Property

Sponsored Projects & Contracting Services

Financial Compliance, Property

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Objectives

- Define: property, equipment and materials
- Equipment Administered Through Sponsored Projects & Contracting Services (SPCS)
- Federal Property Terms and Conditions
- Life Cycle of Equipment

What is Property?

Property – Federally defined in FAR Subpart 45.1 as all tangible property, both real and personal.

Property includes material, equipment, special tooling, special test equipment, and real property.

Types of Property

Equipment

- Useful life greater than one year
- Free standing
- Movable or portable
- Complete in itself
- Does not lose identity when affixed to, or installed in another asset

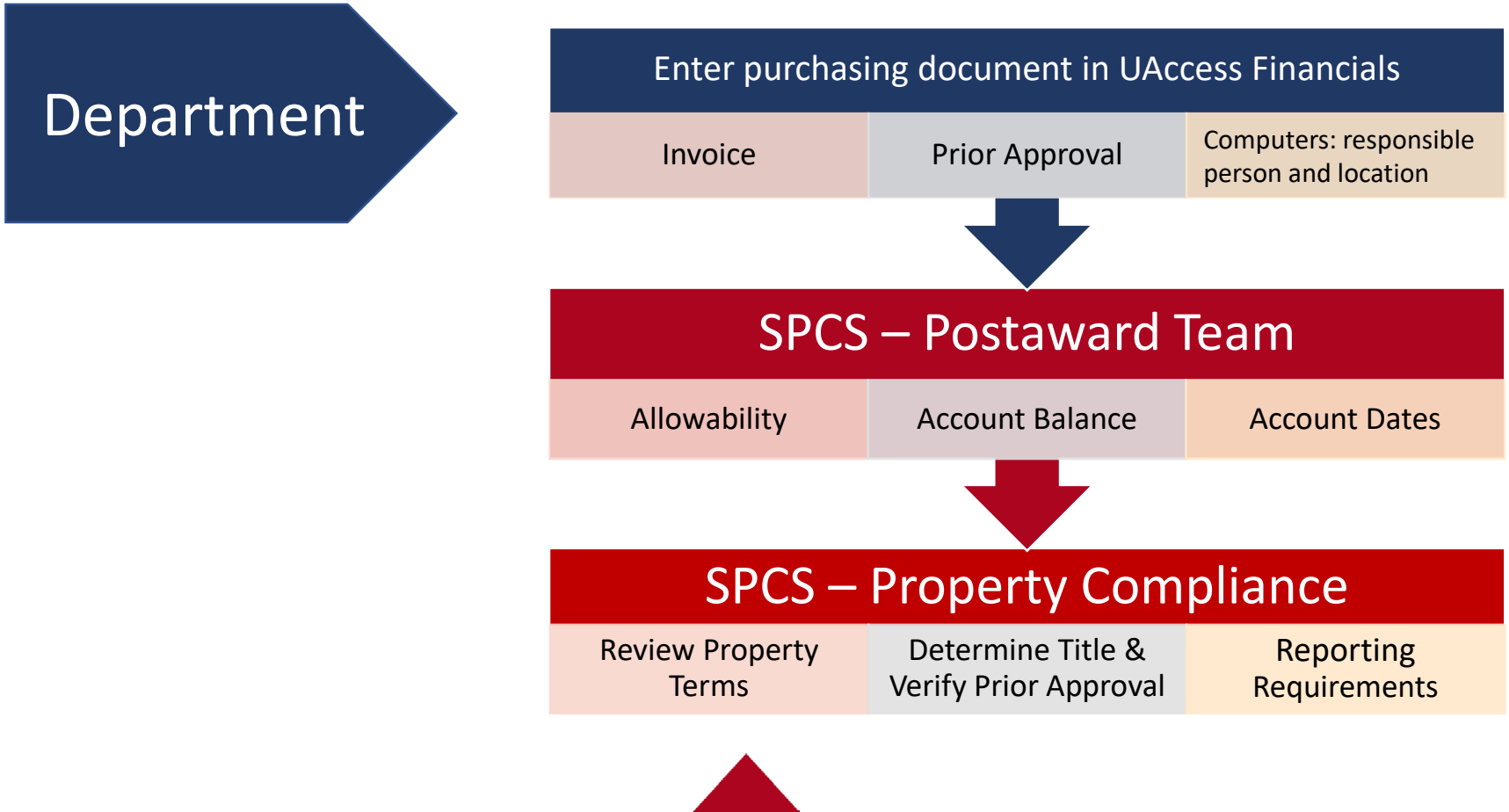
Materials / Supplies

- Consumed or expended during the performance of an award
- Component parts of a higher assembly
- Items that lose their individual identity through incorporation into an end-item

Equipment Administered Through SPCS

- **<u>Acquired with award funds</u>:**
  - **UA Titled** – Uniform Guidance, FDP or if terms are silent
  - **Sponsor Titled** – Per award terms; FAR 52.245-1 (most restrictive); FAR 52.245-1 Alt II (usual FAR Clause for Universities)
- **<u>Sponsor Furnished</u>:**
  - Provided by the Sponsor and shipped to department for use on an active award
  - Transferred from a termed award to a new or active award for continued use on research
- **<u>Loaned Equipment</u>:**
  - Loaned to UA but not on an active award – formal *Equipment Loan Agreement* needs to be in place and equipment inventoried and tagged

Life Cycle of Equipment Acquired Through Award Funds


Department
Enter purchasing document in UAccess Financials
Invoice
Prior Approval
Computers: responsible person and location
SPCS – Postaward Team
Allowability
Account Balance
Account Dates
SPCS – Property Compliance
Review Property Terms
Determine Title & Verify Prior Approval
Reporting Requirements

Costs Associated With Acquired Equipment

Included:

- Operating system software (Ex. Microsoft Windows)
- Initial installation
- Freight
- Shipping and handling
- Taxes (Sales Tax or Use Tax)
- International Transaction Fees

Excluded:

- Application software (Ex. Microsoft Office)
- Maintenance contracts or extended warranties (Object Code 3530)
- Replacement parts
- Repair and Maintenance

Capital vs. Non-capital Equipment

Capital

- Acquisition cost of $5,000 or greater
- All are required to be tagged and inventoried in UA Property System

Non-capital

- Acquisition cost between $1,000 - $4,999.99
  - All weapons, firearms, vehicles and computers with a unit acquisition cost of $1,000 or more are required to be tagged and inventoried

Expenditure Object Codes

Capital equipment

7XXX range – not subject to IDC

7760 – Capital Equipment – Sponsor Titled

Non-capital equipment

5XXX range – subject to IDC

5720 - UA Titled

5721 - Sponsor Titled

Fabrication

5750 - Materials Fabrication UA Owned

5751 - Materials Fabrication Sponsor Owned

Sponsor Awarded Property

- Commonly defined by reference of federal regulation in award terms (Ex. Uniform Guidance, or FAR Clause)
- May vary from the federal definition with reference in specific award terms and conditions (Ex. lower threshold requirements)

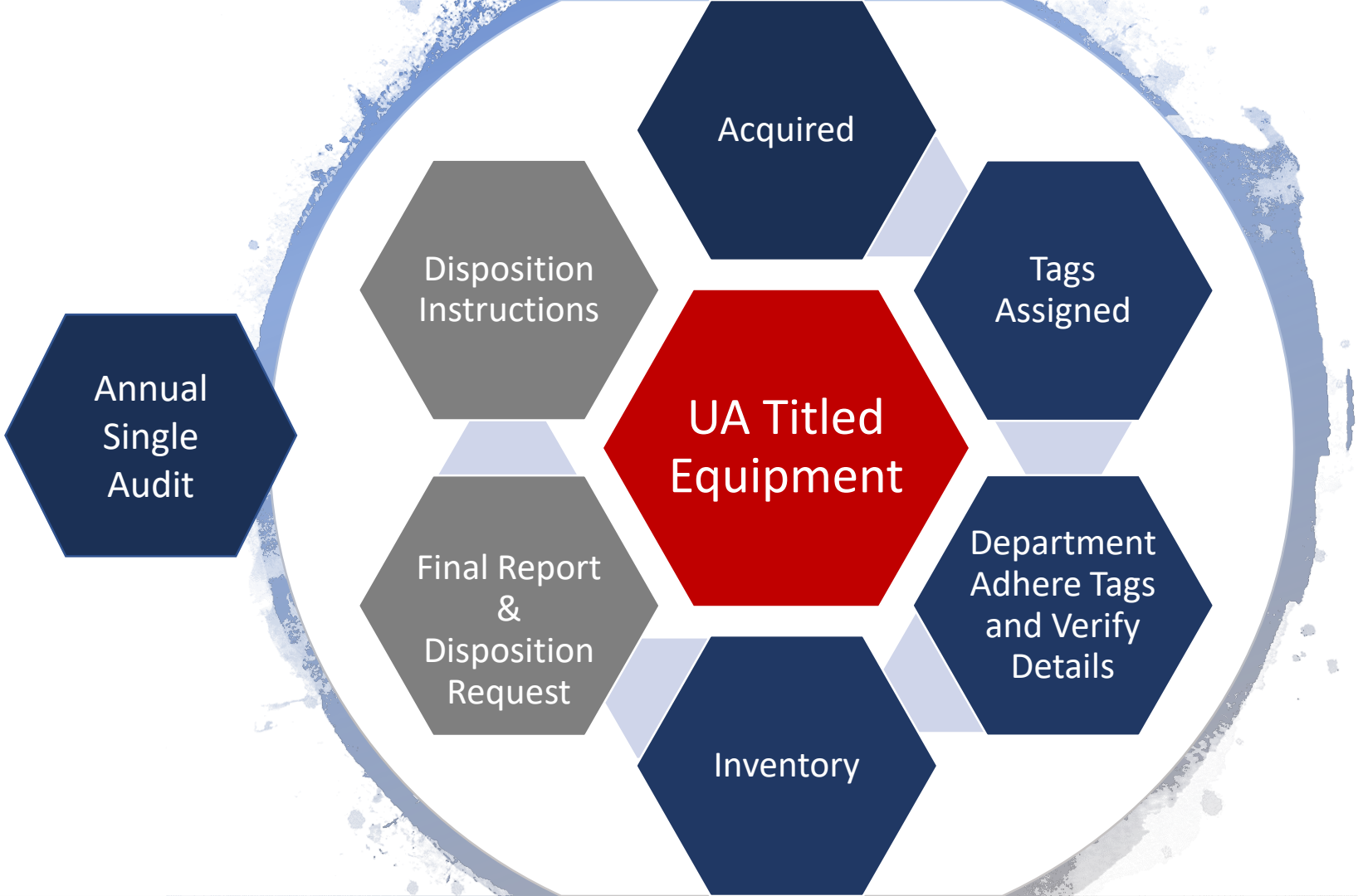
Part 200-Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards

§ 200.313 Equipment (a) *Title…*title to equipment acquired under a Federal award will vest upon acquisition to the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so**, <u>the title must be a conditional title</u>.**

What is conditional title?

Equipment acquired with Federal award funds; title will remain with the University after the award has termed on condition that it is used as follows:

- Activities under awards from the original Federal awarding agency which funded the equipment.
- Activities under Federal awards from other Federal awarding agencies.
- If no further use for equipment and it has a FMV of $5,000 or more, disposition instructions are to be requested.


Acquired
Tags Assigned
Department Adhere Tags and Verify Details
Inventory
Final Report & Disposition Request
Disposition Instructions
UA Titled Equipment
Annual Single Audit

FAR 52.245-1 Government Property (e)(3) (i) Title to all property purchased by the Contractor for which the Contractor is entitled to be reimbursed as a direct item of cost under this contract shall pass to and vest in the Government upon the vendor's delivery of such property.

All property acquired, <u>regardless of threshold</u>, becomes Government Titled. Reported annually to sponsor.

FAR 52.245-1 Government Property

Alternate II *(Apr 2012)*. As prescribed in 45.107(a)(3), substitute the following for paragraph (e)(3) of the basic clause:

(e)(3) Title to property (and other tangible personal property) purchased with funds available for research and having a unit acquisition cost of less than $5,000 shall vest in the Contractor upon acquisition or as soon thereafter as feasible; provided that the Contractor obtained the **Contracting Officer's** approval before each acquisition. Title to property purchased with funds available for research and having a unit acquisition cost of $5,000 or more shall vest as set forth in this contract.

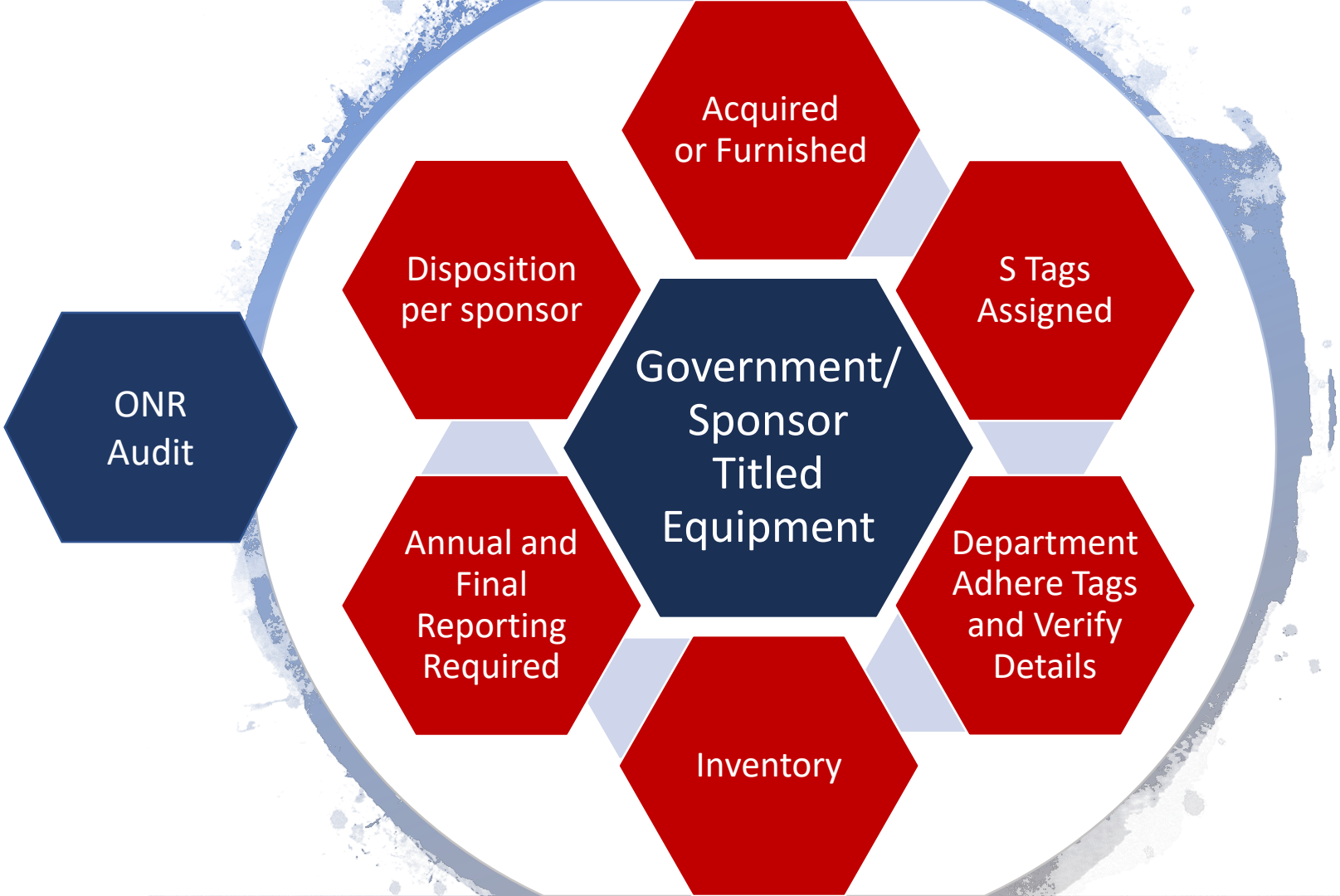
FAR 52.245-1 Government Property Alternate II *(Apr 2012)*

< $5,000 with prior approval

- University Titled
- Report within quarter received
- No further obligation, follow FSO PMM

> $5,000

- Government Titled
- Report Annually
- Final Report with Disposition Request


Acquired or Furnished
S Tags Assigned
Department Adhere Tags and Verify Details
Inventory
Annual and Final Reporting Required
Disposition per sponsor
Government/ Sponsor Titled Equipment
ONR Audit

Notify SPCS-Property immediately when equipment is

Received from Sponsor

- Determine if referenced in award
- Loan agreement may be required

No longer functioning or needed

- Sponsor disposition request may be required
- May be able to surplus

Damaged or Lost

- May need to request relief of accountability from sponsor

PI transfer of equipment in or out of UA

- Transfer in: may need to be inventoried
- Transfer out: need to request approval

Helpful Resources

FSO Property Management Manual:
https://policy.fso.arizona.edu/pmm

Uniform Guidance Property Standards
https://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5#sg2.1.200_1309.sg2

Part 45 – Government Property:
https://www.acquisition.gov/content/part-45-government-property#id1617MA0D0QD

FAR 52.245-1 Government Property
https://www.acquisition.gov/content/52245-1-government-property