

Federally Titled Property Policies and Procedures

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I. INTRODUCTION

With most federal grants, the University of Alabama at Birmingham (UAB) automatically retains title (ownership) at the end of the grant. However, some federal contracts, and subcontracts, have special clauses in the contract that allows the federal government to hold title to the equipment. These policies and procedures for the control and management of Federally Titled Property provides general instructions for managing Federally Titled Property in the custody of the UAB to comply with federal regulations identified in the Federal Office of Management and Budget Uniform Guidance and Federal Acquisition Regulation Part 52.245-1.

UAB, as a recipient of extramural federal funding, accepts a responsibility to administer each funded project in accordance with these regulations. This responsibility extends from the initial acquisition and receipt of Federally Titled Property, through the record keeping, utilization, reporting and finally disposition of the property.

Compliance with these policies and procedures is mandatory. If there are questions regarding the title to equipment, or the Federally Titled Property Policies and Procedures, please call the UAB Federal Property Administrator in Financial Affairs at 934-0386.

II. RESPONSIBILITIES

Federal Property Administrator is responsible for the overall accountability of Federally Titled Property acquired and assigned to UAB in accordance with current Federal Property Management Requirements.

Financial Accounting is charged with establishing and maintaining necessary records to insure accurate accounting and reporting of all property while in the possession of the University.

Equipment Accounting is responsible for maintaining UAB's official property management system, Sunflower. They are also responsible for taking inventory of Federally Titled Property and the placement of UAB tags and the "Property of the U.S. Government" decals on all tagable property. Equipment Accounting will also conduct self-assessments periodically to review internal controls of asset management and implement improvements as needed.

Office of Sponsored Projects is responsible for providing Financial Accounting with contract information specifically related to property title and the dollar level at which the federal government retains title.

Principal Investigators (PI's) are responsible to insure that all Federally Titled Property is required to support research on the contract/subcontract under which it was acquired. Federally Titled Property is not authorized for personal use or gain. The PI is also responsible for the equipment screening, accepting delivery, maintaining its care, and reporting the utilization and movement of Federally Titled Property to Equipment Accounting.

/// **DEFINITIONS**

Federally Titled (Government-Owned) Property – Includes Contractor-Acquired, Contractor-Fabricated, Government-Furnished, and Government Declared Sensitive Items. The title to this property vests with the federal sponsoring agency as stated in the federal contract/subcontract. Federally Titled Property is usually capital equipment, but it could be other non-capital equipment as stated in the contract or grant.

Contractor-Acquired Property – Property purchased by UAB using contract funds to which the government has title.

Contractor-Fabricated Property – Scientific or other complex equipment that cannot be acquired "off the shelf" but is comprised of a number of individual parts that are fabricated/built into a single functional unit and funded by the government.

Government-Furnished Property – Property in the possession of, or directly acquired by, the government and subsequently delivered or otherwise made available to the contractor for use in performance of the contract.

Government Declared Sensitive Items – Items of personal property (supplies or equipment) that are highly desirable and easily converted to personal use. These items are identified by the Government and required to be accountable to the Government as Federally Titled Property, regardless to the cost.

UAB Federal Property Administrator - UAB employee in Financial Affairs designated to administer and maintain records of Federally Titled Property. Their

responsibility also includes the timely reconciliation and submission of reports to the federal agency and inventory closeout procedures.

Government Subcontract or Subcontractor – When UAB has been awarded a subcontract under another university or entity's federal contract.

IV. **ACQUISITION**

UAB will document that all equipment, including Federally Titled Property, was acquired consistent with its Equipment Accounting policies and procedures regarding the Acquisition of Equipment.

Equipment Screening

The Federal Office of Management and Budget Uniform Guidance (A-81, Section 200.318 (d)) requires UAB to have procedures in place in order to avoid unnecessary and duplicative purchases of items including capitalized equipment using federal funds. This applies to **all** capitalized equipment costing \$5,000 or more purchased from Federal Grants and Contracts.

The PI is responsible to screen UAB prior to initiating the acquisition, to avoid duplication. Once the PI decides that the equipment is not readily available at the UAB, a **Certificate of Screening** must be completed. This certificate must accompany the purchase documentation and will be reviewed by UAB's Financial Review Services and if over \$25,000, the Financial Accountant. (The PI may designate employees having signature authority to complete this screening procedure).

Federally Titled Equipment can be acquired through different methods but no matter how it is acquired it must be recorded and tracked through UAB's property management and financial systems.

Purchase Order or Payment Requisition: Equipment purchased by UAB departments and entered by Equipment Accounting into Sunflower when payment has been made by UAB and the item has been placed in service.

Fabrication: The UAB department fabricating the equipment must notify UAB's Federal Property Administrator and Equipment Accounting upon completion and provide information regarding the item and the cost documentation. The acquisition date in Sunflower should be the date the item is completed and placed in service or approved by the sponsor.

Furnished: Equipment Accounting must be notified of the delivery to UAB and the acquisition date in Sunflower should be the date on the shipping document.

V. **RECEIPT**

The PI is responsible to receive Federally Titled Property, retain documentation of such receipt, and manage any discrepancies incidental to the shipment. Upon the

receipt of either Government-Furnished or Contractor-Acquired property, the PI will notify the Government or vendor if overages, shortages, damage and/or other discrepancies are discovered. The PI must also notify the UAB Federal Property Administrator in Financial Accounting who will then file the necessary reports to communicate with the Government contractor/ subcontractor as needed.

VI. RECORD KEEPING/INVENTORY

The UAB will create and maintain records of all Federally Title Property accountable to the Contract/Subcontract. Property records will enable a complete, current, auditable record of all transactions and will contain the following:

- (1) The name, part number and description, manufacturer, model number, and National Stock Number (if applicable)
- (2) Quantity received (or fabricated), issued and balance-on-hand
- (3) Unit acquisition cost
- (4) Unique-item identifier (if available)
- (5) Unit of measure
- (6) Contract number
- (7) Location
- (8) Disposition
- (9) Posting reference and date of transaction
- (10) Date placed in service

A physical inventory of all equipment, including Federally Titled Property, will be performed by Equipment Accounting at least once every two years in accordance with Uniform Guidance A-81, Section 11.h or more frequently if required by the sponsor. In addition, a final physical inventory will be performed upon contract completion or termination.

VII. REPORTING

UAB must create and provide various property-related reports to the Government Contractor/Subcontractor as directed by the Contracting Officer.

The UAB Federal Property Administrator in Financial Affairs will maintain and is responsible for submitting the following reporting documents:

a) Department of Defense - The Financial Property Report, Form SF-428 is prepared annually for the year ending September and should be received by the ONR Administrative Contracting Officer by October 31.

b) National Aeronautics and Space Administration - NASA equipment is reported on the NASA Form 1018 (Report of Government-Owned/Contractor-Held Property) for each year ending September and should be received by NASA by October 31 annually.

c) National Institute of Health - NIH equipment is reported on the Standard Form 1428 Inventory Schedule at the end of the project period.

In addition, the Federal Property Administrator will work with departments who are required to submit additional monthly reports, i.e. the NASA Form 533 and the CHATS system, to reconcile the financial information with Oracle and the other annual reports.

Federally Titled Property that is lost, stolen, damaged, or destroyed should be reported immediately to the Equipment Accounting Department on the Equipment Disposition Form and to the UAB Federal Property Administrator in Financial Affairs at 934-0386. Financial Affairs is then responsible for reporting any instances of this type to the Federal Awarding Agency or Subcontractor. Such reports will include the information contained in FAR 52.245-1(f)(1)(vii) for Relief of Stewardship Responsibility and Liability.

The UAB's Equipment Accounting will periodically perform an audit which includes an assessment of UAB's property management system and compliance with UAB's Policies and Procedures regarding its property management. This assessment report along with any other audits will be provided as directed by the Contracting Officer.

VIII. UTILIZING PROPERTY

The UAB shall utilize, consume, move, and store Federally Titled Property only as authorized under the contract/subcontract. The degree of utilization must justify retention. When Federally Titled Property becomes excess to the contract for which it was provided, it must be screened against the needs of other contracts before it is declared excess. The PI must advise the UAB Federal Property Administrator in Financial Affairs of excess equipment, who in turn will notify the Sponsoring Agency's Federal Property Administrator for authority to use or to transfer the property.

The PI is also responsible for knowing the location of Federally Titled Property in his/her control at all times. Movement of this property should be reported to Equipment Accounting as follows:

1. Property moved from one UAB building to another - must be reported immediately.
2. Property moved within a building should to be reported only if the item will remain in the new location for a period of ninety (90) days or more.
3. Federally Titled Property moved off-campus to a non-UAB site must be reported immediately.

IX. MAINTENANCE

The UAB will properly maintain Federally Titled Property and will identify, disclose and perform normal and routine preventative maintenance and repair as needed. UAB will promptly disclose and report to the Government the need for replacement.

X. **CLOSE-OUT/FINAL INVENTORY**

Once a contract/subcontract has completed or terminated, the sponsoring agency requires UAB to conduct a final physical inventory of all Federally Titled Property acquired under the contract as part of the contract close-out procedures.

The UAB Federal Property Administrator will ask the PI to indicate items he/she wishes to retain and a brief statement indicating how they will be using the equipment. The PI may want to return residual property to the sponsoring agency or to transfer the accountability for the property to another contract or grant. A request to the sponsoring agency must be made if the PI wishes to transfer the use of any equipment to another federal contract or grant.

The PI should verify all information contained on the inventory, make any corrections, and note any discrepancies.

The UAB Federal Property Administrator will submit the Final Property Inventory Report to the agency. This will contain the results of the final inventory including a request for transfer of equipment title to "University of Alabama at Birmingham".

When the federal government approves title transfer to UAB, all federal markings should be removed, and the Equipment Accounting system should be updated by showing that ownership of the equipment now lies with UAB.

XI. **SUBCONTRACTOR CONTROL**

If the UAB issues a subcontract under its Federal Contract and provides to the subcontractor property for which UAB is accountable to the Government, the requirements of this Federally Titled Property Policies and Procedures (FAR 52.245-1) shall flow down to the subcontractor, with all reporting to be made through UAB to the Government. Also UAB will ensure its subcontracts are properly administered and reviews will be periodically performed to determine the adequacy of the subcontractor's property management system.

Note: Additional information regarding property acquisition, management and disposition can be found on UAB's **Equipment Accounting** and **Financial Accounting-Grants & Contracts Accounting** websites.