

**PROPERTY MANAGEMENT AND
INVENTORY**

I. PURPOSE

This chapter provides information relative to the need for proper documentation of the existence, use, and disposition of nonexpendable personal property purchased with funds awarded through a contract with DHCD. Property Management requirements are covered in each Federal Program area—CDBG, HOME, ESG as well as 24 CFR Part 84 and 85.

II. INVENTORY REQUIREMENT

A. INVENTORY RECORDS

Sub-recipients are responsible for establishing and maintaining current records of all nonexpendable personal property purchased with DHCD funds, whether from current or prior contracts. This property is defined as tangible personal property of a non-consumable nature, with a value of \$750 or more per item, with a normal expected life of one or more years, not fixed in place, and not an integral part of a structure, facility or other piece of equipment.

A Miami-Dade County property tag number will be fixed to each purchased item. The inventory will capture the following information: acquisition date, description, model number, manufacture's serial number, unit cost, funding source, the assigned county inventory number, location, and information on the condition, transfer, replacement, or disposition of the property.

Sub-recipients need to submit to DHCD's Administration Division a written report when any of the following conditions occur affecting the property:

1. Loss or theft - report immediately to the appropriate law enforcement authority and provide DHCD with a copy of the police report, the investigation case number, and the county property identification tag number. Failure to report such a loss to DHCD may result in the sub-recipient having to absorb the cost of the loss.
2. Damaged, destroyed or unusable - when an inventory item is no longer of service to the sub-recipient, a request for approval to repair or dispose of the item must be submitted to DHCD. (See Section III of this chapter).
3. Trade in - when a new item of nonexpendable personal property is bought and the old item is given to the vendor for its trade-in value, DHCD must be contacted. DHCD must receive the old Dade County inventory tag, invoice, and payment documentation.

The annual inventory report must be received by DHCD at the time specified by DHCD (see Attachment A).

B. TITLE TO PROPERTY

Title to all property purchased with DHCD funds shall be in conformance with federal regulations and Miami-Dade County policy, as applicable. In the event a sub-recipient ceases operations or the contract is not renewed, the sub-recipient shall dispose of property in accordance with instructions from DHCD.

III. DISPOSAL OF PROPERTY PURCHASED WITH DHCD FUNDS

- A. Only property that is damaged, broken, obsolete, inefficient, or in otherwise usable condition should be designated for disposal.
- B. Property that is usable but no longer needed by the sub-recipient may be transferred. Transfer of property may be requested in the same manner as disposal and is subject to the approval of DHCD.
- C. Procedure For Disposal/Transfer
 1. Sub-recipient advises Project Manager that it wishes to dispose of county property and requests a Property Action Form (Form 160.01.30).
 2. DHCD sends PAF to sub-recipient with top portion completed except for the name of the contact person, index code, and property location.
 3. Sub-recipient completes PAF in full and returns forms with all copies intact to DHCD with a cover letter. The cover letter needs to indicate if the property is usable or unusable.
 4. Miami-Dade County's General Services Administration will pick up the property from the sub-recipient. A pick-up charge will be made to the sub-recipient.
 5. A legible copy of the PAF should be forwarded by the sub-recipient to DHCD.

IV. PROPERTY MANAGEMENT AND DISPOSITION

A. Overview

- The rules about property management and disposition differ slightly depending on whether you are a governmental entity or nonprofit. (The rules are generally more explicit for governmental entities).
- In addition, the rules depend on the nature of the property. Real property is treated differently than personal property including land and any improvements to structure located on the land, but excluding any movable machinery or equipment

- Personal property – any kind of property other than real property. Personal property can be tangible (such as supplies, furniture, and equipment), or intangible (such as copyrights, patents, and inventions).
- Non-expendable personal property is generally considered to include tangible personal property having a useful life of more than one year and an acquisition cost of \$750 or more per unit; and
- Expendable personal property includes all tangible personal property other than non-expendable personal property:
 - Property acquired with awarded program funds can only be used for a specific purpose. For sub-recipients, the purpose must be approved by Miami-Dade County and should be made a part of the sup-recipient agreement.
 - The use of that property for the approved purpose must continue throughout the duration of the Agreement.
 - In the case of real property, the use of the property must continue generally for at least five years following the expiration of the sub-recipient agreement in the case of personal property, the use of the property must continue generally for as long as the sub-recipient owns it and the property is needed for the program activity.

Accurate records must be kept (e.g., purchase date, price, location, physical description, maintenance history and condition, original and current use, and other inventory types of data).

- The use of the property must be used in accordance with its intended purpose, and adequate steps must be taken to prevent its damage, theft or loss.
- If the property is no longer needed, it can be disposed of, but only according to specific rules. The sales proceeds may have to be used as program income or a portion remitted to the sub-recipient.
- Sub-recipients must follow sales procedures that provide for competition to the extent practicable and that result in the highest possible return.

B. Real Property

- For governmental entities, the use of real property is governed by 24 CFR 570.505.

- For real property acquired or improved in whole or in part with awarded program funds in excess of \$25,000, the sub-recipient cannot change the use or planned use of the property (including the beneficiaries of such use) without first providing affected citizens notice and opportunity to comment, and determining that either:
 - The new use meets one of the National Objectives and is not a building for the general conduct of government; or
 - The new use is deemed appropriate (after consultation with affected citizens) but will not meet a National Objective. In this latter case, the sub-recipient must reimburse the funded program in the amount of the current fair market value of the property, less the value attributable to the non-federal portion of the acquisition or improvements.

- Although the regulations are silent about a sub-recipient's use of real property during the term of the sub-recipient agreement, the sub-recipient should specify in the Agreement the conditions for use of the program-funded real property. (In fact, the sub-recipient typically imposes the requirements of 24 CFR 570.505 on the sub-recipient).

- Following the expiration (or termination) of the sub-recipient agreement, 24 CFR 570.(b) (8) mandates that such real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 either:
 - Be used by the sub-recipient to continue to meet one of the CDBG program's National Objectives for a least five years after the expiration of the sub-recipient agreement (or a longer time as determined appropriate by the sub-recipient); or
 - Be disposed of in a manner which results in the sub-recipient's being reimbursed for the current fair market value, less the portion attributable to the non-CDBG funds.

C. Personal Property – Equipment

- Equipment purchased with awarded program funds or other forms of federal assistance must be used by the sub-recipient in the program or project for which it was acquired, and as long as needed, whether or not the program or project continues to be supported by federal funds.

- When no longer needed for the original program or project, the equipment may be used in other federally-sponsored activities.

- ❑ The sub-recipient also must make the acquired equipment available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the project or program for which the equipment was originally acquired.
- ❑ A sub-recipient is prohibited from using awarded funds to acquire equipment to provide services for a fee that is less than private companies charge for equivalent services, unless specifically authorized by federal statute. This would result in unfair competition.
- ❑ For equipment (including replacement equipment) acquired in whole or in part with awarded funds, the sub-recipient must have procedures and control systems in place to:
 1. Keep adequate equipment records, which must include information on:
 - Property description
 - Identification
 - Funding source (grant
lumber)
 - Title holder
 - Acquisition date and cost
 - Federal share of cost
 - Location, use and condition
 - Unit acquisition cost
 - Disposition date
 - Photographs; and
 - Copies of invoices
 2. Conduct a physical inventory of the property at least every two years, with a reconciliation of the inventory results with the equipment records.
 3. Ensure adequate safeguards for preventing loss, damage, or theft of property.
 4. Maintain the equipment in good condition.
- ❑ When original or replacement equipment acquired with awarded funds are no longer needed for the original project or program, or for other activities currently or previously assisted with federal funds, the following rules of disposition apply:
 - Equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of by the sub-recipient subject to the condition below.
 - Equipment with a current per-unit fair market value of \$5,000 or more may be retained or sold by the sub-recipient with the sub-recipient having the right to compensation in an amount equal to multiplying the current fair market value or the proceeds from sale by the federal share (percentage) in the original acquisition price of the equipment.

of the equipment to the federal government or a third party [(24 CFR85.32(g))].

- In all cases when equipment purchased with awarded program funds is sold, the net proceeds are considered program income.
- For sub-recipients, title to personal property acquired with awarded funds is vested with DHCD:
 - In all cases in which personal property is sold, the proceeds will be considered program income.

D. Personal Property – Supplies

If, upon completion or termination of a grant, there is a residual inventory of supplies exceeding \$5,000 in total aggregate fair market value, and if such supplies are not needed for any other federally-sponsored programs or projects, the sub-recipient must compensate HUD for the share of such supplies acquired with awarded program funds.

Annual Inventory Report Instructions

The Miami-Dade County Capital inventory should be conducted as follows:

1. On the inventory work sheets, compile a list of all items of capital equipment found at your location. Each sheet should represent one address location. Be sure to record the Miami-Dade County (MDC) property number found on the MDC inventory tag which should be in place for each item. These tags are usually found in locations specified on the accompanying attachment. The description, condition and status of each item must be recorded.
2. Items without a county property number which seem to meet the definition of capital equipment must be listed as "Possible Capital" on the appropriate form.
3. If there is a computer listing of Unlocated items enclosed with this letter, compare the inventory worksheet to the Unlocated computer list. Place a check mark on the printout next to the item found at your location. Place a check mark on the item on the worksheet. Again, if you cannot locate property, you must call your local police department and file a police report.

4. Next, compile three lists as follows:

- E. "Possible Capital": Those items that meet the criteria of capital but do not have a MDC property number. Include a description of the item, model number, serial number, acquisition source, and address location code where the item is located. A form is enclosed on which this information should be listed. Copies of invoices, payment checks, (and purchase orders when, appropriate) are to be attached. Do not list recent acquisitions (90 days or less) which were coded as "capital", i.e., 9500 and 9600 series object codes. PLEASE LIST THE INDEX CODE THAT WAS USED TO PURCHASE THE ITEMS.
- F. "Unlocated items": Those items which are on your printout but not checked off. The DHCD property number, description, and assigned location (address where it should be) are to be included on this list. A form is enclosed in which this information is to be listed. Any information on the location/disposition of these items need to be included. If the item was stolen, you must give the date and police case number and attach a copy of the police report. If the item was taken to another location, identify the location and address as it will be transferred to that location code. Every attempt should be made to locate these items prior to designating them "Unlocated". (Police Report)
- G. "Found Items": The tagged items which are at a specific location according to the inventory worksheet but not on the printout for that address code or items which are on listing of Unlocated items should also be listed if found. Give the MDC property number,

description, serial number, model number, address location code where the item is located, and any other information such as where you obtained the item form, P.O. number, etc. A form is enclosed on which this information should be listed.

The Miami-Dade County General Administration Services Department is now requesting a police report for all unlocated property, and an index number for all Possible Capital items.

When the inventory has been completed, the inventory Certification is to be signed, dated and returned with all inventory forms and materials to Miami Dade Department of Housing and Community Development (DHCD).

The annual inventory report must be received by DHCD on the date specified by DHCD.