



Office of Contracts and Grants  
UNIVERSITY OF COLORADO **BOULDER**

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# Sponsored Projects Property Control Manual

**OCG Compliance Team**

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## **1. Purpose**

This manual includes a description of the general roles and responsibilities of the Property Accounting Office (PAO) in the CU Boulder Campus Controllers Office as well as the procedures used by CU Boulder's Office of Contracts and Grants (OCG) for asset management associated with sponsored projects. CU Boulder employees with responsibility for acquiring, using, maintaining, accounting for, or disposing of sponsored projects property should understand the procedures in this manual as well as the requirements set forth by the Property Accounting Office.

### **Property Accounting Office Roles and Responsibilities**

The University of Colorado Boulder's capital equipment is managed by the Campus Controller's Property Accounting Office (PAO) using the University Property Control System, PeopleSoft Asset Management (PSAM). The Property Accounting Office provides the standards of property control for all university property in their manual [Capital Equipment Standard Operating Procedures](#). This includes property owned by the University of Colorado Boulder and its subcontractors, and property owned by the federal and non-federal funders of sponsored projects to ensure compliance with general government requirements. The University Property Control System is subject to review and evaluation by state auditors and periodic review of federal auditors.

The PAO is responsible for the initial recording of all property acquired by the university and for maintaining a current and accurate property system that complies with federal, state, and university regulations. The PAO is responsible for the financial reporting of the capital assets on the university and state financial statements and providing equipment reports for federal and non-federal contracts, agreements, and grants.

### **Office of Contracts and Grants Management of Sponsored Projects Property**

This sponsored projects property control manual addresses specific procedures and requirements associated with management of property purchased with sponsored projects funding and it is organized by three main topics:

**Acquisition:** Includes purchasing, acquiring, receiving, and recording of capital equipment and Government property. Loaned equipment, transfers, fabrications, and Government furnished assets are also discussed.

**Use:** Includes tagging, record keeping, reporting, inventory, movement, utilization, loans to other entities, and maintenance and storage of equipment.

**Closeout and Disposal:** Addresses the process of asset disposition and award closure.

## **1.1 Acronyms**

**The following acronyms are used throughout this manual:**

CCO – Campus Controller's Office  
DPM – Department Property Manager  
FAR – Federal Acquisition Regulations  
GFP – Government Furnished Property  
GFM – Government Furnished Material  
IPO – Industrial Property Officer  
OMB – Office of Management and Budget  
OCG – Office of Contracts and Grants  
PAO – Property Accounting Office  
PMSA – Property Management System Analysis  
PI – Principal Investigator  
PSAM – PeopleSoft Asset Management system  
PSC – Procurement Service Center  
SSJ – Sole Source Justification  
ST - SpeedType

## **1.2 Definitions**

The following terms and their definitions are used throughout this manual:

### Acquisition Cost

The cost to acquire a tangible capital or non-capital asset including the purchase price of the asset, the cost of placing the asset in location and bringing the asset to a condition necessary for normal or expected use.

### Administrative Contracting Officer (ACO)

An authorized representative of the federal Government's Contracting Officer appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to Government property in the possession of a contractor. Also referred to as the Property Administrator.

### Cannibalize

The removal of serviceable parts from one item of equipment to use with another item of equipment.

### Capital (Permanent) Equipment

A tangible item that is durable, non-expendable, meets the university capitalization rules (has a total acquisition cost of \$5,000 or greater and a useful life of at least one year), and is by itself functionally complete for its intended purpose. Capital equipment can include both Standalone Equipment and Fabrications and may also be referred to as Fixed Assets.

### Capitalization Rules

The thresholds by which property is determined to be capital equipment and exempt from indirect costs. These thresholds are:

1. The equipment must have a total acquisition cost greater than \$5,000.
2. Once in service, the equipment must have a useful life of at least one year.

### Computers and Electronic Devices

Machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting, and receiving, or storing electronic information. Computers and electronic devices are considered **non-capital property** if they cost less than \$5,000. If a computer or electronic device costs more than \$5,000, it is considered capital equipment.

### Contracting Officer

The duly authorized individual delegated by appropriate authority to enter a contract and thereafter administer the contract on behalf of the federal Government.

### Deliverable Fabrication

Equipment that is being built for an external entity that will retain title to the finished equipment. A deliverable is not considered special test equipment.

### Dual-Use Equipment

Items with both commercial and military applications, including those that were designed with no intrinsic military function but that may have a potential military application (i.e., computers, solar cells, optical instruments, light aircraft, lasers, etc.).

### Fabrication that is considered Capital (Permanent) Equipment

The transformation of materials, consumable and non-consumable supplies, and hardware into a one-of-a-kind piece of equipment or scientific instrument that meets a unique research need and cannot be commercially obtained. This tangible, durable, non-expendable item has a total acquisition cost of \$5,000 or greater and a useful life of at least one year and is by itself functionally complete for its intended

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purpose. In addition:

- Every component must be necessary and essential for the function of the entire fabrication to the extent that the removal of one component would diminish the operation of the entire fabrication.
- Applicable fabrication costs may include materials and supplies that are integrated into the fabricated unit, freight, construction, installation, training, or assembly labor.
- Materials and supplies that are necessary for the construction process or testing of the fabrication but are not integrated as final components of the fabricated unit must be charged as supplies and are not capitalizable fabrication costs. Examples of this would be fuels, gasses, or compressed air.

#### Fabrication Cluster

A multi-component item that is connected so it acts as one unit. Any individual piece within the cluster that is replaced would need to cost \$5,000 or more, otherwise it is considered a repair to the cluster.

#### Federal Interest

The dollar amount associated with acquired equipment or supplies under a federal award that is the product of the (a) federal share of total project costs in that award and the (b) current fair market value of the property that is acquired, to the extent the costs of acquiring the property were included as project costs.

#### Fixed Assets

See definition for “Capital Equipment.”

#### General Purpose Equipment

Equipment that is not specifically limited to research, scientific, medical, or other technical activities, such as office equipment or furnishings, modular offices, laboratory furniture, telephone networks or infrastructure, information technology equipment and systems, air conditioning equipment, reproductions and printing equipment, and motor vehicles. Section [2 CFR 200.439\(1\)\(2\)](#) of the Uniform Guidance states that expenditures for general purpose equipment are unallowable as direct costs on Federal awards. Refer to the Purchase, Use and Disposition of Sponsor Project [Equipment Cost Principles Procedural Statement](#) for further information.

#### Government Property

All property owned or leased by the federal Government. Such property provided under contracts with the university includes:

1. Government-Furnished Property (GFP). Property in the possession of or acquired by the Government and subsequently delivered to or otherwise made available to the university for use under specified contracts and/or grants.
2. Contractor-acquired property. Property acquired, fabricated, or otherwise provided by the university for performing a contract and/or grant, and to which the Government has title in accordance with contract or grant terms and conditions.

#### Intangible Property

Property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock, and other instruments of property ownership (whether the property is tangible or intangible).

#### Material

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

#### Negative Property Report

Term referring to a property report submitted to the sponsor that does not contain any reportable property.

Non-Capital Property

Tangible items that are non-consumable but do not meet the capitalization rules are considered non-capital property, such as computers and electronic devices.

Plant Equipment

Property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.

Property Administrator

See definition for “Administrative Contract Officer.”

Sensitive Property

As defined by the General Services Administration, “sensitive property” includes all items—regardless of cost—that require special control and accountability due to unusual rates of loss, theft or misuse, or due to national security or export control considerations. This property includes information technology equipment with memory capability, cameras, communications equipment, and other electronic and computing devices.

Special Purpose Equipment

Equipment that is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Special Test Equipment

Either single or multipurpose integrated test units engineered, designed, fabricated, and/or modified to accomplish special purpose testing in performing a contract or grant. Special test equipment is not considered permanent equipment but must be reported to the sponsor when it is government titled. Equipment that can be made suitable for general purpose use with relatively minor expense is not considered special test equipment.

Special Tooling

Consists of jigs, dies, fixtures, molds, patterns, taps, gauges, and all components of these items necessary for installing special test equipment.

Supplies

Tangible property that is not considered either capital or non-capital property. Most supplies are consumable and are used up during a sponsored project. Refer to: 2 CFR 200.1 Supplies

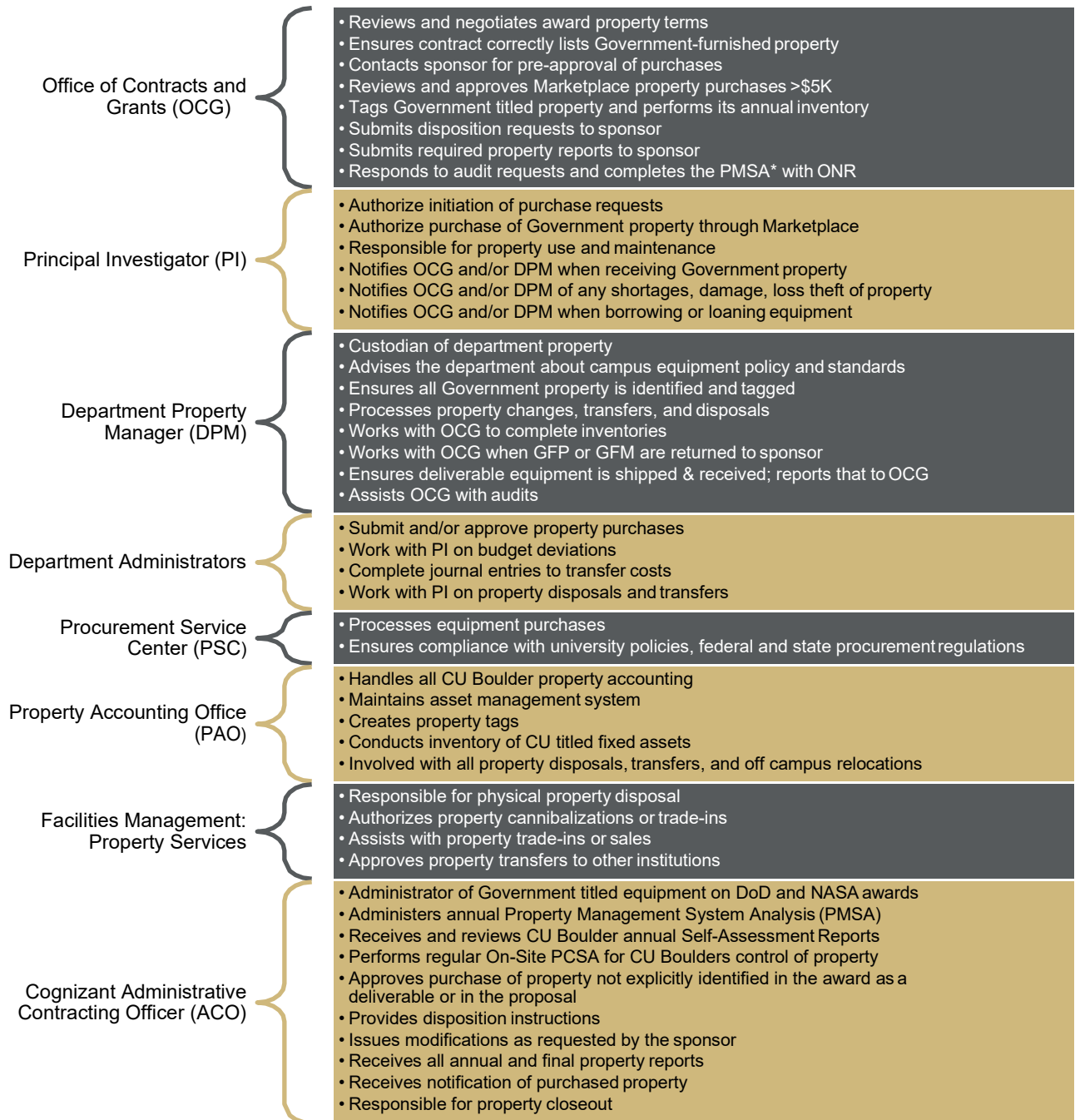
### **1.3 Definitions of Roles/Responsibilities**

The university is responsible and accountable for all property acquired with federal funding in accordance with federal regulations and the provisions of a sponsored award. Government titled property under the control of the university must be managed according to specific federal requirements. As referenced throughout this manual OCG functions will be completed by fully authorized staff.



Responsibility for property is delegated as follows:

**Figure 1: Roles and Responsibilities**



## **2. Acquisition**

This section describes the procedures for proposing, purchasing, and acquiring capital (permanent) equipment and Government property. In addition, loaned equipment, transfers, fabrications, and Government furnished assets are discussed.

The university must comply with federal and state regulations, sponsor requirements, the award terms and conditions, and university policies when acquiring property on a sponsored award. The [Purchase, Use and Disposition of Sponsored Project Equipment Procedural Statement](#) states the following regarding the acquisition of capital (permanent) equipment:

The following criteria key elements considered in determining when capital and non-capital property charges are allowable on a sponsored project:

- The equipment is necessary to fulfill the research objective of the project; or
- The project will be negatively impacted by not purchasing the equipment; and
- The cost for the equipment is reasonable and represents prudent use of the sponsor's funds.
- Needs prior sponsor approval to be an allowable Direct Cost

Ensuring responsible acquisition of sponsored projects property is the primary responsibility of the award PI and his/her department. The Office of Contracts and Grants (OCG), Property Accounting Office (PAO), Procurement Service Center (PSC), and Property Services operate to assist departments with property management. When equipment being purchased or provided to CU by the sponsor is titled to the Government, stewardship responsibility is codified in the Federal Acquisition Regulation (FAR) clauses 52.245-1.

Property is primarily acquired by the university through purchasing and fabrication, although property may also be furnished by the sponsor or loaned from another entity. Title to property acquired with sponsored research funds vests either with CU, the sponsor, or the Government. It can also be conditionally titled to CU which brings with it additional requirements. Responsibility, accountability, and liability for all property lies with the university as soon as it is received. **Title to property purchased with university funds does NOT vest with any individual university faculty or staff, department, or institute.**

### **2.1 Authorization and Title**

Sponsor terms and conditions determine the ownership of title for property (including capital and non-capital property) acquired with award funds. On most federal grants, title to property purchased with award funds vests with the university upon acquisition or is conditionally titled to CU. Although federal contracts are generally governed by FAR 52.245-1 Alternate II, there is less standardization in contract award terms and ownership of title and other property restrictions may vary. Award terms may also identify:

- When specific, prior, written sponsor authorization must be obtained for property purchases, regardless of cost (both budgeted and unbudgeted).
- Reporting requirements for tangible property, capital equipment, or supplies.
- Process for requesting disposition instructions.

#### **2.1.1 Title Vested with the University of Colorado**

Federal sponsors have authorization to vest title to CU as either "exempt" or "conditional." With the former, title is vested as exempt from any further obligation to the Government although CU must still comply with OMB circular stipulations regarding the acquisition, use, maintenance, record-keeping, and disposal. Specifically, the university must ensure that property purchased with federal funds is made available on other federally-funded research projects. However, when the university has received title vested as exempt, property may be used and disposed of at the discretion of the university because the Government has no remaining interest in the property.

When title to property is conditional, CU receives title upon acquisition or receipt of the property, but

the Government retains interest in this property. Government agencies have the option to reclaim title to any items reported to them within 120 days of the submission of the final property report and/or disposition request. Timeframes for providing disposition instructions can vary by federal agencies.

For both exempt and conditionally titled property, use of the property on other grants is allowable as long as that use does not interfere with the primary purpose for which the property was acquired. Some sponsors may place certain restrictions on the acquisition or use of property acquired with award funds. These restrictions may include requiring the university to obtain prior approval for purchase or may disallow the purchase of particular types of equipment. Sponsored Equipment always requires prior approval.

Title to supplies and other expendable property purchased with grant funds vests with CU upon acquisition. Upon completion of the project, any residual inventories of unused supplies exceeding \$5,000 in total aggregate value must be reported to the Government. OMB Circular guidelines revised as of December 24, 2014, identify computers and electronic devices which cost less than \$5,000 as supplies for grants. Computers and electronic devices may need to be included in the residual inventory reports for awards that are governed by the revised OMB Circular guidelines.

### **2.1.2 Title Vested with the Government**

Government titled property falls into three categories: contractor acquired, Government furnished equipment, and Government furnished material. For specific instructions on use and maintenance of Government titled property and equipment, see [3.1 Utilization and Maintenance](#).

**Contractor Acquired:** This includes property that is purchased by the university on a sponsored award, when the terms and conditions specify that title vests with the Government. Prior approval from the sponsor is needed for property that costs more than \$5000, but the specific requirements for prior approval are disclosed in the award terms. The university assumes responsibility for this property and has authorization to use it *only* on the award for which it was purchased. The university is required by [FAR 52.245-1\(f\)](#) to establish and implement a system with procedures to identify, tag, store, maintain, and account for this property. Although it is not very common, materials and supplies purchased for a particular purpose on the award may also need to be accounted for as they are consumed during the life of the project and at closeout. Unlike equipment titled to the university, **use of Government titled equipment on other awards must be specifically authorized by the sponsor.**

**Government Furnished Property:** Government furnished property (GFP) is Government owned property that is provided directly to the university for use on one specific award. An itemized list of GFP accountable to the award must be included in the contract and represents the university's authorization to possess Government titled property for that purpose. **The department notifies OCG immediately when property sent by a sponsor has been received by a PI or department so it can be properly tracked.**

**Government Furnished Material:** Government furnished material (GFM) includes materials and supplies that are furnished to the university by the Government, whose ownership remains with the Government, for use on one specific award. The material may be incorporated into or attached to an end item to be delivered under a contract or may be consumed or expended in the performance of an agreement. Contract documents should clearly identify GFM, including the quantity and value of each item, in order to ensure the materials are accurately accounted for.

### **2.1.3 Title Vested with the Sponsor**

Under the terms of an award, title to property acquired with award funds may vest with the sponsor. This can occur when the university is the prime recipient of an award, when the university is a subcontractor to another entity, or if the university is providing deliverable property to the sponsor as part of the scope of work of the award.

When the university is a subcontractor to another entity, the university's sponsor may impose more stringent property terms than the prime sponsor. An example of this situation is Jet Propulsion

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Laboratory (JPL) which has their own terms and conditions regarding property and equipment for their awards, in addition to the prime award terms and conditions, which are incorporated by reference into their contracts. See Section 2.2.3 regarding receiving furnished property.

## **2.2 Acquisition Methods**

The university may acquire property in the following ways:

- purchase property with award funds,
- build a specialized instrument as a fabrication,
- receive furnished or loaned property from a sponsor, or
- receive a donation from an outside entity.

These methods and the respective roles of PIs, departments, OCG, and PAO within each method are described below.

### **2.2.1 Purchasing Property**

**Title and Authorization:** Capital (permanent) equipment is purchased by the university online through CU Marketplace. When purchased by Sponsored Projects, OCG reviews Marketplace requisitions having a value equal to or greater than \$5K to confirm where title will vest and ensure that authorization to purchase the property has been obtained.

#### **Marketplace Approval Process:**

Purchasing with sponsored project funds requires three sequential approvals after the PI and the department initiates a requisition: (1) Financial (department), (2) Sponsored Projects (OCG/CCO), and (3) Purchasing (PSC). Some capital equipment may, and Government titled property purchases do require specific sponsor pre-approval before any requisitions can be processed. LASP and CIRES are permitted to submit requests directly to the sponsor for prior approval; all other departments OCG submits prior approval request to the sponsor.

At the time of request, the PI justifies why the equipment is necessary. If federally funded the PI certifies that either the [Buff Surplus](#) site and/or the [CU B Shared Instrumentation Network](#) were checked to ensure that no other compatible equipment is available on campus for use on the project. Once a requisition has received all approvals, a purchase order is created by PSC and submitted to the vendor.

Federal regulations require that any purchases direct charged to a sponsored project must directly benefit that project in proportion to the amount charged. Equipment and non-capital property purchases being made within the last 90-120 days before the project end date are generally unallowable because they do not support the project during its period of performance.

1. **PI and Department Initiate Requisition:** Based on project need and the scope of work, a department submits a requisition through CU Marketplace to purchase property. The requisition must include accurate information and all necessary substantiating documents, including sponsor pre-approval. Incorrect or incomplete requisitions delay the approval process.
2. **Financial Approver:** The department is responsible for the financial review and approval of a requisition with a value >\$10K. During the review, the financial approver should ensure that there is sufficient funding available for the purchase, that the purchase is occurring appropriately within the project period of performance, and that the requisition is complete, accurate, justified and includes all supporting documentation.
3. **Central Office Approval:** Requisitions with charges to either a Fund 30 or 31 are reviewed by either OCG or CCO when the total cost of the requisition is at ~~least~~ \$10,000. Whether the requisition is routed to OCG or CCO for Sponsored Projects review depends on the account codes used. OCG Compliance reviews requisitions that use account codes 500800, 500900, 501000, 501100, 501200, 501400, 501600, 502000, 537600, 537601, 537602, 700300, 702200, 810100, 810200, 810300, 810700, 810800, and



810900 to determine if the award terms and federal regulations are met. In particular, the approver examines the terms of the award, the project period of performance, the Needs Statement to confirm the requisition meets all of the required approval standards, and certification that CU inventory was checked for possible availability. The approver also determines where title vests for the item(s) being purchased.

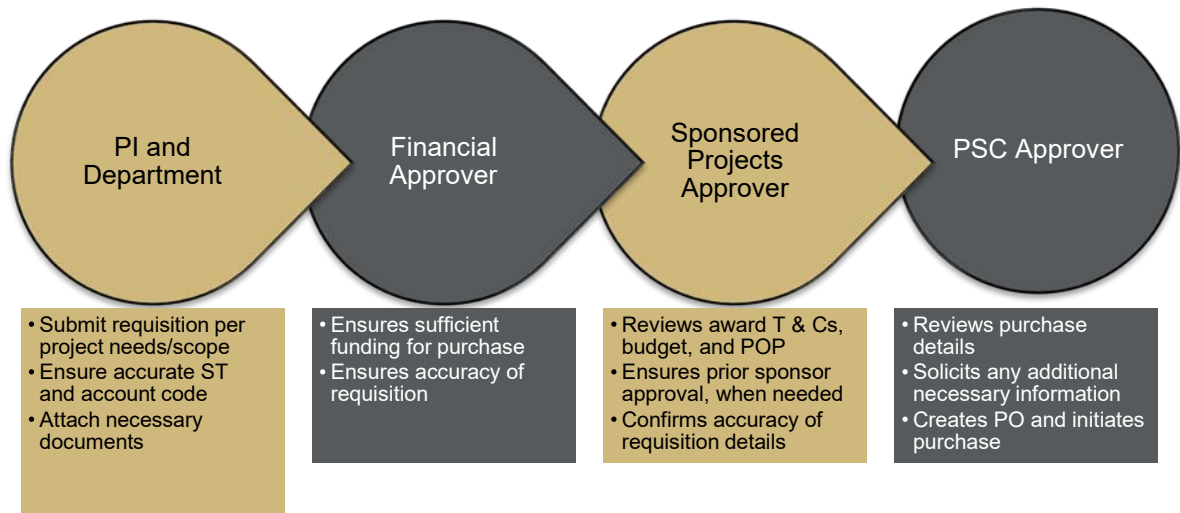
4. **PSC Approver:** The purchasing review is completed by PSC when they create a purchase order for the requisition and initiate the purchase from the vendor.

**Marketplace Tools and Attachments:**

Requisitions in CU Marketplace are part of the property award records and there are a number of tools available in the system that help archive the needs and justifications for property purchases required by federal regulations.

- **Comments Tab:** This tab in the purchase requisition may provide additional information required for approval. For example, when creating a requisition for an equipment upgrade, the tag number of the original equipment and a brief explanation of the upgrade should be referenced in the Comments section.
- **Internal Notes and Attachments:** To expedite approval, all supporting documentation and additional information should be attached to the requisition. It is best practice to provide:
  - o **Sponsor Documents:** When sponsor pre-approval is required for the purchase, the approval is attached directly to the purchase requisition by the department or OCG depending on who obtained the approval.
  - o **Vendor Quote:** A quote for the requisitioned item(s) from a non-preferred PSC vendor is required.
  - o **Needs Statement:** If not included in the Sole Source Justification, a needs statement for the equipment should detail the anticipated use of each item on the project and justify its research purpose.
  - o **Relevant correspondence:** Any correspondence with either the vendor or the sponsor that explains what is being purchased, its research purpose, and/or sponsor authorization to proceed.
- **Sole Source Justification (SSJ):** In most cases, PSC requires the SSJ form for purchases greater than \$10,000 be attached to the requisition. Other information can be incorporated into the SSJ such as the needs statement and/or a statement certifying sites have been checked for available equipment.

NOTE: Approval of a purchase requisition that allocates the cost to multiple SpeedTypes may require additional review if the terms and conditions of one or more SpeedTypes require sponsor prior approval of equipment purchases.



**Figure 2: Marketplace Approval Process**

**Receipt of Purchased Property:** When property is physically delivered to the department, the department property manager, or other designated person, thoroughly inspects the delivery to ensure the total order is received and there is no damage or shortages in the delivered items. Any shortages, overages, damages, or inadequacies are noted in their equipment records and PSC is notified within a reasonable amount of time.

**University titled equipment:** When the purchase has booked to the project financials, PAO enters information into the property management records (PSAM) and prints a CU tag for the property. The department must affix the property tags within 30 days of receipt of the printed tag from PAO; exceptions to this may only be coordinated with PAO.

**Government titled equipment:** The department must notify OCG immediately when the purchased equipment is received. OCG works with PAO to enter information into the property management record and print a 0F tag. OCG coordinates with the department property manager to affix the tag, and verify campus location, property serial numbers, property condition, and any manufacturer maintenance requirements within three business days. OCG also notifies PAO of receipt so CU campus official records for government titled equipment are correct and complete.

\*Please see [3.2 Tagging and Record of Property](#) or the ISOP: Tracking Government Property for more details.

### **2.2.2 Fabricating Property**

A fabrication is the transformation of materials, non-consumable supplies, and hardware into a one-of-a-kind piece of equipment or scientific instrument that meets a unique research need and cannot be commercially obtained. It has a total acquisition cost of \$5,000 or greater and a useful life of at least one year and is by itself functionally complete for its intended purpose. In addition:

- Every component must be necessary and essential for the function of the entire fabrication to the extent that the removal of one component would diminish the operation of the entire fabrication.
- Applicable fabrication costs may include materials and supplies that are integrated into the fabricated unit, freight, construction, installation, training, or assembly labor.
- Materials and supplies that are necessary for the construction process or testing of the

fabrication but are not integrated as final components of the fabricated unit must be charged as supplies that cannot be capitalized fabrication costs. Examples of this would be fuels, gasses, or compressed air.

\*See the Property Accounting Office's [Capital Equipment Standard Operating Procedures](#) for further details on the capitalization requirements for fabrications.

**Title and Authorization:** Title to property fabricated by the university vests with the university, Government, or non-federal sponsor, depending upon the terms of the award. Fabrication charges on sponsored projects must be segregated into a separate ST dedicated to that fabrication. OCG confirms where title vests when reviewing individual fabrication ST requests and ensures that authorization to build the fabrication has been obtained from the sponsor. The fabrication ST request process is outlined below.

#### **Fabrication SpeedType Request Process:**

1. **Complete [Fabrication Request Forms](#):** When a fabrication is deemed to have a role in fulfilling the research objective of a sponsored project, then prior to incurring expenditures for the fabrication the PI must submit both a [Fabrication Request form](#) and a Chart Field Request form to PAO. The forms should include relevant project information, the estimated cost and completion date of the fabrication, a certification that the fabrication will be a unique, one-of-a-kind, non-commercially available, stand-alone piece of equipment, and whether that fabrication is a deliverable in the project SOW.
2. **OCG Approval:** OCG reviews the fabrication request to determine whether the fabrication is allowable under the award terms and if it was included in the proposed budget. Additional information or sponsor permissions may be required for OCG approval.
3. **SpeedType Set-Up:** After OCG provides approval for the fabrication request, a separate ST and sub-class are established by PAO for the fabrication. All fabrication expenditures should be charged to the separate ST and sub-class and should all be charged to account code 810700 or 810800. The department reviews expenditures on the award and the fabrication ST to ensure that charges applied to the fabrication are appropriate and consistent with university policies.
4. **Fabrication Status during Construction:** Tags are not physically affixed to fabrications nor are the tag numbers entered into the university property record while they are under construction. Upon completion of a fabrication, the department notifies PAO that the fabrication is in service and the relevant data are entered in PSAM. See section 3.6 Placing Fabrications in Service for more information on the process for placing fabrications into service.

**Allowable Fabrication Costs:** During the fabrication process, costs that should be charged to the fabrication ST and sub-class may include equipment, materials and supplies that are integrated into the fabricated unit, freight, installation, training and construction/assembly labor. NASA fabrications include labor costs associated with personnel physically assembling the fabrication.

#### **2.2.3 Receiving Furnished Property**

**Title and Authorization:** Title to furnished property vests with the sponsor; CU is only authorized to be in possession of this property under the terms of the award on which the property has been listed as "furnished." Government furnished property should always be listed in the agreement documents which are signed by both the sponsor and an authorized OCG signatory.

**Receipt:** The receiving PI and his or her department takes delivery of Government or sponsor-furnished property and promptly notifies OCG. A copy of the DD1149 form (Requisition and Invoice/Shipping Document) that accompanies Government property and any other shipping documents are sent to OCG. Any damages or shortages must be noted and reported immediately to the Government or the sponsor, with a copy to OCG. Government furnished property is tagged. OCG notifies the ACO of any property received by the PI and his or her department that has not been identified in the award, contract, or any modification to the agreements.

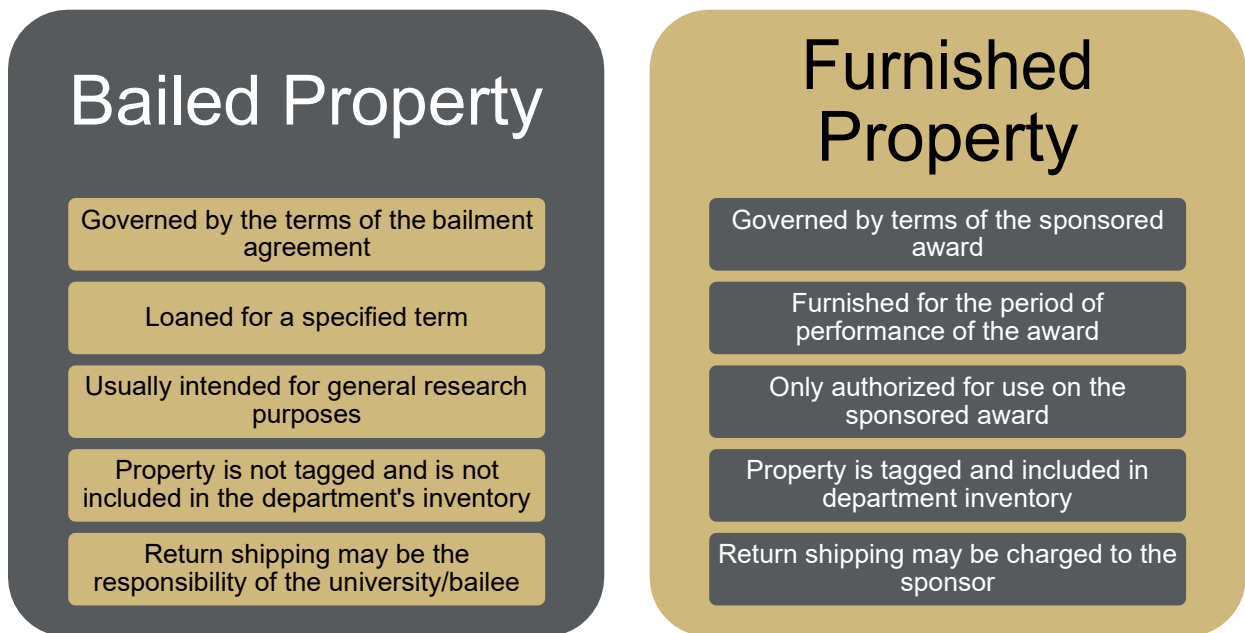
**Disposition:** At the end of the award’s period of performance, furnished property must be disposed according to sponsor directives. See [4.5 Property Disposal](#) for further information.

**2.2.4 Receiving Loaned Property**

**Bailment Agreements:** When there is significant collaboration between an awarding agent (program officer, industry sponsor, etc.) and university researchers (faculty and students), the university may accept a loan of property from the sponsor outside of the terms of a sponsored award. A department may also receive loaned equipment from a commercial entity or other institutions for a specific purpose not associated with a particular award. In these situations, a bailment agreement that includes terms for the property loan must be negotiated and signed by both the loaning institution and OCG to ensure that these items are properly documented and insured. Some collaborations may necessitate the university loaning equipment to an external entity for a specific purpose. A bailment agreement negotiated by OCG must also be created to document this arrangement.

**PIs and department personnel are not authorized to sign bailment or loan agreements on behalf of the university.** When a bailment agreement needs to be executed, the department should work with OCG to negotiate and execute the agreement. To initiate this, departments may email [ocgproperty@colorado.edu](mailto:ocgproperty@colorado.edu).

**Figure 3: Key differences between bailed property and furnished property**



**2.2.5 Receiving Donated Property**

When property is donated to the university by an external entity, it may be the responsibility of the department receiving the equipment to establish a fair market value of the item(s). The department may also ask the donor for copies of the original purchase documents or an inventory of items with estimated original costs along with the property donation. If these documents are not provided by the donor, the fair market value of the property should be established based on the price the department or researcher would have to pay for a comparable item of that age and condition from another vendor. If the value is greater than \$5,000, authorization to accept the property must be obtained from the Campus Controller’s Office (See PAO’s [Capital Equipment Standard Operating Procedures](#) for additional information on the donation/gift-in-kind process).

**2.3 Subcontractor Oversight**

This section deals with the administration of property, either titled to CU or to the sponsor (including



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Government) property, located at or accountable to a subcontractor of the university. Property control and management at a subcontractor's facility is a key component in an efficient, professionally administered business.

### **2.3.1 Initiating a Subcontract**

The Principal Investigator (PI) is responsible for initiating any subcontract that is in support of the contract or grant being managed. OCG issues the subcontract that includes the statement of work and the relevant terms and conditions. If the subcontractor is authorized to purchase property, this must be clearly stated in the subcontract from the University of Colorado. OCG subcontract officers assure that all applicable flow-down terms from the prime agreement are included in the subcontract.

### **2.3.2 Verifying a Subcontractor's Property Control System**

The university is required to ensure Government or sponsor owned property in the possession of a subcontractor is used and cared for in accordance with the terms and conditions of the applicable agreement. OCG requires the subcontractor to supply sufficient information to assure this stewardship when executing the subcontract agreement. The subcontractor should provide a copy of their most recent Government Property Management System Analysis (PMSA) and complete a [Subcontractor Property Questionnaire](#). If the subcontractor has never received a PMSA and the self-assessment is inconclusive, another method of confirmation is used. **Loss, damage or destruction of property under subcontractor control is a liability to the University of Colorado.**

### **2.3.3 Prior Approvals for Acquisition**

In situations where sponsor approval is required prior to acquisition by the subcontractor, the subcontractor is required to send a request to OCG. OCG works with the PI and potentially the sponsor to secure approval if not pre-approved and notify the subcontractor in a timely manner. Departments validate the subcontractor invoices against the approved budget to ensure invoices only include approved expenditures.

## **3. Use of Property**

This section describes the requirements for the use, management, maintenance, tagging and record-keeping for property. In addition, this section contains information related to placing fabrications in-service, departmental property management plans, and the campus self-evaluation procedures.

### **3.1 Utilization and Maintenance**

When property is acquired with sponsored award funds, the university must ensure that the property is (1) used for the conduct of the project, (2) made available for other research activities to the greatest extent possible to avoid duplicative purchases, (3) adequately maintained in working condition, and (4) safeguarded against loss, theft, damage or abuse. Below are the specific use and maintenance requirements for Government and university titled property.

#### **3.1.1 Utilization**

**University Titled:** Equipment purchased with federal funding and titled to the university shall be used on the project for which it was acquired as long as needed although it can also be used on other projects as long as that work does not interfere with the original purpose. [2 CFR 200.313\(c\)](#) stipulates that when the project is completed, priority for use of the equipment is given to other federally sponsored projects or programs but it is also permissible to use the equipment on non-federally funded activities.

**Government Titled:** Use of Government property is authorized for a specific award unless the sponsor has approved of additional uses. When Government property is no longer needed for the award on which it is accountable, it is considered "excess" and disposition instructions should be requested from the sponsor or this is the time to request transfer to a follow-on contract. Disposition needs to be completed before disposal can be approved. Excess Government property cannot be

used on another project until authorized by the ACO and sponsor and formally transferred to the new award.

The award PI is responsible for the direct control, maintenance, and accountability of Government property used in connection with a contract or grant, both on and off campus. PIs may assign property control functions to project staff, research coordinator, department property manager, departmental administrator, or laboratory administrative staff. In doing so, all must understand that the use and care of Government property is subject to the stewardship responsibilities codified in [FAR 52.245-1](#) and is subject to federal audit. The [Requirements for Government Property: PI Guidelines](#) is a one-page resource for PIs responsible for Government property.

### **3.1.2 Maintenance**

**University Titled:** Uniform Guidance (2 CFR 200) states that adequate maintenance procedures must be developed to keep property purchased on federally funded research projects in good condition. A department maintenance plan should be outlined in the Department Property Management Plan so there can be consistent application of the department's standards.

**Government Titled Property:** While Government property or equipment is in the custody of CU for use on a project, the custodial department shall follow a maintenance program or calibration schedule that ensures Government equipment is properly cared for and repaired per [FAR 52.245-1\(f\)\(1\)\(ix\)](#). The maintenance methods below are specifically applicable to Government property and equipment, as defined by the Guidebook for Contract Property Administration [https://www.dcm.mil/Portals/31/Documents/Contract%20Property%20Guidebook/Contract\\_Guidebook\\_Mar2020.pdf?ver=2020-03-31-161117-427](https://www.dcm.mil/Portals/31/Documents/Contract%20Property%20Guidebook/Contract_Guidebook_Mar2020.pdf?ver=2020-03-31-161117-427).

- **Preventive Maintenance:** Includes regularly scheduled inspections, calibration, and maintenance to sustain good working condition and avoid damage to the equipment. This maintenance must be performed at regularly scheduled intervals and follow any prescribed manufacturer recommended schedules, if applicable.
  - The PI/department shall maintain records of this maintenance providing the date maintenance was performed, specific action taken, who was responsible for performing the maintenance, and if any deficiencies were uncovered.
- **Corrective Maintenance:** Provides for corrective action and repair.
  - The PI/department shall develop procedures for personnel operating Government equipment with instructions on reporting deficiencies or problems to the PI, department and, ultimately, to OCG. Corrective maintenance must be reported to the sponsor by OCG and receive approval from the sponsor before taking place.
  - **Capital Type Rehabilitation:** Involves repair or replacement exceeding normal maintenance obligations and considered to be a capital improvement. Capital Type Rehabilitation must be reported to the sponsor and to the ACO by OCG and receive approval from the sponsor and the ACO before taking place.
- **Property with Special Requirements:** Includes items whose maintenance must follow requirements in Government technical publications or manuals.

## **3.2 Tagging and Record of Property**

There are three types of tags used on the CU Boulder campus. The tags include: 1) the unique number assigned to the equipment, 2) color-coded indication of title, and 3) code assigned to the department responsible for the equipment. All Government property valued at \$5,000 or above in the custody of the Boulder campus must be tagged, regardless of its dollar value. Capital equipment titled to the university must also be tagged. Specifics on the tagging process are described in the sections below.

### **3.2.1 Types of Tags**

**CU Titled Property:** University titled property tags, including federally funded purchases, indicate ownership through a gold or orange strip and a six-digit numeric code that uniquely identifies each

piece of property. Affixing the property number tag to university-owned equipment is the responsibility of the department purchasing that property, in conjunction with PAO. Refer to the PAO's [Capital Equipment Standard Operating Procedures](#) for additional information on tagging procedures.

**CU Conditionally Titled Property:** Property that is conditionally titled to the University will display a tag with the same gold or orange strip and a six-digit numeric code, but that code will be preceded with a "CT" to indicate it is conditionally titled.

**Government Titled Property:** Government titled property is tagged and recorded in university property records promptly upon receipt with tags displaying a blue strip and containing a six-digit alphanumeric code beginning with "OF." This equipment shall remain so identified as long as it is in the custody, possession, or control of the university. If title to any Government pieces is transferred to the university, the Government tag is either removed and replaced by a university tag or obliterated? and a university tag is affixed on top of the old tag and the change is recorded in the property accounting system (PSAM). Should the property number be accidentally or mistakenly obliterated, defaced or removed, the equipment shall be marked again with the original number.

OCG is responsible for applying property tags to Government titled equipment. OCG staff coordinate with the department property manager to affix the tag, and verify campus location, property serial numbers, property condition, and manufacturer recommended maintenance schedule if applicable. When the department notifies OCG that the Government property has been physically received, OCG schedules an appointment within 3-5 business days to tag the property.

**Private Titled Property:** Sponsor owned property or property intended as a deliverable to the sponsor is identified with a tag containing a 6-digit alphanumeric code beginning with "OW." These tags may not be affixed to the actual property prior to delivery to the sponsor, but the unique tag number beginning with OW is still assigned in the university property records (PSAM). Sponsor titled property that is acquired is identified with a tag containing a 6-digit alphanumeric code beginning with "OS".

**Loaned equipment** is not tagged.

### **3.2.2 Non-Capital Property**

Non-capital property titled to the university is not entered into the university property record or given a unique tag number. Each department can establish their own system for identifying and tracking this property, but the property should be affixed with a tag reading "Property of University of Colorado."

Computers and electronic devices are considered non-capital property if they cost less than \$5,000. The [Purchasing of Computing Devices on Sponsored Projects Procedural Statement](#) describes the conditions under which the purchase of computers and electronic devices on a sponsored award are allowed according to university policies. Restrictions on computer purchases with award funds may also be included in the terms and conditions.

It is the responsibility of PIs and departments to ensure there is accountability for all supplies, including non-consumables, purchased with sponsored projects funding and to report their status at project closeout. See [3.7 Reporting](#) for more details about supplies.

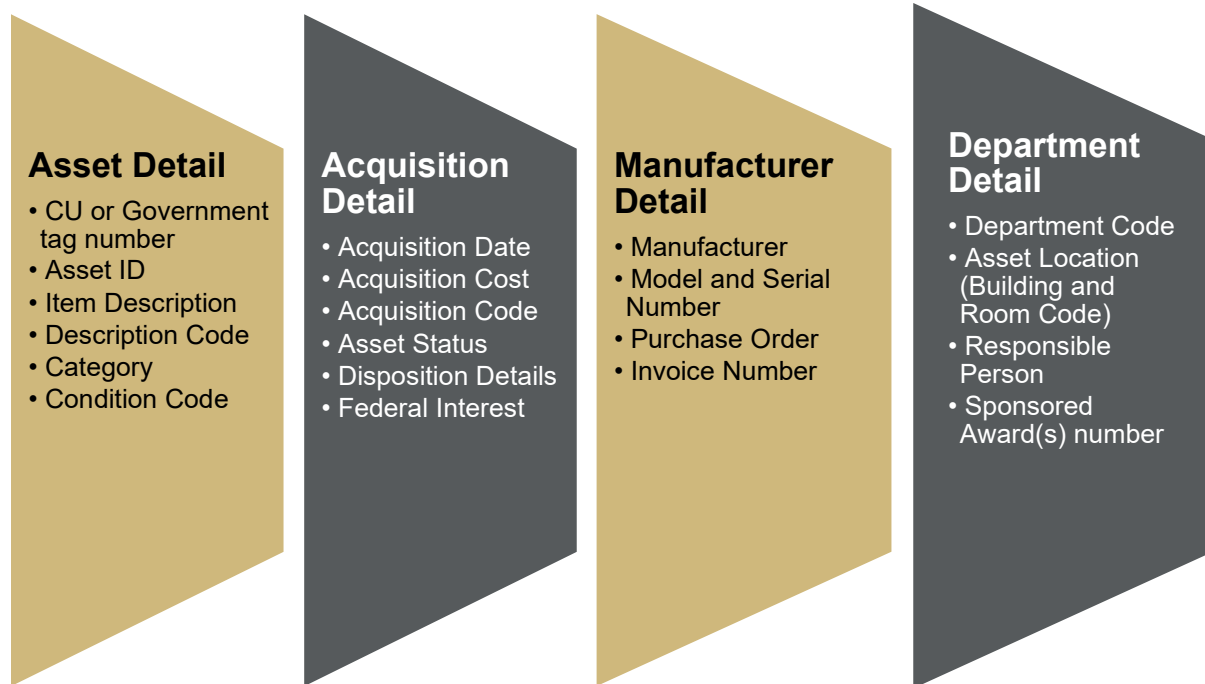
## **3.3 Records**

Uniform Guidance (2 CFR 200) requires the university maintain a property control system that provides for adequate identification, records, location, utilization, maintenance, and physical inventory of equipment acquired with federal funds. Figure 4 below illustrates the information that is housed in the university property record.

According to the provisions of [FAR 52.245-1\(f\) and \(g\)](#), the records for all Government titled property transactions are auditable and should sufficiently demonstrate:

- 1) Appropriate approval was granted prior to the acquisition of Government property
- 2) The purchase of Government property was completed in accordance with Federal and state procurement standards and university policies.
- 3) Authorized personnel physically received the Government property.
- 4) Substantiation that appropriate tagging and recording the property in the property system occurred within days of its receipt
- 5) Government property is used, maintained, and/or stored in an appropriate location.

This additional information required for Government property is housed in records that are maintained by OCG.



**Figure 4: Record Retention**

All records and other documentation for equipment acquired with federal funds and for Government titled property must be retained for three years after disposition. See [APS 2006 "Retention of University Records"](#) for additional details.

### **3.3.1 Determining Acquisition Cost for Government Titled Property**

**Government Property Purchased by the University:** The acquisition cost of Government titled property purchased by the university shall be recorded as the net invoice unit cost of the property. This acquisition cost may also include the costs for modifications, attachments, accessories, or auxiliary components that are necessary to make the property usable for the purpose for which it was acquired. Other charges, such as cost of installation, transportation, taxes, in-transit insurance, etc., shall be included in the unit acquisition cost in accordance with the university's regular accounting practices. Generally, only items having an acquisition cost of \$5000 or more are logged and tracked in the university property record but there may be exceptions when items less than \$5000 are also assigned OF tags and accounted for in the university property record, depending on the contract terms and conditions.

**Government Furnished Property (GFP):** The unit acquisition cost of Government furnished property shall be determined by the Government and is disclosed in the award terms and conditions which assign the Government furnished property to the award. Normally, the unit cost of Government furnished property is provided on the transfer document covering shipment of the property to the university. In the event the unit cost is not provided on the document, OCG contacts the sender of the

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property for the value. If not provided by that entity, the PI receiving the property can provide an estimated value, given its function and age. Government furnished property may have a value less than \$5000 but is still tracked by OCG because of its status as GFP.

Annual and closeout property reports require that all Government titled property listed in those reports be assigned a dollar value.

### **3.3.2 Recording a Change in Status**

During the performance of the award, it is the responsibility of the PI and the department property manager to notify OCG of any changes in record details, use, condition, and/or location of equipment purchased with sponsored research funding and particularly with Government titled property. The department is also responsible for updating OCG on any changes regarding furnished property, such as location, responsible person, and condition (damage, repair, replacement, return, etc.). Please see [3.1 Utilization and Maintenance](#) for guidance on the use and maintenance of Government property.

### **3.3.3 Physical Inventory of Government Property**

In accordance with [FAR 52.245-1\(f\)\(iv\)](#) the university shall perform, record and disclose results of physical inventory of all Government property on campus. OCG collaborates with the department property manager to locate Government property and crosscheck the information for that property (serial number, tag number, room location, condition, etc.) with the records in the asset management system (PSAM). Any changes regarding Government property discovered during inventory are updated in the university property record and the award management system. A final physical inventory of Government property is also conducted upon the completion of an award on which Government property is accountable.

## **3.4 Security and Responsibility**

All university faculty and staff are responsible for the general security of the property under university control. It is the primary responsibility of the PI and their department to take reasonable measures to ensure their property inventory is secured against theft, misuse, and damage. Ensuring the physical security of property includes:

- Exercise care in property use and storage. Implement precautions to prevent damage if property is transported.
- Segregate Government property from university property when possible and limit use of Government property to specific projects.
- Ensure all equipment has the appropriate property tags affixed in a prominent place to distinctly identify ownership.
- Inform staff, faculty, and students of any security requirements for property
- Maintain awareness of property surroundings, including the proximity of potential contaminants.
- Report lost, stolen, damaged or impaired property immediately to the appropriate individuals. When Government property is lost or damaged, the university follows the investigation, disclosure and reporting requirements set forth in FAR 52.245-1(f)(1)(vii):
  - Date of incident, if known,
  - Identifiable data for the item, as listed in the asset management system (PSAM)
  - Last known location
  - Cause of the damage or loss and corrective action in place to prevent recurrence
  - Accountable contract number
  - Statement indicating current or future need
  - Estimated repair or replacement costs
  - Statement that the property did or did not contain sensitive, export controlled, hazardous, or toxic material, and that the appropriate agencies and authorities were notified
- Report movement of property off campus; ensure sponsor is aware new location
- Maintain awareness of proper procedures for acquisition, use and disposition of all property funded by sponsored projects.

Access to departmental areas is generally open to university affiliates and campus visitors. It is the

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responsibility of the department to determine if and where, limited access areas should exist to safeguard property, data, and personnel.

### **3.5 Off-Campus Property**

In some circumstances it may be necessary for property under university control to be taken off campus. Before the property leaves, the PI/Department submits the [Off-Campus Equipment Agreement form](#) to report the circumstances of this temporary transfer. An email will be automatically sent to each of the appropriate offices needing this information, depending on the selections made by the person completing the form. Export Control Office will receive notice if the property is leaving the USA. PAO will receive the notice when the equipment is leaving the campus for more than 30 days. OCG will receive notice if the equipment is Government titled or was purchased with sponsored project funds, or if the property is being loaned to a non-CU entity. PAO and OCG ensure the university property record and the Government property records sufficiently document the off-site location of the Government property and will execute a bailment agreement for loaned equipment. See Section 2.3.4 Receiving Loaned Property for more information about the latter.

### **3.6 Placing Fabrications in Service**

A fabrication must have a completion or in-service date. In most cases, fabrications should be completed and listed as in-service in the property record with sufficient time remaining during the period of performance for the functioning fabrication to benefit the award. This section describes the process for placing fabrications into service.

When construction of a fabrication is finished and no additional charges will be added to the fabrication ST, the department notifies PAO and provides the completion date and a confirmation that the charges assigned to the fabrication ST are accurate and appropriate. Once in service, PAO enters the total acquisition cost of the fabrication into the university property record and physically tags the fabrication. Contractor acquired sponsor funded fabrication component \$5K and over are always considered equipment and cannot be depreciated. Refer to Cost Principles: 2 CFR 200 Subpart E.

If a fabrication is Government titled or considered a deliverable titled to the sponsor, the department notifies both PAO and OCG upon the completion of the fabrication. For Government titled fabrications, OCG will disclose the completion of the fabrication to the sponsor and request disposition instructions, if appropriate, at that time. For a deliverable fabrication that will be titled to the sponsor, the department will need to provide the date the fabrication will be delivered to the sponsor. All fabrications must be accounted for at the time of award closeout. See section [4.1 Federal Award Closeout](#) for instructions on closeout processes.

### **3.7 Reporting**

OCG is responsible for providing property reports to the sponsor and to the ACO, when required by the terms and conditions of the award. These include annual reports to agencies, national labs and federal flow-through sponsors at federal fiscal year end. Even if there is no property accountable on an award, the university may still be required to provide a report to the sponsor and to the ACO.

Annual reports typically only require the disclosure of Government property under the university's control, which can include Government titled equipment and materials. Annual inventories are completed prior to submitting these reports but additional information and/or inventory verification may be requested from the department in order to comply with sponsor requirements.

#### **3.7.1 Government Titled Material**

Government titled material held by the university must be clearly identified and segregated from university titled materials or supplies available to the department. University records for this material must include a beginning inventory balance, consumption details and dates, and an ending inventory balance. Government titled material purchased for a work-in-progress and immediately consumed rather than placed in inventory is not reported until the end of the project. At that time, a final report

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is submitted to certify that all purchased materials were consumed and/or to report any residual supplies and their value.

### **3.7.2 Supplies**

Most supplies purchased to support the research objective of an award are consumed as they are used performing the research. However, if there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value at the end of the project and the supplies are not needed for any other federal award, the university needs to disclose the excess inventory and request disposition instructions from the Government. When this occurs, the department completes and submits the Department Closeout Property Report with an attached detailed list that includes descriptions, quantities, and costs of the residual unused supplies to OCG. 2 CFR 200 considers electronic devices, such as computers and electronic devices, to be supplies if their acquisition cost is less than \$5,000.

### **3.8 Department Property Management Plan**

Day-to-day property management is the responsibility of the department in possession of that property. A Department Property Manager can be designated to implement departmental procedures or a property management plan that ensures compliance with campus policies. Department property management plans should outline and provide instructions to staff about how the department acquires, uses, maintains, inventories, reports, and disposes of university property. Specific tasks like the ones listed below may also be discussed in a department property management plan:

- Internal processes for purchasing and receiving their equipment, including computers and other items costing less than \$5,000.
- Department point of contact for property-specific issues or questions.
- Defined responsibilities of the Department Property Manager.
- Guidelines for use of department property on sponsored projects and within the rest of the department.
- Department control systems that mitigate loss, damage, or theft; department procedures for investigating property loss, damage or theft.
- Maintenance procedures for property acquired with sponsored projects funding.

### **3.9 Self-Assessment Process**

As prescribed by [FAR 52.245-1\(b\)](#), the university is required to have a system of internal controls to manage, use, preserve, protect, repair, and maintain Government property in its possession. To ensure the campus is compliant with the standards and practices defined by the Government for the stewardship of this property while under the control of the university, an annual review of OCG and departmental property management is conducted to examine current practices and identify possible deficiencies.

To complete the annual self-assessment, OCG conducts a physical inventory and administers a questionnaire that targets department property management practices with departments that have Government titled equipment under contracts governed by FAR 52.245-1. OCG leadership conducts the internal review of staff responsible for property functions. All parties are tested on the following processes:

- Acquisition
- Receiving
- Records
- Maintenance
- Subcontractor Control

- Utilization
- Storage
- Consumption
- Inventory
- Disposition and Closeout
- Property Loss

The self-assessment is usually conducted during the annual inventory performed by OCG and all Government titled items are included in the process. If the self-assessment and the annual inventory cannot be conducted at the same time, OCG selects a sample of total Government property for testing. Walkthroughs with department personnel examine locations where the property is being used to ensure safeguards are in place. The department's property management plan, property records, maintenance records, and general department procedures are reviewed. Interviews with the department property manager and any other administrative staff who have responsibility of asset management tasks are conducted. If any deficiencies are uncovered, OCG works with the department to rectify the areas for improvement. It is the responsibility of OCG leadership to ensure all deficiencies are addressed, including those identified within OCG.

Results of the annual self-assessment are reported to the university's cognizant Administrative Contracting Officer and is part of the annual PMSA performed by the Office of Naval Research.

## **4. Award Closeout and Property Disposal**

The requirements for closeout are determined by the terms and conditions of an award and the ownership of title for property acquired with award funds. Property disposal can occur during an award period of performance or after award closeout. This section describes the requirements for both property closeout and disposal of sponsored awards.

### **4.1 Federal Award Closeout**

According to Uniform Guidance (2 CFR 200), the university is expected to submit final financial, programmatic, and property reports no later than 90 to 120 days per the award after the end of the period of performance for federal awards although some sponsors stipulate different closeout deadlines. Sponsors determine the reporting requirements based on where title to property acquired with award funds vests. On federal awards, title may vest with the university or with the Government. The property closeout process for federal awards is described below:

#### **University Titled Property:**

A federal sponsor may vest title to the university under the award terms as unconditional and exempt from further obligation or as conditional. When title is vested unconditionally to the university, the federal sponsor may still require a final property report, which will be completed by OCG.

When the university has conditional title, OCG completes and submits a final listing of all reportable property acquired with award funds. To complete the final property report, OCG reviews the [Department Closeout Property Report \(DCPR\)](#), property management systems, and the award record. After the university submits a final property report, the federal sponsor has up to 120 days to request a return of the conditionally titled property. During this period the university generally requests title to the property. If the university no longer needs conditionally titled property for other federal awards, the university may be required to reimburse the federal sponsor, depending on the current value of the property. If the sponsor does not respond within the 120 day time limit, title to the property transfers fully to the university without further obligations to the Government.

#### **Government Titled Equipment:**

A federal sponsor may retain title to property acquired with award funds and at closeout the university is required to complete a final property report and request disposition instructions. To complete the



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final property report, OCG reviews the [Department Closeout Property Report \(DCPR\)](#), the award record, and the Government property records. OCG reconciles with the award financials and discusses with the department preferences for disposition. **Government titled property cannot be disposed or used on another sponsored award without authorization from the sponsor.**

A closeout inventory is conducted to ensure all items associated with that award are accounted for. This inventory is conducted 30 days before the project end date to ensure the final report is submitted timely.

After receiving the final property report and disposition request, the sponsor and the ACO will provide one of the following disposition instructions to the university:

- Title to property is transferred to the university.
- Title to property remains with the Government, accountability for the property is transferred to another federal award, and the Government property remains under university control.
- Title to property remains with the Government and the university must return the property according to the sponsor's instructions.

National laboratories are not considered federal agencies and do not have authorization to donate Government titled property to the university. When Government titled property is accountable on an award sponsored by a national laboratory, the university must either return all Government property to the national laboratory or request that the Government property be transferred to another active award.

#### **4.2 Non-Federal Award Closeout**

Closeout and final property reporting requirements for non-federal awards are included in the award terms and conditions. When the university is required to complete a final property report for a non-federal award, OCG reviews the [Department Closeout Property Report \(DCPR\)](#) and the award record. If the sponsor retains title to property under the terms of the award, OCG and the department to ensure property is returned or delivered to the sponsor as appropriate and that PAO is notified when the property has been delivered.

See section [4.5.3 Return to Sponsor or Deliverables](#) for additional instructions on the process for returning property to a sponsor.

#### **4.3 Accounting for Fabrications at Closeout**

The process for placing fabrications into service is discussed in [3.6 Placing Fabrications in Service](#). A fabrication must have a completion or in-service date. In most cases, fabrications should be completed and placed in-service with sufficient time remaining during the period of performance for the functioning fabrication to benefit the award. During award closeout, fabrications must be accounted for. The status of a fabrication at award closeout may be one of the following:

1. The fabrication is complete and in service.
  - Costs for a fabrication may be allocated to more than one fabrication ST. When the fabrication is completed and in-service, the department should report all fabrication STs to PAO in order to accurately capture total cost of the fabrication in the university property record.
2. Additional work on the fabrication is needed before it can be used for its intended purpose. Work and expenditures for the fabrication will continue on a new fabrication ST.
  - If work on the fabrication continues on a new ST, the same tag number and subclass is assigned to the new fabrication ST. Using the same naming conventions in the ST facilitates the reconciliation of all fabrication costs and ensures that the total cost of the fabrication is accurately entered into the university property record.
3. The total cost of the fabrication never reached the \$5000 threshold, or the fabrication does not have a useful life of at least one year and the component costs must be moved to a different non-fixed asset account code to complete the financial closeout.

#### **4.4 Department Closeout Property Report**

When a final property report is required by the sponsor and fixed assets have been charged to the award, the department completes the [Department Closeout Property Report \(DCPR\)](#). This provides internal documentation of standalone permanent equipment, fabrication(s), and/or deliverable(s) purchased with award funds. To complete the DCPR departments:

- Review the award fixed asset financial details.
- Identify the tag numbers associated with each fixed asset purchase.
- Address any reportable residual inventory of supplies acquired with award funds.
- Confirm that fixed asset and supply purchases on the award meet the cost principles.
- Provide detailed information about the continued use of standalone permanent equipment, status of fabrications and/or delivery of sponsor-titled property (i.e., deliverables).

The DCPR will be due 30 days in advance of the sponsor’s deadline for the university to submit a final property report. Departments are notified by OCG when a DCPR is required for an ending award.

#### **4.5 Property Disposal/Relief of Stewardship**

Departments having excess property must follow campus procedures to sell or dispose of property items. When fixed assets (standalone permanent equipment or capital fabrications) or tagged property acquired with sponsored award funds is ready for disposal, the department obtains approvals from OCG, PAO, and Property Services. Departments should request approvals as soon as possible when property disposal is needed. Disposals may occur at any time (both during an award period of performance and after). The different methods of property disposal are described below, and all dispositions require coordination and approval of OCG, PAO, and Property Services.

#### **Figure 5: Disposal Options**

##### **4.5.1 Excess Property**

**CU Property:** Property that is no longer operable or needed is considered excess and the

<b>Excess</b>	<ul style="list-style-type: none"> <li>• Item is inoperable, obsolete and/or no longer needed.</li> <li>• <b>Disposition</b> coordinated with OCG, PAO and Property Services</li> </ul>
<b>Return to Manufacturer</b>	<ul style="list-style-type: none"> <li>• Item is returned to vendor for full credit.</li> <li>• Item is traded in for credit or newer parts.</li> <li>• <b>Disposition</b> coordinated with OCG, PSC, PAO, and Property Services.</li> </ul>
<b>Return to Sponsor or Deliverables</b>	<ul style="list-style-type: none"> <li>• Under the award terms, the item is a deliverable</li> <li>• Under the award terms, the item is furnished or loaned</li> <li>• <b>Disposition</b> is coordinated with OCG, PAO, and Property Services</li> </ul>
<b>Transfer to Outside Institution</b>	<ul style="list-style-type: none"> <li>• <b>Disposition</b> coordinated with OCG, PAO and Property Services.</li> </ul>
<b>Transfer to Another Department</b>	<ul style="list-style-type: none"> <li>• <b>Disposition</b> coordinated with OCG, PAO, and Property Services.</li> </ul>
<b>Cannibalization</b>	<ul style="list-style-type: none"> <li>• Item is disassembled for parts to use on other equipment.</li> <li>• <b>Disposition</b> coordinated with OCG and PAO.</li> </ul>

department is encouraged to initiate disposal. The department completes the [Property Disposal Request Form](#) and routes it through DocuSign for the necessary approvals. OCG reviews the award terms and conditions to determine any further obligations to the sponsor for the property. If the disposal is allowable under the award terms, OCG signs the disposal request form which is then routed to Property Services and PAO to finalize the physical disposal of the excess property. According to the campus record retention policy, records for this property must be retained for three years after disposal.

**Government Property:** If the property is titled to the Government and has been identified as excess, the department notifies OCG before disposing of it or trading it in. **Government titled property cannot be disposed without authorization from the sponsor, the ACO.** OCG requests disposition instructions from the sponsor and the ACO, indicating that the property is considered “excess” and no longer needed by the university. The sponsor will provide one of the following disposition instructions:

1. Title to the excess property may be transferred to the university.
2. Transfer accountability of the property to another contract held by the university.
3. Title to the excess property may be retained by the Government and the university must return the property according to the sponsor’s instructions.

After the disposition instructions are received from the ACO and or the sponsor, OCG, the department and PAO coordinate to update the university property records and comply with the instructions.

#### **4.5.2 Return to Manufacturer**

**CU Property:** The department may determine that property should be returned to the manufacturer for upgrade or trade in for a newer piece of equipment. The department obtains approval from Property Services before returning the asset to the manufacturer or if there is a trade-in because the PSC requires input on such transactions. The department should also contact PAO to update the asset management records and OCG if the property was acquired on a sponsored award.

**Government Property: Approval from the sponsor must be received before Government property can be returned to the manufacturer** When Government titled property needs to be returned to the manufacturer for a repair, upgrade or trade-in, the department must notify OCG prior to returning the property to the manufacturer. OCG requests approval from the sponsor to return the property to the manufacturer. Once approval is obtained, OCG coordinates with the department and PAO to update the university property record.

#### **4.5.3 Return to Sponsor or Deliverables**

When property acquired with award funds is titled to the sponsor or is considered a deliverable under the terms of the award, the department is responsible for delivering the property according to the sponsor’s instructions. The department contacts OCG before shipping any deliverables to ensure compliance with the award terms and conditions. After the property is returned, OCG and PAO will coordinate to ensure the university property record accurately reflects the status of the property.

If Government property is to be returned to the sponsor, the department works with the OCG to complete the return of Government property according to the sponsor’s instructions. According to the campus record retention policy, records for this property must be retained for three years after return. See [4.1 Federal Award Closeout](#) for information on closing a project with Government property.

#### **4.5.4 Property Transfers**

University titled property may be transferred between departments on campus or to another non-profit institution. Government titled property cannot be transferred without approval from gaining and losing sponsor. To initiate a transfer for property acquired with award funds, the department first contacts OCG to confirm that all the sponsor’s obligations for the property have been fulfilled. The process for transferring property to another department or to another non-profit institution is as follows:

**Transfers to another CU department:**

1. The departments involved in the transfer complete the [Property Disposal Request form](#) and submit it to [ocgproperty@colorado.edu](mailto:ocgproperty@colorado.edu), including signatures from both the transferring and receiving departments.
2. OCG determines whether all obligations to the sponsor have been met.
3. OCG countersigns the request form and returns the fully executed copy to the departments.
4. Both the transferring and receiving departments must sign the Interdepartmental Transfer Form and return to PAO. Both departments are responsible for notifying PAO that the property has transferred, who then updates the property record.

**Permanent transfers to another non-profit institution:**

1. The PI who is transferring to a new institution needs to create a detailed inventory of property to be transferred which includes item descriptions, serial numbers, CU tag numbers, acquisition costs and dates, and condition descriptions.
2. The PI's department Chair or Institute Director must review and approve, via signature, the detailed list of items to be transferred and when approved the PI submits the list to [ocgproperty@colorado.edu](mailto:ocgproperty@colorado.edu).
3. OCG reviews the list of property items that will be transferred, university property records, and award records to determine whether any existing obligations to the sponsor remain for the property.
  - If the receiving institution is reimbursing the university for items that are being transferred, the PI's department is responsible for invoicing the receiving institution and ensuring payment is received.
  - It is the responsibility of the receiving institution to pay for any shipping or moving costs associated with the property transfer.
4. Approvals from OCG and Research and Innovation Office, if applicable, are provided to the department, PAO, and Property Services.
5. The department works with Property Services and PAO for final approvals and changes to the university property record.
6. PAO contacts the office at the receiving institution responsible for receiving the property to report what is being sent to them by CU and confirms the institution is willing to accept it.
7. Detailed procedures for property transferred to a new institution when a CU PI is transferring to that institution is available in a [procedural statement](#) that became effective in May 2018.

According to campus policy, computers and other electronic devices containing hardware with stored data must be erased by Property Services or a department IT representative before leaving campus. Government titled devices do not have the same requirement if they are being returned to a National Lab or a federal agency.

**4.5.5 Cannibalization**

**CU Property:** The department may choose to disassemble existing property in order to use component parts for other purposes. For property acquired with federal funds, the department must complete the [Property Disposal Request form](#) and submit it to [ocgproperty@colorado.edu](mailto:ocgproperty@colorado.edu). If cannibalization is allowable under the award terms and there are no further obligations to the sponsor, OCG countersigns the disposal request form and returns it to the department. The department is responsible for ensuring that approval from Property Services is received and for contacting PAO to update the university property record.

**Government Property:** When a department would like to cannibalize Government titled property the department must notify OCG *prior* to cannibalizing the Government property. **Approval from the sponsor must be received before Government property can be cannibalized.** OCG submits that request and when approved coordinates with the department and PAO to update the university property record.

**5. Appendix**

Information, tools, forms and this property manual can be found on the OCG webpage here: <http://www.colorado.edu/ocg/manage-awards/property-and-equipment>. Below is a brief summary of the

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reference materials that are available.

**OCG Web Site:**

**A) Forms and Documents**

- Sponsored Projects Equipment Disposal Request
- Non-Capital Property Indirect Cost Waiver Request
- Department Closeout Property Report Form
- Off-Site Sub Agreement Property Questionnaire

**B) Reference Materials**

- [OCG Property Desk Reference](#)  
This desk reference outlines OCG's general review process for sponsored projects fabrication requests, budget deviation approvals, or Marketplace requisition approvals. The cost principles as codified in 2 CFR 200.403-405 are the baseline for reviewing any property transaction.
- [Requirements for Government Property: One-page Guideline for PIs](#)  
Under specific terms and conditions of some awards, property either purchased or provided by the sponsor is owned by the Government. This property can include both permanent equipment and non-capital property, like computers or other electronic devices. The mandated requirements for administering this property are described in this one-page PI guideline.
- [Useful Property Definitions](#)  
Contains the CU Boulder definitions for Property, Capital Equipment (Permanent Equipment/Fixed Assets), Supplies, and Sensitive Property.
- [Property Account Code Quick List](#)  
Contains a list of recommended account codes for capital equipment, non-capital property and supply purchases on sponsored awards.
  - Items charged to Fixed Asset/Capital Equipment account codes must be tagged, accounted for in PSAM and reported on at award closeout for sponsored project funds.
  - Purchases charged to Non-Capital Property account codes should be tracked by the department and have "Property of University of Colorado" tags affixed to them. Non-capital property will not be accounted for in PSAM, but it must be properly managed according to the procedures and policies for University property.

**Property Central:**

The [Property Central website](#) is maintained by the Property Accounting Office. The following resources are available from this page.

- [Capital Equipment SOPs](#)  
In compliance with applicable State, Federal, and University policies and regulations, this manual sets forth the PeopleSoft Asset Management (PSAM) guidelines and procedures for effective property control, management, and reporting. It applies primarily to capital equipment and non-capital controlled property owned by the University and/or the Government. The objective of this manual is to provide for optimum equipment utilization, maintenance, control, protection, and reporting at the University of Colorado Boulder. Compliance with the guidelines and procedures in this manual will enable the University to ensure that equipment is properly safeguarded and accounted for when acquired, inventoried, and disposed of.
- [Fabrication Request Form](#)
- [Fabrication SpeedType ChartField Request Form](#)

**Audit Reports and Findings**

The CU Boulder campus property control procedures for sponsored projects property are evaluated

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annually by the Office of Naval Research for compliance with federal regulations. The most recent Property Management System Analysis letter from ONR is posted on the OCG website.

**Relevant Mailbox Addresses**

Inquiries on sponsored projects property may be sent to [ocgproperty@colorado.edu](mailto:ocgproperty@colorado.edu). Questions related to award closeout and reporting obligations may be sent to [ocgcloseout@colorado.edu](mailto:ocgcloseout@colorado.edu).