

September 17, 2003

ALABAMA CDBG INTERGOVERNMENTAL
POLICY LETTER NUMBER 5
(Revision 4)

TO: Persons Interested in State
CDBG Program

FROM: John D. Harrison, Director

POLICY ON GRANTEE PROPERTY
MANAGEMENT PROCEDURES

The Alabama Department of Economic and Community Affairs (ADECA) has developed the following property management procedures for grantees to provide uniform procedural guidance for CDBG projects involving the purchase of equipment/property in the amount of \$5,000 or more. Typically, property purchases will be approved through the grant agreement. Any purchase not expressly allowed in the grant agreement will require prior written approval from ADECA. At a minimum, the grantee will be required to accept fiscal responsibility for the property; develop a system to ensure adequate safeguards to prevent loss, damage, or theft of property; maintain a current listing of the location and condition of all property purchased in whole or in part with CDBG funds; and follow the procedures outlined below.

PROCEDURES

Material Receipt Form: The grantee shall complete a Property Management Unit Material Receipt form (PMU-1) to be submitted with the drawdown request form for the purchase of the equipment. A copy of the paid invoice should be included with the PMU-1. For vehicle purchases, a copy of the title should also be attached. A PMU-1 and instructions are attached. Due to the nature of equipment purchases, funds for deposits or purchases may need to be drawn prior to the receipt of the property. When necessary, a partial PMU-1 will be acceptable documentation to draw funds. However, the grantee shall submit the completed PMU-1 and all attachments with the next drawdown request. A project cannot be closed until the completed PMU-1 and attachments have been submitted to ADECA.

Inventory Verification: Once the community has submitted the completed PMU-1 and attachments, ADECA will forward an inventory form and inventory identification tags (stickers) to the Chief Elected Official. The inventory form is to be completed and signed by the Chief Elected Official and returned to ADECA. The stickers are to be affixed to the property where they will be readily visible upon examination. A copy of the PMU-1 and attachments must be kept on file in the community.

The Property Management Unit (PMU) of ADECA is required to conduct an inventory at least once every two years. PMU accomplishes this by mailing inventory listings to grantees. Upon receipt of the inventory listing, the Chief Elected Official shall verify the location and condition of the property, complete and sign the inventory listing, and return it to ADECA.

Lost, Stolen, or Destroyed Property: If property is lost, stolen, or destroyed, the community must complete a Report of Survey (PMU-4) and submit it to ADECA. A copy of the PMU-4 and instructions are available from your CDBG program supervisor. If the property is lost, a complete description detailing all controls and safeguards exercised by the property custodian should be attached to the PMU-4. If the property is stolen, the incident should be reported to local law enforcement and the police report should accompany the PMU-4. If the property is destroyed by fire, the local fire marshal's report should be included with the PMU-4. If the property is destroyed by other means, a detailed report that completely explains the incident should be prepared to accompany the PMU-4.

Documentation regarding insurance reports and claims should also be submitted to ADECA. If the grantee receives insurance proceeds, please contact your CDBG program supervisor for additional instructions.

Disposition of Property: Property may not be sold, transferred, traded-in, or otherwise disposed of without prior written consent from ADECA. If the grantee no longer needs the equipment or the equipment is obsolete, the grantee must contact ADECA in writing for instructions regarding the disposition of property.

DEFINITIONS

The following definitions will apply to this policy and the Property Management Unit forms.

Equipment: The Common Rule defines equipment as tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Acquisition Cost: The net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation (freight-in), taxes, duty, or protective in-transit insurance shall be included to calculate the unit acquisition cost.

Percentage of Federal Participation: Computed by dividing the total amount of federal cost by the total amount of the grant or award cost for which the property was acquired.

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| Total Grant Cost | - | \$5,000 | 100% |
| Federal Share | - | \$4,000 | 80% |
| Local Share | - | \$1,000 | 20% |

For additional guidance regarding property management, contact your program supervisor.

Effective Date: Immediately

Attachments