

# Property and Equipment

**Acquisition of Property.** Recipients are required to be prudent in the acquisition and management of property with federal funds. Expenditure of funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the recipient organization, will be considered an unnecessary expenditure.

**Loss, Damage, or Theft of Equipment.** Recipients are responsible for replacing or repairing the property which is willfully or negligently lost, stolen, damaged, or destroyed. Any loss, damage, or theft of the property must be investigated and fully documented and made part of the official project records.

## **Equipment Acquired with Edward Byrne, LLEBG, or JAG Funds.**

Equipment acquired shall be used and managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows:

- **Title:** The Omnibus Crime Control and Safe Streets Act of 1968, as amended, requires that the title to all equipment and supplies purchased with funds made available under the Crime Control Act shall vest in the criminal justice agency or nonprofit organization that purchased the property if it certifies to the state office that it will use the property for criminal justice purposes. If such written certification is not made, title to the property shall vest in the state office, which shall seek to have the equipment and supplies used for criminal justice purposes elsewhere in the state prior to using it or disposing of it in any other manner.

*It is the intent of federal legislation that where equipment is purchased with task force monies, this equipment must remain within the task force, even if a unit of government no longer participates in the task force or a change of lead agency occurs.*

- **Use and Management:** A recipient shall use and manage equipment in accordance with their own procedures as long as the equipment is used for criminal justice purposes.
- **Disposition:** When equipment is no longer needed for criminal justice purposes, a state shall dispose of equipment (for both state and for recipients), in accordance with state procedures.

**Equipment Acquired with Juvenile Justice Act and Violence Against Women Act Formula Funds.** Equipment acquired under an award shall be used and managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows:

- Title: Title to equipment acquired under an award will vest upon acquisition in the recipient subject to the obligations and conditions set forth in 28 CFR Part 66.
- Use: Recipients shall use equipment in accordance with the following requirements:
  - ✓ Equipment must be used by the recipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal Agency.
  - ✓ The recipient shall also make equipment available for use on other projects or programs currently or previously supported by the federal government, providing such use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by OJA. User fees should be considered, and treated as program income to the project, if appropriate.
  - ✓ Notwithstanding program income, the recipient shall not use equipment acquired with funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by federal statute.
  - ✓ When acquiring replacement equipment, recipients may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment subject to the written approval of OJA.
- Management: Procedures for managing equipment (including replacement) whether acquired in whole or in part with grant funds will, at a minimum, meet the following requirements:
  - ✓ Property records must be maintained which include: a description of the property, a serial number or other identification number, source of the property, identification of who holds the title, acquisition date, cost of the property, the percentage of federal participation in the cost of the property, location of property, use and condition of the property, and disposition data including the date of disposal and sale price.
  - ✓ A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

- ✓ A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated by the recipient.
- ✓ Adequate maintenance procedures must exist to keep the property in good condition.
- ✓ If the recipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
- **Disposition:** Recipients shall dispose of the equipment when original or replacement equipment acquired under the award is no longer needed for the original project or program, or for other activities currently or previously supported by a federal agency. OJA must be notified of all equipment dispositions. Disposition of the equipment will be made as follows:
  - ✓ Items with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to OJA.
  - ✓ Items with a current per unit fair market value in excess of \$5,000 may be retained or sold and OJA shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by OJA's share of the equipment. The seller is also eligible for sale costs.
  - ✓ In cases where a recipient fails to take appropriate disposition actions, OJA may direct the recipient to take excess and disposition actions.

**Equipment Acquired with Homeland Security Funds.** Equipment purchased with Homeland Security Grant funding must be an allowable equipment item under an approved category in the ODP Published Authorized Equipment List (AEL). No equipment should be procured that is not on the AEL without prior approval from OJA. The AEL is referenced within the Homeland Security funding announcements. (note: the AEL varies with each year's funding)

- **Use and Management:** Equipment purchased through OJA Homeland Security Funds will be used for the purpose of Homeland Security approved functions only. Misuse of equipment could result in the return of funds to OJA to reimburse for items funded that were used inappropriately. As a condition of funding, sub-grantees must also agree that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: 'Purchased with funds provided by the U.S. Department of Homeland Security.'

Property records must include: a description of the property, serial number, source of the property, identification of who holds the title, acquisition date,

cost of the property, amount of federal funds used to purchase item, location of property-including discipline, disposition date and sale price.

- Procurement process: Sub-grantees must follow their own documented procurement guidelines as long as the processes meet or exceed federal requirements. Documentation of procurement processes by the grantee is required and must be maintained in their records.
- Title: Title to equipment acquired under an award will vest upon acquisition in the recipient.
- Disposition: When equipment is no longer needed for Homeland Security purposes, items may be disposed of in accordance with local procedures. OJA should be notified when equipment is moved or disposed of.

### **Replacement of Property (Equipment and Non-Expendable Personal Property)**

When an item of property is no longer efficient or serviceable but the recipient/sub-recipient continues to need the property, the recipient/sub-recipient may replace the property through trade-in or sale and subsequent purchase of new property, provided the following conditions are met:

- Similar Function. Replacement property must serve the same function as the original property and must be of the same nature or character, although not necessarily of the same grade or quality.
- Credits. Value credited for the property, if the property is traded in, must be related to its fair market value.
- Time. Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.
- Compensation. When acquiring replacement property, the recipient/sub-recipient may use the property to be replaced as a trade-in or the proceeds from the sale of the property to offset the cost of the new property.
- Prior Approval. State sub-recipients shall obtain the written permission of the state to use the provisions of this section prior to entering into negotiation for the replacement or trade-in of property.

### **Retention of Property Records**

Records for equipment, non-expendable personal property, and real property shall be retained for a period of three years from the date of the disposition or replacement or transfer at the discretion of the awarding agency. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

## Supplies

- Title. Title to supplies acquired under an award or sub-award vests, upon acquisition, in the recipient or sub-recipient, respectively.
- Disposition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the funding support and the supplies are not needed for any other federally-sponsored programs or projects, the recipient or sub-recipient shall compensate the awarding agency for its share. The amount of compensation shall be computed in the same manner as for non-expendable personal property or equipment.

## Copyrights

The awarding agency reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for federal government purposes:

1. The copyright in any work developed under an award or sub-award; and
2. Any rights of copyright to which a recipient or sub-recipient purchases ownership with support