

**SOUTHERN METHODIST UNIVERSITY**

**SPONSORED PROJECT**

**PROPERTY MANAGEMENT PROCEDURE**

**January 15, 2015**

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# SPONSORED PROJECT PROPERTY MANAGEMENT PROCEDURE

## PURPOSE

This procedure provides guidance for the management, control and disposition of property that is titled to the University, under the custody of the University, or for which the University is otherwise accountable to the federal government or other sponsors as a result of a sponsored project (grant or contract). This procedure guide is an extension of Southern Methodist University's routine property management standards and procedures. Additional reporting and management requirements may be imposed by federal or state agencies, other sponsoring entities or individual grants or contracts. Standards applicable to Facilities and Real Property are not covered in this guide. Should awards for Facilities or Real Property be accepted, the Office of Research Administration and Technology Management (ORA) will assist with procedures to be taken in order to ensure compliance with regulations. **Additional guidance for government property management where the federal government retains title to property furnished or acquired is found in the ["Government Property Management Plan"](#).**

The University receives funding for sponsored projects from external sources, including funding from the federal government. The University must properly classify, safeguard, and manage property provided as a result of sponsored projects.

Federal regulations and guidance include, but is not limited to:

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 (Uniform Guidance or UG)
- Federal Acquisition Regulations (FAR), parts 45 and 52.245
- Defense Federal Acquisition Regulation Supplement (DFARS)

## WHO MUST COMPLY

Any Principal Investigator/Project Director (PI/PD) and related schools or divisions that accept federal or other sponsored project funding must comply with this procedure and are required to employ property management practices that meet the requirements of the Uniform Guidance.

## PROCEDURES

The following procedures primarily relate to acquisition, records and disposal of capital equipment acquired as a result of a sponsored project. To meet the capitalization requirements, equipment must have an acquisition cost of \$5,000 or more and a life expectancy of two years or more.

### I. Equipment Classifications

Capital equipment is classified differently depending on ownership or title to the equipment. Title to or ownership of equipment is determined by the provisions of the sponsoring award, contract or agency policy. There are four classifications of capital equipment:

#### A. Sponsored Project Purchased/University-titled

Equipment purchased in whole or in part with sponsored funds with the title vested to SMU is considered "sponsored equipment" or "grant equipment." Sponsored equipment purchased with federal funds may also be considered "exempt property." Title to exempt property is conditional and is subject to federal use and disposition restrictions. Equipment purchased with non-federal funds may also be subject to conditions of the sponsoring agency.

## **B. Government-titled Equipment**

Equipment purchased with federal funds with title vested to the federal government is considered “government-titled equipment.” Government-titled equipment may not be disposed or removed from service without approval from the sponsoring agency. Note that sponsors other than the federal government may also reserve title to equipment according to the terms and conditions of the award.

## **C. Government-furnished Property**

Equipment in the possession of or acquired directly by the federal government and subsequently delivered or otherwise made available to the University under a grant or contract is considered “government-furnished property.” Title to government-furnished property remains with the government regardless of the equipment’s value. Normally, the unit price of government-furnished property is provided on the document covering shipment of the property or as a part of the contract. Transportation and installation costs are not considered as part of the unit price for this purpose. Government-furnished property must be appropriately identified by tag and in the Asset Management System (AM System) for special reporting requirements.

## **D. University-Funded Equipment**

Equipment purchased with non-sponsored project funds is considered “University equipment.” Title to university-equipment is vested with SMU. University equipment is tested as part of the A-133 audit and is generally subject to the same guidelines as sponsored project equipment. For policy information related to university equipment, see “[Asset Management Policies and Procedures](#)”.

## **II. Acquisition/Purchase**

### **Types of costs that may be capitalized as equipment:**

The following costs are applied towards the \$5,000 acquisition cost and should be capitalized with the equipment.

- Any initial modifications, attachments, accessories, or auxiliary apparatus that are necessary to make an item of capital equipment useable for its acquired purpose
- Shipping charges, protective in-transit insurance, freight, and installation costs
- Upgrades, modifications, or enhancement parts that increase the useful life of the equipment by one year or more

### **Types of costs that may not be capitalized as equipment:**

- Equipment repair costs
- Separate warranty costs or maintenance contracts
- Demolishing or dismantling costs
- Spare or replacement parts

Property procurement is a function of the Principal Investigator/Project Director (PI/PD); however various administrative offices of SMU such as the ORA and University Purchasing Department (UPD) may be involved. Sources of supply may be military installations, other Government installations, plants of military departments, other Government agency contractors, and direct commercial purchases subject to review concerning applicability to the respective grant or contract. Agency approval may be required under the terms of the award prior to the purchase of property and may be required whether or not the property was anticipated in the proposal. ORA will assist the PI/PD with obtaining the required approvals and ensuring that the budget reflects the property cost.

Southern Methodist University Policy #7.4, Sponsored Project Procurement presents the policy to be followed in all procurements, through commercial sources, using funds from sponsored projects (see [SMU Policy Manual](#) effective January 15, 2015 and any subsequent revisions). Detailed procedures applying to all procurements using sponsored project funds are contained in [SMU, SPONSORED PROJECT](#)

[PROCUREMENT PROCEDURE](#) effective January 15, 2015. Equipment purchases will follow these university policies and procedures.

Individual granting sponsor *Terms and Conditions* and contract requirements may impose additional procedures. ORA will advise if federal funded equipment is not exempt property or if other special requirements exist such as Agency prior approval that may be required for acquisition of equipment especially if it is classified as General Purpose or Special Purpose Equipment. Government regulations require that the University screen the existing inventory of capital equipment for availability before ordering capital equipment to avoid purchasing “unnecessary or duplicative items”. Other pre-screening requirements may exist depending upon the agency and/or type of equipment involved. Assistance in complying with individual contractual and/or agency requirements will be provided by ORA and, in most cases, by the Government Contracting Officer, when the award is from a federal agency. All required, pre-screening forms will be submitted by ORA and based on technical information furnished by the PI/PD.

ORA will determine, at the time a sponsored project award is received, whether title to sponsor-funded equipment is to be vested in the sponsor or in SMU. Separate accounts are to be provided in the budget for each project to distinguish who has vested title. Grant & Contract Accounting (GCA) will monitor the accounts used on purchase requisitions and invoices to ensure consistency with the determination of vesting made by ORA. GCA will provide Asset Management (AM) with copies of invoices indicating whether sponsored project funds were used in the purchase and where title to the equipment is vested. Copies of associated purchase orders and/or purchase requisitions will also be forwarded to AM.

### **III. Multi-Component Equipment and Fabrications**

Equipment may be a stand-alone unit or a system of parts that function as a unit.

#### **A. Multi-Component Equipment**

Multi-component equipment is comprised of individual pieces of equipment or material items that are connected together to operate as a system. Component pieces that individually cost less than the capitalization level but, when combined, exceed the capitalization level, shall be capitalized when purchased for one functional unit. Component pieces can be purchased from separate vendors and/or with separate invoices. Multi-component equipment is distinguished from fabrications (discussed below) in that multi-component equipment does not generally require construction or assemblage over time.

#### **B. Fabrications**

A fabrication is equipment that is constructed or developed by combining parts or materials into one identifiable unit. To be considered a fabrication:

- All component parts must work together as one unit;
- The aggregate cost of all parts in the completed unit meet the \$5,000 capital equipment threshold; and
- The completed fabrication has a useful life of two years or more.

Individual components acquired during a fabrication project are considered equipment regardless of their unit costs. For example, three parts of a robotic arm each costing \$2,500 would accumulate to one \$7,500 capital asset.

There are several steps involved in creating fabrications and placing them into service:

##### **1. Fabrication Approval**

Approval of a fabrication may be included in a sponsored project award or agency approval may be needed prior to initiating the fabrication project. The PI/PD must refer to the terms and conditions

of the award or obtain the assistance of the ORA for assistance with obtaining required approvals and ensuring that the project budget reflects the property cost.

## **2. Acquiring Parts for a Fabrication**

Fabrications require the purchase of component parts and/or materials over time. Fabrication costs are charged to the sponsored project using the account that reflects where title to the finished product will be vested. Account 8240 is used for equipment to which title will vest in SMU and account 8245 is used when title vests in the federal government or other sponsoring entity. Only costs integral to the fabrication should be charged to a fabrication account for capitalization.

Integral parts include any piece or material that becomes a permanent part of the fabrication, any supply necessary for the fabrication, and any internal or external service fees. All requisitions and payment requests covering integral parts of a fabrication must include the description of the final identifiable unit and/or asset tag number. AM will use this information to accumulate the cost of the asset within the AM System.

## **3. Completing a Fabrication**

When a fabrication is sufficiently developed, is available for use or is producing science and meets the capitalization threshold, it should be “placed in service” within the AM System (considered active equipment for depreciation). The PI/PD is responsible for notifying AM when a fabrication should be placed in service.

A fabrication’s construction period is generally set by the scope of the sponsored project; however, PI/PDs should review the status of all in-progress fabrications at least every 6 months. Projects that haven’t incurred charges after 6 months should be reviewed and placed into service or written off if they are impaired and will not be utilized. Exceptions should be carefully reviewed, but if there is a compelling reason to extend the construction period, notify ORA for review and potential notification of the funding agency. If work on the fabrication ends and the capital threshold of \$5,000 for equipment titled to SMU (account 8240) is not met, the PI/PD must notify AM to remove it from pending capitalization.

## **4. Adding Additional Expenses to a Completed Fabrication**

After a fabrication has been placed in service any additional costs should be expensed as incurred. In some instances, additional costs represent an upgrade and may be capitalized. For costs to be considered a fabrication upgrade, they must increase the useful life by one year or more and/or add new or additional functionality to the existing fabrication. Fabrication replacement parts or repairs are not considered upgrades.

# **IV. Records**

## **A. Identification of Equipment**

Upon receipt of sponsored/grant equipment, the University must maintain records that include a description of the equipment, serial number or other identification number, source of funding, who holds title, acquisition date and cost, the location, use and condition status and any ultimate disposition data.

Equipment records must be maintained and updated in such a manner that allows for an item of equipment, whether at SMU or at an off-campus site, to be located within a reasonable amount of time.

The PI/PD or authorized representative should immediately inspect all property received, whether purchased by SMU or provided by the agency. This person should note, on the packing slip or purchase order copy, the serial number, model number and other identifiers in addition to verifying correctness and condition of equipment with reference to damage or shortage. If any discrepancy is discovered, the person must annotate all discrepancies on carrier’s delivery receipt. For purchased property, immediately contact UPD who will determine responsibility, either vendor or carrier, and follow up with correspondence and/or reports required to rectify the matter. In many cases, it will be necessary to advise the Property

Administrator or Contracting Officer of discrepancies in shipments. This is especially true for shipments of Government-furnished property.

PI/PD approval of the vendor invoice not only authorizes use of sponsored project funds for the payment, but also serves as acknowledgement that the property was received and was in good condition.

Agencies may have special reporting requirements which must be followed at the time of receipt of equipment and throughout the period of performance of the grant or contract. ORA will submit the required forms based on technical information supplied by the PI/PD.

### **B. Initial Inventory and Tagging Equipment**

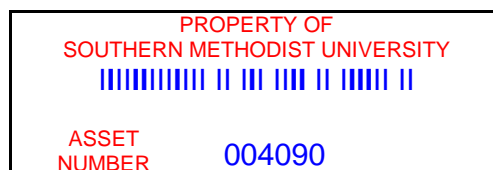
To maintain effective identification of equipment, the University must affix uniquely numbered identification tags to equipment. AM is responsible for the initial inventory and marking of all sponsored project property whether purchased from award funds or furnished by the sponsor. This is accomplished as follows:

1. Upon receipt of a completed vendor invoice, AM will transfer necessary information from the invoice and/or associated purchase requisition to a computer input form.
2. The PI/PD for the respective grant or contract will be contacted to determine an appropriate time to inventory subject property and affix pre-numbered decals. Alternatively, AM may supply the PI/PD with a copy of the computer input form and invoice along with applicable decals as identified below. The PI/PD will affix the decal(s), supply any information that is missing from the input form, sign and return the form to AM. Although this is done as soon as possible after receipt of the property, the time elapsed may allow the equipment to be installed/located in such a way that access to the identifying numbers is obstructed. The model, serial and other identifying numbers noted by the PI/PD at the time of receipt will be provided to AM for the University property records.
3. If the property is to be shipped to another location soon after arrival at SMU, the PI/PD will notify AM prior to the shipment date so that the information may be accessed and the property may be tagged. If the property is to be shipped directly to a location other than SMU, the PI/PD will notify AM of the number of items involved. AM will provide the PI/PD with sufficient numbers of tags and the PI/PD will affix them and obtain the detailed information needed for recording (see step B).

Identification of federally-owned property shall be effected by affixing a decal on each item that will bear the following "U.S. GOVERNMENT". Example of such decal is indicated below:



Identification of property purchased under a grant or contract, regardless of who holds title is effected by affixing a pre-numbered decal on each item unless the association of SMU with the property is deemed to be inadvisable when being located in a restricted region. Example of decal is indicated below.



Upon completion of the initial inventory and marking, the AM System will be updated by AM. The AM System will be updated to include: acquisition date, brief description of item, cost, project number (identifying number assigned to the sponsored project), manufacturer, model number, serial number and PI/PD responsible for monitoring the property. This information will become the basis for Annual Property Detail that is outlined in more detail in a subsequent paragraph.

### **C. Inventory Control**

Federal regulations require a full physical inventory of sponsored capital equipment at least every two years to verify both the accuracy of equipment records and the existence and current use of these assets.

Inventory records must contain information necessary to identify the equipment including equipment description, serial number, acquisition information and location. The PI/PD is responsible for validating the inventory of their sponsored project-funded property, to which SMU holds title. Property for which SMU holds title will be included in the inventory listings submitted by AM to the schools and divisions of the University. See the University requirements for inventories in "[Asset Management Policies and Procedures](#)".

With reference to **federally-owned property**, the PI/PD will conduct a physical inventory no less frequently than every two (2) years as outlined below:

1. AM will furnish each PI/PD a listing of the federally-owned property under their respective grant or contract and a Certificate attached to the listing.
2. The PI/PD will make a physical check of the property, including physical location, condition and continued need.
3. After completing the inventory, the PI/PD will sign the Certificate stating that the inventory was conducted on (Date) and that it was correct, as shown on the listing, except as noted on the Certificate or within the listing.
4. The PI/PD will return the signed Certificate and listing to AM.
5. AM will notify the cognizant Property Administrator of any adjustments required including explanation, if appropriate.

### **V. Use of Sponsored Project Property**

Equipment shall be used in the project/program for which it was acquired for as long as needed, whether or not the project continues to be Sponsor-funded. Exempt property (federally funded property to which SMU retains title) shall be made available to other projects, if such other use will not interfere with the work on the project for which it was acquired. When the equipment is no longer needed for the project, it shall be made available: first - to other projects sponsored by the same federal agency; and second - to other projects sponsored by other federal agencies.

The PI/PD will ensure that federally-owned property is used in accordance with contractual authorization, when appropriate, according to the purpose for which it was designed, and in a safe manner. This includes usage during the time period in which property has been authorized, insuring against usage on non-Government work, and proper recording of actual use.

Equipment acquired with federal funds shall not be used to provide services to outside organizations for a fee that is less than what private companies charge for equivalent services.

### **VI. Maintenance and Storage of Property**

Proper maintenance and storage of their sponsored project property, including Sponsor-owned or Sponsor-funded property is the responsibility of the PI/PD. The PI/PD is responsible for ensuring that only qualified technical project personnel use the property and that the property is protected from any deteriorating



elements. PI/PDs shall ensure the performance of regular, required maintenance according to recommended schedules and when otherwise appropriate. The PI/PD will also ensure that the property is maintained and repaired by qualified technicians or return it to the manufacturer for repairs as the situation may require. Maintenance actions shall be recorded upon completion of routine maintenance. Such records shall be analyzed when breakdowns occur to determine the cause and to ascertain the possibility of inadequate prevention or routine maintenance.

### **VII. Loss, Damage, Destruction or Theft**

The PI/PD will promptly report any item of property that becomes lost, damaged, destroyed or stolen to proper authorities. The term “proper authorities” will be defined according to the location, cause and size of the loss incurred. For instance, a theft of equipment located on-campus should be reported to the SMU Police Department, the Office of Risk Management, the Dean of the School, ORA and the Agency Contracting Officer. For property to which SMU holds title, a copy of subject report and a completed SMU Transfer/Disposal Form must be forwarded to AM. Reports for losses related to property acquired or furnished under a federal contract to which the Government holds title will require more specific information as will be specified by the Agency Contracting Officer. For requirements of contracts containing property clause FAR 52.245-1, refer to Government Property Management Plan. Adjustment of AM records for losses related to property titled to the Sponsor will be made upon authorization by the Sponsor.

### **VIII. Disposition**

Disposition is the process of removing equipment which has no further University use from inventory. Any piece of capital equipment which has ceased to function or for which the University has no further use must be disposed of and removed from inventory records.

Equipment purchased with federal or other external sponsor funds is often subject to sponsor-specific disposition restrictions and cannot be disposed without prior approval. Contact ORA for assistance in determining sponsor restrictions and requirements when equipment is no longer needed for the project/program for which it was acquired or for other activities currently or previously supported by a federal awarding agency. Some agencies have retained the right to require transfer of title for equipment, when SMU’s title is “conditional”, as well as federally-owned property. This restriction will normally be stated in the award document. ORA will assist with determining when a request for disposition instructions must be made to the federal awarding agency and when the following are applicable:

#### **A. Needed for other University Activities**

Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the federal awarding agency. Federal-funded equipment with a current per unit fair market value in excess of \$5,000 requires compensation to the federal awarding agency computed by applying the percentage of federal participation in the cost of the original **project** to the current fair market value of the equipment unless the awarding agency authorizes a donation of research equipment to SMU. Federal participation will be obtained from the last or most recent Project Expense Summary.

#### **B. Not needed by SMU**

Equipment acquired with federal funds and no longer needed by SMU must be reported to the awarding agency, in most cases, along with a request for disposition instructions in accordance with OMB UG. The PI/PD who last utilized the equipment on an approved project/program is responsible for notifying ORA who, in turn, will contact the agency. If the PI/PD is no longer with SMU, it is the responsibility of the associated Department Chair Person to initiate action through ORA.

If ORA's record retention period for the project on which the equipment was purchased has expired, ORA will obtain information from AM for the report to the awarding agency.

### **C. Transfer to Another Institution**

Requests to transfer equipment purchased or provided on sponsored project awards that have expired will be handled on a case by case basis by Associate Vice President of Research Administration and Dean of Graduate Studies. No property funded by Sponsored Projects shall be removed from the University without approval of the Associate Vice President for Research and Dean of Graduate Studies.

Property purchased or provided by sponsored project awards that are still active may be transferred to another institution/university providing all of the following conditions are met:

- When a PI/PD leaves the University, an active sponsored project award and associated property may be transferred to the PI/PD's new institution, provided that the transfer is approved by the sponsoring agency;
- The Associate Vice President for Research and Dean of Graduate Studies must approve the transfer, after determining in consultation with the PI/PD and the PI/PD's department chair, that the University (SMU) will no longer need the property;
- The institution to which the property will be transferred must agree in writing to accept title and accountability for the property; and
- The University will not incur any cost for packing and shipping the equipment, unless stipulated in the award.

The PI/PD shall:

- Prepare a comprehensive listing of equipment to be transferred including: description, model number, serial number, SMU tag number, date of purchase, cost and sponsored project that funded the equipment.
- Provide the list to AM for verification of details.
- Obtain SMU and Agency approval of transfer through ORA.
- Submit Transfer/Disposal form(s) to AM for items approved to be transferred.

### **D. Disposition of Federally-Owned Property**

For requirements related to federally-owned property acquired on a contract having the property clause FAR 52.245-1, see Relief of Stewardship in [Government Property Management Plan](#).

The initiation of proper action which will ultimately determine the title of federally-owned property is the responsibility of the PI/PD, however, as stated in the 'Close Out' section above, ORA will initiate the process when disposition of property is a part of closing procedures. At the conclusion of a Government grant or contract, ORA will submit a request to AM for a final inventory. The PI/PD will verify the inventory details and then submit the final inventory report (this report being different from the one outlined previously in [Periodic Inventory](#)) **with a statement as to the desired method of disposal** to AM. AM will complete their reconciliation, update the database with any changes reported, prepare a final NASA form 1018 or DOD form DD1662 (if applicable) and a letter requesting disposition instructions. AM will then forward the report, letter and PI/PD statement to ORA. ORA will include this information with their closing process to obtain instructions for disposition from the Government. Note that the letter of request for disposition instructions may include a request for transfer of title to SMU, if in the best interest of the University, or transfer to another active contract.

Disposition shall be accomplished promptly after receipt of disposal authority. SMU identification tags shall be removed from items to be returned to the Government or shipped to another entity. The PI/PD shall notify AM of the transfer and return the tags with completed the transfer/disposal form. Documentation shall be retained to include authority, disposal action, date of disposal, and bills of lading or other shipping documents, when applicable.

#### **E. Excess Federally-Owned Property**

When the PI/PD determines that federally-owned property has become excess to the needs and requirements of the Government grant or contract, he/she shall submit a report to ORA requesting disposal instructions. This will initiate the above 'Disposition' section without related closing procedures.

### **IX. Reports**

Property-related reports that must be submitted vary by federal agency or other sponsoring entity. Reporting requirements will be contained in the award agreement or general terms and conditions. Forms and detailed instructions may be supplied by the Agency, the cognizant Property Administrator or the Prime Awardee when SMU is a sub-recipient. They may also be found in the Federal Acquisition Regulation (FAR) and agency FAR supplement. Reference should be made to the Agency *Terms and Conditions* or award/contract requirements to determine what reports are required.

#### **A. Receipt, major changes affecting equipment or when equipment is no longer needed**

It is important to recognize that each contract and each agency may have special reporting requirements affecting the purchase of equipment including preapproval of specific items whether or not they were in the proposal budget. There may be specific forms required to report receipt, major changes affecting equipment or disposition requests or the Contracting Officer may only require an email or letter to communicate these events. Many federal agencies are transitioning to web based databases for tracking equipment which will necessitate coordination between the PI/PD, AM and ORA to ensure compliance.

**Initiation of the required form/communication is the responsibility of the PI/PD who is the first to have knowledge of the above events. Submission of required forms will be the responsibility of the ORA, based on technical information furnished by the PI/PD.**

#### **B. Annual Property Report Examples**

Report of Government-Owned/Contractor-Held Property - (NASA Form 1018) - Submitted annually on each active contract awarded by NASA, to the cognizant Property Administrator so as to be received by October 15 covering the Period October 1 - September 30. A negative report (report that indicates that there is no government-owned property associated with the referenced contract), according to the terms and conditions of the award, may be required.

DOD Property in the Custody of Contractors - (DD Form 1662) or approved substitute - Submitted annually to the cognizant Property Administrator so as to be received by October 31 covering the period October 1 - September 30. A negative report may be required even when no property remains accountable under the contract. (This form is in the process of being phased out for use of an on-line system of reporting which may eliminate the ability for AM to be involved depending on the level of technical information required for the system.)

AM will complete the required form upon notification by ORA to do so or annually based upon the returned, PI/PD-certified inventory forms and updated with subsequent additions, if applicable.

#### **C. Close Out**

## **1. Federally-Owned or Exempt Property**

The final inventory reporting process is initiated by ORA at the time a Government Grant or Contract is officially closed when the award provides federally-owned property or exempt property for which the awarding agency has **not** chosen to vest title in SMU without further obligation.

ORA will notify AM of the project number and due date for a final inventory report. Upon receipt of the notice, AM will initiate a 'periodic inventory' after reconciling the AM property listing to general ledger entries for property acquisitions and/or any advices of Government Furnished Property. The PI/PD will complete and return the certified inventory information to AM. AM will reconcile any differences, update the computer records and forward the applicable reporting form and closing listing to ORA. Also see 'Disposition of Federally-owned Property' section above.

## **2. Supplies**

Supplies acquired with federal funds shall be used in the project/program for which they were acquired. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project/program and the supplies are not needed for any other federal award, SMU must retain the supplies for use on other activities or sell them, but must, in either case, compensate the federal government for its share. The amount of compensation will be computed in the same manner as that used for equipment needed for other activities in the "Disposition" section above.

## **X. Requisition of Excess Personal Property through General Services Administration or Government Furnished Property through Other Agencies**

In view of this institution's approved Government sponsored grants and contracts program, the University has been authorized to request **transfer** of certain items of available excess personal Federally-owned property reported on GSA Bulletins and Catalogs.

The PI/PD, with the assistance of ORA and the Agency Contracting Officer, has responsibility for preparing required forms necessary to request this excess property.

When excess personal federally-owned property through General Services Administration or Government Furnished Property through other Agencies is received, it will be the sole responsibility of the PI/PD to acknowledge receipt of the property by signature on the Government Bill of Lading or other suitable receipt as presented. The PI/PD will ensure that all shipments are opened and a physical count is made prior to releasing any document. A copy of all documents will be forwarded to AM through GCA for official property files and reporting. On-the-spot action will be initiated to cover any discrepancy. AM will ensure that appropriate decals are provided for or affixed to the property. The PI/PD will be readily available to cooperate with this procedure. Due to strict accountability and numerous reports required by the Agencies, compliance with this specific directive is critically important.

Nearly all transfers between agencies are made without reimbursement. However, costs of care and handling, as well as any transportation cost incurred, must be paid by the agency receiving the excess property. Title to this property is vested in the Government. However, the responsibility of its care, maintenance, storage and justified use lies with the PI/PD.

Excess Government personal property will be marked and subject to scheduled inventory as other property. However, there will be separate records maintained on this property due to its supply source and accountability.

These instructions are not applicable to Excess Government Property **purchased** by the University to which SMU takes title.

## **RESPONSIBILITIES**

**Principal Investigator/Project Director (PI/PD)** will be responsible to the University for the care, maintenance, and security of all property charged or assigned to a sponsored project for which he/she is PI/PD, in accordance with the terms of that grant or contract or other applicable guides and procedures. Acceptance of awards requiring additional reporting or management procedures will result in the additional acceptance of responsibility for initiating and/or monitoring the adherence to these special requirements.

**Asset Management (AM)** will be responsible for the establishment and maintenance of the official property records, to include the invoices, purchase orders and purchase requisitions with reference to property, and periodic inventory computer details concerning grant and contract property. AM will ensure that decals are affixed on and initiate inventory of all non-expendable sponsored project property and will assist the PI/PD in meeting his/her contractual obligations with respect to property reporting matters. In addition to recording all capital assets into the official SMU AM System based upon receiving invoices, at least on a monthly basis, AM will query the financial system for the purchase of capital assets to ensure proper and timely recording.

**Office of Research Administration and Technology Management (ORA)** will assist the PI/PD with initiating pre-screening, when required, and obtaining Agency certification of non-availability or other Agency approval to procure capital equipment. ORA will coordinate required property reporting through the duration and closing of the award.

## **ACRONYMS AND DEFINITIONS**

A number of acronyms are used for University functions to shorten the document. Many terms from federal literature are used as well. These are listed and defined below:

### **ACRONYMS**

<b>AM</b>	Asset Management
<b>GCA</b>	Grant and Contract Accounting
<b>ORA</b>	Office of Research Administration and Technology Management
<b>PI/PD</b>	Principal Investigator/Project Director
<b>UPD</b>	University Purchasing Department

### **DEFINITIONS**

#### **Acquisition Cost**

- For SMU-acquired property: the cost of the asset including the cost to ready the asset for its intended use. For equipment, the acquisition cost is the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it is acquired, shipping costs, taxes, protective in-transit insurance and installation. For software, the acquisition cost includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). The acquisition cost of donated assets is the fair market value at the time of donation. Acquisition cost does not include repairs, service contracts or supplemental warranties.
- For Government-furnished property: the dollar value assigned by the Government and identified in the contract.

**Equipment** - tangible nonexpendable personal property including exempt property exceeding the University capitalization threshold, currently property having a useful life of at least two (2) years and a per-unit acquisition cost of \$5,000.00 or more. Unless the funding agency elects to vest title in SMU without further obligation to the federal government, the title to SMU is conditional.

**Exempt Federally-Owned Property** - property acquired with federal funds, where the federal award terms and conditions explicitly indicate that the federal awarding agency has chosen to vest title in SMU without further obligation to the federal government. Absent statutory authority and specific terms and conditions of the award, title to exempt federally-owned property acquired under the federal award remains with the federal government.

**Fabricated Equipment** - equipment constructed or developed by combining parts and/or materials into one identifiable unit. The aggregate cost of all parts in the completed unit must meet the \$5,000 capital equipment threshold and must have a useful life of two years or more.

**Federally-Owned Property** - includes both Government-furnished and SMU-acquired property where title remains vested in the federal government.

**General Purpose Equipment** - equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

**Personal Property** - for the purpose of this procedure, tangible property other than real property.

**Property** - for the purpose of this procedure, all tangible property, both real and personal.

**Property Administrator** - an authorized representative of the Government Agency contracting officer assigned to administer the contract requirements and obligations relating to federally-owned property. Frequently this is the Office of Naval Research Representative who reviews the University's property control procedures, property records and ensures that the Government interests are protected.

**Real Property** - land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.

**SMU-Acquired Property** - property acquired, fabricated or otherwise provided by SMU for performing a contract. The terms and conditions of the agreement will determine whether title vests in SMU or in the Government.

**Special Purpose Equipment** - equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, and spectrometers.

**Sponsor** - any external entity that provides financial support for a Sponsored Project, including money, property, services or anything of value in lieu of money to the University. Sponsors may be governmental agencies (federal, state or local governments or their administrative organizations); nonprofit organizations (universities, nonprofit corporations, foundations or associations); for profit organizations (corporations, partnerships, sole proprietorships and other business entities); or individuals.

**Supplies** - all tangible personal property other than those defined in Equipment. A computing device is a supply if the acquisition cost is less than the SMU capitalization level of \$5,000 regardless of the length of its useful life.