



DEPARTMENT OF THE NAVY
Office of Naval Research
Chicago Regional Office
Federal Building, Room 380
230 S. Dearborn Avenue
Chicago, Illinois 60604

ONRCHI/DFI
SSIC 4330
Ser. 245/107
July 29, 2016

Mr. Frederick Stauch
Administrative Project Coordinator
University of Michigan
Division of Research Development Administration
3003 South State Street, 1058 Wolverine Tower
Ann Arbor, MI 48109

Dear Mr. Stauch:

The Office of Naval Research, Chicago has performed an On-Site Property Control System Analysis (PCSA) Review of the University of Michigan's property control system. The PCSA, conducted on 05/16/2016 was performed in accordance with FAR and OMB requirements and within the guidance provided by the Engineering and Systems Review Branch, Office of Naval Research

The Objective of the PCSA was to ascertain the ability of the University of Michigan's property control system to protect, preserve, account for and control Government-owned property in their custody. The PCSA included various tests and analyses of the institution's internal management controls for property management, inventory procedures, reports, 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 of Michigan as of 05/16/2016 is \$2,150,151.52. The property is distributed as follows:

DOD	NASA
\$2,143,751.52	\$6400.00

The previous PCSA was conducted on 09/23/2014. As a result of this review, the university was notified of the following findings. Property Reporting – the university failed to report government property under award W56HZV-04-2-0001. One piece of equipment was mistakenly recorded as university titled. On March 2015, the University corrected the identified deficiencies and the findings are considered closed.

An A-133 audit was recently conducted which addressed the institution's overall property control system. The audit did identify findings related to the property control system. DHHS Findings #2015-001 equipment monitoring under a NIH award. the equipment was not being

recorded and dispose of properly. The university acknowledges and will provide their corrective action on the anticipated date of June 30, 2016.

The University of Michigan Property Policies and Procedures have been reviewed for completeness and have been found to be acceptable.

The University of Michigan recently performed a physical inventory. The inventory was performed in accordance with their approved policies and procedures. There were no deficiencies identified during the physical inventory.

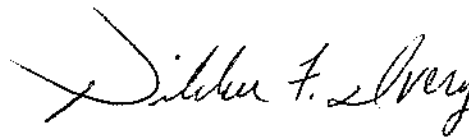
For the last property reporting period the University of Michigan submitted all 3 Annual Property Reports in a timely manner. The Annual Reports that were submitted for this period contained accurate information.

The University has submitted five delinquent final property reports and two timely. The university has instituted a policy with the Office of Sponsored Research programs to receive on a monthly basis a listing of awards that are closing.

The University of Michigan should continue to submit their final property reports in a timely manner.

Based upon the results of this PCSA and in the judgment of the Property Administrator, the property control system at the University of Michigan is compliant to protect, preserve, account for and control Government owned property.

Thank you for your assistance in this matter. If you have any questions, please contact me at (312) 886-2167.



DILDREE F. IVERY
Administrative Contracting Officer

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