Ms. Rhonda Kloss  
Director- Sponsored Projects Accounting  
Carnegie-Mellon University  
Carnegie Mellon University  
5000 Forbes Avenue  
Pittsburgh, PA 15213-3890

Dear Ms. Kloss:

The Office of Naval Research, Chicago has performed a limited Property Control System Analysis (PCSA) of the Carnegie Mellon University property control system. The PCSA, conducted on 08/27/2009 was performed in accordance with FAR and OMB requirements and within the 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 08/27/2009 is $7,354,910.71. The property is distributed as follows:

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<th>DOD</th>
<th>NASA</th>
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<tr>
<td>$ 7,354,910.71</td>
<td>$ 0.00</td>
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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.

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 5 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. The initial request for disposition of Contract No. M67854-05-C-1030 was submitted on time, but the Government had to work extensively with the University in order to get the necessary paperwork to document the fabrication and transfer of applicable property. The Government highly recommends the University take this opportunity to remind University staff of the University requirements for documentation and submission of property activity to Sponsored Projects.

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

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 compliant 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) 886-2363.

Thomas Pettit
Property Administrator & Administrative Contracting Officer

CC: G. Jordan – ONR Chicago
    H. Mehler – ONR Boston