**Ownership, Use, and Disposition of Property, Equipment, and Supplies Acquired with Federal Funds:
Sample Policy and Procedure[[1]](#footnote-1)**

# **Policy.**

The *[PCA-HCCN name]* (“PCA-HCCN”) is committed to ensuring that all real property, equipment, and supplies purchased (and intangible property created), in whole or in part, with federal funds is used, maintained, and ultimately disposed of in an effective and efficient manner and in compliance with the provisions of applicable federal law and policy. PCA-HCCN will establish and maintain appropriate procedures addressing the management of property, equipment, and supplies, including calculation of the applicable federal share in such property, equipment, and supplies.

**Procedure.**[[2]](#footnote-2)

**1. Insurance.** PCA-HCCN will secure and maintain insurance coverage for real property and equipment acquired with federal funds which is, at a minimum, equivalent to that provided for other property owned by PCA-HCCN.

**2. Real property.**

1. Prior to the expenditure of federal funds for the acquisition or improvement of land or structures, PCA-HCCN will file a Notice of Federal Interest in the appropriate official records office of the jurisdiction in which the property is located.
2. When PCA-HCCN determines that the real property is no longer needed for the purpose of the original project, it will obtain written approval from the appropriate federal grantor agency to use the property in other federally-sponsored projects.
3. When PCA-HCCN no longer needs the real property for either the original project or a subsequently approved project, it will request disposition instructions from the appropriate federal grantor agency. PCA-HCCN will comply with grantor agency instructions as to whether:
	* 1. To retain the title and compensate the Federal Government for that percentage of the current fair market value attributable to the “federal share;”
		2. To sell the property and compensate the Federal Government for that percentage of the fair market value attributable to the “federal share” (minus actual and reasonable selling expenses); or
		3. To transfer title to the Federal Government or a third party, in which case PCA-HCCN will be compensated for the percentage of fair market value attributable to PCA-HCCN.

**3. Equipment.**

1. PCA-HCCN will not use equipment acquired with federal grant funds to provide services to non-federal organizations for a fee less than that charged by private companies. PCA-HCCN will continue to use such equipment for the authorized purpose(s) as long as it is needed, and shall not encumber the equipment without prior approval from the appropriate federal grantor agency.
2. When PCA-HCCN no longer needs the equipment for the original project, it may use the equipment for other federally-sponsored activities in the priority specified in the property standards in 45 C.F.R. Part 75.
3. During the time that the equipment is used on the federally-sponsored project under which the equipment was purchased, PCA-HCCN will make it available for use on other federally-funded projects if such other use does not interfere with the work on the original project.
4. PCA-HCCN may use the equipment as part of a trade-in (or sell the equipment and use the proceeds as an offset) when acquiring replacement equipment.
5. For equipment with a current per unit fair market value of $5,000 or more, the following procedures apply:
6. When PCA-HCCN no longer needs the equipment, it will request disposition instructions from the appropriate federal grantor agency.
7. PCA-HCCN will comply with grantor agency instructions as to whether:
	1. To sell the equipment and compensate the Federal Government for that percentage of the sales proceeds attributable to the “federal share”(minus $500 or 10% of the proceeds, whichever is less); or,
	2. To transfer title to the Federal Government or a third party, in which case PCA-HCCN will be entitled to compensation for the percentage of fair market value attributable to PCA-HCCN (plus reasonable shipping/storage costs incurred).
	3. If authorized or required to sell the equipment, PCA-HCCN shall employ procedures that maximize competition and ensure the highest possible return on investment.
8. If PCA-HCCN is authorized to retain the subject equipment, it shall compensate the Federal Government for the portion of the fair market value of the property representing the “federal share.”

**4. Equipment management procedures.** PCA-HCCN will develop and implement property management standards for equipment acquired with federal funds (or federally-owned equipment), including:

1. Maintenance of equipment inventories/records that include a description of the equipment, the manufacturer’s serial number (or similar means of identification), the source of the equipment, whether title vests in PCA-HCCN or the Federal Government, the acquisition date, information to calculate the “federal share”, location and condition of the equipment, unit cost, and ultimate disposition data. Such records should be maintained for as long as the property is held/owned, plus 3 years from its disposition, in accordance with PCA-HCCN’s Record retention: Policy and procedure.
2. Identification of equipment owned by the appropriate federal grantor agency to indicate federal ownership.
3. At least once every two years, performance of an inventory of the equipment and reconciliation of the inventory results with the equipment records.
4. Implementation of a system to insure adequate safeguards against loss, damage or theft.
5. Reasonable maintenance and upkeep procedures to ensure good physical condition of the equipment.

**5. Supplies**. Title to supplies purchased with federal financial assistance will vest in PCA-HCCN. If, upon termination or completion of the authorized project, there is a residual of unused supplies the total value of which exceeds $5,000 and that are not needed by PCA-HCCN for any other federally-sponsored program, it will either retain or sell the supplies and will compensate the Federal Government for its “federal share.”

**6. Intangible property.** PCA-HCCN may copyright any work developed or for which ownership was purchased under the grant. The Federal Government retains a royalty-free, nonexclusive and irrevocable right to reproduce, publish or otherwise use the work for federal purposes and to authorize others to do so.

**This policy and procedure shall be periodically reviewed and updated consistent with the requirements and standards established by the Board of Directors and PCA-HCCN management, federal and state laws and regulations, applicable accrediting and review organizations.**

**Responsible parties:**

### Signature Date

### Executive Director

Signature Date

1. Authors of these materials include attorneys at the law firm of Feldesman Tucker Leifer Fidell LLP. The sample documents offer general guidance based on federal law and regulations and do not necessarily apply to all PCAs-HCCNs under all facts and circumstances. Further, these materials do not replace, and are not a substitute for, legal advice from qualified legal counsel. [↑](#footnote-ref-1)
2. Authors’ note: Using the following sample as a guide, PCAs-HCCNs should tailor the procedure to reflect their own structures and operations. [↑](#footnote-ref-2)