be provided to the Property Administrator.
- h. **Reporting Schedule**
1. **Annual Reports**
 - a. Listing of Inventoriable Equipment by Accountable Department. This is a cumulative list of equipment in the custody of the Department Head and includes all inventoriable equipment assigned at the close of the fiscal year from whatever source acquired.

The Property Administrator forwards two copies to the accountable department. All items on the list are checked and verified by the Department Head as acknowledgment of accountability and responsibility for the equipment listed and returned to the Property Administrator on or before the established suspense date.
 - b. Government financial or inventory reports will be submitted by the Property Administrator with the help of the Principal Investigator upon demand by the contracting agency or in accordance with the following schedule:
 1. **NASA Contracts** - Report of Government Owned/Contractor Held Property. Submit annually as of 30 September (due 31 October) on NASA Form 1018 (NASA Property in the Custody of Contractors). A negative report must be filed. A final NASA Form 1018 must be filed at the end of the contract.
 2. **NASA Grants** - Annual Inventory Listing of Government Owned Property. Submit annually as of 30 September (due 31 October). Can be filed in letter format (do not use NASA Form 1018). A negative report must be filed.
 3. **DOD** - Report of DOD Property in the Custody of Contractor. Submit annually as of 30 September on DD Form 1662 (due 31 October). Reporting instructions are contained on the reverse side of the DD Form 1662. A report is necessary only if Government titled property is assigned to the contract. A negative report is not necessary. A final 1662 must be submitted upon completion of DOD contracts.
 4. **DOE** - Semi-Annual Summary Report of DOE Owned Plant and Capital Equipment. Due as of February 28th and August 31st each year on DOE Form (F4300.3).
 2. **Special Reports** - Schedules for issuance of special reports to meet special needs are established by the Property Administrator. When special reports covering property are required by the agency, the Principal Investigator or head of the custodial department shall furnish whatever descriptive or operating technical data that may be necessary to enable the Property Administrator and other departments involved to meet the reporting requirements.

3. **Periodic Reports** - The Property Administrator maintains the capability to produce periodic reports on an "as required" basis through the property data processing system.

SECTION D - SCREENING FOR AVAILABILITY OF EXCESS PROPERTY

I. GENERAL

The University of Denver is required by specific provisions within OMB A-110, OMB A-21, FAR, and specific agency requirements to adopt an effective equipment management program to insure that costly research equipment is fully utilized and that unnecessary equipment purchases are avoided. The University will screen for excess equipment as required by appropriate federal regulations.

II. INTERNAL SCREENING FOR EXCESS EQUIPMENT

Prior to acquiring equipment with acquisition cost of \$5,000 or more, the request will be screened against existing University equipment inventory to determine if there is (are) existing equipment that can be utilized on the grant or contract. Potential excess equipment will be reviewed by the Principle Investigator for suitability. If determined suitable, any necessary internal equipment transfers will be done and the equipment request will be withdrawn from the proposal.

III. SCREENING REQUIREMENTS FOR EXCESS EQUIPMENT ON GOVERNMENT CONTRACTS

a. Contract Equipment Screening (external) - DOD

Prior to acquiring Industrial Plant Equipment (IPE) having an item acquisition cost of \$15,000 or more, DD Form 1419 shall be submitted through the ACO, to the Defense Industrial Plant Equipment Center, Memphis, TN 38114, to ascertain whether existing re-allocable Government-owned facilities can be utilized. No acquisition of any listed item shall be made until a certificate of non-availability is received from the Defense Industrial Plant Equipment Center (DIPEC).

b. Providing ADPE as Government Property

Prior to acquiring ADPE having a unit acquisition cost of \$25,000 or more, the University shall submit a Automation Equipment Requirement (DD Form 1851) through the administrative contracting officer to Director, Defense Automation Resources Information Center, Attn: DARIC-R, Cameron Station, Alexandria, VA 22304-6100, in accordance with DOD Manual 7950.1M.

c. NASA Contract Equipment Screening

Before purchasing an item of equipment under a NASA contract, the following must be accomplished, thirty days in advance, if the item is Centrally Reportable Equipment (CRE). CRE is defined in Section AI.V.

All University-acquired property must be authorized by the contract and is subject to a determination by the contracting officer that it is allocable to the contract and reasonably necessary. The acquisition (and fabrication) of Government property is further subject to the following conditions, depending on category of property:

1. Facilities

- a. Prior contracting officer approval, if not already described in a contract schedule as contractor-acquired. Please see Section C.L, Acquisition of Government Property for additional requirements.

- b. Submission of DD Form 1419, DOD Industrial Plant Equipment Requisition, and return of Certificate of Non-Availability if it qualifies as Centrally Reportable Equipment (CRE).
- c. Submission of a written statement prescribed by FAR 45.302-1(a)(4). [CRE: The plant equipment, special test equipment (including ground support equipment), which is:
 - (1) Generally commercially available and used as a separate item or component of a system
 - (2) Valued at \$1,000 or more, and
 - (3) Identifiable by a manufacturer and model number]

This screening requirement does not apply to NASA grants.

- 2. When purchasing equipment related to federal and state contracts, the Principal Investigator shall insure all terms of the contract are fulfilled. These steps will include:

- a. Contracting Officer's approval for purchase if required.
- b. Submission of DD Form 1851 and DD Form 1419 as follows:

ADPE	\$25,000	DD Form 1851
IPE	\$15,000	DD Form 1419
NASAEVS	\$1,000	DD Form 1419

DD Form 1851 is prepared for Automated Data Processing Equipment (ADPE) with a value of \$25,000 or more.

DD Form 1419 is prepared to obtain a Non-Availability Certificate prior to purchase or lease of Industrial Plant Equipment (IPE) costing \$15,000 or more.

DD Form 1419 is prepared for NASA Equipment visibility Screening (EVS), when applicable, for centrally reportable equipment costing \$1,000 or more.

SECTION E - EQUIPMENT REQUIRING SPECIAL HANDLING

I. Motor Vehicles

The Physical Plant Office registers all University-owned vehicles and maintains the title on file. The department acquiring the vehicle supplies information necessary for registration. Information necessary to record vehicles on inventory will be obtained from the purchase orders. License plates for vehicles will be acquired by the Physical Plant Office and forwarded to the appropriate department upon receipt. In the interim, pending receipt, the vehicle may be operated on the temporary paper license furnished by the vendor.

II. Collections of Art and Scientific Objects

- a. Collections are generally recorded as a group, e.g., COLLECTION-OIL PAINTINGS, and assigned one (1) property number. The custodial department shall maintain for each item included in an art or scientific collection and provide such records to the Property Administration Office.
- b. Acquisitions of single art or scientific objects that are not added to collections are recorded in the same manner as standard inventoried property.
- c. If the item is a gift, the name of the donor is included in Property Record.

III. Equipment Rented or Leased with Option to Purchase

Equipment acquired by lease with option to purchase or other types of installment purchases are recorded at the time of acquisition. Capital leases are to be capitalized at an amount equal to the present value of the future lease payments plus the purchase option paid at the inception of the lease. In the event the option of lease is not exercised and the equipment is returned to the vendor, the item is deleted from inventory by an Inventory Change Report form.

IV. Memory Boards and Processors

- a. Direct Replacement - Memory boards and processors that are purchased to replace existing boards do not increase the value of the equipment.
- b. Spares - Memory boards purchased as spares do not increase the value of the equipment for which intended regardless of cost.
- c. Betterment - Improved or superior memory boards and processors, i.e. ones which increase a PC from a 486 to a Pentium II. The inventory tag number of the equipment receiving this memory board must be included on the purchase requisition and the voucher.
- d. Federal vs. University - Care should be taken not to mix Federal and University equipment. Memory boards should not be purchased with Federal funds to be placed in equipment belonging to the University and visa-versa.

V. Personally Owned Equipment

If a University employee keeps personally owned equipment on campus, it shall be reported to the department and identified as property of the owner. The item(s) shall be marked, labeled or tagged to indicate ownership. The University assumes no liability for loss or or damage to, the equipment.

VI. Loan of Equipment

- a. Equipment to which title is not vested, but is in the care and custody of the University, cannot be loaned without specific written approval of the title holder.
- b. On-Campus Loan of University Equipment - if equipment is loaned to another department for a short period, a custody receipt or memorandum of the transaction shall be filed in the lending department. If the period of the loan exceeds one year, it should be reported to the Property Administrator on an Inventory Change Report Form by the lending department. Condition of the item and date of expected return shall be noted.
- c. Off-Campus Loan of University Equipment - Loan of equipment to a faculty or staff member or a student for off-campus use in a University program must have prior approval from the Principal Investigator and/or the Department Head of the accountable department. Documentation of custody shall be maintained by the lending department for the duration of the loan. Locations of off-campus equipment must be reported to the Property Administrator. Condition of the item and date of expected return shall be noted.

Any loan of equipment to a non-University organization or individual must have prior approval of the Department Head and the Vice Chancellor for Business and Financial Affairs. The equipment being loaned should be listed by property number and nomenclature. Prior approval by the Vice Chancellor for Business and Financial Affairs, to loan the equipment must be obtained and such items will be screened by the Property Administrator to verify it is not Federally owned equipment or tied to an existing Federal contract. If there are other DU entities needing this equipment, the equipment will first be offered to those departments. Proper signature of individual borrowing the equipment shall be obtained indicating they accept responsibility and custody of the equipment. Condition of the item and date of expected return shall be noted.

- I. When receipt is made through the University Central Receiving Department, the Receiving Department determines that the number of packages corresponds to the freight bill, bill of lading or purchase order, and that there is no visible damage. The buying department, upon receipt of the property, makes a thorough inspection of the property to determine that it is as ordered and that there is no concealed damage. If the shipment is complete and in good order, the receiving document is signed. The shipment is then received online in the Banner purchasing software module by Central Receiving Department. If the shipment is not in order, discrepancies incident to the shipment are noted and the Receiving Department and the Purchasing Department & notified. In the case of Government Property, the Property Administration Office is promptly notified.
- II. When the quantity or description of property received differs from the quantity or description noted as shipped on the shipping document, only that quantity and nature of property actually received is recorded on the official receiving and property records.
- III. If damaged shipments are received on Government Bills of Lading, the section "Report of Loss, Damage, and Shrinkage" is completed on the back of the Bill of Lading. A statement on the condition and the apparent causes is furnished to the Government through the Property Administration Office.
- IV. Notice of receipt of Government-furnished Property (FAR 45.505-13) is provided to the Government immediately upon receipt. This receipt is furnished to the Property Administration Office either by the Central Receiving Department or the custodial department. In the instance of Contractor-acquired Property, notice of receipt must be provided to the Government no later than the time that the University submits application for reimbursement for the property.

- V. When a misdirected shipment of Government Property is received (FAR 45.505-12), a record is made of the identity (shipping document, bill of lading, etc.), origin and content (items in the shipment), if available, and location and disposition. Notification is made to the Government through the Property Administration Office.

SECTION G - STANDARD BANNER ACCOUNT NUMBERS

Account Numbers

Documents that involve the acquisition of equipment or services for which payment is made are account coded by the Principal Investigator or the Department Head to indicate whether the acquisition should be classified as supplies, general expense or inventoriable equipment, etc. Careful consideration should be given to selection of account codes because this is the communication link between departments and the Property Administrator for classification of inventoriable items and as to who holds title to such property. For assistance on correct account codes, contact the appropriate fiscal monitor for the department or the Property Administrator.

<u>Account</u>	<u>Title</u>
781200	Equipment - University Owned
782100	Equipment - Sponsored research (Fund 3... Only)
782200	Equipment Lease-Capital Purchase
782300	Equipment Fabrication (Fund 3... Only)
782400	Data Processing Software > \$5,000
782500	Equipment Deliverable (Fund 3... Only)

SECTION H - IDENTIFICATION OF EQUIPMENT

I. Identification of University Inventoriable Equipment

All inventoriable equipment is identified, marked with an inventory number and recorded upon payment of the invoice. It shall remain so identified as long as it is in the custody, possession or control of the University. Inventory tags or identification are removed or obliterated from the equipment only when sold, scrapped, or otherwise disposed of. Once an inventory number has been assigned, no change is made during the life of the item regardless of interdepartmental or intra-campus transfers.

The application of the inventory number to the equipment is the responsibility of the Property Administrator; however, this function may be delegated to the receiving department or the department having custody when deemed appropriate. The inventory number is applied to the actual unit unless its size or nature makes it impractical, or the equipment is an accessory, or auxiliary and attached to, or otherwise a part of; an item of government equipment, and is required for its normal operation. In the latter case, such items are entered and described on the record of the equipment to which, or of which, it is otherwise a part. The property number should be affixed to the equipment adjacent to the manufacturer's nameplate if in a position for easy sighting. Inventory tags shall be affixed in a clearly visible location and not in a position requiring movement of the equipment for tag number verification. Identification may be effected by means of a decal or metal, fiber, plastic, or other plate affixed directly to the equipment, or by use of indelible ink, acid, or electric etch, or any other legible, permanent, conspicuous and tamper-proof method. If additional identification is considered necessary, i.e. departmental tag, it shall be in a manner or position that will avoid confusion with the property number.

Should the inventory number be accidentally or mistakenly obliterated, defaced or removed, the equipment shall be marked again with the original number.

Easily moved component parts of a system valued over \$2,000 must be individually tagged. In the case of a PC, the CPU and the monitor shall be tagged separately should both unit prices be more than \$2,000. Each would have a separate and distinct inventory tag number. Should the monitor be \$2,000 or less, it will be marked by the accountable department as Sensitive Property. (See III, below)

II. Identification of Government Inventoriable Equipment (*FAR 45.506*)

The Property Administrator, with the aid of the Principal Investigator, Department Head or Office of Sponsored Programs personnel, will identify government inventoriable equipment within five working days after receipt of all related documentation (See Section C.I.a. for related information). For purposes of identification, the Property Administrator will furnish and apply tags or decals for attachment to the equipment. The property remains identified as such so long as it remains in the custody, possession or control of the University. Unless already marked, all Government-owned equipment will be marked "Government Property" unless the size or nature of the equipment makes it impractical, other equipment is an accessory or auxiliary and attached to, or otherwise becomes a part of; an item of government equipment and is required for its normal operation. In the latter case, such items are entered and described on the record of the equipment to which it is attached or of which it is otherwise a part.

If the University acquires title to the property, the government identification is removed.

III. Identification of University Property Other Than University Inventoriable Equipment

Identification, marking and recording of University property valued at \$2,000 or less shall be made at the discretion of the accountable department. The accountable department may mark all sensitive property with a departmental mark unlike that used by the Property Administrator. The department shall maintain a list of sensitive property.

IV. Identification of Government Property Other Than Government Inventoriable Equipment

Identification, marking and recording of government property, other than that designated as government inventoriable equipment is the responsibility of the accountable department and/or the Principal Investigator. Such examples include: arms, ammunitions and explosives (AA&E) and raw material. The University of Denver Research Institute (DRI) is responsible for maintaining a system to ensure the control, protection, preservation and maintenance of (AA&E) in accordance with Federal Agency (ATF) and State Regulations.

SECTION I - CAPITALIZATION OF EQUIPMENT WITH A TOTAL COST OF OVER \$5,000

I. Recording Value

The University Property Administration Office is responsible for recording the value of all property obtained or acquired through any fund source. In recording equipment value, the following applies:

- a. Acquisition cost is over \$5,000.
- b. Freight charges are capitalized as part of the acquisition cost or value of inventoriable equipment.
- c. Installation or assembly costs should be added to the value of the equipment.
- d. Any customs duty charge should be added to the value of the equipment.
- e. Any cash discount should be deducted from the value of the equipment.
- f. Trade-ins do not reduce the value of equipment.
- g. Handling and storage costs are not included in the cost or value of the item.
- h. The recorded value does not change throughout the life of the property, regardless of age.
- i. Maintenance contracts or extended warranties are not considered betterments to, nor are they included in, the value of the equipment.
- j. All values will be rounded off to the nearest dollar.
- k. Insurance costs for shipments of property will be capitalized.

II. Unit Pricing for Government-Furnished Property (FAR 45.505-2(b)(2))

The Government shall determine and furnish to the University the unit price of Government-furnished property. Transportation and installation costs are not generally considered as part of the unit price. Normally, the unit price of Government-furnished property will be provided in the document covering shipment of the property to the University. If not provided, the Property Administrator will take action to obtain the information.

SECTION J - MAINTENANCE OF RECORDS

I. Inventoried Equipment - General

Records of inventoriable equipment are maintained by the Property Administrator. All property in the care or custody of the University which meets the definition of inventoriable equipment is recorded in the same manner and under the same rules as those used for recording University-owned inventoriable equipment. The Property Administrator's management and control system for inventoriable equipment provides the following information:

- Identification Number (University Decal Number)
- Nomenclature (Description)
- Department Number
- Location (Building and Room)
- Manufacturer
- Banner FOAP
- Serial Number
- Purchase Order Number
- Acquisition Cost
- Date Identified
- Contract Number (Government-owned Property)
- Title (University owned, Purchased with Federal funds – University title, Govt owned)
- Partial Purchase Information (To identify property purchased with multiple funds. Separate columns are provided for Federal and DU funds.)
- Condition

FAR 45.505-1 provides the basic record keeping requirements for Government-owned property. The system of record maintenance shall be equivalent to and maintained in the same manner as used for University-owned property. Expendable or consumable items, if not immediately consumed, are subject to specific record keeping requirements provided in FAR 45.505-3, Records of Material. A record of each item shall be maintained including description, quantity, location and condition. A requisition record should also be maintained to note the quantity used, specific purpose for use, and the Government contract number under which the material was used.

H. Government Property

All Government-furnished property or University acquired property purchased for a direct charge to a Government contract is recorded in the same manner as DU owned property. It is recorded in the property accounting system as government property, reflecting Federal Supply Code (FSC), agency, and Grant or Contract number.

a. Plant Equipment - the forms referred to in this section are required by the Department of Defense. Other agencies prescribe comparable forms. Specific agency guidelines and contract and grant provisions should be consulted respecting exceptions.

1. Industrial Plant Equipment Costing \$15,000 or More. The University maintains individual item records of each item of Government-owned plant equipment having a unit cost of \$5,000 or more which provides the following minimum information:

Federal Supply Code for manufacture, cataloging identification, and at the option of the University, the name and address of the equipment manufacturer, manufacturer's model/part number, noun name of the item and Federal Supply Classification, acquisition document reference number and date, contract number or equivalent code designation, and unit price when equipment is Government-furnished, cost FOB manufacturer when University-acquired. Unit price will be

reduced when accessory or auxiliary items are permanently separated from the basic item of plant equipment.

2. Plant Equipment with Acquisition Cost Greater than \$5,000. Except when individual item records are necessary for effective control, summary stock records are sufficient for recording minor plant equipment and plant equipment with acquisition cost greater than \$5,000 per unit. The University's records provide the following minimum information:

- Contract number or equivalent code designation
- Noun name
- Federal Supply Classification
- Manufacturer or Federal supply code for the manufacturer
- Model/part number
- Quantity received
- Posting reference
- Date of transaction
- Unit price
- Location
- Disposition

3. When appropriate as determined by the Property Administrator, the serial number and/or Government identification number for each item shall be recorded in a permanent manner in the property records, and upon disposition, deleted from the records.

Record of Accessory and Auxiliary Property. Accessory and auxiliary equipment, which is attached to or otherwise a part of an item of plant equipment or which has been acquired for use in connection with a specific item, is recorded on the record of the item of plant equipment and marked with the equipment tag number of the item to which it is associated. In the event the accessory or auxiliary item is not attached to, a part of; or acquired for use with a specific item of plant equipment, it is recorded in the same manner as plant equipment with acquisition cost greater than \$5,000 as previously indicated.

Centrally Reportable Plant Equipment. In respect to Industrial Plant Equipment, the Property Administrator prepares a DD Form 1342 at the time of acquisition or receipt to be forwarded to the Defense Industrial Plant Equipment Center operations (DIPEC) through the Government Property Administrator. If changes occur in the data as originally recorded, a copy of the original DD Form 1342 is made, marked CHANGED and submitted to DIPEC. Prior to the disposition of Industrial Plant Equipment, the University fills out the proper section of the DD Form 1342 and sends this via the Government Property Administrator to DIPEC. This provision is applicable only to NASA and DOD contracts.

- b. Scrap and Salvage - When requested by the Property Administrator, a record shall be maintained for all scrap and salvage generated providing the following minimum information:

- Contract number, if practical, or equivalent code designation
- Nomenclature classification or description of the item
- Quantity on hand
- Unit of measure
- Posting reference
- Date of transaction
- Disposition

- c. End Items - the University maintains a record of all completed products produced under a Government contract or grant as follows (*FAR 45.505-10*):
- i. When shipment follows Government inspection and acceptance of the completed product, the records consist of a summarization of quantities accepted or shipped.
 - ii. When end items are accepted by the Government and stored with the University awaiting shipment, the records identify quantities stored, location and disposition action.
 - iii. When contracts or grants which provide that completed products are to be retained by the University for further use under the active contract or grant or other contracts or grants, such items are considered Government-furnished Property upon acceptance and are recorded as previously described.
- d. Financial Control Accounts and Reports (*FAR 45.505-14*)
1. Accounts. The University's records provide annually the dollar amount of Government-owned facilities of each agency to which the University is accountable, in the following classifications:
 - Land and rights therein
 - Utility distribution systems
 - Buildings, structures and improvements thereto, including plant equipment
 - Plant equipment excluding Industrial Plant equipment
 - Industrial Plant equipment
 The University's accounts set forth totals and subtotals as to whether the equipment is University-acquired or Government-furnished.
 2. Reports. With respect to DOD agencies, the University provides the Government Property Administrator annually a separate report for each agency, listing by contract the dollar amount of Government-owned facilities in the University's possession falling in each of the above classifications. Reports to other agencies are made as provided in the specific contract or grant with the agency.
 3. Responsibility. Reports of inventoried property are the responsibility of the University Property Administration Office. All reports made pursuant to contract or grant provisions shall be coordinated with the University's OFFICE OF SPONSORED PROGRAMS and the Principal Investigator.
- e. Audit - Auditing of University records pertinent to a contract or grant may take place at any reasonable time during the performance of the contract or grant, at termination or completion, or at any time thereafter during the period the University is required to keep such records. All such records, including related correspondence, are available to the auditors.

SECTION K - PHYSICAL INVENTORIES

I. Physical Inventories of University Inventoried Property

The University of Denver is on a quarterly inventory schedule. The Property Administrator maintains a listing of departments and their respective quarterly due dates for the completion of the applicable physical inventory. The quarterly assignments are provided in the Appendix. The accountable department takes a physical inventory annually, with a due date based upon the quarterly assignment.

The accountable department, under the direction of the University Property Administrator, takes a physical inventory annually and the department head signs and dates a statement verifying the existence, location, current utilization and continued need of the equipment under his/her responsibility. Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property (77AR 45.S08).

Any changes, i.e. shortages, overages, building number, or nomenclature changes are reported. In addition, the department head is acknowledging the responsibility for the equipment. If there is any change in the head of a department during the year, the accountable department should take a physical inventory at that time. The Property Administrator will verify the departmental inventory based upon a judgmental sample of 5-10 items. If a department has 10 or fewer items, a test of all items will be performed. If the initial sampling indicates a discrepancy a statistical sample will be performed. After the statistical sample is performed and there is 10 percent discrepancy (of total items sampled) a complete inventory of the department must be performed. Each department must be sample checked by the Property Administrator once every three years.

II. Physical Inventories of Government Inventoried Property (FAR 45.508)

Under the direction of the University Property Administrator an annual physical inventory shall be taken of all Government Property for which the University is held accountable. A 100 percent review of all items will be performed. In addition, a final inventory of all Government Property shall be taken at the termination or completion of a contract or grant. The physical inventory shall consist of sighting, tagging or marking, describing, recording and reporting the property inventoried and reconciling the physical inventory with the Property Records. The accuracy of the property record information must be verified during the physical inventory process. The condition of each item must also be verified during this process. The verification of the condition must include a statement as to how the equipment is being maintained and, if stored that it is being stored properly.

a. Inventory Procedures

Annually, based upon the quarterly assignments identified below, the Property Administrator will furnish each department a listing of all recorded equipment for which they have responsibility. If the listing is correct, the inventory will be signed and dated by the Department Head as correct and returned to the Property Administrator. If the listing contains discrepancies, they should be noted on the copy and the returned to the Property Administrator.

b. Inventory Schedules

When property is no longer needed to perform the contract, the Property Administrator shall prepare inventory schedules in accordance with the contract and instructions from the plant clearance officer. These schedules shall be promptly submitted to the cognizant contract administration office. Agencies may use special inventory schedules for intra-agency screening of particular categories of contractor inventory (e.g., plant equipment of \$5, 000 or more)

III. Inventory Upon Termination or Completion of a Government Contract or Grant

Immediately upon completion or termination of a government contract or grant, the custodial administrative department or the Principal Investigator performs a physical inventory adequate for disposal purposes of all government property applicable to the terminated or completed contract. The Principal Investigator then requests disposition instructions from the agency. In submitting the termination inventory to the agency, the Principal Investigator certifies that all materials, supplies and equipment which were furnished to the University by the government for use on the contracts, or for which the University has been, or will be, reimbursed by the government under the terms of the contract or grant, if not specifically included in the inventory, were expended in performance of the work called for by the contract.

IV Results of Inventories

The University departments submit to the Property Administrator a listing which properly identifies all discrepancies disclosed by a physical inventory and a signed statement that a physical inventory was completed on a given date and the official property records were found to be in agreement with the physical inventory, except for discrepancies reported. The listing and signed statement will be furnished with a minimum delay at the completion of the physical inventory. The Property Administrator will report the results of annual inventory to the Government property administrator by October 31st of each year.

V. Procedures Training

The Property Administrator will provide any necessary training on property control procedures for an individual or group on an as-needed basis.

SECTION L - DISPOSAL OR TRANSFER

I. UNIVERSITY PROPERTY

- a) Sold or Traded-in Property - Excess University-owned property may be offered for sale or trade-in in accordance with the University's purchasing policies. The term "sold equipment" applies to University-owned property sold to either external agencies or to University personnel. It does not apply to property transferred to another department. The term "traded-in" applies to University property which has been traded-in on the purchase of new property.

All property to be applied to either of the above mentioned methods are to be reported to the University Purchasing Department for removal from the department and for necessary action. UNDER NO CIRCUMSTANCES WILL UNIVERSITY PROPERTY BE SOLD OR TRADED-IN WITHOUT THE WRITTEN APPROVAL OF THE PURCHASING DEPARTMENT.

- b) Destroyed or Discarded Property - On written notification from a department head that an item of equipment has been damaged beyond repair, destroyed or is no longer useful and is available for cannibalization, it may be removed from the inventoried records. (WRITTEN APPROVAL OF THE PROPERTY ADMINISTRATOR MUST BE SECURED PRIOR TO DISCARDING OR ABANDONING UNIVERSITY PROPERTY.)
- c) Lost or Stolen Property - (LOST OR STOLEN PROPERTY MUST BE REPORTED IMMEDIATELY BY THE DEPARTMENT HEAD TO THE UNIVERSITY CAMPUS SAFETY DEPARTMENT.) Notice should be sent to the University Property Administration Office as well as to the Campus Safety Office when such items are known to be inventoried property. If after 90 days the property has not been recovered, it will be removed from the property records. Property missing after a physical inventory check, either by the custodial department or the Property Administration Office, is reported and will be removed from the property records.
- d) Transfer of Property - Material, inventoried or non-inventorial, which is declared surplus or excess by a department is reported to the Property Office for disposition. This property may be transferred to another department, sold or discarded. If this property is to be transferred to another department, it is the receiving department's responsibility to arrange and pay for any delivery. If the property is moved to storage, it is the disposing department's responsibility to arrange and pay for movement.

All transfers of property must be documented by the Property Administration Office to insure the accuracy of the annual fixed asset reconciliation. Plant fund accounting is advised that an item is deleted from or added to, a fixed asset inventory.

1. If the University holds title to property acquired under a contract with an outside agency, which includes recovery rights and the funding agency requests transfer of such property to another institution, it may be transferred. Before transfer is initiated, a determination must be made for responsibility of dismantling and shipping costs.
2. Interdepartmental Transfers - When equipment is transferred between departments, no change is made in the recorded value of the equipment. It is reported to the Property Administrator by the transferring department on an Inventory Change Report form. The form must bear the signature of the receiving Department Head, acknowledging receipt. New building location must be included.

3. Interdepartmental Trades - Trades of equipment will be allowed between University departments only. The Property Administrator must be notified after any interdepartmental trade by submitting an Inventory Change Report form. Any trades which involve an exchange of cash shall require Controller's approval. Send the request through the Property Administrator prior to the transaction. The above applies to all equipment regardless of value and whether or not on the inventory.
4. Sale of Equipment by Departments - As previously stated in these procedures, title to property/equipment rests with the University rather than with the department. Therefore, the sale of or advertising for sale of equipment to other departments is prohibited, except as provided for in the Disposition and Donation Policy for Property.
5. Custody of the property is transferred by the Property Administrator.

II. GOVERNMENT PROPERTY

- a) Excess Property - When Government Property becomes excess to the contract or grant for which it was provided, it is screened against the needs of other contracts and grants prior to being declared excess to the University. If there is a need for the property within the University, the Contracting Officer is asked for authority to transfer accountability to a new contract, or any other instructions regarding the property. If there is no need, the property is reported as excess in the manner prescribed by the contract. For Industrial Plant Equipment, under DOD and NASA contracts or grants, DD Form 1342 is prepared. Property other than Industrial Plant Equipment is reported to the Government Property Administrator on a SF Form 120. The procedure for this transaction is described in the DIPEC Manual, Appendix 213.

For property that is determined to be sold with current market value greater than \$5,000, the property will be marketed in the most competitive manner possible for that item. This method will be determined by the department head or PI. Upon sale, the department will notify the Property Administrator who will contact the Contracting Officer. The proportionate share of the proceeds will be determined and the funds will be remitted to the sponsoring agency.

- b) Loss, Damage or Destruction - All cases of loss, damage or destruction are reported to the Government Contracting Officer as soon as the fact of such loss, damage or destruction becomes known (as required by FAR clause 52.245-5). The report includes all factual data as to the circumstances surrounding the loss, damage or destruction. The extent of the University's liability, if any, is subject to a written determination by the Contracting Officer. The University may be relieved of liability upon reimbursement to the Government, if required by the determination, and disposition of any property rendered unserviceable. Shipping documents or other instruments evidencing disposal should be appropriately cross-referenced on the determination document.
- c) Release from Accountability and Responsibility (FAR 45.503) - the University is relieved of accountability and responsibility for Government Property with the concurrence of the Contracting Officer or his/her duly authorized representative via the following:
 1. Reasonable and proper consumption of property in the performance of the contract or grant.
 2. Retention by the University for consideration given the Government.

3. The authorized sale of property, the proceeds of the sale being received or credited to the Government.
4. Shipment from the University premises, under Government instructions, except when shipment is to a subcontractor or other location of the University.
5. Transfer of title to the University.
6. Abandonment in place by the Government.
7. Loss, damage or destruction of allocated property.

The property records must not be changed or removed without prior approval from the contracting officer.

SECTION M - SUBCONTRACTOR CONTROL

Each agreement entered into by the University pursuant to the terms and conditions of a prime contract or grant with the Federal or State Government, whereby Government Property may come under the control of a subcontractor shall contain specific provisions respecting the subcontractor's responsibility for the care, custody, and use of said property whereby the subcontractor, shall assume the responsibility and obligations of the University respecting said property while under the subcontractor's control.. The subcontractor is subject to the same controls and schedules as the University (FAR 45.614). The University shall require any of its subcontractors possessing or controlling Government property to adequately care for and maintain that property and assure that it is used only as authorized by the contract (FAR 45.510). All actions of the subcontractor are subject to the terms of the prime contract related to the care, utilization, storage, movement, and disposition of said property (FAR 45.5). The risk of loss provisions (FAR 52.245-5(1)) of the prime contract cannot be flowed down to the subcontractor. The subcontractor has full responsibility for the risk of loss of Government property. The subcontractor should have an adequate system to account for Government property (FAR 45.505). The subcontractor must perform the annual reporting requirements for Government property (See Section C.III.h., Reports for requirements). The property and pertinent records of the subcontractor are held available for inspection by the University and Government at all times. Any transfer of said property, either to a new location or to any other contract, will not be done without the full coordination of the Property Administrator.

Subcontractors shall prepare inventory schedules in accordance with those prepared by the contractor. Subcontractor inventory and disposal recommendations (including scrap recommendations) shall be reported through the next-higher-tier (i.e. the University) who is responsible for reporting property to the cognizant plant clearance officer (FAR 45.624).The inventory procedures of the subcontractor are reviewed by the University and designed to meet the requirements of the University and the Government.

Sponsored Programs Administration will review contracts to ensure that appropriate title provisions are transferred to subcontractors on cost-reimbursement subcontracts that involve equipment acquisitions.

SECTION N - PERSONAL USE OF PROPERTY

Use of University material or property in the care and custody of the University, by University employees for personal purposes is not allowed except with the written approval of Custodial Department Heads.

It is to be explicitly understood that the University insurance policy does not provide for coverage for University Property or Government Property once it has physically left the premises of the University. The liability for said property rests with the individual or individuals responsible for the property. It should also be understood that the University will not allow the use of University funds of any type to be used for the replacement of property lost during personal use by its employees.

SECTION 0- CONFLICT OF TERMS

- I. The provisions of these policies and procedures are generally accepted by the sponsoring agency as satisfactory for the performance of the contract. When conflicting and/or additional provisions are included in a contract or grant, the Office of Sponsored Programs notifies the Property Administration Office of the specific contract or grant clauses pertaining to property which constitute an exception to these policies and procedures as well as any other related University policies and procedures.
- II. Questions concerning the interpretation of specific contract or grant clauses should be referred to the Office of Sponsored Programs.
- III. Specific questions which relate only to the policies and procedures applicable to university property should be referred to the Property Administration Office.