Asset Management

We bought it, …… Now What?

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Learning Objectives

Participants will be able to:

- ○ Define university assets
- ○ Determine the Acquisition threshold for Government Property
- ○ Understand the importance of bridging the communication gap that exist between department and central office
- ○ Describe the life cycle of property
- ○ Elaborate on policies and regulations that govern asset management

What is a university asset?

48 Code of Federal Regulations (C.F.R) Part 45

- University Assets includes all tangible and intangible property (real and personal) owned by, leased to, licensed to, or in the possession of the university.

University Assets: tangible & intangible property

➢ **Tangible Property:** have physical existence.

    ✓ Tangible real property are land, building, real estate.

    ✓ Tangible personal property are equipment, materials & supplies.

➢ **Intangible Property:** do not physical existence.

    ✓ Examples are copyrights, software, patents, or securities.

What is Government Property?

- Government Property are all property owned or leased by the government.

Government Property falls into 3 categories:

Government Furnished Property (GFP):

➢ Equipment provided to an institution by the government to work on a specific project.
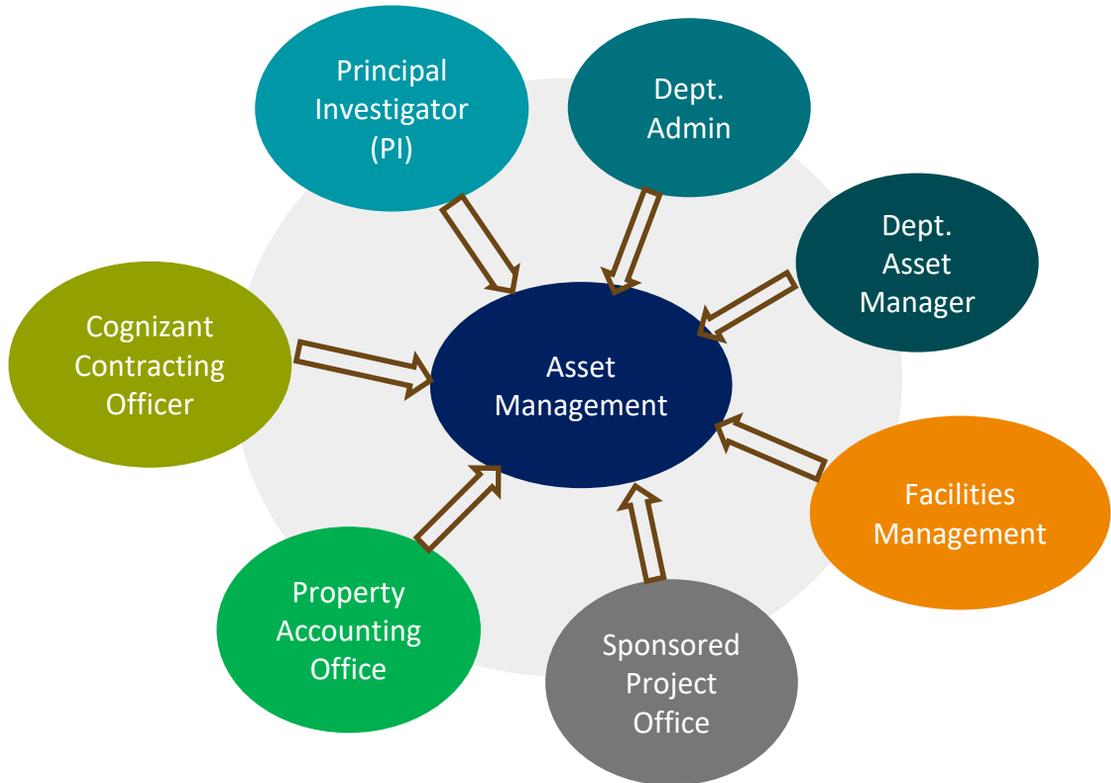
➢ Title for GFP vest with the Federal Government.

Government Furnished Materials (GFM):

➢ Are materials & supplies furnished to the university by the government.

➢ Ownership remains with the government for use on specific award.

Contractor Acquired Property (CAP):

➢ Property acquired, fabricated or provided by the government to university for work on a specific award.

➢ Government retains ownership.

➢ Prior approval needed on property that cost more than $5,000.

Who is involved in Asset Management?
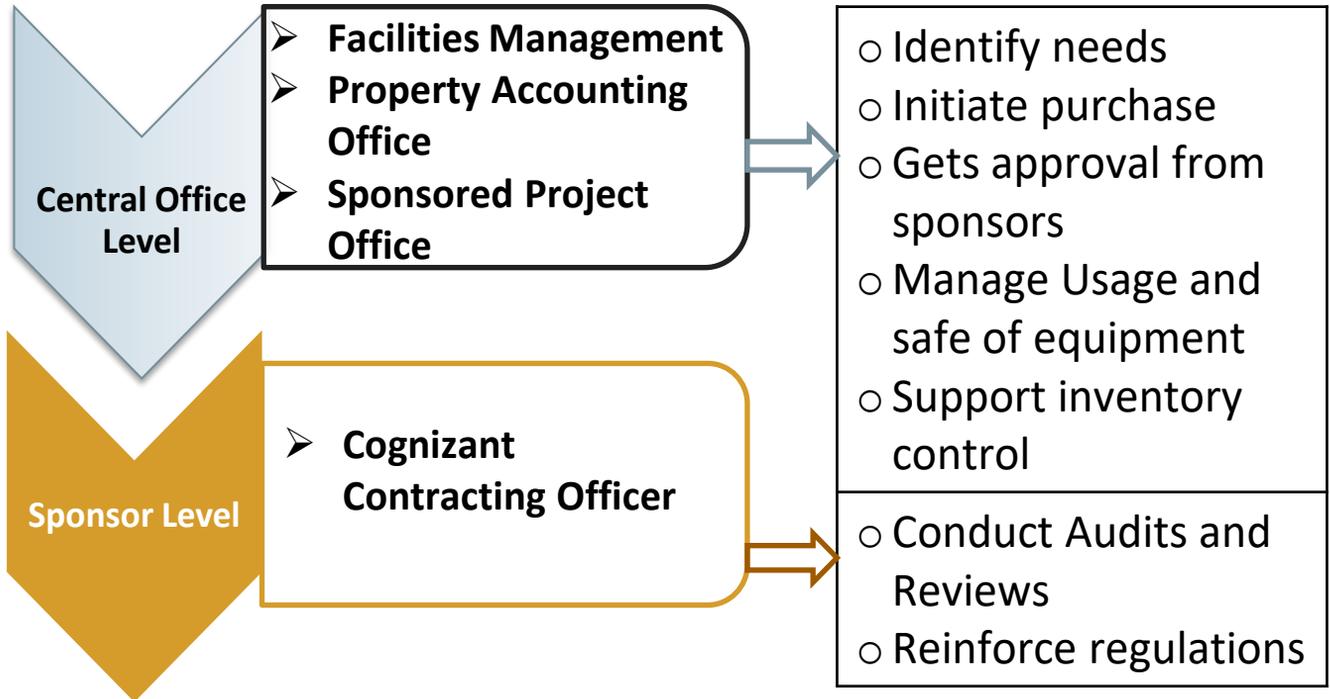

- Principal Investigator (PI)
- Dept. Admin
- Dept. Asset Manager
- Cognizant Contracting Officer
- Asset Management
- Facilities Management
- Property Accounting Office
- Sponsored Project Office

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Role & Responsibilities of each party

Dept Level

➢ **Principal Investigator (PI)**
➢ **Dept Administrator**
➢ **Department Asset Manager**

- Identify needs
- Initiate purchase
- Gets approval from sponsors
- Manage Usage and safety of equipment
- Support inventory control

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Role & Responsibilities of each party – cont.'

Central Office Level	➢ **Facilities Management** ➢ **Property Accounting Office** ➢ **Sponsored Project Office**	o Identify needs o Initiate purchase o Gets approval from sponsors o Manage Usage and safe of equipment o Support inventory control
Sponsor Level	➢ **Cognizant Contracting Officer**	o Conduct Audits and Reviews o Reinforce regulations

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The Life Cycle of Equipment

Equipment Lifecycle

Pre-award Stage

Proposal submission and award Negotiation activities.

Proposal Stage:

- ✓ Identify Equipment need
- ✓ Check your institution inventory for equipment availability before submission of budget.

Award Negotiation stage:

- ✓ Terms & conditions of award will govern purchase, utilization, maintenance, security and responsibility of the equipment.
- ✓ Be mindful of subawardee Oversight.

Equipment Lifecycle

Acquisition of Tangible Equipment

The acquisition process for government property at most institutions is initiated at the department level by the PI. Sponsors terms and conditions will determine authorization for purchasing and ownership of title of property.

Factors to consider before purchasing property with award funds:
- Funding Mechanism (Grants/ Cooperative Agreements vs Contracts)
- Procurement threshold
- Type of property (capital vs non-capital)
- Ownership of title
- Sponsor prior approval needed?
- Government Standards

Procurement Threshold: Capital vs non-Capital Equipment

Items are assigned for custody to the university whether they are purchased, donated or fabricated on campus.

- **Non-Capital Equipment** is defined as computers & audio-visual equipment with an acquisition value between $1,000-$4,999.99.

- **Capital Equipment** are moveable property that have a useful life greater than one year & acquisition value of $5,000 or more.

Acquisition: Title to University

Federal sponsors have authorization to vest the title of property purchased with grant funds to institutions of higher education ("IHE" or "University") as either exempt or conditional.

➢ **Exempt**: University retains ownership of the title with no further obligation to the government. However, they must still comply with regulations that govern the award.

➢ **Conditional:** University receives title, but government retains interest in the property and will make final decision for disposition within 120 days of final property report submission.

➢ **Supplies:** title for supplies and other expendable property will vest with university upon acquisition.

Acquisition: Title to Government

Government titled property falls into 3 categories:

➢ **Contractor Acquired**: purchased by university on sponsored award with terms and conditions that vest title to the government. Prior approval needed for property that cost more than $5,000.

➢ **Government Furnished Property (GFP):** are property owned by the government and directly provided to the university (**loaned)** for use on specific award. Itemized list of GFP is included in the agreement and should be accounted for.

➢ **Government Furnished Material (GFM):** materials and supplies furnished for use on one specific agreement. Title ownership remains with the government and quantity and value of each item should be accurately accounted for.

Equipment Lifecycle
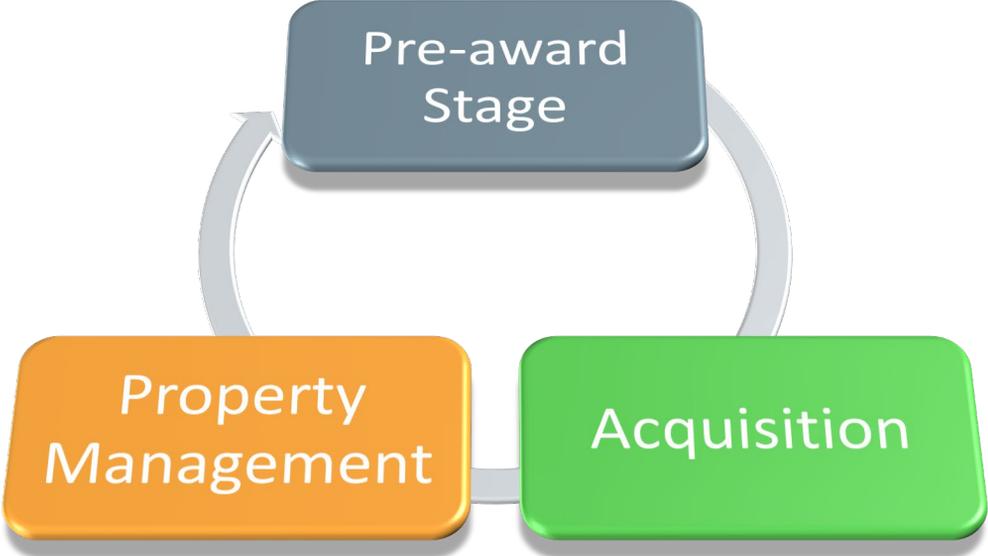
Property Management - Usage

The government sets expectations on how institutions should utilize property purchased with award funds. The usage is dictated by federal regulations based on title ownership.

University Titled:

➢ Usage is authorized on the project for which the property was acquired.

➢ For both **Exempt & Conditional** titled property, usage is allowed on other grants as long as it does not interfere with the primary purpose for which the equipment was acquired.

Property Management – Usage cont.'

The use of government titled equipment on other awards must be specifically authorized by the sponsor.

Government Titled:

➢ Usage authorized **only** for a specific award.

➢ Disposition required at end of award.

➢ Government will make decision to re-assign/transfer equipment either on another award within institution or transfer out.

➢ Government Furnished Materials (GFM) are expected to be accounted for at closeout.

Property Management – Maintenance, Security & Responsibility

The government expect the institution to develop procedures for Movement, Storage & Maintenance of Government Property.

- ➢ PI is responsible for proper maintenance of property (It should be kept in good condition; safeguarding to prevent loss, damage or theft; and report location change.

- ➢ Maintenance procedures must be developed in accordance with manufacturer's service recommendations and followed to maximize the useful life of items.

- ➢ Records for maintenance processes and procedures should be maintained.

- ➢ The university is required to have oversight on government property in the possession of a subcontractor.

Property Management – Inventory Control

Good inventory control show good stewardship of government property. This happen through tagging, physical inventory & record keeping.

Tagging:

➢ Important for identification purpose and location of equipment.

➢ Use different tags for University and government titled property.

Physical Inventory:

o University titled: inventory done at least once every 2 years

o Government titled: inventory done once every year.

2 CFR §200.313(d) (2)

Record Keeping:

➢ Federal government specific requirements based on title.

➢ Maintain proper control system for safeguard of property.
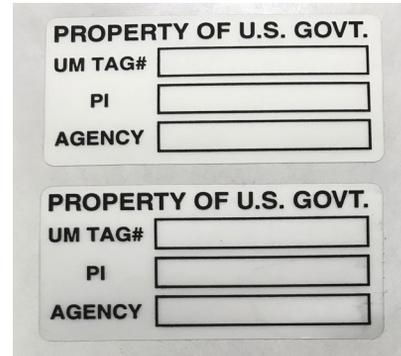
2 CFR §200.313
FAR 52.245-1(f) and (g)

Property Management – UMD Tag system

University of Maryland Tags

Federal Tags

Non-Inventory Asset Tags

Federal Tags, NSA Only

Equipment Lifecycle

Property Reporting

➢ **Property accountability report:**
  - ○ For **grants:** only equipment ≥$5,000 must be reported as required
  - ○ For **Contracts**: Annual or final reports are required
➢ **Residual supplies report:** required for unused supplies exceeding $5,000 in total value.
➢ **Physical inventory results:** may be required annually by specific contract terms. University's cognizant Administrative Contract Officer may also require these reports.
➢ **Loss, Damage, or Destruction reports**: 2 CFR 200 and FAR clauses requires specific information be reported if government property is involved in an incident.

Property Closeout & Disposal

Closeout reports:

➢ 2 CFR 200 set up expectations for university to submit property closeout reports no later than 90 days after the end of period of performance (pop) for federal awards.

➢ Some sponsors might stipulate different deadlines; National Security Agency (NSA) require reports be submitted 30 days after period of performance.

Disposal reports:

➢ can be submitted at any time during the life cycle of an award (during award pop, at closeout or after useful life).

Property Closeout & Disposal

University conditional titled:

➢ Sponsor might require closeout report or request return of conditional titled equipment.

➢ University should request disposal of property with values above $5,000. If sold, university should reimburse the federal government.

Government titled:

➢ Can not be used or disposed on another award without authorization from sponsor.

➢ University should submit closeout report and request disposition instructions. Sponsor decision be:

  o Title transfer to university
  o Equipment is transfer to another federal award – government retain title
  o Property is returned to sponsor – follow instructions given.

➢ Same rules apply to **Excess property** (property no longer operable or needed).

Equipment Lifecycle

A circular process diagram showing: Pre-award Stage → Acquisition → Property Management → Reporting & Closeout → Audit → (back to Pre-award Stage)

Property Compliance: Audit & Reviews

➢ Single audit requirements

➢ External agencies such as Office of Naval Research (ONR), Defense Contractor Audit Agency (DCAA) or Prime Sponsor (subaward) may conduct property audits or reviews.

➢ Most common type of audit or review is the Property Management System Analysis (PMSA) conducted by ONR on site or via desk review, as set forth in FAR 52.245-1.

➢ 2 CFR 200, dictate that property records be kept for 3 years after disposal.

Characteristics of Contracts vs Grants

Grants/Cooperative Agreements	Contracts
❖ Governed by 2 CFR 200 Standards	❖ Governed by FAR clauses and /or specific contract requirements
❖ Acquisition: prior approval from sponsor is required (2 CFR 200). However, this may be waived by certain agencies	❖ Acquisition: prior written approval from sponsor is required for all property being purchase
❖ Title vest with University (Exempt or conditional)	❖ Title vest with Government or sponsor
❖ Can be used to support any Federal research	❖ Authorized to be use only on the contract which has accountability for it
❖ Property Report is submitted only when required by agency or when Government provide property	❖ Property Report is **always** required (Annual and Final) when title vest with Government; even if no property on the contract
❖ Disposition instructions are requested **only** when there is a conditional title of equipment with current market value above $5,000	❖ Disposition instructions must always be requested from government and/or sponsor
❖ Subject to Single Audit standards – 2 CFR 200	❖ Subject to Federal Property Control System Analysis as per FAR 45.5

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Government Property Important Questions

#1 Question to ask: is the purchased equipment allowable & allocable ?

- Award Terms & Conditions

Are you a good stewards of Federal Property

- Is it properly tagged? Is it been kept safe and in good working condition? Can it be located any time?

Award has ended….now what?

- Remember to request disposition, to ask for ownership transfer to your institution.
    - **Granted** - Item becomes University owned. PI can use it at will or dispose of it .
    - **Denied** - Federal agency will request item be transferred to another contract or returned to them. If returned, keep copy of shipping document or a receipt, if picked up by agency representative.

Regulations

➢ Award Terms & Conditions

➢ 2 CFR 200 Standards

➢ Federal Acquisition Regulations: FAR 52.245-1

➢ 48 Code of Federal Regulations (C.F.R) Part 45

Questions?

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Thank you

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