**Instruction for Development of Property Management Policy**

The sub-recipient agreement requires grantees to put in place policies and procedures to ensure compliance with all state and federal regulations.

The following sample policy was developed specifically for the RWAIG program. It is a hybrid of state and federal property management laws designed to assist grantees in implementing internal controls over property management. If your organization adopts this policy, it will be expected to implement the policy for transactions related to the RWAIG funding only.

Grantees are **not** required to adopt the sample policy and are welcome to use existing policies or to develop their own policies. Grantees may also modify the sample policy if desired by adding additional control elements. We do not recommend removing elements from the policy. Once again, grantees must submit a property management policy to the Mississippi State Department of Health before a funding request will be processed.

In order to adopt the policy, organizations will need to make the following updates:

* Amend any highlighted portions of the policy.
* Replace the words ‘Non-federal Entity’ with the name of the Rural Water Association.
* Update header, adding organization name.
* Provide a copy of the board minutes where this policy or similar was adopted.

**Sample Non-federal Entity Property Management Policy**

## POLICY OVERVIEW

The policy set forth in this document establishes standards and guidelines for the property management of equipment, property and fixed assets funded though the Rural Water Association Infrastructure Grant (RWAIG) program.

Any purchase of equipment or real property with Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF) must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using CSLFRF funds shall vest in the non-Federal entity. Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations.

The NON FEDERAL ENTITY, hereinafter NAME shall adhere to all applicable property standards, as detailed below.

## DEFINITIONS

The definitions in 2 CFR 200.1 apply to this policy, including the following:

**Computing devices**: machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. See also the definitions of supplies and information technology systems in this section.

**Equipment:** tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit  acquisition cost which equals or exceeds the lesser of the capitalization level established by the NAME for financial statement purposes, or $5,000.

**Information technology systems**: computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. See also the definitions of computing devices and equipment in this section.

**Intangible property**: property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

**Personal property**: property other than real property. It may be tangible, having physical existence, or intangible.

**Property**: real property or  personal property.

**Real property**: land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

**Supplies**: all tangible personal property other than those described in the definition of equipment in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the local government for financial statement purposes or $5,000, regardless of the length of its useful life. See also the definitions of computing devices and equipment in this section.

## REAL PROPERTY

**Title to Real Property:** Title to real property acquired or improved with ARP/CSLFRF funds vests with the  NAME. 2 CFR 200.311(a).

**Use of Real Property:** During the period of performance of the ARP/CSLFRF award, the  NAME may use real property purchased or improved with ARP/CSLFRF funds for a purpose other than the purpose for which it was purchased or improved if such other purpose is also consistent with the ARP/CSLFRF eligible use requirements.

If the [County/City/Town/Village] changes the use of the real property to an ineligible use or sells the real property prior to the end of the period of performance, then it must follow the disposition procedures detailed in the Disposition of Real Property section below.

After the period of performance of the ARP/CSLFRF award, the [County/City/Town/Village] must use the real property consistent with the purpose for which it was purchased or improved or for any other eligible purpose in the same category as the purpose reported to US Treasury as of the final reporting period, as set forth in the table below:

|  |  |
| --- | --- |
| **Category**  | **Use Requirements** page56image294424576 |
| Water, Sewer, or Broadband Infrastructure  | Property, supplies, or equipment last reported as being used to make investments in water, sewer, or broadband infrastructure pursuant to 31 CFR 35.6(e) are authorized to fulfill any eligible use of funds outlined in the water, sewer, and broadband infrastructure eligible use category.  |

If the real property’s use shifts outside the parameters of the eligible purpose according to this table after the period of performance, then the  NAME (and any subrecipients) must follow the disposition procedures in the Disposition of Real Property section below.

The  NAME is responsible for being able to substantiate its determination on whether the use of the real property is authorized and maintain a record of that determination in accordance with the requirements set forth in the financial assistance agreement accepted in connection with the ARP/CSLFRF award.

The  NAME is not required to seek or obtain the approval of US Treasury prior to changing the use within the parameters of these authorized purposes.

## **Insurance of Real Property:** The  NAME must provide the equivalent insurance coverage for real property acquired or improved with ARP/CSLFRF funds as provided to property owned by the  NAME. 2 CFR 200.310.

**No Encumbrance of Real Property:** The  NAMEmay not encumber the real property unless authorized by US Treasury. 2 CFR 200.311(b).

**Disposition of Real Property:** If the  NAME changes the use of real property to an ineligible use or sells the asset during the period of performance of the ARP/CSLFRF award or changes the use of the asset outside the eligible category after the period of performance ends, then the  NAME must obtain disposition instructions from US Treasury. The instructions must provide for one of the following alternatives:

1. The  NAME retains title after compensating US Treasury. The amount paid to US Treasury will be computed by applying US Treasury’s percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the  NAME is disposing of real property acquired or improved with ARP/CSLFRF funds and acquiring replacement real property under the ARP/CSLFRF, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
2. The  NAME sells the property and compensates US Treasury. The amount due to US Treasury will be calculated by applying US Treasury’s percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the ARP/CSLFRF award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When the  NAME is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
3. The  NAME transfers title to US Treasury or to a third party designated/approved by US Treasury. The  NAME is entitled to be paid an amount calculated by applying the  NAME’s percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property. 2 CFR 200.311(c).

## EQUIPMENT

**Title to Equipment:** Title to equipment acquired or improved with ARP/CSLFRF funds vests with the  NAME. 2 CFR 200.313(a).

**Use of Equipment:** During the period of performance of the ARP/CSLFRF award, the  NAME may use equipment purchased or improved with ARP/CSLFRF funds for a purpose other than the purpose for which it was purchased or improved if such other purpose is also consistent with the ARP/CSLFRF eligible use requirements.

If the  NAME changes the use of equipment to an ineligible use or sells the equipment prior to the end of the period of performance, then it must follow the disposition procedures detailed in the Disposition of Equipment section below.

After the period of performance of the ARP/CSLFRF award, the  NAME must use equipment consistent with the purpose for which it was purchased or improved or for any other eligible purpose in the same category as the purpose reported to US Treasury as of the final reporting period, as set forth in the table below:

|  |  |
| --- | --- |
| **Category**  | **Use Requirements** page56image294424576 |
| Water, Sewer, or Broadband Infrastructure  | Property, supplies, or equipment last reported as being used to make investments in water, sewer, or broadband infrastructure pursuant to 31 CFR 35.6(e) are authorized to fulfill any eligible use of funds outlined in the water, sewer, and broadband infrastructure eligible use category.  |

If the equipment’s use shifts outside the parameters of the eligible purpose according to this table after the period of performance, then the  NAME (and any subrecipients) must follow the disposition procedures in the Disposition of Equipment section below.

The  NAME is responsible for being able to substantiate its determination on whether the use of equipment is authorized and maintain a record of that determination in accordance with the requirements set forth in the financial assistance agreement accepted in connection with the ARP/CSLFRF award.

The  NAME is not required to seek or obtain the approval of US Treasury prior to changing the use within the parameters of these authorized purposes.

During the time that equipment is used on the project for which it was acquired, the  NAME must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the project for which it was originally acquired. First preference for other use must be given to other programs or projects supported by US Treasury and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate. 2 CFR 200.313(c)(2).

**Noncompetition:** The NAME must not use equipment acquired with the ARP/CSLFRF funds to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment. 2 CFR 200.313(c)(3).

**No Encumbrance:** The NAME may not encumber the equipment without approval of US Treasury. 2 CFR 200.313(a)(2).

**Replacement Equipment:** When acquiring replacement equipment, the NAME 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. 2 CFR 200.313(c)(4).

**Management of Equipment:** The NAME will manage equipment (including replacement equipment) acquired in whole or in part with ARP/CSLFRF funds according to the following requirements.

1. The NAME] will maintain sufficient records that include
2. a description of the property,
3. a serial number or other identification number,
4. the source of funding for the property (including the Federal Award Identification Number (FAIN)),
5. who holds title,
6. the acquisition date,
7. cost of the property,
8. percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
9. the location, use and condition of the property, and
10. any ultimate disposition data including the date of disposal and sale price of the property.
11. The NAME will conduct a physical inventory of the property and reconcile results with its property records at least once every two years.
12. The NAME will develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. If the initial purchase price of the lost or stolen property exceeds $250, NAME will report the missing items to the local law enforcement agency. In case of loss, theft, or robbery, document the name of the local law enforcement entity notified and the date the loss was discovered. If such loss was not reported to a local law enforcement entity at the time of the discovery, document a complete explanation of such failure.
13. The NAME will develop and implement adequate maintenance procedures to keep the property in good condition.
14. If the NAME is authorized or required to sell the property, it will establish proper sales procedures to ensure the highest possible return, in accordance with state and federal law.

## **Insurance of Equipment:** The NAME must provide the equivalent insurance coverage for equipment acquired or improved with ARP/CSLFRF funds as provided to property owned by the [County/City/Town/Village]. 2 CFR 200.310.

**Disposition of Equipment:** If the NAME changes the use of the equipment to an ineligible use or sells the equipment during the period of performance of the ARP/CSLFRF award or changes the use of the equipment outside the eligible category after the period of performance ends, then the NAME may either make the equipment available for use in other activities funded by a Federal agency, with priority given to activities funded by US Treasury, dispose of the equipment according to instructions from US Treasury, or follow the procedures below. 2 CFR 200.313(e).

1. Equipment with a per-item fair market value of less than $5,000 may be retained, sold or transferred by the [County/City/Town/Village], in accordance with state law, with no additional responsibility to US Treasury;
2. If no disposal instructions are received from US Treasury, equipment with a per-item fair market value of greater than $5,000 may be retained or sold by the NAME. The NAME must establish proper sales procedures, in accordance with state law, to ensure the highest possible return. The NAME must reimburse US Treasury for its federal share. Specifically, US Treasury is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the ARP/CSLFRF funding percentage of participation in the cost of the original purchase. If the equipment is sold, US Treasury may permit the NAME to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
3. Equipment may be transferred to US Treasury or to a third-party designated by US Treasury in return for compensation to the NAME] for its attributable compensation for its attributable percentage of the current fair market value of the property.

## SUPPLIES

**Title to Supplies.** Title to supplies acquired with ARP/CSLFRF funds vests with the NAME upon acquisition. 2 CFR 200.314(a).

**Use of Supplies:** During the period of performance of the ARP/CSLFRF award, the NAME may use supplies purchased or improved with ARP/CSLFRF funds for a purpose other than the purpose for which it was purchased or improved if such other purpose is also consistent with the ARP/CSLFRF eligible use requirements.

If the NAME changes the use of supplies to an ineligible use or sells the supplies prior to the end of the period of performance, then it must follow the disposition procedures detailed in the Disposition of Supplies section below.

After the period of performance of the ARP/CSLFRF award, the NAME must use supplies consistent with the purpose for which they were purchased or improved or for any other eligible purpose in the same category as the purpose reported to US Treasury as of the final reporting period, as set forth in the table below:

|  |  |
| --- | --- |
| **Category**  | **Use Requirements** page56image294424576 |
| Water, Sewer, or Broadband Infrastructure  | Property, supplies, or equipment last reported as being used to make investments in water, sewer, or broadband infrastructure pursuant to 31 CFR 35.6(e) are authorized to fulfill any eligible use of funds outlined in the water, sewer, and broadband infrastructure eligible use category.  |

If the supplies use shift outside the parameters of the eligible purpose according to this table after the period of performance, then the NAME (and any subrecipients) must follow the disposition procedures in the Disposition of Supplies section below.

The NAME is responsible for being able to substantiate its determination on whether the use of supplies is authorized and maintain a record of that determination in accordance with the requirements set forth in the financial assistance agreement accepted in connection with the ARP/CSLFRF award.

The NAME is not required to seek or obtain the approval of US Treasury prior to changing the use within the parameters of these authorized purposes.

At the end of the performance period, any residual inventory of unused supplies less than $5,000 in total aggregate value, NAME will retain the supplies for use on other activities. If the aggregate value of unused supplies exceeds $5,000, we fill follow the requirement identified in 2 CFR 200.313(e).

**Noncompetition.** As long as the Federal Government retains an interest in the supplies, the NAME must not use supplies acquired under the ARP/CSLFRF to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute. 2 CFR 200.314(b)**.**

**Disposition of Supplies. I**f there is a residual inventory of unused supplies exceeding $5,000 in total aggregate value upon termination or completion of the project and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. 2 CFR 200.314(a).

## PROPERTY TRUST RELATIONSHIP

Real property, equipment, and intangible property, that are acquired or improved with ARP/CSLFRF funds must be held in trust by the NAME as trustee for the beneficiaries of the project or program under which the property was acquired or improved. US Treasury may require the NAME to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property. 2 CFR 200.316.

## IMPLEMENTATION OF POLICY

NAME shall adopt procedures to track all real property, equipment, and supplies (collectively, property) acquired or improved in whole or in part with ARP/CLSFRF funds. At a minimum, those procedures must address the following:

* Ensure proper insurance of property
* Document proper use of property
* Working with [NAME OF FINANCE PERSONNEL HERE], record and maintain required data records for equipment
* Conduct periodic inventories of equipment, at least every two years
* Create processes for replacement and disposition of property
* Establish other internal controls to safeguard and properly maintain property

## Controls and Safeguards

NAME will safeguard items purchase through the MSLPI program in the following manner:

(List safeguards your organization has in place. We have provided examples of typical safeguards)

* Keyed and locked access points during non-work hours
* External and environmental threat protection (smoke detectors, alarm systems)
* Security of mobile information devices(passwords, lock screens implemented)
* Physical entry controls
* Alarm or monitoring systems
* Small items secured to immobile objects
* Limited access to small items
* Assignment of smaller devices to individual employees

STATE OF MISSISSIPPI

RWAIG Program Inventory Form

Grantee Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Title

Holder: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| Number | Inventory Description | UseandCondition | PurchaseDate | PurchasePrice | TotalUnitCoast | FederalFundsApplied |
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Date of form last updated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

STATE OF MISSISSIPPI

RWAIG Program Lost of Stolen Property Affidavit

Grantee Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Grantee Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Former Location of Property: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number | Inventory Description | UseandCondition | PurchaseDate | PurchasePrice | TotalUnitCoast | FederalFundsApplied |
|   |   |  |   |  |   |   |
|   |   |  |   |  |   |   |

Detailed Explanation of Loss: (in case of loss, theft, or robbery, include the name of the local law enforcement entity notified and the date the loss was discovered. If such loss was not reported to a local law enforcement entity at the time of the discovery, give a complete explanation of such failure.)

We hereby state under oath that the above facts are true and correct to the best of our knowledge.

Signature of the Responsible Party Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

This date personally appeared before me, the undersigned authority, in and for

 County, in the State of Mississippi, the above-named individuals, who, being first duly sworn, state on their oaths that the above facts are true and correct to the best of their knowledge.

Given under my hand and official seal, this the \_\_\_\_\_day of , 20\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary Public

NOTE: This affidavit should be filed with the inventory deletion form and deletion

documentation the same month that the property is removed from inventory.