

**AUBURN UNIVERSITY PROCEDURES
FOR THE MANAGEMENT OF
GOVERNMENT PROPERTY**

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OFFICE OF SPONSORED PROGRAMS

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1. INTRODUCTION

This manual sets forth the basic procedures to be followed by Auburn University in the management of Government property under its control. If there are any inconsistencies between this manual or the Government manuals referenced, and the contract under which the Government property is provided, the terms of the contract shall prevail.

2. ORGANIZATION

A. Project Leader or Principal Investigator

The Project Leader and/or Principal Investigator (hereinafter referred to as Project Leader) shall be responsible for all property assigned to his/her project. While he/she may delegate the responsibility of discharging the duties set forth in these procedures, accountability will remain with the Project Leader. Prior to acquiring equipment through a contract, the Project Leader needs to ascertain that the equipment is not available through his department, or elsewhere on campus.

B. Designated Property Coordinator (OSP)

Responsibility for research property coordination is in the Office of the Associate Provost and Vice President for Research, Office of Sponsored Programs (OSP) at 310 Samford Hall. The Designated Property Coordinator will maintain correspondence files for all projects on which Government-owned property is furnished or acquired. All correspondence (incoming or outgoing) relating to the property shall be channeled through the OSP. In the event contract sponsors or the Federal Government Property Administrator correspond directly with Project Leaders or their representatives on property

matters, copies of the correspondence will be provided to the OSP. The Designated Property Coordinator will provide assistance to the Project Leaders and other stakeholders in sponsor-owned property in the administration of property procedures. The Designated Property Coordinator shall remain informed and disseminate, as necessary, all property instructions and directives. All Purchase Requisitions for equipment or equipment components and upgrades to be acquired under any contract/grant must be reviewed by the Designated Property Coordinator for compliance with contract/grant provisions and screening of on-campus excess equipment records for availability.

C. **Federal Property Administrator**

The Federal Property Administrator is the Federal Government's authorized representative for administering contract requirements and obligations relating to property in the possession of a contractor. This individual is responsible for reviewing all contractor property control procedures, examining the records maintained by the contractor on Government property, making usage analyses of Government property and ensuring the maintenance of such Government property records as required by the [Federal Acquisition Regulations \(FAR\)](#). Copies of all correspondence and transactions with the Federal Property Administrator concerning Government property will be provided to the Designated Property Coordinator.

3. DEFINITIONS

Auburn University defines equipment as any item of non-expendable tangible property having an acquisition cost of \$5,000 or more and having a useful life of one year or more. (Effective 10/1/2010)

A. **Government Property**

Government property means all property owned by or leased from the Government or acquired by the Government under the terms of a contract. Government property

includes both Government-furnished property and contractor-acquired property as defined below:

1. Government-furnished property is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor.
2. Contractor-acquired property is property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the Government or to which the Government has a reversionary right.
3. Government Loan/Lease property is property procured or otherwise provided by the Government or contractor on a temporary basis.

B. Government Material

Government material means Government property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, and small tools and supplies.

C. Special Test Equipment

Special test equipment means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including foundations and similar improvements necessary for installing special test equipment, and standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. Special test equipment does not include material, special tooling, real property, and equipment items used for general testing purposes or property that with relatively minor expense can be made suitable for general purpose use.

D. **Facilities**

Facilities means industrial property (other than material, special tooling, military property, and special test equipment) for production, maintenance, research, development or testing, including real property and rights therein, buildings, structures, improvements, and plant equipment.

E. **Plant Equipment**

Plant equipment means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles and accessory and auxiliary items, but excluding special tooling and special test equipment) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.

F. **Salvage**

Salvage means property which because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sales or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

G. **Scrap**

Scrap means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

4. PROPERTY SYSTEM

To ensure that property accountability is established in accordance with the guidelines of the Government and with the provisions of this manual; and the property provisions of the contract or grant are understood fully; a copy of this policy will be [maintained on Auburn University's](#)

[website](#) and will be the subject of periodic workshops. The Designated Property Coordinator will monitor contractor acquired and government furnished property on a regular basis.

A. **Acquisition of Property**

Project Leaders, when submitting proposals for research contracts and grants should take care in detailing the types and quantities of property required. A check should be made to determine if there is any surplus property available before preparing a purchase request. It is important to note that the acceptance of a proposal budget by a sponsor does not necessarily constitute an approval to purchase equipment even though the items are reflected therein. Property may fall into one of the following categories.

1. Government-furnished property may be:
 - a. furnished as a condition of the contract or grant;
 - b. requested from a Government agency, as required, under the conditions of a contract or grant;
 - c. transferred from another Government contract or grant upon written approval of the Contracting Officer;
2. Contractor-acquired property may be:
 - a. purchased in accordance with [OMB A-21](#), [OMB A-110](#) and Auburn University purchasing procedures
 - i. when authorized by the conditions of the contract or grant;
 - ii. upon written approval of the Contracting Officer;
 - b. or may be fabricated as a result of the contract or grant.
3. Government-owned excess personal property may be acquired when the Project Leader has located and identified property at a General Services Administration (GSA) regional office. Procedures are:
 - a. Completion of a [DD Form 1348](#) , per property item, by the Project leader. Upon completion, the [DD Form 1348](#) will be forwarded to the Designated Property Coordinator for transmittal.

- b. The Designated Property Coordinator will notify the Project Leader of authorization for transfer of excess personal property when [DD Form 1348](#) is approved.
- c. When property is received, a signed copy of the receipt document is forwarded by the Project Leader or designee to the Designated Property Coordinator. Verification of receipt of each property item is imperative.
- d. Generally, a modification will be issued by the Contracting Officer to incorporate Government Property in a contract.

Unless the contract states otherwise, written approval of the Contracting Officer is required prior to purchasing any equipment costing \$5,000 or more. Requests for purchase approval must be submitted through the OSP for review and signature.

All purchase requisitions with funding from contracts or grants accounts must be submitted through the designated Property Coordinator for review prior to processing by the Office of Procurement and Payment Services..

B. Receiving Property

Government property, either Government-furnished or contractor-acquired should be checked by a responsible individual against the inbound shipping document to ensure the quantity, condition, and description are as represented. The shipping documents and/or payment voucher is used as a receiving report and maintained in the Project Leader's and/or Procurement and Payment Services' files. Immediate steps will be taken by Property Services to prepare necessary property records and provide required identification markings or tags.

C. Government Property - Off-Campus Locations

The following procedures should be adhered to if property is to be utilized at off-campus locations.

1. The Project Leader should submit a written request to the Designated Property Coordinator listing justification for moving property to an off-campus site.
2. The Designated Property Coordinator (located in 310 Samford Hall, phone 844-4438 will obtain necessary approvals (agency, Federal Government Property Administrator, AU Property Control, etc.).
3. After necessary approvals are obtained, the Designated Property Coordinator will notify the Project Leader and provide any specific instructions that may pertain to the movement of property. Specific instructions may include shipping instructions or handling of property. Keep in mind that all property must be inventoried and property numbers assigned for insurance coverage.

D. Movement of Property

Government property when moved from one physical location on campus to another on or off campus will be noted on the property records to show the new location. Project Leaders must be able to locate property on the call of the Designated Property Coordinator, Federal Government Property Administrator or Auditors. The physical location must agree with that shown on the property records.

E. Loss, Theft, Damage or Destruction of Property

Loss, theft, damage or destruction of Government property must be promptly reported to the designated Property Coordinator for appropriate action. Project Leaders must furnish all factual data as to the circumstances surrounding such loss, theft, damage, or destruction. Immediately upon verification of missing, damaged, or stolen property, the funding agency will be apprised and disposition requested as per [FAR 45.6](#).

F. Alterations, Additions, Improvements

No substantial alterations, additions or improvements shall be made to items of Government property unless authorized by the contract or grant as granted by the Contracting Officer.

G. **Disposition of Property**

During the course of a project, the Project Leader should periodically review the need for the Government property assigned to his/her project and, if finding that certain property is no longer needed, should request disposition of the excess property. At the completion of a contract, recommendations for disposal of Government property should be furnished by the Project Leader to the Designated Property Coordinator, so disposition can be requested.

Various methods of disposal are as follows:

1. transfer of title;
2. transfer accountability to another Government contract or grant;
3. purchase by Auburn University;
4. donation to the Alabama State Agency for Federal Property Assistance;
5. utilization within the Government (through application of prescribed screening procedures);
6. return to sponsoring agency;
7. abandonment or destruction.

Recommendations for disposal should include all pertinent information available.

H. **Transfer of Title**

Federal agencies have the authority to transfer to educational institutions the title to equipment purchased with contract or grant funds. Most agencies vest title with the university at the onset of research funded through grants. Title to contractor-acquired equipment, with accountability remaining with the sponsor, should be requested upon completion of contract and submitted through the OSP.

I. **Maintenance**

The Project Leader is responsible for the maintenance of all property accountable under his/her contract or grant. He/she shall establish and administer a program for the maintenance, repair, utilization and protection of Government property to ensure proper

measures are taken to comply with sound business practices and applicable provisions of Subpart [45.5 of the FAR](#). Generally, the cost of maintenance or minor repair of Government property is an allowable charge against contract funds. If major repairs are necessary, the Project Leader should contact the appropriate OSP Contract Administrator to determine if sponsor approval is required.

J. **Storage**

Prior to inactivating an item of property for storage, the Designated Property Coordinator shall be informed as to the necessity for retaining the property under cognizance of the contract or grant; proposed storage location; conditions under which the item is to be stored, specifically concerning preventive maintenance requirements while in storage.

K. **Scrap**

Normally, scrap generated from the performance of a project is not substantial enough to justify the man hours expended in the maintenance of records. In the event the scrap is substantial in amount, it should be handled in a manner such that the project will receive the benefit from the disposal. It shall be the responsibility of the Project Leader to notify the designated Property Coordinator when such disposition is necessary.

L. **Salvage**

In the event property under a Government contract or grant becomes worn, damaged, deteriorated or because of its incomplete condition or specialized nature, does not have a reasonable prospect of sale or use without major repairs or alterations, then this information shall be reported to the Designated Property Coordinator with recommendations for its disposal. Upon receipt of disposition instructions and after disposition has been made, appropriate inventory record entries shall be made. Salvage does not include the dismantling of experimental setups which are inherently temporary in nature. These components will normally be carried on the inventory as separate items. In the event an item of controlled property is expended in the course of research and development work, a letter containing the facts shall be prepared and transmitted to the

Designated Property Coordinator requesting deletion of the item from the property account. Salvage of property will be made by separating the useful components and setting aside the remainder as scrap for disposal, if the amount so warrants.

M. **Other/What-if Situations**

If any situations or circumstances concerning Government property arise which are not specifically addressed elsewhere in this manual, the Project Leader should contact the designated Property Coordinator for instructions or proper procedures, to be determined on a case-by-case basis.

5. PROPERTY RECORDS

A. **Control System**

The control system is based on individual property records. A property record will be maintained for each item of equipment to reflect any changes in the status of the equipment. The property record for each item of equipment shall contain, at a minimum, the following:

1. contract/grant number;
2. FOAP number;
3. AU Government property identification number;
4. Federal ID number when applicable/provided
5. name and description;
6. manufacturer's name, model number, part number, and serial number;
7. quantity, unit and total cost;
8. location;
9. disposition, condition and source (Government-furnished or contractor-acquired.)
10. date placed in service

Separate property records must be kept for each contract or grant.

B. Shipping Document

All items of Government-furnished property will be accompanied by a Government shipping document. All items of contractor-acquired property will be accompanied by a copy of the manufacturer's or vendor's invoice. The vendor's invoice will be used to prepare individual asset control sheet and a signed and dated copy forwarded to Property Services. A signed and dated copy of the shipping document should be forwarded to the Designated Property Coordinator.

C. Material (Expendable Property)

Material is considered expended upon receipt by the project. However, the portion of this material not consumed by the project must be included in the final inventory. The Government invoices or contractor's purchase documents, of acquisition and issue are acceptable as property control records.

D. Tagging

All Government-owned equipment must be identified as Government property by a permanently attached decal carrying the appropriate statement of ownership and identification number. In rare instances it will be impossible to attach an identification number decal to an item of plant equipment. If the number can be applied by use of paint or other means, do so; otherwise, the assigned number will be used for record purposes and note of its absence from the item will be made on the asset control sheet.

E. Reports - Dollar Amount

1. DOD Reporting Requirements

Contractors shall furnish to the Federal Government Property Administrator, as of September 30, each quantity of all Government titled property for which the institution is accountable. This shall include facilities at sub-contractor plants and at alternate locations for which the prime contractor is

accountable. Reports shall be prepared on [DD Form 1662 \(Report of Government \(DOD\) Facilities\)](#), and furnished to the Federal Government Property Administrator no later than October 15 of each year. Negative reports are also required. This report is submitted through the Designated Property Coordinator.

Contractors shall furnish the Contracting Officer a list of all equipment purchased by the Contractor under FAR 52.245.2 within 10 days following the end of the calendar quarter of receipt.

2. NASA Reporting Requirements

The contractor shall prepare and submit annually a "Report of Government-Owned/Contractor-Held Property" ([NASA Form 1018](#)) in accordance with the instructions on the form for each NASA contract. NASA Form 1018, or a negative letter report, when appropriate, for the period ending 30 September shall be submitted to the Federal Government Property Administrator by October 15 of each year. For NASA grants, an annual inventory listing is required for the same reporting period as the NASA 1018's. These reports are submitted through the Designated Property Coordinator.

6. INVENTORIES

Inventory of Government property is generally of three types:

- A. Interim Inventories should be conducted once a year. A statement is required signed by the Project Leader or his designee, indicating 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 noted. A listing will be attached or included properly identifying all discrepancies disclosed by the physical inventory. The inventory must be submitted to the Designated Property Coordinator.

- B. Joint Inventory and Selective Checks may be made by the Federal Government Property Administrator whenever he/she deems it necessary to protect the Government's interest.
- C. Terminal Physical Inventory shall be taken at the completion or termination of a contract or grant. The inventory shall be adequate for disposal purposes of all Government property applicable to the contract or grant in the custody, control or possession of Auburn University. The terminal inventory shall be prepared on a quantitative and monetary basis and submitted to the Designated Property Coordinator using a detailed inventory sheet and appropriate DD form. This inventory is required even when the property is to be transferred "in place" to a follow-on contract. If there is no Government property, a negative letter report will be submitted in lieu of an inventory report. Recommendations for disposal/disposition will be indicated on a separate sheet; not on the inventory report form. Subcontractors equipment is to be included.

7. APPENDICES