

SPONSORED PROJECTS & CONTRACTING SERVICES FAQS SHEET

FEDERAL AUDIT- PHYSICAL INSPECTION ELEMENTS

The Office of Naval Research (ONR) audits federally funded and titled equipment in the possession of the University. ONR audits the University for the U.S. Department of Defense (DOD), National Aeronautics and Space Administration (NASA), and the Jet Propulsion Laboratory (JPL).

The audit review is conducted by reviewing documentation provided by the University, physical inspecting items of Government-owned property and discussions with operational and academic personnel involved with different aspects of government property.

The objective of the audit is to determine whether the University's Property Control System is capable of effectively and adequately controlling Government property in the custody and adhere to all applicable regulations, agency and contractual requirements.

An approved certification of the University's Property System maintains the eligibility of the University to receive government funding for the acquisition of equipment in the performance of the grant and contract research and development.

PHYSICAL INSPECTION:

- The auditor will check for the physical existence of the equipment.
- If the equipment is off campus and not available for inspection, the auditor will request to inspect the "Certification Statement for Off-Campus Location Use of Equipment" form. The form must be updated annually and can be found on the FS Property Management website <http://policy.fso.arizona.edu/pmm/1100/1130>.
- The auditor will examine the maintenance condition of the property. Maintenance records need to be maintained for high value and specialty equipment items.
- The auditor will ask questions regarding the use of the equipment. Government owned and active government funded equipment can only be used on government grants and contracts. Government contracts usually limit government funded and owned equipment use to the government contract it is accountable to. Government owned and funded equipment cannot be acquired as spare or backup equipment unless specifically required as part of the award.
- The auditor verifies the University property records to the tag number, serial number, model number, manufacturer and location to the asset and its physical location.
- The auditor checks for the *Property of the Federal Government* label is adhered to the property.
 - If the equipment is sensitive and not suitable for tagging, the auditor will ask to examine a departmental property folder for the asset. A copy of the purchase order and a printed copy of the asset detail and location information from FS's Capital Asset Management are a must for the file. A photograph of the asset is encouraged.
- The auditor will look for field samples, i.e., items with a Property of Federal Government label, not on their original sample list to audit. When government property is abandoned

to the University, it is important to remove the government property labels which include the S Tag and *Property of the Federal Government* property labels.

- The audit is University wide and not by department. One poorly performing department can result in an unsatisfactory audit determination for the entire University.

INVENTORY CHECKLIST FOR GOVERNMENT PROPERTY (S Tags)

Verify property labels on asset

_____ Orange S Tag adhered to the asset

_____ *Property of the Federal Government* label adhered to the asset

If an asset is sensitive and not suitable for tagging, verify the departmental property folder has the following information on file:

- the physical tag assigned
- copy of purchase order, acquisition documents
- asset detail and location information from FS's Capital Asset Management
- photograph

Equipment Use and Functionality

Inspect asset to ensure it is still in use and functional

- YES
- NO

Verify that the asset is being used on the active federal award the asset is currently accountable to

- YES
- NO

IF either question above is answered NO – Contact SPSC Property to begin disposition instructions

**** DO NOT send Sponsor Titled Assets to Surplus without contacting SPS Property ****

Verify the following asset information from FS Property System is accurate

_____ Tag Number	_____ Asset Number
_____ Model Number	_____ Serial Number
_____ Manufacturer	_____ Description
_____ Location **	

** Verify the off-campus location form is complete and accurate

If any of the above asset information does not match the FS Property System, please update asset record as instructed by FS Property Management

Other Items to Consider

_____ When a federally titled asset has been abandoned to the University, and title has recently been transferred from the Federal Government to the UA, ensure S-Tag and *Property of the Federal Government* labels have been removed

_____ If an asset has been delivered to sponsor, send shipping documentation to SPS Property in order to remove asset from inventory

_____ Contact SPS Property with questions regarding Sponsor Titled Assets

TRANSFER OR SALE OF SPONSOR FUNDED EQUIPMENT

Transfer of Sponsor Funded Equipment:

Assets Eligible for Transfer

The University is prohibited by Arizona Revised Statutes from giving away assets without receiving comparable value in return. However, it is possible for research personnel who have terminated employment with the University of Arizona, but who will be employed by another university or college, to transfer research equipment acquired on both current and retired sponsored accounts to their new institution. Equipment may also be transferred on a case-by-case basis, on an exception-approval basis, to federal and non-profit research agencies.

In order to be eligible for transfer, equipment must:

- Have been purchased **entirely** with sponsored project grant and contract accounts (3000000 - 4999990), obtained as government-furnished equipment, or purchased on restricted accounts (non-university funded) for specific researchers
- The equipment must be used in the conduct of a research project
- The equipment will be titled to an eligible institution, i.e. university or college, a federal agency, or non-profit organization
- The transferring researcher is the principal or co-Principal Investigator on the purchasing sponsored grant or contract

If an item meets eligibility requirements, the transfer must be approved by the *Department Head, Dean, SPS Property Administrator, and Vice President for Research.*

To view the complete policy and procedures regarding the transfer of equipment, follow the link below:

<http://policy.fso.arizona.edu/pmm/600/620>

Sale of University Equipment

Equipment purchased with any state appropriation or University local funds or does not otherwise meet the criteria above is not eligible for transfer and must be sold via Surplus. **Individual items of equipment that are split funded between federal and other fund sources must be sold in adherence to UA policy.**

If an item purchased entirely with sponsored funds, contact SPS Property prior to sale to ensure award property provisions do not prevent the sale of an item.

****Sale of assets with a fair market value of \$5,000, may require further sponsor approval.**

To view the complete policy regarding the sale of University equipment, follow the link below:

<http://www.fso.arizona.edu/capital/property/interagency.html>