16.3. TRACKING, MAINTENANCE, AND UTILIZATION

The following section prescribes procedures for the tracking, maintenance, and utilization of property in the possession or control of the university or a subcontractor of the university in accordance with Texas Government Code [403.273](https://statutes.capitol.texas.gov/Docs/GV/htm/GV.403.htm%22%20%5Cl%20%22403.273), [403.275](https://statutes.capitol.texas.gov/Docs/GV/htm/GV.403.htm%22%20%5Cl%20%22403.275), and Federal Acquisition Regulation (FAR) [52.245-1](https://www.acquisition.gov/far/52.245-1).

**A. Responsibility and Liability**

The president of the university and the property manager designee are responsible for the custody and care of property in the university’s possession.

The liability for property loss may be attached to one or several persons depending on the instance in which property is lost or stolen. If property disappears or deteriorates due to the failure of the president, property manager, or employee entrusted with the property, they will be fiscally liable for the loss sustained. If property is damaged or destroyed due to an intentional wrongful or negligent act of any employee, they will be held fiscally responsible for the loss.

Specifically for federally owned property, responsibility and liability for the property exists from the time of receipt until relieved by the appropriate government contracting officer or property administrator. This responsibility requires that the project director, as custodian, apply sound business practices in controlling equipment and follow the applicable provisions of the [Federal Acquisition Regulation (FAR)](https://www.acquisition.gov/browse/index/far), the related property control procedures of the funding agency, and the grant or contract provisions.

Departments must affix a barcode numbered property tag to the property or assign an inventory number for intangible or art items and submit the required information to Inventory Services at INVselftag@austin.utexas.edu for processing within 30 days of receipt of equipment. If the property is government-owned, it must be tagged, and the required information should be submitted to Inventory Services within ten business days of acquiring the property. After receiving tag information from the department, Inventory Services will update the property records within ten business days, excluding the fiscal year-ended period when the property system is not operational.

**B. Annual Physical Inventory (Certification)**

The university conducts annual physical inventory in cycles. Inventory Services places every department, college, and office into one of the cycles to help facilitate the process. During this time, reports are generated from the scanning results each department submits to Inventory Services. Departments must communicate with Inventory Services regularly as it will help to ensure that the university’s property records are accurate. The annual inventory certification is one of the university’s ways of verifying that the property in its possession is being taken care of in the appropriate manner.

Each department with missing inventory item(s) must provide an explanation detailing all the steps taken to locate the missing items upon submittal of their annual inventory certification. They must also provide a plan of action to improve their inventory process to avoid future missing items. Additionally, if it is determined by inventory services that the department is continuing to have new missing items every certification period, then they will be required to get their annual certification signed by their department’s Council of University Business Officers (CUBO) member. An additional explanation will be required for federally-owned property reported as missing.

Departments are required to send information to Inventory Services regarding any physical location change of inventoried property within 15 business days. This includes temporary/permanent movement of property from one location to another, property loaned out to other agencies, and property located off campus. After receiving tag information from the department, Inventory Services will update the property records within ten business days, excluding the fiscal year-end period when the property system is not operational.

Any significant adjustment to U.S. government-owned inventory requires prior approval from the appropriate government property administrator or the sponsor’s administrative contracting officer. Additionally, in accordance with [FAR 52.245-1 (f)(1)(iv)](https://www.acquisition.gov/far/52.245-1%22%20%5Cl%20%22FAR_52_245_1__d3642e481), the university will provide annual physical inventory reports, schedules, etc., to the Government Property Administrator (GPA). Further, upon completion/termination of the contract, the department should conduct a final inventory, and the results will be provided to the GPA.

Data from the annual inventory certification is used to create an annual risk assessment. The risk assessment helps to determine which units will be audited by Inventory Services in the upcoming year. Significant findings pertaining to federally-owned property will be made available to the Property Administrator in accordance with [FAR 52.245-1(b)(4)](https://www.acquisition.gov/far/52.245-1%22%20%5Cl%20%22FAR_52_245_1__d3642e200).

**C. Temporary Removal of Equipment from UT Premises**

**1.  Government Furnished Equipment (GFE)**

GFE is not permanently removed without written permission from the contracting officer. Equipment may be checked out temporarily if the following conditions are met:

* Removal is essential to the research being conducted
* Repair or testing of the equipment
* Return to the U.S. government
* Written receipt is signed by the person removing the equipment and retained on file by the project director
* Inventory record is updated to the new location by the project director or by inventory personnel
* All government property being shipped for repair or testing to another research location or returned to the U.S. government is shipped either on a Government Bill of Lading or paid by contract/grant funds. Equipment is insured if paid by contract/grant funds for full value. All shipping documents are annotated "Government Owned Property."
* Proper care shall be taken to ensure that all government-owned property being moved from one location to another is protected from damage through the use of proper packing, special crates or coverings, and adequate use of handling equipment (forklifts, etc.) Standard safety procedures are utilized in all instances.

**2. University Equipment**

For any property that is checked out, kept at someone’s home, or housed out in the field and not on campus, a checkout log or off-campus form must be completed and kept by the department in addition to any other departmental liability forms. For an example of the information required on a checkout log or off-campus form, refer to Inventory’s [Equipment Located off Campus](https://utexas.box.com/v/inventory-off-campus) sample form. Departments must keep this sample form or equivalent for all equipment kept off campus. Please refer to [16.3 B. Annual Physical Inventory](https://afm.utexas.edu/hbp/part-16/3-tracking-maintenance-and-utilization) for the required timeline for providing this information.

**D. Maintenance of Equipment**

**1.  Preventive Maintenance**

The preventive maintenance measures are designed to preserve and prolong the useful life of the property, minimize the incidence of failure through breakage of its component parts, and promote its full utility through maintenance of high standards of condition and performance. The preventive maintenance program includes the following:

* Provision of a proper environment for the preservation of the property, compatible with its use in the performance of authorized research
* Cleaning and painting, or application of suitable preservative coatings to equipment, as required for surface protection and good appearance, as well as proper storage and preservation of accessories and special tools furnished with an item of equipment but not regularly used with it
* Routine daily cleaning and lubrication of metalworking machines.
	+ Thorough cleaning and lubrication are scheduled weekly
	+ Removal of sludge, chips, and cutting oils from metalworking machines that go without use for a month
* A constant surveillance by responsible persons of all property, especially machine shop equipment and vehicles, for evidence of improper maintenance, malfunction, or wear, and the reporting of equipment shortcomings to their supervisors
* A monthly inspection and servicing of equipment to assure detection of maladjustment, wear, or impending breakdown

**2.  Remedial Maintenance**

The remedial maintenance measures are designed to correct deficiencies in equipment as they become known. Remedial property maintenance will include prompt replacement or repair of worn or broken parts, except in cases where it is not economically advantageous.

**3.  Capital Rehabilitation**

If a piece of government-owned equipment needs major repairs to bring the item back to its original condition, the project director shall get permission from the contracting officer before doing the needed work.

**4. Cannibalization of Government Equipment**

Cannibalization is the removal or exchange of parts or assemblies from an item of equipment to replace a damaged or worn-out part or assembly of another item of equipment. In keeping with sound maintenance practices, cannibalization of a government property item must not be undertaken until approval is obtained from the appropriate government contracting officer. Assistance in gaining this approval may be obtained from Accounting and Financial Management, if necessary.

**E. Utilization of Government Property**

Government-owned equipment shall be used only for those purposes related to the assigned contract/grant and/or may be used for other research projects if it does not interfere with the main project. Rental or use fees, like supplies and maintenance, charged to non-federal grants and contracts are determined from historical costs to operate equipment. Such charges must not exceed charges from local vendors that rent similar equipment. These charges must be approved and reviewed annually or if circumstances change.

The project director is responsible for determining minimum usage levels of government-owned property with an acquisition value of $ 5,000 or more. If actual use drops below this level, an analysis of need and a justification for retention shall be made. If there is no longer a need for the item, the project director shall make it known to Accounting and Financial Management, where action must be taken to reassign the equipment elsewhere within the university complex or as directed by the appropriate government agency.

**F. Records**

This part establishes the minimum requirements for records to be kept and maintained on government property in the possession of the university and/or subcontractor as described in Federal Acquisition Regulation [(FAR) 52.245-1](https://www.acquisition.gov/far/52.245-1).

**1. General Overview**

Contractors are required to establish and maintain adequate property control records. Unless the contracting officer directs otherwise, records of government property maintained by the university under the terms of a particular contract are utilized as the official records for that contract. In this regard, the official property records at the university are established by the property manager and maintained in Accounting and Financial Management. In addition, each project director is responsible for keeping sufficient records to correct and validate all required inventories and reports and ensure proper control of government property in their possession. If the project director has more than one contract with a particular government agency, separate property records for each shall be maintained. Any discrepancies, loss of government property, physical inventory results, audits, self-assessments, corrective actions, and other property-related reports, as directed by the Contracting Officer, will be created and submitted to GPA in a timely manner.

Property records shall enable a complete, current, and auditable record of all transactions. Unless otherwise approved by the property administrator, the property records should contain the following:

* The name, part number, and description
	+ National Stock Number, if needed for additional item identification tracking and/or disposition
	+ Other data elements as necessary and required by the terms and conditions of the contract
* Quantity received or fabricated, issued, and balance-on-hand
* Unit acquisition cost
* Unique-item identifier or equivalent, if available and necessary for individual item tracking
* Unit of measure
* Accountable contract number or equivalent code designation
* Location
* Disposition
* Posting reference and date of transaction
* Date placed in service, if required, in accordance with the terms and conditions of the contract

**2. Reports**

Various government agencies require periodic inventory reports of government-owned equipment or updated cost information. These reports are normally prepared and submitted by Inventory Services. They are based on data from the property records and information provided by the departments. Inventory Services also updates associated records in the accounting system to track accounts administered through government agencies. Due to the timeliness requirements placed on these reports by the sponsoring agencies, it is essential for the university’s departments to cooperate with any requests made by Inventory Services.

The Contractor shall have a process to create and provide reports of discrepancies, loss of government property, physical inventory results, audits, self-assessments, corrective actions, and other property-related reports as directed by the Contracting Officer.

**3. Records of Materials and Supplies Consumption**

This part prescribes procedures for using supplies and expendable property purchased with funds from contracts or grants and the need to record such purchases. The project director must maintain records of supplies purchased and used with contract or grant funds.

The internal operating procedures of the department or unit should ensure that supplies acquired with federal funds are not used to support the university’s research and development activities.

At a minimum, the project director shall establish and maintain records on supplies to show:

* Contract and grant number
* Purchase order number and date
* Cost of purchase
* General description and quantity of supplies
* Name of company from which purchased
* These records must be retained for at least six months following the termination of the contract or grant.

**4. Maintenance Records**

The contractor shall properly maintain government property. The contractor’s maintenance program shall enable the identification, disclosure, and performance of normal preventative maintenance and repair. The contractor shall disclose and report to the property administrator the need for replacement and/or capital rehabilitation.