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Division of Aging and Adult Services
Policies, Procedures and Protocols

Policy DAAS-Aging 03 Property Management

APPLICABILITY AND PURPOSE

The purpose of this policy is to describe the procedures for the management of property acquired with grant support provided by the Area Agency on Aging (AAA)

This policy applies to all contractors of the AAA

POLICY

In order to ensure compliance with Federal and State mandates, it is essential that the AAA direct the management of personal property acquired with grant support.

Definitions

- **AAA** = the Marin County Division of Aging, as a part of the Marin County Department of Health & Human Services.
- **CDA** = California Department of Aging
- **Expendable (non-expendable personal property)** = tangible personal property having the following characteristics: a useful life of one year or more; an identity which does not change with use; that is to say, is not consumed or converted or fabricated into some other form of property; is of a nature that makes formal property accountability practical, and has an approximate acquisition cost of \$300 (1/90) or more per unit.
- **Expendable Personal Property** = supplies, all tangible personal property other than equipment.

- **Personal Property** = property, either tangible or intangible of any kind, except real property.
- **Real Property** = land, including the improvements and structures on the land but excluding movable machinery and equipment.
- **Replacement Equipment** = equipment required to take the place of other equipment. To qualify as replacement equipment, it must serve the same function as equipment replaced although not necessarily the same model, make or quality.
- **Supplies** = expendable personal property; all tangible personal property other than equipment and food item.
- **Acquisition of Property** includes purchase, construction or fabrication of property but does not include the rental of property or alterations and renovations to real property.
- **Acquisition Costs for an Item of Purchased Equipment** = the net invoice price of equipment, including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the equipment usable for the purpose acquired or other charges; such as a cost of installation, transportation, taxes and duty or protective in-transit insurance are to be included in the acquisition costs of equipment.

If the item is acquired by trading in another item of equipment and paying an additional amount, "acquisition cost" means the amount received for trade-in, plus the additional outlay of funds.

- **Amount Received for Trade-In** = the amount that would have been paid for the replacement equipment without a trade-in, minus the amount paid with a trade-in.

Clarification

- Contractors may follow their own property management policies and procedures, provided that the requirements of this chapter are met.

PROCESS

Management of property is to include the acquisition, use, title and disposition of real and personal property. In order for property to be considered, it must be acquired with grant support as a direct cost under a grant, contract of subcontract, or toward satisfying a grant cost - sharing or match requirement.

Each subcontractor of grant funds is required to use control and accounting procedures to assure proper management of real and personal property acquired with grant support. Property is also subject to any other requirement imposed by the terms of County contracts.

PROCEDURE

A. Title to Equipment and Supplies

1. Title to equipment and supplies acquired under a grant, or contract, shall vest in the recipient.

B. Use of Equipment

1. Equipment that has not been transferred shall be used by the recipient in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds.
2. When no longer needed for the original project or program, the recipient shall use the equipment in other projects or programs currently or previously supported by federal funds, in the following order of priority:
 - a. Projects or programs currently or previously sponsored by the AAA.
 - b. Projects or programs currently or previously sponsored by other federal agencies.

C. Shared Use of Equipment

1. If equipment is being used less than full-time in the project or program for which it was originally acquired, the recipient shall make it available for use to other projects or programs currently or previously supported by federal funds.
 - a. Such other use is not to interfere with the work on the original projects or program.
 - b. Preference for such use is given to other projects or programs sponsored by the AAA. The AAA shall notify the CDA in writing prior to making the equipment available for shared use by another project or program.

D. Equipment No Longer Needed By A RECIPIENT

1. When the recipient can no longer use equipment, it may voluntarily make the equipment available for use on projects or programs that are spelled out above.
2. The recipient shall notify the AAA in writing prior to making the equipment available for use by other projects or programs.
3. The AAA will report the transfer of equipment to CDA.

4. Rights to Require Transfer of Equipment

- a. Equipment List - if at any time the CDA is considering exercising its right to require transfer of equipment, it may require the AAA and its contractors to furnish a list of all equipment subject to the right.
- b. Right of CDA - items of equipment having a unit acquisition cost of \$1,000 or more may be required to be transferred including the title to the state or eligible non-federal parties named by the CDA. This right is subject to the following conditions.
- c. The CDA have sent a notice that is exercising the right to transfer equipment no later than 120 days after the end of grant for the project or program for which the equipment was acquired and the notice must have been received by the AAA before other disposition of the equipment can take place.
- d. If the right is exercised, the AAA and/or contractor shall be entitled to be paid any reasonable shipping or storage costs incurred, plus an amount computed for the market value of the nonfederal share of equipment.
- e. The AAA also may transfer equipment - for items of equipment having a unit cost of \$1,000 or more which are required under grant, the AAA may reserve for itself a right similar to the right of the State. Without approval of the CDA, the right may be exercised if the project or program for which equipment was acquired is transferred to another contractor or sub-grantee, for the purpose of transferring the equipment to the new recipient for continued use in the project or program.

E. Replacement of Equipment

1. Equipment may be exchanged for replacement of equipment, if needed.
2. The replacement may take place through trade or through sale and the application of the proceeds to the acquisition cost of the replaced equipment.
3. If an additional outlay to acquire the replacement equipment is charged as a direct cost to either federal funds or required match under a CDA award, the replacement equipment shall be subject to and any terms and conditions of the AAA contract.
4. None of the provisions of this chapter shall carry over and be applied to

replacement of equipment if the federal share of equipment replaced was 10% or less, or the amount received for trade-in or sale is \$100 or less.

F. Disposition of Equipment

When the original or replacement equipment is no longer to be used in projects or programs currently or previously supported by federal funds, the disposition of equipment shall be made as follows:

1. Equipment with unit costs of less than \$1,000 and with no further use or value may be retained, sold or otherwise disposed of with no further obligation to CDA or the federal government. The subcontractor shall notify the AAA in writing, which will in turn notify the CDA prior to the disposition of the equipment.
2. All Other Equipment:
 - a. The equipment may be retained or sold and CDA will have the right to an amount calculated by multiplying the current market value or the proceeds from sale by the federal share of equipment.
 - b. If the contractor is still receiving grant support for which or under which the equipment was acquired and with prior approval from CDA, the net amount of the proceeds from sale may be used for allowable cost of that project or program. The proceeds may be accounted for as project income. If the new proceeds are not used for allowable costs, the federal share of the net costs must be remitted to CDA by check, within 60 days of the sale.

G. Equipment Records

1. Equipment records shall be maintained for a period of 3 years from the date of disposition of replacement of equipment. For each item of equipment, costing \$300 or more and having more than 1 year of useful life, the records shall include:
 - a. a description of the equipment, including model number, if any.
 - b. an identification number; such as the manufacturer's serial number.
 - c. the contract number, including the dash number under which the contractor acquired the equipment.
 - d. the AAA will provide the information needed to calculate the federal share of the equipment determined at the end of the contract period.
 - e. the acquisition cost per unit and acquisition date.
2. The contractor will provide a signed and dated statement of the location, use and condition of the equipment.
3. All pertinent information on the ultimate transfer, replacement or disposition of the equipment will be provided to the AAA.

H. Equipment Inventory

1. A physical inventory of equipment will be taken and reconciled with the property records at the AAA at least once every two years to verify the existence, current use and condition, plus the continued need for the equipment.
2. Any differences between quantities determined by physical inspection and those shown in the AAA accounting records must be investigated to determine the costs of the differences.
3. Contractors are also required to report any differences between quantities determined by physical inspection, and those shown in the accounting records of AAA.
4. Any differences will be investigated to determine the cause of the differences of the findings.
5. Contractors, as well as the AAA, are required to maintain a readily identifiable inventory of property acquired with grant and subcontracted CDA funds.
6. This inventory is part of the official grant records and will be subject to federal/State monitor and audits.
7. All non-expendable personal property as defined and acquired with CDA funds shall be marked with appropriate identification number.
 - a. This number shall be distinguishable from other numbers on the equipment.
 - b. Contractors may use their own numbering and tagging system as long as equipment is readily distinguishable from other equipment.
 - c. Choice of identification method is entirely dependent on the character, variety and volume of equipment to be identified.
 - d. Identification numbers will not be changed when the equipment is moved within an agency unless the transaction results in its being purchased by non-federal support or local funds not used to match federal funds, and must be disposed of in accordance with the above mentioned disposition of equipment.

Exceptions to use of identification numbers on equipment are:

- a. Motor vehicles subject to state licensing laws. In this case, the vehicle

identification number (VIN) shall be the identifying number used.

- b. Equipment too small to practicably place identification number on it. The manufacturer's serial number may be used in this case.
- c. Equipment which would be damaged or lose significant market value as a result of placing and identification number on it. Again, manufacturer's serial numbers shall be used. (If there is no manufacturer's serial number that can be used as identification, the equipment shall be fully described, including make, model, color, and distinguishing marks and other characteristics.)

I. Other Requirements

1. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage or theft of equipment.
2. Loss, damage or theft of equipment shall be investigated fully and documented.
3. This documentation shall be sent to the AAA within 30 days of loss, damage or theft.
4. Adequate maintenance procedures shall be implemented to keep equipment in good working order and condition.
5. Where the equipment is to be sold and the CDA is to have a right to part or all proceeds, the result must be that the highest net possible return is realized.

J. Federal Share of Property

1. Several sections of this chapter require a determination of the federal or non-federal share of real property, equipment or supplies. In making such a determination, the following procedures will be observed:
 - a. the subcontractor will notify the AAA that sale or disposition of the property is being intended.
 - b. the AAA will refer to Chapter 500 of the CDA Administrative Manual Section 775 for costing of federal or non-federal shares owed. The AAA will help in the determination of federal shares owed.

K. Intangible Personal Property - Copyrights

The following rules apply unless the terms and conditions of the grant or contract state otherwise.

1. If any copyrighted materials are developed in the course of, or under a grant or contract, the subcontractor is free to copyright the material or permit others to do so.

2. In addition, the CDA shall have royalty-free, non-exclusive and irrevocable right to reproduce, publish or otherwise use and authorize others to use work for governmental purposes.

FORMS AND OTHER ATTACHMENTS: Pending

REFERENCES: Title 22

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