



DEPARTMENT OF THE NAVY
OFFICE OF NAVAL RESEARCH
1107 NE 45th St., Ste. 350
SEATTLE, WA 98105-4631

IN REPLY REFER TO
4338
ONR 247
September 12, 2007

Mr. Thomas Judy
Associate Vice President,
Business and Finance
0124
Reno, NV 89557

Dear Mr. Judy:

The Office of Naval Research, ONR, Seattle Regional Office, performed a limited Property Control System Analysis (PCSA) Level IV, of the University of Nevada, Reno's, property control system as a desk review. The PCSA, conducted on September 11, 2007 was performed within the authority of FAR 45 and direction provided in the NASA Grants and Cooperative Agreements Handbook, the DOD Grant and Administrative Regulations, and OMB Circular A-110 (2 CFR 215). Guidance was provided by the DOD Manual for the Performance of Contract Property Administration (DoD Instruction 4161.2-M) and the Engineering and Systems Review Branch, ONR. The Objective of the PCSA was to ascertain the ability of the University's property control system to protect, preserve, account for and control Government-owned property in its custody. The PCSA included various tests and analyses of the institution's internal management controls for property management, records, inventory procedures, reports, closeout, disposition activities, and other areas as deemed necessary to perform the PCSA.

According to ONR records, the total value of ONR administered property at the University as of September 11, 2007 is \$499,833.00. The property is accountable to one NASA cooperative agreement—NNA04CL12A which will be complete on September 30, 2007. The University will request disposition instructions through me when it ends.

A physical inventory was performed in accordance with the University's approved policies and procedures. There were no deficiencies identified. The most recent one was due on May 18, 2007. The University is currently reconciling any discrepancies. Historically, differences are usually minor and reconciliation is completed by the end of the calendar year. When applicable, the University Of Nevada, Reno routinely requested disposition instructions within a reasonable timeframe after the property was no longer needed for its assigned project. For the last annual property reporting period the University submitted the one report that was required with accurate information and on time (NNA04CL12A).

PRIOR FINDING (open): The previous PCSA was conducted on August 22, 2006 and the report contained a finding and recommendation in the area of **Reports**. Five out of six final property/equipment reports due in the past year (2005 to 2006) were an average of 76 days late. The NASA Grant and Cooperative Agreement Handbook 1260.27 requires final property reports to be submitted within sixty days of award expiration on NASA grants. It was recommended that management controls be established to insure timely final property reporting in the future. A corrective action plan was requested to be submitted within fifteen days.

CURRENT FINDINGS: Because this PCSA Report contains findings, a corrective action plan should be submitted to me by October 11, 2007. The findings are--

1) **OPEN/REPEAT FINDING:** This Review revealed that the University Of Nevada, Reno did not correct the deficiency cited in the prior finding, above. One out of two final property reports that were due between September 12, 2006 and September 11, 2007 was timely (NNG05GI36G). The other final report was late (NNG04GA14G). NASA property reports should be distributed to the ONR Property Administrator, the NASA IPO (Industrial Property Officer), and the NASA Deputy CFO. Functional area: **Reports**.

2) The University's property and procedures manual did not reveal many changes since the 2006 PCSA. There were no revisions to the Reports section. It is recommended that the University's property manual be revised to include specific language about NASA grant and contract reporting requirements as well as DOD's. It should include NASA Form 1018 and DD Form 1662 for use in contract property reporting for NASA and DOD, respectively. Grants property reporting can be accomplished with a letter or an email message. Perhaps the responsibility for property reporting could be better defined and increased communication between Sponsored Projects and Property/Purchasing staff could be established with documented procedures. Functional area: **Property Management.**

Based upon the results of this PCSA and in the judgment of the Property Administrator, the property control system at the Board of Regents, NSHE Obo University of Nevada Reno is rated satisfactory to protect, preserve, account for and control Government owned property. The property control system continues to be approved.

Thank you for your assistance in this matter. If you have any questions, please contact me at (206) 548-7239.



C. C. EVERLEY
Property Administrator and
Administrative Contracting/Grants Officer

E-Copies to:
UNVR/K Schultz
UNVR/ C Kiel
ONR 241/H Mehler (dists to NASA IPOs)