

Prepared by Property and Fund Management Office  
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dated July 1982.

A8.525

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A8.525 Federal Personal Property November 1997

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## 1. General

This chapter prescribes procedures for the management of property furnished by the Federal government or whose cost was charged to a University project supported by a Federal contract or grant. It provides procedures involving the acquisition, receiving, utilization, maintenance, storage, records, physical inventory, movement, consumption, subcontract control, reporting, and disposition of Federal Property.

Federal sponsoring agencies require the University to observe the property management standards as prescribed by Office of Management and Budget (OMB) Circulars No. A-110 and A-21, including Federal agency regulations. The University has been permitted to use its own property management system provided certain Federal standards and regulations as mentioned above are observed.

Since the University is directly responsible for and accountable to the Federal government for all property provided, Principal Investigators and departmental personnel should be familiar with the provisions of each contract, grant, or agreement under their responsibility. Should an inconsistency or deviation arise between the procedures and the terms of the contract or grant under which the Federal property is provided, the contract or grant shall govern; this or any other situation requiring a deviation from the University and Federal property procedures shall be referred to the Property and Fund Management Office (PFMO) for a determination.

## 2. Definitions

The following definitions apply for the purpose of this section:

Accessory Items - Items that facilitate or enhance the operation of equipment but which are not essential to its operation (such as remote control devices).

Agency - Entity (i.e., organization, corporation, foundation, person) from which the University derives extramural support through contracts or grants.

Auxiliary Items - Items (such as motors) without which the basic equipment cannot operate.

Award - Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants or other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

Contract - A procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract.

Contractor - University of Hawaii; The Board of Regents of the University of Hawaii.

Contracting Officer - The duly authorized individual delegated by appropriate authority to enter into a contract, and thereafter administer the contract, on behalf of the Federal government.

Discrepancies Incident to Shipment - All deficiencies incident to the shipment of Federal property to or from the University whereby differences exist between the property purported to have been shipped and the property actually received. Such deficiencies include, but are not limited to, loss, damage, destruction, improper status and condition coding, error in identity of classification, and improper consignment.

Equipment - Tangible nonexpendable personal property including exempt property charged directly to the award and meeting the University of Hawaii's capitalization criteria as set forth in APM A8.550, Capitalization.

- a. Industrial Plant Equipment (IPE) - Equipment with an acquisition cost of \$15,000 or more; used for the purpose of cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical, or chemical properties of materials, components or end items, entailed in manufacturing, maintenance, supply, processing, assembly or research and development operations.

- b. Other Plant Equipment (OPE) - Plant equipment, regardless of dollar value, used in or in conjunction with the manufacture of components or end items relative to maintenance, supply, processing, assembly or research and development operations; but excluding items categorized as Industrial Plant Equipment (IPE).
- c. Plant Equipment - Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.
- d. Special Purpose Equipment - Equipment which is used only for research, medical, scientific, or other technical activities.
- e. Special Test Equipment - Test units engineered, designed, fabricated, or modified to accomplish special purpose testing in the performance of the contract. It consists of items or assemblies of equipment, including standard or general purpose items or components, that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include materials, special tooling, facilities (except foundation and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing.

Excess Federal Property - Equipment and materials with a useful life that is no longer required by the Federal holding agency.

Exempt Federal Property - Property acquired in whole or in part with Federal funds, and title to which is vested in the University without further obligation to the Federal Government (except when the Federal sponsoring agency has reserved the right to transfer title either to the government or to a third party).

Expendable Federal Personal Property - All tangible property other than nonexpendable property.

Federal Property - All property owned by or title to which

is vested in the Federal Government under terms of a contract or grant. Includes both Government-Furnished Property (GFP) and Contractor-Acquired Property (CAP).

- a. Government-Furnished Property (GFP) - Property in the possession of or directly acquired by the Federal Government and subsequently made available to the contractor by transfer or delivery to the University (contractor) for performance of a contract or grant. (Title to GFP remains vested in the government unless ownership transfer is indicated.)
- b. Contractor-Acquired Property (CAP) - Property purchased or otherwise provided by the University, the cost of which is reimbursable under the contract or grant. (Under contracts, title to CAP is ordinarily vested in the government but may be transferred by authority of an Administrative Contracting Officer. For items having a unit acquisition cost of \$5,000 or more, the sponsoring Federal agency may reserve the right to transfer title to the Federal Government or to a third party named by the Federal Government. Under grants, title ordinarily vests with the University.)

Federal Surplus Property - Equipment or materials that is no longer required by ANY Federal holding agency.

General Purpose Equipment - Equipment, the use of which is not limited only to research, medical, scientific, or other technical activities. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment.

Instrumentation - Equipment that will be consumed in an experiment or will be valueless (except for scrap) upon completion of an experiment.

Material - Federal property which may be incorporated into or attached to a deliverable end item under a contract or grant, or which may be consumed or expended in the performance of the contract or grant. It includes, but is not limited to assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in the performance of the contract or grant. These are normally classified as "Other Current Expenses" by the University.

Needed - Nonexpendable personal property in the University's custody for which there are planned, approved, and continuing use requirements for the short or long term.

Nonexpendable Federal Personal Property - See Equipment defined above.

Not used - Nonexpendable personal property, Federal or University owned, for which there is no future use planned or approved to support either Federal or University programs. When conditions defined as "needed," "usable" or "used" are not met, then the property is considered to be "not used."

Principal Investigator - The academic or administrative staff member responsible for initiating and conducting extramurally funded research, training or public service projects. The individual may also be known as the Project Director or Project Administrator.

Property Account - The official records of the Federal property provided to the University by a Federal agency, which are established and maintained under the provisions of this chapter. Separate property accounts are maintained on an individual contract or grant basis.

Property Administrator - The authorized representative of the Federal Government assigned to administer the contract requirements relating to Federal property. This individual is an authorized representative of the Federal Contracting Officer. As such, the Property Administrator is responsible for reviewing and approving the University's management of Federal property.

University Property Administrator - The Manager of Property and Fund Management Office is responsible for the management and control of all property in which title is vested with the Federal Government, the University, or other agencies.

Usable - Nonexpendable personal property that has a reasonable prospect of use or sale either in its existing form or after minor repairs or alteration to support Federal or University Program(s).

Used - Nonexpendable personal property being actively used on a Federally sponsored grant or agreement or approved for use on a University program.

Salvage - Property that, because of its worn, damaged, deteriorated, or incomplete condition or specialized nature,

has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

Scrap - Property that has no reasonable prospect of sale except for the recovery value of its basic material content.

Special Tooling - Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of such items, and replacement of these items which are of such a specialized nature that without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. It does not include materials, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools or similar capital items.

Sponsoring Department - That department or unit of a University campus responsible for the administration of an extramurally funded project.

Shared Use - Federal nonexempt nonexpendable personal property held by the University for use on a certain project shall be made available for use on other projects provided such use will not interfere with its use on the project for which property was originally acquired. First preference shall be given to other projects sponsored by the Federal agency which funded the property; second preference shall be given to other Federally sponsored projects. Federally owned property may be used on other University activities not sponsored by the Federal Government provided authorization is obtained from the Federal agency.