



**University of Colorado at Boulder  
Office of Contracts and Grants**

**Government Property  
Control Procedures**

July 2009

## TABLE OF CONTENTS

<u>Section</u>		<u>Page</u>
I.	Purpose	2
II.	General	2
III.	Definitions	3
IV.	Vesting of Title	4
V.	Acquisition and Screening	5
VI.	Receiving	7
VII.	Fabrications	7
VIII.	Property Records	9
IX.	Storage and Movement	10
X.	Consumption	11
XI.	Utilization	11
XII.	Maintenance	11
XIII.	Physical Inventories	12
XIV.	Notification to the Government of Lost or Stolen Property	12
XV.	Subcontract Control	13
XVI.	Records of Materials	14
XVII.	Precious Metals and Sensitive Items	15
XVIII.	Hazardous Materials	15
XIX.	Disposition	15
XX.	Reports	15
	Forms List	16
	Source of Federal Guidelines	16

**UNIVERSITY OF COLORADO AT BOULDER**  
**Office of Contracts and Grants**  
**GOVERNMENT PROPERTY CONTROL PROCEDURES**

**I. PURPOSE**

This manual is to outline for University supervisory and administrative personnel, principal investigators and subcontractors the specific policies, responsibilities and procedures for acquisition, control, use, care, maintenance, disposition, and reporting of U.S. Government property held by the University of Colorado at Boulder. Although this manual is intended to provide information specific about Government property, it is also intended to be used in conjunction with the University's Property Accounting Office (PAO) manual, which provides information about all University property issues. All requirements in both the PAO manual and this Government property manual are applicable. A copy of this Government Property manual will be provided to every appropriate person responsible for Government property.

**II. GENERAL**

Policy

The Government requires the University to procure, use and control property in accordance with Federal laws, executive orders, instructions from the Federal sponsoring agency and any special instructions contained in the specific grant or contract. It is Government policy, however, to rely upon the University's internal written procedures, subject to evaluation and approval.

Authority and Applicability

The applicable policies and procedures outlined in this manual apply to the University and its subcontractors and are intended to ensure compliance with general Government requirements.

Special Conditions and Procedures

Specific agencies and specific contracts may impose special conditions beyond general agency requirements. In such cases, the special conditions and procedures so prescribed supersede procedures outlined in this manual.

Responsibilities

The University is responsible and accountable for all Government property in accordance with the provisions of the contract, including property provided under contract in possession or control of a subcontractor. This responsibility is shared by numerous University personnel, and is specifically delegated as follows:

1. The Office of Contracts and Grants (OCG) (primarily through its OCG Government Property Officer) is responsible for overall administration of Government property, for affixing property tags to Government-owned property, for reviewing and approving all equipment purchases on contracts and grants, for obtaining any sponsoring agency approvals necessary, for conducting on-site inventories, for preparing Government property inventory reports, and for notifying the University Property Accounting Office of all Government title equipment that is transferred to the University and for preparing all required Government property annual and closeout reports.
2. Property Accounting Office (PAO) maintains inventory records, through the campus' Property Accounting System (PAS), for all Government-owned and University-owned equipment. Property Accounting is also responsible for assigning property tags to University-owned equipment, for performing inventories in cooperation with the departments, and for providing reports and information from equipment inventory records.
3. Principal Investigator is the person authorized to initiate requests for purchase of equipment or to request restricted or Government excess property for his or her project. The principal investigator is also responsible for proper use, maintenance and security of all assigned property, and for notifying the Office of Contracts and Grants of any Government property received and any shortage, damage, loss or theft of Government property.
4. Procurement Service Center will make procurements approved by the principal investigator and the Office of Contracts and Grants. Procurements will be made in compliance with University procedures, State of Colorado purchasing rules, general federal regulations (e.g., OMB Circular A-110, OMB Circular A-21 and FAR), and any special procedures required by the sponsoring agency or specific contract or grant terms and conditions.

### III. DEFINITIONS

Acquisition cost – means the cost to acquire a tangible capital asset including the purchase price of the asset and costs necessary to prepare the asset for use. Costs necessary to prepare the asset for use include the cost of placing the asset in location and bringing the asset to a condition necessary for normal or expected use.

Cannibalize – means to remove serviceable parts from one item of equipment in order to install them on another item of equipment.

Contractor-acquired property – means property acquired, fabricated, or otherwise provided by the Contractor for performing a contract, and to which the Government has title.

Contracting Officer -The duly authorized individual delegated by appropriate authority to enter into a contract and thereafter administer the contract on behalf of the Federal Government.

Custodial Department - The University department or unit having physical control of material.

Discrepancies incident to shipment – means any differences (e.g. count or condition) between the items documented to have been shipped and items actually received.

Equipment – means a tangible asset that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

Fabrication -

Government Property - All property owned or leased by the Federal Government. Such property acquired under contracts with the University includes:

1. Government-Furnished Property (GFP):
  - a. 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 grants.
  - b. Excess Government Property. Property which is no longer required by the Federal Agency and is available to other Federal agencies or Federal contractors such as the University.
  - c. Transferred Property. Property transferred to the University or furnished by the Federal Government to which the Government retains title is considered Government-furnished property (GFP) when it is assigned to an on-going Federally sponsored contract or grant.
2. Contractor-acquired property. Property acquired, fabricated, or otherwise provided by the University for performing a contract or grant, and to which the Government has title in accordance with contract or grant terms and conditions.

Government Property Administrator - The individual designated as an authorized representative of the contracting officer to administer the contract requirements and obligations relative to Government property.

Heritage Property (included in the NASA FAR) – possess one or more of the following characteristics:

1. Historical or natural significance;
2. Cultural or educational or artistic importance; or
3. Significant architectural characteristics.

Examples of NASA heritage assets include buildings and structures designed as National Historic Landmarks as well as aircraft, spacecraft and related components on display to enhance public understanding of NASA programs.

The cost of heritage assets will be reported on the NF 1018 under the appropriate classification. Supplemental reporting may also be required.

## Inventorial Equipment

### 1. University Inventorial Equipment

Personal property which either a) has an acquisition value of \$5,000 or more and has a normal life expectancy of one year or more; b) is personal property otherwise considered to require control; or c) is subject to a different capitalization or inventory requirement by a sponsoring agency.

### 2. Government Inventorial Equipment

Personal property which either a) has an acquisition value of \$5,000 or more and has a normal life expectancy of one year or more; or b) is subject to a different capitalization or inventory requirement by a sponsoring agency; or c) has been provided as GFP to the University. Government equipment does not lose its identity as personal property by reason of affixation to any real property.

Material – means property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item. Material does not include equipment, special tooling and special test equipment.

Personal Property - Tangible property of any kind except real property.

Plant Equipment – (Deleted from the DoD FAR, Dec. 21, 2007) Personal 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.

Precious Metals – means silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium.

Real Property - For purposes of accounting classification means: (1) land and rights therein; (2) ground improvements; (3) utility distribution systems; (4) buildings; and (5) structures. It excludes foundations and other work necessary for the installation of special tooling, special test equipment and plant equipment.

Sensitive Property – means property potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that shall be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals.

Special Test Equipment - Electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are interconnected so as to become a new functional entity, causing the individual item or items to become inter-dependent and essential in the performance or special purpose testing in the development or production of particular supplies or services. The term does not include consumable property, special tooling, buildings and non-severable structures (except foundations and similar improvements necessary for the installation of special test equipment), or plant equipment items used for plant testing purposes.

Special Tooling - Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids of such a specialized nature, that without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term encompasses all components of such items and includes foundations and similar improvements necessary for installation. It does not include consumable property, special test equipment, general machine tools or similar capital items, or buildings and non-severable structures.

## **IV. VESTING OF TITLE**

The requirements of Federal Acquisition Regulations Part 45 for establishing and maintaining control over Government property apply to all research and development (R&D) contracts. Clause FAR 52.245-1 ALT II is requested on all Government contracts.

In addition to FAR Clause 52.245-1 ALT II, FAR 35.014(b) is requested on all Government contracts to implement 31 U.S.C. 6306, which states that unless an agency head provides otherwise, the policies in the subparagraphs below regarding title to equipment (and other tangible personal property) purchased by the University using Government funds provided for the conduct of basic or applied scientific research, apply to contracts with non-profit institutions of higher education and non-profit organizations whose primary purpose is the conduct of scientific research.

1. If the University obtains the contracting officer's advance approval, the University shall automatically acquire and retain title to any item of equipment costing less than \$5,000 (or a lesser amount established by agency regulations) acquired on a reimbursable basis.

2. If purchased equipment costs \$5,000 (or a lesser amount established by agency regulations) or more, and as the parties specifically agree in the contract, title may:

- a. Vest in the University upon acquisition without further obligation to the Government;
- b. Vest in the University, subject to the Government's right to direct transfer of the title to the Government or to a third party within 120 calendar days after the contract's completion or termination (transfer of title to the Government or third party shall not be the basis for any claim by the University); or
- c. Vest in the Government if the contracting officer determines that vesting of title in the University would not further the objectives of the agency's research program.

3. If title to equipment is vested in the University, depreciation, amortization, or use charges are not allowable with respect to that equipment under any existing or future Government contract or subcontract.

Direct purchases by the University of property paid for in whole or in part from a sponsoring agency's funds, including Federal funds, and for which reimbursement as a direct item of cost is to be requested, are made by use of a University purchase request, initiated by the principal investigator (or others as appropriately designated) and, following approval, forwarded to Buying and Contracting for processing. After an item of equipment is received, the department approves the receiving report copy of the purchase order and forwards it to the Accounts Payable Office for payment. After payment, Property Accounting assigns a property number, records the purchase on the property inventory file and affixes a property tag to the equipment, if feasible.

At the time that the OCG Property Officer approves the purchase request, it is determined whether title vests in the University, the Federal government, or an industrial entity or other agency. This applies to all equipment purchased in whole or part with Federal funds or otherwise acquired from the Federal government.

If the University acquires title to the equipment subsequent to purchase and assignment of a Government property tag, then the Government property tag is removed. The tag is replaced with a University property number and the change recorded in the property records.

## V. ACQUISITION AND SCREENING

### General

The University must have and follow written procurement procedures which:

1. Assure the avoidance of purchasing unnecessary or duplicative items;
2. Provide an analysis of lease and purchase alternatives where appropriate;
3. Provide clear and accurate descriptions of technical requirements, but which do not unduly restrict competition; and
4. Comply with applicable Federal regulations and any special sponsor agency requirements.

### Equipment Screening (Internal)

#### 1. General

The University must assure that all purchases are necessary, beneficial, and non-duplicative.

#### 2. Procedure

The University has established a procedure for determining equipment availability based on the cost of equipment and the amount of state, local or contract and grant money involved. A Principal Investigator requiring equipment should proceed as follows:

##### a. Equipment Costing \$10,000 to \$24,999

Before acquiring any item of equipment costing \$10,000 to \$25,000, the principal investigator, department head, or other appropriate individual must determine whether or not equipment that will meet project needs is available within the department.

- (1) Check for Equipment Availability – The principal investigator is to screen his or her department for the required item(s). Screening action should include review of department property records.
- (2) Certification of Equipment Availability – If the required item(s) is not located or available within the department, then the principal investigator is to certify on the purchase request that such information is true.
- (3) Equipment Acquisition – Purchase requests are submitted to the Office of Contracts and Grants for approval and forwarded to Purchasing for procurement. Purchase requests received by Purchasing without proper screening will be returned to the principal investigator for completion of the required screening action.

a. Equipment Costing \$25,000 or More

All purchase requests for equipment are screened by the OCG Property Administrator. Items of \$25,000 or more require either a sole source justification, or screening for availability on a campus-wide basis by Property Accounting (which includes certification by Property Accounting that the screening process has occurred). If the department submits a sole source justification this negates the need for a campus-wide screening.

Contract Equipment Screening (External) (This requirement does not apply to grants).

The terms and conditions of a contract may require government screening for available government equipment with a value \$5,000 or more.

Before purchasing an item of equipment under a NASA contract, the following must be accomplished if the item is Government-Owned Equipment:

All University-acquired property must be authorized by the terms of the contract and is subject to a determination by the contracting officer that it is allocable to the contract and reasonably necessary. The acquisition (and fabrication) of Government property is further subject to the following conditions, listed in part, depending on category of property:

1. Equipment

a. Prior contracting officer approval, if not already described in a contract schedule as contractor-acquired.

b. Submission of DD Form 1419, DOD Industrial Plant Equipment Requisition, or equivalent information, and return of Certificate of Non-Availability if it qualifies as Government-owned Equipment as prescribed in the NASA FAR 1852.245-70, Contractor Requests for Government-owned Equipment.

(a) Equipment as used in this clause, means commercially available items capable of stand-alone use, including those to be acquired for incorporation into special test equipment or special tooling.

(b) (1) Upon determination of need for any Government-owned equipment item for performance of this contract, the contractor shall provide to the contracting officer a written request justifying the need for the equipment and the reasons why contractor-owned equipment cannot be used.

(2) the contractor's request shall include a description of the item in sufficient detail to enable the Government to screen its inventories for available equipment or to purchase equipment. For this purpose, the contractor shall prepare a separate DD Form 1419, DOD Industrial Plant Equipment Requisition for each item requested, and forward it through the Contracting Officer at the cognizant NASA installation at least 30 days in advance of the date the contractor intends to acquire the item. Instructions for preparing the DD Form 1419 are contained in NASA FAR Supplement 1845.7102. If a certificate of non-availability is not received within that period, the contractor may proceed to acquire the item, subject to having obtained contracting officer consent, if required, and having complied with any other applicable provisions of this contract.

Excess Government Property

Excess Government property is material, used or new, which is owned by the Federal Government, is no longer needed by the holding Federal agency, but has additional useful life. Items are usually allocated on a first-come, first-served basis. The University may be authorized to receive such excess property by a contracting agency when the property directly furthers an active contract. Such authorization is dependent upon the terms of the contract and the regulation of the specific agency involved. The University's Property Management Office is responsible for all acquisition, accounting, and disposition of excess Government property.