

**SOUTHERN METHODIST UNIVERSITY
SPONSORED RESEARCH ADMINISTRATION**

GOVERNMENT

GRANT & CONTRACT

PROPERTY MANAGEMENT PROCEDURE

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GOVERNMENT GRANT & CONTRACT PROPERTY PROCEDURE

PURPOSE

This document is designed to establish the minimum procedures for management and disposition of property furnished by the Federal Government as a result of a project supported by a Federal award (grant or contract). This procedure guide is an extension of Southern Methodist University's routine property management standards and procedures. Additional reporting and management requirements may be imposed by Federal Agencies or individual grants or contracts. Standards applicable to Facilities and Real Property are not covered in this guide. Should awards for Facilities or Real Property be accepted, the Office of Research Administration will assist with procedures to be taken in order to ensure compliance with regulations.

The two basic functions of this procedure guide are:

- 1) Emphasis on the need for property accountability and compliance with Federal Property Standards specified in Office of Management and Budget Circular A-110 (OMB A-110).
- 2) Explanation of the interrelated processes from the establishment of the property as a requirement to the project, through procurement, distribution, storage, inventory, marking, maintenance, reporting and final disposition.

ACRONYMS AND TERMS:

A number of acronyms are used for University functions to shorten the document. Many terms from Federal literature are used as well. These are listed and defined below:

ACRONYMS:

AM	Asset Management
GCA	Grant and Contract Accounting
ORA	Office of Research Administration
PD	Project Director
PI	Principal Investigator
UPD	University Purchasing Department

TERMS:

Acquisition Cost of Equipment - the net invoice price of equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired.

SMU-Acquired Property - property acquired or otherwise provided by SMU for performing a contract and to which the Government has title.

Equipment - tangible nonexpendable personal property including exempt property exceeding the University capitalization threshold, currently property having a useful life of at least two (2) years and an acquisition cost of \$5,000.00 or more.

Exempt Property - tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation or accountability to the Federal Government for its use or disposition.

Federally-Owned Property - includes both Government-furnished and SMU-Acquired property where title remains vested in the Federal Government.

Government-furnished Property - property in the possession of or directly acquired by the Government and subsequently made available to SMU.

Industrial Plant Equipment (IPE) - 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.

Other plant equipment (OPE) - plant equipment regardless of dollar value, used in or in conjunction with the manufacture of components or end items relative to maintenance, supply, processing, assembly or research and development operations. OPE excludes equipment categorized as IPE.

Property - real property, equipment, intangible property and debt instruments.

Property Administrator - an authorized representative of the Government Agency contracting officer assigned to administer the contract requirements and obligations relating to Federally-owned property. Frequently this is the Office of Naval Research Representative who reviews the University's property control procedures, property records and ensures that the Government interests are protected.

Real Property - land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.

RESPONSIBILITIES

The Principal Investigator/Project Director (PI/PD) will be responsible to the University for the care, maintenance, and security of all property charged or assigned to a Government grant or contract for which he/she is PI/PD, in accordance with the terms of that grant or contract or other applicable guides and procedures. Acceptance of awards requiring additional reporting or management procedures will result in the additional acceptance of responsibility for initiating and/or monitoring the adherence to these special requirements.

Asset Management (AM) will be responsible for the establishment and maintenance of the official property records, to include the invoices, purchase orders and purchase requisitions with reference to property, and annual inventory computer details concerning Government grant and contract property. AM will affix decals on and initiate inventory of all non-expendable Government grant and contract property and will assist the PI/PD in meeting his contractual obligations with respect to property reporting matters.

Office of Research Administration (ORA) will assist the PI/PD with initiating pre-screening, when required, and obtaining Agency certification of non-availability or other Agency approval to procure capital equipment. ORA will coordinate required property reporting through the duration and closing of the award.

PROCUREMENT PROCEDURES

Property procurement is a function of the PI/PD, however various administrative offices of SMU such as the Office of Research Administration (ORA) and University Purchasing Department (UPD) may be involved. Sources of supply may be military installations, other Government installations, plants of military departments, other Government agency contractors, and direct commercial purchases subject to review concerning applicability to the respective grant or contract.

Southern Methodist University Policy #7.4, Sponsored Research Procurement presents the policy to be followed in all procurements, through commercial sources, using funds from Government sponsored grants and contracts (see [SMU Policy Manual](#) effective June 1, 1996 and any subsequent revisions). Detailed procedures applying to all procurements using Federal funds are contained in [SOUTHERN METHODIST UNIVERSITY, PROCEDURE ON SPONSORED](#)

[RESEARCH PROCUREMENT WITH FEDERAL FUNDS](#) effective February 1, 2008. Equipment purchases will follow these university policies and procedures.

Individual granting agency *Terms and Conditions* and contract requirements may impose additional procedures. ORA will advise if federal funded equipment is not exempt property or if other special requirements exist. Government regulations require that the University screen the existing inventory of capital equipment for availability before ordering capital equipment to avoid purchasing “unnecessary or duplicative items”.

Other pre-screening requirements may exist depending upon the agency and/or type of equipment involved. Assistance in complying with individual contractual and/or agency requirements will be provided by ORA and, in most cases, by the Government Contracting Officer. All required, pre-screening forms will be submitted by ORA and based on technical information furnished by the PI/PD.

ORA will determine, at the time a Federal award is received, whether title to Federally funded equipment is to be vested in the US Government or in SMU. Separate accounts are to be provided in the budget for each project to distinguish who has vested title. Grant & Contract Accounting (GCA) will monitor the accounts used on purchase invoices to ensure consistency with the determination of vesting made by ORA. GCA will provide Asset Management with copies of invoices indicating whether federal funds were used in the purchase and where title to the equipment is vested. Copies of associated purchase orders and/or purchase requisitions will also be forwarded to Asset Management.

RECEIPT OF PROPERTY

The PI/PD or authorized representative should personally inspect all property received, prior to signing the invoice authorizing payment. This person should note, on the packing slip or purchase order copy, the serial number, model number and other identifiers in addition to verifying correctness and condition of equipment with reference to damage or shortage. If any discrepancy is discovered, the PI/PD annotates all discrepancies on carrier’s delivery receipt and immediately contacts University Purchasing Department (UPD). UPD determines responsibility, either vendor or carrier, and follows up with correspondence and/or reports required to rectify this matter. In many cases, it will be necessary to advise the Property Administrator of discrepancies in shipments.

Agencies may have special reporting requirements which must be followed at the time of receipt of equipment and throughout the period of performance of the grant or contract. ORA will submit the required forms based on technical information supplied by the PI/PD.

Any item of property that becomes lost or damaged will be reported to proper authorities with a copy of subject report and a completed SMU Transfer/Disposal Form forwarded to AM. The term “proper authorities” will be defined according to the location, cause and size of the loss incurred. For instance, a theft of equipment located on-campus should be reported to the SMU Police Department, the Office of Risk Management, the Dean of the School, ORA and the Agency Contracting Officer.

INITIAL INVENTORY AND MARKING OF PROPERTY

Asset Management is responsible for the initial inventory and marking of all Government grant and contract property purchased or furnished from Government sources. This is accomplished as follows:

- 1) Upon receipt of a completed vendor invoice, Asset Management will transfer necessary information from the invoice to a computer input form.
- 2) The PI/PD for the respective grant or contract will be contacted to determine an appropriate time to inventory subject property and affix pre-numbered decals. Although this is done as soon as possible after receipt of the property, the time elapsed may allow the equipment to be installed/located in such a way that access to the identifying

numbers

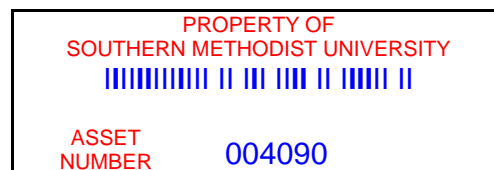
is obstructed. The model, serial and other identifying numbers noted by the PI/PD at the time of receipt will be provided to AM for the University property records.

- 3) If the property is to be shipped to another location soon after arrival at SMU, the PI/PD will notify AM prior to the shipment date so that the information may be accessed and the property may be tagged. If the property is to be shipped directly to a location other than SMU, the PI/PD will notify AM of the number of items involved. AM will provide the PI/PD with sufficient numbers of tags and the PI/PD will affix them and obtain the detailed information needed for recording (see step 2).

Identification of Federally-owned property shall be effected by affixing a decal on each item that will bear the following "U.S. GOVERNMENT". Example of such decal is indicated below:



Identification of property purchased under a grant or contract, regardless of who holds title is effected by affixing a pre-numbered decal on each item. Example of decal is indicated below.



Upon completion of the initial inventory and marking, computer records will be updated by AM. This information will become the basis for Annual Property Detail that will be outlined in a subsequent paragraph.

PERIODIC INVENTORY OF PROPERTY

The PI/PD is responsible for validating the inventory of their Government grant and contract **funded** exempt property annually. This includes, not only verification of the existence of the property, but also the condition, physical location and continuing use for the purpose which allowed the original acquisition.

With reference to **Federally-Owned property**, the PI/PD will conduct an annual inventory as outlined below:

- 1) AM will furnish each PI/PD a listing of the Federally-owned property under their respective grant or contract and a Certificate attached to the listing.
- 2) The PI/PD will make a physical check of the property, including physical location, condition and continued need.
- 3) After completing the inventory, the PI/PD will sign the Certificate stating that the inventory was conducted on (Date) and that it was correct, as shown on the listing, except as noted on the Certificate.

- 4) The PI/PD will return the signed Certificate and listing to Asset Management.
- 5) AM will notify the cognizant Property Administrator of any adjustments required.

(NOTE: See Annual Inventory of Federally-Owned Grant or Contract Property Certificate - EXHIBIT 2.)

MAINTENANCE AND STORAGE OF PROPERTY

Proper maintenance and storage of their Federally-owned or Federally funded property is the responsibility of the PI/PD.

REPORTS

Following are some of the property-related reports that will be submitted. Forms and detailed instructions may be supplied by the Agency or the cognizant Property Administrator. They may also be found in the Federal Acquisition Regulation (FAR) and agency FAR supplement. Reference should be made to the Agency *Terms and Conditions* or award/contract requirements to determine what reports are required.

A. Receipt, major changes affecting equipment or when equipment is no longer needed

It is important to recognize that each contract and each agency may have special reporting requirements affecting the purchase of equipment including preapproval of specific items whether or not they were in the proposal budget. There may be specific forms required to report receipt, major changes affecting equipment or disposition requests or the Contracting Officer may only require an email or letter to communicate these events. Many Federal Agencies are transitioning to web based databases for tracking equipment which will necessitate coordination between the PI/PD, AM and ORA to ensure compliance.

Initiation of the required form/communication is the responsibility of the PI/PD who is the first to have knowledge of the above events. Submission of required forms will be the responsibility of the ORA, based on technical information furnished by the PI/PD.

B. Annual Inventory

Report of Government-Owned/Contractor-Held Property - (NASA Form 1018) - Separately submitted, annually on each contract, to the cognizant Property Administrator so as to be received by October 15 covering the Period October 1 - September 30. Negative report is required.

DOD Property in the Custody of Contractors - (DD Form 1662) or approved substitute - Submitted annually to the cognizant Property Administrator so as to be received by October 31 covering the period October 1 - September 30. Negative report is required even when no property remains accountable under the contract. (This form is in the process of being phased out for use of an on-line system of reporting which may eliminate the ability for AM to be involved depending on the level of technical information required for the system.)

AM will complete the required form upon notification by ORA to do so or annually based upon the returned, PI-certified inventory forms.

C. Close Out

Final Inventory Report Upon Closing of Government Grant or Contract (Exhibit 3) -

The final inventory reporting process is initiated by ORA at the time a Government Grant or Contract, which provides Federally-Owned Property, is officially closed. This is a locally produced form and distribution is set forth on the form. Information for completion of the form will be taken from:

Accounting Records.....Project Expense Summary - Distributed
Property Records.....Inventory Listing - AM
Budget Records.....Budget As Amended - ORA

ORA will complete the form through item 4 and forward it to AM. Upon receipt of the form, AM will initiate a 'periodic inventory'. The PI will complete and return the certified inventory information to AM. AM will reconcile any differences, update the computer records and forward the form and closing listing to ORA.

DISPOSITION OF FEDERALLY-OWNED PROPERTY

The initiation of proper action which will ultimately determine the title of Federally-owned property is the responsibility of the PI/PD, however, as stated in the 'Close Out' section above, ORA will initiate the process when disposition of property is a part of closing procedures. At the conclusion of a Government grant or contract, ORA will submit a request to AM for a final inventory. The PI/PD will verify the inventory details and then submit the final inventory report (this report being different from the one outlined previously in Annual Inventory) **with a statement as to the desired method of disposal** to AM. AM will complete their reconciliation and update the database with any changes reported, then forward the report and PI/PD statement to ORA. ORA will include this information with their closing process to obtain instructions for disposition from the Government.

EXCESS FEDERALLY OWNED PROPERTY

When the PI/PD determines that Federally-owned property has become excess to the needs and requirements of the Government grant or contract, he/she shall submit a report **to ORA** requesting disposal instructions. This will initiate the above 'Disposition' section without related closing procedures.

USE OF FEDERAL FUNDED PROPERTY

Equipment shall be used in the project/program for which it was acquired for as long as needed, whether or not the project continues to be Federally funded. Exempt property (Federally funded property to which SMU retains title) shall be made available to other projects, if such other use will not interfere with the work on the project for which it was acquired. When the equipment is no longer needed for the project, it shall be made available: first - to other projects sponsored by the same Federal agency; and second - to other projects sponsored by other Federal agencies.

Equipment acquired with Federal Funds shall not be used to provide services to outside organizations for a fee that is less than what private companies charge for equivalent services.

Equipment which is no longer needed for the project/program for which it was acquired must be reported to ORA. Some agencies have retained the right to require transfer of title on 'exempt property' as well as federally-owned property. This restriction will normally be stated in the award document. ORA will assist with determining when the following procedures must be applied:

Needed for other University Activities. Equipment with a current per unit fair market value of \$5,000 or more requires compensation of the Federal awarding agency computed by applying the percentage of Federal participation in the cost of the original **project** to the current fair market value

of the equipment. Federal participation will be obtained from the Final Inventory Report (federally-owned equipment) or from the last Project Expense Summary (Exempt Property).

Not needed by SMU. Equipment acquired with Federal Funds and no longer needed by SMU must be reported to the awarding agency, in most cases, along with a request for disposition instructions in accordance with OMB A-110. The PI/PD who last utilized the equipment on an approved project/program is responsible for notifying ORA who, in turn, will contact the agency. If the PI/PD is no longer with SMU, it is the responsibility of the associated Department Chair Person to initiate action through ORA.

If ORA's record retention period for the project on which the equipment was purchased has expired, ORA will obtain information from AM for the report to the awarding agency.

REQUISITION OF EXCESS PERSONAL PROPERTY THROUGH GENERAL SERVICES ADMINISTRATION OR GOVERNMENT FURNISHED PROPERTY THROUGH OTHER AGENCIES

In view of this institution's approved Government sponsored grants and contracts program, the University has been authorized to request **transfer** of certain items of available excess personal Federally-owned property reported on GSA Bulletins and Catalogs.

The PI/PD, with the assistance of ORA and the Agency Contracting Officer, has responsibility for preparing required forms necessary to request this excess property.

When excess personal Federally-owned property through General Services Administration or Government Furnished Property through other Agencies is received, it will be the sole responsibility of the PI/PD to acknowledge receipt of the property by signature on the Government Bill of Lading or other suitable receipt as presented. The PI/PD will ensure that all shipments are opened and a physical count is made prior to releasing any document. A copy of all documents will be forwarded to AM through GCA for official property files and reporting. On-the-spot action will be initiated to cover any discrepancy. Property decals will be affixed by AM. The PI/PD will be readily available to cooperate with this procedure. Due to strict accountability and numerous reports required by the Agencies, compliance with this specific directive is critically important.

Nearly all transfers between agencies are made without reimbursement. However, costs of care and handling, as well as any transportation cost incurred, must be paid by the agency receiving the excess property.

Title to this property is vested in the Government. However, the responsibility of its care, maintenance, storage and justified use lies with the PI/PD.

Excess Government personal property will be marked and subject to scheduled inventory as other property. However, there will be separate records maintained on this property due to its supply source and accountability.

These instructions are not applicable to Excess Government Property **purchased** by the University to which SMU takes title.

ANNUAL GOVERNMENT GRANT & CONTRACT COMPUTER DETAIL

AM is responsible for the initial and subsequent information input to the computer records for the Annual Government Grant and Contract Property Computer Detail.

Changes will be made as soon as they occur in order to maintain a current detail at all times, therefore prompt reporting by the PI/PD to AM is required.

Distribution of this detail will be made annually to each PI/PD involved with property. A covering letter will accompany each detail requesting verification or necessary changes, if applicable.

The information contained in the detail is outlined below:

- 1) TAG NUMBER
Pre-numbered decal affixed to item.
- 2) ASSET ID
The number assigned sequentially to assets entered into the AM system.
- 3) AGENCY AWARD NUMBER
Government Agency and Agency assigned award number (obtained by linking to the project record).
- 4) SMU PROJECT NUMBER
Numbers in the "G" series assigned by Grant & Contract Accounting to identify subject Government grant or contract.
- 5) DESCRIPTION
Brief noun description of item to include model number, where applicable.
- 6) MANUFACTURER
Manufacturer of the property.
- 7) MODEL NUMBER
Model Number, if applicable, assigned by the manufacturer.
- 8) SERIAL NUMBER
Serial Number, if applicable, assigned by the manufacturer.
- 9) ACQUISITION DATE
Date on which property was acquired or transferred to SMU responsibility.
- 10) PHYSICAL LOCATION
Actual physical location of each item of property under subject Government grant or contract. This will be up-dated periodically and at the time of the Annual Property Survey by ONR-San Diego.
- 11) COST
Total Cost of item to include shipping charges.
- 12) RESPONSIBLE PERSON
PI/PD or designee assigned responsibility for monitoring the property.
- 13) CONDITION CODE
Indication of current condition of the property. AM will provide a list of the codes and their descriptions with each detail listing.

OTHER FORMS FOR PROPERTY MANAGEMENT

See [Asset Management Procedures](#) for detailed instructions for the [SMU Transfer/Disposal Form](#)

See [Procedure on Sponsored Research Procurement with Federal Funds](#) for detailed instructions on the [Purchase Requisition Form](#) For Purchases Funded By The Federal Government

SMU Transfer / Disposal Form

F.Y. _____ For Capital Assets Asset ID # _____

Fill in information below:

Date _____ SMU Tag Number _____

Asset Description _____

TRANSFER

Transferred From / Transferred To

Department _____

Building / Room _____

Custodian & Phone # _____

If being transferred off-site:

Custodian & Phone # _____

Mailing Address _____

Building / room # location _____

DISPOSAL

Check One Item:

_____ Asset Stolen DPS Incident Report # _____

For the following items, see the SMU Excess Property Policy # 12.7; Report to Purchasing Department PRIOR to taking these actions.

_____ Asset sold Amount Received \$ _____

_____ Asset scrapped

_____ Asset donated

_____ Other (explain below)

Explanation to support transfer or disposal:

Approvals:

Requestor Name _____ Phone # _____

Department Manager Signature _____

Print Name _____

Date _____

Please e-mail complete form to: djohn@smu.edu

If e-mail is not available or attachment of tag is required, mail printed form and related information to:

Donna John

Asset Management, Expressway Tower, Suite 210

Box 259

Thank you!

This is presented as an example only. The official form will be produced by Asset Management and forwarded to the PI/PD.

**ANNUAL INVENTORY OF FEDERALLY-OWNED
GRANT/CONTRACT PROPERTY CERTIFICATE**

AGENCY AWARD NUMBER: _____ PRINCIPAL INVESTIGATOR _____

1. This is to certify that a physical inventory of the property reported on the attached list was conducted on _____ and that the inventory as shown on subject list is correct except as noted below:

	<u>ADDITIONS/DELETIONS</u>	
<u>DESCRIPTION</u>	<u>REFERENCES</u>	<u>REASON</u>

2. This is to further certify that proper maintenance has been performed and security maintained for subject property in accordance with agency requirements and directives.

Date

Signature of Principal Investigator

ATTACHMENTS: (Specify if applicable)

This is presented as an example only. The official form will be produced by the Office of Research Administration and forwarded to GCA/AM.

FINAL INVENTORY REPORT UPON CLOSING OF GRANT/CONTRACT

AGENCY NUMBER: _____ SMU NUMBER: _____

AGENCY: _____ PRINCIPAL INVESTIGATOR: _____

TITLE: _____

1. TOTAL PROJECT EXPENDITURES \$ _____
2. AGENCY SHARE OF PROJECT EXPENDITURES \$ _____
3. AMOUNT APPROVED IN BUDGET FOR PURCHASE OF EQUIPMENT
(8240/8245) (AS AMENDED) \$ _____
4. TOTAL EQUIPMENT EXPENDITURES
(PROJECT EXPENSE SUMMARY) AS OF _____ \$ _____
5. TOTAL EQUIPMENT EXPENDITURES
(ASSET MANAGEMENT INVENTORY - by special request) \$ _____
6. DIFFERENCE (IF APPLICABLE AND EXPLANATION NOTED BELOW) \$ _____
7. EXPLANATION OF DIFFERENCES:

ABOVE INFORMATION CERTIFIED CORRECT BY RESEARCH ADMINISTRATION BASED ON PHYSICAL INVENTORY SUPPORTED BY APPROVED AUTHENTICATED DOCUMENTS AND FINANCIAL STATEMENTS.

Signed Date .

DISTRIBUTION:
Respective Agency
ORA - SMU
GCA - SMU
Property File - AM - SMU