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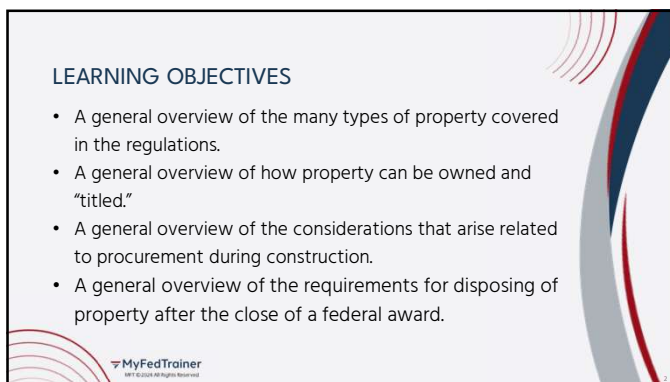
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### SUPPLIES

- Not equipment
- Not intangible property
- Cost under \$10,000
- Or otherwise "expendable"
- Can include computing devices and "small and attractive" items such as electronics

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### RECIPIENT'S PROPERTY POLICY

- Your organization's property and capitalization policies may be more restrictive than the Uniform Guidance, but not less restrictive
- You must follow the established policies of your organization

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### INTANGIBLE PROPERTY

**No physical presence.**

Includes but not limited to:

- Financial instruments
- Software
- Trademarks and copyrights
- Patents and patent applications

**Watch for additional limitations.**

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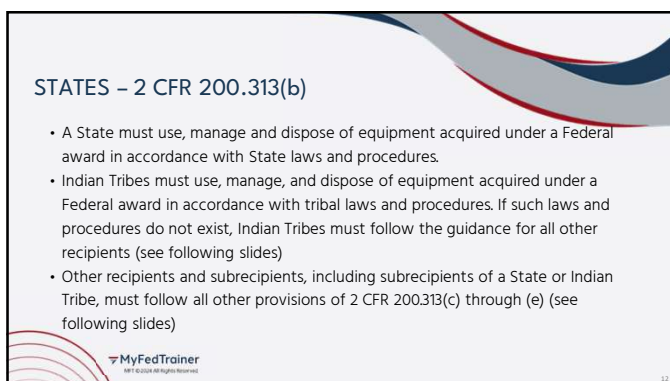
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### TRACKING AND TAGGING PROPERTY

**Property records must include (and tagged as federally-owned):**

- Description of property
- Source of funding including Federal Award Identification Number (FAIN)
- Identification number (Serial and Model numbers)
- Acquisition date and cost
- Percentage of federal participation in the project costs for the federal award under which the property was acquired
- Location, use, and condition
- Ultimate disposition information



13

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### FEDERALLY-OWNED PROPERTY

**Equipment inventory listing requirements for federally-owned property in recipient custody:**

- Inventory listing is required every year.
- Report to the federal agency when the property is no longer needed.
- Physical inventory is required every two years.
- Investigate the differences between inventory records and accounting records.



14

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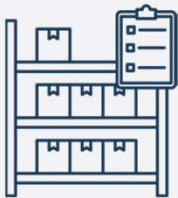
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### TITLE AND CARE OF PROPERTY

**The recipient must verify and document federally-owned inventory:**

Existence


- Was equipment found?

Current utilization

- Is the equipment being used?

Continued need for equipment

- Yes, or no?



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**INSURANCE**

**Insurance requirements for property:**

- Provide equivalent insurance coverage for real property and equipment.
- Match what the recipient provides to their own property.

If title vests with the Federal Government, the recipient does not have to insure the property unless required by award terms and conditions. The government self-insures.

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**RECIPIENT-OWNED PROPERTY**

When title held by the recipient for property purchased with federal funds:

- The property can't be used to provide services to at a lower cost than private companies - unless specifically authorized by a federal statute.

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17

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**CARE AND USE OF PROPERTY**

**Property trust relationship:**

- Property acquired with federal funds must be held in trust for beneficiaries of program or project.
- Can't use for other programs, or agencies, or other activities without permission.
- Recipient "steps in the shoes" of the funder to ensure compliance.

Could make costs unallowable!!

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18

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## MAINTENANCE

**Recipients must develop and have in place adequate maintenance procedures**

- Ensure equipment maintained in good condition
- How do you document the required maintenance procedures?
- Examples:
  - Preventive maintenance plans
  - Maintenance checklists
  - Maintenance schedules

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19

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## LOSS, DAMAGE, AND THEFT



**Loss**



**Theft**



**Damage**

Must have a control system to prevent loss, damage, or theft

- Put in place adequate preventative safeguards

If equipment is lost, stolen, or damaged:

- Fully investigate and document
- If federally-owned, must promptly notify the federal agency

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## PART 3: CONSTRUCTION AND PROCUREMENT

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## ALLOWABILITY

**01**

Expenditures for equipment, buildings and land are only allowable as direct costs with prior written approval from the federal agency or pass-through entity.

**02**

Documentation of the approval should be maintained to show prior approval and allowability as a direct cost as per cost principles.

**03**

General procurement requirements apply including documenting procurement procedures that conform with 2 CFR 200.317-330.

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22

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## VALUE ENGINEERING

- Recipients and subrecipients are encouraged to use value engineering clauses in contracts of sufficient size to offer reasonable opportunities for cost reductions.
- Value engineering is a systematic analysis of each contract item or task to ensure that its essential function is provided at the overall lowest price (see 2 CFR 200.318(g)).



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23

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## TIME AND MATERIAL CONTRACTS



Time and material contracts are permitted after it is determined that no other contract is suitable for the project.

- Consist of the actual cost of materials, direct labor hours charged, general administrative expenses, and profit.
- Contracts must include a price ceiling that the contractor exceeds at their own risk.
- Recipients and subrecipients must assert a high degree of oversight.

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24

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**THE UNIFORM GUIDANCE ENCOURAGES RECIPIENTS TO CONSIDERING CONTRACTING WITH:**

- Small businesses
- Minority businesses
- Women's business enterprises
- Veteran-owned businesses
- Labor surplus area firms

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**DAVIS-BACON ACT**

All prime construction contracts above \$2,000 must include a provision for compliance with the Davis-Bacon Act.

- Contractors must pay wages to laborers and mechanics at a rate not less than the prevailing wages.
- Contractors must pay wages not less than once a week.
- Contracts must include a provision for compliance with the Copeland "Anti-Kickback" Act.

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26

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**BUILD AMERICA BUY AMERICA (BABA)**

To whatever extent is possible and consistent with the law, recipients and subrecipients should provide preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. Including:

- Iron
- Aluminum
- Steel
- Cement
- Other manufactured products

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### BABA WAIVERS

A federal agency may waive the application of the Buy America Preference if:

- Public Interest Waiver - the preference is inconsistent with the public interest
- Nonavailability Waiver - the products or materials are not produced in sufficient quantities or of satisfactory quality.
- Unreasonable Cost Waiver - the inclusion of such products will increase the cost of the overall project by more than 25%.

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28

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### A/E SERVICES

The Uniform Guidance allows for the selection of architecture and engineering (A/E) services where price is not a selection factor in section 200.320 (b.2.iv).

- This can only be used to procure A/E services and not other types of services through A/E firms.
- Recipients and subrecipients may use competitive proposal procedures for qualifications-based procurement of A/E professional services (subject to negotiation of fair and reasonable compensation).

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### OTHER PROPERTY COSTS

The following costs are allowable, but not as a construction activity and not if provided for elsewhere:

- Utilities
- Insurance
- Security
- Building Maintenance
- Janitorial Services
- Repair or Upkeep of Buildings and Equipment

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### BONDING

For the construction of facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the federal agency or pass-through entity may accept the bonding policy and requirements of the recipient or subrecipient provided that the federal agency or pass-through entity has determined that the federal interest is protected.



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### SOLID WASTE DISPOSAL ACT

**A recipient or subrecipient that is a State agency or agency of a political subdivision of a State and its contractors are subject to the Solid Waste Disposal Act regarding the procurement of recovered materials.**

**01**

Procure items that contain the highest percentage of recovered materials practicable.

**02**

Procure solid waste management services in a manner that maximizes energy and resource recovery.

**03**

Establish an affirmative procurement of recovered materials identified in the EPA guidelines.

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32

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### DEPRECIATION

The recipient or subrecipient may be compensated for the use of its buildings, capital improvements, equipment, and software projects provided that they are used, needed in the recipient or subrecipient's activities, and properly allocated to federal awards.

The computation of depreciation must be based on the acquisition cost of the assets involved.



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## INSTRUCTIONS FOR SALE

### Equipment Disposal

If agency doesn't respond within 120 days of request or directs the recipient to sell:

- Recipient or subrecipient may sell the equipment, as long as they reimburse the awarding agency for its share of the proceeds.
- Sales procedures must provide for competition with highest possible return.
- The federal agency may permit deduction from the federal share of \$1,000 of the proceeds, whichever is less for its selling and handling expenses.

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37

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## RECIPIENT RETAINS PROPERTY

### Equipment:

- If current per-unit Fair Market Value (FMV) equipment is more than \$10,000, recipient can retain equipment for non-federal use if the federal agency is compensated for the value.

### Supplies-If unneeded for other federal programs

- If the current FMV of the total residual supplies is more than \$10,000, compensate the funder for the federal share.

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38

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## SECTION REVIEW

- Real property includes land and improvements.
- Property purchased with federal funds can have ongoing requirements regardless of how the property is titled.
- Complete and accurate property records must be maintained by recipients and subrecipients.
- Construction contracts must comply with all other procurement requirements.
- Federal agency directs method for property disposition.

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39

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