Property Control Manual

June 1, 2011 Rev 1 (revised on 10/12/2011)

New Mexico Institute of Mining & Technology
Property Office
Phone: (575) 835-5835
Fax: (575) 835-5778

Revision 1
## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Contents</td>
<td>i &amp; ii</td>
</tr>
<tr>
<td>Introduction and Overview, Mission and Values</td>
<td>1</td>
</tr>
<tr>
<td>Basic Definitions</td>
<td>2</td>
</tr>
<tr>
<td>Property Management</td>
<td>2</td>
</tr>
<tr>
<td>1. Acquisition</td>
<td>6</td>
</tr>
<tr>
<td>1.7 Identification</td>
<td>24</td>
</tr>
<tr>
<td>2. Receiving</td>
<td>26</td>
</tr>
<tr>
<td>3. Records</td>
<td>30</td>
</tr>
<tr>
<td>4. Physical Inventories</td>
<td>36</td>
</tr>
<tr>
<td>5. Subcontractor Control</td>
<td>41</td>
</tr>
<tr>
<td>6. Reports</td>
<td>43</td>
</tr>
<tr>
<td>7. Relief of Stewardship Responsibilities</td>
<td>48</td>
</tr>
<tr>
<td>8. Utilization of Government Property</td>
<td>54</td>
</tr>
<tr>
<td>8.1 Consumption</td>
<td>54</td>
</tr>
<tr>
<td>8.2 Movement</td>
<td>57</td>
</tr>
<tr>
<td>8.3 Storage</td>
<td>64</td>
</tr>
</tbody>
</table>

Revision 1
# Table of Contents, continued

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Maintenance</td>
<td>67</td>
</tr>
<tr>
<td>10. Property Closeout</td>
<td>72</td>
</tr>
<tr>
<td>10.2 Property Disposal</td>
<td>75</td>
</tr>
<tr>
<td>Appendix A – Definitions</td>
<td>77</td>
</tr>
<tr>
<td>References</td>
<td>96</td>
</tr>
<tr>
<td>Forms</td>
<td>97</td>
</tr>
</tbody>
</table>
Introduction and Overview

The New Mexico Institute of Mining and Technology (hereafter, New Mexico Tech or Institute), located in Socorro, New Mexico, is a public university which specializes in many areas of research. As such, New Mexico Tech is funded through the State of New Mexico, federal grants and contracts, and private grants and contracts. Federal regulations take precedent over and set standards for state and local regulations. Private grants and contracts also may be subject to federal regulation.

Property or equipment in the custody of the Institute is considered an asset of the State of New Mexico. When sponsored research funds are used to acquire property or equipment, title (ownership) may vest with the awarding agency. Regardless of how instrumental an individual was in obtaining either the funds or the property, the item is “owned” by the State of New Mexico or the sponsor. Therefore, all acquisitions and dispositions must follow Institute policy, which is based on state and federal regulations.

The New Mexico Tech Property Office, a division of the Business Office and accountable to the Vice President for Administration and Finance, is tasked with ensuring that assets purchased with state, federal or private funds are tagged, tracked, maintained and disposed of lawfully.

Mission

Our mission is to support in an unbiased manner the Institute’s research and higher education directives by ensured compliance with state and federal regulations for property management, and encouraging sound business practices.

Values

We value accountability and people of integrity, who are committed to doing the right thing.

The Property Office employs sound business practices and we encourage our colleagues to do likewise.

We value feedback from our colleagues, and recognize the importance of listening, learning, and continually improving.

We take pride in helping find answers to questions and solutions to the problems of the Institute’s personnel and departments.

Forms for Proper Notification

Forms have been created for equipment relocations, warranty replacement, calibration, reporting loss, damage, destruction, or theft, etc. These forms may be found in the Appendix of this document.
Basic Definitions

For the sake of clarity, some initial definitions are necessary. A full glossary of terms is included in Appendix A. Initial definitions, as used in this manual, are:

a) The Institute refers to the New Mexico Institute of Mining and Technology.
b) Equipment refers to capitalized asset, regardless of ownership.
c) Inventoriable property refers to assets tracked through the property system, but which are not capitalized.
d) Contractor refers to the Institute.
e) Government means the federal government.

The Institute's definition of equipment, which is based on federal guidelines, is:

a) Items with a unit cost or value equal to or greater than $5,000
b) A useful life of two or more years
c) A stand-alone, moveable item (not permanently affixed to a building or structure)
d) Covers all costs associated with transportation, installation, and any other costs related to setting up the property in working condition, excluding maintenance contracts, calibration, repair parts, extended warranties and training
e) A tangible asset functionally complete for its intended purpose, durable, nonexpendable, and needed. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

The Institute's definition of inventoriable property, based on state regulations, is:

1. Items with a unit cost or value equal to or greater than $1,000, but less than $5,000
2. A useful life of two or more years
3. A stand-alone, moveable item (not permanently affixed to a building or structure)
4. Covers all costs associated with transportation, installation, and any other expenses to set up property in working condition. These costs exclude maintenance contracts, calibration, repair parts, extended warranties and training.
5. A tangible item functionally complete for its intended purpose, durable, nonexpendable, and needed. Inventoriable property is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

Property Management

The process of maintaining an adequate property control system for government property; reporting loss, damage, destruction, or theft (LDDT); the process of contractor internal self-audit.

Functional Segment: Management Criteria

a) The contractor’s written policies and procedures provide for effective property control of each type of government asset in its possession.
b) All procedures are maintained in an up-to-date status to meet contractual requirements, with changes reported to the cognizant property administrator (PA) for review, and are readily available to personnel accountable for or otherwise responsible for government property.

c) The contractor prepares and implements a plan of corrective action and furnishes the plan to the PA promptly after notification of a system deficiency or incident of LDDT, where applicable.

d) The contractor provides immediate interim protection of government property in response to identified deficiencies until permanent measures are taken.

**Functional Segment: Reporting Loss, Damage, Destruction or Theft (LDDT)**

**Criteria**

a) The contractor promptly identifies, investigates and reports incidents involving LDDT of government property to the PA and other appropriate authorities, as required.

b) The contractor promptly furnishes all necessary data to substantiate requests for relief of responsibility.

**Functional Segment: Contractor Audits of Government Property**

**Criteria**

a) The contractor performs audits of property management issues in accordance with company policy, and promptly initiates corrective action when audits disclose deficiencies.

b) The contractor audit function coordinates review plans and results with the PA to preclude duplication of effort and enhance problem resolution.

**Overview**

Property management at the Institute is an integral process supported by all departments. Effective and efficient management of equipment and materials, throughout their life cycle, helps ensure that Institute activities are performed in accordance with the Institute’s written policies and procedures, and sponsor requirements. The property management system is comprised of policies, procedures, and people, all of which support the overall educational, research and administrative missions of the Institute.

**What is “Property”?**

Within the context of this manual, “property” primarily includes inventoriable property and equipment. However, depending on regulatory or other compliance requirements, it also may include materials and supplies.

**Stewardship**

Effective stewardship and accountability of property, both Institute and sponsor-owned, is essential. Property is accountable to designated departments or divisions, each of which is responsible for the day-to-day management, use, care, record-keeping, and determining desired disposition of those assets.

Each member of the Institute’s community has a general obligation to safeguard and make appropriate use of property owned by or accountable to the Institute, including property either assigned for individual use, or as part of a common area. This obligation includes but is not limited to:

Revision 1
a. Notifying the Property Office of the acquisition, movement or desired disposal of property.
b. Exercising reasonable care in the use of property to prevent damage and maintain good condition.
c. Exercising reasonable security measures to prevent theft or misuse.
d. Reporting lost, damaged, destroyed, or stolen property, or otherwise impaired property, to appropriate parties, including but not limited to a direct supervisor.

Because the federal government and other awarding agencies often sponsor funding for research, this type of property management has higher visibility and may be subject to greater security and audit scrutiny. Property donated to a department is subject to additional rules and regulations. Accurate recording of all property, whether sponsor-funded or not, directly impacts indirect cost recovery and other reporting requirements.

**Roles and responsibilities of the Institute, the department chair, the division head and the principal investigator (PI).**

The head of the department accountable for the property, or the PI, if sponsored research is involved, has the primary responsibility for the care, maintenance, records and control of material in his/her custody, as well as all property acquired under terms of the award. These individuals must maintain up-to-date departmental records. The department chair, division head, immediate supervisor or PI also is responsible for ensuring that staff, new hires and students are aware of the basic policies in this manual.

If a grant or contract (sponsored research) is involved, necessary documentation to fully inform the Property Office when action concerning the care, maintenance, records, and control of property and property transactions involving property should be sent to the Property Office to properly carry out the necessary functions concerning property matters. While PIs are primarily concerned with their research missions, they still must address certain administrative property management tasks. When the PI wrote the proposal, and accepted the research funds, he/she agreed to perform the research and administer the award in accordance with referenced terms and conditions. Therefore, it behooves each PI to know the basic administrative terms and conditions contained in each of the awards.

Department heads and PIs are responsible for knowing the physical location of all items of property or government property assigned to the department or sponsored research award. If a PI leaves the Institute, the PI’s department is responsible for ensuring that all equipment assigned to the departing PI is transferred to a new PI, and that the Property Office is properly notified within 15 working days of the transfer.

**Security of Property**

Each member of the Institute’s community has a general obligation to safeguard and make appropriate use of Institute and sponsor-owned property either assigned for individual use or part of a common area. Each department must ensure that reasonable security measures are implemented in their areas to prevent theft, damage or misuse of equipment.
Reporting Loss, Damage, Destruction or Theft (LDDT)

If a loss does occur, it is the department’s responsibility to inform Campus Police immediately upon knowing of the loss, damage, destruction or theft (LDDT). The Human Resources and Property Offices also should be notified of the loss, damage, destruction or theft, in writing, within 15 working days of the noticed loss.

If sponsor funds were used to acquire the property, the sponsor also must be notified in writing, again within 15 business days. When notifying a sponsor of loss, damage or destruction, a copy of the police report and LDDT forms must be submitted with the written request for “relief of liability”. The sponsor will determine on a case-by-case basis whether to grant “relief of liability”. The sponsor does not have to grant “relief of liability”. In this case, the PI must have other funding available to cover the cost of the asset.

In the event of loss, damage, destruction or theft of property, the department will take immediate steps to determine how the loss occurred and develop a plan of action to prevent such incidents from happening in the future. FAR Subpart 52.245.1 is hereby incorporated by reference.

Internal Audit of Property

An internal audit function is required by the Federal Acquisition Regulation (FAR). This internal audit function is separate from the audit performed by the Property Office. The purpose of an internal property audit is to identify deficiencies in the system, if any; and to determine a corrective action plan before it becomes a larger issue with external auditors. Results of audit findings shall be made available to the applicable government property administrator. FAR Subpart 52.245-1(f)(3) is hereby incorporated by reference.

Notifications

The Property Committee and the Board of Regents must approve all deletions from the database involving LDDT. State regulations also require that the State Auditor be notified of any LDDT of property, regardless of inventory status. A copy of all backup documents outlining the circumstances of the loss must be forwarded to the State Auditor with the notification.

Summary

The day-to-day responsibility for property management lies with the end user or individual having custody of the property. Proper control and management of property requires all employees to take responsibility and accountability, regardless of the ownership, for property in the custody of the Institute. To accomplish this, good business practices and compliance goals must be developed and included in the daily work practices of all staff and students. Successful property management involves understanding the business principles involved, and being able to communicate those needs to the Institute community at-large.
SECTION 1. ACQUISITION:

The process of acquiring government property either through requisition or transfer from government sources or though purchase, including those made from contractor stores.

Functional Segments: – Acquisition Authority, Categorization of Property, Requirements, Computations, Ordering Practices, and Mil-strip Acquisitions

Functional Segment: Acquisition Authority
Criteria
a) Contractual provisions and requirements related to government property flow down to appropriate contractor property acquisitions organizations.
b) Contract authority exists for acquisition of facilities and special test equipment.
c) Material transfers between contracts are adequately documented.
d) Contracting officer (CO) consent or approval is obtained when required.

Functional Segment: Categorization of Property
Criteria
Categorization of property is correctly determined before acquisition or fabrication.

Functional Segment: Requirements Computations
Criteria
Requirements for property must be supported by bills of materials, materials requirement lists, or similar technical planning documents that include spoilage or loss estimates, attrition and mortality rates. (Part of the program requirements, planned for, needed, if consumable include estimates for loss, etc.)

Functional Segment: Ordering Practices
Criteria
a) Acquisition documents include detailed and accurate descriptions of assets to be acquired and a contract or equivalent code designator.
b) Items and quantities requisitioned, purchased or fabricated are reasonable, contractually authorized, based on firm requirements, and are not available from existing stocks.
c) Economic ordering practices are properly applied, when applicable (Plan acquisitions to meet Institute procurement and property requirements.)
d) Orders are processed in a timely manner to minimize emergency acquisitions or requisitions.
e) On-order assets are monitored until assets are received.
f) On-order assets are canceled or amended, to the extent possible, when requirements are changed by contract modifications, engineering change, termination, production schedule revision, receipt of “pushed” items, etc.
g) Distribution, cancellation, and change of purchase requisitions are properly controlled.

Functional Segment: MilStrip Acquisitions, GFE or GFM Only
Criteria
a) Requisition documents are properly prepared and processed including routing identifiers, fund codes, priority designators, etc. (or other required information.)
b) Status file maintained, supply status monitored, and appropriate action taken when required. (Maintain files, check order status, take action if problems arise, document actions, etc.)
c) Requests are submitted in a timely manner to minimize use of emergency priorities.

Overview
Acquisition, within the context of this document, encompasses the various methods by which the Institute obtains, receives, and becomes accountable for property. Purchasing is the most common method of acquisition for property at the Institute. Other methods include donations, transfers, loans, leases and sponsor-furnished property.

For detailed information on purchase requirements and policies, see the Institute’s Purchasing Policy, which is available online; or contact the Purchasing Office. For acquisitions involving sponsored research funds, also see the Sponsored Projects Administration’s policies and procedures.

1.1 Acquisition Authority

1.1.1 Acquisitions and purchases must be authorized in the following manner:
State funding or other non-restricted funds:
1) All expenditures: An authorized representative of the Business Office, plus the following
   a) Expenditures over $1,000: An authorized representative of the Property Office, plus (the above and the following)
   b) Expenditures over $200,000 to $250,000: The Office of the President or an authorized representative from the Office of Vice President for Administration and Finance, plus (the above and the following)
   c) Expenditures over $250,000: The Board of Regents, plus (the above and the following)

1.1.2 Sponsored Research or Restricted Funds
1) Approval of the federal contract officer and any special approvals required per terms and conditions of the award, plus (the following):
   a) All expenditures: An authorized representative of the Business Office, plus (the above and the following)
   b) Expenditures over $1,000: An authorized representative of the Property Office, plus (the above and the following)
   c) Expenditures over $200,000 to $250,000: The Office of the President or an authorized representative from the Office of Vice President for Administration and Finance, plus (the above and the following)
   d) Expenditures over $250,000: The Board of Regents, plus (the above and the following)

A monthly report of all acquisitions greater than $100,000 will be provided to the Board of Regents.

1.1.3 Material Transfers
a) Any materials, supplies, inventoriable property or equipment on hand at the end of a
sponsored research award must be reported to the awarding agency and disposition
instructions requested.
b) These items should be inventoried, packaged and placed in storage pending receipt of
disposition from the sponsor.
c) Disposition instructions may include transferring the items to another sponsored
research agreement as government furnished materials (GFM). All documents relating
to the disposition request and ultimate disposition from the sponsor must be provided
to the Property Office and copies kept on file within the department.

1.1.4 Approval or Consent of the Contracting Officer (CO)

When dealing with sponsored research agreements, the individual terms and conditions of the award
will determine the ability to use these funds for any acquisitions, utilization issues, or disposions of
tangible items. In general, grants are accountable under the regulations outlined in OMB Circular A-
110. However, some federal agencies, including NASA and NSF, have created their own supplements
for use in their grants.

In general, contracts are accountable under regulations outlined in FAR (Federal Acquisition
Regulations). Again, some federal agencies have issued their own supplements for use in the
administration of their contracts; among them are DOE (DEARs) and DoD (DFARs).

Ideally, the PI should know the basic terms of conditions of each sponsored research award he/she is
working with, as these individuals ultimately are responsible for ensuring that contractual obligations
to the sponsor are met.

1.2 Categorization of Property

Categorization of acquisitions is vital to the fiscal health of the Institute or sponsored research award.
Categorization of expenses determines if an item is equipment, inventoriable property, supplies, etc.

1.2.1 Categorizing Acquisitions with State Funds

 Determining the proper category of expense prior to acquisition is determined by the ordering
department. Serious consideration should be given as to the type of acquisition and how the item will
be used. Categories could include but are not limited to: Upgrades, repairs, office equipment, lab
equipment, etc.

1.2.2 Categorizing Acquisitions

When dealing with sponsored research funds, some transactions will be exempt from overhead, or
may have overhead applied at the off-campus rate, depending upon whether the item will be used on
campus or off campus. Failure to properly categorize the acquisition of the materials or equipment
during the proposal phase could result in a shortage of funds needed to perform the contracted
research.
The ordering department records the Banner Index code on either the direct payment form (DP) or the requisition, depending upon the form used. When purchasing inventoriable property or equipment, careful consideration should be given to the account portion of the Banner FOAP.

It is the ordering department’s responsibility to assign the proper account code, which identifies the type of acquisition (supplies, inventoriable property, equipment, etc.), for each line item on the requisition or DP form.

Property account codes are:

- 720015 Inventoriable property $1000, but <$5,000
- 730101 Equipment ≥ $5,000
- 730102 Office equipment ≥$5,000
- 730103 Lab and science equipment ≥$5,000
- 730104 Equipment/vehicles

Other related cost accounts are:

- 730105 Equipment replacement\(^1\)
- 720011 Lease or rental agreements
- 720021 Fabricated equipment ≥ $1K but < $5K Inventoriable Property (non-deliverable - something New Mexico Tech is keeping)
- 730106 Fabricated equipment ≥ $5K Equipment (non-deliverable - something New Mexico Tech is keeping)
- 730107 Fabricated equipment when the sole purpose is to fabricate and deliver an end item (a deliverable)
- 730202 Used for building construction costs when work is performed by an outside vendor
- 730204 Built-in equipment, i.e., walk-in refrigerators, fume/vent hoods, boilers, air conditioning equipment, etc.; any item permanently installed in a building, or an integral component of the building
- 730206 Code used for infrastructure expenses incurred during construction project, i.e., utility lines.

After payment is made, the Property Office assigns a property control number (PCN) to the item and records the property in the inventory database. The recorded information includes but is not limited to: purchase order or direct payment form number, date of acquisition, source of funds, custodial department, item description, manufacturer, model number, serial number, and unit cost. The inventory tag is attached to the equipment or inventoriable property by a representative of the

\(^1\) Academic departments only - fees collected from students to replace equipment. This account code is not valid in conjunction with restricted funds.

Revision 1
Property Office. The inventory tag (PCN) may be furnished to the person having custody of the property for tagging items at “satellite” locations.

1.3 Requirements Computations

Requirements for acquiring property should be supported by written documentation based on the needs of the department or the scope of work in a sponsored research agreement. Documents should include material lists of planned for and needed items, regardless of cost. The documents also should contain information on life expectancy, consumable items, spoilage, loss, mortality, etc.

1.4 Ordering Practices

Equipment and inventoriable property procurement should be initiated in accordance with procedures outlined in the Institute’s purchasing policies, Sponsored Projects Administration policies and Property Office policies.

1.4.1 Unallowable Methods of Purchase and Payment

Use of Institute purchasing-cards (P-cards), personal funds, wire transfers or personal credit cards for the acquisition or payment of inventoriable property or equipment is prohibited by Institute policy. The Institute does not have to reimburse funds in the event an acquisition is made outside the approved procurement system. However, in very rare instances, it may be necessary to purchase inventoriable property or equipment in an emergency situation. However, what an individual defines as an emergency may not match what the Institute considers an emergency.

Reimbursement requests for property will be determined on a case-by-case basis and will require the following information:

a) An itemized invoice listing the item(s) purchased,
b) Description of what was purchased (using descriptive nouns - printer, computer, camera, etc.),
c) Number of units,
d) Unit cost, and
e) Total cost.

A letter justifying the need to purchase outside the approved procurement system also must be included. (The Institute’s purchasing policy has additional information.)

As a state agency, the Institute’s primary method of payment is via purchase orders. A vendor that does not accept purchase orders is not grounds for making purchases outside of the procurement system. While cost is an issue, purchasing and Institute policies, which are based on state and federal regulations, must take precedence.

1.4.1.1 Sole-Source Acquisitions

Sole-source acquisitions, which are allowed under certain conditions, should be reserved for purchases that, because of performance specifications or uniqueness, are only available from a single source. Desired brand name or design specifications may not be used as justification for sole-source
acquisitions. Restrictive specifications may only be used when the technical design is unique or must be compatible with existing equipment. Sole-source justification needs to be provided in accordance with purchasing policies and procedures, and for audit purposes.

1.4.1.2 Emergency Acquisitions

Emergency procurement of equipment is an acquisition that, if not immediately acquired, would endanger human life, health, Institute property, or the functional capability of the Institute. The Purchasing Office must approve all emergency procurements. Documentation justifying the need for emergency procurements also needs to be kept for audit purposes.

1.4.2 Acquisition Documents – Purchasing and Procurement

A few determinations must be made before new or used property can be acquired. The Institute primarily utilizes three different types of purchasing document. The first step is to decide which purchase instrument to use for the acquisition.

1. Direct payment form (DP): The DP form is used for specific small order procurements of supplies or materials where the total cost of the DP is less than $5,000. Cost limits will depend on the type of transaction, and will determine if this form can be used. Be sure to read the face of the DP to ensure you are using the correct document, and follow all instructions associated with the transaction type.

2. Requisitions (purchase orders): If the acquisition does not meet requirements for using either the P-card or DP form, the department must submit a requisition to the Purchasing Office with all backup documents. The Purchasing Office will issue the actual PO.

Regardless of the document type used, the following information should be included:

- a) Itemized description (including descriptive nouns) of commodity being purchased,
- b) Quantity,
- c) Units of issue (each, dozen, package, gross, etc.),
- d) Cost and
- e) Extended cost.
- f) Each line item should be assigned the proper account code to define acquisition type: supplies, inventoriable property, equipment, etc.
  
  i. Supplies
  
  ii. Inventoriable property
  
  iii. Equipment, etc.

  a) Equipment or materials acquired to construct a system which meet the definition of ‘equipment’ or ‘inventoriable property’ should be clearly defined in the requisition as a single item composed of multiple components.

Commodities and quantities being ordered should be based on firm requirements, contractually authorized, and not available from stock on hand.
All acquisitions must meet the Institute’s purchasing policies and procedures, sponsored research agreement terms and conditions; and, in conjunction with the property manual, an effort to get the most economic prices available.

It is important to ensure that orders be processed in a timely manner to minimize emergency acquisitions.

All orders should be tracked by the ordering department until actual receipt. The term, by receipt, refers to when a department receives the actual order, and not when the order is received by central receiving.

If the order must be cancelled or amended before receipt, this should be done as soon as possible, with corroborating documentation as to why. Reasons for amendments or cancellation could include but are not limited to: contract revisions, engineering changes, termination of sponsored agreement or scheduling requirements.

Control of purchase documents in regards to ordering, cancellation and revision must be documented and follow the Institute’s purchasing policies and regulations.

1.4.3 Asset Value

Based on federal regulations, asset values for GFP or GFE is based on original acquisition cost of the property, regardless of age or use. This is an industry standard. The Institute will record GFP or GFE using this standard.

1.4.3.1 Acquisition – Government-Furnished Property (GFP)

Government-furnished property (GFP) may be shipped to the Institute from government installations or other government contractors for use in the performance of a grant, contract or other type of award. Contractual or grant approval must be obtained prior to obtaining GFP under a government agreement. Acquisition of GFP must have a direct benefit to the supporting award, be justified in writing.

Government-furnished property can be either property or material (GFM). All GFP regardless of value must be tracked and accounted for by the department having custody of the property or materials. The Property Office will place property tags on tangible non-consumable property, and enter this information into the property database for reporting purposes. The department is responsible for ensuring that the materials or property are used within the scope of the award, as well as controlling and accounting for all GFP, GFM or GFE in its custody.

The Institute becomes responsible for all GFP, GFM or GFE upon delivery of the property into its custody or control. Because so many of these transactions are arranged directly between the Principal Investigator (PI) and the agency, the PI is charged with notifying the Property Office and the Sponsored Projects Administration. The PI must furnish all documents related to the transaction to the appropriate departments within 15 business days.
All acquisitions must be made during the period of performance for the award. Title to GFP, GFM or GFE always vests with the government. All GFE, GFP or GFM must be included in all reports submitted to the awarding agency, regardless of acquisition cost or value.

Because the sponsored research award is for a specified dollar amount, the acquisition of GFP, GFE or GFM may impact available funds available on the award. Therefore, award documents may need to be modified to reflect the changes in dollar amount. See the Sponsored Projects Administration for any modifications to awards. Considerations for providing GFE, GFP or GFM must be consistent with FAR Subpart 45.102.

1.4.4 Solicitation and Evaluation Procedures

Contracting officers must provide a listing of all government property to be offered in any solicitations where government-furnished property is anticipated. FAR Subpart 45.2 is hereby incorporated by reference.

1.4.5 Title to Government Property

Title to contractor-acquired property (purchased): Under fixed price contracts, the contractor retains title to all property acquired by the contractor for use on the contract, except for property identified as a deliverable end item. Under cost type and time-and-material contracts, in which the government reimburses the contractor, title passes to the government. Everything that is a direct item of cost to a government contract, and in which reimbursement is received by the contractor, is titled to the government. The government will retain title to all government-furnished property. FAR Subpart 45.4 and Subpart 52.245.1 are hereby incorporated by reference.

1.5 Other Types of Acquisitions

1.5.1 Trade-ins

Because equipment being traded in is permanently leaving the Institute, a two-fold transaction takes place: an acquisition and a disposition. Trade-in of property must be approved by the Property Committee, prior to acquisition of the new property. The PCN of the property to be traded should be listed on the PO or DP form to notify the Property Office that the item has been approved for trade-in, and to allow for the removal of the traded-in asset from the property database. The Trade In & Exchange Form should be provided to the Property Office prior to initiating the DP or PO form. The Trade In & Exchange form is available on New Mexico Tech’s Property Website.

1.5.2 Upgrades

Accessories or components purchased for either inventoriable property or equipment already recorded in the property database, may be entered in the database as stand-alone units, or have the cost added to the existing item. Only accessories or components with a cost of $1,000 or greater, used to modify existing inventoriable property or equipment, will be considered upgrades. Inventoriable
property or equipment to which components will be added should be identified on the PO or DP form by PCN and nomenclature.

It is important to remember that an upgrade is not a replacement of already existing components to an item, but rather an add-on that will substantially improve functionality and increase the useful life of the asset.

Other expenditures that do not extend an asset’s capacity, but merely maintain the asset in working order, are not considered upgrades. These costs are expenses and should be charged to a supplies account code. Examples: repair of engine or transmission, replacement of windshield or tires, or replacement of a broken portion of the asset.

To determine the proper category of a purchased item as either an upgrade to existing inventoriable property or equipment, consider these questions to help clarify the difference between upgrades and repairs: Am I buying this item because I need this product to modify the property to perform better? Or is it because a component or part of the older one is broken and I need to keep the item in working order? The first condition relates to an upgrade; the second, to a repair.

1.5.3 Gifts and Donations – Inventoriable Property and Equipment

Assets acquired by gift or donation will be assigned a PCN and entered into the property database, if the fair market value (FMV) is greater than $1,000.

To meet requirements established by the IRS, state and Institute policies, it is crucial that the following guidelines be followed. It is important to remember that there should be a need or purpose for a donation of either inventoriable property or equipment, and that the item be placed into use within 12 months of the acquisition date. All donations must be approved by the Vice President for Administration and Finance.

Careful consideration should be given when deciding to accept donations, including the following.

a) Are there hazardous waste, environmental, chemical, or other types of contamination concerns?
b) How large is the item?
c) Will it fit into the building without significant modifications to the building?
d) Who will be responsible for transportation and installation costs associated with the donation?
e) Are there existing utilities in the building adequate to meet the manufacturer’s minimum requirements for proper installation and utilization?
f) Does the item work? If not, is it economically feasible to repair? Compare parts, labor costs, and age of item to the cost of purchasing a new or used item in working condition.
g) Who will use the item?
h) How will the item be used?
i) When will the item be placed into service?
To comply with federal regulations regarding donations, the Property Office must receive copies of all documentation. In some cases, the pre-donation documents, including any letters related to the donation, will determine if the use of the donated item is limited or not. For example, the terms of the donation may indicate that the property may only be used within a particular department.

Departments receiving inventoriable property or equipment by gift or donation from any source must notify the Property Office by memorandum, with an informational copy sent to the Director of Advancement. The memo should list the donor, description of property and the FMV as assigned by the donor. The donor is responsible for any documentation needed by the IRS for tax purposes. The memo should be submitted to the appropriate departments within 15 business days of acquisition.

Transportation and professional installation costs may meet the dollar threshold and be charged to either an inventoriable property or equipment account code. Any invoices must have a specific line item identifying just the expense for transportation or installation, with an auditable amount. When determining the “costs” associated with a donation, any warranties, maintenance contracts, or repair parts should not be charged to either inventoriable property or equipment, regardless of the cost associated with these commodities.

The Institute is the owner of all donations, without exception. Donations are not the personal property of any faculty, staff or student, although they may have been instrumental in the acquisition of the donation. Donations must be kept for a minimum of two years.

1.5.4 Fabricated Equipment

Definition
A fabricated item is so specialized in nature that it cannot be purchased from a single vendor. Fabrications are one-of-a-kind-items used to meet unique testing or research requirements, and are usually considered “special test” or “special tooling” by the sponsor. Fabrications are not prototypes. Prototypes are working models and will never be put into use.

Fabrications are created when New Mexico Tech staff or students assemble a number of components (manufactured or custom-made) purchased or acquired from various vendors to produce a piece of equipment with unique research specifications. Because fabrications are usually purchased with sponsor research funds, there are a number of necessary requirements related to the acquisition and tracking of the individual components used in the entire fabrication of inventoriable property or equipment.

A fabricated item must meet all of the following criteria:
   a) Unique, one-of-a-kind, and fabricated by the Institute
   b) Upon completion, has a useful life of two or more years
   c) Total combined cost of materials and components must be greater than $1,000 for inventoriable property, or $5,000 for equipment.
   d) While the cost of associated labor is neither included as part of the capitalized (capitalize means an item’s use as an asset) cost of the item, nor included as part of the total
acquisition cost, any labor costs are reported to the sponsor as part of the total unit cost of the completed asset.

The department must determine and report the costs of all materials, supplies, components, and labor related to the fabrication of the item, up to the time the item is put into initial use.

All directly related costs associated with the fabrication need to be accounted for and tracked for reporting purposes. *Once the fabricated item is put into use, it is considered complete.* Changes or modifications are considered separate fabrications, and must be accounted for accordingly.

This information is collected and available for sponsor reports and property records. Ongoing maintenance or repair costs are not included as part of the acquisition cost of the fabrication. The Institute will not capitalize on labor and other indirect costs associated with the fabrication. Instead, these indirect costs will be considered “Reportable Fabricated Costs”.

**Capitalized costs:**

a) Fabrication components or parts  
b) Initial supplies and parts to be incorporated or consumed in the research and development and any associated fabrication; creating the working unit  
c) Freight and handling  
d) Third-party installation charges (i.e., vendor or manufacturer)

**Reported costs:**

a) Labor or other indirect costs associated with fabrication  
b) Engineering, architectural, or other outside services for design, plans, specifications, and surveys  
c) Travel directly related to the fabrication  
d) Acquisition and preparation costs of structures and other facilities  
e) Legal and recording fees and damage claims  
f) Items considered “prototypes” are reportable but not capitalized.  
g) Structures and affiliated costs are considered as real property. Regardless of who builds the structure, it is not fabricated equipment. These items are reportable and accountable, but not capitalized.

When deciding to fabricate a product, several steps must be taken to ensure proper tracking of the final product. The ordering department must ensure that all purchases are charged to the correct fabrication account code. Purchases should include materials, supplies, fixtures, freight and all costs for construction, installation and labor, if any.

Before any components are purchased, a memo must be sent to the Property Office containing the following information:

a) A complete description of the item being fabricated  
b) Anticipated location of equipment upon completion  
c) Custodial department and a unique Banner FOAP under which the property will be charged
d) The Sponsored Projects Administration can provide guidance and establish a unique Banner fund to track individual charges for the fabrication (the Banner fund must be unique).

e) Anticipated value, which should include the purchase price of all materials, supplies, and fixtures used, any freight charges, all costs for construction, installation and labor, if any.

Upon completion of the property, the custodial department must compile a complete listing of all charges and request a journal voucher (JV) for the entire amount of capitalized costs associated with the fabrication, specify the account code change from 720021 or 730106 (fabricated equipment) to 730101 (equipment) or 720015 (inventoriable property). At that time the item will be picked up on inventory. The Property Office then will assign a PCN for the fabricated equipment, and the item will be entered into the property database.

Sometimes an individual needs a highly specialized computer or other item meeting the definition of equipment or inventoriable property, and must purchase the various components from different vendors and assemble the computer him- or herself. This item would be considered fabricated. When equipment or inventoriable property is purchased “intact” from a single vendor, it is not considered fabricated, even though each component used and itemized is specified on both the purchasing document and the invoice. Instead, this piece is considered to be a complete system.

1.5.5 Purchases by Construction Contracts

Inventoriable property or equipment may be acquired by a vendor under a construction contract, the cost of which is then billed to the Institute. The Institute’s assigned construction facilities representative or applicable department personnel then are responsible for providing the Property Office with copies of all itemized invoices involving such acquisition of property. The Property Office will assign a PCN for all property meeting the criteria for taggable assets. An itemized invoice must include the information necessary to identify both the item and the cost of each item listed.

1.5.6 Found Inventoriable Property

Property which is found must be reported to the Property Office, and custody will be assigned to the individual using it, or the accountable department. Value will be estimated by the Property Office. The date found will be the date of acquisition.

1.5.7 Acquisition of Surplus Government Property

Equipment secured through the New Mexico Federal Property Assistance Program (NMFPAP) will be recorded at acquisition cost, and may include transportation and installation. Surplus property acquired through NMFPAP must follow all federal regulations outlined in acquisition documents. These include but are not limited to:

a) The item must be placed into use within 12 months from the date of acquisition, and must be used for 12 months or five years, depending upon the item. This time frame is called the period of restriction, during which, the Institute may not sell, trade, cannibalize (except in relation to repairs), or otherwise dispose of the item. During this time, title (ownership)
still vests with the government. If the property is not placed into use within 12 months after acquisition, the Institute must promptly notify NMFPAP.

b) The period of restriction will start on the date the property is placed into use, and not the date it is received. Property with an acquisition cost under $5,000 (except vehicles) will carry a 12-month restriction. Property with an acquisition cost of $5,000 or more (and all vehicles regardless of acquisition cost) will be subject to a minimum restriction of 18 months. A further period of restriction may be deemed necessary, and will be indicated on the distribution document.

c) Contracts or grants supported by private funds do not qualify to use the NMFPAP.

1.5.8 Transfers of Property from other Universities or Entities to the Institute

Occasionally the Institute will receive property from other universities when new faculty members transfer their research here. Ownership and accountability for property transferring to the Institute is determined on a case-by-case basis. Ownership may vest with the Institute, or it may remain with the sponsor and be considered GFP under a specific sponsored project.

Incoming property which originally was federally funded should be transferred to the Institute at no charge (however, the Institute may be responsible for shipping and handling fees). If the FMV of the asset being transferred is over $1,000, it is considered a donation to the Institute and the section regarding acquisition by donation should be followed. The organization transferring the property must provide a property listing, which should include at least the following information:

a) Transferring institution property tag number
b) Nomenclature (item specifics using descriptive nouns; i.e., printer, computer, microscope, etc.)
c) Model and serial numbers
d) Original acquisition cost
e) Last accountable agreement (grant, contract, cooperative agreement number)
f) Original source of funding

If this information is not provided, the Property Office will contact the property department of the transferring institution. The transferring faculty member will need to provide the name and contact information for a point of contact (POC) at the transferring institution.

Occasionally, property is transferred to the Institute at a negotiated cost. This property must have been originally acquired by the releasing organization with unrestricted funds or institutional funds. These items must clearly be identified with the original source of funding. When this occurs, the Institute must issue a purchasing document (PO or DP), and the releasing organization must issue an itemized invoice.

1.5.9 Donated Equipment Transfers

If the property being transferred to the Institute originally was donated to the releasing organization, certain IRS requirements may apply. If the donated items were not kept by the releasing organization for the two years required by the IRS, the organization must provide the Institute with a completed IRS Form 8283, and request that the original donor notify the IRS of the transfer on an IRS Form 8282.
1.5.10 Property Loaned to the Institute for Purposes of Demonstration

A “loan” is property borrowed by the Institute free of charge, for a specified time (short- or long-term), by an institution or individual. A loan must have a start and end date.

A loan agreement also should be completed to document the basic terms and conditions. That agreement should include the following information:

a) Period of loan (term)

b) Loaner (name and address of the institution or government agency to include contact name, phone and email address)

c) Borrower (department name, and name and title of individual taking responsibility for the property)

d) List of items being loaned (including PCN, item description, manufacturer, serial number, and original cost)

e) Reason for loan and under whose authority

f) Requirement that item should be returned in the same condition as when it was received, with consideration for reasonable wear and tear

g) In the event of loss, theft or extraordinary damage while in the custody of the borrower, name of person liable for repairs or replacement costs

h) If routine maintenance and calibration are required, agreement should specify who is responsible for ensuring the work is completed, and who will be liable for costs

i) Note party responsible for packaging and transportation costs, if any

j) Statement that item will be used for work related purposes only – any personal use is prohibited

1.5.11 Equipment Leases

Title to leased equipment during the lease period resides with the vendor. To track leased equipment, an annual report is generated to identify all active leases. A lease is similar to a loan in that New Mexico Tech does not own the item, but is using it, and may eventually return it to the owner. A lease thus differs from a loan in that there is a monetary payment for the use of the asset

1.5.12 Physical Inventory of Government-Owned or Furnished Materials

If accountable under a sponsored research award, an inventory of government or sponsored materials is performed by the department, as outlined above. The individual department or PI is accountable for knowing the terms and conditions of their research awards, and for meeting contractual obligations accordingly. The Property Office does not have access to this information.

Unless waived by the sponsor’s PA, upon termination of a sponsored agreement, the PI must perform a physical inventory of all materials, supplies, and property on hand and accountable to the
agreement. The inventory should contain enough information for the sponsor to determine disposition, if necessary.

1.5.13 Personally-Owned Property

It is recommended that if a faculty, staff or student has brought in personally-owned property for use at the Institute, the item should be clearly marked. At a minimum, information should contain the owner’s name, department, and phone number. Individuals who bring in personal property to perform Institute-related work should keep in mind that the Institute is not liable for LDDT. State regulations prohibit the Institute from providing insurance coverage for personally-owned property.

1.6 Types of Agreements or Sponsor Research

There are several different types of sponsored research agreements, each of which has inherent regulations. Some of the basic agreement types and their unique characteristics are outlined below:

1. Grants and their characteristics
   a. May be defined as an assistance agreement
   b. Provides support or encourages or starts recipient activities
   c. Proposal submitted by PIs to sponsoring agency
   d. Sponsor does not have significant involvement in performance of the project
   e. Accountable under regulations of OMB Circular A-110 or state regulations
   f. Title (ownership) usually vests with the Institute at time of acquisition

2. Contracts
   a. Procurement instrument solely for purchase of goods or services, and directly benefits U.S. Government
   b. Property managed under Federal Acquisition Regulations (FAR, DFARs, DEARs,)
      property clauses
      i. FAR 52.245-5, Alt 1 for cost-reimbursement contracts address title issues
      ii. FAR 52.245-2, Alt II for fixed-price contracts address limited risk of loss (LDDT)
   c. Determining which property clauses are used depends upon the type of contract, and affects important issues such as title, utilization and report requirements

3. Sub-Awards
   a. Subcontracting plan within a prime contract
   b. Privity of contract between the Institute and sub-recipient
   c. Prime contractor must know status of sub-recipient’s property control system (can’t enter into a contract with a sub unless its property system has been approved by sponsor or other federal agency)
   d. Flow down of clauses in prime (sub awards must contain many of the same regulations as the prime, but certain issues could be negotiated)
      i. With permission of the contracting officer, liability and risk of loss issues
      ii. Approvals required to procure inventoriable property or equipment
e. Record keeping
f. Reporting and the need to have information for prime reports in a timely manner
g. Reporting LDDT to prime in a timely manner

4. Cooperative Agreements
   a. Similar to grants and accountable under OMB circulars.
   b. Extensive technical involvement expected between sponsor and recipient during period of performance
   c. Title (ownership) usually vests with Institute at time of acquisition; however, this issue is negotiable within the individual agreement

5. Donations
   a. Gifts to the Institute – no obligations or performance required or expected. Note: If performance or deliverable is expected, this may not be a donation. Check with Sponsored Projects Administration.
   b. Follows IRS 501(c) 3 – donations to non-profit organizations
   c. Donor must provide FMV information on a per-unit basis
   d. Donations are to the Institute, not the individual
   e. Property managed under IRS guidelines:
      i. Section 170(b)(1)(a)
      ii. Section 170(c) and
      iii. Section 170(e)

6. Fellowship
   a. Money awarded as a qualified scholarship to an individual or group that is a candidate for a degree at a qualified public or private educational institution – may be awarded by a philanthropic, government, commercial or private group
   b. Similar to financial aid in that it is awarded to students – not part of sponsored research, and usually managed by the Financial Aid office
   c. May be used for purchase of property; title usually vests with student; pre-authorization from sponsor not required
   d. Sponsor does not require reports or have close-out requirements
   e. Funds may not be combined with sponsor funds to purchase property

7. Bailment Agreements
   a. Legally binding loan agreement.
   b. Primarily used for loaning government property to Institute under prime contract
   c. Terms and conditions need to address:
      i. Item descriptions and unit value
      ii. Duration of loan
      iii. Use and purpose
      iv. Authorizations for modification
      v. Shipping to and from destinations
      vi. Maintenance requirements
      vii. Liability
8. Research Participation Agreements
   a. Sponsored project in which services of personnel, facilities, and laboratory equipment used on behalf of parties not otherwise associated with the Institute are used as staff, faculty, or students
   b. External collaborator used. This person, who is not a faculty member of the Institute, oversees the research and serves as the intellectual leader
   c. Equipment used to support this project cannot have use restrictions for commercial applications

1.6.1 Acquisitions – Sponsored Research

The specific provisions of the applicable grant or contract will govern in each instance. The Institute may acquire ownership as a result of provisions in the award, change orders, modifications, or contract termination. Unless otherwise stated in the award, title to property vests with the sponsor. The Sponsored Projects Administration is responsible for identifying title to inventoriable property or equipment, and for passing this information on to the Property Office.

The contracting officer (CO) may transfer title of the property to the Institute at the start or termination of the award. Transfer of title to equipment is made on the condition that no charge may be made by the Institute for depreciation, amortization, or use of the equipment under any existing or future government contract. When title is transferred in this manner, the Institute is without further obligation to the sponsor with regard to the equipment, unless specific provisions to the contrary are stated in the transfer document.

1.6.2 Equipment Screening - Sponsor Research Funds

All proposed purchases of equipment with sponsor research funds, having an acquisition cost of $5,000 or more, are required to be “screened” prior to purchase. Screening ensures that no other like item is already on campus that could be used or shared for research purposes. The procedure is as follows:
   a) Screening for equipment with an acquisition cost between $5,000 and <$10,000 will be performed against similar assets in the custody of the department or division.
   b) It is the PI’s responsibility screening for equipment with an acquisition cost of ≥$10,000. This screening will be performed against a database maintained by the Property Office for assets in the custody of New Mexico Tech.
   c) The results of the screening effort will be recorded on the requisition by the department and as applicable by the Property Office.

Screening and approval to purchase are separate processes, but both are pre-purchase requirements. Components for approved fabrications are exempt from screening requirements.

1.6.3 Contractor Acquired Property (CAP)
Virtually all capital assets purchased by the Institute – federally funded in particular – are subject to pre-purchase screening to avoid duplication. In addition, if sponsor funds are used to purchase property, other pre-purchase considerations apply, such as approval to purchase. Specific pre-purchase requirements may be identified in each agreement.

Contractor-acquired property (CAP) is defined as tangible property or equipment purchased using sponsor funds and where title to the item vests with the government. When using sponsor funds to make a purchase, the purchase must successfully meet all four of the criteria described below, per OMB Circular A-21.

1. Allowable: Allowable and unallowable costs are defined in A-21 and in the terms and conditions of the specific awards – normally items must be budgeted and approved in the proposal process to be allowable.
2. Allocable: Only those expenses that provide a direct benefit to a specific project may be charged to that project, regardless of cost.
3. Reasonable: Costs must reflect what a “prudent person” would pay. For instance: If a PI wants to buy a $20,000 chromatograph and the $15,000 one will work just as well, it would not be reasonable to purchase the more expensive item.
4. Consistent: Costs must be handled consistently across the Institute by following Institute policies.

1.6.3.1 Responsibility and Liability for Government Property

Generally, contractors are not held liable for LDDT of government property. FAR Subpart 45.104 is hereby incorporated by reference.

1.6.4 Cost sharing for Equipment Purchases

See the Sponsored Projects Administration’s Cost Share Policy

Cost sharing must be approved prior acquiring property with sponsor funds. Cost sharing represents the portion of the total project costs of a grant or contract borne by the Institute, rather than by the sponsor. Cost sharing of direct expenditures represents a redirection of departmental or Institute resources to support sponsored research.

Property cannot be offered as cost sharing unless receipt of the award is contingent upon such cost sharing. PIs should take great care in preparing proposals for sponsored agreements in that they do not commit the use of Institute-owned or government-owned property as cost sharing. This property may be characterized as “available for use on the sponsored agreement at no direct cost to the project.” State regulations prohibit cost sharing with for-profit groups or companies.

Without express written permission from the awarding agencies involved, one may not use multiple grants or contracts to acquire the same item (a single unit) of inventoriable property or equipment. The reasoning behind this is twofold:
1. Items acquired with sponsored research funds must be utilized to support the award funding the acquisition, and to prevent conflicts over ownership.

2. All approvals must be obtained prior to purchase.

1.6.5 Transferring Accountability

Government property shall be transferred from one contract to another only when firm requirements exist under the gaining contract. FAR Subpart 45.106 is hereby incorporated by reference.

Summary

The acquisition process is performed in accordance with the Institute’s purchasing policies and procedures, which are based on state and federal regulations. The intent behind the policies is to contain costs, provide efficiency, and be accountable for external rules and regulations, and for audit requirements.

1.7 Identification: The process of properly identifying Government Property

Functional Segment: Identification Process

Criteria

1. Assets are labeled, tagged, or otherwise identified in a manner approved by the PA promptly upon fabrication or receipt.

2. General purpose components of special test equipment are identified in a manner to facilitate removal or reutilization.

Overview

One of the most important tasks assigned to the Property Office is to correctly identify inventoriable property and equipment, and to affix identification in a timely manner to all assets the Institute owns or is accountable for. Correct and easily accessible identification serves several purposes:

a) Assigns a unique numeric or alpha-numeric number with which the item may be tracked during the asset’s life cycle

b) Clearly displays ownership information

c) Provides a unique and standard point of reference for end-users to refer to when contacting the Property Office about the asset

d) Provides ease of identification during physical inventories and dispositions

e) Helps deter theft

The Property Office attaches the Institute’s official identification tags and decals to the asset. If the asset is located at a satellite location, the Property Office will provide tags and decals to a responsible mutually agreed-upon individual at the location, with a request to affix the tags and or decals on the appropriate inventoriable property or equipment. In some cases, a sponsor will provide its own tags and decals. Other special tags indicating title also may be affixed to the property.

1.7.1 Property Requiring Identification
The following items must be tagged and recorded in the property database:
   a) All Institute-owned inventoriable property or equipment with an original acquisition cost greater than $1,000
   b) All government-owned or government-furnished property for which the Institute is accountable, regardless of cost
   c) All property owned by a third party (loaned or leased), for which the Institute is accountable
   d) All gifts or donated property with a FMV of more than $1,000, as outlined in the donations section.

1.7.2 Additional Property that may need to be tagged and tracked (Capitalization)

In addition to the items listed in section 1.7.1, departments may elect to tag other items in their custody by purchasing or creating their own tags, or requesting “generic” non-inventoriable tags from the Property Office. Reasons that department may want to affix tags to other items in their custody include, but are not limited to:
   a) Marking items that are “attractive” or “sensitive” to deter theft
   b) Indicating ownership when departments share lab space
   c) Designating items requiring “special handling” during transportation and/or disposition due to the nature of their use

1.7.3 Visual Identification

Different types and colors of tags help provide an “at-a-glance” identification of ownership. The Institute uses human-readable bar tags that are “coded” to help provide an “at-a-glance” guide when items are turned over to the Property Office for disposition.

The Institute has several tags available for use. Primarily, items are tagged in the following manner:
   a) Numeric tag - State or non-restricted funds used to acquire property
   b) Alphanumeric tag - Tags beginning with the letter “D” are used for donated property; tags beginning with “R” are used for restricted funds’ acquisitions, or if the item is GFP
   c) Property and accessories acquired with restricted funds must be tagged so as to denote the funding source or award number
   d) Each component of fabricated property needs to have tags referencing the main PCN attached, in addition to the funding source or award number
   e) Tags identifying ownership (U.S. Government, sponsor, leased)
   f) Generic tags that can be written on with a “Sharpie”
   g) Satellite location tags may be ordered upon request (i.e., for PTRC or NCKRI)

1.7.4 Tag Placement

Tags must be placed on the property in an easy-to-access, highly visible location, preferably the upper right-hand corner of the item, or near the manufacture’s identification plate. If neither of these areas can be used, another easy-to-access, highly visible location should be found.
When the PCN or other identification cannot be attached to the item (too small, delicate, temperature-sensitive, or the tag otherwise would interfere with use or operation of the property), the tag should be attached to a printed copy of the record and the file maintained in the department, for use in the physical inventory phase.

1.7.5 Tagging Incoming Property Transfers
“Transferred” property should not be confused with “loaned” property. Unless the property was transferred as part of a sponsored research award, title to any transferred property vests with the Institute upon acquisition. Any identification of the former institution will be removed; and, if necessary, the item will be retagged with an Institute tag, and the property will be entered into the property database.

1.7.6 Removal of Tags
Property tags should only be removed by the department or PI when one of the following situations occurs:
   a) The property is being used as a trade-in for new property, requiring prior authorization from the Property Committee.
   b) The property is being returned to the sponsor or other third-party owner, as per the owner’s written request. A copy of the request must be supplied to the Property Office and the Sponsored Projects Administration.

1.7.7 Adjustments for Title Transfers
Institutions of higher education and non-profit or organizations have the unique ability and the added benefit of being able to be granted title of property acquired through cooperative agreements, grants and contracts. Title to the property may be transferred to the Institution at the time of acquisition or at the completion of the award. For property acquired with grant or cooperative agreement funds, title vests with the Institute at the time of acquisition; however, the awarding agency reserves the right to request that the property be returned or sent to a new location for continued research by other researchers. For property acquired with contract funds, the title provisions are outlined in the award documents. In the event the title vested with the Sponsor at the time of original purchase and is subsequently transferred to the Institute, the identification markings and property records need to be updated to reflect the change. Keep in mind, that if the property was acquired with Federal funds, the Institute may not charge the government for the use of the item on future awards.

SECTION 2. RECEIVING
Receiving is defined as recording government property that is inventoried to a contractor, or government property that the Institute has inventoried in its records. Each entity will assume responsibility for custody and care of the property in its possession. It includes the following three categories:
1. The phase in the asset life cycle immediately following acquisition or purchase
2. The process of accepting property or materials
3. The point at which the Institute’s liability, accountability and obligation begin

Functional Segment: Receiving Process
Criteria
a) Property is promptly examined upon arrival to determine quantity received and condition, and to identify transit-related discrepancies.
b) Carrier’s representative signature is obtained when shortages or other transit-related discrepancies are identified at time of delivery.
c) Receiving reports are promptly created to document items and quantities received, condition, shipping data, date received, etc.
d) Items received are reconciled against requisition documents, purchase orders, packing lists or related documents to ensure accountability for all items, attachments, and accessories.
e) Items received by contractors for rework, processing, or repair under terms of contract warranty provisions are identified and documented during the receiving process.
f) Completed receiving reports are promptly distributed to designated inventory control points, accounting functions, etc., to ensure full accountability is established.
g) Incoming property is provided adequate protection and storage during the receiving process.
h) Returnable and reusable containers are properly controlled and accounted for.

Functional Segment: Discrepancies Incident to Shipment
Criteria
a) Misdirected shipments and other discrepant property is adequately segregated and controlled pending receipt of disposition instructions.
b) Causes of discrepancies are investigated and documented.
c) Contractor initiates appropriate discrepancy reports and notifies the property administrator (PA) and/or government transportation officer.

Overview
The diversity of property and materials received at the Institute is dependent on administrative and project needs. The requirements necessary for receiving property and materials are affected by the diverse needs of the various departments at the Institute. Acquisitions could include a broad spectrum of items, such as basic consumable supplies, capital assets or items requiring special handling. These items could include live cultures, chemicals, ordnance, construction materials, sand, gravel, etc.

2.1 Receiving Process

Central Receiving is under the management of the Property Office.
The Institute utilizes a “central receiving” process for the receipt of shipments, meaning that, primarily, all shipments are received at a central location. The receiving clerk signs for the receipt of all packages, parcels, freight, etc.

The EMRTC group orders specialized testing and research items considered hazardous or explosive. These orders are taken directly to EMRTC where they are received and off-loaded by certified individuals.

The four steps involved in the receiving process are:
1. Delivery
2. Inspection
3. Documentation
4. Delivery to end user

2.1 Delivery

Delivery is the point at which the vendor or carrier physically delivers the shipment to the Institute. Upon delivery, the carrier will require a signature of the individual accepting the shipment on behalf of the Institute. The date of delivery establishes the point at which the Institute assumes accountability for the asset or shipment.

The original receiver then will document that the item was received, and ready it for delivery to the ordering department. All parcels or freight received should have the name of the person placing the order, the department they work for, DP or PO number, and the building designation to facilitate delivery to the designated person or group.

2.1.2 Inspection – The Two W’s

The three stages of inspection are:
1. When the original receiver checks for obvious signs of damage to the outer packaging

2. When the department acquires the package from the receiving department
   a) The individual receiving the package on behalf of the department should again verify that there are no outward indications of damage. The package should be checked for any internal signs of damage when it is opened and the asset is to be used or installed. At this point, the department should match the items received to the ordering document, to verify that the correct items were received and that all parts appear to be intact and ready for use or installation. The Institute is required to make prompt payment to vendors for received goods; however, items should not be authorized for payment until the full receiving process has been completed. Therefore, it is imperative that the end receiver verify receipt of ordered items in a timely manner to help ensure that all obligations both to the vendor and the Institute have been met, and that any issues are addressed, again in a timely manner.
   b) All instructions written on the parcel or into terms and conditions of the purchase must be followed. In general, packages should be opened for inspection as soon as possible, within 10 business days of delivery. The carrier’s liability usually ends within 10 business days of...
delivery, unless terms and conditions of the sale were of such specialized nature that the vendor must provide professional installation.

c) In cases where the property is to be professionally installed, only the authorized installer may open the parcels and verify receipt of the products. The PI or department should only authorize payment after installation and verification that the product meets required expectations and is in working order. These requirements are considered “special arrangements,” and are usually agreed upon during the procurement process, because they usually only affect items of a “specialized” nature (see the purchasing policies or the Purchasing Office for clarification).

d) Central Receiving’s liability ends within a specified time frame. Finally, the vendor’s liability for damaged shipments also would end within a specified time frame. The vendor should be contacted for details on when its liability would end for “hidden damages” incident to shipment. Failure to perform a timely inspection of received goods could result in the department being financially liable for the damaged goods. If sponsored research funds were used for the acquisition, the department definitely would be liable for any loss.

Full documentation of inspection results should be made. This information is vital when an item must be returned, or when repairs or maintenance must be performed under terms of the manufacturer’s warranty.

2.1.3 Documentation

Documentation is vital when reconciling assets received to assets ordered. “Receiving” establishes the custody and accountability of the asset with the Institute, and should be an auditable process, which is noted in the records. Receiving reports should clearly indicate the quality and condition at the time of receipt, and any discrepancies noted, including overages, shortages, incorrect items, misdirected shipments, and any damages noted at the time of delivery. Documents pertaining to receiving should be kept by the receivers either at Central Receiving, or at the departmental or end-user level. These documents could include a packing list, freight bill, bill of lading and any sponsor- or government-owned shipping documents. Receiving information also is used as the basis for payment by the accounts payables department.

The basic information that should be collected during the process of receiving is:

a) Method of tracking individual packages
b) Carrier or method of delivery
c) Date of receipt
d) Type and quantity of packages received
e) Name of personnel accepting delivery
f) Name of personnel conducting inspection
g) Inspection results and condition of items

3 A legal document between the shipper of a particular good and the carrier detailing the type, quantity and destination of the good being carried. The bill of lading also serves as a receipt of shipment when the good is delivered to the predetermined destination.
h) Notation of any discrepancies and associated resolution. Discrepancies such as shortages, overages, damages, and the person accountable and responsible for resolving and paying for those discrepancies; e.g., vendor, carrier, or the Institute, need to be analyzed and resolved. At some point, a claim will need to be filed.

i) Date of delivery to end user

j) Signature of authorized department representative

k) Any copies of carrier documents, if provided

2.1.4 Delivery to End User

Inventoriable property or equipment may not be “drop shipped” to field research sites without prior approval from the Property Office. The Institute is unable to meet criteria for receiving or tagging inventoriable property or equipment as outlined in sponsored research awards, or in accordance with state regulations, when items are not shipped to the Institute.

This situation does not include shipments made on sub-awards. Sub-grants and subcontracts follow terms and conditions of the sponsored research award.

The Institute has many research field sites as well as “satellite” locations. A satellite location has permanent, full-time, year-round, Institute employees. As of May 2011, these satellite locations are:

a) Admissions – Albuquerque office
b) Bureau of Geology and Mineral Resources – Albuquerque office
c) NCKRI (National Cave and Karst Research Institute) – Carlsbad, N.M.
d) IERA (Institute for Engineering Research and Applications – Albuquerque
e) Playas Training and Research Center – southwestern New Mexico
f) Technology Transfer Support Group – Kirtland AFB, N.M.

For items sent to satellite locations, measures have already been taken.

Summary
The receiving process is the cornerstone for establishing accountability, obligations and liability for the asset to the Institute. It is a critical factor for claims due to any in-transit damages to assets. Proper receiving documentation provides evidence that the items ordered are the items received, which helps establish a “cradle-to-grave” record for the asset.

SECTION 3. RECORDS
The official accountable records maintained by a contractor to show status, and to control all government property furnished to, or otherwise acquired by, the contractor.

1. The means by which control and status of all property furnished to, or otherwise acquired by, the Institute can be maintained
2. The means of communication from which the location and status of property is retained from acquisition to disposal (cradle-to-grave)
3. The information available at any given time for inventorable property or equipment (item description, manufacture, serial number, source of funds, title, etc.)

    **Functional Segment: All records of Government Property**
    
    **Criteria**
    
    a) Property Control records conform to FAR (Federal Acquisition Regulations) or other contractual requirements, and are accurately maintained for all government property at the contractor’s primary and alternate locations, as well as subcontractor locations.
    
    b) Support documentation used for posting entries in the database provides complete, current, and auditable data.
    
    c) Transactions, including location changes, are promptly posted.
    
    d) Records are established for all assets purchased, fabricated or furnished by the government, plus any parts which are removed or recovered during repairs, or transferred from other work for the contractor.
    
    e) Sensitive property (see definition section) is accurately reflected on inventory control records
    
    f) Inventory control records are closed by means of property posting entries in the database, adequately supported by documentation.

    **Functional Segment: Material Records**
    
    **Criteria**
    
    a) Stock levels and reorder points reflected on records, where applicable, are reasonably sound, and are consistent with contract provisions.
    
    b) Receipt and issue records are maintained as authorized by the PA.
    
    c) Records required by MMAS (material management accounting systems) provisions are properly maintained. DFARS 252.242–7004 refers to special contractor standards, referenced in MMAS. FAR 9.104-1 refers to general standards required to be a government contractor, referenced in DFARS 252.242-7004.

    **Functional Segment: Industrial Plant Equipment Records**
    
    **Criteria**
    
    Department of Defense Property Records (DD Form 1342) or other documents are prepared and submitted in a timely manner for each item identified as industrial plant equipment, including updates to report status changes.

    **Functional Segment: Warranty Item Records**
    
    **Criteria**
    
    Accountable records are established for items returned to the contractor for rework, processing or repair under warranty.

    **Functional Segment: Custodial Records**
    
    **Criteria**
    
    Custodial records are established for items issued from tool cribs, protective clothing, and similar items issued to individuals for use in their work.
Information contained on a property record is placed in the database and is accessed as needed. As the “official” record base, it is imperative that the data be safeguarded from tampering or destruction, be as accurate as possible, and that access be limited to authorized personnel.

The Institute has established and is required to maintain a system of recording all inventoriable property and equipment. Departments are required to track acquisitions of sponsor-funded property and materials, regardless of acquisition cost per the terms and conditions of the award.

**Overview**

Property records are kept in an electronic format, which may be accessed on an as-needed basis. The Property Office is responsible for maintaining, updating, creating, and accessing the records. Upon request, this information is made available to individuals, departments, auditors, or sponsors.

The department or individual having physical custody of the property is responsible for keeping the Property Office informed of any changes which may need to be made to the records.

The Vice President for Admin and Finance and respective business offices are responsible for creating, updating, and maintaining the property policies, procedures, and ensuring that the property manual is kept up-to-date.

Data must be available to property management and business office management personnel for required reports. The system should allow access to active and archived data for reporting purposes.

3.1 **Records for Property**

Supporting documentation must be available for all assets recorded in the database, including, but not limited to, copies of PO and DP forms, itemized invoices, packing lists, etc. For items acquired with sponsor-funds, the exact content may be specified in terms of the award. The Institute also is required to follow the accounting practices set forth in Governmental Accounting Standards Board (GASB), which identify specific data elements that may be required.

3.1.2 **Record Creation, Revision, and Maintenance**

The Property Office enters the new acquisitions into the database as soon as possible after payment or acquisition, if the item is sponsor-furnished. The only ways the Property Office becomes aware of new purchases or acquisitions are:

a) A check has been generated for payment to the vendor.

b) The PI sends notice of having acquired items as GFE.

c) The department or end user contacts the Property Office and requests that the new acquisition be tagged.

Since the final cost of an acquisition may differ from what is listed on ordering documents, the Property Office waits until after payment has been made to tag and document assets. When items are received as GFE, the Property Office can enter the items as soon as possible.
This stage is where the receiving process is vital to the overall mission of property control. Once an item is received by the department and is found to be in good working order, it should be approved for payment and all documents needed for payment forwarded to the Business Office as soon as possible. After the Business Office verifies the information, the documents will be forwarded to the Accounts Payables office for inclusion in the next check run.

The Property Office will update and revise information in the database as soon as possible upon written notification of changes to basic information.

3.1.3 **Cannibalized Assets / Parts / Repairs / Reutilized Parts**

When an asset owned by the Institute fails and it is determined that it is not economically feasible to repair, written authorization to cannibalize the asset and reutilize the parts on other assets may be granted. Requests to cannibalize the asset must be made in writing, and must be approved by the Property Committee and the Board of Regents prior to the act. The Institute also is required to notify the State Auditor at least 30 days in advance of the intended action. Any parts not reutilized must be turned in to the Property Office for proper disposal.

Departments are responsible for making arrangements to have assets repaired. Assets may not be abandoned at repair centers. The asset must be returned to the Institute for proper disposition and in accordance with state regulations, statutes, legislation and Institute policy.

3.1.3.1 **Sponsor-Funded: Cannibalized Assets/Parts/Repairs/Reutilized Parts**

Sponsor-funded assets may not be cannibalized without prior written consent of the sponsor, who should provide information on how any parts may be reutilized. These instructions will supersede Institute policy.

3.1.4 **Assets Transferred to a new Sponsored Research Award**

When the period of performance for a research project ends, the sponsor may request that any assets or remaining materials acquired for use on the project be transferred to a new program. The sponsor will provide direction and written instructions. Keep in mind, if these items were originally purchased as transferred assets or materials, they are now considered GFE or GFM. The regulations covering GFE and GFM will apply to items transferred to a new award. Again, any instructions received from the sponsor will supersede Institute policy. For all transfers involving different sponsors, written permission must be obtained from the contracting officer of both the losing and gaining awards. An official transfer document signed by both agencies is required.

3.1.5 **Inactivating Assets**

When an asset is inactivated in the property database for any reason; returned to either the vendor or sponsor; lost, stolen, sold at auction or transferred to a new agreement, etc., these transactions are to
be supported in writing. The record will still be available for viewing the historical data, but the item will neither appear on inventory nor any reports generated for the sponsor.

3.1.6 Retention of Supporting Documents

Currently, the Property Office keeps copies of POs with the corresponding invoice and check for the current fiscal year and the past fiscal year. However, the Institute keeps the original documents for five years. Records for sponsored research funds are maintained by the Sponsored Projects Administration. Any disposition instructions for items acquired with sponsored research funds received by the Property Office are filed in the appropriate file and placed in storage in the Property Office’s storage area.

Records must be retained for audit purposes in accordance with sound business practices and/or in accordance with terms and specifications outlined in the award documents. When applicable, the requirements of OMB Circular A110 section 53 may apply. OMB Circular A110 section 53 is hereby incorporated by reference.

3.1.7 Sensitive Property

Sensitive property means property potentially dangerous to public safety or security if stolen, lost, or misplaced; or that shall be subject to exceptional physical security, protection, control and accountability such as classified property, weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals as defined in the FAR 45.601. This list also includes, but is not limited to: Proprietary information, software, personal data, social security numbers, data storage devices or any information which could compromise one’s identity.

The Institute’s Property Office does not handle hazardous materials or waste. All hazardous materials or waste must be disposed of through the Hazardous Waste group at x5482. Each individual or department handling hazardous materials for research purposes should have proper handling procedures in place.

Extreme care should be utilized when dealing with sensitive items. Those departments on campus who routinely handle weapons, ordnance, classified data, and hazardous materials should have their own standard operating procedures (SOPs) for handling these items.

Personal data also should be considered sensitive. This data includes, but is not limited to:

a) Social Security numbers
b) Date of birth
c) Medical information
d) Financial information
e) Student and staff identification numbers
f) Unlisted phone numbers
g) Credit card numbers
h) Driver’s license numbers
i) Police reports
j) Addresses
k) Information identifying family members’ personal information

To avoid potential liability and risk (financial and reputation), any department handling personal information should limit its access in accordance with required regulations. Personal information may be kept on paper or in an electronic format. In either case, each department should have a system in place which covers personal information in its custody.
Various government regulations cover the exchange and release of personal data.

3.2 Materials Records

Departments may be required to track materials, especially if specified in terms and conditions of an award. (See individual terms and conditions that may apply for each award.) Information required for materials records is the same as records for assets. Records must be maintained in accordance with sound business practices and in accordance with MMAS, FAR 9.1.104-1 (general standards required to be a government contract) which are referenced in DFARS 252.242-7004 (special contractor standards), which in turn are referenced in MMAS.

3.3 Records for Industrial Plant Equipment

Industrial plant equipment is plant equipment in federal stock group 34 (metal working-machinery) with an acquisition cost of $15,000 or more, used for cutting, abrading, grinding, shaping, forming, joining, heating, treating, or otherwise altering the physical properties of materials, components or end items entailed in manufacturing, supply, processing, assembly, or research and development operations (DFAR 245.301). If the equipment is owned by the sponsor, a DoD Form 1342 is prepared and submitted to the sponsor as required in terms and conditions of the award. This form may be downloaded from the Internet, if necessary.

3.4 Warranty Records

When an item under warranty must be replaced, the department needs to notify the Property Office as soon as possible, and the office will help to fill out the warranty repair/replacement form. The form and related shipping documentation will serve as a basis for documenting the location of the equipment. The vendor may be capable of repairing the tagged equipment and returning it to New Mexico Tech. If the vendor is unable to repair the equipment, and a replacement is required, the vendor needs to be told to remove the PCN from the equipment and return it with its replacement. The property tag then is sent to the Property Office with the shipping documentation so that a new PCN can be issued and the equipment tagged appropriately. The failed item will be removed from inventory, and the replacement will be entered into the system as a new item.

The department is responsible for notifying the Property Office when an item has to be returned to the vendor for repair or replacement. Both the department and the Property Office need to keep all pertinent documents for any item repaired or replaced under warranty.
3.5 Records of Government Property (NEW)

Records must include at a minimum the following information:

a) Name, part number and item description, manufacturer, model number, serial number or VIN, and National Stock Number (NSN), if available
b) Quantity received (or fabricated), quantity issued, and balance on hand
c) Unit acquisition cost
d) Unique-item identifier, PCN, UID (Unique Identification Number), or equivalent (if available and necessary for individual tracking) of item
e) Unit of measure (each, package, foot, roll, dozen, etc.)
f) Accountable contract number of equivalent code designation (award or contract number)
g) Location of asset
h) Disposition information, including a copy of final disposition instructions from the sponsor, transfer authorizations, acceptance documentation, etc.
i) Posting reference (reason for adjustment) and date of transaction
j) Date item placed into service (for equipment, special tooling [ST], and special test equipment (STE))

Use of receipt and issue system for material: When approved by the PA, the contractor may maintain, in lieu of formal property records, a file of appropriately cross-referenced documents evidencing receipt, issue and use of material issued for immediate consumption.

3.6 Custodial Records

The department is responsible for keeping records for any inventoriable property, equipment, materials or supplies issued from tool cribs, protective clothing, gloves, hardhats, goggles, to any individual staff member for use in their work. At a minimum, the following information should be maintained:

a) PCN, if any
b) Item description
c) Date checked out
d) Name of person item was issued to
e) Date of return; if not returned, provide a reasonable explanation as to what happened to the item
f) Non-consumable items should be returned in good condition baring reasonable wear and tear
g) Date replacement items were issued

3.6.1 Custodial Records for Sponsor Funded Property

PIs/departments are required to track acquisitions of all sponsor-funded property and materials, regardless of cost, in accordance with terms and conditions of the award.
Summary
The property database, as the “official” record base for the Institute, is the foundation for managing assets. It forms the basis for all reports, depreciation, and secondary ledger entries, data used for all reporting, either internal or external. Property records create an auditable property management system used to track, record, and locate assets throughout campus, and to monitor their life cycle. Information contained in the database should be as accurate as possible, safe from destruction or tampering, and accessible only to authorized personnel.

SECTION 4. PHYSICAL INVENTORIES:

The process of physically locating and counting government property, and comparing it to records of such property, including posting adjustments to the property administrator (PA).

This process verifies the existence, location, and quantity of property items, and reports that information to the Property Office. The process may involve verifying additional information.

Functional Segment: Performance Criteria
a) Physical inventories are performed in accordance with schedules and procedures approved by the PA or Property Office, including those required by MMAS regulations. These requirements can be found on the Defense Contract Management Agency (DCMA) website (http://www.dcma.mil/).
b) Physical inventories are conducted by personnel other than those maintaining records or having custody of the property.
c) Property inventoried is properly sighted and counted, either manually or electronically.
d) Physical inventories, adequate for disposal purposes, are performed promptly upon contract completion or termination, unless waived by the PA.

Functional Segment: Inventory by Exception Criteria

During the cyclical inventory timeframe, when a piece of property is touched in an approved manner, such as moving, maintaining, updating, transferring to another department, it is considered inventoried. Therefore the involved property has been touched and/or sighted and the transaction is affirmed by the updating of a record in some manner thus constituting a physical inventory.

Functional Segment: Recording Criteria
a) Inventory is posted to the Institute’s record within a reasonable time frame, accurately showing date and quantity, and clearly identified as an inventory entry.

Functional Segment: Material Records Adjustments Criteria
a) Adjustments to material quantity are promptly posted to property records.
b) Adjustments are completed on date indicated, and quantity clearly identified as an inventory adjustment.

Functional Segment: Reporting Inventory Findings
Criteria
a) Results of physical inventories, including all adjustments and LDDT of items identified as a result of physical inventories, are promptly reported to the PA and the Property Office.

Overview
Physical inventories of property are conducted at the Institute to verify both the accuracy of property records, and the existence and activity status of assets. Inventory results provide a means to determine the overall effectiveness of the property management system, and also allow the Institute to determine if the system complies with state and federal regulations.

Data are used in various management reports, including financial statements, indirect cost analysis, Office of Naval Research (ONR) and sponsor reports, or other reports as requested. The ONR is the auditing agency for many universities and non-profit organizations receiving government research awards. To prevent duplication of effort, other awarding agencies may rely on ONR’s audit findings.

Regardless of acquisition type or funding, the Institute must perform an inventory of all property in its custody on an annual basis consistent with State of NM Administrative Code 2.2.2.10.Y as shown below:

Capital Asset Inventory:

a) The Audit Act (12-6-10, NMSA 1978) requires agencies to capitalize only chattels and equipment that cost over $5,000. All agencies should update their capitalization policies in accordance with the law. The State Auditor still encourages agencies to maintain a separate accountability report of items that cost $5,000 or less, for asset safeguarding and management purposes.

b) Section 12-6-10, NMSA 1978 requires each agency to conduct a physical inventory of movable chattel and equipment on the inventory list at the end of each fiscal year. The agency must certify the accuracy of the inventory after the physical inventory, and provide the agency’s auditors with the certification.

4.1 Physical Inventory – Methodology and Performance

Annually, each department is provided an electronic or hard copy report for property currently shown to be in its custody. These annual inventory reports are sent to each department in early April, and the completed inventories are returned to the Property Office on or before the end of the fiscal year.

During the cyclical inventory timeframe, when a piece of property is touched in an approved manner, such as moving, maintaining, updating, transferring to another department, it is considered
inventoried. Therefore the involved property has been touched and/or sighted and the transaction is affirmed by the updating of a record in some manner thus constituting a physical inventory.

Each department is responsible for performing its own 100 percent “hands-on”, wall-to-wall, floor-to-ceiling, physical inventory in accordance with instructions provided in a cover memo.

A 100 percent “hands-on”, wall-to-wall, floor-to-ceiling physical inventory consists of the following measures:

1. Each item listed is found and touched by the person performing the inventory. After the item is found, the following questions must be asked to ensure accuracy of the information contained within the property record:
   a. Is the property tag assigned by the Property Office on the item?
   b. Does the item description adequately identify the asset?
   c. Is the manufacturer’s name, serial and model number correct?
   d. Are the building and room number correct?
   e. Is the primary user’s name correct? If a student employee or research assistant is the primary user, his/her immediate supervisor’s name should be used, or both names may be listed. Example: faculty-staff name/student’s name.

2. Good business practices and government regulations mandate that the person conducting the counting or inventory may not be the keeper of the records or the person having physical custody of the property.

3. Departments may assign an unbiased individual to perform the entire inventory, or have unbiased employees inventory each other’s assets.

4. Each department also will be provided with brightly colored “sticky-dots” to place on each item as it is inventoried. Each “sticky-dot” will be imprinted with the following message: “Inventory (year) Do Not Remove.” A different colored dot will be provided each year. Placing the sticky-dot on each item proves to both internal and external auditors that the physical inventory was performed as required.

5. The department chair, or PI if sponsor funds are involved, ultimately is responsible that all assets listed are, in fact, in the custody of his/her department, regardless of end user.

6. Any items that do not appear on the list and are found within the departmental space, should be added to the list. At a minimum, information contained on the inventory listing should be included, but, is not limited to:
   a. PCN
   b. Item description (use descriptive nouns such as printer, computer, gas chromatograph, electronic balance, etc.)
   c. Manufacturer’s name
   d. Serial and model number
   e. Location (include research site, building name, and room number, if any.)
   f. Person responsible (end used as described above)
   g. Item’s origin, if known (department transfer, vendor name, donation, etc.)
   h. Estimated FMV

7. Correctly answer the three questions listed on the inventory:
   a. Is it usable? Yes/No
   b. Is it being used? Yes/No
c. Is it needed? Yes/No
8. Any “no” answers must be noted on the inventory.
9. The person performing the inventory should indicate the date each item was found and initial the item.
10. The last page of the inventory must be signed and dated to be considered complete.

4.2 Recording

The Property Office is responsible to update the returned annual inventories as soon as possible.

4.3 Reconciliation and Adjustments – Materials or Property

The results of each physical inventory are reconciled and posted to the property database by Property Office personnel. If necessary, database adjustments are made. Again, if sponsored research funds were involved in the acquisition, the sponsor needs to be notified of any adjustments in a timely manner.

4.4 Reporting Findings

If the property was acquired under a sponsored research award, the results also are reported to the sponsor, as required in terms and conditions of the award. If the sponsored award is administered by ONR, Property Office personnel must notify that agency, in writing, of the results. If other sponsor-owned or acquired assets are not found, the Sponsored Projects Administration also is notified.

The department is responsible for informing the sponsor of any loss of property, in a timely manner and in writing. A copy of the LDDT form should be sent with the letter, and the PI should request “relief of liability” for any LDDT. Remember, the sponsor does not have to grant relief of liability. In that event, alternate funding will be needed to cover the cost of the lost or destroyed property. A copy of the letter notifying the sponsor also will need to be sent to the Sponsored Projects Administration and the Property Office. Adjustments will be made to the inventory database per instructions received by the sponsor. If the item is found at a later date, the sponsor must be notified in writing with a copy sent to the Sponsored Projects Administration and the Property Office. The Property Office will make appropriate adjustments to the database. FYI: These reports to the sponsor must be made within 30 days from completion of the inventory cycle.

The Property Office must notify the Property Committee and the Board of Regents of all instances of LDDT. New state regulations require that the State Auditor also be notified of any LDDT of property.

4.6 Internal Review of Inventory Accuracy

It is the responsibility of the Property Office to audit the accuracy of returned and updated inventory by statistical sampling, as outlined below:
1. Each department’s inventory will be audited on a biennial cycle, regardless of the number of units on the inventory. Approximately 20 percent of the total number of assets listed for each department will be selected.
2. If a department has less than 20 units listed as being in its custody a 100 percent review will be performed.

Revision 1
3. The Property Office reserves the right to audit a department inventory in consecutive years.
4. Some departments are divided up into smaller departments or programs.
5. Each department is audited separately, to better determine any property control problems exist; and, if so, where they are.
6. Each department is allowed a 10 percent discrepancy. If the discrepancy is greater than the allowable percentage, a second group of assets will be randomly selected for review.
7. If the second audit yields a 10 percent-or-greater discrepancy, the Property Office will perform a 100 percent “wall-to-wall” physical inventory.
8. If the department fails both audits, and the Property Office has to perform a 100 percent “wall-to-wall” inventory, the department will be billed for the time spent conducting this full inventory, at $25 per hour per person, with a minimum charge of two employees at this rate.

Summary
The best indicator that the property management criteria are being followed is the physical inventory process. One of the most important things about the entire process is accuracy and the adjustments to the database. A spot check of the returned inventories will enable the property management group to address any potential deficiencies before they could be found by an outside auditor, which could result in unsatisfactory findings. Unsatisfactory findings could eventually lead to a determination by the auditors that the system has failed. This could adversely affect all sponsored research awards.

SECTION 5. SUBCONTRACTOR CONTROL:
The process of prime contractor controls over subcontractors on federal government property

Functional Segment: Prime Contractor Responsibilities
Criteria
a) Subcontract reflects assets to be provided and flow-down of contract requirements, including adequate instructions on subcontractor responsibilities.
b) Contracting officer has approved each subcontract, relieving the subcontractor of the risk of loss of government property; the government must receive consideration when appropriate.
c) When the prime contractor uses a subcontractor’s records as its official records of government property, and the subcontractor has a system approved by the government, the prime contractor has implemented a system to maintain visibility of property at a subcontractor’s location.
d) The prime contractor has established an adequate system analysis program to access the adequacy of records, control, protection, preservation and maintenance of government property in the possession of subcontractors, unless supporting property administration has been obtained.
e) The prime contractor properly administers the risk of loss and other provisions of subcontracts related to government property.

Overview
When the Institute awards a subcontract or sub-grant, the Institute ultimately is responsible for property and materials acquired with government funds through that award. Therefore, it is
imperative that the subcontractor have a government-approved property management system in place.

The terms and conditions included in a subcontract must protect the Institute from risks associated with property management. Having precise clauses covering property incorporated into subcontract documents will enforce the process, and ensure that subcontractors use the property as intended. Therefore, sponsor-owned property, accountable under a subcontract and located at a subcontractor’s facility, is subject to the same regulations outlined in this manual for all other sponsor-owned property. The Institute reserves the right to verify the subcontractor’s control of property during a property control system analysis similar to the one outlined in Section 4.

5.1 Subcontract Clauses

As the prime contractor, the Institute must ensure that the subcontract includes any provided property or the authorization to purchase property, and addresses “flow down” contract requirements, including any instructions on the subcontractor’s responsibilities. What this means, in general, is that if the clause is in the prime contract, it also should be in the subcontract. The Institute may have more restrictive terms and conditions listed in the subcontract; however, the Institute may not be more lenient than the sponsor regarding property management and contract requirements or responsibilities. Subcontractors would be accountable under FAR clauses listed in the prime contract. Sub-grants or cooperative agreements also would be accountable to regulations outlined in OMB Circular A-110, or other regulations specified and referenced in the prime grant or cooperative agreement.

5.1.2 Sponsor Approvals

The sponsor must approve any subcontracts or sub-awards that would relieve the subcontractor from the risk of loss of government property. When appropriate, the government must receive consideration (repayment) as outlined in terms and conditions of the subcontract.

5.1.3 Subcontractor Control

Prior to finalizing the sub-award, the PI must ensure that sub-awards meet all applicable terms and conditions of the sponsored agreement; and that the sub-recipient has an established property management system. Subcontractor shall certify to New Mexico Tech that it has a property management system in place which will allow for the control, protection, preservation and maintenance of property either acquired and/or furnished under the agreement.

Title, inventory, accountability and disposition of equipment will be in accordance with the Sponsor’s guidelines.

Sub-awards may not be issued to recipients without such a system in place.

5.1.3.1 Voluntary Consensus Standards

Revision 1

42
Agencies shall allow and encourage contractors to use voluntary consensus standards and industry-leading practices and standards to manage government property in their possession. FAR Subpart 45.103 in hereby incorporated by reference.

5.1.4 Prime Contractor’s Responsibility

The prime contractor must establish a system analysis program of access to the subcontractor’s records to determine that adequate controls, protection, maintenance, calibration and preservation of government property in its possession are covered (or are in place), unless supporting property administration approval has been obtained. The best method is to require the subcontractor to provide the prime contractor with copies of any government approvals of the property system.

5.1.5 Subcontractor’s Risk of Loss of Government Property

The prime contractor is charged with the responsibility for administrating any risk of loss provisions in the subcontract, related to government property.

5.1.6 Subcontractor Controlled Inventory

5.1.6.1 Inventory of Government-Owned or Furnished Property at Subcontractor Facilities

Government-owned property at subcontractor facilities is inventoried during the same time period, or as otherwise required by the sponsor. An inventory report must be submitted to the respective PI and to the Sponsored Projects Administration which includes, but is not limited to:

a. Property PCN
b. Item description (a descriptive noun, i.e., printer, computer, gas chromatograph, electronic balance, etc.)
c. Manufacturer’s name
d. Serial and model number
e. Location (include research site, building name and room number, if any)
f. Person responsible (end user as described above)
g. Item’s origin, if known (department transfer, vendor name, donation, etc.)
h. Estimated FMV

Correctly answer the three questions listed on the inventory:

Is it usable? Yes/No
Is it being used? Yes/No
Is it needed? Yes/No

If any answers are “no”, they must be noted on the inventory. The person performing the inventory should indicate the date each item was found and include his/her initials next to it. The last page of the inventory must be signed and dated to be considered complete.
Inventory results should include the name, location and any discrepancy noted by the subcontractor to fully document the nature of the discrepancy and a mediation plan for ensuring that corrective action has been taken.

Unless waived by the sponsor’s PA, upon termination of a sponsored agreement, the PI must conduct a physical inventory of all materials, supplies, and property currently on hand and accountable to the agreement. The inventory should contain enough information for the sponsor to determine disposition, if necessary.

Summary

The prime contractor is responsible for the oversight of all subcontractors and to ensure they have a valid and government-approved property control system. The prime contractor also is responsible for protecting the interests of the government when issuing subcontracts. The prime contractor also may be responsible for “auditing” a subcontractor’s system.

SECTION 6. REPORTS:
The preparation and submission of reports reflecting the status of government property as required by contract or regulation.

1. To give an account of
2. To make a written record or summary
3. To announce or make known

   Functional Segment: Accuracy and Completeness
   Criteria
   a) Responsibility for report preparation is clearly assigned to specific function.
   b) Sources of data are clearly defined, and current.
   c) Appropriate audit or other method is employed by the contractor to verify accuracy and completeness of reports.

   Functional Segment: Report Submission
   Criteria
   1. Controls are maintained to identify:
      a) Contracts subject to reports and requirements
      b) Specific reports required
      c) Required submission dates for reports
      d) Procedures that provide adequate lead-time for orderly compilation of data and report submission
      e) Reports distributed according to contractual requirements

Overview

Reports provide support to the property management group, regardless of format; i.e., verbal, printed forms, charts, etc. These collected reports, which form the permanent record base by chronicling
progress, historical data, documentation, and verification, are the most effective method for communicating with the administration, auditors or sponsor.

6.1 Responsibility for Property Reports

The Property Office database has a listing of all assets with an original acquisition cost or value of $1,000 or greater. The New Mexico Department of Education mandates that records be kept on items with a unit cost or value of $1,000 or greater. GFE, regardless of value, also is recorded in the property database, as required for sponsor reports. The department or PI is responsible for maintaining an internal listing of materials acquired with sponsor funds, per terms and conditions of the award.

6.1.2 Reporting Sources

Upon request, the Property Office can provide a report from the database for any property acquired with specific funds for sponsored research reporting. The ability to extract specific or special reports with a variety of data as needed also is available.

6.1.3 Verification of Accuracy

Prior to submission, the report should be verified for accuracy an individual other than the one who originally prepared the report.

6.2 Report Submission - Sponsor Required Reports

The government or sponsor may require periodic reports of materials and equipment acquired with sponsor funds, or of any GFE regardless of value. Each award will specify what, and when, reports are due. Many of the required forms and instructions for completing the forms are available online and may be downloaded. Upon request, the Property Office will provide reports of equipment for submittal to sponsors. The Property Office will only submit annual DoD Form1662 reports and annual NASA reports. The Sponsored Projects Administration or individual department is responsible for submitting other required reports as outlined in terms and conditions of the award.

For Department of Defense contracts, the Institute is required to submit at least an annual report on DD Form 1662 (DoD property in the custody of contractors). This form is only used for DoD contracts and should not be used for other sponsored awards, NASA grants or DoD grants.

Annual DD Form 1662 reports are submitted for the period ending September 30 or as otherwise directed, and are due after October 1 but before October 31 of each year. Negative reports, those with a zero balance in all required data fields, are not required.

At the end of a contract, a formal letter is submitted to the awarding agency’s contracting officer requesting disposition instructions for any sponsor-owned property acquired under the contract. After disposition instructions have been received and followed, submittal of a final “zero balance” DD Form 1662 report is required.
NASA contracts are submitted using NASA Form 1018 for the period ending September 30 or as otherwise directed, and are due on or before October 15 of each year. This form is valid for contracts only, and cannot be used for NASA grants. Negative responses for annual inventory reports (no equipment to report) are required. A final inventory report of federally-owned property, including equipment where title was taken by the government, must be submitted by the recipient no later than 60 days after the expiration date of the grant. Negative responses for final inventory reports are required.

While no specific form or format exists for reporting of property acquired via NASA grants or cooperative agreements, all reports should include at a minimum the following information (see 14 CFR § 1260.134, equipment):

a) A description of the equipment using descriptive nouns, i.e., computer, printer, etc.
b) Manufacturer’s serial number, model number, federal stock number or national stock number (if known), or other identification number (PCN)
c) Funding source of equipment, including the sponsor-assigned award number
d) Title information
e) Acquisition date or date received if GFE, and unit cost
f) Cost share information, if any
g) Location and condition of equipment and date information was reported
h) Ultimate disposition date including date of disposal and sales price or method used to determine FMV where a recipient compensates NASA for its share

Each report submitted for a NASA agreement is required to be submitted to three different individuals/locations:

1) The NASA Deputy Chief Financial Officer administrating the award
2) The NASA Industrial Property Officer administrating the award
3) The Office of Naval Research (ONR)

6.2.1 Department of Energy Reports

The DOE may require that quarterly, semi-annual or annual reports be submitted. DOE Form 4300 (U.S. Department of Energy semi-annual summary report of DOE-owned plant and capital equipment [P&CE]) should be used for these reports, or the format required in terms of the award.

6.3 Reporting the Results of a Physical Inventory

The person performing the physical inventory should note all discrepancies. Some sponsored research awards may require a signed statement from the PI stating that a physical inventory was completed, and that records agree with inventory findings; or any other information that may be required by terms and conditions of the individual award.

6.4 Reporting on the Loss, Damage, Destruction or Theft (LDDT) of Property
On occasion, property may become lost, damaged, destroyed or stolen. If the item was acquired with Institute funds, the Property Office will request a written narrative from the end user or department outlining the nature of the LDDT, and that the department completes an LDDT form. The Property Committee then will be asked to review the information, and to authorize the item’s removal from the inventory database, based on the circumstances outlined.

If the item was acquired with sponsor funds, the Property Office will request a written narrative from the end user or department outlining the nature of the LDDT, and requesting that the department complete an LDDT form. Because the Property Office has neither award documents to identify the sponsor, nor point-of-contract information, it is unable to notify the sponsor of the loss. This task therefore will have to be done by the department or the Sponsored Projects Administration. A petition for relief of liability should be requested, if applicable. After the sponsor has granted relief of liability or issued other instructions, the Property Committee will be notified of the loss and request authorization to proceed with the sponsor’s directives. However, the sponsor does not have to grant relief of liability. If relief of liability is not granted, the PI needs to provide alternate funding to cover the loss.

The Property Office will provide a list of LDDT sponsor-funded property to the Sponsored Projects Administration and the department, if necessary. The following information should be included:

a) Description of LDDT items
b) Agency name and agreement number
c) Cost of property along with repair estimate, if damaged
d) Date, time and cause of incident resulting in LDDT
e) Information on insurance coverage
f) Actions taken to prevent further occurrence or similar incidents

Once the item has been reported, it then may be removed from inventory records after approval from the Property Committee and the Board of Regents. Notification also must be submitted to the State Auditor’s office. However, if there is a question of liability which needs to be addressed by the sponsor, the asset must remain on inventory pending relief of liability. It is important to gather and report only factual data, as relief of liability is contingent upon the facts involved in the case. If the asset was damaged or broken, the sponsor needs to include instructions regarding disposition of what remains of the item.

6.5 Reporting of Excess Property

Once an item no longer is needed for its intended purposes, it should be reported as excess, regardless of whether or not it was acquired with sponsor funds. Again, the department is charged with notifying the Property Office; and, if necessary, the Sponsored Projects Administration.

6.6 Excess Institute-Funded Property

Regardless of original acquisition cost or inventory status, excess tangible property should be reported to the Property Office for proper disposition.
The Property Office will pick up and transport the surplus to the property yard. If the item is not reutilized on campus, it will be sold at the next scheduled public auction.

All items considered hazardous should be turned in to the Hazardous Waste group for proper disposal.

6.7 Excess Sponsor-Funded Property – Institute-Owned

Excess property acquired with sponsor funds must be handled according to terms and conditions of the award. Generally, title to items acquired through grants or cooperative agreements vests with the recipient upon acquisition. However, the awarding agency reserves the right to request return of the item, or to have it sent to a third party.

If the item has a current FMV greater than $5,000, the awarding agency must be contacted and asked for disposition instructions. The Institute is obligated to follow instructions as issued by the awarding agency. The Property Office may be required to sell the item and return proceeds to the government.

6.8 Excess Sponsor-Funded Property – Sponsor-Owned

Once a determination is made that an item is excess to needs of the award, the department or PI, with the assistance of the Sponsored Projects Administration, must write a letter to the awarding agency requesting disposition instructions. Again, the Institute is obligated to follow the instructions provided. It is possible, however, to make suggestions; i.e., a suggestion that the item be transferred to another valid contract, thus enabling the Institute to further its research goals.

Note: Transferring the property requires modifying documents for both the transferring or “losing” award, and the acquiring or “gaining” award. Also, equipment will be considered as GFE on the acquiring award; and, regardless of acquisition cost or value, the items are reportable as GFE and must follow GFE property rules as outlined previously in this manual.

Summary

Reports are one of the most important tools used to communicate data to administrators and sponsors, and must be compiled with accuracy. They need to be factual, accurate and prepared as needed.

SECTION 7. RELIEF OF STEWARDSHIP RESPONSIBILITIES

7.1 Disposition Instructions for Sponsor-Owned Property and Materials

Once final inventory has been completed and items placed in storage, disposition instructions are needed for property and materials on hand. Optimally, specific instructions are written into the
agreement; and, if so, they must be followed. If these instructions cannot be followed, other options must be obtained from the authorized contracting officer (CO).

Disposition instructions for property acquired under a grant are much easier. In general, title to property will vest with the Institute. However, each agreement stands on its own and may contain very specific instructions for property reports required at the end of the period of performance.

7.2 Complete Disposition as Instructed

Once disposition instructions have been received, they must be completed in a timely manner, usually within 30 days. Regardless of what the instructions are, the Property Office must adjust its records to reflect a “zero balance” or “negative balance” under that agreement. The adjusting and authorizing documents must be kept on file for audit purposes.

7.3 Return of Property to Sponsor of Sponsor-Funded and Sponsor-Owned Property

Sponsored Projects office obtains disposition instructions and forwards to Property Office and PI. Property office and the PI have responsibility to return items to funding agency. Property office updates database accordingly.

If the sponsor’s disposition instructions require that property acquired under the contract be returned to the sponsor or a third party, it is necessary to contact the federal government or sponsor representative to confirm the shipping location and any special instructions. Appropriate forms must be completed according to the sponsor’s requirements, with copies retained for department records and future audits. A copy of all documents transferring title to the Institute must be forwarded to the Property Office, to ensure that records be updated. If the federal government owns the property, the PI is required to include a copy of maintenance and calibration records for the items being shipped.

If predetermined disposition instructions have not been obtained, the PI must contact the sponsor and request disposition, in accordance with Institute policy and procedures outlined by the sponsor.

7.4 Donation Process of Sponsor-Funded and Sponsor-Owned Property

Donation is an alternative option to redistribution, reuse or recycling, both for the federal government or sponsor. If the federal government owns the property, the CO has authority to donate the property to a local school, charity or shelter, ensuring that no hazards are associated with the property before requesting that it be donated. To protect the federal government from future liability, the CO must have the donation recipient sign an indemnity agreement certifying that the property eventually will be disposed of in accordance with all federal, state and local laws.

7.5 Disposition: The process of disclosing excess property, requesting its disposition, and effecting disposal of government property.

1. The process of disclosing excess, requesting disposition instructions, and effecting disposal
2. Reporting, screening, redistributing and disposing of excess and surplus inventory
3. The final accounting and disposition of property

**Functional Segment: Disclosure of Excess**

**Criteria**

a) In-house screening of excess assets is accomplished at contract completion, or when determined to be excess, to identify potential usage on other contracts or contractor work
b) Items determined to be excess are promptly reported to the federal government
c) Declaration as excess is complete and accurate

**Functional Segment: Disposal**

**Criteria**

a) Proper authority exists for disposition
b) Disposition is accomplished in compliance with FAR 45.6 or other specific contract provisions (FAR Subpart 45.6 is hereby incorporated by reference)
c) Item is disposed of within a reasonable time period after disposal authority was received
d) Identification tag is removed from item before disposal, when appropriate
e) Documentation of disposition is complete and reflects authority, disposal action, date of disposal, and is posted to record
f) When appropriate, proceeds from sale of assets are credited to the federal government

**Functional Segment: Approved Scrap Procedure**

**Criteria**

a) Contractor complies with provisions of approved scrap procedure
b) Proceeds from scrap sales are properly credited

**Overview**

Disposition of property involves a complex set of Institute policies based on state and federal regulations. The Property Office is responsible for ensuring compliance with the Institute’s approved property polices for state-funded property; these policies were established by the Board of Regents. It is also the Property Office’s responsibility to research the multitude of ever-changing rules, regulations, local laws, and internal polices, to ensure continued compliance. The Sponsored Projects Administration, with the assistance of the PI and the Property Office, is responsible for disposition compliance for property acquired with sponsored research awards.

7.5.1 Disclosure of Excess – Sponsor-funded or Sponsor-Owned

At any time during or at the end of the period of performance on a sponsored research agreement, the PI should inventory all property and materials on hand, to determine quantities and the potential needs of research agreements from the same sponsor.

7.5.2 Reporting Surplus

All property deemed to be surplus must be reported to the sponsor in writing as soon as possible after being identified as excess. The request to the CO for disposition could include asking that title be transferred to the Institute. The request should include the following:
a) Complete description of property, including quantity
b) Government or sponsor-assigned contract or other agreement number
c) Original acquisition cost
d) Date received
e) Entity with vested title
f) Location and condition of property
g) Assessing effort and cost to ship property, and party responsibility for associated costs
h) Determining if requesting title is within the best interest of the Institute
   Q. Are there any hazardous or contamination issues that would eventually have to be dealt with? If yes, what are those issues?
   Q. How much is it going to cost the Institute to legally deal with the hazardous or contamination issues at a later date?

7.5.3 Accuracy of Reports

All inventories and declarations of excess must accurately reflect property and materials on hand, and any other information required for the sponsor to make an informed decision about disposition.

7.5.4 Disposition of Sponsor-Funded and Sponsor-Owned Property

Of the many different ways to accomplish this process, they all start with determining if the Institute needs the property for a different contract; if so, identifying which contract; and requesting disposition from the awarding agency. Outlined below are some ways the sponsor can direct the Institute’s actions in regard to disposition of the property.

7.5.5 Title Transfer to the Institute of Sponsor-Funded and Sponsor-Owned Property

Under FAR 35.014, which provides the authority for transfer to an institution of higher learning, the federal government can transfer title to the Institute. If necessary, contact the sponsor’s CO and reference FAR 35.014, which hereby is incorporated by reference.

7.5.6 Return of Property to Sponsor of Sponsor-Funded and Sponsor-Owned Property

When sponsor disposition instructions require that property acquired under the contract be returned to the sponsor or a third party, the federal government or sponsor representative must confirm the shipping location and any special instructions. The appropriate forms must be completed according to the sponsor’s requirements, with copies retained for department records and future audits. A copy of all documents transferring title to the Institute must be forwarded to the Property Office, thus enabling records to be updated. If the federal government owns the property, the PI must include a copy of any maintenance and calibration records for the items being shipped.

If predetermined disposition instructions have not been obtained, the PI must contact the sponsor and request disposition in accordance with both Institute policy, and procedures outlined by the sponsor.
7.5.7 **Donation Process of Sponsor-Funded and Sponsor-Owned Property**

Donation is a viable option to redistribution, reuse or recycling, both for the federal government or sponsor. If the federal government owns the property, the CO has the authority to donate it to a local school, charity or shelter, ensuring that no hazards are associated with the property, before requesting that it be donated. To protect the government from future liability, the CO will have the recipient sign an indemnity agreement certifying that the property eventually will be disposed of in accordance with all federal, state and local laws.

7.5.8 **Direct the Institute to Sell the Sponsor-Funded and Sponsor-Owned Property**

If neither transfer nor donation is a desirable action, another choice is a sales program which offers these two options:

1) Sealed bids: This method generally is used to offer a single item or several items by advertising them in various newspapers or other media. Potential bidders may view the property and submit sealed bids under terms of the solicitation. The bids are submitted to the Purchasing Office whose representatives open them at a specified date and time. If all terms and conditions of the bid request are met in the sealed bid, the award is made to the highest bidder. If the federal government owns the property, a representative of the contracting agency also should be present. The proceeds for federal government-owned property will be distributed per terms and conditions issued by the CO.

2) Contract term for bidders: For example, if the property being sold were scrap metals, the same basic rules as outlined in the sealed bids method would apply. However, because the generation of scrap metals is a constant, ongoing process, the sealed bid would stipulate a specified length of time, usually a period of at least one year, or until a specific weight of material is removed from the premises. Before disposition of any property at public offering, the Property Office is obligated to ensure that a financial or health liability is not created for the Institute, the federal government or the public. Any property to be disposed of through public offering must be checked for environmental, hazardous, security, reporting or other concerns before being offered for public sale. The Property Office must ensure that state and federal regulations are being met regarding disposition.

7.5.9 **Disposition of Surplus – Institute-Funded and Institute-Titled**

Title to all *tangible* property, meaning any physical item purchased with Institute or state funds, vests with the State of New Mexico, regardless of inventory status (whether or not it is listed on inventory). Therefore, the Institute is required to follow state regulations regarding the disposition of excess and surplus tangible property.

Regulations regarding disposition of state surplus allow the Institute to:

1) Transfer items to another state, city or county agency, educational institution, public school, or Indian tribe at a negotiated sale price. The Institute does not have authority to give the property away.

2) Sell the items at a public offering, which includes sale at:
   a. Public auction
b. Advertised sealed bid

Just because an item does not appear to have value to an individual or the Institute, does not mean it has no residual or scrap value. Value may include, but is not limited to:

a) Cost share (splitting the cost with a private individual, corporation or non-profit)
b) Labor
c) Time
d) Materials
e) Rent or lease of space
f) Printing literature or flyers
g) Scrap value
h) Use of property or equipment

Unallowable Methods of Disposition

Unallowable methods of disposition include, but are not limited to:

a) Throwing away property, equipment and materials (even items previously authorized to be cannibalized for viable parts)
b) Placing items in unsecured areas
c) Taking home equipment, supplies, materials, parts or scrap for personal use or to sell to others
d) Giving items to staff, faculty, students, private individuals, non-profit organizations, or private or not-for-profit corporations
e) Donating equipment to outside agencies without proper authorization
f) Burying or sinking in bodies of water, thereby endangering the environment or general public
g) Abandonment at a repair center, garage, or field site

7.5.10 Reporting Institute-Owned Surplus Property for Disposition

The following steps should be taken when reporting Institute-owned property as surplus:

a) Double check to ensure that the Institute has title to the property. The Property Office keeps a list of PCNs and can vouch for property that belongs to the Institute.
b) Keep the property in a secure location. The department is responsible for the item until it is picked up by a Property Office representative.
c) Complete a “Fixed Asset Pickup and Disposal Request” form and fax it to the Property Office. The office then will schedule an appointment to either pick up the items or ensure that someone is available to receive them at the property yard.

7.5.11 Disposal Actions or Asset Retirement

The Property Office’s first priority when dealing with surplus is to reutilize the items on campus. Departments can call or come by the office during normal business hours to view any items available for reutilization.

7.5.12 Disposal Authorizations – Institute-Owned
Legislation that became effective July 1, 2007 changed the authorization process for Institute-owned property, by requiring that the State Auditor be notified of inventoried items, regardless of value, scheduled for disposal via public sale or transfer to another qualified agency. Notification must be sent to the State Auditor at least 30 days prior to the proposed action.

Once property is turned over to the Property Office for disposition, the department chair, division director, or their representative must sign the disposition form. The Property Committee then will authorize the proposed disposition by signing the forms; and, finally, it goes before the Board of Regents for authorization at one of its meetings.

7.5.13 Compliance with State and Institute Regulations
State regulations allow the Institute to dispose of surplus property at “public offering.” Currently, “public offering” is defined as sealed bid or public auction. Per the NMAC 2.2.2.10 V. - Disposition of Property (in part):

1) At least 30 days prior to any disposition of property on agency inventory, “...written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the State Auditor.” The agency must certify in writing the destruction of the hard drives, and submit the certification and notification of the proposed disposition of property, to the State Auditor at least 30 days prior to taking action. This action is a special requirement of the State Auditor and, again, applies even if the original purchase price of a computer was less than $5,000.

2) The Property Office must ensure that all hard drives have been removed from all data storage devices submitted for disposal via public auction, which is done to comply with federal regulations which cover the release of “sensitive” information. If the hard drive is broken and the Property Office is unable to sanitize it, the drive will be removed and stored pending ultimate destruction.

The Property Office does not accept “hazardous materials” for reutilization or sale at public auction. All items received by the office for reutilization, sale or auction are checked for unknown hazards, and may be separated for final review by the Hazardous Waste group prior to auction. Any items deemed unsafe for resale will be pulled by the group for proper disposal.

SECTION 8. UTILIZATION OF GOVERNMENT PROPERTY

8.1 Consumption – The process of incorporating government property, of either the material or agency-specific classification, into an end item; or otherwise consuming it in performance of a contract:

1. The process of incorporating material into an end item or otherwise using it in the performance of a documented business objective
2. The measurement of actual use of consumable items against planned use
Functional Segment: Reasonableness of Consumption
Criteria
a) Items are consumed only as authorized by the contract, unless otherwise approved by the CO.
b) Quantities consumed are reasonable when compared to requirements, i.e., bill of material, material requirements lists, established scrap rates, etc.
c) Issuing documentation maintains an audit trail reflecting that items are properly consumed.
d) Issued documentation is properly authorized and prepared.
e) Assets are issued “first-in, first-out” for age-sensitive materials.
f) Contractor investigates, analyzes, and reports instances of consumption above planned usage rates as property losses.

Functional Segment: Identification of Excess
Criteria
a) End-user organizations identify and return material not required for current work to stores.
b) Degree of use or contractual authorization justifies retention.
c) Continuous screening is accomplished using approved criteria to identify excess assets responsive to engineering changes, contract modifications, completions, terminations, or inactive assets.
d) Reporting of excess is promptly initiated for all property excessive of the amount needed to complete full performance under the contract providing or authorizing its use.

Overview

Within the confines of the Institute, the “bottom line” and time are two important considerations when dealing with consumption of materials. These concepts are important to consider when research is involved. Careful planning is essential to being able to save money while adequately funding research, and maintaining the equipment and material levels necessary to support that research

Meeting the “bottom line” requires measuring the actual usage of consumables and expendables against the planned use necessary to meet project goals. A planning process is necessary, and should be constantly measured and adjusted to ensure that planned material and equipment needs meet actual-use requirements. The goals are to ensure that minimal dollar amounts are tied up in inventory, while research projects are subjected to minimal disruptions, and handling costs are minimized.

The responsibility for this level of planning for required materials, expendables, and property lies with the individual department or PI, if sponsor funds are involved. Each department or PI should have in place a system to determine the needs of the department or sponsored research award. This system should be capable of determining planned usage and actual use of the item, and to identify any unauthorized use or pilferage.

Before acquiring any items, the department or PI should determine the proper classification of the items, including materials, expendables, equipment, inventoriable property, etc. Proper classification is vital to the overall “bottom line,” especially when sponsored funds are involved, because some acquisitions are overhead exempt, leaving more funds available for the actual research.
8.1.1 Reasonableness of Consumption

A “solid” consumption program requires three basic principles:
1. Identifying requirements
2. Reviewing and adjusting requirements as the project changes
3. Providing accurate data

8.1.2 Basis of Consumption

The four parts of consumption are:
1. Issuance of material
   a. The issuance should be reasonable and in proper quantities for the work being performed. Materials are issued to authorized personnel for their intended use.
   b. Stock is “rotated” to ensure that items are issued on a “first-in, first-out” basis. This policy is vital if the material has a definite shelf life, has hazardous control issues, parts mortality, or is sensitive.
2. Actual usage
   a. Actual usage (incorporation into an end item, expenditure, or consumption through testing) must support contractual, research or business objectives.
3. Unused material
   a. Returning unused materials to stock, and adjusting inventory and financial records to reflect return.
4. Return to stores
   a. Working parts removed or recovered from repair, rework, testing, or cannibalization are listed as “returned to stores,” making them available for future use or proper disposal.

8.1.3 Consumption

Material should be consumed as authorized. Remember, when dealing with materials acquired with sponsor funds, the item only may be used to support the award, unless authorized in writing by the sponsor.

8.1.4 Reasonable

Consumption should be reasonable in comparison to preplanned acquisition lists, written proposal, bills of lading, or other documentation.

8.1.5 Documents Issued

Any documents issued must be properly prepared, must maintain an auditable trail reflecting that items are properly consumed, and should include any written authorizations.

8.1.6 Stock Rotation – Temperature Controls
Many materials have a defined “shelf life;” therefore, stock should be rotated to ensure that material is issued on a “first-in, first-out” basis. Stock should be marked with a received date. Some items also may be sensitive to temperature extremes. The manufacturer’s specifications should be followed.

8.1.7 Consumption Analysis

Consumption analysis is used to determine if proper quantities of material are being consumed as identified by planning, contractual, or other needs. Consumption above and beyond established measures is considered excessive. A review is necessary to determine reasons for the excessive consumption, and any needed. Judgment supported by an investigation of the facts should be used to determine if excessive consumption is an issue. Both exhausting supplies before the end of the project, or excessive overages, are symptoms of unreasonable consumption, either of which will adversely affect the “bottom line”. Excessive consumptions may be considered as losses. If sponsor-funded materials are involved, any unreasonable consumption must be reported to the sponsor as LDDT.

8.1.8 Identifying Excess Materials

a) In an emergency, maintenance personnel may need to keep small quantities of repair parts on hand.

b) End users should not keep large quantities of materials on hand.

c) Materials issued but not used are considered excess, and must be documented and returned to stores, especially when the material is government-furnished or sponsor funds were used for acquisition.

8.1.9 Retention of Excess

Many organizations utilize a minimum or maximum re-order system. It is not a good business practice to maintain excess stock on hand; therefore, justification is necessary for the retention of any excess materials. Sponsor-acquired materials may be retained as authorized in terms and conditions of the agreement.

8.1.10 Screening of Excess

Using approved screening methods to identify excess materials or assets in accordance with the changes in engineering, award modifications, work terminations, completions, or idle materials and assets.

8.1.11 Reporting Excess

Excess property should be reported promptly at the completion of the project, whether the property is Institute or Sponsor owned. Proper planning will prevent excessive overage of product.

Summary
Primarily consumption is used in fabrications of equipment or prototypes. Professional and competent management of the consumption process ensures compliance with the needs of the project and budget limits. Consumption also provides order and control in the use of materials, helps support research and development, while providing the basis of “stock-on-hand” for future projects.

8.2 Movement – The process of moving all types of government property. Movement includes movement from one point to another within a contractor’s facility; movement between facilities, for any purpose; and protection during movement.

More specifically:

Movement
1. The act or process of moving
2. Change of place or position
3. The physical relocation of property from one area to another

Loan
1. A grant of temporary use
2. The act of an owner lending property to an individual or entity for a specified temporary period for use or service

Transfer
1. To cause to pass from one to another
2. The conveyance of right, title, or interest in real or personal property from one institution to another, or from one internal department to another

Shipment
1. The act or process of shipping
2. The movement of property from one geographical area to another

Function Segment: Material Handling

Criteria
a) Item is moved under proper authority and supported by approved documentation; i.e., issue slips, shipping tickets, location change orders, etc.
b) Adequate protection is provided during movement, including packing, covering and skidding; handling equipment properly; procedures, techniques, and safety precautions.

Overview

Tracking movement, loans, transfers, and shipments of property is vital to the overall financial health of the Institute. Central to each of these events is one concern – knowledge of the location and accountability of each asset. An effective property management program requires that these criteria be tracked for accountability and compliance, under the bases of sound business practices. Tracking also facilitates the most efficient use of an asset throughout its life cycle.
The location of an asset and its use also are required for “space usage inventories” conducted by the indirect cost recovery group. Information regarding location and designated use must correlate to the asset type. This information is significant in determining if an asset is eligible for indirect cost recovery.

8.2.1 Material Handling

Regardless of whether property was acquired for or is accountable to an award, two key factors must be given priority relative to movement, loans, storage, or transfers.

1. Assets should be used in locations associated with the sponsored program or PI’s department, with assurance that proper authority exists to relocate the item or change its status per terms and conditions of the award. If authority does not already exist, it needs to be obtained by the awarding agency. The Sponsored Projects Administration can provide assistance in this matter.

2. Care should be taken to provide adequate security and protection of assets during transportation to the new location. Proper packaging will prevent damage to the asset or injury to personnel.

8.2.2 Assets acquired with Grant, Cooperative Agreements, or Contracts

Regardless of whether property was acquired for or is accountable to an award, two key factors must be given priority relative to movement, loans, storage or transfers.

1) Assets should be used in locations associated with the sponsored program or PI’s department or research field site, with assurance that proper authority exists to relocate the item or change its status per terms and conditions of the award. If authority does not already exist, it needs to be obtained by the awarding agency.

2) Some sponsor research awards require that all work be performed on campus. The PI is responsible for knowing the terms and conditions of his/her respective research awards. The Sponsored Projects Administration can provide assistance in this matter.

8.2.2.1 Grants or Cooperative Agreements

If an asset is needed for use on multiple sponsored research projects, priority is given to the program, which funded the acquisition, if the program is still active. If the program has terminated, priority should be given to related or similar programs funded by the same agency. If none exists, then general use of the property is allowed.

8.2.2.2 Contracts

Assets acquired with contract funds may only be used as authorized in terms and conditions of the contract. Any use outside the original purpose of acquisition must be authorized by the sponsor’s CO, in writing. If the sponsor is the federal government or the state, use of this property is prohibited.
on research awards funded by private corporations or individuals. Again, priority is given to the active contract funding the acquisition, followed by other contracts funded by the same agency. (Example: With proper authorizations, property acquired with Navy funds may be used on Army, Air Force, or other DoD contracts, followed by other federal contracts, then state contracts, and finally general use.) The government reserves the right to charge for the use of property on non-government contracts.

### 8.2.3 Movement

In simple terms, movement is the change in location of assets without a change in their accountability. Of primary consideration is ensuring that the move is made without damage to the asset, and that the change of location is reflected in the property database. This method also will ease the physical inventory process. All moves should promptly be reported to the Property Office, which in turn should update the information as soon as possible after notification.

It is recognized that some property is moved frequently from lab to lab on an as-needed basis. These moves are considered temporary, and should be noted at the departmental level by use of sign-out sheets or other documents kept on file. The basic information included on the sign-out sheet should include:

- a) PCN
- b) Property description
- c) Model number
- d) Serial number
- e) Person checking out the asset
- f) Temporary location (include room number, if any)
- g) Date checked out
- h) Estimated date of return
- i) Actual date of return
- j) Name of person acknowledging return of the asset

Moves lasting longer than 30 days are considered permanent relocations. The Property Office should be notified, in writing via the Transfer of Assets Form within 15 business days of any relocation lasting longer than 30 days. Transfer of Assets Form should be generated describing the new location and any custodial information updates.

### 8.2.4 Movement into Storage – Items Acquired with State Funds or Donations

If an item is not in current use, it may be temporarily placed in storage until needed. Depending upon how frequently the item will be used, issues related to accessibility and location will need to be addressed. Storage of property should be on a short-term, temporary basis, not on a long-term basis. Even while property is in storage, the department is required to maintain security of the storage area such as to prevent LDDT of the property. Physical inventory of items in storage also is required.
Extended periods of storage will lead to questions regarding the “true” need for retention and future use of equipment. Temporary storage is considered to be less than 12 months, while long-term storage is considered to be more than 12 months, but less than 24 months. When items are stored for more than 24 months, the situation becomes a space-use issue. For example, if an item hasn’t been used for two years, is it really needed?

Placing items in long-term storage requires written justification; more specifically, the responsible department must identify the specific need for which the property is to be kept, before placing the item in long-term storage.

Ideally, surplus property should be turned in to the Property Office for reutilization or disposal. Unnecessary storage of property is not cost effective, takes up valuable space, has a risk of loss, damage, or misuse; continues to be carried on inventory and is required to be inventoried; and requires that property management records be maintained. Items in long-term storage also may be subject to health and safety issues because they frequently become living space for rodents, small mammals, insects, and reptiles.

When property is returned to use, the department must provide the Property Office with relocation information; and, if necessary, the new end-user, as soon as possible.

8.2.5 Movement into Storage – Items Acquired with Sponsor Funds

If the property is owned by the sponsor as part of an award, the department needs to acquire written approval from the awarding agency, and must provide the sponsor with written justification for continued storage on a regular basis, per terms and conditions of the individual award. The Property Office or Sponsored Projects Administration can provide further guidance.

8.2.6 Loans to Outside Organizations

Periodically, there may be a need to loan property to outside organizations. By state statute, the Institute may only loan items to:

- a) Other state agencies
- b) Federal, city or county government agencies
- c) Other state educational institutions
- d) Public schools
- e) Indian tribes

The law prohibits loans of property to private individuals, private corporations or companies, contractors working for the Institute, or non-profit organizations.

A loan of property to an outside organization requires prior approval from the Vice President for Administration and Finance, and verification from the Property Office that there are no use restrictions for the property. A loan agreement must be completed to document the basic terms and conditions of the loan, and should include the following information:

- a) Period of loan
b) Loaner (department loaning the property)
c) Borrower (name of institution or government agency, and name and title of individual taking responsibility for the property)
d) List of items being loaned (including PCN, item description, manufacturer, serial number, and original cost)
e) Reason for item being loaned, and under whose authority
f) Requirement that item be returned in the same condition as when it was received, with consideration for reasonable wear and tear
g) Party responsible for repairs or replacement costs if item is LDDT while in custody of the borrower
h) Party(ies) responsible for meeting routine maintenance and calibration requirements, and for cost liability
i) Party responsible for packaging and transportation costs, if any.
j) Statement that item will be used for work-related purposes only – any personal use is prohibited

8.2.7 Transfers of Taggable Assets – Transfer to Outside Agency

Occasionally, assets are permanently transferred to an outside agency, requiring that the following information be submitted to the Property Office to ensure that items are properly documented for audit purposes.

a) PCN
b) Item description
c) Manufacturer
d) Funding source
e) Justification for transfer

Approval for this action is required by the Property Committee and the Board of Regents. In addition, notification must be submitted to the State Auditor at least 30 days prior to the intended action.

8.2.8 Transfers of Research Equipment or Inventoriable Property – Incoming Transfer

The following information will need to be provided to the Property Office:

a) Point of contact
b) Date of arrival
c) Outside owner’s tag number (PCN)
d) Item description
e) Manufacturer’s name
f) Serial and model number
g) Condition of property (new, fair, poor, etc.)
h) Funding source and sponsor’s award number
i) Title information
j) Type of acquisition (donation, purchase, etc.)
k) Date of original acquisition
8.2.9 Interdepartmental Transfers of Property

The department transferring the property should notify the Property Office in writing of any property leaving its custody, and include the following information. A form for this procedure can be found in the Appendix of this manual.

- (a) PCN
- (b) Item description
- (c) Manufacturer’s name
- (d) Serial and model number
- (e) Receiving department
- (f) End user – person responsible
- (g) Location – including room number

When an employee separates from employment most often the property is transferred to another representative within that department. In the case where the property will be assigned to a new employee not yet hired, the property can be transferred to the Department Chair or Department Administrative Secretary. The Transfer of Assets Form should be initiated by the Department and sent to the Property Office.

To assist in verifying property assigned to an employee who separates from employment, the Department can request a property listing for the property presently assigned to the individual. The listing can then be updated by the Department to show the new custodian of the property.

8.2.10 Shipment

A shipment is the movement of property from one geographical location to another, usually involves the use of a commercial carrier, and also may involve the transfer of accountability for the property. Written notification of shipments with appropriate information and justification should be sent to the Property Office within 15 business days of the shipment leaving the Institute or satellite location.
All shipments returning property to the vendor must be authorized by the vendor and coordinated with the Purchasing Department. See the Institute purchasing policy.

As part of disposition instructions from the sponsoring agency, at the end of a sponsored award, the sponsor may direct the PI to ship the asset back to the sponsor or to a third party. These instructions must:

- Be in writing
- Include a date
- Include an address
- Include a point-of-contact
- Followed-up by the PI within 30 days or as stated in disposition instructions

Include a DD Form 1149 (requisition and invoice/shipping document) when dealing with DoD property.

The group originating the shipment is responsible for packaging, preservation, marking, and other costs associated with the transportation or shipment of the property. If hazardous or restricted items are being shipped, the regulations set forth in 40 CFR (code of federal regulations) Part 178 (dangerous goods packaging) must be followed.

8.2.11 Movement of Property Located Off-Campus or Drop-Shipped to Satellite Locations

Property at Institute satellite locations is drop shipped to those locations. Property tags will then be mailed to a designated individual for placement on the asset.

Property earmarked for research at a field site must be tagged prior to leaving campus. Also, an “Annual Property Field Receipt” form needs to be completed and submitted to the Property Office. Satellite locations are not considered “research field sites.”

8.2.12 Property Authorized for Use at Home

Research staff and administrators may use property while on travel or at home under the following conditions:

- Property will only be used to support official work of the Institute or sponsor-related program
- Responsibility and liability is the same as for property on campus
- Property must be tagged prior to leaving campus
- Property is subject to physical inventory rules
- An “off-campus-receipt” of property form must be completed and submitted to the Property Office prior to the item leaving campus, and each year until it is returned.

8.2.13 Property Used for Presentations or Travel

Property used for travel and presentations needs to follow the same rules as for property used at home, with the following exceptions:
1. The department or individual having custody of the property need not notify the Property Office each time the property is returned to campus.
2. The department is responsible for “checking out” the property on an as-needed basis. Check out forms should contain the following information:

   a. PCN
   b. Item description
   c. Date checked out
   d. Name of individual
   e. Where the item will be taken and why
   f. Date of return

### 8.2.14 Property at Subcontractor Locations

All sponsor-owned property in the custody of a subcontractor and accountable to the Institute must be tagged in accordance with this manual, unless otherwise specified in the award. The following conditions must be met:

a) May only be used to support the sponsored project
b) Responsibility and liability for LDDT must be written into the subcontractor instrument
c) Must be tagged prior to leaving campus
d) Is subject to physical inventory rules
e) An “off-campus-receipt” of property form must be completed and submitted to the Property Office prior to the item leaving campus, and each year until returned to the Institute
f) Must be returned to the Institute at the end of the program, pending disposition instructions from the sponsor

### Summary

One of the most challenging parts of property management is successfully tracking loans, moves, shipments and transfers of property. Many transactions are carried out without the knowledge of the Property Office. Generally, if included at all, the office is only involved late in the transaction. Maintaining accurate property records while meeting compliance issues and business requirements, while supporting the research mission of the Institute, requires effective handling and proper documentation of these transactions.

### 8.3 Storage: The Process of Storing All Types of Government Property

This section covers the process of retaining and protecting property while not in active use, and includes determining storage methods and space allocation.

**Functional Segment: Storage areas

Criteria**

a) Adequate housekeeping
b) Segregating government property from contractor property, when required
c) Providing adequate physical security and protection are for assets inside and outside storage
d) Providing access to property in storage to authorized personnel
e) Ensuring assets in storage are properly packaged and preserved, when required

**Functional Segment: Special Storage Areas**

**Criteria**
a) Providing additional physical security and protection for sensitive items
b) Providing special controls and inspections for items in storage subject to corrosion, humidity, temperature, age controls, etc.

**Overview**
Notably, an item’s potential need determines whether it should be retained in storage for future use, thus ensuring its availability.

For items acquired with state funds, see Section 6 of this manual under “Movement into Storage.”
For items acquired with sponsor funds, the terms and conditions of each award shall apply.
However, once a sponsor has given approval to store an item, the rules outlined in “Movement into Storage” will apply. When an award with title vesting with the awarding agency is terminated, any property or materials acquired with award funds should be packaged and placed into storage, pending receipt of disposition instructions.

**8.3.1 Housekeeping**

Area should be clear of clutter and well lit. Materials should be easily located; and, if possible, placed on shelves and stored in such a manner as to prevent them from becoming damaged from the weather, or infested with rodents, small mammals, insects, or reptiles.

**8.3.2 Segregate Sponsor-Owned from Institute-Owned**

In some cases, government property must be segregated from other property. If space does not allow for total segregation, each item of government property should be noted with the award, grant or contract number and segregated as much as possible.

**8.3.3 Physical Security and Protection**

These two categories of storage areas are used for material and property management:

1. Covered storage: Includes general purpose buildings which may be environmentally, controlled, depending upon the items being stored; lock boxes, closets, file cabinets, etc.

2. Open storage: Large open areas that may be fenced or unfenced. Sound storage procedures, controls for access or security, and suitable storage and handling equipment are required to properly protect items received, stored and delivered into storage areas. When placing items into storage, the condition of the item should be documented and any damage should be noted. Many of the same procedures outlined in Section 3 (“Receiving”) should be followed when items are placed into or removed from storage.
Consideration should be given to care, preventative maintenance, security, calibration requirements, shelf life, protection, expected need or use, and nature of the items placed into storage. Proper planning is required to ensure that items do not deteriorate while in storage, thus guaranteeing that the item is operational when removed from storage and placed into use. A certain level of preservation and packaging is required to keep items usable until needed.

Good business practices demand, and sponsor compliance may require, the need to control access to storage areas because:

a) Information may be classified, personal, or proprietary, requiring that special safeguards be implemented to ensure against misuse or theft of data
b) There may be safety issues
c) There may be environmental or hazardous issues
d) Protection is needed from damage or theft

8.3.4 Special Storage Areas
8.3.4.1 Hazardous Materials and Other Sensitive Items
The Institute’s Property Office does not handle hazardous materials or waste; these items must be disposed of through the Hazardous Waste group by calling x5482. However, each individual or department handling hazardous materials for research purposes should have proper handling procedures in place.

Other sensitive items include, but are not limited to:

a) Data storage devices
b) Proprietary data, software, intelligent or intellectual property
c) Ordnance
d) Weapons
e) Classified materials and data
f) Hazardous materials and waste

Extreme care should be utilized when dealing with sensitive items. Departments on campus which routinely handle weapons, ordnance, classified data, and hazardous materials should have their own standard operating procedures (SOPs) for handling these items.

Personal data, which also may be considered sensitive, includes, but is not limited to:

c) Social Security numbers
d) Date of birth
e) Medical information
f) Financial information
g) Student and staff identification numbers
h) Unlisted phone numbers
i) Credit card numbers
j) Driver’s license numbers
k) Police reports
l) Addresses
m) Information identifying family members’ personal information

To avoid potential liability and risk (financial and reputation), any department handling personal information should limit its access in accordance with required regulations. Personal information may be kept on paper or in an electronic format. In either case, each department should have a system in place which covers personal information in its custody.

Various government regulations cover the exchange and release of personal data.

8.3.4.2 Controls for Special Storage Areas

It is a good business practice, and may be a requirement of a sponsored research agreement, to ensure that access to storage areas be restricted to authorized personnel. While assets are in storage, they will need protection from the environment. Access to attractive or easily pilferable items should be limited; a good idea is to use security cages or “see-through” lockers. Climate also could be an issue for equipment, chemicals, paint, and live animals that require a temperature-controlled environment. Property being placed in storage requires safe handling to prevent damage to the item or physical harm to staff. Safe handling includes using proper heavy equipment, protective clothing, carts, dollies, etc.

Summary

Storage or warehousing is an important and complex topic. If done incorrectly, it could lead to an unsatisfactory rating of the property management system; which, in turn, would adversely affect sponsored research. It is imperative that storage and warehousing be based on sound business practices.

SECTION 9. MAINTENANCE:

The process of providing the amount of care necessary to obtain a high quality of production and the most useful service-life of property.

More specifically:

1. The act of maintaining property in an existing state and preserving it from failure or decline
2. Person, place, or thing that maintains
3. The upkeep of property or equipment

Functional Segment: Preventative Maintenance

Criteria

a) Contractor obtains and complies with current technical publication criteria for maintenance of government property, when applicable.
b) Schedules item for periodic maintenance (including technical publication compliance requirements), when appropriate
c) Performs inspection and periodic maintenance according to the schedule in contractor’s approved property control system
d) Performs unscheduled maintenance requirements expeditiously

e) Ensures that records of preventative maintenance and corrective action are adequate and accurate

**Functional Segment: Capital-Type Rehabilitation (Including Real Property)**

**Criteria**

a) Schedule inspections to determine any need for major repair, replacement, or other rehabilitation

b) Perform inspections as scheduled and report result, including any need for major repair, asset replacement or CTR (capital-type rehabilitation)

c) Obtain approval from CO to modify, cannibalize, or repair government property other than repairs authorized by contract requirements or through the approved maintenance program

d) Ensure that rehabilitation is properly accomplished, when authorized

**Overview**

Preventative maintenance, calibration, and repair are those periodic inspections, services and repairs conducted to keep property in working order and to maximize the useful life of property. Routine maintenance also is used to detect and correct minor problems before they become major malfunctions, and to ensure the accuracy of measuring and electrical instruments.

**9.1 Preventative Maintenance**

Preventative maintenance: A periodic check of property to ensure it is in working order, and to perform routine maintenance so as to extend the life expectancy. This proactive effort may be as simple as lubricating parts, or as complex as performing multiple electronic and mechanical checks on computer-controlled industrial machinery.

**Calibration:** Used to ensure that an instrument is performing within the manufacturer’s specifications and general-use expectations. Generally, calibration requires using specialized instruments to measure the accuracy of other instruments against the standards of an outside organization such as the National Bureau of Standards.

**Repairs:** Used to fix or replace broken parts of a whole. However, tracking the frequency and cost of repairs is important in assessing the economic feasibility of repairing the asset. It ultimately may prove more cost effective to replace the property rather than to repair it.

**9.1.2 Maintenance and Calibration**

Proper maintenance is important to extending the useful life of property. Every avenue should be explored to maximize the useful life of assets, regardless of the funding source. Property that is properly cared for and maintained usually results in a greater financial savings to the Institute or sponsors, by reducing the frequency and cost of repairs or property replacement.

The department is responsible for ensuring that all preventative maintenance, calibration and repairs are performed in accordance with the manufacture’s technical specifications in a timely manner.
Preventative maintenance, calibration and repair records for each asset should be maintained in departmental files. These expenses are considered a general Institute expense for both Institute and sponsor-acquired property, unless otherwise specified in terms and conditions of the sponsored agreement.

Departments may have qualified department staff members perform preventative maintenance, calibration and basic repairs, or choose to arrange for outside businesses or the manufacturer to perform these services.

Preventative maintenance, calibration and repair records for each asset should be maintained in departmental files. These files should contain the following information:

- a) Type of service required (preventative maintenance, calibration, or repair)
- b) Frequency of required service
- c) Date of last service performance
- d) Date of initial service
- e) Length of warranty (so items that qualify for warranty repair are easily identified)
- f) Labeling instruments with service type and service requirements for easy identification

9.1.3 Routine, Preventative or Periodic

This category covers any actions required to keep the asset in good working condition. It may be as simple as ensuring that the item is kept clean, batteries are charged, fluids checked, and power cords kept in good condition. Routine maintenance will vary depending upon the type of asset and the complexity of its mechanical structure. Frequency and accrued cost of asset maintenance are useful measures to determine an optimum time for replacement. Note: Maintenance is not repair. Repair is used when an item breaks, and maintenance is used to prevent it from breaking.

9.1.4 Calibration

Calibration usually is required for testing and measurement equipment or tools, and should be performed according to manufacturer requirements. If calibration is required, the department must ensure that the service is performed, and that a record is kept of each event, and for each asset in its custody.

9.1.5 Maintenance and Calibration While in Storage

Depending on the sensitivity of the item and the manufacturer’s recommendations, preventative maintenance and calibration may be required while the item is in storage. At a minimum, calibration is required when the property is returned to use.

9.2 Rehabilitation and Repair of Capital Assets (Including Real Property)

Because of the need for occasional emergency repairs, which can be expensive, financially it is better to plan ahead for these costly repairs or rehabilitation of equipment, buildings or infrastructure.

9.3 Inspection Schedule
Good business practices state that an inspection schedule be created and maintained to determine any required repairs or replacement of capital assets, which include buildings, land improvements, utility systems, infrastructure, or equipment.

9.3.1 Inspection Results

Inspections should be performed as scheduled, and results reported to the designated department on campus and/the sponsor.

9.3.2 Sponsor Approval

Written approval from the sponsor is required prior to repairing, modifying, or cannibalizing property, unless otherwise authorized in the contract, or as part of the routine maintenance and calibration process.

9.3.3 Performing Repairs

Once approval is granted for the repair, modification, replacement, or cannibalization of equipment, the approved work must be performed in a timely manner.

Summary

If the Institute owns the property, unexpected maintenance or replacement costs could significantly affect the operational capabilities and financial health of the organization. Failure to maintain sponsor-owned property or items entrusted to the Institute’s care, could jeopardize the relationship between the sponsor or owner, and the Institute. The sponsor or owner could be liable for direct reimbursement or replacement; or could terminate research awards, or otherwise refuse to do business with the Institute.

SECTION 10. CONTRACT CLOSEOUT - PROPERTY

Property Disposal: The process of properly closing-out the property element of a contract.

Contract and Agreement Closure: Completing the various administrative processes necessary to account for all property purchased or otherwise acquired on a contract or agreement to initiate and complete disposal activities required to remove accountability of the asset from the closing agreement.

Functional Segment: Relief from Responsibility

Criteria

1. Obtaining contractual authorization or CO approval to transfer government property from a completed contract for use on other contracts, or for retaining idle assets (except for items purchased by the contractor, or at-cost retention of contractor-acquired property).
2. Resolving inventory adjustments, liability determinations, and other property issues before contract closeout.
Functional Segment: Final Contract Review

Criteria

1. Contractor property management organizations are aware of contracts approaching completion.
2. Lists of special tooling subject to the special tooling clause are provided to the government for disposition purposes.
3. Prescribed reports required for completed contracts are properly submitted.
4. The contractor promptly notifies the property administrator (PA) when all pending actions on property related matters are completed.

Overview

From a property standpoint, the closeout process should begin when excess property is first identified and reported, or when the first deliverable is shipped to the sponsor. This process could begin at any time during the period of performance, and ends when disposition for all other accountable property is finalized. If there are no deliverables or excess property prior to the end of the award, the closure process should begin 60 to 90 days prior to its scheduled end date. Should the agreement be terminated early, this process begins immediately after receiving the termination notice from the sponsor’s representative.

Responsibility for preparing and submitting any closeout reports required by the sponsor falls to the PI, the department or the Sponsored Projects Administration. All parties concerned must coordinate efforts to determine which group will be responsible for this task, to prevent duplication of effort.

10.1 Events That Precipitate Closure of an Agreement

These are the four most common events that initiate closure of an agreement:

1) The agreement expires or the scope of work is completed. All agreements have defined beginning and ending dates. The agreement may be extended before the original scheduled end date, but the agreement will end eventually.
2) The agreement is transferred to another research organization or university along with the PI.
3) The termination of a scheduled project or agreement. Termination is an unexpected end to a project or agreement, which may affect all or part of it.
4) The closing of a facility or department.

10.1.1 Terminations of Contracts

While terminations do not occur frequently, they may be issued unilaterally by the sponsor. It is vital that the closure process be handled as soon as possible, and that all parties involved are notified. Failure to initiate timely termination proceedings could result in costs being disallowed, and reduce reimbursement to the Institute during resolution negotiations.

Termination notices must be in writing from the CO responsible for the agreement. The following information should be included:

a) Effective date of termination
b) Reason for termination

c) Extent or scope of termination

d) Terminating CO or other designated point of contact

e) Any special instructions

These additional steps also must be followed:

a) Immediate notification of all parties involved with the project

b) Stop all work in progress

c) Secure all property and materials

d) Negotiate final resolutions with terminating CO

10.1.2 Closeout Process

Several basic steps comprise the closing process. Depending on the specific agreement, these steps may vary. Closing out a contract is usually more complex than closing a grant.

Please request a “final inventory” report from the Property Office. This report details the assets accountable under a specified fund and includes:

a) PCN and item description for each asset

b) Number of units

c) Final title code

d) Type of acquisition code (purchased, furnished, etc.)

e) Banner fund and account or ICS account number used to acquire assets

f) Unit value (used for GFE, if any)

g) Unit cost

h) Total units

i) Total unit value (if any)

j) Total unit cost

If the closeout process requires additional data, please contact the Property Office, which will provide a detailed record that includes all information available on each asset.

10.1.3 Relief of Liability

Prior to close out of an award, any inventory adjustments, liability determinations, and other property uses must be resolved.

10.1.4 Review of Agreement

This review is intended to ensure that the Institute has met or will meet all requirements specified in terms and conditions of the award, as well as any recent changes in the agreement. There may be specific instructions defining options for disposition of property. Remember:

a) While reviewing the agreement, check for GFP or materials.

b) Any terms and conditions written into the agreement supersede all other requirements.
10.1.5 Reconciliation of Agreement

Reconciliation consists of balancing property records with expenditure statements and acquisition documents for sub-awards or GFP. This reconciliation is a very effective tool to ensure that property or materials acquired under sub-awards or furnished to the project are properly accounted for and reported. If discrepancies are discovered, take action to determine and correct the problems.

10.1.6 Verification of Prior Approvals

Depending upon terms and condition of the agreement, prior approval is required for some transactions; i.e., purchasing equipment, modifying existing equipment, cost-sharing or sharing equipment funding with other agreements. This process allows a final chance to obtain these approvals. If any of the required approvals were not requested, everyone must work together to obtain retroactive sponsor approvals.

The PI must ensure that all acquisitions are approved in accordance with terms and conditions of the award. Various approvals must be obtained in writing in the form of a letter, memo, modification to the agreement, or even a simple e-mail confirmation. The key is having the appropriate sponsoring agency representative make the approvals.

At a minimum, approvals should include:

a) Sponsor’s agreement number
b) List of equipment
c) Request date
d) Type of approval requested (retroactive, new acquisition, etc.) and effective date of approval
e) Explanation for approval request
f) Name of POC

Keep in mind that the CO does not have to grant retroactive approvals. If approval is denied, the expense could become unallowable, which would affect all financial and property reports. Alternative non-restricted funding also must be obtained, if retroactive approval is not granted by the sponsor. In addition, property records must be updated to reflect the corrections.

10.1.7 Review of Sub-Awards

The Property Office should be kept informed of any sub-awards throughout the period of performance. A final check for sub-awards ensures that all property has been properly accounted for; and, if necessary, that disposition was requested. It also serves to verify that all work was completed; and that required reports, releases and/or approvals were received in accordance with the scope of work, and terms and conditions of the sub-award.

When notified that the scope of work on a sub-award has been completed, the PI or Sponsored Projects Administration should obtain all necessary expenditure reports. The subcontractor then is asked for a final inventory report and any other reports required in the scope of work. Even if the
property report is “negative,” it should be requested to ensure that everything is in order. If there is equipment on the agreement, options for closing out property issues are similar to those already outlined in this manual for disposition of government property.

10.1.8 Final Inventories

A final inventory may be required as part of terms and conditions of the award. Typically, final inventories are required on contracts, but not on grants. A final inventory serves to physically verify the existence, condition and status of all property accountable under the project. The Property Office will run a final inventory report upon request, but it is the PI’s responsibility to physically verify all items on the report.

Grants are awarded under OMB Circular A-110, which stipulates that title to property vests with the recipient upon acquisition, usually without further obligation to the federal government. However, each individual award must be read carefully, as there may be alternate clauses which reference disposition instructions to be carried out at a later date.

For federal contracts, the awarding agency may have cited FAR 52.245-5 Alternate 1 (c)(4). See Section 14.3.1 for a definition of the clause.

Final inventories should be conducted using the wall-to-wall method. All property and material must be accounted for during the closure process. Shortages or overages of sponsor-owned property must be promptly reported to the CO, and relief of responsibility requested, if necessary. After the physical inventory is completed, and the sponsored agreement ends, all property and materials, if any, shall be removed from service and placed into storage pending receipt of disposition instructions from the sponsor’s CO.

Remember, that title vests with the sponsor, and that sponsor funds procured the property used on a specific project. Once the period of performance has ended, the property cannot be used elsewhere without specific written authorization from the sponsor’s CO.

10.1.9 Submit Final Negative Balance Reports

Final reports may apply to grants, contracts or the closing of a department. Particularly in the case of contracts, federal sponsors require that specific forms be submitted upon completion of the closeout process. They must reflect a “zero balance” to indicate that no property is accountable under the award. The individual agreement covers specific closeout requirements.

The distribution of final reports on sponsored awards should be carried out as outlined in the individual award. Submittal of final reports is considered a formal statement of closure. It is required for federal contracts, and may be required for federal grants. Again, the individual agreement should be checked for specific requirements. For non-federal sponsored agreements, terms and conditions of the award should state the necessary requirements for closeout.
10.1.10 Adjustment of Records

After all closeout procedures have been completed for an award, records must be updated to reflect the final disposition for each asset. The files must include a copy of all reports.

10.1.11 File and Archive

Once all records have been adjusted, disposition actions performed, and final negative-balance reports submitted, the files then may be placed into archives.

Summary

The property closure process is very important. It ensures that all requirements have been met on a given agreement, and that accounts have been “zeroed out.” Proper closeout ensures that all requirements and Institute business procedures have been followed, which will facilitate final payments by the sponsor.

10.2 Property Disposal

10.2.1 Disposition Action

Currently, the Institute holds a public auction on an annual basis, or more frequently as needed. If a department wishes to have specific items sold by sealed bid, a complete list of items must be given to the Property Office so that appropriate documents may be sent for approval. Once the Property Office receives approval, the Purchasing Office will be notified; and, in turn, will request a “Statement of Work” from the department/division requesting sale by sealed bid. At a minimum, the statement of work must stipulate:

a) Property location
b) When it may be viewed by prospective bidders
c) Name and contact information of at least one point of contact
d) Any restrictions
e) An itemized list of items for bid

The Purchasing Office will advertise the items for sealed bid, open them as described in the request for bids, and award the bid as outlined in procedures.

10.2.2 Removal of Identification

Prior to the item leaving the custody of the Institute, all PCN or other tags denoting ownership will be removed and placed with approval documents.

10.2.3 Documentation

Once the disposal action is complete, all documents relating to disposition will be placed in the appropriate files. These documents include but are not limited to approvals, bid documents, proof of payment documents etc.
10.2.4 Posting to Record

All items sold by sealed bid or at public auction will be removed from the database. The type of disposition will be noted along with the sale price. This information will be used to calculate the portion of loss or gain for audit reports.

Items removed from inventory because they were returned to the vendor, sponsor, lost, stolen, cannibalized, etc., will be noted with the applicable action.

10.2.5 Disposition of Proceeds

Property with PCN’s

50% returned to the Department
50% returned to the Property Office

Property without PCN’s

All proceeds from the sale of goods sold at auction will be used to offset the auction costs and other related property service costs (Tax) unless the department has received prior approval from the Vice President of Administration and Finance to return a portion of the proceeds to the department.

In an effort to clear the surplus yard of all old auction items, any electronics not sold at public auction will be documented and sent to the Hazardous Waste group for disposition through recycling.

10.2.6 Disposition of Scrap (EMRTC-Testing Materials or Targets)

The EMRTC group is the largest producer of scrap metals at the Institute. Most of the scrap is “test range residue” acquired under contracts with various customers. EMRTC has its own SOP for the disposition of “test range residue.”

10.2.7 Disposition of Scrap – Institute-Owned

The various departments around campus produce quite a bit of scrap metal, such as electrical wire, telephone wire, used plumbing pipe, brass valves, cannibalized equipment or property. All scrap must be turned over to the Property Office for disposition. Unless the department requests that items be sold by sealed bid, they will be separated by department and metal content, and sold at the next scheduled public auction.

Summary

The disposition process is significant to the Institute’s financial wellbeing. An asset, which is subject to depreciation, will have financial ramifications when it is removed from the property database. A capital loss or gain may need to be reflected on the books. The proceeds, if any are recorded, allow financial records to accurately reflect any net loss or gain realized for a particular asset. Retiring
assets not owned by the Institute will not affect Property Office financial statements, but will affect space allotment reports used by the Indirect Cost Office. Therefore, it is critical that all dispositions be handled in a timely manner, with all backup documents kept on file for auditors and others groups, either internal or external, who will need the information for their respective duties.

Please note that while assets are depreciated for financial reports, they will appear on inventory until disposed of through the Property Office. Assets are tangible, and once they have reached their respective depreciated life, they still will appear on inventory records at their original acquisition cost. Remember, original acquisition cost is not the same thing as depreciated net value.

Appendix A - Definitions

Accessory Item: Any item which facilitates or enhances the operation of plant equipment, but is not essential for its operation. (FAR 45.501)

Account Code: That part of the Institute Banner FOAP which indicates the category of the expenditure.

Accountability: The obligation imposed by law, lawful order, or regulation, accepted by a person for keeping accurate records to ensure control of property, documents or funds, with or without possession of the property. The person accountable is concerned with control, while the person who has possession is responsible for custody, care and safekeeping.

Accountable Agreement or Project (grant, contract or other award number assigned by the sponsor): The award number designated by the awarding agency; this number also may be derived from funding information.

Accountable Department: That department or unit of the Institute having physical control and accountability for property or equipment (i.e., using departments or sponsoring departments for an award).

Acquisition Cost: The cost to acquire a tangible item including the purchase price of the item and costs necessary to prepare it for use. Costs necessary to prepare the item for use include the expense of placing the item in location and bringing it to a condition necessary for normal or expected use. It does not include repairs, maintenance service contracts, or calibration service contracts. (Taken in part from FAR 45.101 – rewrite 2007)

Acquisition Cost of Equipment: The net invoice unit price of a piece of equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight and installation shall be included in or excluded from acquisition cost in accordance with the organizations' regular written accounting practices. (OMB Circular A-122 Part 15 Equipment and other capital expenditures)

Acquisition Type: Purchased, donated, furnished, etc.
Agency: Any governmental entity; i.e., any department, institution, board, bureau, court, commission, district or committee of the government of the state
1. District courts, magistrate courts, district attorneys;
2. Charitable institutions for which appropriations are made by the legislature;
3. Every political subdivision of the state created under general or special act which receives or expends public money from whatever source derived, including but not limited to counties, county institutions, boards, bureaus or commissions; municipalities; drainage, conservancy, irrigation or other special districts; and
4. Every office or officer of any of these organizations (New Mexico Administrative Code 2.20.1.7).

Agency Peculiar Property: Government-owned personal property peculiar to the mission of one agency (e.g., military or space property). It excludes government material, special test equipment, special tooling and facilities. (FAR 45.301)

Allocation: The process of assigning a cost, or a group of costs, to one or more cost objectives, in reasonable and realistic proportion to the benefit provided or other equitable relationship. A cost objective may be a major function of the institution, a particular service or project, a sponsored agreement, or a facilities and administrative (F&A) cost activity, as described in Section F of OMB Circular A-21. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

Allowable Expenditures: Charges authorized under a sponsored award, i.e.; grant, contract, cooperative agreement or other legal agreement.
1) Per OMB Circular A-21 Part 16b: The following rules of allowability shall apply to equipment and other capital expenditures:
   a. Part 16b (1): Capital expenditures for general-purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the sponsoring agency.
   b. Part 16b (2): Expenditures for special purpose equipment are allowable as direct charges with the approval of the sponsoring agency.
   c. Part 16b(3): Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as direct charges, except where approved in advance by the sponsoring agency.
   d. Part 16b (4): Capital expenditures are unallowable as F&A costs. See Section J.12 for allowability of depreciation or use allowances on buildings, capital improvements, and equipment. Also see Section J.38 for allowability of rental costs on land, buildings, and equipment. (OMB Circular A-21 Part 16b)

Asset Category or Class Code: Commodity code, grouping (computer, printer, vehicle, heavy equipment, furniture, etc.)

Asset Cost: Asset cost should be recorded and reported at its historical cost (which include the vendor’s invoice, plus the value of any trade-in or allowances, if reflected on the invoice), sales tax,
initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs also include ancillary charges such as freight or transportation charges, site preparation costs and professional fee.

**Asset Value:** Based on federal regulations, asset values for government-furnished property (GFP), government-furnished materials (GFM), or government-furnished equipment (GFE) are based on original acquisition cost of the property, regardless of age or use.

**Auxiliary Item:** An item without which the basic unit of plant equipment cannot operate. (FAR 45.501)

**Award:** Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the federal government to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and contracts, which are required to be entered into and administered under procurement laws and regulations. (OMB Circular A-110 Part 2e)

**Base or Parent Item:** Accessory or auxiliary items associated with the base, or parent asset.

**Bill of Lading (sometimes referred to as BOL or B/L):** A document issued by a carrier to a shipper, acknowledging that specified goods have been received on board as cargo for conveyance to a named place for delivery to the consignee who is usually identified. A through bill of lading involves the use of at least two different modes of transport from road, rail, air, and sea. The term derives from the verb "to lade," which means to load a cargo onto a ship or other form of transportation.

**Buildings and Structures:** A classification of fixed assets permanently fixed to land. (NMAC Chapter 20 [2.20.1.9])

**Building Name or Room Number:** The building is which the item is located (Brown Hall, EMRTC, MSEC, Workman Center, etc.) or room number (Brown 200, MSEC 234, etc.); part of location information.

**Cannibalize:** To remove serviceable parts from one item of equipment (property) to install them on another item of equipment (property). (FAR 45.101 – Rewrite 2007)

**Capital Expenditures:** The cost of the asset, including the expense to put it into place. Capital expenditure for equipment, for example, means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation (if any) can be included in, or excluded from, capital expenditure cost in accordance with the Institution's regular accounting practices. (OMB Circular A21 Part 16a (2)
Chattel: An item of tangible personal property not classified as “freehold,” i.e., either land, or some interest derived from or affixed to land, of indeterminate duration. A freehold property lies with the title holder unless he transfers it of his own.

Closeout: The process by which a federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and federal awarding agency. (OMB Circular A-110 Part 2g)

Cognizant Agency: The federal agency responsible for negotiating and approving indirect cost rates for a non-profit organization on behalf of all federal agencies. (OMB Circular A-122)

Color: Helpful in identifying vehicles, furniture, etc.

Comments: Data field used to include information for which a specific data element does not exist.

Common Item: Material that is common to the applicable government contract and the contractor's other work. (FAR 45.601)

Condition: Functional and physical state of asset.

Contract: A mutually binding legal relationship obligating the seller to furnish supplies or services (including construction), and the buyer to pay for them. It includes all types of commitments that obligate the government to expend appropriated funds; and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301, (FAR Part 2 – Definitions of words and terms).

Contractor: The Board of Regents of New Mexico Institute of Mining and Technology.

Contractor-Acquired Property (CAP): Property acquired, fabricated, or otherwise provided by the contractor for performing a contract, and to which the government has title. (FAR 45.101 – Rewrite 2007)

Contractor Inventory: (1) Any property acquired by and in the possession of a contractor or subcontractor under a contract for which title vests with the government, and which exceeds the amounts needed to complete full performance under the entire contract; (2) Any property that the government is obligated or has the option to take over under any type of contract, e.g., as a result either of any changes in the specifications or plans there under, or of the termination of the contract (or subcontract there under), before completion of the work, for the convenience or at the option of the government; and (3) government-furnished property that exceeds the amounts needed to complete full performance under the entire contract. (FAR 45.101 – Rewrite 2007)
Contractor’s Managerial Personnel: The contractor’s directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of – (1) All or substantially all of the contractor’s business; (2) All or substantially all of the contractor’s operation at any one plant or separate location; or (3) A separate and complete major industrial operation. (FAR 45.101 – Rewrite 2007)

Contracting Officer: The duly authorized individual delegated by appropriate authority to enter into a contract and thereafter administer the contract on behalf of the federal government.

Consumable: Able or intended to be discarded after use, rather than reused. A consumable is, according to the 1913 edition of Webster’s Dictionary, something that is capable of being consumed; that may be destroyed, dissipated, wasted, or spent. Locke specifies these as “consumable commodities.” Consumables are products that consumers buy recurrently, i.e., items which ”get used up” or discarded. For example consumable office supplies are such products as paper, pens, file folders, post-it notes, computer disks, and toner or ink cartridges. Not included are capital goods such as computers, fax machines, and other business machines or office furniture. For arc welding one uses a consumable electrode. This is an electrode that conducts electricity to the arc but also melts into the weld as a filler metal. (http://en.wikipedia.org/wiki/Consumables - cite_note-2#cite_note-2)

Consumable or disposable products associated with the preparation or presentation of serving food include but are not limited to plastic, foam, paper goods and cleaning supplies.

Cost-Sharing or Matching: That portion of project or program costs not borne by the federal government. (OMB Circular A-110 part 2(i))

Custodial Records: A written memorandum of any kind, such as a requisition, issued hand-receipts, tool checks, and stock record books, used to control items issued from tool cribs, tool rooms, and stockrooms. (FAR 45.501)

Date of Acquisition: Date asset is received.

Date of Completion: Date on which all work under an award is completed, or the date on the award document, or any supplement or amendment thereto, on which federal sponsorship ends. (OMB Circular A-110 part 2j)

Date of Payment: Date payment for asset was made.

Date Put Into Service: Date item was actually put into use, as determined by installation. This date should be used if asset was acquired via state surplus, loaned, GFE, donated, etc.

Deliverable: An item fabricated by the contractor to be turned over to the awarding agency at the end of the award.

Demilitarization (D-mil): Rendering a product unusable for, and not restorable to, the purpose for which it was designed or is customarily used. (FAR 45.101 – Rewrite 2007)

Department: An Institute department, division, program, or group within the university.
**Department Code or Ownership Code:** Department may have multiple levels.

**Depreciation Method:** Method used for asset depreciation. Note: Depreciation does not affect inventory status. Items don’t “deprecate” off inventory. Property still has a physical existence and is owned by the State of New Mexico, regardless of FMV. Depreciation is not applicable to federal sponsor-owned property.

**Depreciation Total:** Accumulated depreciation to date.

**Disallowed Costs:** Charges to an award the federal awarding agency determines to be unallowable, in accordance with applicable federal cost principles or other terms and conditions contained in the award. (OMB Circular A-110 part 2k)

**Disallowable Costs Incident to Shipment:** Any differences (e.g., count or condition) between the items documented to have been shipped and items actually received. (FAR 45.101 – Rewrite 2007)

**Disposal or Retirement Date:** Date asset was removed from inventory.

**Disposal Method:** How the asset was disposed of; i.e., cannibalized, sold, transferred, traded, returned, etc.

**Emergency Procurement:** Emergency procurements for capital assets cover the acquisition of equipment, which if not immediately acquired, will endanger human life or health, Institute property, or the functional capability of the Institute. (National Property Management Association)

**Equipment** (as defined by the Institute): A fixed asset which meets the following criteria:

a) An item with per-unit original acquisition cost or value greater than $5,000
b) Has a reasonable life expectancy of two or more years
c) Is free-standing or is an integral component of existing equipment

And:

Tangible non-expendable personal property, including exempt property charged directly to the award and having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, consistent with recipient policy, lower limits may be established. (OMB A-110 Part 2l)

Or:

An article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the organization for the financial statement purposes, or (b) $5,000. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable use allowances or depreciation on the equipment, or by amortizing the amount to be written off over a period of years as negotiated with the cognizant federal agency. (OMB Circular A-122 Part 15a (1))

Or:
An article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the organization for financial statement purposes, or (b) $5,000. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable use allowances or depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency. (OMB Circular A-21 Part 16a (1))

Or:

An article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of

(a) the capitalization level established by the organization for the financial statement purposes, or
(b) $5,000 (OMB Circular A-122 part 15a1)

Or:

**Equipment**: A tangible asset functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

**Equipment Class Code**: See asset category.

**Excess Property**: Property under the control of any federal agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities. (OMB Circular A-110 Part 2m)

**Exempt Property**: Tangible personal property acquired in whole or in part with federal funds, where the federal awarding agency has statutory authority to vest title in the recipient without further obligation to the federal government. An example of exempt property authority is contained in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306), for property acquired under an award to conduct basic or applied research by a non-profit institution of higher education or non-profit organization whose principal purpose is conducting scientific research. (OMB Circular A-110 Part 2n)

**FAR**: Federal Acquisition Regulations

**Fabricate**: To manufacture, build, make, or otherwise put parts together to make a whole unit.

**Fabricated Equipment**: Components or parts purchased from one or more vendors and put together in-house (by Institute staff or students) to form a single item meeting the State of New Mexico definition of equipment.

**Facilities**: When used in other than a facilities contract, means property used for production, maintenance, research, development, or testing. It includes plant equipment and real property (see 45.10). It does not include material, special test equipment, special tooling, or agency-peculiar property. (FAR 45.301)
Facilities and Administrative Costs (F&A): Costs incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with "indirect" costs (OMB Circular A-21 Section B).

Facilities Contract: A contract under which government facilities are provided to a contractor or subcontractor by the government in connection with performing one or more related contracts for supplies or services. It is used occasionally to provide special tooling or special test equipment. Facilities contracts may take any of the following forms:

a) A facilities acquisition contract providing for the acquisition, construction, and installation of facilities;
b) A facilities use contract providing for the use, maintenance, accountability, and disposition of facilities; and
c) A consolidated facilities contract, which is a combination of a facilities acquisition and a facilities use contract (FAR 45.301).

Federal Awarding Agency: The federal agency that provides an award to the recipient. (OMB Circular A-110 part 2o)

Federal Funds Authorized: The amount of federal funds obligated by the federal government for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior funding periods when permitted by agency regulations or agency implementing instructions. (OMB Circular A-110 part 2p)

Federal Requisition Number: Document number assigned by the federal government.

Federal Share: When referring to real property, equipment, or supplies, means the percentage of the property’s acquisition costs and any improvements paid with federal funds. (OMB Circular A-110 part 2q)

Federal Stock Number: The stock number assigned to the asset category by the federal government, usually found on the manufacturer’s plate.

Fixed Asset: Any property or equipment with an initial value to an agency, whether in cash or trade value, of more than $5,000. It is not acquired for subsequent sale or consumption, but for utilization in the course of an agency’s normal operations in producing and distributing goods or rendering services. The asset is expected to be used or held beyond the fiscal year in which it was acquired without being consumed by its use. Fixed assets include those assets constructed by agency personnel. This $5,000 threshold for capitalization is a minimum and does not preclude agencies from controlling assets of lesser value through their fixed asset systems when such control is desirable or appropriate.
Fixed Asset (Accounting): Also known as property, plant, and equipment (PP&E), a term used in accounting for assets and property, which cannot easily be converted into cash. In most cases, only tangible assets are referred to as fixed. Fixed assets normally include items such as land, buildings, vehicles, furniture, office equipment, computers, fixtures and fittings, and plant and machinery.

FOAP Funding: The fund used to pay for the property, which may include multiple funding sources if the asset was acquired with approved cost-share funding or shared funding; must be “tied” to a department fund, cost center, or sponsor funds.

Found Equipment or Property: Equipment discovered either by the Property Office or by a department that is not on inventory, and meets the State of New Mexico definition of equipment or inventoriable property.

Full and Open Competition: When used with respect to a contract action, means that all responsible sources are permitted to compete. (FAR 2.101 Definitions)

Funding Period: The period of time when federal funding is available for obligation by the recipient. (OMB Circular A-110 part 2r)

Furniture and Fixtures (a classification of fixed assets): Assets not permanently fixed to land, but comprise the contents of a building. (NMAC Chapter 20 {2.20.1.9})

General Purpose Equipment: Equipment usable for other than research, medical, scientific, or technical activities, whether or not special modifications are needed to make them suitable for a particular purpose. Examples include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment. (OMB Circular A-122 Part 15a4)
Or:

   Equipment: The use of which is not limited only to research, medical, scientific or other technical activities. Examples of general-purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment. (Defined in OMB Circular A-21 Part 16a (4))

Government: United States of America; federal government, unless otherwise specified, as in "state government."

Government-Furnished Property (GFP): Property in the possession of, or directly acquired by, the government and subsequently furnished to the contractor for performance of a contract. (FAR 45.101 – Rewrite 2007)

Government Material: Government property that may be incorporated into or attached to an end item to be delivered under a contract, or that may be consumed in the performance of a contract. It
includes, but is not limited to, raw and processed materials, parts, components, assemblies, and small tools and supplies. (FAR 45.101)

**Government Property**: All property owned or leased by the government, including both government-furnished property or contractor-acquired property. (FAR 45.101 – Rewrite 2007)

**Government Production and Research Property**: Government-owned facilities, government-owned special test equipment, and special tooling to which the government has title or the right to acquire title. (FAR 45.30)

**Grantee**: The Board of Regents of New Mexico Institute of Mining and Technology.

**Identification Tag**: Unique identifying numerical or alphabetical tag placed on the asset; property control number (PCN)

**Individual Item Record**: A separate card, form, document or specific lines of computer data used to account for a single item of property. (FAR 45.501)

**Industrial Plant Equipment (IPE)**: Plant equipment in federal stock group 34 (metal-working machinery) with an acquisition cost of $15,000 or more used for cutting, abrading, grinding, shaping, forming, joining, heating, treating, or otherwise altering the physical properties of materials, components or end items entailed in manufacture, supply, process, assembly, or research and development operations. (DFAR 245.301)

**Information Technology Equipment**: This equipment includes computers and peripherals, and all equipment related to electronic communications (including software). (NMAC Chapter 20 (2.20.1.9))

**Institute**: The Board of Regents of New Mexico Institute of Mining and Technology.

**Intangible Property and Debt Instruments**: Includes, but not limited to, trademarks, copyrights, patents and patent applications; such property as loans, notes and other debt instruments; lease agreements; stock and other instruments of property ownership, whether considered tangible or intangible. (OMB Circular A-110 Part 2s)

**Inventoriable Equipment**: Institute equipment with an acquisition value of $5,000.01 or more that is freestanding and has a normal life expectancy of two or more years.

**Inventoriable Property**: Assets with an original acquisition cost or FMV greater than $1,000, but less than $5,000, having a life expectancy greater than two years, and is freestanding or an integral component of an existing item.

**Institute**: The New Mexico Institute of Mining and Technology.

**Institute Property**: Property to which title vests with the Institute, whether secured with Institute funds or funds derived from external sponsors, regardless of cost.
Inventory Date: Date item was last physically inventoried.

Invoice Number: Vendor invoice number; could be multiple invoice numbers. Invoices must be itemized and include item descriptions.

Item Description: Descriptive noun(s) used to identify asset (i.e., laptop computer, LaserJet printer, pickup, sedan, etc.)

Land: Real property, not including fees for appraisals, title searches, attorney’s fees, demolition of structures (less any salvage) as part of site preparation, and agent’s commission. (NMAC Chapter 20 [2.20.1.9])

Land Improvements: Improvements subsequent to the acquisition of land. Such assets have a limited economic life. Examples are roadways, landscaping, utility infrastructure and fencing. This category also may be used to record leasehold improvements. (NMAC Chapter 20 [2.20.1.9])

Linked Items or Accessories: System components linked to the main or parent item.

Loaned Equipment: Equipment either borrowed by the Institute from an external agency, or by one Institute department from another. Loaned equipment also may be loaned by the Institute to an external agency.

Location or Other Location: The physical location of the item, including the room number, whether on- or off-campus, used for travel, or at the home of primary user.

Loss, Damage, Destruction, or Theft (LDDT): Lost, damaged, destroyed, or stolen, inventoriable property or equipment in the custody of the Institute.

Manufacturer: Name of the original manufacturer of the asset.

Material: Property that may be consumed or expended during the performance of a contract; component parts of a higher assembly; or items that lose their individual identity through incorporation into an end-item. Material does not include equipment, special tooling, and special test equipment. (FAR 45.101 – Rewrite 2007)

Major Functions of an Institution (defined in OMB Circular A-21 Part B1): Instruction, organized research, other sponsored activities, and other institutional activities as defined below:

1. Instruction: The teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether offered for credits toward a degree or certificate or on a non-credit basis; and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function is departmental research; and, where agreed to, university research.
   a. Sponsored Instruction and Training: Specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of cost...
principles, this activity may be considered a major function even though an institution’s accounting treatment may include it in the instruction function.

b. **Departmental Research**: Research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not considered as a major function, but as a part of the instruction function of the institution.

2. **Organized Research**: All research and development activities of an institution that are separately budgeted and accounted for, including:
   a. **Sponsored Research**: All research and development activities sponsored by federal and non-federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities, and where such activities are not included in the instruction function.
   b. **University Research**: All research and development activities separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, shall be combined with sponsored research under the function of organized research.

3. **Other Sponsored Activities**: Programs and projects financed by federal and non-federal agencies and organizations which involve the performance of work other than instruction and organized research. Two examples are health service projects and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as “other institutional activities.”

4. **Other Institutional Activities**: All activities of an institution except:
   a. Instruction, departmental research, organized research, and other sponsored activities, as defined above;
   b. Facilities and administrative cost activities identified in Section F; and
   c. Specialized service facilities described in Section J.44 of OMB Circular A-21. Other institutional activities include operation of residence halls, dining halls, hospitals and clinics, student unions, intercollegiate athletics, bookstores, faculty housing, student apartments, guesthouses, chapels, theaters, public museums, and other similar auxiliary enterprises. This definition also includes any other categories of activities, costs of which are "unallowable" to sponsored agreements, unless otherwise indicated in the agreements.

**Mobility Code**: Hand-carry, wheeled cart, heavy equipment, etc.

**Model Number**: Manufacturer’s model number.

**Motor Vehicle**: Any motorized carrier designed primarily for the transportation of persons or property that is operated on a public road. Not included is any implement intended solely for agricultural operations and only incidentally operated or moved over a public road. This does not include leased motor vehicles or aircraft. (NMAC Chapter 20 [2.20.1.9])

**Net Book Value**: Remaining value after deduction of accumulated depreciation.
**Non-Profit Organization**: Any corporation, foundation, trust, or institution operated for scientific, educational, or medical purposes, not organized for profit, and no part of the net earnings of which insures (effects) the benefit of any private shareholder or individual. (45.301)

Or:

As used in this special condition, a domestic university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c), and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a), or any domestic nonprofit scientific or educational organization qualified under a state nonprofit organization statute. (NASA Grant and Cooperative Agreement Handbook Property Reporting: Section 1260.57 "New Technology")

**Non-severable**: Property that cannot be removed after construction or installation without substantial loss of value or damage to the installed property or to the premises where installed. (FAR 45.101 – Rewrite 2007)

**Obligations** (defined in OMB Circular A-110 Part 2t): The amounts of orders placed, contracts and grants awarded, services received and similar transactions during a given period that require payment by the recipient during the same or a future period.

**OMB Circular**: Office of Management and Budget Circulars (federal government) contain clauses pertaining to grants and cooperative agreements and other federal guidelines pertaining to federal monies.

**Original Acquisition Cost**: All costs associated with initial acquisition of asset.

**Outlays or Expenditures**: Charges made to the project or program which may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of cash disbursements for direct charges for goods and services; the amount of indirect expense charged; the value of third party in-kind contributions applied; and the amount of cash advances and payments made to sub-recipients. For reports prepared on an accrual basis, outlays are the sum of cash disbursements for direct charges for goods and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase (decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, sub-recipients and other payees and other amounts becoming owed under programs for which no current services or performance are required. (OMB Circular A-110 Part 2u)

**Other Plant Equipment**: That part of plant equipment, regardless of dollar value, used in or in conjunction with the manufacture of components or end items relative to maintenance, supply, processing, assembly, or research and development operations, but excluding items categorized as IPE. (FAR 45.101)

**Part Number**: Manufacturer’s part number.

**Percentage of use**: Estimate of how often an item is used.
**Personal Property:** Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities. (OMB Circular A-110 part 2v)

**Personal Property (non-expendable):** A generic name for any movable item subject to ownership; not real property or equipment.

**Physical Inventory:** The process of verifying that fixed assets owned by or in the custody of the Institute are present in their assigned departments, locations, and evaluating their condition.

**Plant Equipment:** Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment. (FAR 45.101)

**Precious Metals:** Silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium. (FAR 45.601)

**Previous Department:** Prior department having custody of item (historical transactions).

**Previous Tag:** Prior inventory or federal identification tag number (historical transactions).

**Principal Investigator (PI):** The academic or administrative staff member responsible for initiating and conducting an externally funded project. The individual may also be known as the Project Director or Administrator.

**Privity:** The legal term for a close, mutual, or successive relationship to the same right of property, or the power to enforce a promise or warranty. It is an important concept in contract law.

**Prior Approval:** Written approval by an authorized official evidencing prior consent. (OMB Circular A-110 part 2w)

**Project Costs:** All allowable costs, as set forth in the applicable federal cost principles, incurred by a recipient, and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period. (OMB Circular A-110 part 2y)

**Project Period:** The period established in the award document during which federal sponsorship begins and ends. (OMB Circular A-110 part 2z)

**Property:** All tangible property, both real and personal. (FAR 45.101 – Rewrite 2007)

**Property Administrator:** An authorized representative of the contracting officer appointed in accordance with agency procedures responsible for administering contract requirements and obligations relating to government property in the possession of a contractor. (FAR 45.101 – Rewrite 2007)
Property Control Number (PCN): A six-character, numeric or alpha-numeric, numbered tag assigned by the Property Office as an inventory item number. The PCN is used to record a piece of non-expendable personal property, industrial plant equipment, other plant equipment, or items deemed necessary to be tracked in the property database.

Property Coordinator: Department-level employee responsible for property inventories, and who oversees all departmental assets regardless of end user.

Provide: To furnish, as in government-furnished property (GFP); or to acquire, as in contractor-acquired property (CAP). (FAR 45.101 – Rewrite 2007)

Purchase Order Number (or other acquisition or purchasing document): Purchase order (PO), direct payment (DP), government bill of lading, etc.

Real Property: Land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment. (FAR 45.101)

Or:

Real Property: Land, including land improvements structures and appurtenances thereto, but excludes movable machinery and equipment. (OMB Circular A-110 part 2aa)

Recipient: The Institute and/or an organization receiving financial assistance directly from federal awarding agencies to carry out a project or program. The term includes public and private institutions of higher education; public and private hospitals; and other quasi-publicprivate non-profit organizations such as, but not limited to, community action agencies, research institutes, educational associations, and health centers. The term may include commercial organizations, foreign or international organizations (such as agencies of the United Nations) which are recipients, sub-recipients, or contractors or subcontractors of recipients or sub-recipients at the discretion of the federal-awarding agency. The term does not include government-owned, contractor-operated facilities or research centers providing continued support for mission-oriented, large-scale programs that are government-owned or controlled, or are designed as federally-funded research and development centers. (OMB Circular A-110 part 2cc)

Repair Information: Identifies assets sent for repairs.

Replacement Cost: Cost to replace asset.

Reportable Item: All property regardless of original acquisition cost in which ownership vests with the sponsor or the federal government.

Or:

Reportable Item: Any invention, discovery, improvement, or innovation of the grantee, whether or not patentable or otherwise protectable under Title 35 of the United States Code, made in the performance of any work under any NASA grant or in the performance of any work that is reimbursable under any provision in any NASA grant providing for reimbursement of costs incurred before the effective date of the grant. Reportable items include, but are not limited to, new processes, machines, manufactures, and compositions of
matter; and improvements to, or new applications of, existing processes, machines, manufactures, and compositions of matter. Reportable items also include new computer programs, and improvements to, or new applications of, existing computer programs, whether or not copyrightable or otherwise protectable under Title 17 of the United States Code. (Defined in NASA Grant and Cooperative Agreement Handbook - Property Reporting Section 1260.57 "New Technology")

**Research and Development:** All research activities, both basic and applied, and all development activities supported at universities, colleges, and other non-profit institutions. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful material, devices, systems, or methods, including design and development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. (OMB Circular A-110 part 2dd)

**Responsibility for Property:** The obligations of an individual for the proper management, custody, care, and safeguarding of property entrusted to his or her possession or under his or her supervision.

**Responsible Person:** The dean, department head, division head, or PI responsible for the control, maintenance and accountability of the equipment or property.

**Restricted Funds:** Monies received from any award, grant, contract, cooperative agreement or other legal agreement.

**Retirement Date:** See disposal date.

**Room Number:** Part of location information.

**Sales Proceeds:** Amount received upon sale of asset; used to calculate gains or losses.

**Salvage:** Property that, because of its worn, damaged, deteriorated, or incomplete condition or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs, but has no value in excess of its scrap value. (FAR 45.501)

**Sensitive Property:** Property potentially dangerous to public safety or security if stolen, lost or misplaced; or that shall be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals. (FAR 45.101 – Rewrite 2007)

**Serial Number or Vehicle Identification Number (VIN):** Manufacturer’s assigned serial number or VIN.

**Shared:** Used when an item may be shared by other departments or sponsored research projects.
**Small Awards**: A grant or cooperative agreement not exceeding the small purchase threshold fixed by 41 U.S.C. 403(11) (currently at $25,000). (OMB Circular A-110 part 2ee)

**Software**: A computer- or instrument-operating program, database and any documentation associated with the operating program. If software meets the State of New Mexico definition of equipment, it will be capitalized as equipment.

**Software License**: The legal authority to use a computer- or instrument-operating program, database and documentation thereof.

**Sole Source**: Procurements that by virtue of performance specifications or product uniqueness are available from a single source. These procurements may include, but are not limited to, the requirements of performance compatibility with existing equipment. Restrictive specifications shall only be used when the asset is unique in technical design, and must meet compatibility, maintainability, or standardization requirements. Brand name or design specifications shall not be sufficient justification for sole source. (National Property Management Association)

**Source of Funds**: The agency providing the monies, i.e., the State of New Mexico, federal government, Department of Defense, NASA, private industry, etc.

**Special Purpose Equipment**: Equipment usable only for research, medical, scientific, or technical activities; i.e., microscopes, x-ray machines, surgical instruments and spectrometers. (OMB Circular A-122 Part 15a1)

**Special Test Equipment**: Either single- or multipurpose-integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including standard or general-purpose items or components that are interconnected and interdependent as to become a new functional entity for special testing purposes. It does not include material, special test equipment, facilities (except foundations or similar improvements necessary for installing special test equipment,) and plant equipment items used for general plant-testing purposes. (FAR 45.101)

**Special Tooling**: Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aides, all components of these items, and replacement of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items. (FAR 45.101)

**Sponsored Agreement**: Any grant, contract, or other agreement between the institution and the federal government. (OMB Circular A-21 Section B)
Sponsor Asset Type or Equipment Code: Asset-type category for sponsor reporting purposes; primarily used for government-owned assets.

Sponsor Identification Number: Unique number provided by the sponsor for the asset.

Sponsoring Departments: Departments within the Institute responsible for the administration of a grant, contract, cooperative agreement or similar award.

Sponsored Research: Work performed under a grant, contract, subcontract, or cooperative agreement with an outside agency, a private corporation, or the federal government.

State: The State of New Mexico

State Educational Institution: Those institutions designated by Article 12, Section 11 of the constitution of New Mexico. The New Mexico Institute of Mining and Technology is listed as a state educational institution under this provision. (New Mexico State Statutes Section 13.6.4(c))

Status: Active, inactive, new, sold, etc.

Stock Record: A perpetual inventory record that shows by nomenclature the quantities of each item received and issued and the balance on hand. (FAR 45.501)

Sub-Award: An award of financial assistance in the form of money, made under an award by a recipient to an eligible sub-recipient, or by a sub-recipient to a lower-tier sub-recipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract; but does not include procurement of goods and services, nor does it include any form of assistance excluded from the definition of "award" in paragraph (e) of OMB Circular A-110. (OMB Circular A-110 part 2ff)

Sub-Recipient: The legal entity to which a sub-award is made and which is accountable to the recipient for the use of funds provided. The term may include foreign or international organizations (such as the United Nations) at the discretion of the federal-awarding agency. (OMB Circular A-110 part 2gg)

Summary Record: A separate card, form, document or specific lines of computer data used to account for multiple quantities of a line item of special tooling, special test equipment, or plant equipment costing less than $5,000 per unit. (FAR 45.501)

Supplies: All property excluding equipment, intangible property, and debt instruments as defined in OMB Circular A-110; and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement. (OMB Circular A-110 part 2hh)

Surplus Property: Excess personal property not required by any federal agency as determined by the Administrator of General Services (GSA). (FAR 45.101 – Rewrite 2007)
**Suspension:** An action by a federal awarding agency that temporarily withdraws federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award by the federal awarding agency. Suspension of an award is a separate action from suspension under federal agency regulations. (OMB Circular A-110 part 2ii)

**Tangible Personal Property:** Tangible property other than real property having a physical existence, including but not limited to, supplies, equipment, materials and printed materials. (Statutory Chapters of New Mexico Annotated 1978, 13-1-93)

**Termination:** The cancellation of federal sponsorship, in whole or part, under an agreement at any time prior to the date of completion. (OMB Circular A-110 part 2jj)

**Third Party In-Kind Contributions:** The value of non-cash contributions provided by non-federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies, and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. (OMB Circular A-110 part 2kk)

**Title:** Ownership; used to designate title of asset.

**Transaction Date:** Used to record last date the item record was accessed for any revision.

**Units:** With the exception of materials, each item is recorded individually.

**Unit Value:** Used to record FMV or original acquisition cost, if asset is GFE.

**Untagged Item Flag:** A way to identify than an asset tag was unable to be physically placed on the asset.

**User, Custodian or Person Responsible:** Individual (0065cluding students) who is the end user, PI, department head.

**Useful Life:** Specified in years (standard useful life of item) and used for depreciation.

**Utility Distribution System:** Includes distribution and transmission lines, substations, or installed equipment forming an integral part of the system by which gas, water, steam, electricity, sewerage, or other utility services are transmitted between the outside building or structure in which the services are used and the point of origin, disposal, or connection with some other system. It does not include communication services.

**Value:** Worth or usefulness of any item to an individual; monetary value in exchange for something; rate, charge, assessment.

**Vehicle License Plate Number:** MVD-assigned license plate number, if required.

**Vendor:** Name of company or individual from which asset was purchased.

Revision 1
**Voucher or Reference Number:** Unique accounting control number, such as a check number.

**Warranty Information:** An area to define the warranty information for a given asset.

**Weight:** For vehicles and heavy equipment.

**Work-in-Process:** Material that has been released to manufacturing, engineering, design, or other services under the contract and includes undelivered manufactured parts, assemblies, and products, either complete or incomplete. (FAR 45.501)

**Year of Manufacture:** The year an item was manufactured, which usually appears on the manufacturer’s data plate with serial and model numbers.
References

Polices set forth in this manual are based on rules and regulations from:
State of New Mexico Statutes:
   - Chapter 13 - Public Purchases & Property Article 1 Procurement
   - Chapter 13 - Public Purchases & Property Article 6 Sale of Public Property
   - Chapter 15 - Administration of Government Article 8 Transportation
Constitution of the State of New Mexico Adopted January 21, 1911 - Article XII
New Mexico Administrative Code (Renumbered):
   - Chapter 20 - Accounting by Governmental Entities Part 1: Accounting and control of fixed assets of State Government, Accounting for acquisitions and Establishing Controls
Federal Acquisition Regulations (FAR) 45 Scope of Part and 52.245-1 Property Records: Providing Government Property to contractors, contractor's use and management of Government Property and Reporting
Defense Federal Acquisition Regulations Supplement (DFARS) 245
NASA Grant & Cooperative Agreement Handbook -- Property Reporting
OMB Circulars:
   - A-110: Uniform Administrative Requirements for Grants and Agreements for Higher Education, Hospitals, and other Non-Profit Organizations
   - A-21: Cost Principles for Educational Institutions
   - A-122: Cost Principles for Non-Profit Organizations
   - A-133: Audits of States, Local Governments, and Non-Profit Organizations
DoD Manual 4161-2-M

Additional references include:
   - Recommendations of the National Property Management Association Manual for Colleges and Universities
   - Ideas comprised from researching other university property manuals; both public and private

NOTE: This manual is comprised from state and federal rules and regulations and will be subject to changes without prior notification.
Forms

Below is a list of the most commonly used Property Office forms, with a brief description of each. Should you require another form or have any questions, please contact any of the Property Office Representatives.

**Annual Off-Campus Receipt** – Should be completed for all assets that are removed from campus for research, teaching or work. The receipt must be renewed each year. Having a receipt on file illustrates that the item was removed from campus with the proper authority, provides required documentation to external auditors and may be required for insurance purposes if an asset is stolen or damaged. The receipt must be filed prior to the asset being removed from campus. Once the asset is no longer taken from campus the returned section of the form should be completed and turned in to the Property Office.

**Calibration & Repair Receipt** – Should be completed for all assets that are sent off campus for calibration, repair or maintenance. Once the asset has been returned the Property Office should be notified.

**Loss, Damage & Destruction** – Must be completed and submitted before an asset can be removed from the inventory database.

**Pickup & Disposal Request** – Must be completed and submitted to notify the Property Office of surplus assets and arrange a time for the assets to be picked up or delivered to the Property Yard. **Pickup & Disposal Request Instructions.**

**Trade In & Exchange** – Must be completed and submitted prior to an asset being used for a trade in or as an exchange item.

**Transfer of Assets** – Is used to transfer assets between departments, people or location.

**Warranty Replacement** – When an item under warranty must be replaced, the department needs to notify the Property Office as soon as possible, and the office will help to fill out the warranty repair/replacement form. The form and related shipping documentation will serve as a basis for documenting the location of the equipment.
This page intentionally left blank.