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IN REPLY REFER TO

ONRCHI/AHC
SSIC 4330
Ser# 245/007 mtuh
15 January 2004

Ms Anita Quinn, Director
Michigan Technological University
Office of Research and Sponsored Programs
1400 Townsend Drive
Houghton, MI 49931-1295

Dear Ms Quinn:

This enclosed report present the results of the Property Control System Analysis (PCSA) conducted at Michigan Technological University on 6-10 October 2003. The Analysis revealed no findings involving the control of Government Furnished Property. Based on the results of the analysis, the **overall** condition of the University Property Control System is deemed **satisfactory** for system analysis purposes.

One of the more important purposes of the review is to provide the University with objective comments as a means to improve the total quality of its property control system. While no corrective action plan is required, the University is advised to review the observations provided for implementation into the property administration system.

Furthermore, the University is to be commended for the courtesies extended during the review. Please direct any questions to the undersigned by electronic mail at COLEA@ONR.NAVY.MIL or by telephone at (312) 886-2363.

Sincerely,

A handwritten signature in black ink that reads "Andrew H. Cole".

ANDREW H. COLE
Administrative Contracting Officer

Cc: Henry Mehler, ONR/SRB
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JAN 19



**OFFICE OF NAVAL RESEARCH
UNIVERSITY BUSINESS AFFAIRS**

**SPECIAL PROPERTY CONTROL
SYSTEMS ANALYSIS
(PCSA)**

AT

**MICHIGAN TECHNOLOGICAL UNIVERSITY
HOUGHTON, MICHIGAN**

OCTOBER 2003

**Conducted by:
Andrew Cole
Administrative Contracting Officer**

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**OFFICE OF NAVAL RESEARCH
UNIVERSITY BUSINESS AFFAIRS
PROPERTY CONTROL SYSTEMS ANALYSIS
AT
MICHIGAN TECHNOLOGICAL UNIVERSITY
OCTOBER 2003**

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**OFFICE OF NAVAL RESEARCH
UNIVERSITY BUSINESS AFFAIRS
PROPERTY CONTROL SYSTEMS ANALYSIS
AT
CASE WESTERN RESERVE UNIVERSITY
CLEVELAND, OHIO**

INTRODUCTION

The Office of Naval Research (ONR), University Business Affairs, Chicago performed a Special Property Control Systems Analysis (PCSA) at Michigan Technological University (MTUH), Houghton, Michigan. The objective of the PCSA was to determine if the University's property control system provides satisfactory control, protection, preservation, and maintenance of all Government property in accordance with the requirements of the Federal Acquisition Regulations (FAR 45.5), Defense Supplement to the FAR (DFARS 245.5), OMB Circular (A-110), DoD Grant and Agreement Regulations (DoDGAR Part 22) and all applicable agency and contractual requirements.

The PCSA was performed 5-10 October 2003 at the main campus of Michigan Technological University and the University's Keeweenaw Research Center located in Houghton, Michigan. The PCSA included a review and analysis of the policy and implementation of the property control system, as well as, discussions with operational and academic personnel. The guidance used during this review is contained in the DoD Manual for the Performance of Contract Property Administration (DoD 4161.2-M), OMB Circulars A-110 and A-21, and guidance provided by the ONR Systems Review Branch.

SCOPE

As of 5 October 2003, Michigan Technological University reported 7 items of DoD and NASA property valued at \$1,443,056.00 accountable under their property control system. Due to the small size, all items were selected for analysis. Nine items were selected during the physical sighting process and verified to the property records. A combined sample of 16 items was tested for accuracy and adequacy of property control records.

On 10 October 2003, an Exit Conference was conducted at MTUH. The preliminary results of the PCSA were discussed with University officials in order to obtain their agreement regarding the factual results of the review, and to provide relevant comment.

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SUMMARY OF SYSTEM ANALYSIS

Based on the results of this review, the Property Control System at Michigan Technological University is rated Satisfactory for the control, protection, preservation and maintenance of Government property and found to be in general compliance with applicable regulations and contractual requirements.

FINDINGS AND RECOMMENDATIONS

Prior Findings and Recommendations

The previous ONR Limited PCSA report for the review conducted in August 2003 disclosed no findings.

Current Findings and Recommendations

This Property System Control Analysis disclosed no findings.

OBSERVATIONS

The following observations are noteworthy as they reflect the character of the current on-site review and as indicators of possible future system deficiencies. They are not systemic conditions and therefore are not considered findings due to their isolated nature.

Observation 1 – Movement

During the records review, one of the sample items (a camera tag #100703) was discovered to be either at an off-site data collection point or in for service. It is noted that this property is not Government-Owned property. The University guidelines are not explicit as to the procedures for moving items between areas or sending items off campus. The reviewer proposes the University develop specific procedures for the handling of property in these situations and reinforce the importance of adhering to the current University guidelines for moving equipment offsite.

Observation 2 – Identification

During the review, one item was either not tagged or did not have a visible tag. There appeared to be adequate space to affix the tag in a place which would not have compromised the equipment but would still have been in plain sight. It is noted that this piece is not Government

Furnished Equipment. The reviewer proposes the University reinforce the importance of adhering to the written University guidelines for tagging University Property.

Observation 3 – General

Overall, the University's property control system seems to be well managed. The University is advised to devote adequate resources to continuously improve the property policies and system as well as to maintain what has already been achieved. The University's written policies are among the better policies I have reviewed. The reviewer found the staff of Michigan Technological University to be extremely helpful in providing all the necessary documentation I requested, including several pieces on short notice. Their dedication brings great credit upon themselves and Michigan Technological University.

Functional Areas

During the PCSA, 13 Functional Areas as identified in DoD 4161.2-M, Appendix A were reviewed. The PCSA disclosed that 8 Functional Areas were judged to be satisfactory and 5 were unsatisfactory due to either inadequate policy and/or inadequate implementation. See Appendix A for further details regarding condition of Functional Areas reviewed.

APPENDIX

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UNIVERSITY BUSINESS AFFAIRS DIVISION
PROPERTY CONTROL SYSTEMS ANALYSIS
AT
CASE WESTERN RESERVE UNIVERSITY
MAY 2001**

STATUS OF FUNCTIONAL AREAS REVIEWED

#	Functional Area	Satisfactory Unsatisfactory	Remarks	Note
1	Property Mgt.	Satisfactory	Good written policy.	
2	Acquisition	Satisfactory	Adequate policy and implementation	
3	Receiving	Satisfactory	Adequate policy and implementation	
4	Identification	Satisfactory	Adequate policy.	2
5	Records	Satisfactory	Adequate policy and implementation	
6	Movement	Satisfactory	Policy could be more detailed.	1
7	Storage	Satisfactory	N/A	
8	Physical Inventories	Satisfactory	Adequate policy and implementation	
9	Reports	Satisfactory	Adequate policy and implementation.	
10	Consumption	Satisfactory	Adequate policy and implementation.	
11	Utilization	Satisfactory	Adequate policy and implementation.	
12	Maintenance	Satisfactory	Adequate policy and implementation	
13	Subcontractor Control	Satisfactory	N/A	
14	Disposition	Satisfactory	Adequate policy and implementation.	
15	Property Close-Out	Satisfactory	Adequate policy and implementation.	

NOTE:

- 1. See Current Finding and Recommendation Management**
- 2. See Current Finding and Recommendation Identification**

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