



DEPARTMENT OF THE NAVY
OFFICE OF NAVAL RESEARCH
CHICAGO REGIONAL OFFICE
JOHN C. KLUCZYNSKI FEDERAL BUILDING
230 SOUTH DEARBORN STREET SUITE 380
CHICAGO IL 60604-1595

IN REPLY REFER TO

ONRCRO/GVJ:gvj

SSIC# 4330

11 September 2006

Ms. Elizabeth McShane
Property Manager
Carnegie Mellon University
Sponsored Projects Accounting
5000 Forbes Avenue
Pittsburg, PA 15213-3890

Dear Ms. Elizabeth McShane ,

The Office of Naval Research, Chicago Regional Office has performed a limited Property Control System Analysis (PCSA) of the Carnegie Mellon University property control system. The PCSA, conducted on 09/11/2006 was performed within the guidance of Department of Defense Manual for the Performance of Contract Property Administration (DoD Instruction 4161.2-M, dated December 1991) and guidance provided by the Engineering and Systems Review Branch, Office of Naval Research.

The Objective of the PCSA was to ascertain the ability of Carnegie-Mellon University's property control system to protect, preserve, account for and control Government-owned property in their custody. The PCSA included various tests and analyses of the institution's internal management controls for property management, inventory procedures, reports, disposition activities and other areas as deemed necessary to perform the PCSA.

According to ONR records, the total value of ONR administered property at the Carnegie-Mellon University as of 09/07/2006 is \$ 1,053,321.70. The property is distributed as follows:

DOD	NASA	NIH
\$ 983,321.70	\$ 70,000.00	\$ 0.00

An A-133 audit was recently conducted which addressed the institution's overall property control system. The audit did not identify any findings related to the control of government titled property.

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The Carnegie-Mellon University Property Policies and Procedures have been reviewed for completeness and have been found to be acceptable.

The Carnegie-Mellon University recently performed a physical inventory. The inventory was performed in accordance with their approved policies and procedures. There were no deficiencies identified during the physical inventory.

For the last property reporting period the Carnegie-Mellon University submitted all 7 Annual Property Reports in a timely manner. The Annual Reports that were submitted for this period contained accurate information.

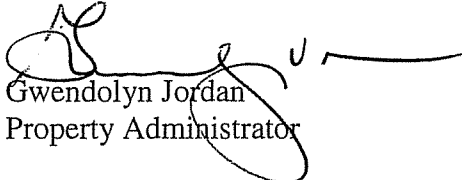
The Carnegie-Mellon University has routinely requested disposition instructions within a reasonable timeframe after the property is no longer needed for its assigned project.

During the previous year, Carnegie-Mellon University submitted their required final property reports in a timely manner.

After a review of other available documentation, additional issues were noted. On 10/26/05, the assigned ACO issued property disposition instructions donating the government-owned equipment in the amount of \$7,080 to the University under Contract F33615-00-C-1701. The University was directed to adjust their records accordingly and remove all tags identifying the equipment as Government-owned. According to the documentation provided by the University, the University's records still reflect government-owned property under this account. The University should take the appropriate action to update their records accordingly. Based upon the results of this PCSA and in the judgment of the Property Administrator, the property control system at the Carnegie Mellon University is rated satisfactory to protect, preserve, account for and control Government owned property.

Thank you for your assistance in this matter. If you have any questions, please contact me at (312) 886-2624.

Regards,


Gwendolyn Jordan
Property Administrator