Sponsored Projects Property Management Training

- Justin Mack and Rebecca Stossmeister
- Office of Contracts and Grants (OCG): Compliance Team
- November 18, 2015
Session Training Goals

• Terms and Conditions → What you need to know
• Definitions for Property → Applicability to our work
• Examples for Discussion
• Understanding the intentions of “additional clarification” requests
Part I: General Guidelines
General – T&C

• University, Government or Sponsor titled

• Prior Approval Requirements
  – May vary by sponsor and award type (Grant versus Contract).
  – Requirements may not be specific to property but are still applicable. Examples:
    • *Budget deviations or revisions*
    • *Changes to the scope of work*

• Reporting or Inventory Requirements
Federal Grants – T&C

• **Previously:**
  – OMB Circulars A-21, A-110 and A-133
  – FDP Templates and Prior Approvals Matrix

• **Now:**
  – 2 CFR 200 “Uniform Guidance”
  – Agency-Specific Terms, Conditions and Guidelines
Contracts – T&C

• **Federal Acquisition Regulations (FAR)**
  – Agency-Specific FAR terms
    • *DFAR, NASA FAR Supplement, DODGAR etc.*

• **Common Restrictions**
  – Property may be Government or sponsor titled.
  – More rigid prior approval requirements.
  – Deliverables can include both reports and physical hardware delivery.
  – Flow-down provisions could apply.
Example 1: Terms and Conditions

• What kind of award do you think this is?

• What restrictions are implied by this term?

• How would this term affect how property can be managed on this award?
Help?

• How would you know what the restrictions are for your award?
  – **Currently:**
    Award Documents, CFDA Number, Award Mechanism, conversations with OCG.
    OCG Website and Property Manual
  – **Future:**
    InfoEd and the Award Terms and Conditions folder.
Other Agreements

- **Other award mechanisms and sponsors**
  - Non-Federal grants and contracts
  - Cooperative agreements
- **Bailment or Loan Agreements**
  - Property may be loaned either to or from CU.
  - Agreement may or may not be associated with a specific sponsored award.
Part II: Kicking It Up
Definitions for Property

• **Property**
  – Includes all items that are both tangible and intangible, such as materials, capital and non-capital equipment, computers and electronic devices
  – University, Government or Sponsor titled
  – General vs. Special Purpose

• **Capital Equipment/Permanent Equipment/Fixed Assets**
  – Acquisition cost and useful life requirements
  – Standalone Equipment
  – Fabrication
Fabrication – Specific Requirements

**Fabrication** is the *transformation* of components into a one-of-a-kind piece of equipment that meets a unique research need.

- Every component of a fabrication must be essential and necessary.
- Costs may include: materials and supplies that are integrated into the fabricated unit; freight, construction, installation, training or assembly labor.

What about items that are not “integrated” into the permanent unit?
Example 2: Computer Cluster

- Can we consider the 13 Voyageur Nodes permanent equipment? Why or why not?
- Would it be considered a fabrication?

- What questions could have been asked during the proposal budgeting stage?
- Should the budget have been different?
Definitions for Property

• **Non-capital Equipment**
  – Tangible items that are non-consumable, but do not meet the capitalization rules.

• **Supplies**
  – Consumable items that are used up during the course of a sponsored project.

• **Special Test Equipment**
  – Items or units that are engineered or built in order to perform special testing in the work of a contract.
  – Not considered permanent equipment. Why?
Example 3: Prototype

PI Explanation:
• What stands out? What is the most relevant information in the explanation?
• How would you define the items being purchased?

Cost Breakdown:
• How would you re-budget these items?
Definitions for Property

• **Upgrades**
  – May be capitalized if they meet the requirements (acquisition cost and useful life).
  – Provide a substantial increase in the functionality or enhance the performance of a piece of equipment beyond what was originally expected.

• **Repairs, Replacement Parts, or Refurbishments**
  – Not capitalizable.
  – Restore or maintain the equipment at its original performance levels.
Best Practices

• **Cost Principles**
  – Consider whether the equipment costs being proposed are *allowable*, *allocable*, *reasonable* and *necessary*.

• **Indirect Cost vs. Direct Cost**
  – Consider whether the proposed costs are categorized accurately
  – Does the budget justification adequately support costs that seem a little “unusual’?

• **F&A Exempt Costs**
  – Do the equipment costs being exempted from F&A make sense?
• Let’s take a break!
Part III: Award Management
General Expectations

• **PIs**
  – Overall financial and programmatic award management.

• **Department Administrators and DPMs**
  – Providing guidance to PIs for acceptable purchasing, use, management and disposal of property.
  – Ongoing award management and oversight
  – Ex: Requesting Additional Justifications

• **OCG**
  – Provide guidelines and other support based on department and PI needs.
  – Ex: Interpreting Terms and Conditions
General Expectations

• **Federal Requirements**
  - Property acquisitions meet the cost principles: allowable, allocable, reasonable, essential and necessary.
  - Procurements follow Federal and university policies
  - Property made available on other Federally-funded research projects.
  - The university maintains adequate internal controls for acquisition, use, maintenance, inventory, reporting and disposal of property.

• **FAR**
  - Apply to Government titled property.
Example 4: Buying a Car

• Is the car considered *general* or *special* purpose equipment?

• Does the PI explanation make sense? Does it adequately document the need for the car?

• What steps would need to be taken next?
  – Review of the award terms and conditions
  – Acquisition of the car
  – Closeout?
Fabrications

• **Before Purchasing Components:**
  – Review award terms, award budget, and the specific details of the fabrication:
    • *Estimated cost and completion date*
    • *Final location and anticipated future use*
  – Request the fabrication ST from PAO

• **Managing the Expenditures**
  – Costs may include: materials and supplies that are integrated into the fabricated unit; freight, construction, installation, training or assembly labor.
Example 5: Fabrication Expenditures

• Which of these costs should be charged to the fabrication SpeedType?

• Which of these costs belong in Other Operating Expense account codes?

• How would you know to sort these out on an expense report?
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<tr>
<th>Date</th>
<th>Expense Type</th>
<th>Reviewed</th>
<th>Amount</th>
<th>Approved</th>
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**TOTAL AMOUNT** $3,717.17  
**TOTAL APPROVED** $3,717.17
Example 6: Cost Transfer

• What is this transfer trying to do?

• Is the header justification sufficient?
  – What kinds of information typically needs to be included in the header justification?

• Would additional justification or explanation be required? Why or why not?
Example 7: Budget Deviation

• What are the relevant award details?
  – Award type and sponsor
  – Period of performance and timeline of purchase
  – Total funding and cost of purchase (size the deviation from the budget)

• Is the justification provided by the PI sufficient? Why or why not?

• What documentation should be kept in the department award records for this purchase?
Part IV: Award Closeout
Department Closeout Property Report

• **Purpose**
  – Requirements from the Uniform Guidance:
    • *Continued use on other Federally funded programs or projects.*
    • *Internal controls for the responsible use, management, disposal of property.*
  – Timely reporting to the sponsor

• **Required Details**
  – Account for the permanent equipment acquired during the award
  – Provide a status of the equipment at closeout
## Department Closeout Property Report

### Award CloseOut CheckList

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<tr>
<th>Requirement</th>
<th>Due Date</th>
<th>Close Out Complete</th>
<th>Status</th>
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<td>Proposal/Award Information</td>
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<tr>
<td>Final Outcome Report for NSF [ PI ]</td>
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<td>Department Closeout Property Report[Dept Property Manager or Fiscal Manager]</td>
<td>11-Jan-2017</td>
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### Close-out Requirements Report

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<th>Institution Number</th>
<th>Primary Project</th>
<th>Award No</th>
<th>Awarded Project Period</th>
<th>Department</th>
<th>PI</th>
<th>Sponsor</th>
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</table>
Other “Closeout” Issues

• **What are the options for disposing of property when no longer needed?**
  – Transfers
  – Surplus
  – Trade-In

• **How are these types of disposals handled?**
  – Can vary based on the circumstances…
Example 8: Property Transfers

1. Fellowship award with a computer purchase
   - Who has title to the computer?
   - What are the disposal options?

2. PI moving to a new institution
   - What are the options for “closing” the equipment?
Part V: Additional Information
Additional Information

• **Government Titled Property**
  – What is it and who has it?

• **Campus Self-Evaluation**
  – 2015-2016: Applicable to all departments with Government titled property
  – Future?

• **Department Property Management Plans**
  – Are departments working on developing these?
  – Why are the necessary and what value do they provide?
Resources

- Property Control Manual
- OCG Webpage
- One-Page Guides
- Additional Trainings

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