SPONSORED PROJECTS FAQS SHEET

FEDERAL AUDIT- PHYSICAL INSPECTION ELEMENTS

The Office of Naval Research (ONR) audits federally funded and titled equipment in the possession of the University. ONR audits the University for the U.S. Department of Defense (DOD), National Aeronautics and Space Administration (NASA), and the Jet Propulsion Laboratory (JPL).

The purpose of the audit is to determine the University’s compliance with the control and management of government funded and owned equipment.

An approved certification of the University’s Property System maintains the eligibility of the University to receive government funding for the acquisition of equipment in the performance of the grant and contract research and development.

AUDIT SAMPLE:

- 16% of government owned equipment items with a unit cost less than $100,000.00
- 100% of government owned equipment items with a unit cost of $100,000 or more

PHYSICAL INSPECTION:

- The auditor will check for the physical existence of the equipment.
- If the equipment is off campus and not available for inspection, the auditor will request to inspect the “Certification Statement for Off-Campus Location Use of Equipment” form. The form must be updated annually and can be found at http://uabis.arizona.edu/eforms/.
- The auditor will examine the maintenance condition of the property. Maintenance records need to be maintained for high value and specialty equipment items.
- The auditor will ask questions regarding the use of the equipment. Government owned and funded equipment can only be used on government grants and contracts. Government contracts usually limit government funded and owned equipment use to the government contract it is accountable to. Government owned and funded equipment cannot be acquired as spare or backup equipment unless specifically required as part of the award.
- The auditor verifies the University property records to the tag number, serial number, model number, location and manufacturer to the asset and its location.
- The auditor checks for the Property of the Federal Government label.
- If the equipment is sensitive and not suitable for tagging, the auditor will ask to examine a departmental property folder for the asset. A copy of the purchase order and FSO’s Asset Control Sheet are a must for the file. A photograph of the asset is encouraged.
- The auditor will look for field samples, i.e., items with a Property of Federal Government label. When government property is abandoned to the University, it is important to remove the government property labels.
- The audit is University wide and not by department. One poorly performing department can result in an unsatisfactory audit determination for the entire University.
- The auditor is examining 15 elements in the property system. Three (3) failures in an element is a finding. Three (3) findings is an unsatisfactory audit determination.
TRANSFER OR SALE OF FEDERAL EQUIPMENT

Assets Eligible for Transfer
The University is prohibited by Arizona Revised Statutes from giving away assets without receiving comparable value in return. However, it is possible for research personnel who have terminated employment with the University of Arizona, but who will be employed by another university or college, to transfer research equipment acquired on both current and retired sponsored accounts to their new institution. Equipment may also be transferred on a case-by-case basis, on an exception-approval basis, to federal and non-profit research agencies.

In order to be eligible for transfer, equipment must:

- Have been purchased entirely with sponsored project grant and contract accounts (3000000 - 4999990), obtained as government-furnished equipment, or purchased on restricted accounts (non-university funded) for specific researchers
- The equipment must be used in the conduct of a research project
- The equipment will be titled to an eligible institution, i.e. university or college, a federal agency, or non-profit organization
- The transferring researcher is the principal or co-Principal Investigator on the purchasing sponsored grant or contract

If an item meets eligibility requirements, the transfer must be approved by the Department Head, Dean, SPS Property Administrator, and Vice President for Research.

To view the complete policy and procedures regarding the transfer of equipment, follow the link below:
http://www.fso.arizona.edu/capital/property/sps_equip.html

Sale of University Equipment
Equipment purchased with any state appropriation or University local funds or does not otherwise meet the criteria above is not eligible for transfer and must be sold via Surplus. Individual items of equipment that are split funded between federal and other fund sources must be sold in adherence to UA policy.

If an item purchased entirely with sponsored funds, contact SPS Property prior to sale to ensure award property provisions do not prevent the sale of an item.

To view the complete policy regarding the sale of University equipment, follow the link below:
http://www.fso.arizona.edu/capital/property/interagency.html