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FISCAL GUIDANCE 240.02
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**INVENTORY PROCEDURES and
DISPOSAL OF PROPERTY**

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Summary

This fiscal guidance provides requirements for the inventory of property purchased by an early learning coalition with the state or federal funds allocated to the coalition. The guidance requires a coalition to annually inventory all property that is required to be inventoried under either federal regulations or state law (generally items with a purchase price of \$1,000 or more). The guidance provides procedures concerning the discovery of lost or stolen property. The guidance also establishes requirements for the disposal of property.

This fiscal guidance replaces OEL-PI-0039-06.

Background

A substantial part of the funds allocated to an early learning coalition for its school readiness program is provided from the federal Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) block grants, which are both administered by the U.S. Department of Health and Human Services (HHS).

Federal regulations governing grant funds provided by HHS require recipients of the federal grant funds to follow certain requirements for the control and disposal of property

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purchased with the federal grant funds (2 C.F.R. § 215.34 or 45 C.F.R. § 74.34). These requirements include maintaining certain records of property purchased with the federal grant funds and performing a physical inventory of the property at least once every two years. These federal regulations are limited to “tangible nonexpendable personal property . . . charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit” (45 C.F.R. § 74.2). Federal regulations also allow a state to establish lower limits for these requirements (*id.*)

State requirements for the inventory of state-owned property are more restrictive than the federal regulations. A state agency is required to inventory “[a]ll tangible personal property with a value or cost of \$1,000 or more and having a projected useful life of one year or more,” as well as “any hardback book with a value or cost of \$250 or more that is not circulated.” (Rule 69I-72.002, F.A.C.). A state agency is also required to take an inventory of its property annually.

Effective July 1, 2006, in accordance with the Terms and Conditions of the Grant Agreement, property purchased by an early learning coalition is titled in the name of the coalition but must be returned to the state if the coalition ceases to participate in the school readiness program or VPK program:

___ TITLE TO PROPERTY

Title (ownership) to all grant-purchased property which is acquired with SR or VPK Program funds by the Coalition shall be vested in the Early Learning Coalition; however, ownership shall be transferred to the Agency upon termination of the Coalition’s participation in the SR or VPK Programs, unless otherwise authorized in writing by the Agency. The Coalition shall include similar language and requirements in their subrecipient contracts.

In previous years, the state held title to property purchased by a coalition. Consequently, a coalition was required to perform property inventory on behalf of the state. In that title of property is transferred from the state to the coalition by the Grant Agreement, this fiscal guidance establishes requirements for the inventory of property owned by a coalition which is purchased with state or federal funds allocated to the coalition.

Fiscal Guidance

Definitions

GRANT PURCHASED PROPERTY. An item defined as “equipment” in 45 C.F.R. § 74.2,¹ defined as “property” in s. 273.02, F.S., and Rule 69I-72.002, F.A.C.², which is purchased using state or federal funds allocated to an early learning coalition by the Agency for Workforce Innovation (the Agency) or the former Florida Partnership for School Readiness.

Identification of Grant-Purchased Property

A coalition shall place a decal or tag on an item of grant-purchased property to identify the property. The decal or tag should contain at least a unique identification number and the name of the coalition. The coalition records the property tag identification number on the Property Tag Assignment Form (Attachment 1) or a substantially similar form adopted by the coalition.

Master Property Inventory List

In accordance with 45 CFR § 74.34, a coalition shall keep a master property inventory list of its grant-purchased property. A coalition may keep its master property inventory list as a paper file or electronically as a computer file. A master property inventory list must include the following information about the coalition’s grant-purchased property:

- Property tag identification number;
- Physical location of the grant-purchased property;
- Description of the grant-purchased property;
- Funding source used to purchase the property, including the grant award number and Other Cost Accumulator (OCA);

¹ Federal regulations governing grants awarded by the U.S. Department of Health and Human Services (including the Child Care and Development Fund) define the term “equipment” to mean “tangible nonexpendable personal property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5000 or more per unit” (45 C.F.R. § 74.2).

²Florida Law, defines the term “property” to mean “equipment, fixtures, and other tangible personal property of a nonconsumable and nonexpendable nature (s. 273.02, F.S.)”. Florida Administrative Code clarifies further that “[a]ll tangible personal property with a value or cost of \$1,000 or more and having a projected life of one year or more shall be recorded ... as property for inventory purpose. ... [A]ny hardback book with a value or cost of \$250 or more that is not circulated shall be recorded ... as property for inventory purposes (Rule 69I-72.002, F.A.C.)”

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- A statement that title to the grant-purchased property vests in the coalition;
- Information from which the percentage of federal participation in the cost of the equipment can be calculated;
- Unit acquisition cost;
- Name, make, model, and manufacturer;
- Manufacturer's serial number;
- Date of acquisition;
- Disposition data, including date of disposal, sales price, or method used to determine current fair market value; and
- Current condition of the item, using the appropriate condition code as described below:
 - (E) Excellent: The item is in excellent serviceable condition.
 - (G) Good: The item is in reusable and serviceable condition.
 - (F) Fair: The item is worn but is in reusable condition and can be cleaned, polished and placed back in use with minimum repair or maintenance.
 - (P) Poor: The item is very worn, old, or obsolete and requires major repairs before use. This type of grant-purchased property may have parts, which may be useful.
 - (S) Scrap: The item is not usable by the coalition. The item is obsolete or non-repairable, unserviceable, and may present a health or safety hazard.

A coalition shall make this master inventory list available for inspection by the Agency to assure compliance with federal requirements.

Inventory of Grant-Purchased Property

A coalition, in coordination with the assigned regional technical assistance coordinator, shall annually complete an inventory of its grant-purchased property. A coalition shall provide its Master Property Inventory List to the Agency no later than October 1 of each year. A Master Property Inventory Form (Attachment 2) is provided as a sample format for the inventory report. During an annual inventory, a coalition should take the following steps:

- For the inventory of an item physically present and properly described on the coalition's master property inventory list:
 - Physically inspect the item;
 - Match the property tag identification number and description of the item against the master property inventory list;

- Verify the current condition of the item against the condition described on the master property inventory list; and
- Record the initials of the person taking the inventory on behalf of the coalition next to the item on the Master Property Inventory Form, indicating that the item is inventoried.
- For the inventory of an item physically present with incorrect or missing information:
 - If an item's property tag identification number matches the master property inventory list but the description of the item does not match, draw a line through the incorrect description, record the correct description immediately above or after the incorrect entry; and follow the steps described in the first bullet point above.
 - If an item's property tag identification number does not appear on the master property inventory list, add the item to the master property inventory list and follow the steps described in the first bullet point above.
 - If an item does not have a decal or tag with a property tag identification number, determine whether the item appears on the master property inventory list.
 - If the item appears on the master property inventory list, determine the identification number of the original property tag, place a replacement tag with the original property tag identification number on the item, and follow the steps described in the first bullet point above.
 - If the item does not appear on the master property inventory list, place a new property tag on the item, add the item to the master property inventory list, and follow the steps described in the first bullet point on the previous page.
 - If the manufacturer's serial number on the item does not match the serial number on the master property inventory list, draw a line through the incorrect serial number, record the correct description immediately above or after the incorrect entry, and follow the steps described in the first bullet point on the previous page.
- For the inventory of an item on the master property inventory list but no longer physically present, draw a line through the entry and make the appropriate notation as follows:
 - "Transferred": The item is transferred to another location or entity (i.e., another contractor, same coalition area). Note the change of location on the master property inventory list and Property Tag Assignment Form.

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- “Stolen”: The item is stolen and reported on a Notification of Missing Property Form (Attachment 3), together with a copy of a police offense report.
 - “Lost”: The item is missing or lost and reported on a Notification of Missing Property Form.
 - “Surplus”: The item is surplus and reported on the Surplus Property Form (Attachment 4).
- Enter the date, required certification signatures, and other requested information on the last page of the Master Property Inventory List.
 - A coalition annually submits a copy of Master Property Inventory List to the assigned regional technical assistance coordinator and keeps the original form in the coalition’s files.
 - The assigned regional technical assistance coordinator shall test a sample of items in the inventory for accuracy and completeness of information. If the information in the sample proves satisfactory, the assigned regional technical assistance coordinator submits a copy of the Master Property Inventory List to the employee of the Agency who is designated by the Director of the Office of Early Learning. This designated employee will also provide a copy of the annual inventory to the Agency’s Financial Management Systems Assurance Section (FMSAS).

If the assigned regional technical assistance coordinator deems the information on the sample unsatisfactory, the Agency may request a special inventory. The Agency may also request a special inventory if there is a change in the coalition’s contractor or in the composition of a coalition.

Transferring Property Within The Same Coalition

A coalition documents the transfer of grant-purchased property from one office to another, or from one location to another within the same coalition, by updating the new physical location on the Master Property Inventory List and the Property Tag Assignment Form (Attachment 1).

Lost or Stolen Grant-Purchased Property

When grant purchased property is discovered to be missing, a coalition should accurately report the information to the assigned regional technical assistance coordinator within three business days of the discovery. When the loss of grant-purchased property is discovered, a coalition should comply with the following procedures:

- The coalition searches for the missing grant-purchased property. If the grant-purchased property cannot be located, the coalition completes a Notification of Missing Property Form (Attachment 3), or substantially similar form adopted by the coalition, and submits the form to the assigned regional technical assistance coordinator.
- If there is evidence of theft, the coalition should notify the appropriate law enforcement agency. A coalition should obtain a legible copy of the police offense report and attach the report to the Notification of Missing Property Form. The coalition should immediately notify the assigned regional technical assistance coordinator.
- If, after a lost or missing item has not been located during two physical inventory periods, the coalition should send a memorandum to the assigned regional technical assistance coordinator, identifying the item and requesting approval to remove the item from the coalition's master property inventory. The request to remove the item from the inventory should be forwarded to the Office of Early Learning for review and approval.

Surplus or Disposal of Grant-Purchased Property

If a coalition determines that an item of grant-purchased property is no longer needed or required by the coalition or its contractors, is obsolete, is not usable, or is not economical or efficient to use, the coalition may surplus or dispose of the property in accordance with the following procedures:

- The coalition records the item on the Surplus Property Form (Attachment 4), or substantially similar form adopted by the coalition, and submits a copy of the form to the assigned regional technical assistance coordinator. The Surplus Property Form should contain the following information about the item:
 - Date;
 - Coalition or contractor name;
 - Physical location of the item;
 - Phone number and fax number of the coalition or contractor;
 - Property tag identification number;
 - Description, model, and manufacturer;
 - Condition of the item;
 - Manufacturer's serial number;
 - Authorizing signature;
 - Any additional comments regarding the condition of the item beyond the condition codes listed on page 4.

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- The coalition lists an item in poor or scrap condition on a separate Surplus Property Form from an item in excellent, good, or fair condition. The coalition then forwards a copy of the Surplus Property Form to the assigned regional technical assistance coordinator.
- The assigned regional technical assistance coordinator reviews the Surplus Property Form and makes an onsite inspection of the grant-purchased property declared as surplus to ensure accuracy of the annotation codes. The assigned regional technical assistance coordinator must approve the disposition of surplus grant-purchased property before its disposition. The Agency has the right to take ownership of grant-purchased property that the coalition declares as surplus.
- The coalition distributes a list to all coalitions of surplus grant-purchased property that is in excellent, good, and fair condition, or in poor condition for parts, giving notice of the availability of the surplus grant-purchased property. The surplus grant-purchased property is available for a period of 10 working days from the date of notification of availability. A coalition interested in obtaining the grant-purchased property listed on the notification may contact the coalition in possession of the grant-purchased property to arrange for the transfer.
- For surplus grant-purchased property not transferred to another coalition, the coalition may dispose of the grant-purchased property by:
 - Transferring the grant-purchased property to another governmental entity (e.g., public school, state agency, local governments);
 - Public sale. The Office of Early Learning should be notified to determine the disposition of proceeds from the public sale;
 - Transferring the grant-purchased property to a nonprofit organization (e.g., Goodwill, Salvation Army) recognized by the Internal Revenue Service (IRS) as exempt from federal income taxation under s. 501(c)(3) of the Internal Revenue Code. When donating an item to a nonprofit organization, a copy of the letter from the IRS recognizing the organization's tax exemption must be attached to the Surplus Property Affidavit (Attachment 5); or
 - Disposal of grant-purchased property in another appropriate manner, including, but not limited to, taking the grant-purchased property to a landfill.

- A coalition removes the property identification tag from an item before disposing of the grant-purchased property. After the grant-purchased property is disposed, the coalition notes the disposition on the Surplus Property Affidavit (Attachment 5), or a substantially similar form adopted by the coalition, and submits a copy of the form to the assigned regional technical assistance coordinator. The coalition also updates its master property inventory list and Property Tag Assignment Form. Expenses incurred for the disposal of property are paid by the coalition.

Replacement of Former Policy

This fiscal guidance replaces OEL-PI-0039-06 (Inventory and disposal of property purchased with state or federal grant funds) adopted by the Office of Early Learning on June 23, 2006.

History

Original.—OEL-PI-0039-06 (June 23, 2006). *Revised.*—OEL-FG-0049-08 (September 24, 2008).

Attachments:

- Attachment 1 (Property Tag Assignment Form)
- Attachment 2 (Master Property Inventory Form)
- Attachment 3 (Notification of Missing Property)
- Attachment 4 (Surplus Property Form)
- Attachment 5 (Surplus Property Affidavit)



**AWI / OFFICE OF EARLY LEARNING
NOTIFICATION OF MISSING PROPERTY FORM**

For missing property complete the following: #1, 2, 3, 4,5, 7 and Supervisor's review.
For stolen property complete: #1, 2, 3, 4, 6, 7, 8 and Supervisor's review. Use additional pages if sufficient space is not provided for your explanation.

Coalition Tag Number: _____
Description: _____
Serial Number: _____

1. The property described above has been discovered:
_____ Missing
_____ Stolen

2. The date this item was last seen: _____
Date of last inventory: _____

3. Date the item was discovered missing: _____

4. What circumstances lead up to this item being missing/stolen? :

5. What steps have been taken to locate the property? :

6. What steps were taken prior to the incident to secure the property? :

7. What steps have been taken to prevent a similar incident from happening again?

Custodian Delegate's Signature Date

Org. Code: _____ City: _____

Supervisor Review: Was this loss caused by negligence? _____

Comments: _____

Supervisor's Signature: _____ Date: _____

Property Manager's Signature: _____ Date: _____

**AWI / OFFICE OF EARLY LEARNING
SURPLUS PROPERTY FORM**

TO: _____

From: _____

PAGE: _____

DATE: _____

ID Tag #	Description of Property (w/name, make, model # and manufacturer)	Physical location of property being made surplus	Condition*	Serial Number	Comments	
						COALITION ADDRESS: CUSTODIAN DELEGATE: TELEPHONE NUMBER: SUNCOM NUMBER: FAX NUMBER:

*CONDITION OF PROPERTY: E = EXCELLENT; G = GOOD; F = FAIR; P = POOR; S = SCRAP

I HEREBY CERTIFY THIS PROPERTY AS SURPLUS.

SUBMITTING CUSTODIAN SIGNATURE: _____

COALITION ANALYST SIGNATURE: _____

