



CONTRACT AND GRANT MANUAL

Chapter 15 – PROPERTY [Revised June 2011]

[\[Return to Contract & Grant Manual Contents\]](#)

Table of Contents

[15-100 INTRODUCTION](#)

[15-110 APPLICABILITY OF UNIVERSITY POLICY](#)

[15-120 DEFINITIONS](#)

[15-121 Personal Property](#)

[15-122 Equipment](#)

[15-123 Inventorial Equipment](#)

[15-124 General and Special Purpose Equipment](#)

[15-125 Expendable Personal Property](#)

[15-126 Theft-Sensitive Items](#)

[15-127 Exempt Property](#)

[15-130 CONTRACT AND GRANT OFFICER RESPONSIBILITIES](#)

[15-200 TITLE AND OWNERSHIP OF PROPERTY](#)

[15-210 SPONSOR REQUIREMENTS](#)

[15-220 COST IMPLICATIONS](#)

[15-221 Risk of Loss/Damage to Sponsor Property](#)

[15-230 APPROVALS NEEDED](#)

[15-240 FABRICATED EQUIPMENT](#)

15-300 CONTROL AND MARKING OF PROPERTY

15-310 RESPONSIBILITIES

15-320 IDENTIFICATION OF EQUIPMENT

15-330 INVENTORY

15-340 AUDITS

15-350 PERSONAL USE OF PROPERTY

15-351 Shared Equipment

15-352 Equipment Loans

15-353 Subcontractor Control

15-400 REPORTING REQUIREMENTS

15-410 CORPORATE CONTRACT AND GRANT (CGX) SYSTEM

15-420 INVENTORY REPORTING

15-430 CONDITION REPORTING

15-500 DISPOSITION OF PROPERTY

15-510 SPONSOR REQUIREMENTS

15-520 UNIVERSITY PROPERTY

15-530 GOVERNMENT PROPERTY

15-540 USE OF PROCEEDS UPON SALE

15-550 TRANSFER OF PROPERTY TO ANOTHER INSTITUTION

15-600 LEASES

15-610 EQUIPMENT LEASES

15-620 REAL PROPERTY LEASES

15-999 RELATED UNIVERSITY REFERENCES

EXTERNAL REQUIREMENTS—FEDERAL

[15-F01 2 CFR Part 215.30 through 215.37, Property Standards. \(Formerly OMB Circular No. A-110\).](#)

Federal Acquisition Regulation (FAR) 52.245-1, Government Property, with Alternate II for Educational Institutions

15-100 INTRODUCTION

Property management is an essential function of the University because a large portion of the corporation's assets is made up of equipment and other property. Sound and prudent property management practices at the local level must be guided by consistent and articulated property management policies and procedures that apply Universitywide. In addition, the University must meet its responsibilities to extramural sponsors when they support the acquisition of equipment under their awards. [Section 15-F01](#) of this chapter outlines the federal property standards with which University property policy and procedures comply.

Primary University guidance about the post-award management and disposition of tangible personal property owned by or in the custody of The Regents is contained in *Business and Finance Bulletin BUS-29*, Management and Control of University Equipment. This *Manual* Chapter supplements [BUS-29](#) with respect to the University's contract and grant administration function. Property policy and procedures also are discussed in several other University documents, which are referenced in [Section 15-999](#), Related University References, of this *Manual* Chapter.

15-110 APPLICABILITY OF UNIVERSITY POLICY

University property management policy and procedures as implemented by the [OP Executive Director-- Procurement Services](#) apply to all property, including that acquired under extramural awards, with the exception of:

- Property/assets in the custody of the [Chief Investment Officer/Treasurer](#) pursuant to [Section 21.4](#) of the Bylaws of The Regents of the University of California; and
- Government-owned property at the DOE Laboratory (to which DOE policies apply), namely, Lawrence Berkeley National Laboratory (LBNL)

15-120 DEFINITIONS

Many of the terms related to property administration, including "fabricated property," "plant equipment," "government-furnished property," and "excess government property" are defined in [BUS-29 Section I.I. D., Definitions](#), with additional definitions found in [BUS-38, Disposition of Excess Property and Transfer of University-Owned Property, Section II. Policy Definitions](#). Definitions of key terms that are used in this *Manual* chapter are given in Sections 15-121 through 15-128 and [15-240](#), below.

15-121 *Personal Property*

"Personal property" is: "Any movable item subject to ownership".

15-122 *Equipment*

"Equipment" is defined in 2 CFR [Part 220—Cost Principles for Education Institutions \(OMB CIRCULAR A-21\) Appendix A](#), Section J.18.a), as "an article of non-expendable tangible personal property having a useful life of more than one year, and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or \$5,000." The University of California has established a capitalization threshold of \$5000. Items that cost less than \$5000 or have a useful life of one year or less are considered supplies. In some cases, a purchased item may be a system made up of separate or separable parts, but it must be sold as a system by the vendor in order to qualify as a single piece of equipment. Merely grouping individual items on one purchase order does not constitute purchase of an equipment system. (See [Chapter 7-205](#) and [Chapter 2-526](#)).

15-123 *Inventorial Equipment*

"Inventorial equipment" refers to equipment (as defined above) that is recorded in the University's inventory system. With some exceptions, University-owned equipment that is free-standing is considered inventorial equipment. Firearms, for example, regardless of cost, always are inventoried as is equipment acquired under non-federal awards that set a dollar limit of less than \$5000 for inventorial items. Government-owned equipment is always considered inventorial. Items that enhance the value or prolong the useful life of the equipment on which they are installed or attached are considered capital equipment if they cost more than \$5000. However, the cost of these items is added to the value of the equipment to which they are installed or attached and the items are not separately tagged and inventoried.

15-124 *General and Special Purpose Equipment*

"Special purpose equipment" is equipment which is used only for research, medical, scientific, or other technical purposes. "General purpose equipment" is equipment which is not limited only to research, medical, scientific, or other technical purposes (e.g., office furniture, computers, air conditioning). Equipment that is specifically designed for scientific purposes is special purpose equipment. Equipment that is not specifically designed for scientific purposes still may qualify as special purpose equipment if its use for scientific purposes makes it unusable for general purposes (e.g., a refrigerator used for storing radioactive or hazardous materials).

15-125 *Expendable Personal Property*

"Expendable personal property" (e.g., supplies) is all tangible personal property other than nonexpendable property.

15-126 *Theft-Sensitive Items*

"Theft-sensitive items" or "Other Inventorial Items" are items whose acquisition cost is below the inventorial threshold of \$5000, but which a sponsor may identify or the campus chooses to carry on its inventory for tracking and control purposes. Examples of theft-sensitive items are given in [BUS-29 Section I. E. 3.](#)

15-127 *Exempt Property*

The term "exempt" refers to exemption from further accountability to the federal government. "Exempt property" is tangible personal property acquired in whole or in part with federal research grant funds, the title to which is vested in the University without further obligation to the federal government, unless the sponsoring agency explicitly reserves the right to transfer title *and* issues disposition instructions within 120 days after the end of the federal support of the project for which the property was acquired. Most equipment acquired by the University under federal research grants qualifies as "exempt property" pursuant to Pub. L. 95-224. This statute, approved February 3, 1978, authorized federal agencies, in their research grants to colleges and universities, to vest title to equipment purchased with grant funds in the recipient institution. Equipment acquired under other types of funding mechanisms, e.g. training grants and contracts, is considered "nonexempt."

15-130 *CONTRACT AND GRANT OFFICER RESPONSIBILITIES*

Campus Contract and Grant Officers have certain responsibilities specifically pertaining to property administration, pursuant to [BUS-29 Section II.B. 2.](#) These responsibilities are:

II.B.2.a. Upon receipt of an award, to notify the Equipment Management Department "of the award provisions regarding reporting and vesting of title."

II.B.2.b. Upon completion or termination of an award, "the Contract and Grant Office in coordination with the Principal Investigator and sponsoring department ascertains the status of title to equipment procured under each award and notifies the Equipment Management Department accordingly".....and,

II.B.4.b. "The [sponsor] contracting officer may transfer title to the University at the beginning, during, or at the end of an award."

15-200 TITLE AND OWNERSHIP OF PROPERTY

Title to or ownership of all University property is vested in The Regents of the University of California. In this Chapter, phrases such as "title vesting in the University" and "title vesting in The Regents" are used interchangeably.

The Board of Regents is responsible for all property to which The Regents holds title. Custodial responsibility for other property rests with The Board of Regents to the extent that it has explicitly agreed to accept responsibility for such property. By authority provided in [Section 100.4\(a\)](#) of the Standing Orders of The Regents of the University of California, the President of the University has assigned to the [Chief Financial Officer](#) general responsibility for the care and

custody of property belonging to The Regents. The Chief Financial Officer has assigned responsibility for the management and control of inventorial equipment to the [Executive Director – Procurement Services](#).

15-210 *SPONSOR REQUIREMENTS*

Under federal contracts, title to equipment acquired by the University using contract funds and costing \$5,000 or more usually remains with the Government unless the contract states otherwise; when the acquisition cost is less than \$5,000, title usually vests in the University. As stated in both [FAR 52.245-1](#), Alternate II, Government Property, title to property (and other tangible personal property) purchased with funds available for research and having an acquisition cost of less than \$5,000 shall vest in the Contractor upon acquisition or as soon thereafter as feasible; provided, that the Contractor obtained the Contracting Officer's approval before each acquisition.

The University may request that title to Government-owned equipment be transferred to the University. The decision to exercise this option should be made on a case-by-case basis.

When title vests in the Government, the University acts as custodian of the equipment. The University also acts as custodian of the equipment when the equipment is furnished by the Government and the Government retains title.

Under federal grants, the University normally gains title to equipment acquired with grant funds upon acquisition. (See [2 CFR 215.30 through 215.37](#) (formerly [OMB Circular No. A-110](#)), Property Standards and [15-F01](#) below.) Although the Government may specifically reserve the right to transfer title either to itself or to a third party, in practice, this seldom happens.

Under State of California awards, the State normally retains title, but upon request, allows the University to use the equipment after the expiration of the award.

Under non-federal awards, title to and disposition of any equipment purchased with sponsor funds should be specified in the award terms. The preferred option is for the University to take title to the equipment upon acquisition.

University procedures for the care, maintenance, records, physical inventory, and control of inventorial equipment as outlined in [BUS-29](#) are designed to comply with virtually all sponsor requirements regardless of whether or not the sponsor retains title (see [15-F01](#)).

15-220 *COST IMPLICATIONS*

In reviewing proposals and awards that involve the acquisition of equipment, Contract and Grant Officers should take into account concomitant direct costs for the University that may be allocable to the sponsor. In addition to any acquisition costs, shipping, sales taxes (see Chapter 7, [Section 7-221](#)), maintenance and repair costs (see Chapter 7, [Section 7-209](#)), registration and licensing costs (e.g., for vehicles--see *Business and Finance Bulletin* [BUS-8](#), Acquisition and Disposition of University Vehicles), storage costs (see [BUS-29 Section III.F.](#)), insurance (see

Chapter 7, [Section 7-207](#) of this *Manual* and Section 15-221, below), and disposition costs (see [BUS-29 Section XI](#), and [BUS-38, Disposition of Excess Property and Transfer of University-Owned Property](#)) may be allocable to the sponsor.

15-221 Risk of Loss/Damage to Sponsor Property

Agreeing to act as custodian for sponsor-owned property may require the University to assume responsibility for loss or damage to the property. This contractual obligation is covered automatically under the University's General and Automobile Liability Self-Insurance Program (*Business and Finance Bulletin* [BUS-81](#)) for campuses and medical centers. The University's insurance program does not apply to the Lawrence Berkeley National Laboratory. Losses or damage must be reported within 24 hours to the campus police and Risk Management Department.

If the terms of an extramural award require that the University have and maintain specialized insurance coverage, then Contract and Grant Officers should consult with local Risk Managers to determine whether the required coverage is already available. If the risk is not covered by the University's existing self-insurance or insurance programs, three options are available: (1) the property should not be accepted; (2) the department or unit responsible for administering the award should identify a fund source that would cover any liability; or (3) the campus Risk Management Department may be asked to determine if insurance can be purchased. The insurance cost would be a cost charged to the extramural award.

15-230 APPROVALS NEEDED

Campuses should have procedures in place to ensure that all required approvals are obtained before acquiring, modifying, renovating, and/or disposing of property using extramural funds.

If research involves the modification of a piece of equipment and title to that equipment rests with the University, such modification is subject only to University approval. However, when title rests with the fund-granting source, prior approval by the source is usually required.

15-240 FABRICATED EQUIPMENT

For a variety of reasons, the University often must create property that is not available elsewhere. Fabricated property items are created either for use by the sponsor or for use by the University. Standard items that are altered or customized to make them usable on a sponsored project do not qualify as fabricated property.

Fabricated items regardless of cost that are either created for transfer to a non-University entity or are expected to have a useful life of less than one year do not meet the University's definition of inventorial equipment and should not be treated as such. The components, labor and all other costs of fabrication are included in the indirect cost rate base and are assessed applicable indirect costs. Indirect cost calculations on fabricated items that meet the University's definition of inventorial equipment are described in [Chapter 2-526](#) of this *Manual*.

Additional information concerning fabricated equipment is found in [BUS-29; Accounting Manual Chapter P-415-32](#), Plant Accounting: Inventorial Equipment--Fabricated Items; and Chapter 7, [Section 7-205](#) of this *Manual*.

15-300 CONTROL AND MARKING OF PROPERTY

15-310 RESPONSIBILITIES

In accordance with [BUS-29 Section III. A.](#),

The head of the custodial department [i.e. the department that has custody of the equipment] and the Principal Investigator have primary responsibility for the care, maintenance, physical inventory, control, and disposition of inventorial equipment and other University or extramurally-funded property. They must maintain up-to-date departmental records that reconcile to the official records maintained by the Equipment Management Office, and if an award is involved, fully inform the Equipment Management Department as to all provisions of each award document regarding the care, custody, maintenance, records, control, and all transactions involving said property so that the Equipment Management Department may properly carry out its functions regarding inventorial equipment.

15-320 IDENTIFICATION OF EQUIPMENT

[BUS-29, Section VI.](#), Identification of Equipment, describes the University system for identifying, marking, and recording property in the custody, possession, or control of the University. In general, with respect to University inventorial equipment:

All inventorial equipment is identified, marked with the property number, and recorded promptly upon receipt. It shall remain so identified as long as it is in the custody, possession, or control of the University. Assigned property numbers are recorded on all applicable receiving, shipping, and disposal documents, and any other records that may be a part of the Equipment Management system. Such markings and identification are removed or obliterated from the equipment only when sold, scrapped, or otherwise disposed of. Once a property number has been assigned, no change is made during the life of the item regardless of inter-departmental or inter-campus transfers. Property number data are maintained by each campus Equipment Management Department.

The University system for identifying inventorial equipment and accessories/components purchased for equipment is known as the Classification Code system. Guidelines for assigning Classification Code numbers to inventorial equipment acquisitions are issued by the OP Executive Director—Procurement Services.

See [BUS-29 Sections VI. B. and C.](#) for information on the identification of Government inventorial equipment and other Government property.

15-330 INVENTORY

Custodial departments are to take physical inventories at least every two years. The department head or Principal Investigator should verify the existence, current utilization, and continued need for the equipment inventoried. The local Equipment Management Department normally verifies the departmental inventories on the basis of statistical sampling, with all departments being sampled at least once every two years. Other verification procedures (such as one based on a bar code program) may be used in lieu of statistical sampling if accepted by the University's cognizant auditor for property management systems. (See Section 15-340, below.)

Complete physical inventories of Government equipment may be made by the local Equipment Management Department if required by the terms of a contract.

Physical inventories are also normally performed by the local Equipment Management Department, in coordination with the custodial department and the Principal Investigator, upon termination or completion of a government contract. Disposition instructions are requested from the agency by the campus Equipment Management Department as required under the contract. The requirement for an inventory may be waived by the campus Property Administrator when the equipment has been authorized for use in a follow-on contract. (See [BUS-29 Section X](#) for further information.)

15-340 *AUDITS*

Campus property management systems are audited by the Office of Naval Research. Campus audit information is coordinated by the Office of the President [Procurement Services](#)

DOE Laboratory property management systems are audited by the Department of Energy.

15-350 *PERSONAL USE OF PROPERTY*

[BUS-29 Section XIII](#) states that:

Employees shall not use University materiel or property in the care and custody of the University for personal purposes without pre-approval by the administrative head at that location.

Thus, use of University materiel or property in the care and custody of the University by University employees for personal purposes is not allowed except with the approval of the Chancellor, or, as appropriate, OP Chief Financial Officer, or the Vice President--Agriculture and Natural Resources.

15-351 *Shared Equipment*

Unless precluded or restricted by the terms of the award, equipment purchased with federal grant funds may generally be shared as long as this does not interfere with accomplishing the objectives of the project for which the equipment was originally purchased.

15-352 *Equipment Loans*

Equipment loans are covered in [BUS-29 Section IV. E. and F.](#) Subparagraph E. states that

When the University does not hold title to equipment but the equipment is in the care and custody of the University, the equipment cannot be loaned without the specific written approval of the title holder.

Subparagraphs F. outline procedures for recording loans of University-owned equipment under intramural loans, extramural loans, and inter-campus loans.

15-353 Subcontractor Control

Each subagreement entered into by the University whereby federal or State government property may come under the control of a subcontractor must contain specific provisions concerning the subcontractor's responsibility for the care, custody, and use of that property. These provisions should require, by flowing down requirements in the prime award, that the subcontractor assume the responsibility and obligations of the University with respect to that property while it is under the subcontractor's control. These obligations will include appropriate care, utilization, storage, movement, disposition, and record keeping. See [BUS-29 Section XII.](#) for further information.

15-400 REPORTING REQUIREMENTS

Systems that enable the University to comply with most sponsor equipment reporting requirements are outlined below in Sections 15-410 through 15-430, below. When special reports covering equipment are required by the sponsoring agency, the Principal Investigator or head of the custodial department is responsible for furnishing whatever descriptive and operating technical data may be necessary to enable the campus Equipment Management Department and other departments involved to meet the reporting requirements. (See [BUS-29, Section III.](#))

15-410 CORPORATE CONTRACT AND GRANT (CGX) SYSTEM

Campuses, the Division of Agriculture and Natural Resources, and the Lawrence Berkeley National Laboratory (LBNL) are responsible for reporting in the Corporate Contract and Grant (CGX) system all extramural awards that primarily support the acquisition of University-owned equipment. The Project Type for such awards is "Equipment." (See [Chapter 10, Section 10-420.](#))

15-420 INVENTORY REPORTING

Pursuant to fiscal closing schedules established by the Corporate Accounting Office, campuses are responsible for producing various reports for local and Office of the President use. Data specifications and requirements are outlined in the Corporate Equipment Facilities System Data Requirements.

15-430 CONDITION REPORTING

Custodial departments are required by [BUS-29 Section III. H.](#) to maintain equipment in the condition received or better, normal wear excepted, in order that the longest useful life is

secured. Equipment records are to be kept that show equipment condition according to the condition codes outlined in [BUS-29 Section III. H. 3](#). The department having custody of the equipment must indicate condition on the Annual Register of Inventorial Equipment when the listing is returned to the campus Equipment Management Department.

15-500 DISPOSITION OF PROPERTY

15-510 SPONSOR REQUIREMENTS

Sponsor requirements for the disposition of property acquired under extramural agreements are controlling. When title to the property vests in the sponsor, the University should normally receive specific disposition instructions from the sponsor. When title vests in the University, a general rule of thumb is that the property should continue to be used for the purpose for which it was acquired as long as it is needed or useful. When no longer needed or useful, and when there are no other obligations to the sponsor in connection with the award under which the property was acquired, the property may be disposed of in accordance with [BUS-29 Section XI](#). Contract and Grant Officers should generally not accept award terms that impose unusual or administratively burdensome disposition requirements.

15-520 UNIVERSITY PROPERTY

Any inventorial or non-inventorial University-owned equipment that is declared surplus or excess by a department may be disposed of as outlined in *Business and Finance Bulletin* [BUS-38, Disposition of Excess Property and Transfer of University-Owned Property](#). Such equipment may be sold, traded-in, or transferred to another department on campus or at another University campus. See [Section 15-550](#) below when the transfer involves another institution. All transfers of equipment must have prior written approval of the local Equipment Manager.

With respect to selling surplus property, a federal funding source may not be charged for an item of equipment if that same item was originally purchased with federal funds.

15-530 GOVERNMENT PROPERTY

Requirements for disposition of federal government Property are found in [BUS-29 Section XI. B.](#)

There are basically two ways in which the question of disposition of government property under a federal contract may arise: when the property becomes excess to the contract for which it was provided and when the contract is completed. If the property becomes excess during the life of the contract, it is screened against needs of other contracts. If there is a need, the federal Contracting Officer is asked for authority to use or transfer the equipment; if there is no need, the property is reported as excess in the manner prescribed by the Property Administrator.

Upon completion of a contract, the University will submit to the Contracting Officer a list (property/equipment report) certified as to quality and quantity of any or all items of final

inventory, exclusive of items disposition of which has already been directed or authorized by the Contracting Officer. The Contracting Officer will then issue disposition instructions.

Federal requirements for disposing of Government property furnished under Federal grants are outlined in [2 CFR Section 215.33](#) (formerly [OMB Circular A-110](#)). (See [15-F01](#)). The University must submit an annual inventory to the sponsoring agency at the end of the project for which the equipment was furnished, or when the equipment is no longer needed. The agency will then issue disposition instructions.

15-540 USE OF PROCEEDS UPON SALE

When the terms of the award permit the University to retain the net proceeds from the sale of University-owned personal property no longer needed, the property may be disposed of and the proceeds distributed in accordance with *Business and Finance Bulletins* [BUS-38, Disposal of Excess Property and Transfer of University-Owned Property](#), and BFB [A-51, Application of Proceeds From the Sale, Trade-in or Transfer of University Property](#). In general, net proceeds may be retained by the department releasing the property. These proceeds are considered "program income" if the property was purchased under a federal grant, and, according to [2 CFR Section 215.24](#) (formerly [OMB Circular A-110](#)), are covered by the rules in [2 CFR Section 215.33](#). (See [15-F01](#)).

15-550 TRANSFER OF PROPERTY TO ANOTHER INSTITUTION

When a Principal Investigator transfers to another institution, University-owned property acquired under that Principal Investigator's extramural awards may also be transferred in accordance with [BUS-38 Section VII. D](#). That Section of BUS-38 provides the following criteria that must be met in order to effect such transfers:

- the property must be available for transfer;
- a written request to transfer the property must be made by the departing faculty member;
- required approvals must be obtained;
- the recipient institution must agree, in writing, to accept title, with the understanding that the property is for the initial use of the new faculty member; and
- unless specific provisions are made in the terms of a contract or grant, transfers of property to individuals or for-profit organizations are prohibited.

15-600 LEASES

The authority delegated to Chancellors, and subsequently to campus Contract and Grant Officers, [to solicit and accept or execute certain extramural grants and contracts](#), does not include authority to sign agreements or contracts for leases, licenses, facilities construction or

acquisition. These authorities are provided to Chancellors via various separate delegations and are further delegated within campuses to the offices responsible for these matters.

15-610 EQUIPMENT LEASES

Rental and lease costs for equipment and other property are covered in Chapter 7, [Section 7-214](#) of this *Manual*. Procedures for accounting for and recording property acquired via conditional sales contracts or lease-with-purchase options are detailed in [BUS-29 Section IV. C.](#) and *Accounting Manual* [L-217-11 Accounting and Reporting for Leases and Installment Purchase Contracts](#).

In accordance with [2 CFR Section 215.44\(a\)\(2\)](#) (formerly [OMB Circular A-110](#)), the University purchasing system must provide that

where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement....

Generally, this means that if the total lease cost to be charged to the sponsor(s) is more than the purchase price, the equipment should be purchased outright rather than rented (all other things being equal).

15-620 REAL PROPERTY LEASES

Under [Bylaw 21.4 \(q\)](#),

The Chief Investment Officer is authorized to approve and execute on behalf of the Corporation contracts, real property rental agreements, and other documents pertaining to gifted real property held for investment purposes provided that base annual rent shall not exceed \$500,000 for the initial year, and that, when the rent is aggregated over the lease term, the total base rent will not exceed \$10 million.

[Standing Order 100.4\(cc\)](#) provides the President authority to approve and execute “real property rental agreements, leases, ground leases and other documents pertaining to the use of real property for University-related purposes with a term of not more than twenty years.” [Standing Order 100.4\(ff\)](#) authorizes the President to:

....approve and execute licenses, easements, and rights-of-way with respect to (1) real property used or to be used for University-related purposes or (2) University-related real property to be used by others.

The President has delegated authority to Chancellors, LBNL Director, and the Vice President--Agriculture and Natural Resources to [execute licenses for use of real property](#) and [University-related real property rental agreements \(leases\)](#) that do not exceed ten years or \$500,000 in the initial year.

Primary University guidance relating to the lease/purchase of, and construction on, real property is contained in the University *Facilities Manual*. When a lease agreement must be approved by The Regents before execution, the *Facilities Manual* guidelines should be followed. See also [Chapter 7-214](#) for information on rental and lease costs allocable to sponsored agreements.

15-999 RELATED UNIVERSITY REFERENCES

- Regents' [Bylaw 21.4 \(q.\)](#)
- [Regents' Standing Order 100.4\(a\)](#), Duties of the President of the University
- [Regents' Standing Order 100.4\(cc\)](#) Duties of the President of the University
- [Presidential Delegation of Authority \(DA 2231\)](#), Negotiation, Approval and Execution of University-Related Real Property Rental Agreements (Leases), to Chancellors, Laboratory Director, and Vice President--Agriculture and Natural Resources, effective 9/3/09.
- [Presidential Delegation of Authority \(DA 2232\)](#), Negotiation, Approval and Execution for Licenses for Uses of Real Property to Chancellors, Laboratory Director, and Vice President--Agriculture and Natural Resources, effective 9/3/09.
- *Accounting Manual* [Chapter L-217-11](#), Accounting and Reporting for Leases and Installment Purchase Contracts
- *Accounting Manual* [Chapter P-415-32](#), Plant Accounting: Inventorial Equipment--Fabricated Items
- *Business and Finance Bulletin* [A-51](#), Application of Proceeds From the Sale, Trade-in or Transfer of University Property
- *Business and Finance Bulletin* [BUS-8](#), Acquisition and Disposition of University Vehicles
- *Business and Finance Bulletin* [BUS-29](#), Management and Control of University Equipment
- *Business and Finance Bulletin* [BUS-38](#), Disposition of Excess Property and Transfer of University-Owned Property
- *Business and Finance Bulletin* [BUS-81](#), Insurance Programs
- [University Facilities Manual](#)

EXTERNAL REQUIREMENTS--FEDERAL

15-F01 [2 CFR 215.30 through 215.37](#) (formerly [OMB Circular No. A-110](#)), Property Standards, and

Federal Acquisition Regulation ([FAR](#)) [52.245-1, Government Property](#), with Alternate II for Educational Institutions

PURPOSE

The purpose of 2 CFR Part 215.30 et. al, Property Standards, is to prescribe uniform standards governing management of property furnished by the federal government or whose cost is charged to a project supported by a federal grant or other agreement. FAR

52.245-1, Government Property, provides the federal contract terms governing property under federal contracts. Additional federal contract clauses governing property are issued by other federal agencies such as the Department of Defense (DOD) and NASA, in their FAR clause supplements, i.e., DFARS and NFS, generally with the number “.245” in the supplemental clause number.

APPLICABILITY

The standards promulgated by 2 CFR 215 are applicable to all Federal agencies in their administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations. The term "other agreements" does not include procurement contracts but does include cooperative agreements. FAR 52.245-1 with Alternate II is used on federal cost-reimbursement, time-and-materials, and labor-hour type solicitations and contracts.

Other federal agencies, such as the DOD and NASA, publish additional federal contract clauses governing property in their FAR clause supplements, i.e., DFARS and NFS.

SUMMARY OF PROVISIONS

A schematic summary regarding title, use, and disposition of property covered by 2 CFR 215 and FAR 52.245-1 is presented below:

SCHEMATIC SUMMARY OF 2 CFR 215 PROPERTY STANDARDS

| Tangible Property | | | | | Intangible Property |
|--|--|--|--|--|---|
| Real Property | Personal Property | | | | |
| | Non-Expendable | | | Expendable | |
| | Federally-Owned | Exempt | Other | | |
| Title to vest in recipient | Title remains with the Government. | Title to vest in recipient unless not in best interest of Gov't. | Title to vest in recipient. | Title to vest in recipient. | Dept. of Commerce regs. apply w/respect to title. |
| Agency to issue disposition instructions | Agency to issue disposition instructions. | Agency may reserve right to transfer title. | Agency may reserve right to transfer title. | | |
| Recipient to use property for authorized purposes as | Recipient to submit annual inventory at end of project | Recipient has no other obligation unless | Recipient to use property on proj. as long as needed | Recipient to use any residual over \$5000 on | Recipient to report any patentable inventions; |

| | | | | | |
|--|--|---|--|---|--|
| long as needed for orig. proj.; subsequent use as approved by agency; when no longer needed recipient to get disposition instructions from agency. | or when no longer needed; recipient to get disposition instructions from agency. | agency has reserved right to transfer title and issues disposition instructions w/in 120 days after end of project. | regardless of funding period; sharing is encouraged; when no longer needed recipient can dispose of and, if market value is \$5000 or more, compensate the Gov't. or request disposition instructions. | other federal project or compensate the agency. | author or recipient is free to copyright materials developed, but must grant non-exclusive license to the Gov't. |
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PRIMARY UNIVERSITY RESPONSIBILITY

The [Executive Director - Procurement Services](#) is responsible for issuing implementing guidelines to campuses to ensure compliance with the provisions of the property standards of 2 CFR Part 215.

UNIVERSITY IMPLEMENTATION

Business and Finance Bulletin [BUS-29](#), Management and Control of University Equipment, provides the primary University guidelines for implementing the provisions of the property standards of 2 CFR Parts 215.30 to 215.37 and FAR 52.245-1.