

Government Funded Property Policy

Overview and Key Concepts

These guidelines are based upon Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 (Uniform Guidance). These policies and procedures apply to all real property (land) and equipment items that are purchased with Government funding provided from grants, cooperative agreements and contracts. Property furnished directly to the University by a Government agency under the terms of a grant, contract or cooperative agreement is also covered by these policies. All University personnel involved with the purchase, use, maintenance, protection, transfer and/or disposition of this type of property must follow these guidelines.

I. Property Management

A. Purpose

This document contains Washington University's Policies and Procedures relevant to operations at the departmental level for managing Government funded property for utilization on sponsored research. Such property is categorized as University-owned, Government-owned, or Government-furnished. The policies and procedures contained within this document address the functional areas of a property control system: Property Management, Definitions, Accountability, Asset System Records, Acquisition and Receiving, Equipment Identification, Physical Equipment Inventories, Disposition, and Contract Property Close-out.

This document is issued as a complement to existing Financial Services and Procurement Policies and Procedures Manuals.

B. Mandate

Policies and procedures for Government property conform to Federal regulations which include:

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 (Uniform Guidance)
- Federal Acquisition Regulations (FAR) Part 45 and 52.245

An annual audit is conducted to ensure compliance to Federal regulations and the provisions of Federal grant and contract agreements, in accordance with Uniform Guidance.

II. Definitions

Asset - tangible property, plant, and equipment purchased for use in operations which is expected to provide present and future benefit to the University.

Asset Number - Asset System assigned identifier for reference and tracking in the Asset System.

Close-out - the process by which a sponsored project is prepared for completion by the Custodial Department and Sponsored Projects Accounting. The Federal awarding agency then determines that all required work and administrative procedures of an award have been completed by the University.

Cognizant Federal Agency - the Federal Government agency designated to oversee sponsored agreement

negotiations, management, and administration at Washington University. The University's cognizant federal agency is the Department of Health and Human Services (DHHS).

Custodial Department - the University department responsible for the asset.

Equipment - tangible, nonexpendable property having a useful life of more than two years. Equipment may be a single item, a constructed (i.e., fabricated) item or several components that produce one unit.

Equipment Screening Certificate - University form completed by the Custodial Department to justify the purchase of a piece of equipment in excess of \$100,000, purchased in whole or in part on a Government-funded grant or contract. (Exhibit II)

Exempt Property - Federal awarding agencies with statutory authority have the option to vest title to property acquired with Federal funds in the University without further obligation to the Federal Government. This property is deemed "exempt property". Generally, if exempt, this designation is made in the Notice of Grant Award. Property guidelines vary by awarding agency.

Federal Awarding Agency - Federal agency that provides a sponsored research award to the University.

Government-funded property - an asset acquired with Government funds, in accordance with the terms and conditions of a Government grant, contract or cooperative agreement. The title or ownership of such property may be vested in the University (title code "U" in the Asset Information System) or the Federal Government (title code "F" in the Asset Information System).

Government-furnished property - Government-owned asset furnished to the University from the Government for utilization on a specific program or project (title code "Z" in the Asset Information System).

Government-owned property - an asset acquired with Government funds, whose title remains vested in the Federal Government (title code "F" in the Asset Information System). This condition is specified in "Special Terms & Conditions" of the grant or contract agreement.

Intangible Property - property having no physical existence, such as trademarks, copyrights, patents, etc.

Property - equipment, real property, and intangible property.

Real Property - land, including land improvements and structures, excluding movable machinery and equipment.

III. Accountability

A. Custodial Department

The University Custodial Department is responsible for the following in the acquisition and management of Government property:

- Correspondence with the Administrative Grant Office of the Federal awarding agency for any prior approvals required for acquisition of property on Government grants, contracts or cooperative agreements, as specified in the awarding agency guidelines.
- Identification as Government-owned at the time of ordering, or Government-furnished when received from the Government.
- Accurate input and maintenance of the following data elements in the Asset System for each item: a description

of the item, manufacturer's name, serial number, model, source of funding, acquisition date, location, unit cost, title determination and condition.

- Accurate allocation of the cost of each item to the appropriate project(s)
- Completion and submission of accurate receiving reports which identify property condition and shipping or receiving discrepancies.
- Maintaining the physical security, safety, and storage of property, in accordance with Government regulations.
- Providing regular preventative maintenance and retention of related records.
- Utilizing the property in the manner for which it was furnished or acquired.
- Reasonable consumption based on utilization standards.
- In cooperation with the University Property and Equipment Accounting Department, conducting regular physical inventories of department property and verification to Asset System Inventory Reports.
- Screening of department assets for similar or suitable items prior to purchasing unnecessary or duplicate equipment.
- Identification, inventory, and reporting of property at off-campus locations, including subcontractor locations.
- Implementation of proper procedures for moving property and adequate protection during movement.
- Tagging of Government-owned property, working in conjunction with the University Property and Equipment Accounting Department.
- Report of loss, damage, or destruction of assets to the Sponsored Projects Accounting Department, the Federal awarding agency, and the University Insurance Department. Update the property system for these items, as necessary.
- Completion of physical inventory prior to project termination and grant or contract close-out.
- Solicitation of approval from the Federal awarding agency for transfer of Government property, from a completed grant or contract, for use on other grants or contracts or for trade-in of equipment to be replaced with new equipment.
- Coordination and Completion of the Sponsored Equipment Transfer form when a PI leaves the University and is approved to transfer assets with the grant.
- Coordination of entering assets into the Washington University asset system when a PI transfers to Washington University with transferred equipment.
- Proper disposition methods based on Federal guidelines (see section VIII).
- Removal of identification tag from property prior to disposal.
- Proper accounting of proceeds from sale of asset.

B. Sponsored Project Accounting

The Sponsored Project Accounting office is responsible for the following in the acquisition approval and reporting of Government property:

- Review acquisition of property on Government grants, contracts or cooperative agreements to ensure that the purchase is reasonable and allowable per Agency, Federal and University policies and guidelines.
- Complete property reports required by the agency or award with the cooperation of the department and PI.
- Complete disposition instruction requests when required by the agency or award.
- Coordinate and provide supporting documentation to auditors when property or property system audits are conducted.

IV. Asset System Records

Assets purchased, fabricated, donated, transferred from another university/entity, or furnished by the Federal Government are accounted for in the Asset System.

The Asset Help link in AIS on the Asset System functions provides a quick guide with complete information to update and inquire on asset information

A. Asset Procurement in Marketplace

Assets acquired through the University's Procurement System are routed to the Property and Equipment Accounting department for entry into the Asset System.

B. Asset Creation for non-Marketplace

The Custodial Department is responsible for providing asset information to Property and Equipment Accounting department for input into the Asset System, when the asset was not purchased through the University's Procurement System (e.g., Government-furnished asset, donated asset or asset transferred from another university).

C. Asset Update

Change of asset demographic information (i.e., location, Principal Investigator, condition, Custodial Department). The Custodial Department is responsible for updating this information, if applicable.

D. Asset Inquiry

The Asset Inquiry screen provides the asset title code on the Asset Details tab. The title code, from Custodial Department's instructions in the Asset Purchase Order, is entered by the Property and Equipment Accounting Department. Valid title codes related to Government property are:

- U - University has title (including exempt property).
- F - Federal Government has title.
- Z - Federal Government furnished equipment and holds title.
- T - Federal Government held title, now transferred to Washington University.
- I - Institutional transfer from another university.

E. Asset Lookup

Assets are reviewed by user selection criteria (i.e., Custodial Department, principal investigator, document number,

location, etc.).

F. Asset Disposition

The disposal of the asset, including transfer, trade-in, sell, and destroy.

An asset may be transferred from one University department to another. A transfer is entered by the custodial department and approved by the Property and Equipment Accounting Department as an asset disposition.

An asset associated with a sponsored project may be transferred from the University to another entity. Typically, a transfer of this nature occurs when the Principal Investigator has accepted a position at another institution and plans to transfer the sponsored project to the new institution. The custodial department will code the asset as transferred from WU Location in the Asset System.

G. Asset Information in the Asset System

Original Document Number *	Creation Type *	Asset Value / Acquisition Cost*
Custodial Department Number *	Principal Investigator Name	Vendor
Description*	Manufacturer Name*	Model, Serial Number*
Acquisition Date *	Condition Code*	Building Number, Floor, Room*
Class Code *	Type Code *	Life Code *
Title Code*	Asset Number **	Account (LC, DEPT, Fund, SC Obj) *
Donor Name	Date of Disposal	Disposal Reason Code *
Sold Amount, Buyer	Remarks	

(* = required field to be completed/maintained by Custodial Department)

(** = required, but generated by Asset System)

V. Acquisition and Receiving

A. Acquisition Procedures

Acquisition of property at Washington University is through Marketplace, the University's on-line Procurement System. The [Resource Management website](#) provides policies and procedures pertaining to purchasing goods and services.

The Purchasing Services Office complies with OMB Uniform Guidance 2 CFR 200.318 (f) in maintaining procurement records. These records include the following:

- Rationale for the method of procurement
- Selection of contract type
- Contractor selection or rejection
- Justification for lack of competition when competitive bids are not obtained
- Basis for award cost or price

B. Acquisition of Government-funded property

In addition to University procurement policies and procedures, property acquired with Government funds may require

additional justification (see Federal awarding agency guidelines for specific agency requirements).

Property costing \$100,000 or more requires completion of an [Equipment Screening Certificate](#). The Custodial Department completes the Equipment Screening Certificate and forwards it to Sponsored Projects Accounting when the on-line Asset Purchase Order is initiated. The Equipment Screening Certificate sections include:

General Information to be completed by the department - Department, Principal Investigator, Equipment Description, Approximate Value, Model Number

Property and Equipment Accounting Certification - Property and Equipment Accounting Department screening of University asset inventory for exact or similar item availability. Approval by Property and Equipment Accounting Department administrator.

C. Prior Approval

Prior to acquiring property with Federal funds, it must be determined if awarding agency prior approval is required. Generally, unless specified in "Terms and Conditions" of the grant or contract agreement, prior purchase approval is not required if the item has been identified in the awarded budget. Prior approval is required if the purchase of an asset would cause a change in scope.

The Principal Investigator is responsible for contacting the Administrative Grant Office of the Federal awarding agency for any approvals required by the agency (e.g., NIH, NSF, DOD, etc.). All correspondence to/from the Administrative Grant Office should be routed and co-signed by the designated officer in the Office of Sponsored Research Services (OSRS).

D. Receiving

Receiving of property at Washington University is documented through on-line receiving procedures. The [link](#) on the receiving function in FIS provides instructions for reporting of items received and authorizing payment. Receiving administration includes reconciling items received to purchase orders, on-line entering of receiving document, and retention of shipping and receiving documents.

VI. Equipment Identification

A. Government-funded

Equipment acquired with Federal funds and owned by the University does not require distinct tagging.

B. Government-owned

The Custodial Department notes in the "Remarks" section of the Asset Purchase Order (PO) "GOVERNMENT RETAINS TITLE" when purchasing a piece of equipment. The Property and Equipment Accounting Department will code the asset in the Asset System as "F".

C. Government-furnished

Government-furnished equipment information is provided by the Custodial Department to the Property and Equipment Accounting Department for entry into the Asset System. The Property and Equipment Accounting Department codes the asset 'Z' in the Asset System.

D. Tagging

For both Government-owned and Government-furnished equipment, the Property and Equipment Accounting

Department creates an asset tag and forwards it to the Custodial Department.

The 1" x 2" white adhesive tag is placed on the asset, in a visible location, by the Custodial Department, or upon request, by the Property and Equipment Accounting Department. If there is more than one component, the tag should be placed on the principle piece of the item (e.g., if the item is a high-tech PC, the tag should be placed on the CPU – NOT the monitor, not the keyboard and not the mouse)

The asset tag resembles the following:

WASHINGTON UNIVERSITY GOVT. OWNED

ASSET #: MFR:

SERIAL #: ACQ DATE:

MOD #: MODEL #:

DSC: DEPT:

PO#

VII. Physical Equipment Inventories

A. Frequency

Property in the custody of University departments is inventoried on a regular basis.

- Biennial - Full Moveable Equipment Inventory

A University-wide inventory of all movable equipment based on Asset System Inventory Reports. The Custodial Department will verify the existence, current utilization, continued need for, and location of the equipment. Updates to the asset system, based upon the results of the inventory, should be made by the Custodial Department or the Property and Equipment Accounting Department (upon request of the Custodial Department).

- Annual - Spot Inventory of Moveable Equipment

Property and Equipment Accounting Department conducts random spot audits of Custodial Department's moveable equipment and all government-furnished or government-owned equipment.

- Annual - Review of Government Owned and/or Furnished Equipment

Principal Investigator should review and report to Sponsored Project Accounting any changes to Government-furnished equipment designated to specific grants, contracts or cooperative agreements. The Custodial Department should also update the Asset System, as necessary.

- Biennial - Review of Asset Disposals

Custodial Department should review a report of assets deleted from Asset System (by an individual not responsible for maintaining assets records in the Asset System). The department should verify that disposals are appropriate.

- Biennial - Review of Assets in Invalid Spaces

Custodial Department will review a report from the Asset System which indicates assets that are assigned to

non-existent buildings, floors and/or rooms in the University's Space System. The department should reassign the location of these assets in the Asset System.

- Internal Audit

Internal Audit may conduct a review of Government-owned and/or Furnished property...

- Contract Close-out

SPA in conjunction with the custodial department may be required to review and report Government-funded, owned, and furnished equipment to determine appropriate execution of disposition procedures.

- Equipment Inventory Report

Equipment inventory reports identify assets in the Asset System. Reports are generated by specified attributes: title code (i.e., University-owned acquired with Government funds, Government-furnished, Government-owned), Custodial Department, disposition status, fund, etc.

Inventory reports are generated from the Asset System by Property and Equipment Accounting Department for biennial audits, spot audits, biannual deletion review, annual and final property reporting, or by special request.

B. Responsibility

Because of the decentralized nature of the academic environment and the amount of equipment at Washington University, physical inventory responsibility is shared. Contribution by the Custodial Department, Property and Equipment Accounting, Sponsored Projects Accounting, and Internal Audit ensure the physical identification and recording propriety in the Asset System.

VIII. Disposition

A. Exempt Property

Federal awarding agencies with statutory authority have the option to vest title to property acquired with Federal funds in the University without further obligation to the Federal Government. This property is deemed "exempt property". Generally, if exempt, this designation is made in the Notice of Award. Property guidelines vary by awarding agency. Sponsored Project Accounting maintains all Federal awarding agency guidelines and provides assistance in determining applicability to specific grants and contracts.

Proceeds from the sale or trade-in of exempt property should be handled as follows:

- If the Project(s) in which the item was purchased is still active, the proceeds or value from the sale/trade-in should be credited to the project(s). Note – if the original fund is expired but the project is still active in the general ledger, then then the current fund should be credited.
- If the project in which the item was purchased has expired and the final reports have been accepted by the sponsor, the proceeds may be deposited into an appropriate departmental account/fund.

Exempt property originally purchased with sponsored funds should not be sold to other departments/academic units within the University. Items that are no longer needed by the department should be donated to another department if needed.

Contact Sponsored Projects Accounting for assistance with issues concerning the sale or trade-in of exempt property.

Exempt property is not subject to the following disposal guidelines for Government-funded, owned and furnished property. All Government funded, owned or furnished property not specifically exempted are subject to these procedures.

B. Government-funded Property

Property acquired in whole or part with Federal funds requires special disposition procedures, in accordance with OMB 2 CFR 200. When property is no longer needed for the purpose of the original project, the following procedures apply:

1. Real Property

The Principal Investigator obtains written approval from the Federal awarding agency for the use of real property in other federally sponsored projects or programs with purposes consistent with those authorized for support by the Federal awarding agency.

When property is no longer needed as described above, the Principal Investigator obtains disposition instructions from the Federal awarding agency. One of the following disposition instructions will apply:

- a. The University retains title without further obligation to the Federal Government after compensating the Federal Government the amount equal to its participation based on the current fair market value of the property.
- b. The University sells the property under guidelines provided by the Federal awarding agency and compensates the Federal Government the amount equal to its participation based on the current fair market value of the property.
- c. The University is directed to transfer title of the property to the Federal Government or an eligible third party. The University is entitled to compensation in the amount equal to its participation based on the current fair market value of the property.

The Purchasing Services Department provides assistance with the determination of current fair market value.

2. Equipment

University-titled/owned equipment with a fair market value of less than \$5,000 may be retained, sold or disposed of with no further obligation to the Federal Government.

For equipment with a current fair market value of \$5,000 or more, the University may utilize the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Government funds. When the equipment is no longer needed for the original project or program, it should be utilized in connection with Federal-sponsored activities in the following order:

- a. Activities sponsored by the Federal awarding agency which funded the original project.
- b. Activities sponsored by another Federal awarding agency.

When it is determined that the equipment is no longer needed, the PI must request disposition instructions from the Federal awarding agency if required by the terms and conditions. The Federal awarding agency is to issue instructions no later than 120 calendar days after the request. If disposition instructions are not issued within 120 days, the University shall:

- a. Retain or sell the equipment and compensate the original Federal awarding agency in the proportion of its participation in the original project applied to the current fair market value of the property. If the equipment is sold, the Federal awarding agency may permit the University to deduct and retain \$500 or

10% of the proceeds, whichever is less, for its selling and handling expenses.

- b. The University may transfer title of the property to the Federal Government or an eligible third party. The University is entitled to compensation in the amount equal to its participation based on the current fair market value of the property

C. Government-owned property

Title to Government-owned property remains vested in the Federal Government. Property that is no longer needed should be reported, by the Principal Investigator in conjunction with SPA and the Property and Equipment Accounting Department, to the Federal awarding agency for further Federal agency utilization.

If the Federal awarding agency has no further need for the property, it shall be declared excess and reported, by the Principal Investigator, to the General Service Administration. Federal awarding agencies with statutory authority may dispose of the property by alternate methods. Appropriate instructions shall be issued to the Principal Investigator by the Federal awarding agency.

In some cases, the Government-owned property may be furnished to the University for utilization on other sponsored research projects.

D. Government-furnished property

Title to Government-furnished property remains vested in the Federal Government. When Government-furnished property is no longer needed, the Principal Investigator in conjunction with SPA shall notify the Federal awarding agency for disposition instructions. Property and Equipment Accounting should be notified to update the Asset system as necessary.

IX Transfer of Equipment

A. Transfer Out

A Principal Investigator (PI) transferring to another institution may wish to transfer equipment associated with a sponsored project to the new institution. To initiate this process, the Custodial Department and/or the PI should complete a [Sponsored Equipment Transfer Form](#) (see the Forms section of the Financial Services Website) and attach a list of the items to be transferred. The equipment list should contain the following data elements for each item (refer to the Asset Inquiry/Look Up in the Asset System): asset number, description of asset, serial number, vendor, current value (cost), acquisition date and funding sources. The form should be reviewed and signed by the Principal Investigator and Department Head.

The Department Head will then forward the signed Sponsored Equipment Transfer Form, equipment list, and a cover letter to the appropriate Dean requesting his/her approval for transfer of the equipment. After obtaining the Dean's approval, these forms, and any other grant transfer documents (e.g., NIH Relinquishing Statement, Final Invention Statement) should be forwarded to Office of Sponsored Research Services for institutional review and signature, as appropriate.

The Custodial Department should also update the asset system for these equipment items.

If the request contains equipment partially funded by the University (via departmental and/or cost sharing funds), the PI in conjunction with SPA and the Property and Equipment Accounting Department should obtain the current fair market value for each item and calculate the amount that the University is entitled to be reimbursed by the receiving institution. The PI, the Department Head and the appropriate individual(s) at the receiving institution should negotiate and document the payment terms and conditions. The reimbursement amount should be noted in the appropriate section of

the Sponsored Equipment Transfer Form. Upon receipt of payment for these items, the department should deposit the funds into the account/fund that originally funded the items. The Asset System should also be updated to reflect the proceeds related to the disposal of each asset. If the Department Head elects not to pursue reimbursement of these items from the receiving institution, he/she should complete the appropriate section of the Sponsored Equipment Transfer form.

The receiving institution and/or PI are responsible for the removal and safe delivery of the items to their new location, and any costs associated with this process. The "responsible official" at the receiving institution will be required to verify delivery of the items by completing, signing and returning a copy of the Sponsored Equipment Transfer Form to Sponsored Projects Accounting Department.

A. Transfer In

A PI transferring from another institution to the University may bring equipment with him/her that is associated with a sponsored project. The PI is required to provide a list to the Property and Equipment Accounting Department of the transferred items that have a fair market value greater than \$5,000. To assist with this process, the Custodial Department should complete and submit the "[Equipment Transfer-In Form](#)" (see the Forms section of the Financial Services Website) to the Property and Equipment Accounting Department (University Box 1147). If the PI has an equipment listing from his/her previous institution which contains all of the required data elements, and that information has been verified by Custodial Department, this list can be submitted in lieu of the Equipment Transfer-In Form. The Property and Equipment Accounting Department will advise and assist the PI with adding these items to the Asset System.

The PI is also required to provide a list of any Government-Owned or Government-Furnished equipment that has been transferred to the University. These items should be included on the Equipment Transfer-In Form, provided to the Property and Equipment Accounting Department for entry into the Asset System and tagged as required in Section VI. The department should notify both Sponsored Projects Accounting and Property Accounting to ensure that the Government-Owned or Government-Furnished equipment is properly recorded in the asset system.

X. Contract Property Close-out

To ensure proper inventory reporting and timeliness of disposition procedures, Custodial Departments should perform a physical property inventory prior to contract close-out. Asset System Inventory Reports may be requested from the Property and Equipment Accounting Department for this review. Adjustments or other property issues should be resolved at this time. Authorization and approval from Federal awarding agencies is requested for the transfer or disposition of Government property.