

**US Government-owned Property Control Manual
Iowa State University
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Controller's Department**

US Government-owned Property Control Manual
Iowa State University
Section 1 Introduction

This manual provides general instructions for managing US Government-owned property held or controlled by Iowa State University. US Government-owned property includes both US Government-furnished property and property acquired by Iowa State University where the title vests with the U.S. Government.

Federal sponsors require the University to comply with the property standards set forth in OMB Circular A-110 (2 CFR Part 215), the cost principles prescribed in OMB Circular A-21 (2 CFR Part 220), sponsoring agency regulations, and terms and conditions as set forth in the agreement. The University is required to maintain a property system that records and manages equipment acquired with federal-sourced funds and federally-furnished equipment.

For contracts with federal-sourced funding, the University must also comply with the requirements for US Government-owned property set forth in Parts 45.5 and 52.245 of the Federal Acquisition Regulations (FAR). Other contractual requirements for US Government-owned property may also exist, such as Defense Supplement requirements to the FAR (DFARS 245.5) or DoD Grant and Agreement Regulations (DoDGAR Part 22) or specific contract terms. The University is directly responsible and accountable for all US Government-owned property in its possession or control.

Administering departmental personnel and Principal Investigators should understand and have knowledge of the provisions of their sponsored program agreements. Please contact Sponsored Programs Accounting or the Inventory Control Office for questions or assistance concerning US Government-owned property.

US Government-owned Property Control Manual
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Section 2 Definitions

Contractor-acquired property – Property purchased by the contractor (Iowa State University) using contract funds.

Federal agency – An organization under the Administrative branch of the US Federal Government.

Federally loaned property (a.k.a. US Government-furnished property) – Property acquired by the US Government, and subsequently delivered or otherwise made available to Iowa State University for use in performance of a contract or sponsored agreement.

Federal-sourced funds – Funding for sponsored projects received directly from federal agencies or indirectly from other sponsors using federally awarded funds (i.e., flow-through or pass-through funding).

Restricted ownership – All property owned by or titled to the sponsor under the terms of a sponsored agreement. This includes all US Government-owned property.

US Government-owned property - title vests with the US Government. US Government–owned property includes both US Government-furnished property and property acquired by Iowa State University where the title vests with the U.S. Government when the item is purchased.

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Section 3 Acquisition

Acquisition of equipment is defined as the purchase or transfer of property with a capitalization threshold of \$5,000 or more and with a useful life of one year or more (<http://policy.iastate.edu/policy/equipment/acquisition/>) unless otherwise defined by the project sponsor. It should also be noted that title to equipment vests with Iowa State University, the US Government or the project sponsor. Accountability for equipment resides with the Department and the Principal Investigator. Below are seven methods in which ISU departments acquire equipment:

1. Procurement
2. Constructed or Fabricated
3. Gifts and Donations
4. Federally Furnished
5. Incoming Transfer from Other Institutions
6. Lease/Purchase Option
7. Interdepartmental Transfers

Procurement: Purchases are typically handled through the web requisitioning system which is managed and controlled by the ISU Purchasing Department (<http://www.purchasing.iastate.edu/>). The web requisitioning system provides process control for equipment purchases through a routing approval system that ensures internal business practices are observed and that external funding source restrictions for equipment purchases are followed. The process requires that items identified as equipment (either in whole or in aggregate) are reviewed by a Sponsored Programs Accountant for allowability if the item will be purchased with federal-sourced funds. Equipment requisitions must be approved by fund holders and affected departments. Once a requisition has been fully approved the purchase process can proceed. Subsequent to purchase, the SPA Manager receives a monthly report of equipment purchased on sponsored funding as well as a quarterly report of equipment not vested with ISU. At this point Sponsored Programs Accounting determines if an equipment item purchased during the reporting period is owned by ISU or should be identified as federally-owned property. When it is determined that equipment vests with the US Government, the owner status in the equipment inventory system is changed to 'Sponsor Restricted' by the Sponsored Programs Accountant.

The acquisition cost of university-purchased equipment should be recorded as the invoice price of the property (less discounts) including the cost of modification, attachments, accessories, or auxiliary apparatus necessary to make the equipment useable. Other charges, such as cost of installation, transportation, taxes, in transit insurance, etc, should also be included in the unit acquisition cost. Extended warranties or service agreements should not be included in the acquisition cost. The value received for equipment trade-ins should not be deducted nor netted against the purchase price in the Equipment Inventory System. The new equipment is to be recorded at its full cost. The estimated trade-in value should be indicated on the web requisition along with the tag number. A separate transaction is posted as a negative expense to record the trade-in.

Constructed/Fabricated: Fabricated equipment is specialized equipment not typically available on the commercial market and constructed by ISU over the course of the project period. As the equipment is being constructed, the purchased components are coded with an equipment object code so that they can be identified in the Equipment Inventory System as parts to a working equipment item.

Additionally, departments should communicate with the Inventory Control Office prior to procurement of components so that the equipment tag number is assigned and referenced on the web requisition(s). After the equipment item is constructed, the department must notify the Inventory Control Office so that an equipment tag can be issued and affixed to the fabricated equipment. The department may also need to provide additional information to the Inventory Control Office so that the item is properly recorded in the inventory system.

Gifts and Donations: Any items donated to the university that meet the equipment definition must be tagged and added to the Equipment Inventory System. The receiving department must coordinate with the ISU Foundation to ensure all campus gift requirements are met and the gift is properly approved, acknowledged and recorded. The receiving department must also contact the Inventory Control Office so that the donated item can be properly tagged and added to the inventory system.

On Loan from Federal Government: US Government-owned property includes federally-owned equipment that is on loan to ISU. Equipment on loan from the Federal Government does not include property purchased with federal contract funds where the government ultimately retains title to the equipment. Property furnished and owned by the Federal Government for the purpose of completing a project is considered on loan from the US Government and is delivered to ISU for a specific restricted use. Federal regulations require that this equipment be tagged and included in the university's inventory records. Iowa State's procedure is to accurately identify the ownership of property at the point of acquisition and properly tag the equipment item so as to distinguish it from property owned by ISU. In all cases where the equipment is identified as on loan from the Federal Government, the Equipment Inventory System identifies the equipment as 'Federal Loan'. Iowa State makes a further distinction of all US Government-owned property by tagging these equipment items with a second equipment tag noted "Property of US Government."

The receiving department must notify the Inventory Control Office and Sponsored Programs Accounting when federal equipment is received on loan. The notification should include a copy of the federal agency transfer document and/or shipping documents. See Section 4 for Receiving procedures. Note that prior written approval is required from the federal agency before US Government-owned property can be used for other purposes by ISU, transferred, disposed, or removed from campus.

Transfer from Other Institutions: Departments with new employees transferring equipment to ISU from another institution must contact the Inventory Control Office so that transferred items can be tagged and added to the university's Equipment Inventory System. If there is remuneration with the transfer, it must be treated as procurement and the Purchasing Department will handle the acquisition.

Lease/Purchase: Departments and Iowa State employees are not allowed to commit to a lease or lease with a purchase agreement without Purchasing Department approval. In the event of an equipment lease with an option to purchase or an installment purchase, the equipment item should be tagged and entered into the Equipment Inventory System at the point the lease or agreement is executed. Any lease purchase or installment acquisition agreement that exceeds \$100,000 will require specific review and approval of the Executive Director of the Board of Regents, State of Iowa. As stated in Code of Iowa section 8.46, a lease purchase arrangement or an installment acquisition that exceeds \$50,000, regardless of funding source, requires thirty-day prior notification to the Legislative Fiscal Committee using the prescribed format, before an order may be placed.

Interdepartmental Transfers: The Administrative Officer of each department is responsible for the equipment assigned to that department. The transfer of equipment from one administrative unit to another unit requires the approval of the appropriate administrative officers of both departments. Additionally, the Inventory Control Office must be notified by the transferring department at the date of transfer so that location records can be updated to reassign the responsible department, location and responsible staff person.

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Section 4 Receiving

On Loan from Federal Government (US Government-furnished Property)

All property furnished to the University by the US Government must be inspected upon receipt. The receiving department is responsible for ensuring that the quantity, description and condition of the property are accurately documented.

If the property is in good condition and no discrepancies exist, then a note should be written on the receiving or shipping documents indicating the date received and that the equipment was received in good condition.

If the equipment is damaged or discrepancies exist upon receipt of Government-furnished property, the department should note the date received and provide a statement of the condition and apparent causes on the receiving or shipping documents. The Sponsor's contracting or grants official must be notified of any damages or overages and shortages by the Principal Investigator.

In either case, the department should also note the account number of the associated sponsored project on the federal agency transfer document and/or shipping documents and forward a copy to both the Inventory Control Office and Sponsored Programs Accounting.

The Inventory Control Office will record the furnished property in the Equipment Inventory System and send out two tags (ISU tag and Property of US Government tag) to the department. The department is required to affix both tags on the loaned equipment item.

Property purchased by ISU with Restricted Title to the US Government

Departments should not approve transactions for the payment of equipment purchases without knowledge that the items have been received and are in good working condition. It is the responsibility of the department to ensure that property has been inspected before payments are approved. If the department has any issues upon receipt of the equipment, the department should contact the Purchasing Department promptly to preserve the university's legal and contractual rights.

The received date of the equipment item must be within the period of performance of the sponsored agreement. The receipt of equipment with restricted title should be documented by making a note on the packing slip, itemized receipt or invoice. The documentation to support equipment costs should contain adequate information that identifies what was purchased, where it was purchased, who requested the item, when it was received, and why it was purchased.

After payment has been made for University-acquired federal property, the Inventory Control Office will record the property in the ISU Equipment Inventory System and send out two tags (ISU tag and Property of US Government tag) to the department. The department is required to affix both tags on the equipment item.

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Section 5 Property Records

General

The US Government requires the University to maintain a property control system which will provide for adequate identification, recording, location, utilization, maintenance, and physical inventory of US Government-furnished property and property acquired with federal sourced funds. The University's Equipment Inventory System is subject to periodic review and evaluation by US Government contracting and property personnel.

Records of equipment are maintained by the Inventory Control Office in the ISU Equipment Inventory System viewable in AccessPlus. All US Government-owned property in the care and custody of the University is recorded in the same inventory system as is used for recording University-owned equipment. The ISU Equipment Inventory System provides the following information for each equipment item:

- ISU Equipment Number (Tag Number)
- Description of Equipment Item
- Category of Equipment Classification
- Department
- Responsible Person
- Location of Equipment
- Acquisition Cost
- Account(s) Used to Purchase Equipment
- Vendor/Manufacturer
- Date Equipment Placed In Service
- Condition of Equipment (Useable, Not Useable, Idle, Not Found)
- Status of Equipment (Active or Inactive)
- Model Number
- Serial Number
- Manufacturer (if available)
- Ownership (ISU, Federal Loan, Internal Lease, Sponsor Restricted)

Location of Equipment

The location of each inventoried piece of equipment should be kept up to date in the Equipment Inventory System by the department in such a manner that any item can be located for inspection or inventory purposes within a reasonable time frame. Location updates can be done by departmental staff with access to the Equipment Inventory System. To make a change, enter the equipment number in the 'Equip No' box and click on Update Equipment from the left menu in the equipment system. The existing information will then be displayed for that item. Updates to the building and room number fields can be made and are saved by clicking on the submit button.

See Section 3 for information on Acquisition of Equipment.

See Section 9 for information on Disposition of Equipment, including sales and transfers of equipment.

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Section 6 Physical Inventory

Biennial Inventory Review

Each department is required to conduct a complete physical inventory of equipment every two years. This verification is required by state and federal mandates and enables the University to maintain accurate records. In December of every even year, the Inventory Control Office will provide each department with a report listing the equipment number, description, location, person responsible, date of service, model number, serial number, condition and cost of all equipment items owned by the department. Departments are to notify the Inventory Control Office by memo or e-mail of any changes to the listing, including any additions, deletions, transfers or changes in equipment condition. Once all equipment is verified, the certification letter sent with the inventory listing must be completed and signed by the department head and staff person responsible for completion of the physical inventory. The certification letter must be returned to the Inventory Control Office by April 30th.

Updates to Inventory

The Inventory Control Office should be notified by memo or e-mail whenever equipment is transferred to another department or whenever a piece of equipment is cannibalized. The Inventory Control Office will notify ISU Surplus of cannibalizations, and ISU Surplus will need to approve any deletions of cannibalized items from the ISU Equipment Inventory System. To assist in keeping equipment records up to date, on-line access and updating capabilities to the ISU Equipment Inventory System are available to departments. This enables departments to make changes to the responsible person and/or location when equipment is moved within a department, and results in more accurate and less time-consuming inventory verification and review.

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Section 7 Subcontractor Control

The Office of Sponsored Programs Administration (OSPA) is responsible for negotiating and executing subcontract agreements. OSPA ensures that the appropriate flow-down provisions from the prime federal contract are incorporated into any related subcontracts for property administration and disposition.

Subcontract recipient responsibilities are defined as listed below, subject to the terms and conditions of the subcontract issued:

- Establish and maintain a system to control, preserve, and maintain all US Government-owned property
- Adequately care for and maintain any US Government-owned property
- Investigate and report all instances of loss, damage, or destruction of any US Government-owned property
- Ensure that all US Government-owned property is marked with an indication of government ownership
- Periodically perform a physical inventory of all US Government-owned property in its possession or control
- Assure that US Government-owned property will be used only for those purposes authorized in the contract

The Sponsored Programs Accounting (SPA) office is responsible for submitting US Government-owned property reports required by the contractual agreement. At the conclusion of the subcontract, a final federal property report will be obtained from the subcontractor as required by the terms and conditions of the prime federal contract.

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Section 8 Reports

Overview

Required property reports are completed and submitted by Iowa State University's Sponsored Programs Accounting Office (SPA) to external sponsors. These reporting efforts are to ensure adherence to sponsor requirements and award conditions. Reporting requirements are met by utilizing the ISU Equipment Inventory System in conjunction with procurement transactions and records maintained for purchases charged to an account. Additionally, documentation is maintained within the award file for purchase requisitions approved by Sponsored Programs Accounting. In conjunction with the inventory system records, periodic reports are produced to review equipment purchases and items designated with restricted ownership. Each month a system report is generated for the SPA accountants to review capital purchases made from 4xx accounts to ensure that SPA approval was obtained and that equipment purchases from federal sourced funds are allowable. Additionally, each quarter a system generated report for all sponsor restricted property in the inventory system is reviewed by the SPA accountants to ensure all known sponsor-restricted property has been identified.

In addition to the reports identified below, there is an occasional need for additional ad-hoc property reports. The content and format is generally specified by the sponsoring agency and usually consists of a listing of items purchased on an award.

Required Property Reports

The following are descriptions of the various property reports that Sponsored Programs Accounting (SPA) is responsible for preparing and submitting when required by the terms of the agreement.

Generic Property Statement

This signed document consists of a certified statement in cases where a sponsor has stated that a property report is due but is not specific in terms of the format. To comply with the sponsor requirement, if no equipment was purchased, SPA prepares a statement indicating that no equipment was purchased on the award (negative report). If equipment was purchased, a listing of the equipment items acquired with award funds is prepared by SPA.

Listing of Accountable Property

This report is a supplement to the certified statement providing the sponsoring agency with a listing of all property acquired during the reporting period (typically at close-out). This list may include items to which Iowa State University or the sponsor holds title.

DD Form 1662 – DoD Property in Custody of Contractors

This report is prepared for Department of Defense to report property accountable to federal contracts in accordance with the terms and conditions of each agreement. Changes that occur to report categories are based on activity recorded in the ISU Equipment Inventory System during the reporting period. Negative reports are required. SPA submits this report annually for all ISU Department of Defense contracts for the period of October through September with the report being due by October 31 in accordance with FAR subpart 45.5 and DFARS subpart 245.5.

DOE Form 4300.3 – Semi-Annual Summary Report of DOE-owned Capital Equipment

This report provides the Department of Energy with data on government-furnished or contractor-acquired property in which title vests with the Federal Government. The report provides a summary of acquisitions and dispositions for each reporting period. When required, the report is completed semi-annually as of February 28 and August 31 of each year and as of the final date of the contract. Reports are submitted to the property administrator within 45 days of the reporting period with negative reports required.

NASA 1018-Report of Government-owned/Contractor-held Property

The NASA form 1018 report provides data, as of September 30 (due by October 30), on government-furnished and contractor-acquired property to which NASA holds title. The report requires contractors to report all NASA-owned property received, acquired, or disposed during the reporting period. Negative reports are required. The report may be submitted through the NASA Form 1018 Electronic Submission System (NESS). If the award is administered by the Office of Naval Research (ONR), a copy of the NESS report should also be submitted to the ONR official. In cases where the report is not submitted through the NESS system, paper copies are submitted to officials listed in the award documents.

SF Form 1428 – Inventory Schedule “B”, Report of Excess Personal Property

This report provides a list of excess US Government-owned property on a contract-by-contract basis and is used to request disposition instructions from the federal property administrator. It is the responsibility of the University department or project personnel to communicate with the ISU Inventory Control Office as well as the Sponsored Programs Accounting Office when equipment associated with federal contracts is no longer needed by Iowa State.

Loss, Damage or Destruction Report

If US Government-owned property is lost, damaged or destroyed, a letter of notification must be submitted to the Property Administrator in accordance with FAR 52.245-5. If the items affected are owned by Iowa State University, the Inventory Control Office should be notified by the department so that University disposition procedures are followed.

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Iowa State University
Section 9 Disposition & Relief of Stewardship

General

Equipment and materials purchased with university funds, including discretionary and ISU Foundation funds, are University-owned and subject to University policy. See <http://policy.iastate.edu/policy/equipment/disposal> . ISU Surplus is responsible for the sale or disposal of University-owned equipment deemed to be surplus or excess by a department. No department or individual may arrange for the sale of, or collect money for, University-owned equipment without approval from ISU Surplus. Departmental personnel also may not gift nor donate equipment without ISU Surplus approval. University-owned equipment may not be removed from the University, converted to personal property, or retained for personal use when deemed to be excess. If approved by the Purchasing department, items may be traded-in on equipment or supply purchases of similar items.

To dispose of a piece of University-owned equipment, departments should do the following:

- Contact ISU Surplus when equipment has been deemed excess, obsolete, worn out, no longer useable, or no longer needed by the University.
- Contact Information Technology Services or ISU Surplus to have all data, information, and access removed from any University-owned computers, laptops, and tablets prior to their disposal or sale. Items purchased with agency (206) funds that contain University data, proprietary information, or network access are also subject to this requirement.
- Complete the Asset Recovery Program form, if the item has a resale value greater than \$100. ISU Surplus will return the proceeds of the sale, less fees and expenses, to the selling department.

ISU Surplus offers equipment for sale or transfer first to other university departments, state agencies, and/or political subdivisions of the State of Iowa. With approval from the Vice President for Business and Finance, surplus equipment may be utilized or donated in connection with nonprofit or community projects that benefit or serve the University's interests. Unsold items will be offered for public sale.

University-owned Equipment Sold or Transferred to Other Institutions

When a PI accepts employment at another institution, the PI will need to provide a list of items he/she wants to take to the new institution for the department chair's approval. See Appendix A – Equipment Transfers and Sales for detailed instructions.

The department chair should consider the department's needs regarding the equipment and determine if removing the equipment would disrupt the operations of the department. If the equipment request is approved, the department will work with ISU Surplus to determine the price at which the new institution will purchase the equipment. Documentation of receipt and acceptance by the new institution is required prior to changing the status of the equipment items in the ISU Equipment Inventory System.

If a PI is leaving ISU and wishes to transfer equipment purchased with federally-sourced funds to the new institution, the department should contact SPA for further guidance. There will be an administrative review by the University and if appropriate, the equipment will be released to the new institution subject to the specific guidelines of the federal sponsor, which may vary by sponsor.

US Government-Owned Property

When US Government-owned property is no longer needed for the purposes stated in the contract, the department should notify Sponsored Programs Accounting (SPA). SPA will request disposition instructions from the government property administrator. The property shall be disposed of in accordance with the US Government instructions.

All US Government markings and identification shall be removed from equipment that is sold, scrapped, or has the title transferred to ISU.

ISU is relieved of property control responsibility for US Government-owned property by any of the following methods (unless the contract or contracting officer provides otherwise):

- Reasonable and proper consumption of property in the performance of the contract as determined by the property administrator
- With the approval of the contracting officer, transfer of title to ISU with or without consideration to the US Government from ISU
- The authorized sale of property, provided the proceeds are received by or credited to the US Government
- A determination by the federal contract officer of ISU's liability for any property that is lost, damaged, destroyed, or consumed in excess of that normally anticipated in a manufacturing or processing operations if
 - The determination is furnished to ISU in writing
 - The US Government is reimbursed where required by the determination
 - Property rendered unserviceable by damage is properly disposed of, and the determination is cross-referenced to the shipping or other documents evidencing disposal

Federally-titled Property Control Manual
Iowa State University
Section 10 Utilization

U.S. Government-furnished Property, U.S. Government-titled Property and Property Purchased on Federal Contracts

Federally-titled equipment and equipment purchased on contracts subject to FAR subpart 45.5 (or similar clauses) are to be used **only** for those purposes authorized in the contract. Use on other activities is not allowed unless approval has been obtained in advance from the federal agency.

Idle or excess federally-titled property cannot be disposed, transferred, cannibalized, or removed from campus without prior written approvals from the federal agency.

Equipment Purchased with Federal-sourced Funds

Per OMB Circular A-110, equipment items purchased on federal grants and agreements are to be used on the original project as long as it is needed. Once it has been determined that the equipment item is no longer needed for the original project's purposes, the equipment item should be utilized on other federal sponsored projects in the following order of priority:

- Activities sponsored by the federal agency that funded the original project
- Activities sponsored by other federal agencies

Equipment is to be made available for shared use with other activities, as long as the shared use will not interfere with the original project. First preference for shared use should be given to:

- Other projects funded by the federal agency that funded the original project
- Second preference for shared use should be given to projects sponsored by other federal agencies

There can be no user charges to other University departments for use of equipment purchased with federal-sourced funds. This restriction on user charges only applies to the equipment depreciation component of a service center rate, and not the labor or consumable materials portion of the rate.

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Section 11 Maintenance

Maintenance of Equipment

Departments are responsible for maintaining equipment in the condition it was received, excluding normal wear and tear. In order to maximize the useful life of equipment, the maintenance provided should be preventative in nature, providing lubrication, cleaning, calibration and inspection as needed on a regular schedule. Maintenance performed should be in accordance with manufacturer's guidelines and recommendations. The physical maintenance, repair and preservation of equipment items can be performed by University personnel or through external maintenance contracts.

The Principal Investigator and department are responsible for the proper use, maintenance and security of all assigned property, and for notifying the Inventory Control Office if an equipment item is damaged beyond repair, lost or stolen. If the equipment item has restricted ownership (i.e. 'Federal Loan' or 'Sponsor Restricted'), the Inventory Control Office will notify Sponsored Programs Accounting after being notified by the department. The department should also contact the Department of Public Safety if property is vandalized or stolen.

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Section 12 Property Close-out

Property Close-Out at Termination of Agreement

At the conclusion of a project in which equipment was purchased on a federal contract or title vests with the US Government, a request for disposition or a final property report may be required by the terms of the contract and would be submitted to the federal agency's property administrator or contract officer. The request is submitted by the Sponsored Programs Accounting Office after conferring with the responsible department as to their needs for the equipment. Depending on the federal agency, this may be in the form of a letter with an attached list describing the item(s) or a specific standard form.

Federal contracting agencies are required to respond within 120 days of the disposition request with a letter either transferring title to the University or requesting shipment of the equipment to a designated address. If disposition instructions are received by the PI and/or department, this information should be forwarded to both Sponsored Programs Accounting and the Inventory Control Office.

Title Transferred to ISU

When the title transfers to the University, Sponsored Programs Accounting (SPA) will contact the Inventory Control Office so that the department can be notified to remove the "Property of US Government" tag. SPA will change the record in the Equipment Inventory System to reflect Iowa State University ownership.

Disposition of US Government-owned Property

If the federal agency does not relinquish title of equipment to the University, the agency will forward correspondence with disposition instructions as to the destination and procedure for shipping the equipment.

On occasion Iowa State will receive property on loan from the Federal Government that requires the item to be returned at the conclusion of the project or when no longer needed for the project. The department accountable for the equipment is responsible for the proper packaging and shipping of the equipment item. Departments can make shipping arrangements with ISU Surplus. The department must forward Sponsored Programs Accounting (SPA) a copy of the shipping documents for the award file. Once receipt of the equipment item has been confirmed by SPA, SPA will notify the Inventory Control Office who will change the equipment record to inactive status.

It is imperative that the responsible department communicate with the Inventory Control Office and Sponsored Programs Accounting at receipt and return of government property on loan so that proper reporting and accounting is maintained in the award file.

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Appendix A Equipment Transfers and Sales

EQUIPMENT TRANSFERS AND SALES

When a faculty member leaves ISU for another educational institution, the faculty member often wishes to transfer or sell equipment items purchased by ISU to the new employing institution. These procedures only apply to the specific situation described herein, where a faculty member or researcher wishes to sell or transfer equipment items owned by ISU or the federal government to another institution, where the faculty member, principal investigator or researcher will be employed after leaving Iowa State University. All other sales or transfers of equipment are to be coordinated through ISU Surplus consistent with university policy, including any contemplated sales to retiring or former employees, which generally are not permitted. See Equipment/Excess Property Disposal Policy at: <http://policy.iastate.edu/policy/equipment/disposal/>.

The following procedures are to be used for equipment transfers and sales:

1. The departing faculty member **prepares a list of equipment items requesting to be transferred or sold**. This listing should be prepared not less than sixty (60) days before the faculty member leaves ISU. For each item, the listing needs to include the following information from the ISU Equipment Inventory System: ISU equipment tag number, description of the item, voucher date(s), combined cost of the item, the ISU account number(s) that funded the purchase, amounts charged to each ISU account number(s), and owner (i.e., Iowa State University, Sponsor Restricted, Federal Loan, or Internal Lease).
2. The ISU account numbers on the request need to be reviewed to determine if **any 4xx account numbers are listed** for the equipment items.
 - a. If the **4xx account number (project)** is or was a **federal contract or contract subject to FAR clauses** or the **owner of the item in the ISU Equipment Inventory System is 'Sponsor Restricted' or 'Federal Loan'**, then the item cannot be transferred or sold unless written approval is obtained from the sponsor/federal agency. These items are to be used **only** for the purposes authorized by the contract. Excess US Government-owned property (equipment no longer required in performance of the contract) cannot be transferred or sold without written authorization from the federal agency. The faculty member or department should contact the Manager of Sponsored Programs Accounting at 294-5279 if they wish to transfer or sell any equipment items meeting the above stated conditions.
 - b. If the **4xx account number (project)** is currently **active and the project is being transferred to the new institution**, then the faculty member must generally request approval from the sponsor to transfer the equipment item. This request to the sponsor also needs to be countersigned by OSPA. There may be other issues related to the transfer of the project that also need to be considered.

- c. If the **4xx account number** is from a **federally funded project** that is **not active** (i.e. the project is past the termination date) and was **not a federal contract**, then the depreciated value (ISU Equipment Inventory System’s book value) must be determined.
 - i. If the **depreciated value is more than \$5,000**, the following federal regulations (OMB Circular A-110 restated) apply.
 - 1. When the equipment item is no longer needed for the original project or program, the item should be used for other federally-sponsored activities in the following order of priority: (1) activities sponsored by the federal agency which funded the original project, then (2) activities sponsored by other federal agencies.
 - 2. When the equipment item is no longer needed by ISU, then the item may be used for other activities as follows: ISU may retain the equipment for other uses after compensating the federal government. If ISU has no need for the equipment item, ISU should request disposition instructions from the federal agency. ISU can request transfer of the item without cost to the new institution. The federal agency is required to issue instructions within 120 days of the request.
 - ii. If the **depreciated value is less than \$5,000**, the department chair should first consider the existing equipment needs in the department. The priorities from the federal regulations listed above in 2.c.i.1. should be utilized. When the item is no longer needed by ISU, the item may be sold to the new employing institution.
 - d. If the **4xx account number** is from a **non-federally funded project** which is **not active** (i.e. the project is past the termination date) and the **owner of the item in the ISU Equipment Inventory System is NOT ‘Sponsor Restricted’**, the department chair should consider the existing equipment needs in the department. When the item is no longer needed by ISU, the item may be sold to the new employing institution.
 - e. If **accounts other than sponsored program accounts** (non-4xx accounts) are listed, the department chair should consider the existing equipment needs in the department. When the item is no longer needed by ISU, the item may be sold to the new employing institution.
- 3. The department chair should review the listing of equipment items to be transferred or sold. The department has every right to retain the non-restricted equipment items for the department’s use on other projects. The departing faculty member is not “entitled” to this equipment. The department is responsible for ensuring correct procedures are followed. The **department chair** needs to sign off on the listing indicating **approval** of the items to be transferred or sold.
 - 4. The **minimum sales prices** need to be determined by **ISU Surplus** for the equipment items, unless the equipment items are being transferred without cost to the new employing institution under one of the following scenarios: (1) items were purchased on an active project which is being transferred to the new institution (transfer approvals vary by sponsor); or (2) written

approval for the equipment transfer has been received from the sponsor/federal agency. For non-fully depreciated items, the minimum sales price is the current depreciated value (book value). For fully depreciated items, the minimum sales price is generally 5-10% of the original cost. Contact the ISU Surplus Supervisor at 294-7300 for determination of the sales price. The department can choose to charge the acquiring institution more than the minimum sales price for an item. **Shipping and handling fees** are to be paid by the new institution.

- a. **Items to be sold:** The department completes an Asset Recovery Form indicating the equipment items and estimated sales prices. The form and attached listing (see 1. above) are routed to the ISU Surplus Supervisor for review and approval of the sales prices. If any 4xx accounts are listed, the ISU Surplus Supervisor will request approval of the sale from the Manager of Sponsored Programs Accounting. The ISU Surplus Supervisor will communicate with the department after reviewing the form.
 - b. **Transferred Items:** The sponsor indicates approval in writing of the equipment and/or project to the new institution. This approval is sent or forwarded to OSPA for the award file. A copy of the approval will be forwarded to the ISU Inventory Control Office Accountant by Sponsored Programs Accounting.
5. The ISU department chair prepares a **confirmation memo to the department chair at the new institution** detailing the items to be transferred or sold with related sales prices. The Manager of Sponsored Programs Accounting can be contacted if assistance is needed with this memo. **The memo should be copied to ISU Surplus and Sponsored Programs Accounting and contain the following statement** for the **new institution to sign and return** after receipt of the items: “(Institution Name) acknowledges that we have possession of the equipment items listed below and have added the items to our inventory records. We agree to provide equivalent insurance coverage as is provided to other property owned by our institution. By accepting the terms under which this equipment is sold/transferred, (Institution Name) has no further obligation to Iowa State University.” After this statement and a listing of the items, the confirmation memo should contain a signature line for the Inventory Office at the new institution to sign and send back to the ISU department after receipt of the equipment items. If federal-sourced funds purchased the item, the following statement should be included in the memo: “We also agree that we will not charge the US federal government or federal-sourced projects for the use of this property.” The ISU department is responsible for obtaining the new institution’s signature on this memo.
6. If the equipment items are sold, the **new institution buying the items will issue a Purchase Order** to Iowa State University, ISU Surplus, 1102 Southern Hills Park Drive, Ames, IA 50010-8204 or fax the Purchase Order to 515-294-4008.
7. A departmental representative should be present when the equipment items are packed up to leave ISU to ensure only the items on the list are shipped to the new institution. **Shipping and handling fees** are to be paid by the new institution. **Payment** from the new institution must be made **within 30 days** of receipt of the equipment items. Payment should be sent to the ISU address listed in 6 above. Once payment has been made, ISU Surplus will issue a receipt to the new institution. The funds will be deposited into the ISU department’s ARP account.

8. Once the confirmation memo has been signed and returned from the new institution to the ISU department, a **copy of the signed confirmation memo should be sent to the ISU Inventory Control Office**, 3609 ASB. The Inventory Control Office will then remove the equipment items from ISU equipment inventory records and forward a copy of the memo to Sponsored Programs Accounting.

Please contact the Manager of Sponsored Programs Accounting at 294-5279, or the ISU Surplus Supervisor at 294-7300, if you have any questions on equipment transfers and sales.