

UAS GM 12: Property Standards

Overview

The UA Statewide Accounting Manual definition of capital expenditures is found in “Revenue and Expenditure Account Codes,” Section 5000 , and for UA purposes, is defined as over \$5,000 and having a useful life of more than one year. Permanent equipment is defined by the federal government in Uniform Guidance Subpart A, 200.33:

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

The University of Alaska Statewide Property Office is responsible for providing consistent policies and procedures for all system wide components. View the Purpose, Objective, and Authority statement containing the Alaska Statutes at Section G1. The Statewide Property Manual also contains information on the roles of the Statewide Property Office, the Campus Property Coordinator and the Departmental Property Custodian. University of Alaska Regulation R05.06.590 provides guidance on procurement and supply management.

The UAS Grants Office is responsible for interpreting title provisions of an award and entering the correct equipment code into the field at the Banner screen FRAGRNT. The unit is responsible for periodic inventory reports when necessary. This includes the final property report due at closeout of the grant.

Definitions

Federally-Owned Property: “Title to federally-owned property remains vested in the Federal government. The non-Federal entity must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the non-Federal entity must report the property to the Federal awarding agency for further Federal agency utilization.” (Uniform Guidance Subpart D, 200.312 (a))

Exempt Property: “Exempt federally-owned property means property acquired under a Federal award the title based upon the explicit terms and conditions of the Federal award that indicate the Federal awarding agency has chosen to vest in the non-Federal entity without further obligation to the Federal government or under conditions the Federal agency considers appropriate. The Federal awarding agency may exercise this option when statutory authority exists. Absent statutory authority and specific terms and conditions of the Federal award, title to exempt federally-owned property acquired under the Federal award remains with the Federal government.” (Uniform Guidance Subpart D, 200.312 (c))

Non-Expendable Property: Equipment acquired by a recipient with Federal funds. Title may vest in the recipient, subject to conditions of Uniform Guidance Subpart D, 200.313.a.

Purchase of Equipment with Federal Funds

Non-expendable property can be acquired with federal funds only if the purchase has been specifically approved in the award document or by prior approval of the agency’s grant or contract officer. Special terms and conditions of the award should be adhered to and may require prior signatory approval from the sponsor. Prior to acquiring new, federally-funded property, the existing property inventory must be screened following the procedures described in the Statewide Property Manual to ensure that there is no existing property owned by the university that is appropriate and available for use. In addition, there are federal screening requirements. See (below): Equipment Charges to Federally-Funded Projects in this section.

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Items costing \$5,000 or more must be listed separately and described in detail in the proposal. Instructions for completion of property forms can be found in the Statewide Property Manual.

Competitive prices: The UAS Purchasing Agent will solicit for competitive prices for purchases in accordance with University Procurement Regulations and Procedures unless the principal investigator has justified the use of a sole source supplier. Such justification must be detailed enough to be acceptable by the government auditor as well as to satisfy University Procurement Regulations and Procedures. The UAS Purchasing Agent is the ultimate responsible authority for approving a sole source supplier.

Capitalizing constructed equipment: See the SW accounting manual procedure. If an item of equipment is built by the university, the cost of materials, labor, staff benefits and travel, if applicable, must be accumulated and identified as the cost of the equipment. No overhead should be charged on the salaries included in the equipment construction cost. If the accumulated cost of the equipment exceeds \$5,000, it must be accounted for under procedures established by the Statewide Property Manual for items of non-expendable personal property.

Title to Equipment - Federal Contracts

Title to equipment purchased with federal cost-type contract funds always vests in the federal government. The university can usually obtain title to items when a contract is complete by requesting transfer of title. The terms and conditions of the award should be followed – it may be that the \$5,000 threshold may apply and title will vest in the university. Permission for the university to obtain title may be given if the federal agency has no use for the item(s) in another program they are supporting.

Read the title transfer document carefully. Refer to the clauses or articles in the contract. Agencies may transfer title but require that the equipment be used only for certain programs at the university, i.e. health-related research, etc. There may also be a requirement of periodic reporting on use and condition of the equipment. If this reporting is not made, the university may lose the equipment.

Title to Equipment - Federal Grants

In most cases, title to equipment purchased with federal grant funds is vested in the university at the time of purchase. Some grant documents may reserve title on equipment for the government according to the terms and conditions of the award, and can request transfer of that piece to another grantee at their discretion, per Uniform Guidance Subpart D, 200.313. If this condition exists in the prime award, the GCO office will interpret the ownership of the equipment and code the equipment status in the Banner Finance System accordingly, e.g., FF (“federally funded/owned”).

Identification of Equipment

All equipment purchased with federal grant funds or cost-reimbursement type contract funds should be so identified, whether the title vests in the university or the federal government. The use of equipment purchased with federal funds is governed by Uniform Guidance Subpart D, 200.313. The Statewide Property Manual describes the correct UA procedure for tagging equipment.

General Purpose Equipment

Except for fixed price contract funds, general purpose equipment (eg, office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment – Uniform Guidance Subpart E) cannot be acquired from federal funds unless

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they have been specifically approved by the awarding document or by prior approval of the grant or contract officer.

This type of equipment is general, and administrative support equipment is furnished by the university. The federal government pays proportionally for its use through the depreciation included in the F&A rate.

Equipment Charges to Federally-Funded Projects

The purchase of equipment acquired using federal funds must be screened, per UA Statewide Property Manual, against UAS campus property. Property costing \$10,000 or more must be screened against University of Alaska system wide property inventory.

Cost-reimbursement type contract awards that are subject to the Federal Acquisition Regulations (FAR) Part 45 usually require screening through the sponsoring federal agency. In addition, NASA and the Department of Defense have agency specific pre-acquisition screening requirements for cost type FAR contracts awarded under their departments. These provisions will be conveyed in the award document.

Government Property

Government furnished property: Under a federal contract that is subject to the Federal Acquisition Regulation that contains the clause at 48 CFR 52.245-2 through 52.245-15 regarding government property, the government furnishes property that is listed on a schedule which is part of the contract. This property is called Government Furnished Property (GFP). Some contracts may prescribe the use of DD Form 1348, for acquisition of GFP. The contract will contain provisions regarding acquisition, management and record keeping requirements for GFP. Government furnished property may be acquired by the University of Alaska Southeast according to the procedure established in the Statewide Property Manual.

Government property is property in the possession of, or acquired directly by, the government and subsequently delivered to or otherwise made available to the University under a contract or grant. Government property can also be something purchased by the contractor to which the government takes title. Government (Non-expendable) personal property must be accounted for as prescribed by the Statewide Property Manual. See UA Property Manual. Other information on Procurement is governed by Uniform Guidance Subpart D.

To acquire equipment or supplies for use on a Department of Defense contract when authorized by the contract, use SF Form 122, routed through GSA, if acquired using federal resources. Title remains with the Government according to the terms and conditions of the contract.

Government surplus property: can be acquired through the State Agent for Surplus Property at a small charge, and then becomes university property. Government excess property must have the Federal Property Administrator's approval (ONR ACO) to be obtained and it remains federally owned, whether obtained from GSA or DRMO. The same applies to government surplus for which the university wants to get first call, or avoid the Surplus Agent charges by going through the Property Administrator. A federal contract must be in place before the university may acquire surplus federal property.

References

- Uniform Guidance Subpart D: Property Standards
- Title 48, Code of Federal Regulations (by Agency) Federal Acquisition Regulations

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- System
- Federal Acquisition Regulations
- FAR 45 - This part prescribes policies and procedures for providing Government property to contractors, contractors' use and management of Government property, and reporting, redistributing, and disposing of contractor inventory
- FAR 52.245-1 through 19: Government Property on Fixed Price Contracts

Contracts - Physical Inventories

The Statewide Property Manual addresses physical inventory according to university procedures.

The Federal Acquisition Regulation (FAR 45.508) requires periodic physical inventories of all government property and physical inventory upon termination or completion of a contract.

Federally-Owned, Contractor-Acquired Government Property under Contracts

The Grants Office is responsible for reporting, on an annual basis, to the contracting agency on the acquisition cost of federally-owned, contractor-acquired property (FAR 45.505-14) under each contract. The Federal Acquisition Regulation requires an annual report on the acquisition cost of government property accountable under federal contract.

When a contract is awarded and does not include instructions from the contracting officer as to which forms to use, cutoff periods, and due dates, the Grants Office will request that the agency supply the information. Each contracting federal agency may have unique reporting requirements, but the contract itself governs in each case.

The Department of Defense, the National Aeronautics and Space Administration and the Department of Energy have supplemented the FAR requirements. Any special terms and conditions will be cited in the award document.

Grants and Other Agreements

Uniform Guidance requires that recipients of awards comply with federal reporting requirements if they are institutions of higher education, hospitals, and other non-profit organizations. Uniform Guidance Subpart D, 200.312, requires recipients of subawards to submit an inventory listing of federally-owned property in their custody according to federal guidelines. The Grants Office will submit grant specific and agency specific reports when required. Data for the report will be generated by the Banner system and verified with the Campus Property Coordinator.

Federal Property Disposition

At any time during the contract period, excess government-owned property that is declared surplus must have disposition instructions directly from the funding agency. Federal approval and/or instructions are needed not only for disposal, in the sense of scrapping or selling, but also for trade-in, return to the government, or any other disposition action. The Statewide Property Manual covers the university's procedures for disposition of federal property.

Disposal of government-owned property is subject to the provisions of Uniform Guidance Subpart D, 300.313 (e), FAR Subpart 45.6, and to the approval and conditions of the sponsoring agency. Written approval from the federal sponsoring agency must be obtained prior to requesting authorization for disposal from the chief procurement officer and documentation of the approval must be attached to the 'Property Disposal Authorization.' See Appendix B of the Statewide Property Manual for forms.

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FAR Subpart 45.603 contains provisions for disposal of property under Federal contracts subject to FAR. Uniform Guidance Subpart D, Property Standards, contains provisions for the disposal of property under Federal grants and other agreements.

Federal Contracts - FAR Subpart 45.6

An agency may exercise its rights to require delivery of any contractor inventory. If the agency does not exercise these rights, the contractor inventory shall be disposed of according to the instructions received from the funding agency or federal Property Administrator.

References:

- 45.605-1: Purchase or retention at cost by prime contractor or subcontractor of contractor-acquired property.
- 45.605-2: Return of contractor-acquired property to suppliers.
- 45.608: Use within the government through the use of prescribed screening procedures.
- 45.609: Donation to eligible donees.
- 45.610: Sale (including purchase or retention at less than cost by the prime contractor or subcontractor).
- 45.611: Donation to public bodies in lieu of abandonment.
- 45.611: Abandonment or destruction.

Grants and Other Agreements

When property is acquired with federal funds under a grant or other agreement subject to Federal Uniform Guidance, the directions prescribed by Subpart D, Property Standards, apply unless the property is exempt. Refer to the current Statewide Property Manual for UAS procedures.

Subpart D, Property Standards prescribes requirements for all nonexpendable property: see 300.314 for disposition of supplies and other non-expendable property.

See Uniform Guidance, Subpart D for standards applicable to the reservation by the federal government of the right to transfer title.

Disposition of Equipment

Non-expendable property with a unit acquisition cost of less than \$5,000: The recipient may use the property for other activities without reimbursement to the federal government or sell the property and retain the proceeds (Statewide Property Manual procedures are applicable to such dispositions).

If the recipient has no need for equipment with a fair market value of \$5,000 or more, the recipient shall request disposition instructions from the federal awarding agency. The federal sponsoring agency shall issue instructions for disposition no later than 120 days after a request is made. See Uniform Guidance Subpart D, 300.303 (e). If the University has title, this action is not required.