



Old Dominion University
Research Foundation

Procedural Memo

To: File
From: Julian F. Facenda
Date: August 31, 2012
Re: Fixed Assets Policy and Procedure

Fixed Assets

Effective: August 31, 2012

Revised: June 1, 2016 (Uniform Guidance effective December 26, 2014)

Section 1: Purpose

(a) To establish procedures for the management and control of property and equipment owned by, or in the custody of, Old Dominion University Research Foundation (ODURF, the Foundation).

(b) To satisfy the requirements of the federal government in regards to control over Government Furnished Equipment for which the Foundation is responsible and accountable. Fixed Asset policies and procedures are designed to comply with the guidelines and cost principles found in *2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *48 CFR Part 31.2 Contracts with Commercial Organizations* (Federal Acquisition Regulations (FAR)).

Section 2: Background

The Old Dominion University Research Foundation is a not-for-profit corporation chartered under the laws of the Commonwealth of Virginia in 1965. The Foundation serves as the fiscal and administrative agent for sponsored research and other projects conducted by Old Dominion University (ODU, the University).

Generally sponsored research projects are conducted on ODU property under the direction of the Principal Investigator (a University employee). Prior to July 1, 1994, title to all equipment and other property purchased under government grants was transferred to the University upon termination of the project, if not claimed by the government agency. The Foundation began maintaining title to all equipment purchased after this date in order to strengthen the internal controls and accountability over equipment purchased with project funds.

Section 3: Insurance Coverage

Property controlled by ODURF is insured under the Foundation's insurance, which is updated annually by the Human Resources Department. The risk for all property on ODU premises is under the direction of the Principal Investigator for use on sponsored research projects is assumed by ODU. The Foundation's Property Technician is responsible for providing an annual list of these "university-controlled items" to ODU's Office of Risk Management so that these items will be insured by the University.

Section 4: Responsibility

The Property Technician, under the direction of the Senior Accountant and Director of Finance, is responsible for maintaining all property records and conducting periodic inventories of the following:

- a) Property and equipment owned by ODURF
- b) GFE & CAE in the custody of ODURF
- c) Attractive items owned by ODURF

The Principle Investigator is responsible for the custody and safeguarding of all assets being used in a project under his/her direction, whether these assets are owned by the Foundation, the University, or a third party. Detailed property control responsibilities are outlined in subsequent sections of this manual.

Section 5: Real Property

Real property acquired in whole or in part under Federal awards will normally be considered University property. Therefore, the responsibility for the maintenance, use, and ultimate disposition of this property will be assumed by Old Dominion University.

Section 6: Equipment and other Capital Expenditures

Definitions:

Asset ID Number: is the number assigned to an item by ODURF in the form of a decal which is affixed to the property.

Attractive item: is tangible personal property costing \$500 to \$5,000 that by its nature will not be expended during use on the project and has a normal life of more than one year. These items normally consist of computer and electronic equipment, which by their nature, lend themselves to personal use and can easily disappear.

Capital Expenditures: means the cost of an asset including the cost to put it in place. This would also include the cost of any modifications, attachments, or accessories needed to make the asset useable for the purpose acquired, as well as ancillary charges such as freight, protective in-transit insurance and installation.

Contract-Acquired Equipment (CAE): is equipment originally purchased by the Foundation with Federal grant funds where title remains with the government.

Equipment: means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000.

Government-Furnished Equipment (GFE): is equipment acquired by the government and subsequently delivered to, or otherwise made available to, the University for use under specified grants or contracts, title to which remains with the government.

Object Code: is the four-digit general ledger account number assigned to a particular class of property (i.e. furniture, lab equipment, buildings, etc.) Capital items are confined to the 1500 series.

Plant Equipment: is personal property of a capital nature consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory or auxiliary items. Plant equipment can be further defined as:

- Industrial Plant Equipment (IPE): plant equipment with an acquisition cost of \$15,000 or more.
- Automated Data Processing Equipment (ADPE): plant equipment specified as data processing.

Principal Investigator (PI): is the academic or administrative staff member responsible for initiating and conducting an externally funded project.

Section 6.1: Responsibilities of the Foundation's Property Technician Relating to Equipment and Other Capital Expenditures

(a) Equipment Screening

The purpose of equipment screening is to avoid the purchasing of unnecessary or duplicate equipment and gain assurance that similar equipment is not available for use on campus.

Although the Principal Investigator has been requested to meet the screening requirements, the Property/Purchasing Department is ultimately responsible for ensuring that equipment costing more than \$5,000 has undergone screening requirements prior to issuing the necessary purchase orders.

Part D of the Foundation's *Requisition to Purchase Supplies, Services, Equipment, Other* must be completed to document this screening process as follows:

\$ 5,000 - 10,000	Department-wide screening	Certified by the Department Chair
\$10,000 - 25,000	College-wide screening	Certified by the College Dean
\$25,000 or more	University-wide screening	Certified by ODU Property Control

The Property Technician will prepare and submit the following forms when applicable to government-sponsored grants and/or contracts:

ADPE	\$25,000	DD Form 1851
IPE	\$15,000	DD Form 1419

DD Form 1851 is prepared for Automated Data Processing Equipment (ADPE) with a value of \$25,000 or more that is purchased with DoD contract funds. DD Form 1419 is prepared to obtain a Non-Availability Certificate prior to purchase or lease of Industrial

Plant Equipment (IPE) costing \$15,000 or more in Federal Stock Group 34, metal working equipment.

(1) Internal Screening

In addition to meeting the Governmental requirements for equipment screening, the Property Technician reviews the Excess Equipment List to identify items of equipment that may be utilized in a specific project prior to issuing POs. Copies of the Excess Equipment List are distributed to each Grant Managers and posted to ODURF's web site to enable P.I.'s to identify items of equipment that may be utilized on the grants or projects they are responsible for. Detailed screening requirements are described more fully in the Procurement section of the Foundation's Business Procedures Manual.

(b) Assignment of Asset ID Numbers

(1) Capital items costing more than \$5,000 (including GFE and CAE):

Asset ID Numbers are assigned and affixed to the property by the Property Technician in connection with the Foundation's semi-annual property reconciliation. Yellow decals are used to identify GFE and CAE, and Blue decals are used for ODURF-owned equipment. Separate listings of tag numbers issued for property purchased with Government funds will also be maintained by the Property Technician.

(2) Attractive items costing \$500 to \$5,000:

Asset ID Numbers are assigned in the same manner as capital items more than \$5,000. A separate Property Listing will be maintained by the Property Technician for these items which have not been capitalized, but which the Foundation wishes to maintain physical control over due to their nature.

(3) Government-furnished items

The Property Technician should be notified by the appropriate Government Agency whenever government-furnished equipment is made available to the Foundation. However, if a Principal Investigator receives GFE directly from the Government, he/she is to notify Property Technician

immediately. All GFE is to be issued an Asset ID Number and tagged as GFE property and separately identified in the property records so that these items can be properly controlled and reported.

(c) Maintenance of Equipment Records

(1) Equipment records will be maintained by the Property Technician. These records will include the following information:

- (i) Asset ID No.
- (ii) Purchase Order Number
- (iii) Acquisition date
- (iv) Asset cost
- (v) Property description

- (vi) Manufacturer and model number
- (vii) Serial number
- (viii) Location
- (ix) Status (Currently in use, Excess, Disposed)
- (x) Project number
- (xi) Principal Investigator (P.I.)

(2) Categories of Equipment Records

Equipment records will be maintained to indicate the following:

- (i) Foundation equipment capitalized (items > \$5,000)

These records will include all items of equipment purchased in excess of \$5,000 in which ODURF has acquired clear title to. It is the policy of the Foundation not to capitalize equipment in which the Government or another party still has an interest.

- (ii) Attractive items and other small property (items \$500 to \$5,000)

This will include all items below the Foundation's capitalization policy which are subject to easy disappearance and/or other small property items ODURF wishes to maintain control over.

- (iii) Government-furnished equipment

This category includes all equipment provided by the government for use under specified grants or contracts. Records indicating the current utilization of each piece of equipment as well as the anticipated completion date are to be maintained. When GFE is no longer being utilized appropriate disposition instructions is to be obtained from the government agency.

- (iv) Contract-acquired equipment

These records will include all equipment purchased with government funds where the Government retains a claim in the equipment. The Property Technician will maintain a suspense file for this equipment that includes the project number, current use, and estimated completion date, as well as letters from the agencies relating to this equipment. This file will be used to track pending items and to report to agencies. At the end of the use period, the Property Technician will request title to the equipment or disposition instructions.

If title is obtained, the equipment will be retagged as Foundation-owned and an estimate of the fair-market value of the equipment will be capitalized and transferred to the Foundation's Equipment-Capitalized list.

If the Government retains the equipment, the Property Technician will coordinate the return of the assets and document this return in the records.

- (v) Inventory list of equipment identified as excess or unused

The Property Technician will maintain a list to include all items of equipment that are currently unused and available for use on other sponsored agreements.

(3) Equipment Disposition Records

Records will be maintained for all disposals of assets which include the date of disposal, form of disposal, sales price (if sold), and documentation of the method used to determine fair market value.

(d) Physical Inventories

(1) The Property Technician will be responsible for performing annual inventories of all equipment owned or controlled by the Foundation. The results of these inventories will be reconciled to the Foundation's equipment records.

The percentage of items physically counted will be based on dollar values as follows:

> \$10,000	100%
\$5,001 to \$10,000	at least 50%
< \$5,000	written verification or spot check

For those items < \$5,000: letters will be sent to the P.I. or other individual responsible for the custody of these assets asking them to verify the existence and continued use of the items located in their department. At the discretion of the Senior Accountant, periodic physical inventories of a sample of these items may be performed periodically.

For those items between \$5,001 and \$10,000: in order to ensure that 100% of this equipment is counted every two years, the Property Technician will review the prior year's physical inventory listing and select all items from the previous year that were not included in the physical count to be included in this year's inventory.

(2) In connection with the annual inventory, the Property Technician will also be responsible for verifying the current utilization and continued need for all equipment. Unused Foundation equipment will be added to the Excess Equipment List for possible redistribution and utilization on other research projects. The appropriate Governmental Agency must be notified of any unused government-furnished equipment.

(3) Copies of the equipment inventories under the custodial responsibility of the Principal Investigators is provided to each P.I. annually.

(e) Reporting to Government Agencies

The Property Technician is responsible for all U.S. Government Agency reporting requirements relating to fixed assets and other equipment. These reports are reviewed by the Senior Accountant and Grant Manager prior to submission to the Federal agency. Copies of these reports will be maintained by the Property Technician and included in the specific project file folder for each related Federal project. Specific reporting requirements include the following:

- DD Form 1662, Financial Report of Government Property, will be prepared annually by October 31 to report items as of September 30.

- NASA Form 1018, Report of Government-Owned/Contractor-Held Property, will be prepared annually by October 31 to report items as of September 30.
- During the close-out of a specific project, the Grant Managers will notify the Property Technician of the need to complete a final DD Form 1662 or NASA Form 1018 as well as the requirement to perform any close-out inventories. The required forms and inventories will then be completed as part of the close-out procedures for a particular grant.

(f) University- Controlled Items

The Property Technician will prepare an annual list of “university-controlled items,” which is a list of all property and equipment that is the responsibility of the P.I. This list will be provided to ODU’s Office of Risk Management so that these items will be insured by the University. All other property is insured under the Foundation’s insurance, which is updated annually by the Director of Human Resources.

**Section 6.2: Responsibilities of the Principal Investigator (P.I.)
Relating to Equipment and Other Capital Expenditures**

(a) Physical Security

The P.I. will make adequate provisions for the physical security of the equipment in their custody. Areas containing equipment must be kept locked after business hours or at other times when not in use. Special precautions should be taken in the case of high value, portable equipment.

(b) Care and Maintenance

Each P.I. will provide the care necessary to maintain equipment in the condition received or better, normal wear excepted. Maintenance should be preventative in nature, and on a regular schedule. Records of maintenance programs should provide the description and date of all maintenance performed

(c) Storage and Movement

When equipment is temporarily idle, but required for authorized future use, it must be stored in accordance with sound equipment management practices with adequate protection from corrosion, contamination and damage to sensitive parts. Notation of the storage location must be communicated to the Property Technician.

If property is moved from one building to another and remains under control of the same P. I., the Foundation’s Property Technician should be notified in writing of the new location, the description and Asset ID Numbers of the items moved.

(d) Transfer of Property

When custodial accountability of equipment is transferred a Report of Transfer of Property is to be initiated by the transferring P.I. In order to complete the transfer, the signed original must be submitted by the receiving P.I. The equipment remains on the

inventory of the transferring P.I. until the original Report of Transfer signed by both the transferring and receiving P.I.'s is received and recorded in the Foundation's Property Technician.

(e) Utilization of Equipment

Annually, each P.I. will review the current use and continued need of all equipment in their custody. Any equipment which is either temporarily or permanently not needed should be reported to the Property Technician for inclusion in a list of excess items. This list will be screened by the Property Technician for possible redistribution and utilization in other research projects, or disposition.

(f) Government-Furnished Equipment

The P.I. must notify the Property Technician of any Government equipment or other property that has been made available to him/her for use on sponsored research grants which has not been reflected on the equipment list provided by the Property Manager. The information provided should include a description and approximate value of the equipment, the project number of the grant, and the estimated time that the equipment will be utilized. When this equipment is no longer needed, the Property Technician is to be notified so that the proper disposition procedures can be followed with the appropriate Government Agency.

(g) Disposition of Government Property

When government equipment or property becomes excess to the contract for which it was acquired, the Property Technician will request disposition instructions from the appropriate Government Agency before it is declared excess. Additionally, if the department or the Foundation wishes to cannibalize government equipment, a request to cannibalize must be made to the agency for approval. In accordance with federal regulations, any money received from the sale of government property (less cost) will be returned to the agency. When a transfer of title to equipment has been effected, all U.S. Government identification must be removed. A Foundation Asset ID number or University identification will be issued and affixed to the property. The Foundation or University equipment inventory records will be adjusted by the appropriate department.

**Section 6.3: Responsibilities of the Grant Managers
Relating to Equipment and Other Capital Expenditures**

(a) Approval of Equipment Purchases

The Grant Managers will review all Requests to Purchase Equipment to determine the availability of budgeted funds and to ensure that all necessary approval steps, as defined in the grant or contract, for equipment purchases have been obtained.

(b) Determination of Vesting of Title to Equipment

The Grant Managers are responsible for determining whether title vests with the Foundation or the U.S. Government as part of the initial setup procedures of the project. Ordinarily, the Foundation, rather than the University, will maintain title to all equipment that does not remain the property of the U.S. Government.

(c) Assignment of Object Codes

Careful consideration should be given to the selection of object codes relating to equipment purchases, because this is the communication link between the Grant Managers and the Property Technician for classification of capital items and as to who holds title to such property. Ordinarily, equipment purchases over \$5,000, whose title is held by the Foundation, are to be coded to the 5700 object code series. If title is maintained by the U.S. Government or the University, the equipment purchase should be coded to the 5790 object. All purchases of small equipment which are under the threshold for capitalizing (\$5,000) but the Foundation will maintain physical control will be coded as budgeted in the grant/contract agreement.

(d) Notification of Project Close-outs

Grant Managers must inform the Property Technician of any projects which are being closed out that have equipment or other government property. They must also determine whether or not a final close-out equipment inventory is required and consider the need to file a final DD Form 1662 or NASA Form 1018, which will be filed by the Property Technician.

**Section 6.4: Responsibilities of the Accounting Department
Relating to Equipment and Other Capital Expenditures****Reconciliation of Equipment Records to General Ledger**

The Property Technician will analyze the general ledger object codes for fixed assets (5700 series), government-owned equipment (5790 series), supplies (5300 series), and other accounts (5500 and 5599) where equipment or attractive items may be posted. The Property Technician will update equipment records for any capital items identified and schedule a time with the P.I.s to issue Asset ID numbers and tag equipment. The Senior Accountant will review any necessary journal entries that result of this process.