



# **Sponsored Property Management Procedures Manual**

Receiving & Property Control

*Division of*

Finance and Administration

April 2023

## **Foreword**

The department of Receiving & Property Control is an integral part of Mississippi State University under the oversight of the Vice President for Finance. Receiving & Property Control serves a dual role in the university community. The Receiving function serves as a point of entry for incoming freight delivered to the University. Incoming freight is verified with purchase orders, processed, and delivered to departments by the Receiving delivery crew members. Additionally, Receiving picks up and processes surplus/disposal equipment for departments.

Property Control maintains the official record of inventory for fixed assets owned by or under the control of Mississippi State University, the Mississippi Agricultural & Forestry Experiment Station, the Forest and Wildlife Research Center, the Mississippi State University Extension Service and the Mississippi State Chemical Laboratory. This office is responsible for submitting monthly transactions reports for fixed assets to the Office of the State Auditor - Property Division for the State of Mississippi as required by state law. Property Control acts as a general liaison between the University and external fixed asset auditing entities.

This Sponsored Property Management Procedures Manual is designed as a reference guide toward ensuring that Mississippi State University is effective and efficient regarding stewardship of government property management, acquisition, disposition and reporting of sponsored grants, contracts and subcontracts for the Federal Government and Sponsored Projects. Its intended purpose is to instruct employees of their responsibilities governing stewardship of sponsor-owned property as well as that property entrusted to their care while carrying out the three-pronged mission of Mississippi State University: learning, service and research. It does not include, nor is it intended to include, all of the duties or responsibilities related to inventory that exist.

Sharon L. Hamlin, Director  
Property, Receiving & Mail Services  
Mississippi State University

## Table of Contents

<b>Overview</b> .....	<b>1</b>
<b>Types of Sponsored Agreements</b> .....	<b>2</b>
<b>Organizational Structure</b> .....	<b>3</b>
<b>Office of Sponsored Projects (OSP)</b> .....	<b>4</b>
<b>Sponsored Program Accounting (SPA)</b> .....	<b>4</b>
<b>Receiving &amp; Property Control (RPC)</b> .....	<b>4</b>
<b>Process: Acquisition</b> .....	<b>4</b>
<b>More on Computing Devices (Uniform Guidance, December 24, 2014)</b> .....	<b>6</b>
<b>Incoming Faculty and Title Transfers from Other Universities</b> .....	<b>6</b>
<b>Departing Faculty and Title Transfers to Other Universities</b> .....	<b>6</b>
<b>Equipment Fabrication</b> .....	<b>6</b>
<b>Process: Receiving</b> .....	<b>8</b>
<b>Hazardous Materials</b> .....	<b>8</b>
<b>Process: Physical Inventory</b> .....	<b>10</b>
<b>Inventory Plan</b> .....	<b>10</b>
<b>Types of Equipment Audits</b> .....	<b>10</b>
<b>Changes in Administrative Heads Self-Audits</b> .....	<b>10</b>
<b>Receiving &amp; Property Control Audit</b> .....	<b>11</b>
<b>Departmental Self-Audit</b> .....	<b>11</b>
<b>Audits Performed by Office of Internal Audit</b> .....	<b>12</b>
<b>Property Management Systems Analysis (PMSA)</b> .....	<b>13</b>
<b>Process: Subcontractor Control</b> .....	<b>14</b>
<b>Limited Surveillance</b> .....	<b>17</b>
<b>On-Site Surveillance</b> .....	<b>18</b>
<b>Process: Reports</b> .....	<b>19</b>
<b>Process: Relief of Stewardship Responsibilities</b> .....	<b>20</b>
<b>Responsibility and Liability for Government Property</b> .....	<b>21</b>
<b>Process: Utilization</b> .....	<b>22</b>
<b>Consumption</b> .....	<b>23</b>
<b>Consumption Program</b> .....	<b>23</b>
<b>Consumption Process</b> .....	<b>23</b>
<b>Controlling Issues</b> .....	<b>23</b>

<b>Consumption Analysis</b> .....	<b>23</b>
<b>Storage</b> .....	<b>24</b>
<b>Process: Maintenance</b> .....	<b>24</b>
<b>Maintenance Plan</b> .....	<b>24</b>
<b>Process: Award Closeout</b> .....	<b>25</b>
<b>Records Retention</b> .....	<b>26</b>
<b>Contractor Responsibility and Liability for Property Loss</b> .....	<b>26</b>
<b>Training</b> .....	<b>27</b>
<b>Appendix</b> .....	<b>28</b>

## Overview

Public colleges and universities are subject to laws that are promulgated by state legislatures. Acting as a steward of public property has both fiscal and political implications and state property regulations are an attempt to protect the state and the college or university (or an employee) from any allegation of impropriety concerning the use or ownership of public property. An institution's degree of compliance with externally-imposed rules and regulations or with its own internal policies and procedures can be a way to measure its performance. Public colleges and universities, and those private institutions that receive non-private funding or property, must follow Federal laws, rules, and regulations when property is acquired using Federal funds. These entities act as stewards of public property purchased by state or Federal funds. Property represents a valuable asset which must be maintained, protected, controlled, used, and disposed of in the most effective manner.

Universities enter into agreements with sponsoring agencies as contractors to provide some service for a defined period of time in return for a financial benefit. As a result, the sponsoring agency determines the specifics of the award through terms and conditions accepted by the contractor. Government property may be provided by the sponsoring agency (Government Furnished Property (GFP) or the contractor may purchase equipment (Contractor Acquired Property (CAP) for use under the terms of the award. The sponsor has ownership (legal title) to GFP. CAP is also owned by the sponsor through the end of the contract at which time disposition of title is determined by the sponsor unless the terms and conditions of the award establishes title for equipment purchases to the contractor throughout the award period. Mississippi State University insures all property under the same parameters, regardless of the original funding source. No distinction is made between property purchased internally or with outside, third-party funds, unless explicitly stated per the terms of the award.

The Federal Acquisition Regulation (FAR) and the Uniform Guidance (Uniform Guidance) provide the guidelines for federally-funded research at educational institutions. Both require an awardee to have a property control system of internal controls to manage, control, protect, preserve, account for, use, protect, and repair government property in its possession from acquisition through disposition including both application and compliance with internal and external auditors. Recipients of Federal funds must establish and implement property management plans, systems, and procedures at the contract, subcontract, program, site, or entity level to obtain "best value" for the Government by utilizing the following processes and outcomes:

- Acquisition
- Receiving
  - Identification
- Records
- Physical Inventory
- Subcontractor Control
- Utilization
  - Use
  - Consume
  - Store
  - Move
- Maintenance
- Award Closeout
- Relief of Stewardship Responsibilities
  - Disposal

## Types of Sponsored Agreements

The most common types of research agreements are provided below with characteristics of each:

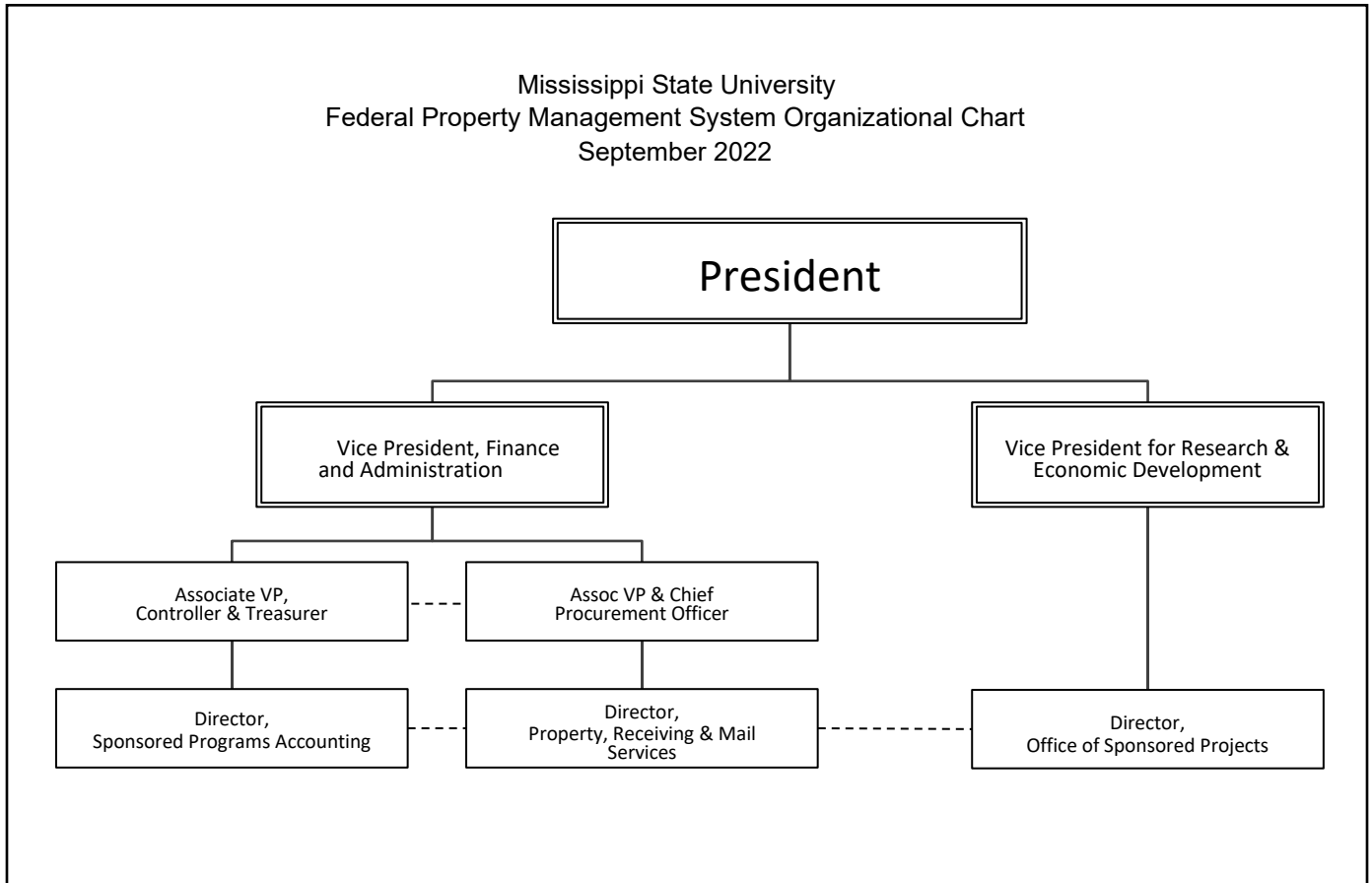
Type of Agreement	Characteristics
Grant	<ul style="list-style-type: none"> <li>▪ Best defined as an assistance agreement.</li> <li>▪ Provides support or stimulates recipient activities.</li> <li>▪ No substantial involvement by the sponsor in the performance of the project.</li> <li>▪ Managed under the umbrella of OMB Circulars or the requirements of an individual state.</li> <li>▪ Title to equipment usually vests with the entity at the time of acquisition.</li> </ul>
Cooperative Agreement	<ul style="list-style-type: none"> <li>▪ Similar to a grant; managed under the umbrella of OMB Circulars.</li> <li>▪ Substantial technical involvement is anticipated between the awarding agency and the recipient during the period of performance.</li> <li>▪ Title to equipment usually vests with the governmental entity at the time of acquisition; however, this is negotiable within each agreement.</li> </ul>
Contract	<ul style="list-style-type: none"> <li>▪ Procurement instruments are specifically for the purchase of goods or services.</li> <li>▪ Federal Government contracts are managed under the umbrella of the Federal Acquisition Regulation (FAR).</li> <li>▪ Property clause is contingent upon the type of contract and affects key issues such as title, use, and reporting of property.</li> <li>▪ If a basic Ordering Agreement is issued, the accountability of property lies with the individual delivery orders.</li> </ul>
Subcontract	<ul style="list-style-type: none"> <li>▪ Subcontracting plan within the prime contract.</li> <li>▪ There is privity of contract between the prime contractor and the subcontractor.</li> <li>▪ The status of the subcontractor's property system must be known and documented.</li> <li>▪ There must be a flowdown of clauses or equivalent language. Key subjects to address include liability and risk of loss (with contracting officer's permission) and the approvals needed to acquire property.</li> <li>▪ Inventory reports required - annual, biennial, interim, and final.</li> <li>▪ Reporting and the need to roll the reports up into the prime reports.</li> <li>▪ Reporting loss, damage, destruction and theft of property to the prime.</li> </ul>
Memorandum of Understanding	<ul style="list-style-type: none"> <li>▪ Describes a bilateral or multilateral agreement between two or more parties.</li> </ul>

- Expresses a convergence of will between the parties, indicating an intended common line of action.
- Often used in cases where parties either do not imply a legal commitment or in situations where the parties cannot create a legally enforceable agreement.

## Organizational Structure

There are four areas of responsibility regarding research awards at Mississippi State University:

Department	Functional Area	Vice President
Office of Sponsored Projects (OSP)	Pre-Award	Research
Sponsored Program Accounting (SPA)	Post-Award	Finance
Receiving and Property Control (RPC)	Property Reporting	Finance
Principle Investigator (PI)	Proposal, Research Activities, Reports	Research



### **Office of Sponsored Projects (OSP)**

The Office of Sponsored Projects (OSP) at Mississippi State University reports to the Office of Research and Economic Development and is the coordinating office for external research (sponsored) funding. They assist faculty and departments in the submission of proposals for funding, negotiation, and acceptance of awards and contracts, assistance with post-award, and non-financial management. The process of securing external funding is detailed in an online guide referred to as the "Research Toolkit" located on their website at <http://osp.msstate.edu/>. It assists MSU research personnel to navigate the research enterprise and addresses the steps involved with submitting, conducting, closing, and disseminating results of a research project.

### **Sponsored Program Accounting (SPA)**

The office of Sponsored Program Accounting is located in the Office of the Controller and Treasurer reportable to the Office of the Vice President for Finance. SPA is primarily responsible for managing the restricted funds of Mississippi State University. This includes calculating and posting overhead, invoicing the appropriate agencies, monitoring timely receipt of the funds, and preparing financial reports for external agencies. The office also coordinates the time and effort reporting cycle, processes cost transfers, performs non-sufficient fund checking on restricted funds, and continuously monitors accounts for compliance purposes. Final property reports are initiated by SPA by notifying the Office of Sponsored Projects and Property Control when an award is nearing the end of its award period. Their website is <http://www.controller.msstate.edu/sponsoredprograms/>.

### **Receiving & Property Control (RPC)**

The department of Receiving and Property Control is in the Division of Finance at Mississippi State University. This office maintains a detailed listing of all University acquisitions coded as capital equipment. It also provides property inventory barcode labels for proper identification of equipment. RPC instructs the departmental property contact to print/review a detailed listing of all Government/University-titled equipment and distribute this listing to the appropriate department for their review once a month. The report is generated by the department inventory representative from the asset management system. RPC also maintains a listing of Government-furnished and contractor-acquired property for sponsored projects. All property transactions shall be channeled through Receiving and Property Control. RPC performs periodic property audits to verify that equipment is properly tagged and accounted for within departments. RPC provides property reports for submission to the sponsor once notification is received from Sponsored Programs Accounting. Their website is <http://www.property.msstate.edu>.

### **Process: Acquisition**

The acquisition process initiates the life cycle of an asset. It begins with the identification of a specific need and concludes with the physical receipt of an item. Through the acquisition process the ownership, accountability, and responsibility are determined for equipment at MSU.



Ultimate responsibility for the accuracy of equipment acquisition transactions rests with the transaction originator and approvers.

Funding for equipment is available from various sources including operating budgets, sponsored projects, and gifts. Equipment for which MSU is accountable is intended to directly benefit the academic and research mission of the University and enable the associated administrative processes.

Title to sponsored equipment vests with either the University or with the award sponsor. Title does not reside personally with faculty or staff. Accountability for MSU-titled equipment resides with the department. Accountability for equipment titled to sponsors resides with the principal investigator (PI).

The capitalization threshold for MSU-owned equipment is \$1,000 and \$5,000 for sponsored equipment, unless stated otherwise by the award agreement.

The University's office of Procurement and Contracts is vested with the sole authority to obligate University funds other than for personal services. Equipment requisitions on restricted funds are first reviewed by Sponsored Programs Accounting (SPA) to ensure compliance with the grant/contract and current regulations.

It is important to note that some agencies follow the Uniform Guidance (2CFR Part 200) and others follow the Federal Acquisition Regulation (FAR). There are some differences between these regulations, so it is important to refer to the individual award when determining specific requirements for a project.

General requirements for equipment purchases using sponsored funds are:

- The equipment must directly benefit the funding project and comply with the terms and conditions of the award
- The equipment must be included in the approved project budget
- Pre-purchase screening must be conducted, either internally within the department or university-wide
- Changes to terms and conditions, or unplanned purchases, must be approved by the sponsor's Contracting Officer prior to purchase. The principal investigator should contact his/her SPA representative to initiate this process
- Allowability as a direct charge. Unless specifically authorized, general purpose equipment is not allowable as a direct charge on a federal contract. Per OMB A-87 (also known as 2CFR Part 200), *Uniform Guidance*, effective December 24, 2014, computing devices may now be charged directly to Federally-sponsored grants
- Sponsored equipment should be inventoried within 60 days upon receipt unless extenuating circumstances exist

### **More on Computing Devices (Uniform Guidance, December 24, 2014)**

Computing Devices are defined by the federal government as machines that cost less than \$5,000 and are used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (peripherals) for printing, transmitting and receiving, or storing electronic information.

Charging computing devices as direct costs is allowable for devices that are essential and allocable (provide benefit), but are not solely dedicated, to the performance of a federal award. Such devices are also allowable if solely dedicated to the performance of a federal award. Federal sponsors may impose requirements for these costs to be included in the proposal budget and may require a budget justification. Until federal agencies release specific information, budget justifications may be used at the discretion of the principal investigator.

### **Incoming Faculty and Title Transfers from Other Universities**

It is common for new faculty to bring equipment with them from their prior institution. If the equipment is related to an active research award, the award can be transferred to MSU provided that the prior institution and the sponsor provide written approval and the necessary procedures are followed through the sponsoring agency to transfer the award to MSU. The new faculty member should make it known through administrative channels of such equipment so that it can be properly recorded on the inventory record. Care must be taken to ensure that any/all required software licenses are also obtained by MSU. It is critical to identify whether the transfer is associated with a sponsored grant or contract, and if so, Office of Sponsored Projects should be contacted. An award sponsor will typically issue a modification to the award to transfer it to MSU. The original source of funding or affiliation with an active award will determine documentation needs, recording, and management requirements.

Department personnel coordinating the transfer of the incoming faculty member should inform the department inventory representative of the incoming transfer of equipment so that coordination with Receiving & Property Control will ensure that the equipment is added to the asset management system.

### **Departing Faculty and Title Transfers to Other Universities**

Periodically, faculty will leave MSU for positions at other universities and desire that their research projects and accountable equipment go with them. The department and/or principal investigator should notify Office of Sponsored Projects so that necessary paperwork (to include a detailed listing of equipment) can be completed to contact the sponsoring agency and transfer the award to the other institution. Once all approvals and documentation are provided, Receiving & Property Control can properly disposition the equipment and adjust the inventory record.

### **Equipment Fabrication**

Research conducted at MSU occasionally requires the creation of a one-of-a-kind piece of equipment intended to perform unique, specific functions. Fabrications are not commercially available items. Federal sponsoring agencies often refer to these as Special Test Equipment

(STE) or Special Tooling (ST). Fabrications may be funded by MSU or a sponsor and equipment title is determined by the terms and conditions within the award. Title may be transferred to MSU by the sponsor at the end of period of performance if requested.

Fabrications must meet all of the following criteria:

1. The item has unique specifications and is described in the research proposal or award. Details are specified in a dimensioned engineering drawing. When design changes occur, the engineering drawing should be subsequently updated.
2. The total cost for acquired materials, supplies, and components must be \$5,000 or greater. All items acquired for a fabrication must be permanently integrated into the resulting discrete item.
3. The completed fabrication has an estimated useful life of one (1) year or more. (Note: If the fabrication is owned or funded by NASA, the useful life must be two (2) years or more.)
4. When completed, the item will not be affixed permanently to a building or structure.
5. The fabrication results in a unique, stand-alone, tangible item capable of specific identification and continuous control through tagging and periodic physical inventory. Components should be designed to remain at one position in the fabrication; they are not to be removed and replaced throughout the useful life of the fabrication.
6. It must be completed in ample time to directly benefit the funding project and used for its intended purpose. If it is a contract-deliverable item, it must be completed in time to meet the delivery schedule as outlined in the funding sponsored project.

The following examples do not constitute a fabrication:

1. Modifying equipment to achieve a desired effect, researching a technique, or developing a new piece of equipment with an untested design are all processes that do not constitute a fabrication.
2. Simply connecting components into a system, either physically or “virtually,” does not constitute an equipment fabrication, e.g., when individual computers and servers are joined to create a network, or when accessories are added to experimental test beds (e.g. optical tables).
3. Equipment costing \$5,000 or more that is not permanently integrated into the fabrication, should be purchased and tagged separately as capital equipment. It is not considered part of the fabrication.
4. Software development (the writing of code) does not constitute an equipment fabrication.

5. MSU labor, though not included in the capitalized cost, may be included in the cost reported to Federal sponsors. The terms and conditions of individual agreements apply.
6. Once completed, subsequent modifications of fabricated equipment do not qualify for an indirect exemption unless the modification meets all of the following criteria:
  - It increases the original capabilities of the item.
  - The modification itself costs \$5,000 or more; and
  - It extends the useful life of the fabricated equipment by at least one year.

Departments and principal investigators are responsible for working with their Sponsored Programs representative to determine how fabrications fit into their respective awards including the proper account codes and documentation needed for the purchase of supplies. The department property representative is responsible for forwarding the acquisition form(s)/backup documentation to Receiving & Property Control for addition to the inventory record.

### **Process: Receiving**

Receiving & Property Control is the primary receiving location for the University. The Receiving Station is where most property is received from vendors and either routed to the requisitioning department or delivered by Receiving and Property Control to on-campus departments. General inspection for condition at time of receipt is made by Receiving and Property Control and a detailed inspection is made by the requisitioning department after delivery. Authorization to pay vendor invoices is made by the requisitioning department after the detailed inspection of all goods received.

The Receiving Station utilizes an electronic web-based tracking system for logging incoming packages and freight. It tracks freight and packages until final destination and digital signatures are obtained by the receiving department.

The department and PI are responsible for reconciling the packing slip or freight invoice to the purchase order and or purchase invoice. All copies of the packing slip, freight invoice, or any receiving documentation are stored and kept at the department level.

### **Hazardous Materials**

Hazardous materials are handled and delivered by the Environmental Health & Safety Office. The office is notified by Receiving & Property Control when hazardous packages or hazardous freight is delivered to the Receiving Station.

## Process: Records Requirement

Specific data elements are required for records of Government property:

FAR 52.245-1(f)(1):

(iii), *Records of Government property*. The Contractor shall create and maintain records of all Government property accountable to the contract, including Government-furnished and Contractor-acquired property.  
(A) Property records shall enable a complete, current, auditable record of all transactions and shall, unless otherwise approved by the Property Administrator, contain the following:

- (1) The name, part number and description, National Stock Number (if needed for additional item identification tracking and/or disposition) and other data elements as necessary and required in accordance with the terms and conditions of the contract.
- (2) Quantity received (or fabricated), issued, and balance-on-hand.
- (3) Unit acquisition cost.
- (4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).
- (5) Unit of measure.
- (6) Accountable contract number or equivalent code designation.
- (7) Location.
- (8) Disposition.
- (9) Posting reference and date of transaction.
- (10) Date placed in service (if required in accordance with the terms and conditions of the contract).

Receiving & Property Control maintains a property database of all capital expenditures, as coded in the financial module of the University accounting system, BANNER. The database includes a detailed listing of government-furnished and contractor-acquired property (see Appendix for the specific information required for the detail of the property records). The Property Officer will instruct that the department inventory representative print/review a detailed listing of all Government/University titled equipment and distribute this listing to the appropriate department for their review once a month. The report is generated by the department inventory representative from ReCoup. All correspondence and all property transactions are channeled through Receiving & Property Control. Title to equipment will be based upon the information contained in the FZMSPGB title screen of BANNER which is populated by Sponsored Program Accounting at the time that the fund is established. Any transaction which affects government property will be entered into the property database. Receiving and Property Control will perform periodic audits to verify that all equipment is tagged and accounted for properly.

## Process: Physical Inventory

The role of physical inventory is to ensure that the assets recorded in the property system physically exist. A physical inventory is one of the best barometers of health of a property management system.

### Inventory Plan

Inventory objectives

- Verify asset location
- Determine condition of asset
- Validate the accuracy of the property record
- Confirm accountability information

Inventory types

- Capital assets
- Contract assets
- Sensitive items
- Real Property
- Material, consumables, expendables

Inventory time frame

The method of taking inventory

- Electronic (scanning barcodes)
- Tagging
- Movement records, pinging, etc.

Personnel

- RPC staff
- Principal Investigator
- Department contacts

Determine inventory strategy

Determine information to be collected

### Types of Equipment Audits

- *Changes in Administrative Heads Self-Audits*
- *Receiving & Property Control Audit*
- *Departmental Self-Audit*
- *Office of Internal Audit*

### Changes in Administrative Heads Self-Audits

Prior to a change in the administrative leadership of a department, the appropriate Vice President, Dean or Director shall delegate the responsibility of performing a physical inventory of departmental equipment so that discrepancies can be resolved prior to departure of the individual from the position. The *Administrative Change In Leadership Physical Inventory Report* is used to facilitate this action. A formal report of the physical inventory results should

be provided through the supervisory chain of command up to the Vice President and a copy of the final report should be forwarded to Receiving & Property Control for the record. When the new Administrative Head assumes control of the department, he/she shall instruct the department inventory representative to complete a self-audit of departmental equipment for state-owned and sponsored inventories. The self-audit of equipment shall be completed within 30-60 days of assuming the Administrative Head position. The Property Officer, or designee, shall be available for assistance with this inventory, if requested. The new Administrative Head shall acknowledge responsibility for all applicable inventories by completing and signing a *Sponsor Titled Self-Audit Verification Form*. The form shall be forwarded to the Property Officer for the record. A master list of completed self-audits is maintained in RPC.

### **Receiving & Property Control Audit**

Receiving & Property Control shall conduct periodic equipment audits. The following considerations serve as a guide in determining scheduling priorities:

- Equipment audits that are necessary for meeting external requirements
- Areas where non-compliance with established guidelines could result in severe penalties to the University
- Known areas considered high risk for problems
- Dollar value of equipment
- Time elapsed since the last equipment audit
- Administrative requests

### **Departmental Self-Audit**

Receiving and Property will notify departments when self-audits are scheduled and will provide instruction for their performance and completion. Self-audits require the department head's signature and date of completion. Self-audits provide departments an opportunity to physically locate equipment maintained on their departmental inventory. Departments are responsible for updating ReCoup with current building, room number, responsible person and any other information requested by Receiving & Property Control. *Hand Receipt Forms* are required to be updated, signed and verified for accuracy. However, visual inspection of items listed on *Hand Receipt Forms* should occur at the time they are updated. In cases where that is not possible, digital photos are required that include a date stamp, a photo of the equipment item and a photo of the serial number. Completed self-audit reports with current *Hand Receipt Forms* and photos are to be returned to Receiving & Property Control by the designated due date. During the self-audit process, once the deadline has passed for the return of reports to RPC, notification of delinquent self-audit reports will be provided through the department head's supervisory chain to the vice presidential level and copied to the Office of Internal Audit after the second request for reports has gone unanswered by a department. Departments should use the self-audit to identify items that are non-operational, broken or no longer needed and report them to Receiving & Property Control as disposal items by completion of the *MSU Federal Property Disposal Form*. The *Sponsored Equipment Loss Form* should be used to report a loss of equipment that is lost, stolen, improperly disposed, destroyed, cannibalized, etc.

### **Audits Performed by Office of Internal Audit**

All MSU departments are subject to audit or review by the Office of Internal Audit. Most departmental audits/reviews will include an examination of property and related internal controls. Property related items/areas examined by internal audit include but are not limited to:

- Department's completion of *Departmental Self-Audit Report*
- Review of *Hand Receipt Forms* for appropriate use and applicable date-stamped digital photos
- Accuracy and completeness of property records to include location information recorded on the asset record (building, room number, person responsible, etc.)
- Security and use of equipment
- Compliance with applicable state and federal laws and university policy related to the acquisition, possession and disposition of property

A Federal awarding agency is now required to have a system in place for evaluating the risks posed by applicants before they receive federal awards.

There are a number of internal control measures that non-Federal entities must comply with to ensure that their systems pose minimal risk to the sponsoring agency:

1. Must establish and maintain effective internal control over Federal awards that provide reasonable assurance of managing in compliance with Federal rules and regulations
2. Must comply with Federal statutes, regulations and terms and conditions of the award
3. Must evaluate and monitor compliance
4. Must take action on any instances of non-compliance
5. Must take reasonable measures to safeguard personally identifiable information and any other designated sensitive information

MSU's property management system, policies, and processes are reviewed and audited annually by external auditors to determine whether established performance standards and acceptable levels of compliance are being met. These audits review the business process associated with the complete life cycle of an asset. Satisfactory audit results are crucial to ensure ongoing availability of assets and maximize the benefits and support to MSU's mission as a land-grant university. Effective property controls and management processes help ensure that on-going research and new research proposals continue and the potential liability associated with risk of loss is minimized.

MSU employs several assessment processes to determine the effectiveness of its property management system:

- Departmental self-audits are conducted annually
- Wall-to-wall physical audits are conducted periodically
- Periodic internal audit assessments are conducted by the Institutions of Higher Learning, MSU's governing body
- External auditors audit the financial system yearly



- Property Management Systems Analysis (PMSA) reviews are conducted periodically by the Office of Naval Research (ONR) for DOD contracts

### **Property Management Systems Analysis (PMSA)**

A PMSA is a review of an institution's property control system, performed by the Office of Naval Research (ONR) to determine whether it is capable of controlling, protecting, preserving, and maintaining government property in its custody. There are different types of PMSAs:

- **On Site Audits:** These PMSAs are usually performed at institutions that have in excess of \$500,000 or more of government-titled property. The PMSA covers the 15 functional areas of a property control system as enumerated in DoD Manual 4161.2-M. During an on-site PMSA, written policies, procedures and internal controls are tested. Individual items being physically sampled and traced through the property control system from "cradle to grave". On-site PMSAs are initiated with a request for data from the ONR Administrating Contracting Officer (ACO). The on-site visit begins with a formal entrance conference, followed by a performance of testing procedures and ends with a formal exit conference. At the conclusion of the on-site analysis, a formal report is issued by ONR stating whether or not the institution's property control system is satisfactory or unsatisfactory. If the on-site analysis results in specific findings and recommendations, the institution must reply to the ACO with a time-phased corrective action plan. Upon implementation of the plan, the institution is reviewed for compliance and correction of the previously reported findings.
- **Desk Review Audit:** These PMSAs are performed at institutions that have less than \$1 million of government-titled property without the benefit of an on-site visit. The desk review analysis usually covers just the functional areas of property management (policy manual), reports, dispositions, and contract property close out. The determination of the institution's property control system rating of satisfactory/unsatisfactory and the corrective action plans are processed as those of an on-site analysis.
- **Special Focus Audit:** Special PMSAs are performed based on a specific request from a sponsor agency or as the result of a specific problem encountered with an Institution's property control system.

The Federal Government shall have access to MSU's premises and all sponsored equipment at reasonable times to review, inspect, and evaluate MSU's property management system to include relevant records and supporting documentation. MSU must ensure that this action is flowed down to subcontractors.

Receiving & Property Control initiates a university-wide equipment self-audit for departments to ensure that the departments are good stewards of the property in their custody and care. They

must return a departmental self-audit verification form to Receiving & Property Control and attest that:

- Each asset has been verified
- Asset location is updated in ReCoup
- Corrections to the asset record noted for updating ReCoup record
- Loss of equipment is reported on the *Sponsored Equipment Loss Form*

### **Process: Subcontractor Control**

Subcontracts awarded by MSU should clearly identify assets to be provided and ensure proper flow-down of contract terms and conditions to include:

Extent of liability for property loss

- For fabricated equipment at the subcontractor, the extent of any restrictions or limitations
- Subcontractor must establish and maintain the property records and report periodically to MSU as the prime contractor for annual reports, interim, final reports, etc.
- Includes reporting of any GFP provided under the award or Contractor-Acquired property
- Subcontractor must adequately safeguard equipment to prevent loss, damage, and theft
- Subcontractor must adequately maintain equipment
- Subcontractor must notify prime (MSU) when equipment is not being utilized so that disposition/reutilization can be initiated

Sponsored Programs Accounting will provide a *Subaward Closeout Form* and *Property In The Possession Of Subrecipients* report to the subcontractor for completion.

The Government does not have a contractual relationship, privity, with subcontractors. This means that the Government does not have legal standing to require the subcontractor to comply with the terms and conditions of the subcontract. Therefore, the prime contractor assumes the role of the Government in this relationship.

FAR 45.502. The prime contractor is directly responsible and accountable for all government property in accordance with the requirements of the contract.

- (1) FAR 45.510 directs the prime contractor to require any of its subcontractors possessing or controlling government property to adequately care for and maintain that property and assure that it is used only as authorized by the contract.
- (2) The prime contractor must ensure that within the prime's property control system there are procedures in place for ensuring the subcontractor will be compliant with FAR 45.5. The prime contractor shall establish an adequate program for assessing adequacy of records, control, protection, preservation and maintenance of government property in

possession of subcontractors. They must also perform necessary reviews and surveillance and document all actions and findings in accordance with FAR 45.502(d).

The Government's responsibility is to ensure that the prime contractor maintains proper surveillance over the subcontractor throughout the life of the contract. The government property administrator is responsible for reviewing the prime contractor's procedures related to subcontractor control and for testing the procedures during a Property Control System Analysis (PCSA) to ensure the Government's interests are protected at the subcontractor level.

FAR 52.245-1(b)(2) instructs that the prime contractor's responsibility extends from initial acquisition and receipt of property, through stewardship custody and use until formally relieved of responsibility by authorized means. This requirement applies to all Government property under the prime contractor's accountability, stewardship, possession or control, including its vendors or subcontractors.

The subcontractor control requirement is FAR 52.245-1(f)(1)(v) and states:

(A) The Contractor shall award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use. The Contractor shall ensure appropriate flow down of contract terms and conditions (e.g., extent of liability for loss of Government property).

(B) The Contractor shall assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor's property management system.

The subcontractor control requirement can be broken down as follows:

1. The Contractor shall award subcontracts that clearly identify items to be provided.

This means that subcontracts/purchases orders must have a specific list of property to be furnished to the subcontractor.

The list should include data elements that comply with FAR 52.245-1(f)(1)(iii) Records of Government property to enable the subcontractor to create adequate records in their property management system

2. ...and the extent of any restrictions or limitations on their use.

Subcontracts/Purchase Orders must clearly state the authorized use(s) of the property

3. The Contractor shall ensure appropriate flow down of contract terms and conditions (e.g., extent of liability for loss of Government property).

FAR 52.245-1(b)(3) requires contractors to flow down the requirements of the Government property clause in its subcontracts

Some contractors incorporate the clause by reference, others have a unique purchase order term/condition that includes the requirements

The requirements you flow down must include the provisions for liability for property loss- either full risk or limited risk of loss

4. The Contractor shall assure its subcontracts are properly administered.

5. ...and reviews are periodically performed to determine the adequacy of the subcontractor's property management system.

Procedures should describe:

- The frequency at which you perform subcontractor reviews
- The methodology for performing reviews

Limited Surveillance- typically in the form of a surveillance of supplier's property management system that the subcontractor completes

Full Surveillance- typically in the form of an on-site property management system analysis

- The evaluation criteria for each surveillance type and your method for determining the adequacy of the subcontractor's property management system
- The frequency at which a supplier is reviewed and the methodology chosen should be determined by a documented risk rating process

The proper administration of subcontracts is a shared responsibility at Mississippi State University. The principal investigator, Office of Sponsored Projects (OSP), Sponsored Programs Administration (SPA) and Property Control play a role in the process. A *Subaward Roles and Responsibilities Matrix* details the role each entity plays in the management of subawards.

Office of Sponsored Projects completes a *Pre-Award Subrecipient Risk Assessment* form prior to awarding a subcontract. Once a subaward is executed, Sponsored Programs Administration is primarily responsible for managing the restricted funds of Mississippi State University including oversight of subawards. In coordination with SPA, Property Control facilitates the reporting of government property for subrecipients and assessing the adequacy their property management systems.

The surveillance of a subcontractor's property management system is a documented process that takes two forms:

Limited Surveillance

On-Site Surveillance

It should be conducted similarly to the way an oversight authority, like ONR, would perform it. The objective is to discover possible deficiencies, identify root causes and implement corrective action as needed to reach compliance with the requirements. Results are made available to the Government Property Administrator.

The National Defense Industrial Association (NDIA) provides detailed guidelines and Government property tools that can be utilized freely in part or in whole at the discretion of the user. They represent Industry Leading Practices that comply with the FAR.

### **Levels of Risk**

The Defense Contract Management Agency (DCMA) define the specific factors to determine the risk level of a contractor or subcontractor through DCMA INSTRUCTION 124:

- 3.13.5.1. High Risk. High Risk means the contractor's system has significant deficiencies as determined by the Contracting Officer. High Risk also means that the contractor has undocumented, inconsistent or chaotic contractor processes and practices; findings of fraud, waste and abuse; safety or national security concerns; or cost, schedule or performance issues. High risk contractors include those with a pattern of questionable or non-existent procedures and those with poor internal controls.
- 3.13.5.2. Moderate Risk. Moderate Risk means that, although the contractor's property management system is in an approved status, new or changing conditions pose a degree of uncertainty or potential threat to future performance. Moderate Risk contractors can include inexperienced contractors furnished with or acquiring property for the first time; contractors without fully developed procedures and systems; contractors who have deployed or who are in the process of deploying a new property management system, or those with new management teams. Moderate Risk contractors can also include new contractors whose procedures have not yet been reviewed, or a PMSA has yet to be accomplished; and other contractors (including formerly High Risk contractors) who have completed all corrective actions, but do not yet meet low risk criteria.
- 3.13.5.3. Low Risk – means that the contractor's auditable processes are consistent with all contract terms and conditions, are embedded within the organization and supported throughout all levels of management. Low Risk can also mean that the contractor continually focuses on improving its processes through both incremental and technological advancements. The system is well-managed, effective and efficient; processes produce consistent positive results; cost, schedule, performance or other contractual requirements are not in danger of being compromised, and there are adequate controls in place and no known significant deficiencies. New contractors should not be rated low risk until a satisfactory track record is established.

### **Limited Surveillance**

A questionnaire entitled *Survey of Subrecipient Property Management System* is distributed to subrecipients with government property periodically by SPA in concert with the request for annual reporting of property (during the fall of year). The questionnaire serves as a risk assessment to determine the level of risk that the subcontractor has pursuant to Government property at their site. It is designed to identify areas of vulnerability within the property system outcomes. It also establishes a baseline for new subcontractors and follows throughout the life of the

subcontractor’s agreement with the prime contractor. Points are assigned to the risk questions to ascertain a total point value of risk per subcontractor. The lower the score, the less risk is assessed. Scores are recorded in a spreadsheet or risk assessment tool designed to produce metrics for analysis.

#### Example of Risk Assessment Questions

Question	Points
Property Clause or Provision Flowed?	Y=0, N=20
Dollar Value of Gov't Property	<\$500K=0, >\$500K=4
Procedures Adequate?	Y=0, N=3
Inventory Accuracy	>98%=0, <98%=3
Number of losses during last year	1 pt per occurrence, Max=5
UID Compliant?	Y=0, N=2
Lower Tier Subcontractors?	N=0, Y=3
Metrics maintained by Subcontractor?	Y=0, N=3
Total Max Points: 43	

The data is collected in a spreadsheet or metric tool designed to tabulate scores and assign the risk designation as defined by the user. In this example:

Low Risk = 0 – 10 pts

Medium Risk = 11- 25 pts

High Risk = >25 pts

Those subcontractors scoring in the High Risk category should be surveilled on-site by the prime contractor to identify the processes that need improvement.

#### **On-Site Surveillance**

Generally, the principal investigator will conduct the visit as he/she is responsible for the project. In instances where there are fewer than 20 items with a value less than \$1M, a virtual surveillance may be utilized provided that the risk level is low or medium.

Prior preparation is essential to conducting an on-site surveillance:

- Determine if any outcomes can be assessed “virtually”, i.e. electronic files, date-stamped photos, videos, etc.
- Limit the scope to 5 property outcomes or fewer
- Request property listings be provided at least 3 weeks prior to start so random sample selection and preparation can be accomplished
- Provide sample selection to site no more than 1 week prior to start so data can be accumulated
- Complete preparation for audit spreadsheets and entrance briefings prior to start of visit

An entrance conference should be scheduled with the appropriate personnel at the subcontractor site to discuss the steps to be taken during the audit. Once the surveillance has been conducted, a written report should be provided to the subcontractor detailing the findings.

An exit conference should be scheduled once the audit is complete. If corrective actions or potential deficiencies are noted in the report, the specific nature of each should be discussed. A written corrective action plan (CAP) is requested from the subcontractor following the on-site review. The CAP should outline how the subcontractor plans to correct the noted areas of concern. All field notes and correspondence related to the on-site review should be kept on file for the project and subcontractor.

Voluntary Consensus Standards (VCS) and Industry Leading Practices (ILP) are allowed where applicable.

More detail concerning the on-site surveillance and criteria used is located in the Appendix. On-Site Surveillance Procedures.

Results of all limited and on-site surveillance reports of subcontractors should be provided to Government Oversight Authorities.

## **Process: Reports**

Property reports are required throughout the period of performance of an award, dependent upon the terms and conditions of the award and the sponsoring agency. Sponsored Programs Accounting coordinates the reporting activities and requests specific types of reports from Receiving & Property Control on an as-needed basis. Some Federal sponsoring agencies may have other reporting requirements other than those described below. The most common property reports include:

- Annual property reports - due September 30<sup>th</sup>, received no later than October 12<sup>th</sup>.
  - Typically required for federal contracts
  - All federally-owned property accountable under the contract including subcontracts
  - If a federal grant has government-owned equipment, the same requirements apply
- Physical inventory self-audit reports are conducted by departments once yearly. A *Sponsor Titled Self-Audit Verification Form* is returned to Receiving & Property Control by a pre-determined due date. This form requires verification from the department unit head and department inventory representative.
- *Sponsored Equipment Loss Form* is required for incidents involving loss, damage, destruction and theft (LDDT) associated with sponsor-owned equipment. The department/principal investigator must provide a detailed accounting of the incident and a corrective action plan to prevent future events.

- Discrepancy reports
- Excess/Disposal reports should be submitted as required, i.e., *SF 1428 Inventory Disposal Schedule*
- Reports of audits and self-assessments
- Termination of an award initiated by the sponsor will require a report of all accountable property currently on hand to the sponsor, including property at subcontractor sites. Termination property reports are due to the sponsor within 60 days after notice of termination, or within 60 days of the resolution of outstanding commitments.

Final Property Reports will be discussed in the Contract Closeout section.

### **Process: Relief of Stewardship Responsibilities**

Disposition instructions should be provided by the Plant Clearance Officer (PLCO) or Contracting Officer (CO) before disposition of property. The PIEE GFP Module Plant Clearance etool is required to input disposition requests (not an SF1428) and the PIEE GFP Module Property Loss etool is used to request relief of accountability. The site can be found at <https://piee.eb.mil/> and users must register to obtain login credentials.

The contractor should provide the following information required by FAR 52.245-1 when requesting relief of accountability:

(vii) Relief of stewardship responsibility and liability. The Contractor shall have a process to enable the prompt recognition, investigation, disclosure and reporting of loss of Government property, including losses that occur at subcontractor or alternate site locations.

(A) This process shall include the corrective actions necessary to prevent recurrence.

(B) Unless otherwise directed by the Property Administrator, the Contractor shall investigate and report to the Government all incidents of property loss as soon as the facts become known. Such reports shall, at a minimum, contain the following information:

- (1) Date of incident (if known).
- (2) The data elements required under (f)(1)(iii)(A).
- (3) Quantity.



- (4) Accountable contract number.
- (5) A statement indicating current or future need.
- (6) Unit acquisition cost, or if applicable, estimated sales proceeds, estimated repair or replacement costs.
- (7) All known interests in commingled material of which includes Government material.
- (8) Cause and corrective action taken or to be taken to prevent recurrence.
- (9) A statement that the Government will receive compensation covering the loss of Government property, in the event the Contractor was or will be reimbursed or compensated.
- (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.

The Property Administrator (PA) will provide relief for Loss, Theft, Damage, or Destruction.

Receiving & Property Control will take the appropriate action to adjust the inventory record.

### **Responsibility and Liability for Government Property**

Generally, contractors are not held liable for loss of Government property. However, the contracting officer may revoke the Government's assumption of risk when it is determined that the contractor's property management practices are noncompliant with contract requirements. This holds true for subcontractors as well, if the appropriate language is flowed down from the prime to the subcontractor in the terms of the award. The contracting officer/property administrator determines the extent of contractor liability based upon the amount of damages corresponding to the associated property loss and the appropriate form and method Government recovery which may include repair, replacement, or other restitution.

The *Sponsored Equipment Loss Form* requires that a corrective action be stated to minimize the risk of loss. Generally, reporting excess property when it is no longer needed will prevent losses. Subcontractors must report all excess property to the prime expediently.

A contractor can be held liable if:

- the equipment is covered by insurance

- the loss of Government property was the result of willful misconduct or lack of good faith on the part of the contractor's managerial personnel

A contractor shall not be liable for loss except when:

- the Contracting Office has, in writing, revoked the Government's assumption of risk for loss because the Contractor's property management practices are inadequate, and/or present and undue risk to the to the Government, and the Contractor failed to take timely corrective action
- the Contractor can establish by clear and convincing evidence that they maintained an adequate property management system

## **Process: Utilization**

Researchers should follow the terms and conditions of their respective awards regarding utilization of government property. The type of award will determine utilization specifics of property. Below are clauses from the FAR and Uniform Guidance regarding utilization:

FAR 52.245-1 Government Property.

(c) *Use of Government property.*

- a. (1) The Contractor shall use Government property, either furnished or acquired under this contract, only for performing this contract, unless otherwise provided or in this contract or approved by the Contracting Officer.

Uniform Guidance

§200.313 Equipment.

(c) *Use.*

(1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

- (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
- (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

- (2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs that such use will not interfere with the work on the projects or program for which it was originally acquired. First

preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

### **Consumption**

The PI is responsible for effectively measuring consumption against the requirements of a research project. The PI must establish the appropriate data and material records along with necessary process for using, updating, and monitoring the data.

Consumption has a two-part definition. The first part is the process of incorporating material into an end item or otherwise using it in the performance of a documented business objective. The second part deals with the measurement of the actual use of consumable items against the planned use.

### **Consumption Program**

- Identify requirements
- Review and adjust requirements as project changes occur
- Provide accurate data to project managers

### **Consumption Process**

- Issuance of material
- Actual use
- Unused material
- Return to stores (storage area, restock areas, etc.)

### **Controlling Issues**

- Allocation
- Transfers (documented movement)
- Credit (excess to be used elsewhere)
- Expendable property (small tools)

### **Consumption Analysis**

A consumption analysis is used to determine whether the proper quantities of material are being consumed.

## **Storage**

The department and principle investigator are responsible for documenting storage activity of equipment. Adequate protection during storage is required to prevent loss, damage, destruction, or theft of property. It is essential that stored equipment is properly identified so that co-locating with other equipment does not present a problem. Storage of items should be justified to minimize unnecessary retention and the location updated on the asset record in ReCoup by the department property representative.

## **Process: Maintenance**

The department and principal investigator are responsible for the performance of maintenance and/or calibration of equipment used on awards. It must be performed in accordance with the manufacturer's specifications or as needed. Maintenance and calibration records are maintained by the department/principal investigator throughout the life of the asset and/or period of performance of an award. The maintenance program shall enable the identification, disclosure, and performance of normal and routine preventive maintenance and repair. The department/principal investigator must also disclose and report the need for replacement and/or capital rehabilitation to the sponsoring agency. Costs for repair or upkeep of equipment is generally an allowable expense for an award.

### **Maintenance Plan**

#### **Preventive Maintenance**

A preventive maintenance program should include regularly scheduled inspections, calibration, and maintenance performed to sustain suitability for intended use. It includes lubrication, servicing, inspection, and normal parts replacement.

#### **Calibration**

Calibration processes should be developed according with manufacturer's specifications and recommendations, taking into account the equipment's applications, type and degree of use, environmental conditions, etc.

#### **Unscheduled Maintenance**

Unscheduled maintenance should be performed on an "as needed" basis.

#### **Repair**

Repairs should be done to restore equipment to a sound or good condition after wear, damage, or partial destruction.

Maintenance and calibration may be suspended on items while in storage, but should be completed when necessary once the equipment is returned to active use.

## Process: Award Closeout

Closeout is the final stage of a research project and is a critical component of an award as final payment will not be received from the sponsor until closeout is completed and accepted by the sponsor. Federal sponsors require that final closeout documents be submitted to the government within 90 days after the end date of the period of performance. Preparation for closeout should begin prior to the end of the award in order to review expenses, adjust financial entries, close out subawards, and determine whether or not an award extension will be needed. Sponsored Programs Accounting coordinates with the various departments to submit the final closeout reports to the sponsor.

The award specifies the closeout report requirements, but typically they include:

- Final Financial Report - completed by Sponsored Programs Accounting
- Final Technical Report - completed by Principal Investigator (PI)
- Final Patent Report - completed by Principal Investigator (PI)
- Final Property Report - completed by Property Control

The closeout process ensures that contractual requirements have been met and any remaining property accountable to the specific award, including subcontract equipment, is properly disposed. Final property reports must identify all equipment and materials (if required by the sponsor) acquired under an award including property that was:

- Provided by the sponsor (Government Furnished Property (GFP))
- Acquired by the department (Contractor-Acquired (CAP))
- Purchased by a subcontractor

Sponsored Programs Accounting will submit an email request to Receiving & Property Control for all property reports necessary for closeout of an award in compliance with the sponsoring agency's requirements. The request should include the following information: grant number, award name, sponsoring agency, principal investigator, award beginning and ending dates, all funds/orgs associated with the award, and subcontracts included under the award. See Appendix to review the *Subaward Roles and Responsibilities Matrix* and the *Subcontract Closeout Checklist*.

A physical verification of government-owned equipment coordinated by Receiving & Property Control will occur during the closeout process. Any items not verified will need to be addressed on a *Sponsored Equipment Loss Form* detailed in the section on Contractor Responsibility and Liability for Property Loss.

## **Process: Disposition of Equipment**

Disposition ordinarily occurs at the end of the award after the closeout process is complete. However, loss of equipment, transfers of awards to another university, title transfer to MSU, return of equipment as instructed by sponsor are all methods of disposition. Contact Receiving & Property to determine needs.

Receiving & Property Control will forward to Sponsored Programs Accounting the requested property reports for submission to the sponsor. The final report is also copied to the principal investigator. Once disposition of title of equipment has been received from the sponsor, RPC will either adjust the asset record to reflect MSU title, transfer title to another award or the equipment will be shipped to a location as directed by the sponsor.

## **Records Retention**

Equipment records and final reports must be kept for four years after final disposition of equipment or four years after project closeout, whichever is later. Principal investigators should make every effort to complete their final technical and invention reports expeditiously because the sponsoring agency will not close out an award until all closeout documents are received and approved.

## **Contractor Responsibility and Liability for Property Loss**

The FAR 52.245-1 defines loss as the unintended, unforeseen or accidental loss, damage, or destruction of Government property that reduces the Government's expected economic benefits of the property.

So, for purposes of completing a loss report, the following would apply:

- Items that cannot be found after a reasonable search
- Theft
- Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition
- Destruction resulting from incidents that render the item useless for its intend purpose or beyond economical repair

The definition does not include losses due to purposeful destructive testing, obsolescence, normal wear and tear, or manufacturing defects. So, a loss report should not include these descriptions.

The unit head/principal investigator is/are responsible for promptly recognizing, investigating, disclosing, and report losses of Government property. Losses of equipment should be reported immediately to Receiving & Property Control. In the case of theft, the MSU Police Department or local law enforcement should be notified so that a police report can be filed. Completion of the *Sponsored Equipment Loss Form* is necessary for reporting to the sponsoring agency. The

unit head/Principal Investigator are jointly responsible for identifying and implementing corrective actions necessary to prevent recurrence of loss.

### **Training**

University departments/personnel are offered periodic training in the property management area to understand their responsibilities toward stewardship, protecting, preserving, and maintaining the property in their custody.

Receiving & Property Control conducts periodic training by:

- Group seminars
- One-on-one sessions
- Webinars
- On-site visits

RPC maintains a master list of trainees that attend training sessions.

# Appendix



## Appendix

Definitions.....	A-1
References.....	A-8
Key Offices Involved in Award Process.....	A-9
Subaward Roles and Responsibilities Matrix.....	A-10
Subrecipient Invoice Monitoring Guide.....	A-13
MSU Federal Property Screening Form.....	A-15
MSU Hand Receipt Form.....	A-17
Interdepartmental Property Transfer Form.....	A-19
Sponsored Research Self-Audit Verification Form.....	A-21
Request to Transfer/Donate to State-Funded Entity.....	A-23
MSU Federal Property Disposal Form.....	A-25
Sponsored Equipment Loss Form.....	A-27
Subcontract Closeout Form.....	A-29
Surveillance of Subrecipient Property Management System.....	A-30
Property in the Possession of Subcontractors Report.....	A-36
Subcontractor On-Site Surveillance Procedures.....	A-37
DD Form 1149 Requisition and Invoice/Shipping Document Form.....	A-44
SF Form 1428 Inventory Disposal Schedule.....	A-45

## **Definitions**

### **Acquisition cost**

*Acquisition cost* means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.

### **Budget**

*Budget* means the financial plan for the project or program that the Federal awarding agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award. It may include the Federal and non-Federal share or only the Federal share, as determined by the Federal awarding agency or pass-through entity.

### **Capital assets**

*Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

### **Closeout**

*Closeout* means the process by which the Federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed. and takes necessary actions to formally close the award.

### **Computing devices**

*Computing devices* are machines that cost less than \$5,000 and are used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.

### **Contract**

*Contract* means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.

**Contractor-Acquired property**

*Contractor-acquired property* means property acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.

**Cooperative agreement**

*Cooperative agreement* means a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that:

- (a) Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States; and not to acquire property or services for the Federal Government or pass-through entity's direct benefit or use.
- (b) Is distinguished from a grant in that it provides for substantial involvement between the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award.

**Corrective action**

*Corrective action* means action taken by the auditee that:

- (a) Corrects identified deficiencies;
- (b) Produces recommended improvements; or
- (c) Demonstrates that audit findings are either invalid or do not warrant auditee action.

**Cost sharing or matching**

*Cost sharing or matching* means the portion of project costs not paid by Federal funds.

**Disallowed costs**

*Disallowed costs* means those charges to a Federal award that the Federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the Federal award.

**Equipment**

*Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

**Equipment fabrication**

*Equipment fabrication* is the building of a unique individual piece of equipment or scientific instrument by MSU personnel. It must have a useful life of one year (two years if owned or funded by NASA) or more and total cost must be \$5,000 or more.

**Excess property**

*Excess property* is property under the control of any Federal awarding agency that is no longer required for its needs or the discharge of its responsibilities.

**Exempt property**

*Exempt property* is tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal Government. However, the sponsor has reversionary title, so they may ask for it back.

**Federal awarding agency**

*Federal awarding agency* means the Federal agency that provides a Federal award directly to a non-Federal entity.

**Federal share**

*Federal share* of real property, equipment, or supplies is the percentage of a property's acquisition costs and any improvements expenditures paid with Federal funds.

**Funding period**

*Funding period* is the period of time when Federal funding is available for obligation by the recipient.

**GASB**

*GASB* is the acronym for General Accounting Standards Board.

**General purpose equipment**

*General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. See also Equipment and Special Purpose Equipment.

**GAAP**

*GAAP* is the acronym for Generally Accepted Accounting Practices.

**Government-furnished property**

*Government-furnished property* means 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**

*Government property* means all property owned or leased by the Government. Government property includes both Government-furnished property 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.

**Indirect (facilities & administrative (F&A)) costs**

*Indirect (F&A) costs* means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

**Indirect cost rate proposal**

*Indirect cost rate proposal* means the documentation prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost.

**Information technology systems**

*Information technology systems* means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

**Intangible property**

*Intangible property* means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

**Internal controls**

*Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.

**Internal control over compliance requirements for Federal awards**

*Internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and

- (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:
  - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

**Material**

*Material* means property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. It includes assemblies, components, parts, raw and processed materials and small tools and supplies that may be consumed in performing a contract.

**Non-Federal entity**

*Non-Federal entity* means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

**Office of Management and Budget (OMB)**

*OMB* means the Executive Office of the President, Office of Management and Budget.

**Oversight agency for audit**

*Oversight agency for audit* means the Federal awarding agency that provides the predominant amount of funding directly to a non-Federal entity not assigned a cognizant agency for audit. When there is no direct funding, the Federal awarding agency which is the predominant source of pass-through funding must assume the oversight responsibilities.

**Pass-through entity**

*Pass-through entity* means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

**Period of performance**

*Period of performance* means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award.

**Personal property**

*Personal property* means property other than real property. It may be tangible, having physical existence, or intangible.

**Prior approval**

*Prior approval* is written approval by an authorized official evidencing prior consent.

**Property**

*Property* means real property or personal property.

**Property Control System Analysis (PCSA)**

A *PCSA* is a review of an institution's property control system, performed to determine whether it is capable of controlling, protecting, preserving, and maintaining government property in its custody.

**Real property**

*Real property* means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

**Recipient**

*Recipient* means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients.

**Research and Development (R&D)**

*R&D* means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

"Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

**Sensitive property**

*Sensitive property* means property potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that shall be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals.

**Special purpose equipment**

*Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

**Subaward**

*Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

**Subrecipient**

*Subrecipient* means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

**Supplies**

*Supplies* means all tangible personal property other than those described as equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

**Termination**

*Termination* means the ending of a Federal award, in whole or in part, at any time prior to the planned end of period of performance.



## Reference Sources

FAR 52.245-1	Federal Acquisition Regulation for Government Property, the “Property Clause”
2 CFR 220 (OMB Circular A-21)	Cost Principles for Educational Institutions
2 CFR 215 (OMB A-110)	Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
2 CFR Part 225 (OMB Circular A-87)	Cost Principles for State, Local and Indian Tribal Governments
OMB Circular A-102	Grant Awards and Cooperative Agreements with State and Local Governments
OMB Circular A-122	Cost Principles for Non-Profit Organizations (2 CFR 215)
OMB Circular A-133	Audits of Institutions of Higher Education and Other Non-Profit Institutions
OMB Uniform Guidance	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, December 12, 2014 version

The Uniform Guidance (2 CFR 200) was implemented by agency regulations to be effective December 26, 2014. Research projects awarded prior to this date will continue to follow the terms and conditions in the award document. Major elements of the Uniform Guidance include:

1. Integrating and streamlining eight overlapping OMB circulars into one set of guidance in Title 2 of the CFR;
2. Providing a set of uniform definitions for federal assistance;
3. Requiring pre-award consideration of merit and risk;
4. Strengthening internal controls while providing administrative flexibility;
5. Provisions for exceptions to support new innovative programs that improve cost effectiveness while achieving outcomes;
6. Streamlining and clarifying guidance on sub-recipient monitoring;
7. Providing consistency on negotiated indirect cost rates by creating a minimum rate for recipients and requiring agency-head approval for deviations from negotiated rates;
8. Simplifying reporting requirements for time and effort while strengthening the requirement for effective internal controls;
9. Targeting audit resources based on risk by raising the single audit threshold from \$500K to \$750K and focusing audits on material weaknesses; and
10. Strengthening audit follow-up by requiring greater accountability and monitoring results more closely.

## Key Offices Involved in Award Process

### Pre-Award

- Office of Research and Economic Development (ORED) <http://www.research.msstate.edu/>
- Sponsored Programs Administration <http://www.osp.msstate.edu/>
- Office of Research Compliance (IRB, IACUC) <http://www.orc.msstate.edu/>
- Office of Research Security <http://www.ors.msstate.edu/>
- Sponsored Programs Accounting <http://www.controller.msstate.edu/sponsoredprograms/>

### Award Notice

- Sponsored Programs Administration <http://www.osp.msstate.edu/>
- Sponsored Programs Accounting <http://www.controller.msstate.edu/sponsoredprograms/>

### Establishment of Restricted Fund/Subawards

- Office of Research and Economic Development (ORED) <http://www.research.msstate.edu/>
- Sponsored Programs Administration <http://www.osp.msstate.edu/>
- Sponsored Programs Accounting <http://www.controller.msstate.edu/sponsoredprograms/>

### Award Management Best Practices

- Sponsored Programs Administration <http://www.osp.msstate.edu/>
- Sponsored Programs Accounting <http://www.controller.msstate.edu/sponsoredprograms/>
- Office of Research Compliance (ORC) <http://www.orc.msstate.edu/>
  - IRB, IACUC, Human Subjects, Conflict of Interest,
  - IDP, Biosafety, Responsible Conduct,
  - Environmental Health and Safety
- Office of Technology Management (OTM) <http://www.oett.msstate.edu/>
- 

### Award Closeout

- Sponsored Programs Administration <http://www.osp.msstate.edu/>
- Sponsored Programs Accounting <http://www.controller.msstate.edu/sponsoredprograms/>
- Receiving & Property Control <http://property.msstate.edu/>
-

# Subaward Roles and Responsibilities Matrix

Updated: 05/03/2019

Responsibility:		Principal Investigator	Departmental Administrator	Office of Sponsored Projects	Sponsored Programs Accounting	Property Control
1	OSP determines at proposal stage whether a subrecipient or vendor relationship exists; ensures that adequate documentation regarding the selection process is on file.	X	X	X		
2	OSP determines whether equipment will be purchased or if government furnished equipment is issued under the subaward.			X		
3	Conduct a risk assessment to determine if the subawardee has adequate property/equipment control systems in place if the prime award is a federal contract. OSP will be responsible for facilitating.			X	X	X
4	Develops a budget and scope of work for the proposal in consultation with the subrecipient.	X				
5	After prime award is executed, a statement is included in the fund notice that is distributed to the PI and Departmental Administrator. The statement includes general information on how to request any necessary subawards and a link to the OSP website.				X	
6	PI submits required subaward documents, including any special reporting/invoicing instructions, and authorizes OSP to initiate the subaward process.	X	X			
7	Contacts department/PI if any additional information is necessary to complete the subaward (ex: Prime Sponsor Approval).			X		
8	Reviews lists of Excluded Parties and Specially Designated Nationals to verify subrecipient is not debarred, suspended, or otherwise restricted from receiving federal funds.			X		
9	Determines appropriate contractual vehicle (cost reimbursement, fixed price, FDP).			X		
10	Conducts and documents risk assessment in consultation with PI and SPAccounting as appropriate.			X		
11	Completes pre-award risk assessment matrix.			X		
12	Prepares appropriate contract based on the statement of work and sponsor's terms and conditions in the prime award.			X		
13	OSP collaborates with SPAccounting to craft appropriate contractual language to reduce MSU financial risk for subrecipients in a medium or high risk category.			X	X	
14	Negotiates, modifies, and executes subaward documents.			X		
15	Notifies PI about any special issues relating to the terms of the subaward.			X		
16	Notifies all necessary units on campus that a subaward agreement has been issued or modified, and distributes copies of the agreement via email. This copy will include the results of the risk assessment. The original is sent to SPAccounting.			X		
17	OSP uploads and maintains the subaward account information in Banner form FZMSPSC.			X	X	
18	OSP determines if Contractor Acquired Equipment and/or Government Furnished Equipment is applicable and updates Banner form FZMSPSC.			X		
19	Verifies subrecipients have obtained any required compliance approvals. (IRB, IACUC, etc.)			X		
20	Collects and maintains FFATA data.				X	

# Subaward Roles and Responsibilities Matrix

Updated: 05/03/2019

Responsibility:		Principal Investigator	Departmental Administrator	Office of Sponsored Projects	Sponsored Programs Accounting	Property Control
21	Reviews Subrecipient Commitment form Section D-Audit Status in subaward or obtains an annual certification from each subrecipient for compliance with the Circular.				X	
22	Follows up on instances of subrecipient noncompliance with annual audit certification requirements.				X	
23	Monitors subrecipient technical progress/reports.	X				
24	Subrecipient is notified when a property report is needed. An Excel spreadsheet is provided for use. Once returned to MSU by the subrecipient, the spreadsheet is forwarded to Property Control.				X	
25	Property Control includes subrecipient property in the MSU property report for the award to the sponsor.					X
26	Receives and reviews invoices prior to payment. Refer to Subrecipient Invoice Monitoring Guide. Stamps invoice reviewed and initials and forwards the invoice to the Departmental Administrator for approval.				X	
27	Reviews invoices and approves payment after ensuring that charges seem reasonable and progress to date on the project is satisfactory and within the statement of work. Refer to Subrecipient Invoice Monitoring Guide for guidance.	X				
28	SPAccounting conducts periodic review of invoice support based on risk assessment. SPA will forward the support to the department for review.	X	X		X	
29	Processes a direct pay voucher to pay approved invoices.		X			
30	PI submits required subaward modification forms and authorizes OSP to issue a modification to a subaward.	X	X			
31	Prior to issuing modifications, reviews risk assessment status to ensure any needed changes to risk level are appropriately reflected in the subcontract amendment.			X		
32	Issues and executes modifications to the subaward.			X		
33	Updates Banner form FZMSPSC for modification.			X		
34	Provides assistance in the event budgets/financial issues arise during the period of performance, works with subrecipient to resolve outstanding financial matters.				X	
35	Follows up with subrecipients regarding appropriate and timely corrective action on findings related to university's subawards.				X	
36	Performs periodic reviews of subrecipient's property management system throughout the active award period to include on-site visits, if applicable. Property Control will facilitate this process.	X	X	X	X	X
37	Final closeout process of subaward is initiated by SPA prior to subaward end date. Email notification is sent to Subrecipient, PI/Dept Administrator, OSP and Property Control, if applicable. PI will notify OSP/SPA if an extension is needed for the subaward.				X	
38	If the PI requests an extension for the subaward, OSP will notify sponsor if required, for modification of subaward and SPA that an extension has been requested so that a final report is not requested.	X	X	X		
39	Subaward Closeout Form is requested from the subrecipient once the subaward expires, if not received with the final invoice.				X	

# Subaward Roles and Responsibilities Matrix

Updated: 05/03/2019

Responsibility:		Principal Investigator	Departmental Administrator	Office of Sponsored Projects	Sponsored Programs Accounting	Property Control
40	Once the completed Subaward Closeout Form is received by SPAccounting from the subrecipient, the form is sent to the PI/Department to approve and the form is returned to SPAccounting.	X			X	
41	The subaward closeout process includes completing the Subaward Closeout Checklist.				X	
42	Documentation of subrecipient monitoring, such as the Subrecipient Monitoring Record, is forwarded to SPAccounting for inclusion into the official subaward records. The PI initiates this process.	X			X	
43	If applicable, subrecipient property report is reviewed and verified to budget by SPAccounting, then emailed to Property Control. Subrecipient property, if applicable, is included in the property report submitted to the sponsor.				X	X
44	The Banner form FZMSPSC status is changed to Inactive once invoices are paid and Subaward Closeout Form is received.				X	
45	Subaward file is filed with Award file.				X	



## **Subrecipient Invoice Monitoring Guide**

### **Financial Questions:**

1. Are the expenses allowable per the subaward and the prime award? Remember the prime award requirements and budget restrictions flow down to the sub-recipient.
2. Do you see any potentially unallowable items listed in the reimbursement request such as food/meals/entertainment/alcohol, etc. or items that should have been charged as an indirect cost such as office supplies/clerical and administrative salaries/postage?
3. Are the invoiced expenses included in the subaward budget? The subrecipient should only invoice for approved expenses per the subaward or ask for approval of budget changes when necessary to modify the original terms/budget.
4. Were all the expenses incurred within the subaward start and end dates? Ensure that the dates on the invoice are within the subaward dates.
5. Are the cumulative expenses within the overall approved budget amount? Ensure that subrecipients are **not** invoicing for amounts **over** the approved budget.
6. Are the invoice expenses per budget category in agreement with the budgeted amount per line item category?
7. Do expenses appear to be based on actual expenses? Cost reimbursable subcontracts require invoicing **based on actual expenses only**.
8. Does the invoice total correctly?
9. Are the Facilities & Administration (F&A) costs calculated correctly with the correct and agreed upon rate for the subrecipient? Ensure the calculated F&A agrees with the methodology in the budget and only includes Modified Total Direct Cost (MTDC) base expenses that can accrue F&A.
10. Does the invoice have an institutional official signature and certification?

### **Programmatic Questions:**

11. Is the subrecipient current on all required progress reports to date under the terms of the agreement, and were they submitted in an acceptable and timely manner?

12. Are the expenses in the agreement consistent with the programmatic plan or work completed to date? The expenses invoiced should agree with the work incurred.
13. Does it appear that there were charges that are not allocable to the project? (such as travel costs to places not anticipated in the scope of work or other charges or salaries for individuals not associated with the work)
14. Do the expenditures shown on the invoice seem reasonable in relation to the amount of time and work expected of the subcontractor to date? For example, does it appear likely that they will have spent a minimum of 75% of their budget by the time the current budget period has concluded? Alternatively, does it look like they might exceed the amount available by the end of the budgeted period? Are there appropriate reasons for such variations? If something seems amiss, follow up with the sub-recipient for an explanation. (they may be waiting for charges to work their way through the system, or there may be certain times of the year when fieldwork can occur so charges are heavier at varying times)

**\*REMEMBER:** Most invoices do not include a large amount of detail. Ask the subrecipient for back-up documentation on specific budget line items if something does not appear correct. **IF THERE ARE ANY QUESTIONS ON THE INVOICES, DO NOT APPROVE UNTIL ALL ITEMS ARE APPROPRIATELY RESOLVED.**



MSU Federal Property Screening Form

A pre-purchase internal screening of equipment is required in order to avoid the purchase of duplicate items. This form should be completed and attached to each federal equipment requisition with a purchase cost of >= \$5,000. Departmental screening is performed for equipment costing between \$5,000 - \$75,000. University-wide screening is conducted by Property Control for equipment costing >= \$75,000. All appropriate signatures are required prior to submission to Procurement and Contracts or Property Control.

Name: \_\_\_\_\_ Phone: \_\_\_\_\_ Date: \_\_\_\_\_
Dept. Code: \_\_\_\_\_ Dept: \_\_\_\_\_ Dept Head: \_\_\_\_\_

Principal Investigator (PI): \_\_\_\_\_ Campus Address: \_\_\_\_\_
Sponsoring Agency: \_\_\_\_\_ Award: \_\_\_\_\_
BANNER Fund No: \_\_\_\_\_ Requisition No.: \_\_\_\_\_

Type of Pre-Purchase Screening Conducted

- Departmental Screening - performed for individual equipment items with a purchase cost between \$5,000 - < \$75,000. Approval at this level of screening requires the signatures of the Principal Investigator and Dean, Director, or Unit Head only. Does not require Property Control approval. Retain in departmental file for federal audit purposes.
University-Wide Screening - performed for individual equipment items with a purchase cost >= \$75,000. Approval at this level of screening requires the signatures of the Principal Investigator, Dean, Director or Unit Head and Property Officer/Assistant Property Officer. Forward to Property Control for approval. Retain in departmental file for federal audit purposes.

Description:

[Large empty box for description]

(Attach a copy of the requisition to this form)

Table with 3 columns: APPROVAL SIGNATURES, TITLE, DATE. Rows for Principal Investigator, Dean, Director, or Unit Head, and Property Officer/Asst Property Officer.



## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes.
Phone	Phone number of person completing the form.
Date	Date of form completion.
Dept Code	Code assigned to department.
Dept	Name of department associated with equipment.
Dept Head	Unit head of department.
Principal Investigator	Name of person responsible for research.
Campus Address	Location of P.I.
Sponsoring Agency	Agency funding the award.
Award	Award title in FRAGRNT screen of BANNER.
BANNER Fund No.	Fund established by Sponsored Programs Accounting for award.
Requisition No.	Requisition associated with purchase.
Type of Screening	Select type of screening conducted. Dependent upon cost of items. Consult RPC if needed.
Description of Item:	General description of items purchased. Attach a copy of the requisition for detailed information.
Approval Signatures	Only signatures of P.I. and Dean, Director, or Unit Head are required for Departmental Screening. University-wide screening requires the signature of the P.I., Dean, Director, Unit Head and Property Officer.

The Departmental Screening form original should be provided to Procurement and Contracts. A copy should be sent to Receiving & Property Control.

The University-Wide Screening form original should accompany the requisition and supporting documents to RPC.

Forward forms to:           Receiving & Property Control (RPC)  
                                  P.O. Box 6177  
                                  Mississippi State, MS 39762  
                                  Mail Stop 9605  
                                  Phone: (662) 325-2545  
                                  Fax: (662) 325-4551



MSU Hand Receipt Form For Temporary / Off-Campus Use Of Equipment

This form should be completed when equipment is removed from the department premises for any reason and for any length of time. It is only valid if completed in its entirety and updated every 12 months from the date at the top of the form. The department is responsible for maintaining this form and providing a copy to Receiving & Property Control upon request for any reason.

Header bar

Name: Phone: Date: Dept. Code: Dept: Dept Head:

Table with 4 columns and 10 rows for equipment listing

Additional items may be listed in an attachment to this form

This is to verify that I have the equipment listed above and that I am using it to complete official departmental business. I accept full responsibility for the equipment while entrusted to my care and will return the equipment when any of the following conditions occur: (1) when the equipment is no longer needed for official departmental business; (2) at the request of the unit head, dean, director, vice president or Property Officer; (3) at the end of my employment with the department.

Typed Employee's Name Employee's Signature Date Expected Return Date

This section is to be completed by the Department Inventory Representative or Unit Head

I have visually seen and inspected the equipment listed above upon the issuance renewal of this form.

Signature of Department Inventory Representative or Unit Head Date Phone Number

Equipment Return Verification

Employee's Signature Date Department Property Representative/Unit Head Return Date

Property Control Use Only:

Agency: Trans Code: Rpt No: Mo/Yr: Initials: Date:

Original - Receiving & Property Control

Copy - Departmental File

## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes.
Phone	Phone number of person completing the form.
Date	Date of form completion.
Dept Code	Code assigned to department.
Dept	Name of department associated with equipment.
Dept Head	Unit head of department.
Inv. No.	Asset number assigned on department inventory report.
Description	Description of item as it appears on department inventory report.
Serial No.	Serial number of item matched with department inventory report.
Disposal Reason	Select appropriate description from drop-down box.
Cost	Cost of item as it appears on the department inventory report.
Typed Employee's Name	Self explanatory.
Employee's Signature	Self explanatory.
Date	Date that the form is completed.
Expected Return Date	Date that employee expects to return the item.
Dept Inv Rep/Unit Head	Signature of person verifying the equipment.
Equipment Return	Requires two signatures and dates: employee and dept inv rep/unit head.

Complete and forward to: Receiving & Property Control (RPC)  
P.O. Box 6177  
Mississippi State, MS 39762  
Mail Stop 9605  
Phone: (662) 325-2545  
Fax: (662) 325-4551



Interdepartmental Property Transfer Form

This form should be submitted when equipment is transferred from one University department to another. Please include all available information. Incomplete or handwritten forms will be returned to the department for completion.

This form prepared by:

Name: Phone: Date:

Agency: Dept. Code: Dept: Dept Head:

Table with 4 columns: Inv No., Description, Serial Number, Cost. Multiple empty rows for data entry.

Additional items may be listed in an attachment to this form

The following signatures and information will authorize the transfer of this equipment FROM the department transferring the equipment TO the department receiving the equipment. Submit this form to

Department Transferring Equipment and Department Receiving Equipment sections with fields for Agency, Dept Code, Dept Name, Unit Head, and Signature.

Property Control Use Only

Property Control Use Only section with fields for Agency, Trans Code, Rpt No, Mo/Yr, and Initials/Date.

Original - Receiving & Property Control

Copy - Departmental File

## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes.
Phone	Phone number of person completing the form.
Date	Date of form completion.
Agency	Agency associated with department.
Dept Code	Code assigned to department.
Dept	Name of department associated with equipment.
Dept Head	Unit head of department.
Inv. No.	Asset number assigned on department inventory report.
Description	Description of item as it appears on department inventory report.
Serial No.	Serial number of item matched with department inventory report.
Cost	Cost of item as it appears on the department inventory report.
Department Transferring Equipment	Enter Agency, Dept Code, Department Name, and Unit Head name related to the department transferring the equipment.
Department Receiving Equipment	Enter Agency, Dept Code, Department Name, and Unit Head name related to the department receiving the equipment.
Unit Head Signature	Self explanatory.
Complete and forward to:	Receiving & Property Control (RPC) P.O. Box 6177 Mississippi State, MS 39762 Mail Stop 9605 Phone: (662) 325-2545 Fax: (662) 325-4551



Sponsor-Titled Self-Audit Verification Form

Departments are responsible for periodically locating and verifying sponsored research equipment that is titled to the sponsor.

Name: Phone: Date:
Dept. Code: Dept: Dept Head:

Agency: Dept. Code: Department:

Date Self-Audit Completed: No. of Items: Total Cost of Items:

Checklist - Check All That Apply

- Locations have been verified and/or updated in ReCoup, including room, building number, hand receipt information (if applicable).
"Person Responsible" field has been entered/updated on each asset record in ReCoup.
Assets not physically located have one or more of the following forms attached for explanation: Disposal Form, Police Report, Affidavit, Transfer Form
Updated hand receipts are attached.
Acquisition forms are attached for any outstanding equipment purchases.
A copy has been retained in the departmental file.

I verify that the self-audit of equipment has been completed and verified by me personally. Documentation for lost/stolen items, disposals, transfers, donations, etc., have been attached to this form for review by Receiving & Property Control.

TYPED NAME SIGNATURE DATE
Department Contact:
Third-Person Verification:

I have reviewed the attached self-audit report and it is complete and accurate as of this date.

Unit Head:

Original - Receiving & Property Control Copy - Departmental File

## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes
Phone	Phone number of person completing the form
Date	Date of form completion
Agency	Select agency associated with department
Date Self-Audit Completed	Date self-audit completed
No. of Items	Number of items listed on department inventory list
Total Cost of Items	Total cost of items listed on department inventory list
Checklist Boxes	Select all boxes that apply
Dept. Contact	Typed name, signature, and date
Third-Person Verification	Typed name of independent third party that can attest to self-audit results, signature, and date
Unit Head	Typed name of person responsible for operation of the department, signature, and date
Complete and forward to:	Receiving & Property Control (RPC) P.O. Box 6177 Mississippi State, MS 39762 Mail Stop 9605 Phone: (662) 325-2545 Fax: (662) 325-4551

Maintain a copy of this form in departmental file for audit purposes.



Request to Transfer/Donate Items to State-Funded Entity

This form should be submitted for property being transferred to another state-funded agency or institution. It should be completed in full prior to releasing property to the recipient.

Header bar

Name: Phone: Date: Agency: Dept. Code: Dept: Dept Head:

Table with 6 columns and 12 rows

Reason for Transfer:

Information on Recipient of Property

Recipient Type: Entity: Name: Div/Dept: Title: Address: City: State: Zip: Signature: Phone:

TITLE SIGNATURES DATE

Dept Inv. Representative: Unit Head: Dean/Director: Vice President: Property Officer:

Property Control Use Only:

Agency: Trans Code: Rpt No: Mo/Yr: Initials: Date:

Original - Receiving & Property Control

Copy - Departmental File



## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes.
Date	Date of form completion.
Agency	Agency associated with department inventory.
Dept Code	Code assigned to department.
Dept	Name of department associated with equipment.
Dept Head	Unit head of department.
Dept Code	One to three digit code assigned to each department.
MSU Department Name	Name assigned to each department in possession of property.
Quantity	Quantity of items being transferred.
Inv Number	Inventory number assigned to equipment (please enter NOI if item is not on your departmental equipment inventory).
Description	Description of the item.
Serial Number	Serial number associated with the item.
Cost	Cost of item as it appears on inventory report.
Acq Code	Acquisition Code of item as it appears on inventory report.
Justification for Donation	Reason for transfer.
Recipient Type	Choose from drop-down menu.
Name	Name of individual recipient of property.
Div/Dept	Name of division or department receiving property.
Address Information	Enter all address information including phone number.
Signature/Phone No. of Recipient	Signature of individual receiving property. Include area code in phone number.
Signature of Approving Officials	Each signature serves as acknowledgment/approval of transfer of property.
Complete and return original to:	Mississippi State University Receiving & Property Control PO Box 6177 Miss State MS 37962 Mail Stop 9605 Phone (662) 325-2545

A copy should be maintained in the department inventory file.



MSU Federal Property Disposal Form

This form is to be submitted by the Principal Investigator of the specified award to request the disposition of sponsored research equipment. Please complete this form and forward to Receiving & Property Control for approval prior to disposal of equipment. Use the form Sponsored Equipment Loss Form to report a loss of equipment.

This form prepared by:

Name: Phone: Date:
Dept. Code: Dept: Dept Head:

Principal Investigator (PI): Campus Address:

Fund No: Award: Sponsoring Agency:

Table with 5 columns: Inv No., Description, Serial No., Cost, Disposal Reason. Multiple empty rows for data entry.

APPROVAL SIGNATURES TITLE DATE

Principal Investigator
Dean, Director, or Unit Head
Property Officer/Asst Property Officer

Original - Receiving & Property Control Copy - Departmental File

## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes.
Phone	Phone number of person completing the form.
Date	Date of form completion.
Dept Code	Code assigned to department.
Dept	Name of department associated with equipment.
Dept Head	Unit head of department.
Principal Investigator	Name of person responsible for research.
Campus Address	Location of P.I.
Fund No.	Fund established by Sponsored Programs Accounting for award.
Award	Award title in FRAGRNT screen of BANNER.
Sponsoring Agency	Agency funding the award.
Inv. No.	Asset number assigned on department inventory report.
Description	Description of item as it appears on department inventory report.
Serial No.	Serial number of item matched with department inventory report.
Disposal Reason	Select appropriate description from drop-down box.
Approval Signatures	Principal Investigator and Dean, Director, or Unit Head
Complete and forward to:	Receiving & Property Control (RPC) P.O. Box 6177 Mississippi State, MS 39762 Mail Stop 9605 Phone: (662) 325-2545 Fax: (662) 325-4551

Maintain a copy of this form in departmental file for audit purposes.



Sponsored Equipment Loss Form

This form should be submitted for any loss of equipment that is reportable under a sponsored award. Attach appropriate documentation as warranted. Police report and affidavit are required for stolen property.

Horizontal separator line

Name: Phone: Date:
Dept Code: Dept: Dept Head:

Horizontal separator line

Prime Sponsor: Award: Grant No:
Principal Investigator: Fund: Project End Date:
Subcontractor Award: Sub P.I.: Subaward End Date:

Horizontal separator line

Type of Incident: Equipment Details: Documents Attached:
Type of Equipment:

Incident Narrative:
Corrective Action Taken:

Did the Equipment Contain: Sensitive Information Hazardous Material

TYPED NAME SIGNATURE DATE
Subcontractor P.I.:
Prime Contractor P.I.:
Property Officer/Asst. Property Officer:

Original - Receiving & Property Control Copy - Departmental File

## General Instructions

This form prepared by	Name, phone number of person completing form - for contact purposes.
Phone	Phone number of person completing the form.
Date	Date of form completion.
Dept Code	Code assigned to department.
Dept	Name of department associated with equipment.
Dept Head	Unit head of department.
Award	Award title in FRAGRNT screen of BANNER.
Grant No	Grant number beginning with "G" on FRAGRNT screen in BANNER.
Principal Investigator	Name of person responsible for research.
Fund	Fund established by Sponsored Programs Accounting for award.
Project End Date	Found in FRAGRNT screen of BANNER.
Subcontractor Award Sub P.I. Subaward End Date	Complete these three fields if loss is being reported by a subcontractor of the award. Otherwise leave blank.
Type of Incident	Select the appropriate box that applies.
Equipment Details	Complete information for lost item.
Documents Attached	Select the boxes that apply.
Type of Equipment	Choose <i>Contractor Acquired</i> for equipment purchased with award funds Choose <i>GFE</i> for equipment provided by sponsor
Incident Narrative	Brief explanation of reason for equipment loss.
Corrective Action Taken	Explanation of steps taken to prevent another loss of equipment.
Sensitive Info/Hazardous Material	Indicate if either or both of these conditions apply
Signatures of Sub P.I./P.I.	Leave subcontractor P.I. info blank if not applicable.
Complete and forward to:	Receiving & Property Control (RPC) P.O. Box 6177 Mississippi State, MS 39762 Mail Stop 9605 Phone: (662) 325-2545 Fax: (662) 325-4551

Maintain a copy of this form in departmental file for audit purposes.



Subcontract Closeout Form

Subcontract No.: \_\_\_\_\_ Prime Award No.: \_\_\_\_\_

Subrecipient Name: \_\_\_\_\_

Please check the appropriate boxes, sign, date and return to subcontracts@controller.msstate.edu.

1. Final Technical Report/Deliverables:

\_\_\_\_\_ All final technical reports or deliverables have been provided directly to the Mississippi State University Principal Investigator. (Please provide prior to completing and returning this certification.)
Date submitted: \_\_\_\_\_

2. Final Invoice:

\_\_\_\_\_ There are NO outstanding claims against this subcontract. (No further claims will be honored once this box has been checked.)

\_\_\_\_\_ A Final Invoice has been submitted to Mississippi State University and only the amount included in the Final Invoice is due. (Any additional outstanding claims should be noted.)
Final Invoice No.: \_\_\_\_\_ Final Invoice Amount: \_\_\_\_\_

3. Patent Report:

\_\_\_\_\_ There are no inventions to be reported under this Subcontract.
\_\_\_\_\_ An invention has resulted from the performance of this Subcontract and an invention disclosure is attached.

4. Property Report:

\_\_\_\_\_ No reportable equipment was purchased with this Subcontract.
\_\_\_\_\_ Reportable equipment was purchased with this Subcontract and a Subcontractor Equipment Form is attached. The Subcontractor Equipment Form can be found at www.controller.msstate.edu/forms/.
\_\_\_\_\_ Sponsored Equipment Loss Form (RPC-SELF01) is attached for reporting LDDT, if applicable. The Sponsored Equipment Loss Form can be found at www.property.msstate.edu/forms/.

\_\_\_\_\_ Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Printed or Typed Name \_\_\_\_\_ Title \_\_\_\_\_

(For MSU use only)
Principal Investigator Subcontract Closeout Authorization
By signing, you attest to the fact that 1) all terms and conditions of the above referenced Subcontract have been met, 2) you are satisfied with the performance of the Subrecipient, 3) all selections made by the Subrecipient in the previous section are complete and accurate, and 4) no further action is required by the Subrecipient.
MSU Principal Investigator Signature \_\_\_\_\_ Printed or Typed Name \_\_\_\_\_ Date \_\_\_\_\_



Date: \_\_\_\_\_ Award: \_\_\_\_\_ Value of Gov't Property: \_\_\_\_\_

Subrecipient Name: \_\_\_\_\_  
Subaward No: \_\_\_\_\_ Fund No.: \_\_\_\_\_ Grant No.: \_\_\_\_\_  
Subrecipient P.I.: \_\_\_\_\_ Award Beg. Date: \_\_\_\_\_  
Address: \_\_\_\_\_ Award End Date: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_ Phone: \_\_\_\_\_  
Email Address: \_\_\_\_\_ Fax: \_\_\_\_\_

**SELF-EVALUATION TO BE COMPLETED BY SUBRECIPIENT**

Accountable Subrecipient Representative: \_\_\_\_\_ Phone: \_\_\_\_\_  
Title: \_\_\_\_\_ Email: \_\_\_\_\_

Property Custodian (If Different From Above): \_\_\_\_\_ Phone: \_\_\_\_\_  
Title: \_\_\_\_\_ Email: \_\_\_\_\_

**DIRECTIONS**

*The following questions relate to the management of subrecipient property at your facility. Please complete this survey, attach a current listing of contractor-acquired or government furnished property associated with this award and return via email to:*

Sharon L. Hamlin, CPPA  
Director - Property, Receiving & Mail Services  
P.O. Box 6177  
Mississippi State, MS 39762  
Phone: (662) 325-2545  
[shamlin@propertv.msstate.edu](mailto:shamlin@propertv.msstate.edu)

<b>FOR MSU USE ONLY:</b>	
Survey Initiated:	_____
Survey Due Date:	_____
Survey Returned:	_____

**SUBRECIPIENT DIRECTIONS:** PLEASE ANSWER EACH AND EVERY QUESTION BY CHECKING THE APPROPRIATE BOX. IF THE ANSWER IS NO, OR WHEN OTHERWISE REQUESTED, PLEASE EXPLAIN BRIEFLY IN THE COMMENTS BOX AT THE BOTTOM OF THE SECTION.

<b>PROPERTY MANAGEMENT</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
<p>1. Do you have a property management plan? If Yes, and if you have not already done so, please provide a copy.</p>				
<p>2. Do you have written property management system policies and procedures that comply with the subcontract terms and conditions?</p>				
<p><b>NOTE: Please check "Yes, No or N/A" for each functional Outcome listed below.</b></p>				
a. Acquisition				
b. Receiving				
c. Records				
d. Physical Inventory				
e. Subcontract Control				
f. Reports				
g. Relief of Stewardship				
h. Utilization				
i. Maintenance				
j. Property Closeout				
<p>3. Has an external entity (such as ONR, DCMA, NASA, etc) conducted a property management system analysis at your location within the last two years?            If YES, What were the results:      Adequate      Pending      Inadequate      Other            Please provide a copy of the most recent letter.</p>				
4. Are you currently ISO9001, AS9100, or AS55000 certified? If YES, specify which and the date certified: _____				
5. Have you implemented UID?				
6. Do you have a Contractor Self Assessment Program?				
<p><b>Comments for Property Management:</b></p>				
<b>ACQUISITION - Outcome 1</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
7. Has subrecipient property been acquired, including transfers of government furnished property, in accordance with the Award/Contract and/or your property procedures?				
8. Have you acquired any subrecipient property that is not itemized on the attached listing? If YES, attach a listing with authorization documentation.				
9. Does the subrecipient property report all acquisitions, especially capital and sensitive property, to the Prime Contractor? If YES, attach a listing with authorization documentation.				



**Comments for Acquisition - Outcome 1:**

**RECEIVING - Outcome 2**

	YES	NO	N/A
10. Do you have a process for reporting discrepancies incident to receipt (transit related, shortages, overages, damages) of subrecipient property?			
11. Do you have a process that documents subrecipient property is appropriately checked for quantity received, condition, and transit-related discrepancies?			
12. Is the Prime Contractor promptly notified of any such discrepancies when impacting costs or schedule?			
13. Is subrecipient property identified or marked in a permanent manner with the appropriate identification number and ownership? If NO, please explain: _____			
14. Is subrecipient property identified in accordance with the award/contract and/or your property procedures? If NO, please explain: _____			

**Comments for Receiving - Outcome 2:**

**RECORDS - Outcome 3**

	YES	NO	N/A
15. Do you have a record system, with supporting documentation, for all subrecipient property in accordance with the contract and your property procedures? a. If you have material, do your material records contain contract no., part no., description, quantity received/issued, unit of measure, balance, posting reference/date, unit acquisition cost, location, and disposition? If NO, please explain the reason for missing data:			
b. If you have special tooling, special test equipment or equipment (tagged assets), do your records contain the contract number, control ID number, part number, description, posting reference/date, unit acquisition cost, location, and disposition? If NO, please explain the reason for missing data:			
16. Does your record system provide for traceability/audit trail of transactions from acquisition through disposition?			
17. Have new asset records been created for new acquisitions and records updated for disposals of subrecipient owned/supplier acquired or subrecipient/Government-furnished? If YES, please provide a copy along with the authorization for disposition. If YES, what is your physical inventory cycle:      Annual      With 2 yrs      Within 3 yrs      Other If Other, please explain:			

<p>If YES, what is your tagged physical inventory accuracy rate (%) and date of the last inventory for items accountable to this award/contract? Accuracy rate: _____ % Date of last inventory: _____</p> <p><b>Comments for Records - Outcome 3:</b></p>				
<b>PHYSICAL INVENTORY - Outcome 4</b>				
<p>18. Do you perform periodic physical inventories of subrecipient <b>special tooling, special test equipment or equipment (assets)</b>?</p> <p>If YES to No. 18, which method of physical inventory do you use:      Wall to Wall      Cycle Counts      Both      Other</p> <p>If Other, please explain: _____</p>				
<p>19. Do you perform periodic physical inventories of subrecipient-owned <b>material</b> in inventory?</p> <p>If YES to No. 18, what is your physical inventory cycle:      Annual      Within 2 yrs      Within 3 yrs      Other</p> <p>If Other, please explain: _____</p>				
<p>If YES to No. 18, provide the <b>material</b> physical inventory accuracy rate (%) and date of last inventory for items accountable to this award/contract:      <b>Material</b> physical inventory accuracy rate _____ %      Date of last inventory _____</p> <p>If Yes to No. 18, provide a current listing of the material inventory, including part no., description, unit of measure, quantity, unit acquisition cost and extended cost.</p>				
<b>Comments for Physical Inventory - Outcome 4:</b>				
<b>SUBCONTRACTOR CONTROL - Outcome 5</b>				
<p>20. Do you have subrecipient property located at a sub-tier location?</p> <p>If YES, do you have a process or procedures for the control, protection and maintenance of subrecipient property in possession of your sub-tier subrecipients?</p> <p>If YES, are sub-tier subrecipients required to perform and report inventories?</p>				
<b>Comments for Subcontractor - Outcome 5:</b>				
<b>REPORTS - Outcome 6</b>				
<p>21. Do you provide reports to the Prime Contractor in accordance with the award/contract and/or your property procedures?</p> <p>22. Do you have a process for immediately reporting to the Prime Contractor any loss or damage of subrecipient property in accordance with award/contract and your property procedures?</p> <p>23. Will you turn in reports promptly when requested?</p>				

**Comments for Reports - Outcome 6:**

**RELIEF OF STEWARDSHIP AND LIABILITY - Outcome 7**

	YES	NO	N/A
24. Do you have a disposal and/or scrap process?			
25. Do you currently have any outstanding loss or damage reports in process with our entity?			
26. Are property shipments/ disposals authorized in accordance with the award or per the Prime Contractor-direction and properly documented?			

**Comments for Stewardship and Liability - Outcome 7:**

**UTILIZATION - Outcome 8**

	YES	NO	N/A
27. Do you have a process to ensure that subrecipient property is only used as authorized?			
28. Do you have a process that allows you to identify and report idle, residual or excess subrecipient property?			
29. Is there any subrecipient property in your possession that has not been utilized within the past year and that you consider to be excess to your needs?			
a. If 29. is YES, have you reported it to the Prime Contractor?			
b. If 29. is NO, please attach the list of excess property.			
30. Do you have a process to control the movement and protection of subrecipient property?			
31. Is subrecipient property stored in a secure area where it is preserved and protected in accordance with the award/contract and your property procedures?			
32. Do you have a process that ensures reasonableness of consumption of subrecipient owned materials?			

**Comments for Utilization - Outcome 8:**

**MAINTENANCE - Outcome 9**

	YES	NO	N/A
33. Check the applicable method(s) for maintenance of subrecipient property that you practice:			
Preventive Maintenance Schedule			
As Used			
Calibration			
Corrective Maintenance			
Not Required			
34. Is preventive maintenance performed by qualified personnel?			
35. Are maintenance and calibration records available for review?			

**Comments for Maintenance - Outcome 9:**

**PROPERTY CLOSEOUT - Outcome 10**

	YES	NO	N/A

36. Do you provide a final property listing to the Prime Contractor at award closeout?

37. Do you request final disposition instructions from the Prime Contractor at award closeout?

38. Do you have a process to insure that subrecipient property is returned or disposed prior to final contract completion?

**Comments for Property Closeout - Outcome 10:**


**SUBRECIPIENT CERTIFICATION**

*As an authorized subrecipient representative, I hereby certify that the information and documentation provided is true and accurate to the best of my knowledge and belief.*

\_\_\_\_\_  
Authorized Representative's Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**PERSON COMPLETING FORM** *(if different from authorized representative)*

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Mississippi State University Property in the Possession of Subrecipients

Subcontractor: \_\_\_\_\_ Type of Report: \_\_\_\_\_  
 Award: \_\_\_\_\_ Annual Rpt: \_\_\_\_\_  
 Contact: \_\_\_\_\_ Final Rpt: \_\_\_\_\_  
 Phone No: \_\_\_\_\_ Interim: \_\_\_\_\_

Begin Date: \_\_\_\_\_ End Date: \_\_\_\_\_  
 Current Date: \_\_\_\_\_  
 PI: \_\_\_\_\_  
 Equipment Budgeted: \_\_\_\_\_  
 Equipment Expensed: \_\_\_\_\_

*Please provide information for each field. If a field is not applicable, please annotate with N/A. All fields must be completed with the exception of Photos Attached and Comment columns. Photos may be requested at any time, but typically for Annual and Final reporting. See photo requirements below. The Comment column may be used for any purpose. Add additional rows as needed. Negative reports are required even if no Government Property exists under the subaward.*

ASSET NUMBER	OTHER IDENTIFIER	DESCRIPTION	MODEL	SERIAL NO	MFG	DATE ACQUIRED	INVOICE	ACQ TYPE	GFP or CAP	AMOUNT	ROOM	BUILDING	LOCATION	CONDITION	RESPONSIBLE PERSON	PHOTOS ATTACHED	DISPOSITION REQUEST
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	
16																	
17																	
18																	
19																	
20																	
21																	
22																	
23																	
24																	
25																	

REPORT TOTAL: \$ \_\_\_\_\_

**FAR 52.245-1(b) "Property Management" (Jan 2017)**

- (1) The Contractor shall have a system of internal controls to manage (control, use, preserve, protect, repair and maintain) Government property in its possession.....
- (2) The Contractor's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, sale (as surplus property), or other disposition, or via a completed investigation, evaluation, and final determination for lost property. **This requirement applies to all Government property under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f)(1)(iv) of this clause).**
- (3) The Contractor shall include the requirements of this clause in all subcontracts under which Government property is acquired or furnished for subcontract performance.

**ACQ TYPE - Definitions**

**Photo Requirements**

**CONDITION CODES - Definitions**

Government Furnished Property CAP - Contractor Acquired Property	Photos should be date-stamped (provides proof that subcontractor is in possession of property). Include photos of asset number label, Property of Federal Government label, and award name label. Include photos of model, serial number.	1 - New 4 - Usable 7 - Repairable X - Salvage S - Scrap
---	---	---

# Subcontractor On-Site Surveillance Procedures

The purpose of an assessment is to identify deficiencies and process improvements.

- Are there significant or insignificant deficiencies within the process?
- Would these deficiencies effect the adequacy of the property management system?
- What is the risk of the deficiencies found?
- Is corrective action required and are there process improvements?

## Ten Step Statistical Process

\*The following ten steps comprise the core actions around which a statistical audit approach for property management can be planned and implemented:

1. State Objectives of the Audit Test
2. Define Attributes/Transactions
3. Define the Population/Sampling Unit
4. Specify Acceptance/Rejection Rate
5. Determine Sample Size
6. Randomly Select Sample
7. Perform Audit Procedure
8. Analyze Defects/Deviations
9. Generalize from Sample to Population
10. Determine Status of Process/Process Segment

\* *Defense Contract Property Management System Audit Primer, Module 3, by Dr. Douglas Goetz*

## Data Worksheets/Metrics Tools

Establish worksheets during the planning phase of an assessment to record the data tested for each Process. There are data worksheets available for free use from other sources such as National Defense Industrial Agency (NDIA) that can be tailored to provide the metrics needed to base the conclusions reached by the assessment. This becomes the audit evidence to support the assessment.

Each property outcome has a data tool worksheet used for inputting data from the transactions or attributes chosen to be tested.

## Steps for On-Site Surveillance

Within 30 days of On-Site Surveillance of a Subcontractor:

Inform the subrecipient of intent to perform the assessment and advise them of their contractual responsibilities. Request a copy of their property management procedures and the names of the appropriate points of contact. Schedule date of site visit.

1. Review written procedures and ensure that contractor procedures:
  - a. Address contract terms and conditions.
  - b. Have adequate management and internal controls necessary for controlling sensitive property.
  - c. Establish lines of authority and organizational structure for adequate custodial care.
  - d. Describes the methods for performing tasks for each property outcome element.
2. Determine the property processes or process segments for review according to contractual requirements and regulations; limit the scope to five or fewer outcomes.
3. Determine what data items of each property process or process segment that will be tested.

- a. Define the data points for each process which are attributes or transactions to sample, i.e.,
  - i. Date of posting
  - ii. Timeliness of posting
  - iii. Quantity acquired
  - iv. Quantity received
  - v. Quantity posted
  - vi. Location
  - vii. Record accuracy
  - viii. Etc.
4. Define population (sampling unit) and time frame for property assessments, i.e., one year or back to the last audit, whichever is less. Use accepted sampling methods such as random sampling, judgmental, purposive, etc.
5. Specify acceptance/rejection rate
  - a. Usually, a 90% confidence level is acceptable for the Federal government. However, sensitive property may require a higher level of confidence.
  - b. Determine sampling size.
6. Test the sample items against the defined criteria or outcomes.
7. Evaluate the sample for:
  - a. Compliance
  - b. Adequacy
  - c. Significance
8. Maintain all planning documents and work papers that capture the raw data as they are the audit evidence of the assessment.
9. Analyze defects
  - a. Distinguish between systemic defects and non-systemic deficiency
    - i. Isolated defects may not equate to a deficient system
    - ii. Isolated system defects may not equate to a “systemic” problem
    - iii. Good evaluation and judgement must be applied to what the data is saying
  - b. Materiality
    - i. Are the defects important or otherwise insignificant?
    - ii. Not all findings carry system impact and judgment must be judiciously applied to determine their true significance
  - c. Major versus minor deficiencies
    - i. even if there is a deficiency, how significant is it?
  - d. Qualitative versus quantitative
    - i. Apply sound evaluation and good judgement – a finding may be quantitatively significant and yet be statistically insignificant when considered in light of the qualitative impact and the overall number of findings
10. Generalize from sample to population
  - a. After analyzing the defects, an inference must be made between the statistical sample and the overall population
11. Identify deficiencies and process improvements
  - a. Are there significant or insignificant deficiencies within the process?
  - b. Would these deficiencies effect the adequacy of the property management system?
  - c. Is corrective action required and are there process improvements needed?
12. Generalize from sample to population
  - a. After analyzing the defects, an inference must be made between the statistical sample and the overall population

Schedule an entrance briefing for the first day of the assessment. Invite site leadership and management personnel of each area for each process reviewed.

Provide a written agenda to include purpose of review, processes being reviewed, agenda for the time period you are there and an exit briefing with the same people for the last day of assessment.

The exit briefing should include purpose of review, processes reviewed, status of review and any corrective action plan due date.

A written final report should:

- State the period of assessment
- Explain the methods used during the assessment
  - Statistical sampling (single or double)
  - Judgment
  - Purposeful
  - Wall-To-Wall
  - Observation
  - Etc.
- List the processes assessed
  - Acquisition
  - Maintenance
  - Contract closeout
  - Etc.
- State why the assessment was performed
  - In accordance with Federal Regulations, contractual requirements, etc.
- Explain where the population data came from and how many samples were selected
- List each process assessed
  - Under each process, begin with Requirements, then list Observations and Recommendations
  - End with Findings/Deficiencies and Recommendations
- Conclusion
  - If a corrective action plan is required, state the due date
- Review the corrective action plan (if applicable)
  - Ensure that it is complete with respect to risk
  - Is not too aggressive
  - Addresses all concerns (pay special attention to high risk areas)
  - Involves correct departments or organizations
  - Includes timelines and points of contact
- Reassessments (if needed)
- Scheduling of reassessments
  - Ensure enough time has passed to obtain sufficient historical and transactional data
    - Was the deficiency significant?
    - Can the reassessment wait until the next assessment period?
    - Can metrics be utilized to track corrective action transactions?

## **Scorecards & Metrics**

Create a scorecard from the worksheets utilized to conduct the audit

- Convert answers into percentages for each question asked within an outcome

Once you have a scorecard, many different metrics can be created that will provide an overall health score of the subcontractor property systems.



Remember that all documents related to on-site surveillance are part of your audit evidence and must be provided to your audit governing authority. Anyone should be able to take your procedures and the data collected and analyzed to reach the same conclusion.

### **Process Tests of Property Outcomes - Examples**

Below are examples of some of the information that can be utilized to test an outcome (although not an exhaustive list):

1. Acquisition – ensure that contractor-acquired property is:
  - a. Required by the contract as applicable
  - b. Properly charged to the contract as applicable
  - c. Authorized by the contract
2. Receiving – Ensure that receipts of Government Property are:
  - a. Promptly recorded in the property system
  - b. Properly identified a government property
  - c. Managed appropriately when discrepancies occur
3. Records – Ensure that records of Government property:
  - a. are created and maintained in accordance with contract requirements
  - b. Asset record contains all elements required, i.e., unique identifier, description, serial number, model, unit acquisition cost, unit of measure, accountable contract number, location, etc.
4. Physical Inventory – Ensure that physical inventories are performed, recorded and that results are disclosed to subcontractor
5. Subcontractor Control – Ensure that:
  - a. Contract terms and conditions are appropriately flowed down to subcontractors
  - b. Contractors are performing periodic reviews of the subcontractor's property management system
6. Reports – Ensure that reports of Government property are created and provided to stakeholders according to contract requirement
  - a. Are accurate and complete
  - b. Are reported on time to the prime contractor
7. Relief of Stewardship Responsibility – Ensure that disposition of Government property is:
  - a. Authorized
  - b. Promptly recorded
  - c. Maintenance – Ensure that maintenance programs are performing normal and routine preventative maintenance and repair on Government property
8. Utilization – Ensure that the Government property has been used in accordance with contractual authorization
9. Consumption – Ensure that materials are consumed commensurate with contract requirements
10. Movement – Ensure that the subcontractor has established a proper method of movement for all Government property:
  - a. Government property is moved with appropriate documentation and authority

- b. Adequate protection is provided during movement
- c. Location changes are promptly posted to the record
- d. Any losses or damage occurring during movement are promptly reported

11. Storage – Ensure that:

- a. Government property is stored only as authorized under the contract
- b. Provides adequate protection of property

12. Disposition – Ensure that:

- a. Obtains property authority from Prime Contractor for disposition
- b. Disposes of property within a reasonable amount of time after disposal authority is received
- c. Maintains supporting documentation
- d. Posts transactional data to the property record

13. Contract Closeout – Ensure that the following actions are performed as a part of closeout:

- a. All contract closeout actions related to property are completed
- b. Reporting, investigating and closing all loss cases
- c. Physically inventorying all property
- d. Disposing of excess property

14. Property Management – Ensure that the subcontractor:

- a. Establishes and maintains an adequate and compliant property management system
- b. Provide a management overview identifying factors that may contribute to deficiencies in other processes

15. Contractor Self-Assessment

- a. Establish and maintain procedures necessary to assess its property management system effectiveness
- b. Performs periodic internal reviews and audits

## Determining Random Sample Size

### 90% Confidence Double Sampling Plan

(90% confidence of rejecting lots having 10% or more defects)

Lot Range	Sample Size 1	Accept if Defects in Sample 1 Are	Reject if Defects in Sample 1 Are	Continue with Sample 2 if Defects in Sample 1 Are	Sample Size 2	Accept if Sum of Defects in Sample 1 and 2 Equals or is Less Than	Accept if Sum of Defects in Sample 1 and 2 Equals or Exceeds
1 - 18	All	0	1	-	-	-	-
19 - 50	18	0	1	-	-	-	-
51 - 90	21	0	2	1	21	1	2
91 - 150	25	0	3	1 or 2	25	2	3
151 - 400	32	0	4	1, 2 or 3	32	3	4
401 - 10,000	34	0	4	1, 2 or 3	34	3	4
10,001 - 35,000	40	0	5	1, 2, 3 or 4	40	4	5
35,001 - 100,000	46	0	6	1, 2, 3, 4 or 5	46	5	6
100,000 +	52	0	7	1, 2, 3, 4, 5 or 6	52	6	7

*Dr. Douglas N. Goetz, CPPM, CF, MIAM (2018). Contract Property Management Systems Analysis, Self Assessment and Subcontractor Surveillance: A PRIMER. NPMA.*

### 95% Confidence Double Sampling Plan

(95% confidence of rejecting lots having 10% or more defects)

Lot Range	Sample Size 1	Accept if Defects in Sample 1 Are	Reject if Defects in Sample 1 Are	Continue with Sample 2 if Defects in Sample 1 Are	Sample Size 2	Accept if Sum of Defects in Sample 1 and 2 Equals or is Less Than	Accept if Sum of Defects in Sample 1 and 2 Equals or Exceeds
1 - 22	All	0	1	-	-	-	-
23 - 50	22	0	1	-	-	-	-
51 - 90	25	0	2	1	25	1	2
91 - 150	30	0	3	1 or 2	30	2	3
151 - 400	37	0	4	1, 2 or 3	37	3	4
401 - 10,000	39	0	4	1, 2 or 3	39	3	4
10,001 - 35,000	45	0	5	1, 2, 3 or 4	45	4	5
35,001 - 100,000	52	0	6	1, 2, 3, 4 or 5	52	5	6
100,000 +	58	0	7	1, 2, 3, 4, 5 or 6	58	6	7

*Dr. Douglas N. Goetz, CPPM, CF, MIAM (2018). Contract Property Management Systems Analysis, Self Assessment and Subcontractor Surveillance: A PRIMER. NPMA.*

## 97% Confidence Double Sampling Plan

(97% confidence of rejecting lots having 10% or more defects)

Lot Range	Sample Size 1	Accept if Defects in Sample 1 Are	Reject if Defects in Sample 1 Are	Continue with Sample 2 if Defects in Sample 1 Are	Sample Size 2	Accept if Sum of Defects in Sample 1 and 2 Equals or is Less Than	Accept if Sum of Defects in Sample 1 and 2 Equals or Exceeds
1 - 25	All	0	1	-	-	-	-
26 - 50	25	0	1	-	-	-	-
51 - 90	28	0	2	1	28	1	2
91 - 150	33	0	3	1 or 2	33	2	3
151 - 400	41	0	4	1, 2 or 3	41	3	4
401 - 10,000	43	0	4	1, 2 or 3	43	3	4
10,001 - 35,000	50	0	5	1, 2, 3 or 4	50	4	5
35,001 - 100,000	56	0	6	1, 2, 3, 4 or 5	56	5	6
100,000 +	63	0	7	1, 2, 3, 4, 5 or 6	63	6	7

*Dr. Douglas N. Goetz, CPPM, CF, MIAM (2018). Contract Property Management Systems Analysis, Self Assessment and Subcontractor Surveillance: A PRIMER. NPMA.*

Random numbers can be generated using Microsoft Excel, [www.Randomizer.org](http://www.Randomizer.org) , etc.

**REQUISITION AND INVOICE/SHIPPING DOCUMENT**

OMB No. 0704-0246  
OMB approval expires Apr 30, 2009

The public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services Directorate (0704-0246). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

**PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ORGANIZATION. RETURN COMPLETED FORM TO THE ADDRESS IN ITEM 2.**

**1. FROM:** (Include ZIP Code) SHEET NO. NO. OF SHEETS 5. REQUISITION DATE 6. REQUISITION NUMBER

**2. TO:** (Include ZIP Code) 7. DATE MATERIAL REQUIRED (YYYYMMDD) 8. PRIORITY

9. AUTHORITY OR PURPOSE

10. SIGNATURE 11a. VOUCHER NUMBER & DATE (YYYYMMDD)

3. SHIP TO - MARK FOR 12. DATE SHIPPED (YYYYMMDD) b.

13. MODE OF SHIPMENT 14. BILL OF LADING NUMBER

15. AIR MOVEMENT DESIGNATOR OR PORT REFERENCE NO.

**4. APPROPRIATIONS DATA**

ITEM NO. (a)	FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIEL AND/OR SERVICES (b)	UNIT OF ISSUE (c)	QUANTITY REQUESTED (d)	SUPPLY ACTION (e)	TYPE CON-TAINER (f)	CON-TAINER NOS. (g)	UNIT PRICE (h)	TOTAL COST (i)	AMOUNT
								0.00	
								0.00	
								0.00	
								0.00	
								0.00	

**16. TRANSPORTATION VIA AMC OR MSC CHARGEABLE TO**

ISSUED BY: \_\_\_\_\_

CHECKED BY: \_\_\_\_\_

PACKED BY: \_\_\_\_\_

**17. SPECIAL HANDLING**

19. CONTAINERS RECEIVED EXCEPT AS NOTED	DATE (YYYYMMDD)	BY	SHEET TOTAL
R			0.00
E			
C			
I			
P			
T			
TOTAL			

20. RECEIVER'S VOUCHER NO. \_\_\_\_\_

Resct

**INVENTORY DISPOSAL SCHEDULE**

(See Reverse for Instructions)  
(See FAR 52.245-1(j))

1. TYPE (Check block(s) where applicable)

TERMINATION  FINAL SCHEDULE  
 INVENTORY

2. SCHEDULE REFERENCE NUMBER

PAGE NUMBER NUMBER OF PAGES

OMB Control Number:  
9000-0075  
Expiration Date:  
4/30/2022

Paperwork Reduction Act Statement - This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget (OMB) control number. The OMB control number for this collection is 9000-0075. We estimate that it will take 2 hours to read the instructions, gather the facts, and answer the questions. Send only comments relating to our time estimate, including suggestions for reducing this burden, or any other aspects of this collection of information to: U.S. General Services Administration, Regulatory Secretariat Division (M1VTCB), 1800 F Street, NW, Washington, DC 20405.

3. PRIME CONTRACT NUMBER 4. SUBCONTRACTOR/PURCHASE ORDER NUMBER 5. CONTRACT TYPE 6. TERM DOCKET NUMBER 7. TOTAL LINE ITEMS 8. TOTAL ACQUISITION COST

9a. CAGE CODE 9b. PRIME CONTRACTOR (Point of Contact) 10a. CAGE CODE 10b. SUBCONTRACTOR (Point of Contact)

9c. STREET ADDRESS 10c. STREET ADDRESS

9d. CITY, STATE, AND ZIP CODE 10d. CITY, STATE, AND ZIP CODE

11a. LOCATION OF PROPERTY 11b. POINT OF CONTACT FOR PROPERTY 12. PRODUCT COVERED BY CONTRACT/ORDER

13. ITEM NUMBER	14. ITEM DESCRIPTION	15. GOVERNMENT FURNISHED/ CONTRACTOR ACQUIRED	16. DML (DEMILITARIZATION) CODE	17. PROPERTY CLASSIFICATION	18. GOVERNMENT PART OR DRAWING NUMBER AND REVISION NUMBER	19. CONDITION CODE	20. QUANTITY	21. UNIT OF MEASURE	22. COST		23. CONTRACTOR'S OFFER
									UNIT (a)	TOTAL (b)	

24a. SIGNATURE OF CONTRACTOR SUBMITTING SCHEDULE 24b. NAME OF CONTRACTOR SUBMITTING SCHEDULE 24c. TITLE 24d. DATE