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originally received the grant to ascertain whether an acceptable replacement principal investigator can be substituted to complete the research effort. The final decision on whether an acceptable replacement is available, or that the research effort should follow the original principal investigator to the new location, is at the discretion of the NASA technical Officer. If the decision is made to transfer the grant, the grant at the original institution must be terminated, and a new proposal must be submitted to NASA via the appropriate officials of the new institution. Although such a proposal will be reviewed in the normal manner, every effort will be made to expedite a decision. Regardless of the action taken on the new proposal, final reports on the original grant, describing the scientific progress and expenditure to date, will be required.

(b) Novation and change of name agreements are administrative actions requiring the involvement of the grant officer. Novations are legal instruments under which obligations of an organization, (including the performance of grants), are assumed by a new organization arising out of a transfer of assets, usually as a result of a merger or acquisition by the new organization. Change of name agreements are legal instruments executed by an organization and NASA that recognizes the legal change of name of the organization without disturbing the original rights or obligations of the parties. Procedures for completing novation and change of name agreements are set forth at FAR subpart 42.12. All novation agreements and change of name agreements of the recipient, prior to execution, shall be reviewed by legal counsel for legal sufficiency. It is recommended that the cognizant ONR office be contacted to determine responsibilities to complete novation or change of name agreements.

§ 1260.74 Property use, disposition, and vesting of title.

(a) Approval for acquisition of property shall conform to the following procedures:

(1) Providing existing government equipment or property, or allowing acquisition of property by a grant recipi-

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ent, should only be allowed in situations where the recipient justifies the need for the property and cannot carry out the effort with existing property already in the possession of the recipient.

(2) In accordance with OMB Circulars A-21 and A-122, prior approval of property acquisitions is required for special purpose equipment with a unit cost over \$5,000, general purpose equipment with a unit cost over \$5,000, (unless a lower threshold has been established by the recipient), or coherent systems (as defined in § 1260.74(e)) with a value of over \$5,000. Grant awards under the Federal Demonstration Partnership are exempt from this requirement. The NASA grant officer will retain authority for approving the expenditure of grant funds for the acquisition of such equipment. Requests by grant recipients for the acquisition of equipment shall be supported by written documentation setting forth the description, purpose, and acquisition value of the equipment, and include a written certification that the equipment will be used exclusively for research. (A change in the model number of a prior approved piece of equipment does not require re-submission for that item.) NASA grant officers shall not approve the expenditure of grant funds for the acquisition of equipment unless the recipient's justification for the equipment demonstrates that the equipment will be used exclusively for research activities.

(b) Vesting of title to property acquired by the recipient shall conform to the following procedures:

(1) For awards to educational institutions and non-profit organizations, special purpose and general purpose equipment costing in excess of \$5,000 (unless a lower threshold has been established by the recipient) acquired by the recipient under a grant or cooperative agreement for the purpose of research shall be titled to the recipient as "exempt" equipment as set forth at § 1260.133(b). The recipient shall have no further obligation or accountability to the Federal Government for the use or disposition of "exempt" property, including reporting requirements. Special purpose and general purpose equipment costing in excess of \$5,000 (unless

a lower threshold has been established by the recipient) acquired by the recipient under a grant or cooperative agreement for non-research work shall be titled to the recipient in accordance with § 1260.134.

(2) For awards to commercial organizations, the following property procedures will apply:

(i) Acquisition of special purpose equipment costing in excess of \$5,000 and not included in the approved proposal budget requires the prior approval of the grant officer unless the item is merely a different model of an item shown in the approved proposal budget.

(ii) Recipients may not purchase, as a direct cost to the grant, items of general purpose equipment, examples of which include but are not limited to office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment. If the recipient requests an exception, the recipient shall submit a written request for grant officer approval, prior to purchase by the recipient, stating why the recipient cannot charge the general purpose equipment to indirect costs.

(iii) Under no circumstances shall grant funds be used to acquire land or any interest therein, to acquire or construct facilities (as defined in 48 CFR (FAR) 45.301), or to procure passenger carrying vehicles.

(iv) The Government shall have title to equipment and other personal property acquired with Government funds. Such property shall be disposed of pursuant to 48 CFR (FAR) 45.603.

(v) Title to Government furnished equipment (including equipment, title to which has been transferred to the Government prior to completion of the work) will remain with the Government.

(vi) The Recipient shall establish and maintain property management standards for Government property and otherwise manage such property as set forth in 48 CFR (FAR) 45.5 and 48 CFR (NFS) 1845.5.

(vii) Recipients shall submit annually a NASA Form 1018, NASA Property in the Custody of Contractors, in accordance with the instructions on

the form, the provisions of 48 CFR (NFS) 1845.71 and any supplemental instructions that may be issued by NASA for the current reporting period. The original NF 1018 shall be submitted to the center Deputy Chief Financial Officer, Finance, with three copies sent concurrently to the center industrial property officer. The annual reporting period shall be from October 1 of each year through September 30 of the following year. The report shall be submitted in time to be received by October 15. Negative reports (*i.e.* no reportable property) are required. The information contained in the reports is entered into the NASA accounting system to reflect current asset values for agency financial statement purposes. Therefore, it is essential that required reports be received no later than October 15. A final report is required within 30 days after expiration of the agreement.

(c) Equipment with a unit price of \$5,000 or less (unless a lower threshold has been established by the recipient) is properly classified as "supplies," is not subject to transfer to the Agency, and will be titled to the recipient in accordance with § 1260.135.

(d) Title to Federally-owned property remains with the Government, and is subject to the following additional requirements:

(1) In accordance with Public Law 94-519, NASA will not acquire property from other agencies for use on NASA grants.

(2) Government property provided to a grant recipient for use under a grant will be identified through inclusion of the special condition at § 1260.66, Listing of Reportable Equipment and Other Property.

(3) When Federally-owned property is reported excess by a recipient, the administrative grant officer will report the equipment to the center industrial property officer, who will consult with the technical officer concerning property disposition.

(4) NASA policy encourages the donation of existing, excess NASA property to nonprofit organizations whose primary purpose is the conduct of scientific research.

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(e) When two or more components are fabricated into a single coherent system in such a way that the components lose their separate identities, and their separation would render the system useless for its original purpose, the components will be considered as integral parts of a single system. If such a system includes recipient-owned components, the property will be considered to be exempt. The requirement for agreement regarding NASA's retention of its option to take title shall further apply where it is expected that one or more recipient-acquired components costing \$5,000 or less will be fabricated into a single coherent system costing in excess of \$5,000. However, an item that is used ancillary to a system, without loss of its separate identity and usefulness, will be considered as a separate item and not as an integral component of the system.

(f) Property administration and plant clearance for all grants and cooperative agreements will be delegated to the appropriate ONR office.

(g) NASA grant officers will provide copies of property related grant documentation to the center industrial property officer and to the Office of Naval Research (at time of award or modification) when the NASA program office elects to retain title to an existing item of Government property, to furnish the property to the recipient in lieu of donation, or to take title to property acquired by the recipient. When NASA acquires title to items of recipient acquired equipment or when NASA transfers an item of Government property to a recipient as Federally owned property, the NASA grant officer shall notify the cognizant NASA center financial management officer, the industrial property officer and Office of Naval Research to ensure proper entries in financial and property accounting records.

[65 FR 62900, Oct. 19, 2000, as amended at 69 FR 41936, July 13, 2004]

§ 1260.75 Summary of report requirements.

(a) The Committee on Academic Science and Engineering (CASE) Report (NF 1356), for grants and cooperative agreements awarded to educational institutions, is submitted by

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the program office with the basic award procurement request and completed by the grant officer. The grant officer should initiate an amendment to the NF 1356 whenever the principal investigator or the technical officer changes.

(b) Intermediate report responsibilities of the recipient are as follows:

(1) The Federal Cash Transactions Report (SF 272) shall be submitted by the recipient, in accordance with § 1260.26, as a condition of receiving advance payments. Instructions and answers to payment questions will be provided by the NASA Financial Management Office of the Center that has been assigned financial cognizance of the grant. (See § 1260.152.)

(2) The annual Inventory Report of Federally Owned Property in Custody of the Recipient will be submitted by the recipient as required by § 1260.27(e). The listing shall include information specified in § 1260.134(f) together with beginning and ending dollar value totals for the reporting period. Negative reports (*i.e.*, where no property has been acquired or provided, or where all acquired property has been titled to the recipient as exempt) are not required. Please note that any property acquired by the recipient and not titled to the recipient as exempt, must be reported, even when titled to the recipient as non-exempt property in accordance with the procedures set forth at § 1260.134.

(3) A Progress Report shall be submitted in accordance with §§ 1260.22 and 1260.151. Recipients are not required to submit more than the original and two copies. At the request of the technical officer, technical reports can be submitted as new findings are made rather than on a predetermined time schedule, by use of the special condition at § 1260.55, entitled "Reports Substitution."

(4) An Educational Activity Report is required annually for education grants in accordance with § 1260.22. The report is due 60 days prior to the anniversary date of the grant or cooperative agreement.

(5) A Disclosure of Subject Invention or a Disclosure of Reportable Item is required, as applicable, in accordance