

United States Government-Owned Equipment: Responsibilities, Care, Maintenance, Utilization, Identification, Disposition, and Records

Responsible Officer: Vice President for Business Affairs and Controller
Sponsoring Department: Property Management
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Errors or changes to: aim@uta.edu

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PROCEDURE OBJECTIVE

This procedure provides instructions to all project directors/principal investigators (PD/PI), department chairpersons, and all other UT Arlington employees on the procedures necessary for the control of U.S. Government-owned equipment in the possession of The University of Texas at Arlington (UT Arlington) operating in the capacity of a non-profit research and development contractor. It is based on procedures and policies of the various Government agencies as announced in their respective publications and guidance letters. The University will employ best practices as to how these procedures will be utilized and maintained through the life of each asset with the understanding that as Government policy and procedures change and become obsolete, so must the internal process change to keep pace with current guidance. This procedure details the identification, care, maintenance, utilization, disposition, records and one's responsibilities with U.S. Government-owned equipment at the time of this revision and may not reflect the most current processes.

RATIONALE

The use of U.S. Government-owned equipment by UT Arlington employees and departments is governed by the policies and procedures of various government agencies as set forth in their respective publications and guidance letters. The instructions outlined in this procedure

comply with the provisions of Federal Acquisition Regulation Part 45 (FAR Part 45). The property system at UT Arlington is subject to audit review from numerous sources including: Office of Naval Research, State Auditors Office, and UT System Internal Audit. Proper care of government-owned equipment is essential because the University may be liable for any U.S. Government-owned items that are lost, damaged, destroyed, or unreasonably consumed.

SCOPE

This procedure applies to all UT Arlington employees and departments that have U.S. Government-owned equipment in their possession.

WEBSITE ADDRESS FOR THIS PROCEDURE

<http://www.uta.edu/policy/procedure/2-57>

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

UT System Administration Policies and Standards	Other Policies and Standards
N/A	Federal Acquisition Regulation (FAR) Part 52.245-Defense Federal Acquisition Regulations (DFARS), Part 345 and 252

CONTACTS

If you have any questions about this procedure, contact the following departments:

Subject	Office Name	Telephone Number	Email/URL
All topics in Procedure	Property Management	817-272-2191	property_management@uta.edu https://www.uta.edu/business-affairs/property-management
Website access	Administrative Information Management	817-272-0222	aim@uta.edu http://www.uta.edu/aim

DEFINITIONS

NOTE: When available, the pertinent Government source from which a definition was obtained is shown in parentheses. The most common source is the FAR (Federal Acquisition Regulation). Also, the words "equipment" and "property," as used herein, are considered to be

synonymous. "Equipment" is the preferred word, however, as "property" it is often used to refer to real property, i.e. land, buildings, etc.

Agency-peculiar property: Government-owned personal property that is peculiar to the mission of one agency (e.g., military or space property). It excludes Government material, special test equipment, special tooling, and facilities.

Cannibalize: Remove parts from Government property for use or for installation on other Government property.

Capital equipment: A term used by some Government agencies to identify equipment having an acquisition cost over a certain dollar amount and an expected service life of a certain number of years.

Contracting Officer: Person at the federal agency who approves the contract or grant.

Contractor-acquired property: Property acquired, fabricated or otherwise provided by the contractor for the performance of a contract and for the cost of which the contractor is entitled to be reimbursed as a direct item of cost under such contract. Title to contractor-acquired property is vested in either the Government or the contractor as determined by the terms of the contract. If the Government retains title to property that was contractor-acquired under a contract or grant and subsequently transfers accountability to another contract or grant, the property will be classified under the gaining instrument as contractor-acquired property.

Contractor inventory:

- A. Any property acquired by and in the possession of a Contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;
- B. Any property that the Government is obligated or has the option to take over under any type of contract, e.g., as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the option of the Government; and
- C. Government-furnished property that exceeds the amounts needed to complete full performance under the entire contract.

Equipment: means a tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use. Equipment does not include material, real property, special test equipment or special tooling.

Expendable property: Property that is expended or consumed in use. It includes raw and processed materials, supplies, small tools, etc.

Fabricated Equipment: Equipment made or constructed from raw or processed materials, supplies, parts, small tools, components, etc. in accordance with the terms of a contract or grant to accomplish specific research purposes or goals.

Federal Acquisition Regulation (FAR): The FAR is the single regulation for use by most federal agencies in their acquisition of supplies and services with appropriated funds. It should be administered in conjunction with agency-specific supplemental regulations.

Government-furnished property: Property in the possession of, or directly acquired by, the Government and subsequently furnished to the Contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

Government Property: All property owned by or leased to the Government or acquired by the Government under the terms of the contract. Government property includes both Government-furnished and Contractor-acquired property. Government property includes material, equipment, special tooling, special test equipment, and real property. Government property does not include intellectual property and software.

Project Director/Principal Investigator (PD/PI): A term generically herein to refer to the individual with primary responsibility for a contract or grant. The terms Project Director and principal investigator are synonymous in this publication and will be indicated by PD/PI.

Property Administrator: means an authorized representative of the Contracting Officer appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to Government property in the possession of a Contractor.

Real Property: Land or rights in land, ground improvements, buildings, etc.

Sensitive items: Items of property for which the theft, loss, or misplacement could be potentially dangerous to the public safety or community security, and which must be subject to exceptional physical security, protection, control, and accountability. The following types of property should be designated as "sensitive" in the University's property management system. Weapons, ammunition, explosives, narcotics and drugs, radioactive material, hazardous material, hazardous waste, precious metals, and any other item designated by a Defense Agency to be sensitive.

RESPONSIBILITIES

The Property Manager

- Implements the Government Property Program for UT Arlington as prescribed by the University's property procedures and Federal guidelines

Project Directors/Principal Investigators (PD/PI)

- Assumes responsibility for the control of an item of Government property at the time it is physically received and until the property is officially transferred from their control
- Provides a written report to the Office of Accounting within ten days when overages, shortages, or damages are discovered upon receipt of Government-furnished property

- Takes all actions necessary in the adjustment of shortage, overages, or damages in shipment of contractor-acquired property in accordance with local purchasing procedures and sound business practices
- Reports to the Property Manager any instance of loss, damage, or destruction of Government property as soon as it is positively known

Office of Grant and Contract Services

- Monitors each federal contract and grant account.
- Assists and facilitates reporting and communication with the federal agency

Property Management Office

- Submits a final inventory or final listing of Government-owned property to the ONRRO Property Administrator.
- Submits annual physical inventory results to ONRRO.
- Conducts self-assessments to ensure the adequacy of systems and internal controls.

PROCEDURES

Section I. United States Government-Owned Equipment-Introduction

- A. The following guidance outlines the responsibilities and procedures for acquisition, control, use, care, maintenance, disposition, and reporting of government-owned property.

- B. The Property Manager is responsible for the implementation of the Government Property Program for UT Arlington as prescribed by the University's Property Procedures and Federal guidelines. Subcontractors working for UT Arlington under U.S. Government contracts or grants and having Government property in their possession or control will comply with the provisions of Federal Acquisition Regulation (FAR), Part 52.245-1(f)(v). Subcontractor's property systems will be subject to approval by the U.S. Government and UT Arlington.

- C. The property system at UT Arlington is subject to audit review from numerous sources including: Office of Naval Research, State Auditors Office, and UT Arlington Internal Audit. Any corrective actions needed as a result of these audit activities are the responsibility of the Property Manager and will be implemented as soon as possible. These procedures will be reviewed annually by the Property Management (PM) Office to ensure compliance with contractual obligations. Whenever procedures are revised and updated, a copy will be forwarded to the Government Property Administrator.

Section II. Responsibilities

- A. The PD/PI assumes responsibility for the control of an item of Government property at the time it is physically received and this responsibility continues until the property is officially transferred from their control. The Principal Investigator (PI), in conjunction with Department/Unit support personnel have the primary responsibility for the care, maintenance, record keeping, physical inventory, and control of equipment and other property. They must maintain up-to-date departmental records. Transfers typically occur when equipment is reassigned for continuing use under a different Government contract or grant, when equipment is moved to another location other than UT Arlington as determined by the sponsoring Government agency, or when the Government agency assigns title to UT Arlington.
- B. Discrepancies Incident to Shipment
1. Government-Furnished Property: When overages, shortages, or damages are discovered upon receipt of Government-furnished property, the PD/PI shall provide a written report to the Office of Accounting and Business Services within ten days. This report must contain sufficient facts and pertinent data to enable the Property Management (PM) Office to comply with the required reporting procedures to the sponsoring Government agency.
 2. Contractor-Acquired Property: The PD/PI is responsible to take all actions necessary in the adjustment of shortage, overages, or damages in shipment of contractor-acquired property from a vendor or supplier in accordance with local purchasing procedures and sound business practices so as to ensure the proper allocability and allowability of associated costs. This action must be taken in conjunction with UT Arlington's Property Management facility and as prescribed by their procedures.
- C. Liability of The University of Texas at Arlington: Subject to the terms of the contract and other conditions, UT Arlington may be liable when shortages of Government property occur; when such property is lost, damaged, or destroyed; or when there is evidence of unreasonable use or consumption as measured by the allowance provided for by the terms of the contract, the bill of materials, or other appropriate criteria. The PD/PI is responsible to expeditiously report to the Property Manager any instances of loss, damage, or destruction of Government property as soon as it is known. The Property Manager will submit a report to the Vice President for Business Affairs and Controller and work with Grant and Contract Services to notify the federal Property Administrator. The PD/PI is responsible for providing complete details of the circumstances. The following format should be followed and submitted to the Property Manager within 15 days of discovery:
1. Description of items lost, damaged, destroyed, or unreasonably consumed, including UT Arlington inventory number.
 2. Quantity
 3. Incident date, time (if known) and cause of origin of the loss, damage, destruction, or consumption

4. Accountable federal contract number
5. A statement indicating current or future need
6. Unit acquisition cost or estimated repair or replacement costs
7. Known interests in any commingled property of which the Government property lost, damaged, destroyed, or unreasonably consumed is (or was) a part.
8. Insurance, if any, covering the Government property or any part of interest in any commingled property.
9. Actions taken by the PI/Department Chairman to prevent further loss, damage, destruction, or unreasonable consumption and to prevent repetition of similar incidents.
10. Copies of all supporting documentation.
11. Last known location
12. A statement that the property did or did not contain sensitive, export controlled, hazardous, or toxic material and that the appropriate agencies and authorities were notified.
13. Other facts or circumstances relevant to determination of liability and responsibility for repair or replacement.

D. Subcontractor

1. UT Arlington Grant and Contract Services (GCS) will award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use. GCS shall ensure appropriate flow down of contract terms and conditions (*e.g.*, extent of liability for loss of Government property).
2. UT Arlington shall assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor's property management system.
3. The information contained in C. 1-10 of this policy will also be required of subcontractors in the event Government-owned property is damaged, lost, or destroyed while in their custody.

E. Authority to Purchase Government Property

1. Prior to the purchase of equipment, the PD/PI will screen available equipment to ascertain whether existing equipment will meet the requirements.
2. The authority to purchase equipment is determined by the contract or grant. PD/Pis and departmental purchasing personnel must be sufficiently familiar with the provisions of the contract or grant to ensure that purchases are not made until approval is obtained from the sponsoring Government agency.

3. A Grant and Contract Administrator from the Office of Grant and Contract Services monitors each federal contract and grant account. One of the administrator's specific duties is to ensure that approval has been obtained from the Government agency prior to the purchase of equipment.

Section III. Care, Maintenance, and Utilization

- A. Responsibility: From the time of receipt until relieved of responsibility by the appropriate Contracting Officer or property administrator, UT Arlington is responsible for the security, maintenance, and proper utilization of Government-owned property in its custody. This responsibility requires that the PD/PI, as custodian, apply sound business practices in controlling equipment and follow the applicable provisions of the FAR, the related property control procedures of the funding agency, and the provisions of the grant or contract.
- B. Preventive Maintenance: The preventive maintenance measures are designed to preserve and prolong the useful life of the property, minimize the incidence of failure through breakage of its component parts, and promote its full utility through maintenance of high standards of condition and performance. The preventive maintenance program will include the following:
 1. Provision of a proper environment for the preservation of the property, compatible with its use in performance of authorized research.
 2. Cleaning and painting, or application of suitable preservative coatings to equipment, as required for surface protection and good appearance as well as proper storage and preservation of accessories and special tools furnished with an item of equipment but not regularly used with it.
 3. Routine daily cleaning and lubrication of metalworking machines. A thorough cleaning and lubrication will be scheduled weekly. Removal of sludge, chips and cutting oils from metalworking machines that will not be used for an extended period of time.
 4. A constant surveillance by cognizant persons of all property, especially machine shop equipment and vehicles, for evidence of improper maintenance, malfunction, or wear, and the reporting of equipment shortcomings to their supervisors.
 5. A periodic inspection and servicing of equipment to assure detection of maladjustment, wear, or impending breakdown.
- C. Storage of Government-owned Property: Only authorized personnel will be allowed in storage areas. The storage areas will be kept clean and have ample fire protection. Outside storage areas will have lights and a fence. Chemicals, hazardous substances and flammable materials will have separate storage areas in compliance with Federal, State, and Local regulations. Separate storage areas will be provided for:
 1. Items temporarily removed from end item
 2. Repairable items

3. Serviceable items
 4. Generated scrap by metal content
- D. Removal of Government Equipment from UT Arlington Premises: Government equipment is not to be removed permanently without the written permission from the Contracting Officer. Equipment may be checked out for short periods of time if the following conditions are met:
1. The removal is essential to the research being conducted
 2. Repair or testing of the equipment
 3. Return to the U.S. Government
 4. A written receipt is signed by the person removing the equipment and retained on file by the PD/PI.
 5. The inventory record will be updated as to the new location by the PD/PI or by Inventory personnel.
 6. All government property being shipped for repair, testing, to another research location, or returned to the U.S. Government will be shipped either on a Government Bill of Lading or paid by contract/grant funds. Equipment will be insured if paid by contract/grant funds for full value. All shipping documents will be annotated "Government-owned Property."
 7. Proper care shall be taken to ensure that all Government-owned property being moved from one location to another is protected from damage through the use of proper packing, special crates or coverings, and adequate use of handling equipment (fork lifts, etc.). Standard safety procedures will be utilized in all instances.
- E. Remedial Maintenance: The remedial maintenance measures are designed to correct deficiencies in equipment, as they become known. Remedial maintenance of property will include prompt replacement or repair of worn or broken component parts except in cases where it is not economically advantageous.
- F. Capital Rehabilitation: In the event a piece of Government-owned equipment needs major repairs to bring the item back to its original condition, the PD/PI shall get permission from the Contracting Officer before doing the needed work.
- G. Maintenance Records: A maintenance record system will reflect the nature and cost of repair and replacement of component parts of metalworking machines and motor vehicles per the Defense Supply Agency Manual 4215.1 (DSAM 4215.1), and the Defense Industrial Plant Equipment Center (DIPEC) guidelines. Maintenance records will be kept on file in appropriate shops, showing the nature of remedial repairs, the parts replaced, and their cost. Any deficiencies found during routine inspections shall be brought to the attention of the Contracting Officer.
- H. Physical inventory. UT Arlington PM shall periodically perform, record, and disclose physical inventory results. Unless waived by the federal government, a final physical

inventory shall be performed upon contract completion or termination. Annual physical inventory results will be submitted annually by the PM to any cognizant federal agency.

- I. Utilization of Government Property:
 1. Government-owned equipment shall be used only for those purposes related to the assigned contract unless otherwise provided for in this contract or approved by the Contracting Officer.
 2. Modifications or alterations of Government property are prohibited, unless they are
 - a. Reasonable and necessary due to the scope of work under this contract or its terms and conditions;
 - b. Required for normal maintenance; or
 - c. Otherwise authorized by the Contracting Officer.
 3. The PD/PI, in conjunction with the Department/Unit and PM, are responsible for determining minimum usage levels of Government-owned. If actual use drops below this level, an analysis of need shall be made, and retention justified. If there is no longer a need for the item, the PD/PI shall make it known to the PM Office. The PM Office, in conjunction with Grant and Contract Services, will request disposition from the federal agency.
- J. Transfer of Equipment: UT Arlington is sometimes requested to send items of Government equipment to other locations. This is normally initiated by the cognizant Federal agency, but sometimes a prospective receiving organization will contact UT Arlington directly and request the property be sent to them. However, it must be emphasized that no Government-owned equipment may be transferred to another organization without the concurrence of the appropriate Contracting Officer. This is essential to preclude any question of accountability or subsequent liability. The equipment custodian must insure there has been coordination with the Contracting Officer and should contact the receiving organization to advise them of the shipping arrangements. The PD/PI is responsible for making the actual shipment in accordance with instructions, fund citations, etc., as provided by the PM Office.
- K. Cannibalization of Government Equipment: Cannibalization is the removal or exchange of parts or assemblies from an item of equipment to replace a damaged or worn out part or assembly of another item of equipment. In keeping with sound maintenance practices, cannibalization of a Government property item must not be undertaken until approval is obtained from the appropriate Contracting Officer. If necessary, assistance in gaining this approval may be obtained from the PM Office.
- L. Upon completion of a contract or grant, the PM Office is required to submit a final inventory or final listing of Government-owned property to the ONRRO Property Administrator, even for equipment that was entitled to UT Arlington. These inventories or final listings are verified by the PD/PI. It is sometimes possible for UT Arlington to obtain title to the Government property, but the circumstances vary by agency rules and Federal statutes. There are times when the equipment must be crated and shipped to another location. The Contracting Officer will direct this type of transfer and

will usually provide the PD/PI with shipping instructions. In other instances, continued use of the equipment may be arranged under a new contract or grant.

Section IV. Identification

- A. Items to be Tagged: To facilitate inventory control and enhance security, all equipment items, whether University or U.S. Government owned will have inventory tags attached. All U.S. Government-owned property will be tagged in accordance with provisions of this part.
- B. Tagging: The PM Office will assign an asset tag to U.S. Government-owned equipment within 15-days after the date final paid on the accounting system and notification that item has been uncrated. Equipment that is contractor acquired and determined to belong to the U.S. Government will be tagged using the University of Texas at Arlington property tag process. The tag will be produced with Property of U.S. Government and will be placed on each piece of equipment. This information will then be entered into the inventory records as U.S. Government-owned property. U.S. Government-furnished equipment will be tagged in the same manner then entered into the inventory system as U.S. Government Property. If the equipment cannot be tagged because of size, configuration, use, etc., the number may be etched or painted on the item. If this is not practical, a number will be assigned to the item and then entered into the inventory system as U.S. Government property. The record will contain a notation that the number is assigned and not on the item.

Section V. Records

- A. General: Contractors are required to establish and maintain adequate property control records. Unless the Contracting Officer directs otherwise, records of Government property maintained by UT Arlington under terms of a particular contract are utilized as the official records for that contract. In this regard, the official property records at UT Arlington are established by the PM Office and maintained therein. In addition, each PD/PI is responsible for keeping sufficient records in order to correct and validate all required inventories and reports and to ensure proper control of Government property in their possession. If the PD/PI has more than one contract with a particular Government agency, separate property records for each shall be maintained.
- B. These records shall show:
 - 1. Item description to include serial number and model number when available.
 - 2. Quantity received (or fabricated), issued, and balance on hand
 - 3. Government property tag or decal number for Government furnished property. If there is no Government tag number, the UT Arlington inventory tag number is used.
 - 4. Accountable contract or grant number or equivalent code designation

5. Unit acquisition cost
6. Unit of measure
7. Location (building and room number)
8. Record of internal inventories
9. Disposition
10. Posting reference and date of transaction
11. Date placed in service (if required in accordance with the terms and conditions of the contract).
12. Other pertinent information that will help identify the piece of equipment. In addition to the required information noted above, it is recommended that written justification, for keeping equipment for use while like equipment is being repaired, recalibrated or upgraded, be maintained.

Section VI. Disposition of Government-Owned Equipment

The PI/Department shall not dispose of government owned-inventory until authorized to do so by the PM Officer or authorizing official upon notification of disposition by the federal agency.

- A. Excess U.S. Government-owned Property: The PD/PI shall identify any excess U.S. Government-owned property. A list of the excess property will be sent to the PM Office within 14 calendar days of identification of the item(s) as excess. The PM Office will forward the list to the appropriate contracting officer declaring the equipment as excess and requesting disposition instructions
- B. Predisposal requirements
 1. If the PI, PM Office or GCS determines that the property has the potential to fulfill requirements under other contracts, GCS staff, in consultation with the Property Administrator, shall request that the Contracting Officer transfer the property to the contract in question, or provide authorization for use, as appropriate.
 2. For any remaining Contractor-acquired property, the Contractor may purchase the property at the unit acquisition cost if desired or make reasonable efforts to return unused property to the appropriate supplier at fair market value (less, if applicable, a reasonable restocking fee that is consistent with the supplier's customary practices.)
- C. Inventory disposal schedules
 1. Absent separate contract terms and conditions for property disposition, and provided the property was not reutilized, transferred, or otherwise disposed of, GCS staff in conjunction with PM Office staff, the PI and Department shall

complete Standard Form 1428, Inventory Disposal Schedule or electronic equivalent, to identify and report:

- a. Government-furnished property that is no longer required for performance of this contract;
- b. Contractor-acquired property, to which the Government has obtained title under paragraph (e) of this clause, which is no longer required for performance of that contract; and

D. Submission requirements

1. The PM Office in conjunction with GCS staff shall submit inventory disposal schedules to the federal agency no later than:
 - a. 30 days following the PI's determination that a property item is no longer required for performance of this contract;
 - b. 60 days, or such longer period as may be approved by the federal agency, following completion of contract deliveries or performance; or
 - c. 120 days, or such longer period as may be approved by the Termination Contracting Officer, following contract termination,
 - d. Subcontractor inventory disposal schedules. UT Arlington shall require its Subcontractors to submit inventory disposal schedules to the Contractor in according with the requirements of paragraph (j)(3) of this clause.

E. Tag Removal: The PD/PI will remove the U.S. Government-owned property tags from the equipment upon notification from the PM Office when:

1. Title to this equipment has been transferred to UT Arlington
2. Equipment has been sold or disposed of as scrap

F. Tag not removed: U.S. Government-owned property tags will not be removed from the equipment when:

1. The equipment is transferred back to the federal agency with title remaining with the federal agency.
2. The equipment is transferred to another non-federal agency (i.e. another university) with title remaining with the federal agency.

G. Disposition Records: The Federal Property Administrator will update the disposition records for Government-owned property that are disposed of or have a transfer of title to UT Arlington.

- *Inventory Transaction Form* ([Form 2-45](#))
- *Removal of Equipment from University Campus*([Form 2-47](#))
- [Federal Demonstration Partnership](#)

APPENDICES

None