

# Carnegie Mellon University

## Finance Division

### Government-Owned Property Guide - DRAFT

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## 1.0 Introduction

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These guidelines outline Carnegie Mellon University's responsibilities and procedures for government-owned property, including property acquisition, control, use, care, maintenance, disposition and reporting. The federal government requires the CMU to procure, use and control property in accordance with federal laws, executive orders, federal sponsoring agency instructions and specific grant or contract special instructions. It is government policy to rely upon the CMU's internal written procedures, subject to evaluation and approval. In addition to the policies relating to government-owned equipment described in the [Property Accounting Policy](#), this guide expands upon the 10 outcomes accordance with the Federal Acquisition Regulation (FAR) clauses 52.245 and the Department of Defense Guidebook for Contract Property Administration (section 7.12). CMU's cognizant agency, Office of Naval Research (ONR), reviews these 10 outcomes during an annual Property Control System Analysis (PCSA) to ensure CMU's compliance. The 10 outcomes are listed below and further information can be found in section 4 of this document.

FAR Outcomes:

- a. Acquisition
- b. Receiving
- c. Records
- d. Physical Inventory
- e. Subcontractor Control
- f. Reports
- g. Disposal
- h. Utilization
- i. Maintenance
- j. Contract Property Closeout

## 2.0 Definitions

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- a. **Capitalization Criteria**  
Individual items of furniture or equipment with an original cost of \$5,000 USD or more and a minimum useful life of two years.
- b. **Department**  
A university unit devoted to an academic or administrative area.
- c. **Excess Equipment**  
Equipment that CMU still possesses after the contractual period.

- d. Federal Acquisition Regulation (FAR)**  
Federal guidance for the purchase and use of all government property, codified at Chapter 1 of Title 48 of the Code of Federal Regulations, 48 CFR 31.
- e. Government Furnished Equipment (GFE)**  
Property in the possession of, or directly acquired by, the government and subsequently made available to CMU. Title remains with the government.
- f. Government-Owned Contractor Acquired Property (CAP)**  
Property partially or completely purchased with government funds under contractual terms with the title vested with the Federal Government.
- g. Property Accounting System (PAS)**  
A comprehensive database that accounts for all CMU movable equipment and fixed capital assets and complies with all current applicable government regulations. The PAS assists in the collection and maintenance of asset information from the point of acquisition through disposal; identifies pertinent asset information (e.g., model, manufacturer, fund code, serial number, location, use and condition codes); tracks financial information, including original cost (by Oracle financials system string), transaction date and depreciation detail; and has display and data entry capabilities so that users can view, modify or create reports of assets.
- h. Property Administrator (PA)**  
An authorized representative from the federal sponsoring agency responsible for administering the contract requirements for government property in possession of a contractor.
- i. Shared Use**  
When a similar capital asset previously purchased is available for use on a new contract.
- j. Sponsored Research Contract**  
A sponsored research contract is a legal document between CMU and the federal government regarding a particular research project. It usually has specific deliverables and milestones to be met and dictates how the parties will interact with each other. Contracts may be called by a variety of names, but if the content of the document includes specific terms and conditions governing the performance of research, CMU considers it a research contract.

## 3.0 Internal Roles and Responsibilities

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### 3.1 University Departments

Every department is directly responsible for the control, use and security of capital moveable assets in its possession.

### 3.2 Buyer

Faculty, staff, contractors, temporary workers or students who have been granted purchasing authority. Party which acquires, or agrees to acquire, ownership (in case of goods), or benefit or usage (in case of services), in exchange for money or other consideration under a contract of sale.

### 3.3 Insurance Services

Insurance Services is responsible for ensuring compliance with Uniform Guidance regulations regarding insurance coverage.

### 3.4 Office of Sponsored Programs (OSP)

Provides support to faculty and staff in the administration of externally sponsored research.

### 3.5 Principal Investigator (PI)

Individual identified in the sponsored research contract as the custodian of all contract/grant property. The PI is directly responsible for complying with federal regulations regarding the use, maintenance and protection of contract assets.

### 3.6 Procurement Services

Procurement Services is responsible for providing CMU's buying community with the information, processes and tools to make effective buying decisions and meet compliance obligations.

### 3.7 Property Accounting Services (PAS)

Maintains CMU's centralized inventory of all capital movable and fixed assets and establishes policies and procedures for those assets in accordance with government regulations and for maintaining the CMU's capital ledgers for CMU financial statement and sponsor reporting.

### **3.8 Property Auditor**

Employee of PAS with the primary responsibilities of tagging newly acquired moveable capital assets and conducting periodic inventories of moveable capital assets.

### **3.9 Property Officer**

A formally appointed liaison for departments. The property officer serves as the main line of communication regarding tagging, audits/inventories and disposals between their department and PAS. The listing of the appointments of property officers is maintained in the PAS database.

### **3.10 Sponsored Projects Accounting (SPA)**

SPA is responsible for the preparation of all property reports on an award basis. They are also responsible for filing annual property reports detailing government-owned property. SPA provides approval on purchases of equipment on federal contracts to confirm title, documentation and allowability.

## **4.0 Federal Acquisition Regulations Outcomes**

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The government relies on and requires its contractors to provide effective and efficient stewardship of the government owned property in their custody. The benefits that the government gains from an effective property management system include: the facilitation of effective and efficient oversight of contractors, provides a degree of standardization in contractor's practices, maximizes return on the government's investment, achieves best value, and protects the government's interests. This stewardship responsibility is codified in the FAR 52.245-1 as 10 outcomes. FAR requirements state: "Contractors shall establish and implement property management plans, systems and procedures at the contract, program, site or entity level to enable the following outcomes:

### **4.1 Acquisition**

CMU ensures that acquisitions are contractually authorized. The government may authorize CMU to acquire property for the performance of a contract, of which the costs are allocable or properly chargeable to the contract as a direct cost. Property furnished by the government will be listed in the contract or other authorized documents.

It is the responsibility of the PI, to obtain any prior approval authorizations from the sponsor. University-wide pre-purchase screening is required for equipment purchases of \$100,000 USD or more per item/system. Government regulations require that existing equipment be fully utilized before federal funds are expended on new or additional equipment. PIs must

prepare an [Equipment Screening Report \[.pdf\]](#) for university-purchased property of \$100,000 USD or more per item/system for use with government contracts.

1. PIs submit the [Equipment Screening Report \[.pdf\]](#) to PAS
2. PAS returns the completed form, with a list of comparable items, within three working days to the PI. If equipment identified is similar and available for shared use, a [Shared Use Agreement \[.pdf\]](#) may be prepared and completed, if required by the lending department.
3. If the screening process does not identify similar equipment for shared use, the screening request form and the PAS list of comparable items, with notations as to the PI's review, is scanned and attached electronically to the purchase order. PAS will maintain a hard copy of the pre-screening documents. Copies are attached to a copy of the purchase order and kept on file with other acquisition documentation.

All purchase orders placed by the buyer must be in accordance with the [Procurement Manual](#). For purchase orders meeting the capitalization criteria, PAS will review all purchase orders and changes to purchase orders for subsequent entry of pertinent attributes (e.g., noun description, quantity) in the PAS database.

Purchase orders with \$5,000 USD or more charged to federal contracts are routed to SPA as part of the approval workflow. SPA confirms title to the equipment purchased on federal contracts is appropriately documented and purchases are made in a timely manner.

The PI must ensure appropriate use, maintenance and protection of the asset as required in federal regulations. To be compliant, PIs must initiate the necessary documentation for obtaining government-furnished equipment and provide documentation (contract modification, bill of lading, etc.) coordinated through SPA and PAS to establish and maintain CMU records.

## 4.2 Receiving

The CMU receiving process ensures controlled receipt for all CMU property. Each buyer is responsible for properly documenting the receipt of all property in the Oracle financials system. Buyers should not enter a receipt on the purchase order in the Oracle financials system for the equipment without knowledge that items were received in good working condition. When a shipment is delivered, the shipper's freight bill and/or bill of lading is compared with the items received to verify quantity and accuracy of the shipment and the equipment is inspected for any physical damage. It is the responsibility of the buyer or another department representative to notify the supplier of discrepancies and/or damage.

Upon receipt of property, departments must notify PAS of the purchase order number to arrange for tagging.

#### **4.3 Records**

PAS enters asset information into the PAS database upon receipt of the property for record keeping and subsequent asset tagging. A department may request to enter into an agreement with PAS whereby the department does its own tagging, under the supervision of PAS, to conform to the CMU's property management policies and procedures. It is the responsibility of the individual applying the tag to record any serial number or unique identifier, location and condition in the PAS database at the time of the tagging.

Property auditors or the department's property officer physically tags the asset with a vinyl tag carrying the name "Carnegie Mellon" that includes a bar code with a corresponding readable number. If applicable, property for which the government holds title also receives a "Property of U.S. Government" tag. The asset tag is a vinyl label that is permanently affixed to equipment that serves to identify it for tracking or inventory purposes. The six-digit identification number is recorded by PAS as part of the PAS database. A bar code on the tag can be electronically scanned when doing a physical inventory.

#### **4.4 Physical Inventory**

Physical inventories are conducted for all property for which the government holds title on an annual basis. For all other assets, surveys are completed no less than biennially utilizing both 100 percent inventory and statistical sample methods. When the physical inventory is complete, the property auditor works with the various department's property officer to reconcile the data and document all findings and adjustments to the property records.

Property Accounting provides an updated property listing to each department annually. Property officers verify the accuracy and completeness of the information that is reported on the property listing. To maintain data integrity, the property officer regularly submits updates to PAS.

#### **4.5 Subcontractor Control**

The Office of Sponsored Programs (OSP) negotiates and executes subcontract agreements. OSP ensures that the appropriate flow-down provisions from the prime federal contract are incorporated into related property administration and disposition subcontracts.

SPA submits U.S. government-owned property reports required by the contractual agreement and obtains relevant property information from subcontractors.

## 4.6 Reports

CMU submits annual reports of government-owned property in its custody to the sponsor as required in the [Office of Management and Budget \(OMB\) 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards](#) (Uniform Guidance). SPA prepares and submits these reports to the sponsor on October 31 each year or earlier, if requested. Expense transactions are reviewed and reconciled to the PAS ensuring that all government-owned property is accounted for. Equipment information may also be requested from subcontractors, if applicable. An agency-specific form or report is prepared identifying the equipment for each award and is submitted to the sponsor.

Final reports are submitted at the completion of the federal award, as identified in the Subcontractor Control section below.

## 4.7 Disposition

Departments must notify PAS or SPA when government-owned property is idle, no longer usable, damaged beyond repair, returned to the sponsor or when the department wishes to dispose of the property. PAS/SPA will coordinate with the department ensuring the appropriate next steps/forms are used.

When equipment is ready for disposition, the property officer submits a [Disposal of Movable Assets Form](#) to Property Accounting. When completing the Property Accounting portion of the form, Property Accounting reviews the funding source. If the asset was acquired with federal or other sponsor funding, the disposal form will be forwarded to SPA for final approval. SPA submits all required final reports and requests, including disposition instructions for government-owned property, to the government upon completion of a grant or contract.

For movable assets that are to be sold to parties outside of the university, proper sales procedures must be established to ensure the highest possible return. Assets must be sold on an "as is, where is" basis. All government markings and identification must be removed from equipment that is sold, scrapped or has title transferred to the university.

When government property is lost, damaged or destroyed, the university is required to report these events to the Property Administrator in accordance with FAR 52.245-5. PIs are responsible for equipment purchased through and utilized as part of work done on their awards and subawards. For university subcontractors with government property, Carnegie Mellon requires the subcontractors to report all instances of loss, damage or destruction of such government property to the Carnegie Mellon PI responsible for the subcontract. PIs should advise SPA and Property Accounting immediately when they know equipment has been



lost, damaged or destroyed. Through coordination with Property Accounting, the PI submits a Report of Loss, Damage, or Destruction (LDD) of Government Property Form to SPA.

SPA discloses and reports excess property to the government when it is no longer required to fulfill contractual obligations. Subject to the terms of the grant or contract, the university may be liable when shortages of government property are disclosed or when government property is lost, damaged, destroyed or when there is evidence of unreasonable use or consumption of government property.

#### **4.8 Utilization**

Government-owned equipment and equipment purchased on contracts subject to FAR subpart 45.5 (or similar clauses) are to be used only for purposes authorized in the contract. Use on other activities is prohibited unless advance approval is obtained from the federal agency. Idle or excess government-owned property cannot be disposed, transferred, cannibalized or removed from campus without prior written approval from the federal agency. The university may be liable if proper utilization policies are not followed.

Per 2 CFR 200, equipment purchased on federal grants and agreements must be used on the original project as long as needed. Once the equipment is no longer needed for the original project purpose, the item should be utilized on other federal sponsored projects in the following order of priority:

1. Activities sponsored by the federal agency that funded the original project.
2. Activities sponsored by other federal agencies.

#### **4.9 Maintenance**

The PI is responsible for the maintenance of all government-owned property associated with their federal contracts. The department's property officers or other department designee are responsible for the maintenance of all other sponsor and university property, including returning warranty cards and maintenance. Maintenance should be performed in accordance with sound industrial practices as well as with the terms of the grant or contract. Appropriate maintenance schedules may be determined by consulting equipment technical manuals. Records of maintenance actions performed, and any deficiencies discovered as a result of inspections must be documented by the persons responsible for maintenance.

#### **4.10 Property Closeout**

Upon completion of a federal award, a final report of all government-owned property in Carnegie Mellon University's custody is submitted to the sponsor. SPA is responsible for

preparing and submitting these reports to the sponsor by the due date as prescribed in the award agreement. Expense transactions are reviewed and reconciled to the PAS ensuring that all government-owned property is accounted for. Equipment information is also requested from subcontractors, if applicable. An agency-specific form or report is prepared identifying the equipment for each award and is submitted to the sponsor. A request for disposition instructions is submitted with each final property report. Such requests should be submitted to the sponsor's Property Administrator. SPA submits the request after conferring with the responsible department regarding their equipment needs. Depending on the sponsor, this may be in the form of a letter with an attached list describing the item(s) or an agency specific form.

Federal contracting agencies must respond within 120 days of the disposition request with a letter either transferring title to the university or requesting shipment of the equipment to a designated address. If the PI and/or department receive disposition instructions, this information should be forwarded to both SPA and Property Accounting.

When the title transfers to the university, SPA contacts Property Accounting to remove the "Property of U.S. Government" tag. Property Accounting then changes the record in the PAS to reflect university ownership. If the federal agency does not relinquish title of equipment to the university, the agency forwards correspondence with disposition instructions to SPA as to the destination and procedure for shipping the equipment.

On occasion, the university receives GFE from the federal government requiring the item to be returned at the conclusion of, or when no longer needed for, the project.

The department accountable for the GFE is responsible for the proper packaging and shipping of the equipment item. The department must forward SPA a copy of the shipping documents for the award file. Once SPA confirms the federal government's receipt of the returned equipment, SPA will notify Property Accounting to update the PAS database.

## 5.0 References

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- [Carnegie Mellon University Property Management Policies and Procedures](#)
- [Carnegie Mellon University Purchasing Policy](#)
- [Carnegie Mellon University Procurement Manual](#)
- [FAR 52.245-1 Government Property](#)