

## PROPERTY AND EQUIPMENT REQUIREMENTS

*(From OJP Financial Guide: The term “property” in this document is used similarly with the term “capital outlay” described in the Handbook.)*

**Acquisition of Property and Equipment.** When purchasing and managing property paid for by Federal funds, we expect you to use good judgment. If you use your award funds to purchase new property when suitable property is already available within your organization, this use will be considered an unnecessary expenditure.

**Screening.** Careful screening should take place before purchasing property/equipment to ensure that it is needed. If you do not establish and maintain an effective property management system, your project costs associated with the acquisition of the property may be disallowed.

1. Take stock of the equipment that you already have and see if it meets identified needs.
2. Consider establishing a screening committee to make decisions about purchases.
3. You may utilize other effective management techniques as a basis for determining that the property/equipment is needed.
4. During sub-recipient monitoring, DOJ CVSSD fund coordinators will ensure a screening process takes place and that you have an effective system for property management.

**Loss, Damage, or Theft of Equipment.** Sub-recipients are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged, or destroyed. You must investigate and fully document any loss, damage, or theft of the property and make the documentation part of the official subaward records.

**Equipment Acquired with Victims of Crime Act (VOCA) Assistance Funds.** If you have acquired equipment using funds from the Office for Victims of Crime (OVC), then you are legally required to ensure that the equipment is used for criminal justice purposes. The following standards and procedures govern ownership, use, management, and disposition of this type of equipment:

1. Title. Title to equipment acquired under an award or sub-award will vest in your organization with the right of immediate or future legal ownership upon acquisition, subject to the obligations and conditions set forth in Title 2 Code of Federal Regulations (CFR) §215.34.
2. Use. Sub-recipients should use equipment in accordance with the following requirements:
  - a. Equipment must be used by the sub-recipient in the program or project for which it was acquired 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 activities currently or previously supported by a federal agency.
  - b. Sub-recipient must also make equipment available for use on other projects or programs currently or previously supported by the federal government, provided the use does not interfere with the work on the projects or programs for which it was originally acquired.

First preference for other use should be given to other programs or projects supported by the awarding agency. User fees should be considered and treated as program income to the project, if appropriate.

- c. Aside from program income sub-recipient should not use equipment acquired with these funds to provide services for a fee or to compete unfairly with private companies that provide equivalent services, unless specifically permitted, or contemplated by federal law.
  - d. When acquiring replacement equipment, sub-recipient may use the equipment to be replaced as a trade-in or may sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the written approval of the awarding agency.
3. Management. Sub-recipient's procedures for maintaining equipment acquired in whole or in part with subaward funds (including replacement) must, at a minimum, meet the following requirements:
- a. Sub-recipients must maintain property records which include all of the following information:
    1. Description of the property;
    2. Serial number or other identification number;
    3. Source of the property;
    4. Identification of the title holder;
    5. Acquisition date;
    6. Cost of the property;
    7. Percentage of federal participation in the cost of the property;
    8. Location of property;
    9. Use and condition of the property; and
    10. Disposition data, including the date of disposal and sale price.
  - b. Sub-recipients must take a physical inventory of the property and reconcile the results with the property records at least once every two years.
  - c. Loss, damage, or theft
    1. Sub-recipients must have a control system in place with adequate safeguards to prevent these occurrences.
    2. Sub-recipients must promptly and properly investigate any loss, damage, or theft.
    3. Sub-recipients must establish and use adequate maintenance procedures to keep the property in good condition.
    4. If authorized or required to sell the property, sub-recipients must establish proper sales procedures to ensure the highest possible return,
4. Disposition
- a. Sub-recipients must dispose of the equipment when original or replacement equipment acquired under the award or sub-award is no longer needed for the original project or program. Sub-recipients are also required to dispose of equipment acquired under the award when the equipment will be used for other activities currently or previously supported by a federal agency. Sub-recipients must adhere to the following rules in equipment disposition:

1. If the item to be disposed of has a current per-unit fair market value of less than \$5,000, sub-recipient may retain, sell, or otherwise dispose of it with no further obligation to the awarding agency.
2. If the item has a current per-unit fair market value of \$5,000 or more, sub-recipient may retain or sell it, but the awarding agency will have a right to a specific dollar amount. Calculate this amount by multiplying the current market value or proceeds from the item sale by the awarding agency's share of the equipment. The seller is also eligible for sale costs.
3. In cases where a sub-recipient fails to take appropriate disposition actions, the awarding agency may direct the sub-recipient to take other disposition actions.