

**Financial Policy & Procedure Instructions Manual**  
**FPI F-1 Property Accounting**  
**Last Updated February 1, 2007**

**FPI 25-Property accounting**

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**SECTION I: DISPOSAL OF UNIVERSITY PROPERTY**

- I. **PURPOSE**

To outline the policies and procedures for disposition of University owned property other than land.
- II. **GENERAL**

University property may become surplus, obsolete, damaged or worn out and therefore of no further use to the possessing (accountable) department. Such property should then be traded in on new equipment, cannibalized, or transferred to the Purchasing Department for disposal according to State and University policies and procedures. Prompt reporting and removal of such property is desirable to maintain an accurate inventory of usable items, in order to reduce storage of unusable items, and to permit sale or alternate use of such items.
- III. **POLICIES AND RESPONSIBILITIES**
  - A. University property which is no longer of use to the accountable department should be promptly reported to Property Accounting. The department shall not unilaterally dispose of any University property.
  - B. The Purchasing Department has sole responsibility for determining the appropriate disposition of all surplus University property, other than land and buildings, and for authorizing or accomplishing such disposition.
  - C. University property may be disposed of only by the Purchasing Department and by the methods outlined in this instruction and Section 53 of the Purchasing Manual. No department or individual should make or authorize any sale or donation to any individual or firm or non-University agency without prior approval of the Purchasing Department.

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- D. The policies and procedures of this instruction apply to all University property, excluding land and including installed property, i.e., electrical fixtures, plumbing fixtures, hardware, motors, air conditioning equipment, etc.
- E. The Property Accounting Section of Accounting Services will maintain University property records based upon the document initiated and processed by the accountable department and the Purchasing Department.
- F. University employees shall not be allowed to purchase surplus or excess University property. See C.R.S. 24-108-201.

**IV. PROCEDURES**

- A. **Trade-in.** The accountable department should coordinate with the Purchasing Department if it desires to trade in an item on the purchase of a new item. If the trade-in is agreed upon, the Purchase Requisition should fully identify the item to be traded, including full description, manufacturer, serial number and University decal number.
- B. **Cannibalization.** It may be desirable and advantageous to cannibalize an item of property when that item can no longer be used for the purpose for which acquired and/or cannot be economically repaired but its components or parts are usable in the repair or improvement of other items of property. A request to cannibalize an item should be made on the "Equipment Accountability Change Request" (Attachment #1) directed to the Property Accounting Office, Room 122 Johnson Hall. A statement should be included on the form indicating the need and justification for cannibalization. If the request is approved the department will be advised by return of a copy of the form with authorized approval signatures of Property Accounting and the Purchasing Department. The equipment then will be removed from University property records. No cannibalization action should be taken prior to receipt of approvals.
- C. **Disposition by Purchasing Department.** If the property is no longer of use to the department, is not appropriate for trade-in and is not desired for cannibalization, the property should be reported to the Purchasing Department for disposition. The "Equipment Accountability Change Request" (EACR) (Attachment #3) must be used and first directed to the Property Accounting Office, Room 122 Johnson Hall. Property accounting will verify the data, approve or disapprove, and forward the EACR to the Purchasing Department. The Purchasing Department will determine the appropriate means of disposal and will pick up property or under certain conditions (size, location outside of Fort Collins, etc.) may authorize the department to take specific disposal action. See Surplus Property Procedures (Attachment #2). Disposition will take one of the following forms:
  - 1. **Reissue.** If the item is determined to be usable for other University requirements, the Purchasing Department may initiate transfer of the item to another department of the University. After reissue, action is final and the items are not recoverable by the releasing Department.
  - 2. **Transfers to other State agencies.** Certain property which is surplus to University needs may, upon appropriate request, be transferred to other State agencies.
  - 3. **Donations to educational or charitable institutions.** Items no longer of use to the University may be donated to educational or charitable institutions for humanitarian, educational or public relation reasons after appropriate approval from Purchasing.
  - 4. **Sale by the Purchasing Department.** Items which are of no further use to the University but which have some commercial value may be sold by one of the following means:
    - a. **Sealed bid procedure.** Items of common use, general demand and considerable value, such as vehicles, may be most

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advantageously disposed of by auction or by an advertising and sealed bid procedure.

- b. Negotiated price. Specialized items or material of considerable value but with limited market may be disposed of based on a negotiated price.
  - c. Auction. Items of general demand and not appropriate to disposal by means outlined above may be sold at auction. Normally such auction is widely advertised and held each spring and fall at the Surplus Properties Warehouse at 200 West Lake Street.
  - d. Salvage. Items of minimum value may be appropriately sold as scrap or salvage using either a sealed bid or negotiated price.
5. Equipment transfer to other universities and educational institutions. On occasion when a faculty member leaves this University and becomes employed at another institution there is a request to transfer, to the new institution, equipment which was acquired by this University under a contract or grant for which the faculty member was principal investigator. Prior to effecting such transfer the faculty member should comply with the following policies and procedures:
- a. Equipment will be transferred only if the Director of Purchasing determines this is the most appropriate method of disposition.
  - b. Equipment transfer to other agencies will require the approval of the Office of the Vice President for Research.
  - c. Equipment is to be transferred only to the new institution and is not to become the personal property of the faculty member.
  - d. A written request will be obtained from the receiving institution and that institution will agree in writing to accept responsibility for the equipment, to pay any unreimbursed purchase cost plus all charges in connection with the transfer, including costs of dismantling, packing, shipping, and insurance.
  - e. When required, written authorization should be obtained from the sponsor before transferring federally owned equipment to another institution.
  - f. An "Equipment Accountability Change Request" form should be completed, coordinated with Property Accounting and approved by Director of Purchasing prior to any proposed equipment move. Copies of this form, together with sponsor approval when required, should be forwarded to Director of Purchasing, Property Accounting Section and the Office of Sponsored Programs for approval.
6. Destruction. Property which has no monetary or other value or use may be burned, hauled to the dump or disposed of by other acceptable means after approval by the Purchasing Department.

V. **DISPOSITION OF MONEY RECEIVED FROM SALES AND SALVAGE**

Proceeds from sales or salvage of property will be handled as follows:

- A. **Contracts and grants.** Proceeds from the sale of property which was purchased from a Contract or Grant will be credited to the respective project if still open. If the federal project has been closed, agency regulations may require proceeds to be returned to the sponsor. Purchasing will coordinate with the Office of Sponsored Programs and Property Accounting before selling property of this nature.
- B. **Revolving funds.** Proceeds from the sale of property purchased from a revolving fund will be credited to the respective revolving fund.

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- C. **Current year departmental purchase.** Proceeds from the sale of property which was charged to the departmental budget allocation in the current year will be credited to the account previously charged.
  - D. **Vehicle sales.** Most acquisitions of University vehicles are purchased under the State bid which is written to exclude the privilege of trade-in of an old vehicle. The old vehicle in such a case is disposed of through sale handled by the Purchasing Department. In any case where an old vehicle is sold but would have been traded in if the situation described in the above paragraph did not exist, the credit for the sale will be used in reduction of the expenditure if both transactions are identified with each other and they both occur in the same fiscal year. Otherwise the proceeds will be recorded as indicated in E below.
  - E. **All other.** All proceeds of a type not outlined in Paragraphs A through D above will be credited to the miscellaneous income account of the respective fund as established by the appropriation, bond resolution, etc.
- VI. **PURCHASING DEPARTMENT HANDLING FEE**  
The Purchasing Department will charge a handling fee for all sales and transfers of surplus University property. (See Attachment #2)

**SECTION II: LEASE PURCHASE PROCEDURES**

- I. **PURPOSE**  
To outline procedures to account for lease purchases handled through the Vice President for Research Office.
- II. **GENERAL**  
Expense for lease purchases financed by Municipal Leases, CSURF leases, etc., should be recorded in the account where the equipment is being used. The receipt and disbursement processed in the Vice President for Research's 21 fund account should not be reflected as revenue and expense but should be processed through clearing accounts in the General Ledger.
- III. **PROCEDURES**
  - A. An Intramural Order (IMO) is processed to charge the account of the equipment user and credit the Vice President for Research account in the 021 fund. This IMO should use the appropriate lease (rent) subcode on the charge (ordering) side. Federal sponsored program accounts are not permitted to charge for lease purchases. The credit (supplying) side should use the General Ledger account number and account control 1630.
  - B. A Departmental Purchase Order (DPO) is prepared to remit the lease payment to the lessor. The account number used on this document should be the Vice President for Research's 021 General Ledger account number and the 1630 account control.

If there is a need for the Vice President for Research office to segregate the receipts and disbursements for audit trail, separate general ledger account controls can be established for the payments and receipts and the two accounts netted at year end.

**SECTION III: ACQUISITION OF PROPERTY**

- I. **PURPOSE**  
This instruction sets forth the policies, responsibilities and procedures for establishing and maintaining control over property owned by Colorado State University, property owned by the Federal Government, and property owned by non-federal sponsors of research projects. For specific policies, responsibilities and procedures for Federal

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owned property, refer to Section IV of this document, "Control over Property—Federal Government Property".

**II. APPLICABILITY**

Certain property records and values are required for the State, the University financial report, insurance coverage, budgeting, and for equipment control and utilization purposes. This instruction, in compliance with applicable State, Federal, and University policies, prescribes procedures to accomplish the above requirements.

- A. This instruction applies to property owned by the University, including land, improvements to land other than buildings, equipment and vehicles. Consumable material and non-expendable property held for resale or subject to inventory control in accordance with Financial Procedure Instructions FPI 12.00 is excluded.
- B. Federal sponsor owned property which is in the custody of the University is subject to Colorado State University "Government Property Control Procedures".
- C. Other sponsor owned property is subject to control by the University and in addition any special provisions required by the sponsor will be adhered to.
- D. Title to property rests with the University rather than with a department, regardless of source of funds or donation associated with the acquisition. Departments which are assigned property for custody and use are held accountable for such property.

**III. DEFINITIONS**

- A. Capital asset. Capital asset is any physical property that benefits a program for more than one year. Capital asset expenditures include funds expended for land, improvements to land, buildings, leasehold investments, equipment, and library books. Subcode descriptions and criteria for capital outlay purchases are described in FRS manual, Appendix C.

Land. Land includes the direct cost of acquisition, legal fees, site preparation costs and the cost of demolishing unwanted structures on the land.

Improvements to land. Land improvements consist of all improvements costing in excess of \$50,000, including utility lines, streets, sidewalks, parking areas, landscaping, fencing, etc.

Buildings and Improvements to Buildings. Buildings include all structural elements of buildings, including the shells and components such as heating, air-conditioning, and elevators. Equipment which is merely attached or fastened to the building should be classified as equipment to the extent feasible. Structural remodeling and additions costing in excess of \$50,000 completed subsequent to the original building construction should be included under buildings as improvements to buildings.

Leasehold improvements. Permanent improvements by the tenant to leased land or buildings should be capitalized if the cost is \$50,000 or more. The lessor should capitalize at the expiration of the lease the fair market value of improvements made by others which have continuing value. Improvements by the University to property which it uses as lessee should be capitalized for the duration of the lease if the cost of the improvement is \$50,000 or more. Examples are: interior walls, plumbing, electrical wiring and parking lot surfacing.

Equipment. Equipment includes items which are not considered an integral part of a University building, are non-expendable, do not lose their identity through incorporation into a more complex unit, having a useful life of more than one

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year, and having an acquisition cost of greater than \$5,000 or other threshold amounts as set by contract agreement or grant. An item is non-expendable if it is characteristically restored to service by replacement of lost, worn or damaged parts. Examples are machinery (which is not a part of a building's mechanical system); furniture and furnishings; instructional and research equipment; athletic and recreational equipment; household, hospital and library equipment, vehicles, aircraft and watercraft.

Library books. Library books consist of collections of books, bound periodicals, films and audio visual materials acquired for the Morgan Library collection.

Lease-purchase. A non-cancellable contract that is essentially a purchase-sale over a period of time is referred to as a lease-purchase agreement. Items secured on lease-purchase agreements, or lease agreements with the option to purchase, will be charged to capital outlay.

Betterment. An expenditure in connection with an existing asset which significantly extends its useful life, increases its utility or efficiency or otherwise adds to the benefits it can yield.

**IV. RESPONSIBILITIES**

- A. **Policy and procedures.** The Controller will establish University policy and procedures for control and reporting of property in accordance with applicable State and Federal policy and procedures.
- B. **Property control.** Property Management has been assigned the responsibility of recording all property in the custody of the University, and for verifying periodic department inventories except library books and publications, educational media, art, scientific and museum collections which are the responsibility of the director or department head. Each department head is responsible for the control and maintenance of equipment assigned to the department.
- C. **Property procurement.** Property procurement shall be initiated in accordance with procedures outlined in the Purchasing Manual, PU-1. Propriety of purchases are subject to State Fiscal Rule 2-1 which states that purchases are to be reasonable and necessary.
- D. **Property disposal.** Purchasing Department has been delegated authority and responsibility for administering the disposal of property in compliance with Financial Procedure Instruction FPI 25.00. Departments are not authorized to dispose of any items of equipment without prior approval of the Director of Purchasing.
- E. **Personal property.** The personal property of University faculty or staff which is located on the campus should be clearly marked "Personal Property of (name)." Personal property is not subject to instructions of this manual and is not covered by University insurance.
- F. **Federal property.** Property Management Office has been assigned the responsibility of recording all Government owned property in the custody of the University, and for verifying periodic department inventories. Section IV of this document describes the specific policies, responsibilities and procedures for the control of Federal property.
- G. **Commercial and other sponsor property.** The requirements for commercial and other sponsor owned property will be specified by each individual contract or grant.
- H. **Property records and accounting.**
  - 1. Initial entry on property records. Property Management is responsible for the initial recording of all property acquired by the University. The Colorado State University Foundation reports to Property Management all property received by donation. The Office of Sponsored Research

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- advises Property Management when title has passed from federal or commercial ownership to the University, and when Government furnished equipment has been transferred to the University.
2. Property identification number. Property Management is responsible for tagging all equipment for which the University is accountable. This tag consists of six digits. Ownership can be identified by the first digit of the number.  
2XXXXX- 3XXXXX University owned  
500000- 599999 Commercial and other owned  
600000-689999 Federal Government owned (furnished or purchased)  
8XXXXX Leased equipment (lessor title)  
9XXXXX High theft items not capitalized in the accounting system (items that cost less than \$5,000).
  3. Property Accounting. Property Management is responsible for maintaining a current and accurate property system in order to comply with Federal, State and University regulations, and for submitting required property reports. Property Management furnishes to each department a listing of all items for which the Department has been assigned accountability prior to scheduling a physical inventory. This listing will be furnished more frequently if requested.
  4. Property inventory. Property Management is required to inventory all equipment at least biennially and to have the departments certify that the equipment remains under the department control, is maintained in good working condition, and is not excess.
  5. Equipment reporting for insurance coverage. Property Management notifies the property insurance office of additions or deletions of major items of equipment as required for insurance purposes.

#### **SECTION IV. GOVERNMENT PROPERTY CONTROL**

##### **I. PURPOSE**

To outline for University supervisory and administrative personnel, principal investigators and subcontractors the specific policies, responsibilities and procedures for acquisition, control, use, care, maintenance, disposition, and reporting of U. S. Government property held by Colorado State University.

##### **II. GENERAL**

- A. **Policy.** The Federal Government requires the University to procure, use and control property in accordance with Federal laws, executive orders, instructions from the Federal sponsoring agency and any special instructions contained in the specific grant or contract. It is Government policy, however, to rely upon the University's internal written procedures, subject to evaluation and approval.
- B. **Authority and Applicability.** The applicable policies and procedures outlined in this manual apply to the University and its subcontractors and are intended to ensure compliance with general Government requirements.
- C. **Special Conditions and Procedures.** Specific agencies and specific contracts may impose special conditions beyond general agency requirements. In such cases, the special conditions and procedures so prescribed supersede procedures outlined in this manual.
- D. **Responsibilities.** The University is responsible and accountable for all Government property in accordance with the provisions of the contract, including property provided under contract which may be in possession or control of a subcontractor. This responsibility is shared by numerous University personnel, and is specifically delegated as follows:
  1. The Office of Sponsored Programs is responsible for obtaining any sponsoring agency approvals necessary, and for notifying the University Property Management Office of all Government title equipment that is transferred to or from the University through a contract or grant.

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2. Property Management maintains inventory records for all Government, University, and other sponsor owned equipment. Property Management is also responsible for assigning property tags to equipment, for performing inventories in cooperation with the departments, and for providing reports and information from equipment inventory records, including Government property inventory reports.
3. Principal Investigator is the person authorized to initiate requests for purchase of equipment or to request restricted or Government excess property for his/her project. The principal investigator is also responsible for proper use, maintenance and security of all assigned property, and for notifying the Office of Sponsored Programs of any Government property received or transferred and any shortage, damage, loss or theft of Government property.
4. Purchasing will make procurements approved by the principal investigator and when required the Office of Sponsored Programs. Procurements will be made in compliance with University procedures, State of Colorado purchasing rules, general Federal regulations (e.g., OMB Circular A-110), any special procedures required by the sponsoring agency or specific contract or grant.

### III. DEFINITIONS

- A. **Contracting Officer.** The duly authorized individual delegated by appropriate authority to enter into a contract and thereafter administer the contract on behalf of the Federal Government.
- B. **Custodial Department.** The University department or unit having physical control of material.
- C. **Government Property.** All property owned or leased by the Federal government. Such property acquired under contracts with the University includes:
  1. Government Furnished Property
    - a. Property in the possession of or acquired by the Government and subsequently delivered to or otherwise made available to the University for use under specified contracts and grants.
    - b. Excess Government Property. Property which is no longer required by the Federal Agency and is available to other Federal agencies or Federal contractors such as the University.
    - c. Transferred Property. Property purchased by the University or furnished by the Federal government to which the Government retains title is considered Government furnished equipment (GFE) when it is transferred to an ongoing federally sponsored contract or grant.
  2. Contractor Acquired Government Property. Property purchased or otherwise provided by the University for the performance of a contract or grant, title to which is vested in the Government in accordance with contract or grant terms and conditions.
- D. **Government Property Administrator.** The individual designated as an authorized representative of the contracting officer to administer the contract requirements and obligations relative to Government property. He or she is an authorized representative of the contracting officer.
- E. **Industrial Plant Equipment (IPE).** Equipment used for machining or otherwise altering the properties of materials, etc., and having an acquisition cost of \$15,000 or more.
- F. **Material.** Property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts,

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components, assemblies, and small hand tools and supplies.

- G. **Personal Property.** Property of any kind except real property.
- H. **Plant Equipment.** 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) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose. Other than IPE.
- I. **Real Property.** For purposes of accounting, classification means: (1) land and rights therein; (2) ground improvements; (3) utility distribution systems; (4) buildings; and (5) structures. It excludes foundations and other work necessary for the installation of special tooling, special test equipment and plant equipment.
- J. **Special Test Equipment.** Electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are inter-connected so as to become a new functional entity, causing the individual item or items to become interdependent and essential in the performance or special purpose testing in the development or production of particular supplies or services. The term does not include consumable property, special tooling, buildings and nonseparable structures (except foundations and similar improvements necessary for the installation of special test equipment), or plant equipment items used for plant testing purposes.
- K. **Special Tooling.** Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids 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 encompasses all components of such items and includes foundations and similar improvements necessary for installation. It does not include consumable property, special test equipment, general machine tools or similar capital items, or buildings and non-separable structures.

**IV. VESTING OF TITLE**

- A. **Federal Acquisition Regulations.** Title to property furnished by the federal government remains with the government until relinquished. Title to property purchased or fabricated by the University using federal award funds vests according to the provisions of the award. Under contracts, property costing under \$5,000 normally vests with the University and equipment costing \$5,000 and over may be titled to the University, possibly with the government retaining the right to take the title for a period of time. Under grants, title usually vests with the University, although the government may retain the right to redirect ownership.
  - 1. If title to equipment is vested in the University, depreciation, amortization, or use charges are not allowable with respect to that equipment under any existing or future Government contract or subcontract.
- B. **Direct purchases.** Purchases by the University of property paid for in whole or in part from a sponsoring agency's funds, including Federal funds, and for which reimbursement as a direct item of cost is to be requested, are made in accordance with standard University purchasing procedures. A requisition is initiated by the principal investigator (or others as appropriately designated) and submitted to Property Management, which reviews the requisition for compliance with agreement terms and availability of funds, and for who will retain title based on terms of the agreement as determined by the Office of Sponsored Programs. Following approval of Property Management, the requisition is forwarded to Purchasing for processing. After an item of equipment is received, Property Management assigns a property number, records the purchase on the property inventory file and affixes a property tag to the equipment.
- C. **Property tags.** If the University acquires title to the equipment subsequent to purchase and assignment of a Government property tag, then the Government property tag is removed. The tag is replaced with a University property number and the change is recorded in the property records.

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**V. ACQUISITION AND SCREENING**

- A. **General.** The University must have and follow written procurement procedures which:
1. Assure the avoidance of purchasing unnecessary or duplicate items;
  2. Provide an analysis of lease and purchase alternatives where appropriate;
  3. Provide clear and accurate descriptions of technical requirements, but which do not unduly restrict competition; and
  4. Comply with applicable Federal regulations and any special agency requirements.
- B. **Equipment Screening (Internal).** In addition to the requirements below applicable to grants and / or contracts with specific agencies, all purchases utilizing Federal funds are subject to State Fiscal Rule 2-1 (see Section III, IV-C)
- C. **Contract Equipment Screening (External) - DOD Contracts.**
1. Prior to acquiring IPE (see definition above), DD Form 1419 shall be submitted per DFARS 245.302-1(b) (1) (A) to ascertain whether existing reallocable Government owned facilities can be utilized. As required, DD Form 1342 shall be prepared and submitted after the equipment is purchased. No acquisition of any listed item shall be made until a certificate of non-availability is received from the Defense Industrial Plant Equipment Center (DIPEC). This requirement does not apply to DOD grants.
  2. Prior to acquiring ADPE having a unit acquisition cost of \$25,000 or more, the University shall submit a DOD Industrial Plant Equipment Requisition (DOD Form 1851) through the administrative contracting officer to Headquarters, Defense Logistics Agency. ATTN: Defense ADP Resource Office (DARO), Cameron Station, Alexandria, VA 22314, in accordance with DOD Manual 4160.19-M. This requirement does not apply to DOD grants.
- D. **Contract Equipment Screening - NASA Contracts.** Before purchasing an item of equipment under a NASA contract, the following must be accomplished. All University acquired property must be authorized by the terms of the contract and is subject to a determination by the contracting officer that it is allocable to the contract and reasonably necessary. The acquisition (and fabrication) of Government property is further subject to the following conditions
1. Prior contracting officer approval, if not already described in a contract schedule as contractor acquired.
  2. Submission of DD Form 1419, DOD Industrial Plant Equipment Requisition, and return of Certificate of Non-Availability.
  3. Submission of a written statement prescribed by FAR 45.302-1(a)(4).
- E. **Excess Government Property.** Excess Government property is material, used or new, which is owned by the Federal Government, is no longer needed by the holding Federal agency, but has additional useful life. Items are usually allocated on a first-come, first-served basis. The University may be authorized to receive such excess property by a contracting agency when the property directly furthers an active contract. Such authorization is dependent upon the terms of the contract and the regulation of the specific agency involved. Property Management is responsible for accounting for all excess equipment.
1. Cost. Excess Government property is usually obtained without cost. However, the University specifies the method of shipping and pays all expenses of packing, transportation and subsequent installation, rehabilitation and maintenance.
  2. Ordering. Standard Form 122 or DD Form 1348, with a letter of justification of use, is forwarded to the sponsoring Federal agency for approval. The sponsoring agency forwards the SF-122 on to the General Services Administration Office concerned, who will then order the item to be shipped to the University.

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**VI. RECEIVING**

- A. **Receipt of Equipment.** When delivery is made to the University, the receiving party (normally Central Receiving but possibly the ordering department) determines that the number of packages corresponds to the bill of lading and that there is no visible damage. The department purchasing the equipment, upon its receipt, will make a thorough inspection to determine that it is as ordered and that there is no concealed damage. If the shipment is not in order, discrepancies are noted and Purchasing promptly informed. All actions necessary to obtain adjustment of shortages, overages or damages in shipment from the vendor, supplier or carrier, as appropriate, should be taken.
1. When a University department takes delivery of Government furnished Equipment for an active project, it must promptly notify the Office of Sponsored Programs, and the Property Management Office so that the property can be properly tagged and recorded.
  2. If damaged shipments are received on Government bills of lading, the section, "The Report of Loss, Damaged, Shrinkage", must be completed on the back of the Government bill of lading. A statement of the condition and the apparent causes is then furnished to the Government.
  3. Notice of receipt of Government furnished property is provided to the Government immediately upon receipt of the property. In the instance of contractor acquired property, notice of receipt must be provided to the Government no later than the time the University submits application for payment of the property.
  4. After an item of equipment is received, Central Receiving indicates receipt in FRS. The vendor invoices come directly or are forwarded to the Accounts Payable Office for payment. Property Management assigns a property number, records the purchase on the property inventory file, and arranges for a property tag to be affixed to the equipment item.

**VII. PROPERTY RECORDS**

- A. **General.** The Government requires that the University maintain a property control system which will provide for adequate identification, recording, location, utilization, maintenance, and physical inventory of Government property and property acquired with State, local or Government contract funds. The University property control system is subject to periodic review and evaluation by Government contracting and property personnel.

Records of inventorial equipment are maintained by Property Management. All Government property in the care and custody of the University is recorded in the same inventory system as that used for recording University owned inventorial equipment. The University property control system provides the following information:

- Property number (either University or Federal)
- Title (determined by asset number and account subcode)
- Award number
- Department code
- Item serial number
- Description code (category)
- Description, model number, manufacturer name (if available)
- Purchase or acquisition date
- Location code
- Condition
- Utilization
- Acquisition Cost, including the federal funds share of the cost
- Acquisition document reference number

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Disposition (per status code)

All equipment furnished by the federal government will be maintained on the University property control system

- B. **Government Furnished Equipment-Include Excess Property Received.** The unit acquisition cost of Government furnished property shall be determined by the Government and furnished to the University. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of Government furnished property will be provided on the transfer document covering shipment of the property to the University.
- C. **University Purchased Equipment.** The acquisition cost of a University purchased item of non-expendable personal property should be recorded as the net invoice unit price of the property including cost of modification, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose of which it was acquired. Other charges, such as cost of installation, transportation, taxes, in transit insurance, etc., shall be included in the unit acquisition cost in accordance with the University's regular accounting practice.
- D. **Identification of Government Property.** All Government equipment is identified, tagged with a Government property number and recorded in University property records promptly upon receipt. This equipment shall remain so identified as long as it is in the custody, possession or control of the University. Such markings and identification are removed or obliterated from the equipment only when sold, scrapped or otherwise disposed of. The affixing of the property number tag to all property in the custody, possession or control of the University is the responsibility of Property Management. The property number is applied to the actual unit unless its size or nature makes it impractical. The property number should be affixed to the equipment in an appropriately visible area. In the event an item of equipment under warranty that has been tagged with a property number is replaced by the manufacturer or supplier, the custodial department must promptly notify Property Management of the replacement so the equipment can be re-tagged and the property records updated to reflect any change in information.

Should the property number be accidentally or mistakenly obliterated, defaced or removed, the equipment shall be marked again with the original number.

**VIII. STORAGE AND MOVEMENT**

- A. **Temporarily idle equipment** must be stored in accordance with sound practices with adequate protection. Equipment must be adequately protected while being moved. When authorized Government equipment may be transferred from the University with the prior approval of the Office of Sponsored Programs. A shipping document, transfer document or similar instrument must be obtained.
- B. **Location of Equipment.** The location of each item of inventorial equipment shall be noted in the University inventory records. Current records as to movement of equipment shall be maintained in such a manner that any item of equipment can be located for inspection or inventory purposes within a reasonable time. The custodial department shall notify Property Management of any changes in location of inventorial equipment to include permanent change of room location.
- C. **Physical Security.** The head of the custodial department and the principal investigator, if a contract is involved, shall make adequate provision for the physical security of the material in their custody. Areas containing equipment shall normally be kept locked after business hours or at other times when not in use. Special precautions shall be taken in the case of high value, portable equipment and of sensitive equipment as defined by FAR 45.601.

**IX. CONSUMPTION**

Only supplies, materials and equipment necessary for performance shall be acquired and used.

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**X. UTILIZATION**

- A. **Government Equipment on Contracts.** The head of the custodial department and the principal investigator shall restrict the utilization of property acquired for use under a specific contract to the purpose authorized in the contract. Current equipment needs shall be periodically reviewed so that excess items may be identified. The principal investigator shall advise the Office of Sponsored Programs who will then report to the contracting officer equipment for which retention is not justified. When it is desirable to use the equipment on another contract, the University shall secure prior written approval from the contracting officer for such use.
- B. **Shared Use on Grants.** During the time that non expendable personal property is held for use on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal agency that financed the property; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal government, use on other activities not sponsored by the Federal government shall be permissible if authorized by the Federal agency. User charges should be considered if appropriate.
- C. **Alteration of Government Equipment.** Prior approval for altering an item of government equipment shall be obtained from the cognizant government's contracting officer. This approval will be coordinated through the Office of Sponsored Programs.

**XI. MAINTENANCE**

The custodial department shall provide the care necessary to maintain the equipment in the condition received or better, normal wear expected, in order that the most useful life is secured. The maintenance program shall be preventative in nature, providing lubrication, cleaning, calibration and inspection on a regular schedule. Records of the maintenance program shall provide the description and date of maintenance actions performed, details of inspection and deficiencies discovered or corrected. The principal investigator is also responsible for proper use, maintenance and security of all assigned property, and for notifying Property Management or, as applicable, the Office of Sponsored Programs of any property received direct and/or any shortage, damage, loss or theft of property. Maintenance should be in accordance with manufacture's guidelines and recommendations.

**XII. PHYSICAL INVENTORIES**

- A. **Scope.** This section describes minimum requirements for the physical inventory of Government owned, University owned, and other sponsor owned property.
- B. **Departmental Responsibilities.** The custodial department shall certify the physical inventory every year when it receives its report of total equipment by department. The scheduling for this activity shall be arranged with Property Management. This report includes Government owned, University owned, and other sponsor owned equipment. Any discrepancies or corrections noted during the inventory are to be reported to the office of Property Management.
- C. **Property Management Responsibility.** A physical inventory of property shall be taken by Property Management and the results reconciled with the property records on a biennial schedule. Any difference between quantities determined by the physical inspection and those shown in Property Management records shall be reinventoried on a sampling basis to determine the causes of the difference. The custodial department will review the physical inventory and, when agreement is reached with the physical inventory as recorded by Property Management, the department head will certify the inventory. The recipient shall, in connection with the inventory, verify the current utilization, and continued need of the property.

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- D. Office of Sponsored Programs Responsibilities.** A complete physical inventory of Government property accountable under a grant or contract shall be taken by Property Management, when notified by the Office of Sponsored Programs, in cooperation with the custodial department, when required by contract or grant terms. The University will submit to the project administrator a listing which properly identifies all discrepancies disclosed by physical inventory and a signed statement that a physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement with the physical inventory, except for discrepancies reported. The listing and signed statement will be furnished with a minimum delay at the completion of the physical inventory.
- E. Inventories Upon Termination or Completion of a Contract.** Upon termination or completion of a Government contract or grant, in cooperation with the custodial department and the principal investigator, the Office of Sponsored Programs may request that Property Management perform a physical inventory, if necessary, for disposal purposes of all Government property applicable to the terminated or completed contract. Disposition instructions will be requested from the agency. In submitting a terminal inventory to the agency, the University certifies that all materials, supplies and equipment which were furnished to the University by the Government for use on the contract, or for which the University has been or will be reimbursed by the Government under the terms of the contract, if not specifically included in the inventory, were expended in performance of the work called for by the project.
- F. Waiver of Inventory.** The requirement for physical inventory of Government property at the completion of a contract may be waived by the Office of Sponsored Programs when the property applicable to the completed contract is authorized for use on a follow-up contract.
1. Listing for Disposal Purposes. Standard items that have been modified may be described on listings for disposal purposes as standard items with a general description of the modifications. Items that have been fabricated, such as test equipment, are described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

**XIII. SUBCONTRACT CONTROL**

The provisions of the prime agreement flow down and are incorporated into sub-awards. In addition, if government titled equipment will be acquired through the agreement, Sponsored Programs will obtain a copy of the sub recipient's property control procedures. Property Management will record equipment in the Property System and within two weeks of receipt of report, review the sub recipients property control procedures for compliance with federal regulations and with the property terms of the federal award. The sub award will not be executed until the sub recipient's property control procedures have been approved by Property Management. Sponsored Programs will obtain an annual equipment report verifying that Sub recipient is still in possession of the equipment and that it is being used on the project for which it was intended.

**XIV. PRECIOUS METALS, SENSITIVE PROPERTY, and HIGH-THEFT ITEMS**

Every precaution must be taken to assure the safekeeping of precious metals and sensitive items.

1. Precious metals must be locked in a safe when not in use. Changes in configuration must be in accordance with contractual provisions including extraction from the original product. Disposal instructions must come from the contracting officer.
2. The Government defines sensitive property as property potentially dangerous to the public safety or security if stolen, lost, or misplaced or that shall be subject to exceptionally physical security, protection, control, and accountability such as classified property, weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals. These items must remain in a secure area when

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not in use. Whenever removed from a secure area, the individual removing them must sign for them and indicate the expected time or date when they will again be secured. Any transport off campus of weapons, ammunition, explosives, radioactive materials, or hazardous materials or wastes must be conducted in a manner prescribed or approved by Environmental Health Services.

3. The University defines high-theft items as "those items of property which are susceptible to being appropriated for personal use or which can be readily converted to cash." This includes, but is not limited to, computers, radios, cameras, microscopes, etc. These items must remain in a secure area when not in use. When in use off campus for an extended period of time or periodic use, a check in-check out procedure must be established. A memo to the file from the Department Head stating who has the property and the approximate time it will be in the individual's possession is required.

A sample SENSITIVE ITEM CHECK OUT FORM is available at the Business and Financial Services web page. (the form is titled "Sensitive Item", which is not the same as the federal government's term "sensitive property". The form is intended for any tagged equipment that is removed from the campus.)

**XV. HAZARDOUS MATERIALS**

If hazardous or dangerous materials are to be acquired in the course of conducting Government or other research, or to be sold after use, the Environmental Health Services Office must first be consulted.

**XVI. DISPOSITION**

- A. When Government owned property is no longer needed for research purposes, disposition instructions will be requested from the contract or grant contracting officer or Government property administrator. The property shall be disposed of in accordance with the U.S. Government instructions. Disposition data, including date of disposal and sales price or the method used to determine current fair market value, will be maintained. Sales procedures are established to assure competition to obtain highest practical sales price.

All U.S. Government markings and identification shall be removed or obliterated from equipment that is sold, scrapped, or title transferred to the University.

- B. **Property disposal.** Disposal of all types of University equipment whether capitalized or non-capitalized must be handled through the Purchasing Office, including those purchases involving University, Federal and State funds. Additional information about disposal of University equipment can be found in the Colorado State University Financial Policy and Procedures Instructions.

**XVII. REPORTS**

- A. Reports of government property accountable to specific awards are submitted by Property Management, to the government PA annually in October or as required by the terms of the grant or contract.

**B. ANNUAL REPORTS**

Report property as of 30 September.

1. DOD – Reports are due 30 October. Submit a list of government property for grants. For contracts use DD Form 1662 (a negative report is needed only when property was previously reported).

2. NASA – Reports are due 15 October. Submit a list of government property for grants. For contracts use NF 1018 (negative reports are required).

**C. FINAL PROPERTY REPORTS**

Inventories of government property are submitted for disposition instructions or to report

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disposal of previously reported government property.

1. DOD – Negative reports only required for contracts (if previously reported on DD Form 1662.
2. NASA – Negative reports are required (use NF 1018 for contracts).

**APPENDIX**

XVIII. Source of Federal Guidelines (not all inclusive)

<b><u>Subject</u></b>	<b><u>Source</u></b>
General	Federal Acquisition Regulations(FAR) Part 45, DFARS, NASA FARS, DOE FARS
Screening - on-campus	OMB Circular A-110, Sub-part C, Section .44
Screening - IPE	DFARS 245.302-1
Screening - ADPE	DFARS 245.302-1
Screening - NASA	NFARS 18-45.502-720
Title Vesting	FAR 35.014 OMB Circular A-110, Subpart C, Sections .33, .34, .35
Shared Use	OMB Circular A-110, Subpart C, Section .34
Physical Inventories	OMB Circulars A-21 and A-110, FAR 45
Property Reports - DOD	DFARS 245.505-14 and DoDGRS 32.22
Property Reports - NASA	NFARS 18-45.71 and NASA Grant Handbook (14 CFR 1260.27)
Property Reports - DOE	DOE FAR Supplement 945.505-14