

PROCEDURES FOR
PROPERTY CONTROL AND ACCOUNTING
GOVERNMENT SPONSORED RESEARCH

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PRINCETON UNIVERSITY
Princeton, New Jersey

Procedures for
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Government Sponsored Research

PART I. SCOPE OF MANUAL

Princeton University, upon acceptance of a contract/grant, is directly responsible for and accountable for all Government property in accordance with the provisions of the contract/grant, including property provided under such contract/grant which may be in the possession or control of a subcontractor. The Government requires that adequate records and control procedures are established to provide a consistent and effective method of control.

Requirements for property control vary among the various Government agencies. For example, there are many differences between the regulations of the Department of Defense (DOD), the Department of Energy (DOE), the Department of Health and Human Services (HHS), and others. It is intended that this property manual "Procedures" will satisfy the basic requirements of the various agencies, and provide one consistent guide for use by all departments of the University.

PART II. ADMINISTRATIVE RESPONSIBILITIES

The principal investigator named in the contract/grant is responsible for the care, control and custody of Government property.

Administrative responsibility for the management of Government property centers in the Office of Research & Project Administration (ORPA). The property officer is responsible for establishing uniform property control procedures, maintaining central property records for all government-sponsored projects, preparing inventories, and handling all paperwork pertaining to Government property.

PART III. DEFINITIONS

A. Department of Defense (DOD) & National Aeronautics & Space Admin (NASA)

1. Property Administrator means the individual designated by appropriate authority to administer the contract/grant requirements and obligations relative the Government property. This person is an authorized representative of the contracting officer.
2. Government property means all property owned by or leased to the

Government or acquired by the contractor under the terms of a contract. Government property includes both Government-furnished property and contractor-acquired property, as defined below:

- a. Government-Furnished Equipment (GFE) is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor; and
- b. Contractor-Acquired Equipment (CAE) is property purchased by or otherwise provided by the contractor for the performance of a contract/grant, title to which is vested in the Government.

3. Government Material means Government property which may be incorporated into or attached to an end item to be delivered under a contract/grant or which 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.

4. Special Tooling means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacement thereof, 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 the performance of particular services. The term includes all components of such items, but does not include:

- a. consumable property;
- b. special test equipment; or
- c. buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

5. Special Test Equipment means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in the performance of the contract/grant. Such testing units comprise electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment, that are mechanically, electrically, or electronically interconnected so as to become a new functional entity, causing the individual item or items to become interdependent and essential in the performance of special purpose testing in the development or production of particular supplies or services. The term "special test equipment" does not include:

- a. material;
 - b. special tooling;
 - c. buildings, nonserverable structures (except foundations and similar improvements necessary for the installation of special test equipment); and
 - d. plant equipment items used for general plant testing purposes.
6. Facilities means industrial property (other than material, special tooling, military property, and special test equipment) for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements and plant equipment.
7. Plant Equipment means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items, but excluding special tooling and special test equipment) use or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.
8. Industrial Plant Equipment (IPE) is that part of plant equipment with an acquisition cost of \$5,000 or more, used for the purpose of cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical, or chemical properties of materials, components or end items, entailed in manufacturing, maintenance, supply, processing, assembly or research and development operations.
9. Minor Plant Equipment means in item of plant equipment having an acquisition cost of less than \$500, and other plant equipment regardless of cost when so designated by the Government.
10. Accessory Item means an item which facilitates or enhances the operation of plant equipment but which is not essential for its operation, such as remote control devices.
11. Auxiliary Item means an item without which the basic unit of plant equipment cannot operate, such as motors for pumps and machine tools.
12. Salvage means property which 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 or alterations, but which has some value in excess of its scrap value.
13. Scrap means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

14. Custodial Records means written memorandum or identifying checks or any description or type used to control items issued from tool cribs, tool rooms, stockrooms, etc, such as requisitions, issue hand receipts, tool checks, stock record books, etc.
15. Stock Record means a perpetual inventory form of record which shows, by nomenclature, the quantities received and issued and the balances on hand.
16. Property Account means the official records of the Government property provided to Princeton. Separate property accounts are kept on an individual contract basis.
17. Education or Other Not-for-Profit Organization means any corporation, foundation, trust, or other institution operated for scientific or education purposes, not organized for profit, not part of the net earnings of which inures to the profit of any private shareholder or individual.

B. Department of Energy (DOE)

1. Capital Equipment means an item of equipment that has
 - (a) sufficient monetary value individually or as a group to warrant the assignment of a serially-numbered tag or marking to indicate DOE ownership, and
 - (b) an anticipated useful life expectancy of two years or more. An item or group of items costing \$25,000 or more, will be considered of sufficient monetary value for purposes of this definition.
2. Noncapital Equipment means equipment which has a monetary value and life expectancy less than that assigned to capital equipment and does not, therefore, warrant the same degree of control exercised over capital equipment. Physical and record controls are limited to the extent that physical inventories, individual property records and the assignment of property numbers, are normally not required. This class of property should be identifiable, however, as Government owned.
3. Sensitive Items of Equipment means personal property which is considered attractive to misappropriation for personal use or to being sold in a cash-for-value transaction. Items in this classification generally have a value of over \$50. Some examples of items falling into the sensitive item category are:
 - a. cameras, movie and still
 - b. binoculars and telescopes
 - c. portable dictating machines
tape recorders
 - d. powered hand tools
 - e. firearms
 - f. movie and slide projectors

4. Excess means personal property no longer required for the discharge of the responsibilities it was acquired for.

5. Surplus means excess personal property not required for the needs and the discharge of the responsibilities of all Federal agencies.

PART IV. ACQUISITION OF GOVERNMENT PROPERTY

A. Contractor Acquired Equipment (CAE)

1. General These are items directly purchased by the University that are subject to a determination by the administrative contracting officer (ACO) that the items are allocable to the contract/grant involved and are reasonably necessary. This also includes purchases for fabrications.

ORPA assumes responsibility and accountability of equipment under government contracts/grants if title to such equipment is vested in the government. We do not assume responsibility for equipment if title is vested in the University.

2. Requisitioning The principal investigator initiates all property purchase requisitions, against U.S. Government contract/grant funds, through normal University purchasing procedures. The Purchasing Department handles all requisitions and guidance is provided from Finance Office's website.

3. Prior Approvals

a. Budgeted Items Requirements for prior approvals vary among the various governmental agencies. In order to ensure compliance, ORPA prepares a Notice of Award which highlights all significant provisions of the contract or grant agreement. These include provisions regarding Prior Approvals, purchase of equipment and expendable materials and any special provisions regarding property.

When Prior Approvals are required the requestor completes a Prior Approval Form (OPAR) showing all required information. ORPA then processes the request and forwards to the administrative contracting officer for sponsor's endorsement.

b. Supplementary Requests When a principal investigator wishes to purchase equipment which was not in the research proposal, most agencies require written approval for items of equipment costing \$5,000 or more. The Army requires approval for any items over \$5,000 and NSF requires approval for the purchase of any additional equipment. In fixed-price contracts/grants, the Navy does not require any specific approval if the equipment purchases generally are consistent with the budget upon which the contract/grant is based. DOE approval is now required beyond 125% of the approved equipment budget.

4. Screening Requirements Prior to Purchase of Equipment Costing \$5,000 and over.

DOD and NASA require that prior to purchase of items of Industrial Plant Equipment (IPE) costing \$5,000 more, and Automatic Data Processing Equipment of any value, that the contractor prepare and submit DD Form 1419, "DOD Industrial Plant Equipment Requisition, via the cognizant contracting officer who on approval forwards these forms to the appropriate centers.

If the particular item is available from government inventory, it will be furnished by the Government and not purchased from contract/grant funds. However, if the property is not available, the DD Form 1419 will be appropriately completed by the center indicating non-availability of the item.

Upon return of this certification to ORPA, ORPA will then initialize the Princeton Purchasing System, which authorizes them to proceed with the purchase order to acquire the item. (See Princeton's Financial System User Manual.) The Property Officer is not involved with this process.

B. Government-furnished Equipment (GFE)

Government property may be shipped to a contractor (Princeton) from military installations, other Government installations, plants of Military Departments, other Government Agency contractors, transferred from other educational institutions, or at Subcontractor locations. Upon delivery, Princeton assumes responsibility for the property.

PART V. RECEIVING

When a requester receives an order that is to be charged against a Government contract/grant, the requester is required to check the completeness and correctness of the merchandise. After the items are checked, the requester must acknowledge receipt of the order in PeopleSoft Financial System. (PeopleSoft is the University system for processing of purchases, accounts payable, general ledger, and Asset Management module.) Following this acknowledgement, a Purchasing Office staff enters the vendor's invoice information in PeopleSoft system, and an automatic process known as matching is performed to ensure that the Purchase Order, the Receiving Document, and the invoice all correspond. If all record information corresponds, payment is made to the vendor and the order process is complete.

Princeton's Controller's Office runs a report weekly of all complete Purchase Orders from the PeopleSoft System. From this report, it is decided which items require University Asset tags. All capital equipment, including fabrications, that cost \$5,000 or more are assigned tags from PeopleSoft Asset Management module. PART VIII, Records of Government-Owned Equipment, by providing necessary information to complete a Government-Owned Equipment record.

PART VI. MARKING AND IDENTIFICATION

A. General

Princeton shall identify, mark, and record all Government property promptly upon receipt, except as may be exempted by this Part, and it shall remain so identified so long as it remains in the custody, possession, or control of Princeton. Assigned Government property identification numbers will be recorded on all applicable receiving documents, shipping documents, disposal documents, and any other documents pertaining to the property control system. Such markings shall be removed or obliterated from the property involved when the disposal is by sale, scrap or through donation.

All equipment purchased costing more than \$5,000 is automatically tagged by the Finance Office. If the item of equipment vests with the Government, the item may have two tags - one from the sponsor and one from the University. If the sponsor does not provide tags, this office will create tags showing that it is a Government-Owned item (see Section E - Markings).

For DoD Agencies with GFE, Item Unique Identification (IUID) is being implemented. IUID is a permanent marking method used to give equipment a unique item identifiers (UII). These are assignment of a unique identifier in the form of a unique data string and encoded in a bar code placed on the item. An UII is only assigned to a single item and is never reused. Princeton currently does not have any equipment with UII.

B. Material and Minor Plant Equipment (Exemption to identification)

All Government material and minor plant equipment shall be identified as Government property except in those cases where:

1. no material or minor plant equipment of the same type at the same location is owned by the contractor, his employees, or other contracting agencies,
2. adequate physical control is maintained over tool crib items, guard force items, protective clothing, and other items issued for use by individuals in the performance of their work under the contract,
3. property is of bulk type or by its general nature of packing or handling precludes adequate marking, as may be determined by the property administrator; and
4. property is commingled, if so authorized by the Government (see PART VII.).

C. Special Tooling and Special Test Equipment

Government-owned special tooling and special test equipment shall be marked in accordance with the procedure established by the contractor and approved by the property administrator, unless it is determined by the contractor in an individual case that marking will damage the special tooling or special test equipment or is otherwise impracticable. The contractor shall advise the property administrator, in writing, of any such determination. Identification shall consist of a serial number (identification number), and the designation of the Military Department responsible for funding and control of the property as follows: Army - 'USA', Navy - 'USN', Air Force - 'USAF', and Defense Supply Agency - 'USD.' If an item is already identified as U.S. property, the marking shall not be changed solely to conform to the provisions of this paragraph. Components of special test equipment, having an acquisition cost of \$1,000 or more and incorporated in such a manner that removal and reutilization is feasible and economical, shall be marked in a manner similar to plant equipment. Components of special test equipment having an acquisition cost of between \$200 and \$1,000 may be identified in the same manner, when required for effective control, in accordance with a contractor's approved property control system.

D. Plant Equipment

Unless already marked in compliance with prior instructions, government-owned plant equipment, including industrial plant equipment (IPE), but excluding minor plant equipment, shall be marked by the contractor with a government identification number, except when the size or nature of the equipment makes it impracticable, or the equipment is accessory or auxiliary and attached to or otherwise a part of an item of plant equipment and is required for its normal operation. In such case, the item shall be entered and

described on the record of equipment to which it is attached or of which it is otherwise a part. Identification shall be effected by affixing a decal, metal, fiber, plastic or other plate directly to the equipment or by using indelible ink, acid, or electric etch, steel dies, or other legible, permanent, conspicuous and tamper proof method. Identification by the contractor shall be in accordance with procedures established by the contractor and approved by the property administrator and shall consist of the following:

1. a serial number and an indication of Department of Defense ownership; however, if the item is already identified as government property, the marking shall not be changed solely to conform to the provisions of this paragraph; and
2. in the case of items included within a standard departmental registration system (for example, automotive, construction, or material handling equipment) application for a proper registration number will be made to the cognizant Department, which number may be used in lieu of any other identification number.

Accessory or auxiliary equipment associated with a specific item of plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item of accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated. Identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of the Department of Defense, unless a change is necessary to eliminate duplicate numbers in which case the contractor will identify the item(s) in accordance with the approved system.

E. Markings

1. Previously, Department of Defense (Army, Navy, and Air Force) and NASA equipment may have had a pressure sensitive adhesive metal decals. These decals were color coded by Agency, were prepared by ORPA and provided to the department to be affixed to the property. Currently the University no longer has any equipment with these tags. DoD has recently implemented the IUID registry (Item Unique Identification Registry) and items vesting with DoD should get Unique Item Identifier (UII). Princeton does not have any equipment with UII. For equipment that vests with NASA, ORPA can prepare a NASA tag. But GFE from NASA should have a tag already adhered to it.
2. Department of Energy (DOE). Currently Princeton University has two methods of identifying DOE property. One method, is an adhesive metal decal, prepared by ORPA. The second is by Plasma Physics Laboratory (PPPL) that has their own pressure sensitive adhesive tags. ORPA does not maintain or tag items over at PPPL; but sometimes items from PPPL are on loan here on campus.

PART VII. SEGREGATION OR COMMINGLING OF GOVERNMENT PROPERTY AND CONTRACTOR'S PROPERTY

Ordinarily, Government property is kept segregated, and kept physically separate from University-owned property, particularly material. However, there are situations when commingling cannot be entirely prevented, and then all property must be clearly marked and easily identifiable as Government-owned property and further supported by appropriate property records.

ORPA can provide decals showing Government ownership for special tooling, special test equipment and plant equipment.

Metal scrap of a uniform nature produced from both Government-owned and contractor-owned materials where physical segregation is impracticable are accumulated until lot quantities adequate for scrap sale are collected. Proceeds from sale are credited and reflected in reduced costs.

PART VIII. RECORDS OF GOVERNMENT PROPERTY

A. General

1. It is the Government's policy to rely upon the contractor's (Princeton University) property control records and to designate and use such records as the official records. Separate property records are kept for each contract and grant in individual property files and also tracked in an excel file. (This file is kept on the ORPA's shared server in the Property directory and accessible by ORPA personnel.)
2. Each record in the database has the following fields:
 - a. Item name/Quantity
 - b. Asset Property Tag or UII
 - c. Vendor/Manufacturer
 - d. Date Received or Fabricated
 - e. Serial No.
 - f. Model No.
 - g. Description
 - h. Cost
 - i. Purchase Order # (PO)
 - j. Condition Code
 - k. Location
 - l. GFE or CAE
 - m. Sponsor
 - n. Sponsor's Account Number
 - o. Sponsor's Authorization info
 - p. University Award #
 - q. Principal/Investigator(s)
 - r. Department
 - s. Title Granted (Yes/No)
 - t. Date Title Granted
 - u. Last Physical Inventory Date
 - v. Princeton's PO #
 - w. Comments

3. The Property Officer enters and maintains the information in the Government Owned equipment file. The information for a record is obtained from several sources and is listed below. The main three sources are:

- a) PeopleSoft (PS) – This software performs Princeton’s financial processes, ie, Requisitions, Purchase Orders (PO), and Loading & Posting Budgets. Once a PO # is known (obtained from Information Warehouse, see below), then a more detailed view of the PO can be seen. PeopleSoft allows users to view or print a PO, and queries can be run to see all POs in a time period. Item name, Vendor, quantity, cost, date, who ordered it (in case there are questions), and information about whether ORPA has approved the purchase or whether it is part of a fabrication can all be obtained from the POs in PeopleSoft. Fabrications requests can also be obtained from PS. (Further info about fabrication process can be obtained from Finance website.)
- b) PS Asset Management module – implemented in February 2018, all requisitions/invoices that are \$5,000 and over, automatically feed over to this module. The records can be edited by department custodians to add descriptions such as model and serial numbers. Fabrications will manually be added once an item has been completed.
- c) Information Warehouse / Cognos – This web-based storehouse holds data from PeopleSoft and is updated nightly. The Property Officer can obtain a list of all equipment POs and internal/reimbursement invoices pertaining to equipment by a single Award No. The Vendor, Item name, quantity, cost, date, and PO# can be downloaded quickly.

Other sources for information about equipment purchases/loan are available from:

- d) ORPA’s Award files, via OnBase – When applicable, the sponsor should provide copies of terms and conditions and/or modifications for the ORPA’s files listing Government-Owned equipment to be loaned/furnished/purchased. ORPA’s Grant/Contract Administrators will be able to help with information in the files and may provide more insight if any questions arise.
- e) Princeton’s Principal Investigators/Researchers or Department Managers – the Property Officer should be able to obtain copies of the shipping documents or loan agreements. These documents provide info about the GFE. (Please note that notification from a Researcher/Department about GFE is not always reliable and usually takes place after an action of receipt or return has occurred.)
- f) Sponsor – If the researcher does not have the necessary documents about GFE, the providing Sponsor should be able to provide copies of a modification, shipping documents, or loan agreements. (Please note that notification from a sponsor about GFE is not always reliable and usually takes place after an action of receipt or return has occurred.)

4. Where Contractor Acquired Equipment (CAE) will vest with the Government, the ORPA Grant/Contract Administrator will notify the Property Officer. Copies of Terms and Conditions and/or modifications can be placed in the files via PeopleSoft and OnBase. There is a field in PeopleSoft to flag any equipment that will vest with the Sponsor, making it easier to report and keep these items up to date.

5. Special tooling and special test equipment fabricated from materials and equipment which are the property of the government, are also recorded as Government- owned and copies of the POs are placed in the individual files and completed fabrication form is uploaded to PS and OnBase records. Fabrications will not be added to PS Asset Management module until the item is complete.

6. All Awards that have Contractor Acquired Equipment or when equipment vests with the Government are marked in PS Award module and also in an excel file, so that these items can be tracked. (This file is located in ORPA's shared server and is accessible by ORPA staff.) A report is run monthly by the Princeton Property Officer for each Award listed via the Information Warehouse. Any new purchase that vests in the Government will be recorded into this excel file.

The Property Officer will notify the Department manager, Principal Investigator/Researcher, and Princeton's Purchasing Office that the newly purchased item(s) vests with the Government. The Purchasing Office will then make necessary notation in the PS Asset Module.

7. Notification to ORPA's Property Officer about Government-Furnished Equipment (see Part IV.B.) may come from either the ORPA Administrator or directly from the Principal Investigator/Department Manager. In either case, item(s) should be recorded into Princeton's Government-Owned file and copies of the Shipping Document or loan agreement should be placed in the individual property files. (Department managers or the researcher should be able to provide a copy of the shipping document. Loan Agreement documents usually are provided from the sponsor since they require a Property Officer's signature.)

B. Pricing

The University's property control system contains the unit price for each item of Government property recorded therein.

1. Contractor-Acquired and Contractor-Fabricated Property

The items purchased or fabricated by the University will be put into PS Asset Management module. Each record will reflect all costs directly chargeable to the cost of construction such as: material, equipment, shop- charges, etc. These will be itemized and summarized by showing a total cost.

2. Government-Furnished Property

The unit price of Government-furnished property is determined by the Government and furnished to the University. Transportation and installation costs are not considered as part of the unit price for this purpose. Normally, the unit price of Government-furnished property is provided on the document covering shipment of the property to the contractor. In the event the unit price is not provided, action is taken through the property administrator to obtain the information.

C. Special Tooling

In the case of special tooling acquired or fabricated by the University or furnished by the Government for research and development purposes, the Government invoices, University's purchase document or other documental evidence of acquisition and issue, will be accepted as adequate property control records.

D. Special Test Equipment

The University's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special test equipment:

1. contract number or equivalent code designation,
2. nomenclature or description of item (including identification number and item on which used),
3. identity of any general purpose test equipment incorporated as components in such a manner that removal and reutilization may be feasible and economical,
4. quantity received or fabricated,
5. posting reference and date of transaction,
6. location,
7. disposition, and
8. unit or group price.

E. Plant Equipment

1. Costing \$5,000 or More Princeton maintains individual item records (manual or mechanized) of each item of Government-owned plant equipment having a unit cost of \$5,000 or more which will provide the following minimum information:

- a. Federal Supply Code of Manufacturer and the name and address of the equipment manufacturer;
- b. manufacturer's model/part number;
- c. serial number and year built (when available);
- d. U.S. Government identification/tag number;
- e. noun name of the item and Federal Supply classification;
- f. acquisition document reference
- g. location;
- h. disposition document reference and date;
- i. contract number or equivalent code designation; and;
- j. unit price when equipment is Government-furnished or cost (f.o.b. manufacturer) when contractor-acquired. (Unit price will be reduced when accessory and auxiliary items are permanently separated from the basic item of plant equipment.) DD Form 1342 may be used as a source document for setting up account records as prescribed herein. (It is Princeton's practice to prepare DOD Property Record (DD Form 1342) for all equipment costing \$5,000 or more whether or not the item is DIPEC controlled.)

2. Centrally Reportable Industrial Plant Equipment Princeton is required to prepare a DD Form 1342 for each item of equipment identified as Industrial Plant Equipment (IPE). However, general purpose components of special test equipment, which would otherwise qualify as IPE, should not be reported until there is no longer a requirement for the test equipment. The forms are prepared by ORPA upon the receipt of the item and then forwarded directly to DIPEC through the property administrator. Where major changes have occurred in the data initially submitted to DIPEC a new up-dating DD Form 1342 is submitted to DIPEC. Princeton retains the original of each DD Form 1342 and uses it as the official property record.

F. Financial Property Reports

1. DOD Facilities: Princeton's property control system is such that it has all the required data to provide annually the dollar amount of Government-owned facilities, as well as the quantity of Industrial Plant Equipment (IPE), for which the University is accountable under each contract with each Department, including such facilities at subcontractor plants, in the following classifications:

- a. land and rights therein;
- b. other real property, including utility distribution systems, buildings, structures, and improvements thereto;
- c. IPE required to be reported to DIPEC in accordance with Centrally Reportable IPE.
- d. other plant equipment, including minor plant equipment but excluding property within c. above.

The contractor shall furnish to the property administrator, as of Sept. 30 of each year, a separate report, by contract, of the dollar amount of Government-owned facilities and the quantity of IPE in his possession falling in each of the above classifications. This shall include facilities at subcontractor plants for which the prime contractor is accountable. Reports may be prepared on DD Form 1662, Financial Report of Government Property, and furnished to the property administrator in duplicate no later than Oct. 21 of each year. However, these forms are being phased out and Item Unique Identification (IUID) is being implemented. Princeton currently does not have any equipment with IUID.

2. NASA: NASA requires that Contractors submit a separate report, as of September 30 of each year, called "Report of Government-Owned/Contractor-held Property" - NASA Form 1018) which is due October 15 of each year. The ORPA Property Officer prepares and submits this report electronically on the NESS system.

In late summer of 2004, NASA instituted a monthly report for Projects holding items costing over \$100,000. The format is provided by NASA, is saved as an excel file that should be forwarded to NasaContractorProperty@nasa.gov every quarter.

3. DOE: DOE Regulations require Contractors to prepare a semi-annual report as of August 31 for each contract in which government-owned Plant and Capital Equipment was provided, acquired or fabricated having a cost of \$50,000 or more.

PART IX. PHYSICAL INVENTORIES

A. Periodic Inventories

This office (ORPA) advises each department and subcontract contacts when a periodic physical inventory is required for on-going research projects. Inventories will be performed annually. A listing of Government-Owned equipment will be forwarded via email, and this listing should be checked by the department or subcontract institutions against their own records. The designated contacts will make a physical check of the equipment, which includes location of item, person responsible for care and custody, maintenance records (if appropriate), verification of data such as manufacturer, model number, serial number, and condition of each item.

B. Termination or Completion Inventories

When contract/grant is completed, a list of equipment is compiled from the invoices and Statement of Accounts in the individual files. The list is sent to the department manager or Principal Investigator for verification.

A physical inventory is made upon termination or completion of a contract/grant. The inventory will be adequate for disposal of all accountable government property (including subcontractor's property if applicable). The physical inventory is conducted in the same manner as in "A" above.

C. Reporting Results of Inventories

ORPA will provide the cognizant government property administrator with an inventory of all accountable government property. Any discrepancies between the official property records and the physical inventory will be recorded.

D. Quantitative and Monetary Control

As directed by proper authority, Princeton University prepares an inventory on both a quantitative and monetary basis and the inventory is segregated by categories of property such as special tooling, special test equipment, and plant equipment.

E. DOE Physical Inventory

DOE requires a physical inventory of capital equipment not less frequently than every 2 years on contracts.

PART X. RELIEF FROM RESPONSIBILITY FOR GOVERNMENT PROPERTY

A. General

Government-owned or government-furnished equipment cannot be disposed of without prior approval from the respective government agency. ORPA will intercede with these agencies and Princeton will either receive a transfer of title to the university, or permission to abandon-in-place or scrap this equipment. The process of requesting disposition of government property and the manner of its disposition is dependent on the specific government agency.

Request for relief from responsibility for government property is originated by the department or project and forwarded to the property officer of ORPA for review. If the request meets with governmental contractual/grant conditions it is endorsed and forwarded to the administrative contracting officer for approval.

When equipment is no longer needed, the equipment may be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5,000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the Federal awarding agency. The Federal awarding agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported to the General Services Administration by the Federal awarding agency to determine whether a requirement for the equipment exists in other Federal agencies. The Federal awarding agency shall issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern.

If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse the Federal awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct

and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.

If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the recipient's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

If the recipient is instructed to otherwise dispose of the equipment, the recipient shall be reimbursed by the Federal awarding agency for such costs incurred in its disposition.

The Federal awarding agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such transfer shall be subject to the following standards.

(i) The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing.

(ii) The Federal awarding agency shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with grant funds and federally-owned equipment. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of this section, as appropriate.

(iii) When the Federal awarding agency exercises its right to take title, the equipment shall be subject to the provisions for federally-owned equipment.

B. Transfer of Title

1. DOD cost reimbursement contracts provide that the Government shall take title to any equipment purchased on project funds except:

a. The contractor will take title to any item of equipment costing less than \$5,000 provided that prior approval was obtained from the contracting officer before the purchase order was placed to acquire the item.

b. Title transfer to items costing \$5,000 or more can be requested. However, the contracting officer has the option to decide to retain the property as Government property.

2. NASA research grants provide that title to equipment purchased with grant funds shall vest in the grantee except the Government reserves the right to

transfer to it items having a cost in excess of \$1,000. This right can be exercised anytime up to 180 days after receipt of the final property inventory report.

Equipment does not automatically go with a Principal Investigator when taking a new position at another institution.

3. DOE cost reimbursement contracts provide that title to equipment costing \$25,000 and over vests in DOE and must be marked, maintained and inventoried. Title transfer can be requested, except for ADPE. Under Special Research Support Agreements, title vests in the contractor, and any item over \$25,000 not identified in the approved budget must have prior approval. DOE retains title to all government- furnished equipment in all cases. Sensitive items must be monitored.

Under contracts, monthly report "Summary of Plant Equipment Changes - Form 65 - must be filed by project administrator.

PART XI. SELF-ASSESSMENT PROGRAM

As required by 52.245-1(b)(4), the University will perform a “periodic internal review and audit”. This regulation requires that Princeton establish and maintain procedures necessary to assess its property management system effectiveness and perform periodic internal reviews, surveillances, self-assessments, or audits. The results should be presented to the Government Property Administrator.

PART XII. CARE MAINTENANCE AND UTILIZATION

It is the responsibility of the principal investigator for the care, maintenance, and utilization of Government property in his possession or control from the time of receipt of the property until relieved of responsibility in accordance with Part X. of this manual.

A. Maintenance Program

1. General

It is the responsibility of the principal investigator (PI) to protect Government property against loss, damage, and use other than that authorized under his contract/grant. The PI ensures that the property is maintained and repaired by qualified laboratory technicians. It may need to be returned to the manufacturer for repair as the situation requires. The PI is also responsible for assuring the full availability and usefulness of the property to the project by permitting only qualified technical project personnel to use it and by suitably housing and protecting it from any deteriorating influences and theft.

2. Preventive Maintenance

The Government requires that contractors/grantees have a program for preventive maintenance of Government property in its possession. In order to meet this requirement principal investigators and/or departments shall establish a program of preventive maintenance that is to be performed on a regular scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. The program shall consist of, but not be limited to, the following actions:

- a. inspecting plant equipment at such periodic intervals as will assure detection of maladjustment, wear, or impending breakdown;
- b. regularly scheduled lubrication of bearings and moving parts in accordance with a lubrication chart or equivalent plan;
- c. protection from exposure to deteriorating agents;
- d. adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts,
- e. removal of sludge, chips, and cutting oils from equipment which will not be used for a period of time;
- f. taking necessary precautions to prevent deterioration from contamination and corrosion; and
- g. proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

3. Capital Type Rehabilitation

ORPA is to be advised by the department or in the case of the larger machine shop centers by the shop supervisor of the need for major repair, replacement, and other rehabilitation work for Government property in their custody.

This office, together with the concerned parties, will then make a judgment as to the appropriate action to be taken. If necessary, approval will be requested of the cognizant Government property administrator before any action is taken.

4. Records of Maintenance

Most Federal agencies require that a contractor and grantee maintain an effective maintenance program to disclose maintenance actions performed and deficiencies noted during inspections. It is Princeton's policy to attach to each

piece of equipment requiring maintenance a form, "Maintenance Record of U.S. Government Owned Property", whether or not the owning agency stipulated-this requirement. This form provides a ready reference and a detailed record of maintenance performed, repairs made, and any other pertinent information as to the condition of the equipment.

B. Utilization

Princeton's procedure to verify authorized use of Government property and usage of individual items of equipment is reflected by the entries recorded by the operators of equipment on ORPA form, "Utilization Record of U.S. Government Owned Property," This form is attached to each item.

Periodically, the form is reviewed by the department property custodian and/or supervisors of machine shop centers. They are charged with the responsibility to report to ORPA instances of low utilization and items excess to the needs of the project under which the property is accountable.

C. Property in Possession of Subcontractors

Princeton incorporates in any agreement with a subcontractor having Government property in its possession or control, terms appropriate to the prime contract/grant to assure that the property is utilized only as authorized, and that the property will be adequately secured, cared for and maintained. Property management requirements, flow-down clauses, and inventory reporting will be included in all subcontracts. ORPA will determine if the subcontractor's property management system is satisfactory.