

SOUTHERN METHODIST UNIVERSITY

SPONSORED PROJECT

PROPERTY MANAGEMENT PROCEDURE

January 15, 2015

TABLE OF CONTENTS

Topic	Page
Purpose	1
Who Must Comply	1
Procedures	1
I. Equipment Classifications	1
II. Acquisition/Purchase	2
III. Multi -Component Equipment and Fabrications	3
IV. Records	4
V. Use of Sponsored Project Property	6

SPONSORED PROJECT PROPERTY MANAGEMENT PROCEDURE

PURPOSE

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

B. Government-titled Equipment

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

C. Government-furnished Property

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

D. University-Funded Equipment

Equipment purchased with non-sponsored project funds is considered "University equipment." Title to university equipment is vested with SMU. University equipment is tested as part of the 100 Audit and is generally subject to the same guidelines as sponsored project equipment. For policy information related to university equipment, see [Asset Management Policies and Procedures](#)

II. Acquisition/Purchase

Types of costs that may be capitalized as equipment:

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

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

Types of costs that may not be capitalized as equipment:

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

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

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

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

2. Acquiring Parts for a Fabrication

Fabrications require the purchase of component parts and/or materials over time. Fabrication costs are charged to the sponsored project using the account that reflects where title to the finished product will be vested. Account 8240 is used for equipment to which title will vest in SMU and account 8245 is used when title vests in the local government or other sponsoring entity. Only costs integral to the fabrication should be charged to a fabrication account for capitalization. Integral parts include any piece or material that becomes a permanent part of the fabrication, any supply necessary for the fabrication, and any internal or external service fees. All requisitions payment requests involving integral parts of a fabrication must include the description of the fabrication and the account to be charged.

cti equipment f
/Pt(s-1(w)2(w)2
heyp
cmlin

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

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

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

VII.

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

E. Excess Federally-Owned Property

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

IX. Reports

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

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

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

Initiation of the required form/communication is the responsibility of the PI/PD who is the first to

1. Federally-Owned or Exempt Property

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

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

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

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

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

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

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

Property Administrator - an au 12 50j E 12 50j Eejon tv of thirmentta-70 Td8 Td [(i)-2aeei(ib)2nr to ra to(