

4.1.6 Property Control

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** Document subject to change without notice*

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1. General

1.1 Purpose

To establish a procedure for the control and management of capital equipment owned by, or in the custody of, the Regents of New Mexico Institute of Mining and Technology (NMIMT).

To satisfy the requirements of the Board of Regents, the State Government, and the Federal Government respecting control over property for which New Mexico Institute of Mining and Technology is responsible and accountable.

1.2 Applicability

Certain property/equipment records are required for the State, NMIMT financial report, insurance coverage, budgeting, and for equipment control and utilization purposes. This policy, in compliance with applicable State and Institute policies prescribes procedure to accomplish the above requirements.

This policy applies to equipment belonging to, or in the custody of NMIMT. Federal sponsor owned property, which is in the custody of NMIMT and acquired under a grant is subject to procedures for control of federal property issued by the Office of Management and Budget (OMB). Federal sponsor owned property, which is in the custody of NMIMT and acquired under a contract, is subject to procedures for control of federal property issued by Federal Acquisition Regulation (FAR) and FAR supplements and will be addressed herein.

Title to property/equipment rests with NMIMT rather than with a department, regardless of source of funds or donation associated with the acquisition with the exception of federally furnished equipment for which title is retained by the Federal Government. Divisions or departments which are assigned property for custody and use are held accountable and responsible for such property.

1.3 Responsibility

NMIMT is responsible for all the equipment to which it holds title. Custodial responsibility for other equipment rests with NMIMT to the extent that it has agreed to accept responsibility thereof.

The Vice President for Administration and Finance is assigned responsibility for the management and control of inventoriable equipment through the Director of Finance to the Property Control Supervisor. The Property Committee shall establish Institute policy and procedures for control and reporting of property in accordance with applicable State or Federal government policies and procedures.

The Property Office is responsible for the recording of all Institute-owned and acquired equipment in the custody of NMIMT and for taking periodic property reviews of inventories on a random basis. If the Property Office cannot make a sample check of all departments every year, each

department should be checked at least every two years.

Anyone who receives any item of equipment or any item of government property as defined in section 1.4 is responsible to report to the NMT property office of the receipt of the property within fifteen (15) business days.

Departments and/or Principal Investigator's are responsible for knowing the physical location of all items of equipment or government property assigned to the department and/or contract. If a Principal Investigator leaves NM Tech, the Principal Investigator's department is responsible for ensuring that all equipment assigned to the Principal Investigator is transferred to a new Principal Investigator and that the Property Office is properly notified within fifteen (15) working days.

1.4 Definitions

Accessory Item - Defined in FAR 45.101 as an item which facilitates or enhances the operation of plant equipment, but which is not essential for its operation.

Accountable Department - That department or unit of NMIMT having physical control and accountability for property or equipment, (i.e., using departments or sponsoring departments for a contract).

Agency - Entity, that is, organization, corporation, foundation, or person from which the Institute derives outside support through grants or contracts.

Auxiliary Item - Defined in FAR 45.101 as an item without which plant equipment cannot operate.

Award - A legal document providing support from outside agencies. Award includes grants as well as contracts.

Contract- An agreement. As used in this policy statement it includes grants from, and contracts with, outside agencies.

Contractor - Board of Regents of NMIMT.

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

Department- Department or Division

FAR - Federal Acquisition Regulations

Found Equipment - Equipment discovered either by the Property Office or by an accountable department that is not on inventory record.

Government- United States of America; federal government, unless otherwise specified as in "state government."

Government Material - Defined in FAR 45.101 as government property that may be incorporated into or attached to an end item to be delivered under a contract or that may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed materials, parts, components, assemblies, and small tools and supplies.

Government Property - A special category of equipment defined in the Office of Management and Budget Circular A-110 for grants and FAR 45 for contracts. Such Property or equipment acquired under contracts with the Institute includes:

- **Government-furnished property:** property in the possession of, or acquired by, the government and subsequently delivered to, or otherwise made available to, the Institute for use under specified grants or contracts. (FAR 45.101, Contracts) (OMB Circular A-110, Grants).
- **Contractor-acquired property:** property purchased or otherwise provided, by the Institute for the performance of contract to which title is vested with the government. (FAR 45.101, Contracts) (OMB Circular A-110, Grants).
- **Excess government property:** property which is no longer required by the holding federal agency and is available to other federal agencies or federal contractors such as the Institute.

- **Federal surplus property:** property that has been screened by all federal agencies and generally made available to eligible institutions through the New Mexico Federal Property Assistance Program.

Grantee - Board of Regents of New Mexico Institute of Mining and Technology.

Industrial Plant Equipment (IPE) - Defined in DFAR 245.301 as that part of plant equipment having an acquisition cost of \$15,000 or more. Specifically, metal working machinery; i.e. milling machinery, lathes, grinders etc.

Inventoriable Equipment-

- New Mexico Institute of Mining and Technology equipment that has an acquisition value of \$1,000.01 or more is freestanding and has a normal life expectancy of two years or more.
- Government – *All property regardless of acquisition cost or value must be inventoried by department at least once a year (FAR 45.508)*. Title to equipment purchased with federal grant or contract funds is vested with the Federal Government unless otherwise specified in the grant or contract. NMT Restricted Funds Department is responsible for identifying title to equipment.

Institute - New Mexico Institute of Mining and Technology.

Institute Property/Equipment - That property to which title is vested with the Institute whether secured with the Institute funds or funds derived from external sponsors.

Loaned Equipment - Equipment that is either borrowed by the Institute from an external agency or by one Institute department from another or loaned by the Institute to an external agency.

Motor Vehicles - Any motorized carrier, designed primarily for the transportation of persons or property that is operated on a public road. Not included is any implement intended solely for agricultural operations and only incidentally operated or moved over a public road.

Principal Investigator (PI) - The academic or administrative staff member responsible for initiating and conducting an externally funded project. The individual may also be known as the Project Director or Administrator.

Property - The following words and phrases pertain to property and its definition:

- **Real Property** - includes the following:<>

- ♦ Land (and whatever is erected or growing upon or affixed to land) and right therein
- ♦ Ground improvements
- ♦ Utility distribution systems
- ♦ Buildings and improvements
- ♦ Structures

- **Personal Property (Non-expendable)** - A generic name for any movable item subject to ownership; not real property or equipment.

- ♦ **Plant Equipment** - Defined in FAR 45.101 as personal property of capital nature, is free-standing and has a normal life expectancy of two years or more, (consisting of equipment, machine tools, test equipment, furniture, vehicles, accessory and auxiliary items, but excluding special tooling and special test equipment) used, or capable of use in the manufacture of supplies or in the performance of service or for any administrative or general plant purpose.

- ♦ **Industrial Plant Equipment (IPE)** - Defined in FAR 45.101 as that part of plant 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. (State law is more than \$1,000.00).

- ♦ **Other Plant Equipment** - Defined in FAR 45.101 as that part of plant equipment, regardless of dollar value, that is 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 IPE.

Property Administrator - Defined in FAR 45.101 as the individual designated by appropriate authority to administer the Contract requirements and obligations relative to government property. The Property Administrator is an authorized representative of the Contracting Office.

Property Control Number (PCN) - A six character, numeric or alpha-numeric, numbered tag that is assigned by the Property Office as an inventory item number. The Property Control Number is used to record a piece of non-expendable Personal Property, Industrial Plant Equipment, Other Plant Equipment, or items deemed necessary to be tracked in the property data base.

Responsible Person - The Dean, Department Head, Division Head, or Principal Investigator who is responsible for the control, maintenance and accountability of the equipment

Special Test Equipment - Defined in FAR 45.101 as electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are mechanically, electrically or electronically interconnected so as to become a new functional entry, causing the individual item or items to become interdependent and essential in the performance of special purpose testing in the development or production of particular supplies or services. The term Special Test Equipment includes all components of any assemblies of such equipment. It does not include:

- Material
- Special Tooling
- Buildings and non-serviceable structures (except foundations, and similar improvements necessary for installation of Special Test Equipment)
- Plant Equipment items used for general plant testing purposes

Special Tooling - Defined in FAR 45.101 as all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, which are of such a specialized nature that without substantial modification or alteration, their use is limited to the development or production of particular services. The term includes all components of such items, but does not include:

- Consumable Property
- Special Test Equipment
- Buildings, non-serviceable structures (except foundations and similar improvements necessary for the installation of Special Tooling)
- General or special machine tools or similar capital items

Sponsoring Departments - The departments within the Institute responsible for the administration of a grant or contract.

State - State of New Mexico

Utility Distribution System - Defined in FAR 45.101 as a system including distribution and transmission lines, substations, and installed equipment forming an integral part of the system, by which gas, water, steam, electricity, sewerage, and other utility services are transmitted from outside the building line to the point of origin, disposal, or connection with some other system. It does not include communication services.

2. Acquisition

2.1 Acquisition

2.1.1 Equipment/Property Procurement - Equipment/property procurement should be

initiated in accordance with procedures outlined in the New Mexico Institute of Mining and Technology Purchasing Department

2.1.2 Equipment/Property Records and Accounting - New inventoriable equipment acquired through the purchasing system is recorded on Purchase Orders by using the object code 720 series is used. The property Office assigns a Property Control Number and records the Purchase Order Number, date of acquisition, account number and object code, department, nomenclature, manufacturer, model/serial number and value. The inventory tag is attached to the equipment by a representative of the Property Office for all equipment on campus. The inventory control tag is furnished to the person having custody for marking off campus equipment.

Inventoriable accessories purchased for equipment already recorded may, depending on their nature, either be entered on the records as separate pieces of the equipment or added to the value of the original equipment. If the cost of a component part which modifies existing equipment is more than \$1,000.00, it is added to the value of the equipment and object code in the 720 series. Equipment to which components will be added should be identified on the Purchase Order by Property Control Number (PCN) and nomenclature.

2.1.3 Gifts - Inventoriable equipment acquired by gift or donation will be assigned a property control number. Departments receiving equipment by gift or donation from any source will notify the Property Office by memorandum, with an information copy to the Director of Alumni/Development. The memo should list the donor, description of equipment and cost. The cost will be a fair appraised value of the item by the department.

2.1.4 Fabricated Equipment - When a decision is made to fabricate equipment the ordering department should charge all purchases to object code "710". Purchases should include materials, supplies, fixtures used, freight and all costs for construction, installation and labor, if any. Within a department, the following guidelines should be followed:

- Prepare a memo to the Property Office listing:
 - ♦ As complete a description of the item as possible.
 - ♦ Anticipated location of equipment upon completion.
 - ♦ Custodial department and account number under which the equipment will be charged.
 - ♦ Anticipated value should include the purchase price of all materials, supplies and fixtures used, any freight charges, all costs for construction, installation and labor, if any.
- When the equipment is complete the custodial department must compile a complete listing of all charges and request a journal voucher for the entire amount specifying the object code change from "710" to "720". At that time the equipment will be picked up on the property inventory. The Property Office will assign a Property Control Number for the equipment being built. This Property control Number must be referenced on all Purchase Orders, Vouchers for Payment or Interdepartmental Vouchers in accordance with Business Office Procedures.

2.1.5 Purchase by Construction Contracts - Physical Plant Department reports equipment acquired under construction contracts to the Property Office. The inventoriable equipment is listed and priced by PPD. The Property Office will assign Property Control Numbers to all equipment over \$1,000.00.

2.1.6 Found Equipment - Equipment will be reported to the Property Office. The custody is assigned to the using or accountable department. The value is estimated by the department. The date found is used as a date of acquisition.

2.1.7 Acquisition of Surplus Property - Equipment secured through the New Mexico

Federal Property Assistance Program will be recorded at acquisition cost.

These procedures will be used for all funds, including outside agency funds if the particular contract or grant permits the acquisition of surplus property.

2.2 Acquisition - Government Property

Government Property may be shipped to the Institute from government installations, or other government agency Contractors. Contractual or grant approval must be obtained PRIOR to purchasing or obtaining government-furnished property under a government agreement. The Institute becomes responsible for such property upon delivery of the property into its custody or control. Because so many of these transactions are consummated between the Principal Investigator (PI) and the agency without the Property Office being involved, the PI is charged with the responsibility of notifying the Property Office. The Principal Investigator shall furnish the Property Office documents necessary for Institute records to accurately reflect the transaction within fifteen (15) business days.

2.2.1 Contractor-Acquired Property - Direct purchases by the Institute of property for the performance of a contract or grant, title to which vests in the government, are subject to a determination by the contracting officer of the government agency involved that the equipment is necessary for completion of the contract or grant. Equipment purchased by NMIMT for which reimbursement is to be requested becomes government property upon its receipt by the Institute. The Contract or Grant Number of designation must be reflected on the Purchase Order for payment.

2.2.2 Excess Government Property - Excess Government Property is personal property, used or new, that is owned by the Federal government, is no longer needed by the holding Federal Agency, but has additional useful life. Items are usually allocated on a first come, first served basis.

The Institute may be authorized to receive such excess government property by a contracting agency when the equipment directly furthers an active contract. Such authorization is dependent upon the terms of each contract and the regulations of the specific agency involved. The Property Office determines the appropriate procedure in each case.

- **Cost** - Excess government property is usually obtained without cost; however, the Institute specifies the method of shipment and pays all expense of the packing, transportation and subsequent installation, rehabilitation if needed and maintenance. Contract funds may be used for these expenses.
- **Records** - The Institute-maintained records show the location, description, and value of the property. Items are recorded at the original acquisition cost as indicated on the transfer document, normally a DOD Form 1348-1 or 1149. Here again, the Principal Investigator is charged with the responsibility of notifying the Property Office within fifteen (15) business days of any transaction consummated without their prior knowledge or approval. If and when the title to the equipment passes to the NMIMT, the record value should be adjusted to the fair market value at the time the title passes. Expendable or consumable items are not subject to specific record keeping requirements, except for information supporting utilization and transportation to the government.
- **Receiving** - Government-furnished or contractor-acquired property will be checked by a responsible individual to ensure the quantity, quality, condition and description are as represented. A signed copy of this receiving document will be sent to the Property Control Supervisor noting date of receipt and any discrepancies within fifteen (15) business days. Damaged shipments received on Government Bills of Lading must have

the reverse side of the GBL completed.

The Property Control Supervisor will screen all paid invoices of a capital nature pertaining to contractor-acquired Government-owned property to ensure the accountability of the items received by the various departments. Since the invoice serves as a receiving document for contractor-acquired Government-owned property, it should be signed by the receiver, noting any discrepancies, and dated. To further ensure the accountability of items received, the Property Control Supervisor will produce a monthly listing of all capital purchases of Government grants and contracts. This listing will identify the account number, order number, vendor, and cost of each capital purchase during monthly accounting periods. Immediate steps will be taken to prepare necessary property records and provide identification markings, tags, or decals.

- Consumption - Great care will be exercised to assure that costs incurred for materials and supplies are reasonable and necessary for performance of the contract or grant.

2.3 Title to Property Acquired under Grants and Contracts with Outside Agencies

The specific provisions of the applicable grant or contract govern in each instance. The Institute may acquire title to property as a result of specific grant or contract provisions, issuance of change orders or contract termination. Property, unless otherwise provided by the grant or contract, is considered government property upon receipt of property and notification to the Property Office. The Institute's Restricted Funds Department is responsible for identifying title to equipment.

The Contracting Officer may transfer title of equipment to the Institute, at the beginning, during, or end of a contract. Transfer of title is subject to the conditions that no charge may be made by the Institute for depreciation, amortization, or use of the equipment under any existing or future government contract. When title is thus transferred, the Institute is without further obligation to the government with regard to the equipment unless specific provisions to the contrary are stated in the contract or transfer document.

Title to excess government property remains with the government. Upon request of the Institute or at the initiative of the agency, the title may be subsequently given to the Institute on the understanding that the property has a useful life. When no longer required, the property may be sold and the proceeds applied by the Institute to like purposes.

2.4 Equipment Screening

All proposed purchases of equipment, with federal funding, having an acquisition cost of \$1,000.01 or more are subject to the screening program to determine if like equipment might already be on campus and available for use. The procedure is as follows:

➤ PRIOR TO PURCHASING NEW EQUIPMENT ◀

- Screening for equipment with a unit value of \$1,000.01 to \$9,999.00 will be carried out by the department and will be restricted to screening of like equipment in the custody of that department. Property Office will furnish a listing of all equipment the department is accountable for.
- Screening for equipment with a unit value of \$10,000 and more will be carried out by a joint effort of the department and the Property Office. This screening will encompass the

total like equipment on campus. The Property Office maintains a listing of all items \$10,000 or more.

- The results of the screening effort will be recorded on the requisition by the department.
- A Form DD-1419 or DD-1851 must be submitted with acquisition to the Property Office for approval of material controlled by NASA, DARIC and DIPEC with cost exceeding:

NASA - (Equipment Visibility System) \$1000.00

DIPEC - (Defense Industrial Plant Equipment Center) \$15,000

Certificate Sample:

3. Responsibilities of the Head of Department and the Principal Investigator

The head of the accountable department and the Principal Investigator, if a grant or contract is involved, have the primary responsibility for the care, maintenance, records and control of material in their custody and/or all property acquired under the terms of a grant or contract. They must maintain up-to-date departmental records, and, if a grant or contract is involved, initiated such documentation to fully inform the Property Office as to all provisions of each grant or contract concerning the care, custody, maintenance, records, control of all transactions involving said property so that the Property Office may properly carry out its functions concerning inventoriable equipment.

3.1 Location of Equipment

The location of each item of inventoriable equipment shall be noted in the departmental records. Current records as to movement of equipment shall be maintained in such a manner that any item of equipment can be located for inspection or inventory purposes, within a reasonable time. The accountable department shall notify the Property office of any permanent changes in the location of equipment subject to inventory.

3.2 Physical Security

The department head and the Principal Investigator, if a contract or grant is involved, shall make adequate provisions for the physical security of the equipment in their custody. Areas containing the equipment shall be kept locked after business hours or at other times when not in use. Special precautions shall be taken in the case of high value, portable equipment.

3.3 Utilization of Equipment

Institute Inventoriable Equipment - Annually the heads of departments shall review the use of the Institute inventoriable equipment in their custody. Items will be annotated to indicate "used", "usable" or "available". Any equipment, which either temporarily or permanently is not needed, shall be reported to the Property Office as available for inclusion in a list of excess items. This list will be screened by the Divisions/Departments for possible redistribution and utilization or sold at the next property disposal auction.

Government Inventoriable Property – Contractor acquired or government-furnished equipment/property may be only used on the contact or grant specified unless prior written

permission is received from the contact administrator. As soon as it is known that an item is surplus to the grant or contact, it must be reported to the grant or contact administrator and disposition instructions requested. It must be removed from service and placed in storage. It cannot be used without grant or contact administrator's written instructions.

3.4 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 shall be made on departmental inventory records. Equipment may be moved to off-campus sites only with prior approval of the Property Office. A "Property Receipt" form must be obtained.

3.5 Care and Maintenance

Each department shall provide the care necessary to maintain equipment in the condition received or better; normal wear is expected. Government vehicles will have a safety inspection performed on a routine basis. Maintenance should be preventative in nature, and on a regular schedule. Records of the maintenance program and safety inspection shall provide the date of completion and description of maintenance performed. For government property, such schedules shall be made available to the Property Office upon request.

3.6 Reports

When special reports covering equipment are required by the agency and/or requested by the Property Office, the Principal Investigator or head of department shall furnish whatever descriptive and operating technical data as may be necessary to enable the Property Office and other departments to meet reporting requirements. See Section 13.4 - Reports.

4. Equipment Requiring Special Handling

4.1 Motor Vehicles

Documents necessary to register, title, license and cancel registration of Institute-owned vehicles will be prepared by the Property Office. When the registration and license plate are received, the department will be furnished a copy of the registration and the license plate will be installed by a member of the Property Office. The original title will be maintained in Santa Fe. Pending receipt of the required documents and/or license plate, the vehicle may be operated on the temporary paper license furnished by the vendor. If no vendor is involved, a copy of the Application for Vehicle Title and Registration may be used as a temporary license. The procedure to register, title and license state-owned vehicles must be processed through MVD, Special Section, Plates in Santa Fe and cannot be accomplished locally.

4.2 Equipment Rented or Leased with Option to Purchase

Equipment which is rented or leased with option to purchase is permissible, provided the vendor

agrees to a fiscal year end funding out clause. If funds are not available to continue the lease, the lease is terminated without penalty to the Institute.

4.3 Personally Owned Equipment

If an Institute employee keeps personally owned equipment on campus, it should be reported to the department and identified as property of the owner. The Institute assumes no liability for loss of, or damage to, the equipment.

4.4 Loan of Equipment

Equipment to which title is not vested, but is in the care and custody of the Institute cannot be loaned without specific written approval of the titleholder.

4.4.1 On-Campus Loan of Institute Equipment - If equipment is loaned to another department for a short period, a custody receipt or memorandum of the transaction should be filed in the lending department. If the period of the loan exceeds one year, it should be reported to the Property Office on an Inventory Change Memorandum by the lending department.

4.4.2 Off-Campus Loan of Equipment - Loan of equipment to a faculty or staff member or a student for off-campus use in an Institute program must have prior approval from the Principal Investigator/Department head and the Property Office. Documentation of custody will be maintained by both the Property Office and the department for the duration of the loan. Any equipment being loaned should be listed by property number and nomenclature. Proper signature of the individual borrowing the equipment shall be obtained indicating they accept responsibility and custody of the equipment. The Property Office will provide a "New Mexico Tech Property Receipt" form upon request.

*** Any loan of equipment to a non-Institute organization must have prior approval of the custodian and the Vice President for which the custodian works. Any equipment being loaned should be listed by property number and nomenclature. Proper signature of the individual borrowing the equipment shall be obtained indicating they accept responsibility and custody of the equipment.**

5. Identification of Equipment

5.1 Identification of Institute Inventoriable Equipment

All inventoriable equipment is identified, marked with a Property Control number, and recorded upon payment of the invoice. It shall remain so identified as long as it is in the custody, possession, or control of the Institute. Property control number tags or identification are removed or obliterated from the equipment only when sold, scrapped, or otherwise disposed of. Once a property control number has been assigned, no change is made during the life of the item regardless of interdepartmental or intercampus transfers.

The application of the property control number to the equipment is the responsibility of the Property Office; however, this function may be delegated to the department head or Principal Investigator when equipment is located at a remote site. The property control number is applied to the actual unit unless its size or nature makes it impractical, or the equipment is an accessory or auxiliary and attached to or otherwise a part of an item of equipment and is required for its

normal operation. In the latter case, such items are entered and described on the record of the equipment to which, or of which, it is otherwise a part. Further, the identification tag will be attached to the equipment of which the item becomes a part. The property control number should be affixed to the equipment adjacent to the manufacturer's nameplate or in a position for easy sighting. Identification may be effected by means of a decal or metal, fiber, plastic, or other plate affixed directly to the equipment, or by use of indelible ink, acid, or electric etch or any other legible, permanent, conspicuous and tamper-proof method. If additional identification is considered necessary (i.e., department tag), it shall be in a manner or position that will avoid confusion with the property control number.

Should the property control number be accidentally or mistakenly obliterated, defaced, or removed, the equipment shall be marked again with a new tag and the property records corrected to reflect the change.

5.2 Identification of Government Inventoriable Equipment

The Property Office, with the aid of the Principal Investigator, department head or Grants and Contracts Accounting Department, will identify government inventoriable equipment within fifteen (15) business days. For purposes of identification, the Property Office will furnish tags or decals for attachment to the equipment. The property remains identified as such so long as it remains in the custody, possession, or control of the Institute. Unless already marked, all government-owned equipment will be marked "Property of the U.S. Government" unless the size or nature of the equipment makes it impractical, or the equipment is an accessory or auxiliary and attached to or otherwise becomes a part of an item of equipment and is required for its normal operation. In the latter case, such items are entered and described on the record of the equipment to which it is attached or of which it is otherwise a part. If the Institute acquires title to the property, the government identification is removed.

5.3 Identification of Government Property other than Government Inventoriable Equipment

The Principal Investigator is responsible for the identification, marking and recording of all Government property including having a unit cost/value under \$1,000.00, are not freestanding and don't have a life expectancy of two or more years.

6. Standard Object Codes

6.1 Object Codes

Documents that involve the acquisition of equipment or services for which the Business Office makes payment are object coded by the Principal Investigator or the department head to indicate whether the acquisition should be classified as supplies, general expense, inventoriable equipment, etc. Careful consideration should be given to selection of object codes because this is the communication link between departments and the Property Office for classification of inventoriable items and as to who holds title to such property.

OBJECT CODE TITLE

700 Replacement Fee Use
710 Fabricated Equipment

720 Equipment
721 Instructional Equipment
722 Office Equipment
723 Laboratory and Science Equipment
724 Vehicles (All Types)

7. Item Cost or Value

7.1 Recording Value

The Property Office records the value of equipment acquired through Purchase Orders and Vouchers for payment of invoices. In recording equipment value, the following rules apply:

- Acquisition cost over \$1,000.00 or more.
- Freight charges are added to and capitalized as part of the acquisition cost or value of inventoriable equipment.
- Handling, assembling and storage costs are not included in the cost or value of the item.
- Any customs duty charge should be added to the value of the equipment.
- Any cash discount should be deducted from the value of the equipment.
- Charges for outside installation are added to the value of the equipment.

7.2 Unit Price, Government-Furnished Property

The unit price of government-furnished property is determined by the government and furnished to the Institute. Transportation and installation costs are not considered as part of the unit price. Normally, the unit price of government-furnished equipment is provided in the document covering shipment of the property to the Institute. This is usually the original acquisition cost.

8. Maintenance and Records

8.1 Inventoriable Equipment / General

The Property Office maintains records of inventoriable equipment. All property in the care or custody of the Institute that meets the definition of inventoriable equipment is recorded in the same Manner and under the same rules as those used for recording Institute-owned inventoriable equipment. For a more complete listing of the requirements see FAR 45.505 through 45.509-1 for contracts and OMB A-110.30 through .37 for grants.

The NMIMT Property Office management and control system for inventoriable equipment provides the following information:

- PCN (Property Control Number)
- Item Description
- Manufacture
- Serial Number
- Model Number
- Person Responsible
- Units

- Unit acquisition cost
- Date Received
- Date Booked
- Equipment Code
- Location (may include building and room number)
- Condition code
- Year of Manufacture
- Vehicle License Number (if any)
- Weight (for vehicles & heavy equipment only)
- Federal ID number (if any)
- ! Federal Stock number (if any)
- ! Federal Requisition (if any)
- ! Acquisition code
- ! Purchase order number (if any)
- ! Vendor Name
- ! Vendor Number (if any)
- ! Check Number (if any)
- ! Date retired
- ! Unit value (if any)
- ! Shareable
- ! Owner (Title)
- ! Final Owner (Final Title)
- ! Sold Amount
- ! Class code
- ! Class description
- ! Source of funds
- ! Department code
- ! Account Number

8.2 Government Property

All government-furnished property or Institute acquired property purchased for a direct charge to a government contract is recorded in the same manner, as Institute- owned property.

8.2.1 Records of Special Test Equipment - The Principal Investigator or department head shall provide to the Property Office the following minimum information regarding each item of government-owned special test equipment:

- ! Contract number or equivalent code designation
- ! Nomenclature or description of item
- ! Identification number, if applicable
- ! Quantity received or fabricated
- ! Date of transaction
- ! Location of equipment and unit price

9. Subcontract Control

9.1 Subcontract Control

Property control of Government property purchased by subcontractors or sub-grantee will be the same as applies to the contractor (New Mexico Institute of Mining and Technology, in this case), and will be in accordance with provisions of this procedure. Any subcontractor purchase order awarded or issued to a subcontractor shall contain the following provisions if Government property is purchased, furnished, or fabricated.

9.1.1 Property / Furnishing of Government Property - The Contractor reserves the right to furnish any property and such services as may be mutually agreed upon, for the performance of the work.

9.1.2 Title to Property - Title to all property furnished by the Contractor shall vest in the Government except as otherwise provided in this Article. Except as otherwise provided in the subcontract or by the Contractor, title to all materials, equipment, supplies and tangible personal property of every kind and description purchased by the Subcontractor, the cost of which is allowable as a direct item of cost under this subcontract, shall pass directly from the vendor to the Government. The Contractor reserves the right to inspect and in lieu of and prior to the Subcontractor's inspection and acceptance or rejection to accept or reject any item of such property. The Subcontractor shall make such disposition of rejected items, as the Contractor shall direct. Title to other property, the cost of which is reimbursable to the Subcontractor under this contract, shall pass to and vest in the Government upon

! Issuance for use of such property in the performance of this subcontract, or
! Commencement of processing or use of such property in the performance of this subcontract, or
! Reimbursement of the cost thereof by the Contractor and property purchased or furnished by the Subcontractor title to which vests in the Government under this paragraph are hereinafter referred to as Government property.

Title to Government property shall not be affected by the incorporation of the property into or the attachment of it to any property not owned by the Government, nor shall such Government property, or any part thereof, be or become a fixture or lose its identity or personality by reason of affixation to any reality.

9.1.3 Identification - To the extent directed by the Contractor, the Subcontractor shall identify Government property coming into the Subcontractor's possession or custody by marking or segregating in such a way, satisfactory to the Contractor, as shall indicate its ownership by the Government.

9.1.4 Disposition - The Subcontractor shall make such disposition of Government property, which has come into the possession or custody of the Subcontractor under this subcontract as the Contractor shall direct. When authorized in writing by the Contractor during the progress of the work or upon completion or termination of this subcontract, the Subcontractor may, upon such terms and conditions as the Contractor approves, sell, or exchange such property, or acquire such property at a price agreed upon by the Contractor and the Subcontractor as a fair value thereof. The amount received by the Subcontractor as a result of any disposition, or the amount of the agreed fair value of any such property acquired by the Subcontractor shall be applied in payments made or costs allowable under this subcontract, or shall be otherwise credited to an account of the Government, as the Contractor may direct. Upon completion of the work or the termination of this subcontract the Subcontractor

shall render an accounting, as prescribed by the Contractor, of all Government property that has come into the possession or Custody of the Subcontractor under this subcontract.

9.1.5 Protection of Government Property - *Classified Materials* - The Subcontractor shall take all reasonable precautions, as directed by the Contractor, or in the absence of such directions in accordance with sound practice, to safeguard and protect Government property in the Subcontractor's possession or custody. The Subcontractor in the protection of and accounting for any classified or special materials shall take special measures involved in the performance of the subcontract, in accordance with the regulations and requirements of the Government agency involved.

9.1.6 Risk of loss of Government Property - The Subcontractor shall be liable for loss, destruction, or damage to Government property in the Subcontractor's possession in accordance with the terms and conditions of the Subcontract. The term "Subcontractors Managerial Personnel" as used herein means any corporation officer of the Subcontractor having supervision or direction of all or substantially all of the activities under this subcontract.

! Steps to be Taken in Event of Loss - Upon the happening of any loss or destruction of or damage to Government property in the possession or custody of the Subcontractor, they shall:

- # Immediately inform the Contractor of the occasion and extent thereof,
- # Shall take all reasonable steps to protect the property remaining,
- # Shall repair or replace the lost, destroyed, or damaged property if and as directed by the Contractor, but shall take no action prejudicial to the right of the Government to recover therefore
- # Shall furnish to the Government and the Contractor, on request, all reasonable assistance in obtaining recovery.

10. Physical Inventories

10.1 Physical Inventories of Institute Equipment

The accountable department takes a physical inventory annually and responsibility for the equipment is acknowledged. Any changes, (i.e., storage, overages, nomenclature changes) are reported. If there is a change in the head of a department during the year, the department should take physical inventories at that time with the new department head signing for responsibility. The Property Office verifies departmental inventories on the basis of statistical sampling. If the initial sampling indicated there is no more than a ten- percent discrepancy for a particular department, no further check is necessary. If the initial sampling indicates that there is more than a ten- percent discrepancy for a particular department, a second list will be used for a supplemental check. If, on a cumulative basis (with the first sample), there is still more than a ten percent discrepancy, a complete departmental inventory will be taken by the Property Office. If the Property office cannot make a sample check of all departments every year, each department

should be checked at least every two years.

10.2 Physical Inventory of Government Equipment

The Property Office verifies the departmental inventory by statistical sampling as outlined above.

The Property Office assisted by the department when required by the terms of a contract shall take a complete physical inventory.

10.3 Inventory Procedures

Once each fiscal year, the Property Office will furnish each department with a computer listing, in duplicate, of all recorded equipment for which they have responsibility. If the listing is correct, the duplicate will be signed as correct and returned to the Property Office. If the listing contains discrepancies, they should be noted on both copies, and the duplicate returned to the Property Office, 45-60 days after receipt or by the date indicated in the cover memorandum.

! Inventory Upon Termination or Completion of a Government Contract or Grant - Immediately upon completion or termination of a government contract, with the assistance of the custodial department or the Principal Investigator, the Property Office performs a physical inventory adequate for disposal purposes of all applicable government property. The Principal Investigator then requests disposition instructions from the agency. In submitting the terminal inventory to the agency, the Principal Investigator certifies that all materials, supplies and equipment, which were furnished to the Institute by the government for use on the contracts or grant, or for which the Institute has been or will be reimbursed by the government under the terms of the contract, if not specifically included in the inventory, were expended in performance of the work called for by the contract.

10.4 Results of Inventories

10.4.1 Institute Property - The Institute departments submit to the Property Office a listing that properly identifies all discrepancies disclosed by a physical inventory and a signed statement that a physical inventory was completed on a given date and that the official property records were found to be in agreement with the physical inventory, except for discrepancies reported. The portion of the inventory printout asking if item is being used, useable, or available for transfer must be completed. The listing and signed statement will be furnished with a minimum of delay at the completion of the inventory. See Chapter 11 for Disposal or Transfer instruction.

10.4.2 Government Property - The Property Office shall report to the Government Property Administrator, thirty (30) business days promptly after completing physical inventories of government equipment in accordance with FAR 45.508-2.

! A listing that identifies all discrepancies disclosed by a physical inventory.

When reporting noted discrepancies the following information should be included:

c Loss:

- a. An official letter requesting relief of responsibility
- b. PCN
- c. Description
- d. Manufacture
- e. Serial number
- f. Model number
- g. Acquisition contract number
- h. Acquisition date
- i. Acquisition cost
- j. What occurred to result in the loss?
- k. What measures have been taken to prevent such loss in the future?

c Damage

- a. An official letter requesting relief of responsibility
- b. PCN
- c. Description
- d. Manufacture
- e. Serial number
- f. Model number
- g. Acquisition contract number
- h. Acquisition date
- i. Acquisition cost
- j. What occurred to result in the damage?
- k. What measures have been taken to prevent such damage in the future?
- l. A copy of the police report, if any

— Destruction

- a. a. An official letter requesting relief of responsibility
- b. PCN
- c. Description
- d. Manufacture
- e. Serial number
- f. Model number
- g. Acquisition contract number
- h. Acquisition date
- i. Acquisition cost
- j. What occurred to result in the destruction?
- k. What measures have been taken to prevent such destruction in the future?
- l. A copy of the police report, if any

A signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement except where noted.

11. Disposal or Transfer

11.1 Institute Equipment

11.1.1 General - Institute property may become surplus, obsolete, damaged or worn out and therefore of no further use to the accountable department. Such property should then be traded in on new equipment, cannibalized, or transferred to the Property Office for disposal according to State and Institute procedures. The department may not unilaterally dispose of Institute or Government property.

11.1.2 Trade In - The accountable department should coordinate with the Purchasing Department and the Property Office if it desires to trade in an item on the purchase of a new item. If the trade-in is agreed on, the Purchase Requisition should fully identify the item to be traded, including full description, manufacturer, serial number, and PCN Tag. Prior to the trade-in leaving the accountable department, the PCN will be removed and returned to the Property Office for removal from the department inventory.

11.1.3 Cannibalization - It may be desirable and advantageous to cannibalize an item of property when that item can no longer be used for the purpose for which acquired and cannot be economically repaired but its components or parts are usable in a like item of equipment. A request to cannibalize an item should be made by memo. If the request is approved, the Property Office will notify the department. Government owned property should not be cannibalized without prior written approval of the Contracting Officer.

11.1.4 Lost or Stolen Equipment - Lost or stolen equipment must be reported immediately by the department head or Principal Investigator to the Campus Police. Notice must also be sent to the Property Office. Equipment discovered missing after a physical inventory, either by the accountable department or the Property Office, may be removed from the inventory records only after approval by the Property Committee

11.1.5 Transfer of Equipment - Transfer of equipment, inventoriable or not, which is declared surplus or excess by a department, shall be reported to the Property Office. Pick up of the item(s) will be made as soon as possible after the notice is received. This equipment may be sold, traded in, or transferred to another department. First priority will be redistribution by means of periodic notification to all departments of what equipment is available. Items that are unusable will be disposed of by public bid sale, by auction, or through salvage.

! Institute Property Transferred to Another Institution - If the Institute holds title to property acquired under a contract with an outside agency, which includes recovery rights and the funding agency requests transfer of such property to another institution, it may be transferred. Before transfer is initiated, the Property Office must be notified so that the Property Committee can approve, and a determination must be made for responsibility of dismantling and shipping costs.

! Interdepartmental Transfers - When equipment is transferred between departments, no change is made in the recorded values of the equipment. It is reported to the Property Office by the transferring departments on a memorandum.

! Transfer of Equipment by Departments - As previously stated in these procedures, title to property/equipment rests with the Institute rather than with the department. Therefore, a vigorous effort should be made to negotiate a fair value sale to another division or department on

campus. Should any item of equipment become excess to the needs of a department, it should be returned to the Property Office for redistribution and utilization.

Disposition of obsolete, worn-out and unusable State property -

- The New Mexico Institute of Mining and Technology Board of Regents authorize the Property Committee to dispose of property under the following conditions:
 - The current resale value of the property item is \$5,000 or less.
 - The property item is worn-out, unusable, or obsolete or is no longer economical or safe for continued use.
 - The property is disposed of in not less than thirty (30) days after notification to the state auditor of the proposed disposition.

Every property item, recommended for disposal, with a current resale value of over \$5,000 must have prior approval and notification as follows:

- Approval of Property Committee.
- Approval of the Board of Regents.
- Approval of the Commission on Higher Education.
 - Notification to the State Auditor in not less than thirty (30) days prior to disposition.
- The property is disposed of by a public offering.

11.2 Government Property

11.2.1 Excess Property

When government property becomes excess to the contract or grant for which it was provided, it is screened against needs of other contracts prior to being declared excess. If there is a need for the property, the contracting officer is asked for authority to transfer or use on another contract or grant with notification to the Property Office. If there is no need, the property is reported as excess on SF 1428 or similar form. For industrial plant equipment under DOD and NASA contracts, DD Form 1342 is prepared.

11.2.2 Loss, Damage, or Destruction

All cases of government furnished vehicles and equipment that are lost, destroyed, damaged, or involved in an accident will be reported to the Campus Police Department as soon as the fact of such loss, destruction or damage is known. The Campus Police will investigate the incident and write a formal report. The report will be forwarded to the appropriate division director and the Property Control Supervisor. The Property Control Supervisor will forward the report and other required information to the Government Property Administrator. The extent of the Institute liability, if any, is subject to a written determination by the Government Property Administrator. The Institute may be relieved by the determination of any property rendered unserviceable.

11.2.3 Release from Responsibility

The Institute is relieved of responsibility for government property, with the concurrence of the contracting officer or a duly authorized representative, by the following:

- ! Consumption of property in performance of the contract.
- ! Retention by the Institute for consideration given the government.
- ! Sale of property, the proceeds of the sale being received or credited to the government.
- ! Transfer of title to the Institute.
- ! Abandonment in place by the government.
- ! Loss, damage or destruction.

11.3 Scrap/Target Materials Handling Procedures

11.3.1 Target Residue (EMRTC Only)

Target residue will be collected in a central location to be determined within the EMRTC operations area. The residue will be segregated to prevent government materials from being mixed with materials from other contractors. The "Principal Investigator" is responsible for tracking ownership and location until final written disposition instructions are received from the government or other contractor. At the time it is removed from the test site qualified EMRTC personal will inspect it to ensure no hazardous materials are present.

11.3.2 Disposal of target residue

Government target residue will be reported to DRMO Kirtland Air Force Base for disposal. DRMO disposal is normally by auction and removal will be by their contract specifications. Target residue from other contractors will be disposed of following written disposition instructions obtained from the contractor by the Principal Investigator.

12. Personal Use of Property

Personal use of Institute material or property in the care and custody of the Institute by employees of the Institute is not allowed.

13. Reports

13.1 Annual Reports

13.1.1 Listing of Inventoriable Equipment by Accountable Department.

This is a cumulative list of equipment in the custody of the department head and includes all inventoriable equipment assigned at the close of the fiscal year from

whatever source acquired.

The Property Office forwards two copies to the accountable department. All items on the list are checked and verified by the department head as acknowledgment of accountability and responsibility for the equipment listed and the original returned to the Property Office on or before the established suspense date. Signature of accountable person and date inventory completed is required.

13.2 Special Reports

The Property Office establishes schedules for issuance of special reports to meet special needs.

13.3 Periodic Reports

The Property Office maintains the capability to produce periodic reports on an "as required" basis through the New Mexico Institute of Mining and Technology data processing system.

13.4 Reporting Centrally Controlled Government Property

The Property Office personnel shall assemble, compile, and submit the reports required to report the Centrally Controlled Government Property as listed below.

! DOD - Contractor shall report all DOD-owned facilities for which they are accountable as of 30 September of each year on the DD-Form 1662, Report of Government Facilities (Appendix A-2) NASA contracts are reported on Form 1018. Forms 1662 and 1018 are for contracts only (grants are excluded). The report must show the acquisition cost of the facilities and the amount of IPE. The report is to be submitted to the property administrator in duplicate no later than 20 October of each year (DFAR Supplement 45.505-14).

! NASA - Report all NASA-owned facilities for which they are accountable as of 20 September of each year on the NASA Form 1018, Report of Government Owned/Contractor held property (Appendix A-3). The report must show:

- # The beginning balances, additions, and deletions of ending balances of the reported facilities.
- # The report is to be submitted to the Property Administrator by 20 September and forwarded by him/her to the NASA Procurement contracting officer by 20 October
- # Submit an inventory report of Government-owned property accountable under each NASA grants officer by 20 October of each year.
- # The report must reflect the record elements required in NASA Grant Handbook (NHB 5800.1a) Paragraph 509-(b) (1). Report certain Centrally Reportable Equipment (CRE) to the NASA Equipment Visibility System (EVS)

- At the time of receipt,
- When major changes occur in the data initially submitted to NASA,
- s When the equipment is no longer required or being used for NASA Programs or projects.

Reporting will be accompanied by completion of Section I of the DD Form 1342, DOD Property Record (Appendix A-4), or by other means acceptable to the contracting officer, provided equivalent line item data is furnished. Reportable data will be prepared and forwarded within 15 days after the event that created the need for its preparation and forwarding. Each year, as of 30 September, NASA will provide the contractor with verification listing of EVS data bank records. The Contractor shall verify the correctness of the list or provide necessary corrections.

! Department of Energy - The property administrator shall cause the contractor to furnish, semiannually, a report showing the dollar amount and the number of line items of plant and capital equipment, by DOE asset type, acquired or disposed of during the prior six-month period. The reports shall be submitted no later than 45 days after the 28 February and 31 August reporting periods on DOE Form 4300.3, Summary of Government-Owned Property (Appendix A-5).