February 2020

Inventory of Equipment Accountable to Sponsored Awards

Financial Compliance Services, Property
Sponsored Projects & Contracting Services
property@arizona.edu
Why is Inventory Conducted?

Required by federal, state and sponsor regulations to ensure that the University has the appropriate measures to manage equipment.
State of Arizona Requirement

Each agency must perform a physical inventory of its capital assets and stewardship resources to ensure that adequate care is being exercised in the control and accountability of State resources and assets. (State of Arizona Accounting Manual, Topic 25, Section 40)
Federal Requirement

Periodic physical inventory of all Government Property
• Title 2 Code of Federal Regulations (CFR) Part 200 (“Uniform Guidance”)
• Title 48 Code of Federal Regulations (CFR) Part 45
Equipment Accountable to Sponsored Awards
Sponsored Equipment
Subject to Inventory

- UA Titled
- A Tags
- Unconditional Title
- Conditional Title

- Sponsor Titled
- S Tags
- Equipment *acquired* with sponsor funds
- Equipment *furnished* by the sponsor via an award
University Titled Equipment Acquired With Sponsor Funds

- **Unconditional Title**
  Title vest with University with no further obligation to the sponsor

- **Conditional Title**
  Title vests with University, but continues to have an obligation to adhere to certain conditions for the life of the equipment
Audits
<table>
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<th>State of Arizona Single Audit</th>
<th>Office of Naval Research</th>
<th>Federal and Non-Federal Sponsor</th>
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<tbody>
<tr>
<td>Audit frequency</td>
<td>Annual audit</td>
<td>Biennial audit (June 2020)</td>
<td>Per sponsor request</td>
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State of Arizona

Single Audit

Required by Uniform Guidance regulations to provide assurance to the federal government as to the proper management of federal funds. This includes the purchase and management of federal equipment.
ONR Audit

Office of Naval Research (ONR) audits the University property system to determine if it meets federal requirements regarding the control, protection and maintenance of government property.
If the University’s property system is deemed unsatisfactory under an audit

• potentially may decrease the University’s eligibility to receive government funding for the acquisition of equipment

• potentially may add restrictions to equipment acquisitions on current and/or future awards
Main Components of an Equipment Audit:

- Review of purchasing documents
  - Equipment allowable and budgeted
  - Prior approval obtained (for those required)

- Physical inspection
  Verification of the accuracy and completeness of the University property records as compared to physical equipment information
External Auditor will Verify:

• University records match equipment’s physical information with regards to property tag number, serial number, model number, manufacturer, and location

• Equipment is functional, in use and safeguarded
External Audit will Verify:

• Off Campus equipment is accounted for correctly

• Equipment is properly labeled with correct tags
Department Inventory Checklist

Verify tags on equipment:

- Remove inapplicable labels or tags
- Missing a tag, especially “Property of Federal Government” (S Tags), request replacement from Financial Services, Property Management

Verify functionality of asset:

- If asset no longer in use or broken, contact SPCS-Property at property@arizona.edu
Verify for assets no longer at University:

- If asset has been returned/delivered to sponsor, provide shipping documents to SPCS-Property in order to have equipment removed from inventory system

Asset is not located:

- Contact SPCS-Property immediately
Additional items to consider:

- Provide as much detail on equipment at time of purchase (i.e. serial and model numbers)
- Train departmental staff on how to administer equipment acquired with sponsor funds, especially Sponsor Titled (S Tags)
- Immediately notify SPCS Property when equipment:
  - is received from a sponsor – Sponsor or Government Furnished Equipment
  - is no longer of use or functioning
  - has been returned or delivered to a sponsor
  - PI is planning on transferring equipment to or from University
ALL THOSE ASSETS ARE SPONSOR FUNDED
AND THEY WILL BE INVENTORIED