



COUNCIL DECISION REQUEST

SUBJECT: *FEDERAL EQUIPMENT GRANT FINANCIAL POLICY MANUAL ADDITION*

MEETING DATE: January 3, 2013
Police

SUBMITTED BY: Donald B. Engler, Chief of

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

AMOUNT BUDGETED: N/A

EXPENDITURE REQUIRED: N/A

DAE

EXHIBITS (If Applicable, To Be Attached):

POSSIBLE MOTION: I move to approve the Town of Payson Financial Policy Manual addition for the Federal Grant Equipment CAP 302 policy.

SUMMARY OF THE BASIS FOR POSSIBLE MOTION: The Town of Payson over the last three years has requested grant money from the Department of Homeland Security, and has been provided monies to purchase radio equipment to develop and rebuild the infrastructure of the communications system for the Police and Fire Departments. Due to the fact that we have received this funding, we are now required to have a written Federal Grant Equipment Policy. In the past, the Town of Payson did not have a written policy regarding this specific type of equipment, and it is necessary to meet the guidelines of the past and future grant to ensure that we have a policy in place that coincides with federal requirements. This policy is exactly that, and states how any property purchased with federal grant monies will be tracked and disposed of in the future.

PROS: This is a requirement for accepting any additional grant funds from the Department of Homeland Security and will allow a policy and procedure to track federal grant equipment purchases.

CONS: If we do not implement this policy, we will not be in compliance with federal grant requirements, and most likely would no longer be allowed to secure grant funding for federal dollars to purchase equipment.

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Town of Payson, Arizona
Financial Policy Manual
FEDERAL GRANT EQUIPMENT
CAP 302

Created: December 2012

Effective: January 2013

FEDERAL GRANT EQUIPMENT POLICY
No. CAP 302

PURPOSE

This federal grant policy provides administrative guidelines to the Financial Services Department, all Town Departments, Management and Town Council.

1.0 POLICY

This policy establishes the framework for overall planning and execution for machinery and equipment procured using federal grant funds. It sets forth guidelines against which current planning and performance can be measured and proposals for future projects can be evaluated.

1.1 FEDERAL GRANT FUNDING

1.1.1 INTRODUCTION

Items procured using federal grant monies are to be accounted for under the requirements of 44CFR.

1.1.2 TITLE

Title to equipment acquired under a grant will vest upon acquisition to the Town.

1.1.3 USE

The equipment acquired using grant funds will be used in the Town program even after the federal funding stops.

If the equipment is no longer needed in the program for which it was acquired, the equipment must be used in activities currently or previously supported by a federal agency grant.

The equipment will be available for use in other programs currently or previously supported by federal grants, provided such use will not interfere with the program for which it was originally acquired. First preference will be given to other programs supported by the federal agency that gave the original grant.



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1.1.4 USER FEES

User fees can be charged on this equipment, if appropriate. However, equipment acquired with federal grant monies cannot be used to compete unfairly with private companies that provide an equivalent service, unless specifically permitted or contemplated by Federal statute.

1.1.5 EQUIPMENT REPLACEMENT

If the grant acquired equipment is to be used as trade-in or sold, the grant awarding agency must give prior approval.

Replacement equipment will be held to this policy as well, even if there is no further financial contribution from a federal agency.

1.1.6 RECORDS

Property records must be maintained for each piece of equipment. The records must contain at least the following information:

- a) Description of the equipment;
- b) Serial number or other identification number of the equipment;
- c) Source of the equipment;
- d) Who holds the title;
- e) Acquisition date;
- f) Cost of the equipment;
- g) Percentage of federal participation in the cost of the equipment;
- h) Location of the equipment;
- i) Use of the equipment;
- j) Condition of the equipment;
- k) Disposition of the equipment;
- l) Date of disposal; and
- m) Disposal sale price of the equipment.

1.1.7 INVENTORY

A physical inventory of the equipment must be taken every two (2) years. The results of the inventory will be given to Financial Services for reconciliation with the Capital Asset system. If the value of the equipment, when acquired, does not qualify for entry into the Capital Asset system, the inventory report will be kept in the property record (see 1.1.6) file.



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1.1.8 MAINTENANCE

Adequate maintenance procedures will be performed to keep the equipment in good condition.

The equipment will be protected from loss, damage or theft. Any loss, damage or theft will be investigated in a timely manner.

1.1.9 DISPOSITION OF EQUIPMENT

If the federal granting agency gives authorization to sell the equipment, the sale must be conducted in a way as to ensure the highest possible return.

Disposition of equipment will occur in one of the following ways:

- a) If the current value of the equipment to be sold is less than \$5,000, there is no further obligation to the grant awarding agency.
- b) If the current value of the equipment to be sold is greater than \$5,000, the awarding agency shall receive a payment calculated by multiplying the current market value or sale proceeds by the awarding agency's share of the equipment.

1.1.10 EQUIPMENT RECEIVED, RATHER THAN MONEY

If a federal agency grants equipment rather than money to the Town, title to that property remains vested in the Federal Government.

Inventory procedures above, section 1.17, shall be followed except the inventory reports shall be sent to the granting agency.

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AdChoices 

44 CFR 13.32 - Equipment.

Code of Federal Regulations - Title 44: Emergency Management and Assistance

Updated to: October 01, 2010

Linked as: <http://cfr.vlex.com/vid/13-32-equipment-19833957>



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Text

Title 44: Emergency Management and Assistance

CHAPTER I: FEDERAL EMERGENCY MANAGEMENT AGENCY,
DEPARTMENT OF HOMELAND SECURITY

SUBCHAPTER A: GENERAL

PART 13: UNIFORM ADMINISTRATIVE REQUIREMENTS FOR
GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND
LOCAL GOVERNMENTS

Subpart C: Post-Award Requirements

: Changes, Property, and Subawards

13.32 - Equipment.

- ✓ (a) Title. Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.
- (b) States. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section.
- (c) Use. (1) Equipment shall be used by the grantee or subgrantee 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.
- (2) The grantee or subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.
- (3) Notwithstanding the encouragement in ? 13.25(a) to earn program income, the grantee or subgrantee must not use equipment acquired with grant 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.
- (4) When acquiring replacement equipment, the grantee or subgrantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.
- (d) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant

funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

(1) Items of equipment 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 the awarding agency.

(2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

(3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

(f) Federal equipment. In the event a grantee or subgrantee is provided federally-owned equipment:

(1) Title will remain vested in the Federal Government.

(2) Grantees or subgrantees will manage the equipment in accordance with Federal agency rules and procedures, and submit an annual inventory listing.

(3) When the equipment is no longer needed, the grantee or subgrantee will request disposition instructions from the Federal agency.

(g) Right to transfer title. The Federal awarding agency may reserve the right to transfer title to the Federal Government or a third party named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:

(1) The property shall be identified in the grant or otherwise made known to the grantee in writing.

(2) The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow ?
13.32(e).

(3) When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

