



ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF INTERGOVERNMENTAL SERVICES

SUBGRANT ADMINISTRATION GUIDE
PART II: POST SUBGRANT REQUIREMENTS

C. PROPERTY AND EQUIPMENT

1. ACQUISITION

- a. Subgrant organizations are required to be prudent in the acquisition and management of property purchased with federal funds. Expenditure of funds for the acquisition of new property, when property required for the successful execution of projects is already available within the subgrant organization, is considered an unnecessary expenditure.
- b. Subgrant organizations must employ adequate property management systems and comply with [State procurement requirements](#) in the acquisition of property and/or equipment.
- c. If a subgrant organization does not comply with State procurement requirements, the costs associated with the acquisition of property will be disallowed.
- d. Subgrant organizations are responsible for replacing or repairing property or equipment willfully or negligently lost, stolen, damaged, or destroyed. Any loss, damage, or theft of property must be investigated fully. Investigation documents are made part of the official project records.
- e. Costs associated with the acquisition of property and/or equipment will be reimbursed by IGS only if the item is contained in the approved subgrant budget.

2. OWNERSHIP

- a. Title to equipment acquired under a sub grant will remain with the sub grant organization, subject to the obligations and conditions set forth in [28 CFR Part 66](#).

3. USE

- a. Equipment must be used by the sub grant organization in the program/project for which it was acquired, as long as needed, whether or not the program/project continues to be supported by federal funds.
- b. The subgrant organization shall make equipment available for use on other projects or programs currently or previously supported by federal funds providing such use does not interfere with the work of the program/project for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by IGS.
- c. The subgrant organization shall not use equipment acquired with federal funds to provide services for a fee.



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- d. When acquiring replacement equipment, the subgrant organization may, subject to written approval, use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.

4. MANAGEMENT

- a. Subgrant organizations must establish procedures for managing equipment, including replacement, whether acquired in whole or in part with federal funds. The procedures must, at a minimum, meet the following requirements:
- i. Property records which include:
 - Description of the property;
 - Serial number or other identification number;
 - Source of the property;
 - Identification of title holder;
 - Acquisition date;
 - Cost of the property;
 - Percentage of federal participation in the cost of the property;
 - Location of the property;
 - Use and condition of the property; and
 - Disposition data, including the date of disposal and sale price.
 - ii. Physical inventory – an annual inventory report must be submitted to VJA, utilizing the *Annual Inventory Report* form. The report must indicate all property purchased with federal funds.
 - iii. Control systems to ensure adequate safeguards to prevent loss; damage or theft of the property. Any loss, damage, or theft shall be investigated by the subgrant organization, as appropriate.
 - iv. Maintenance procedures to ensure that the property is maintained in good condition.

5. DISPOSITION

- a. Subgrant organizations may dispose of the equipment when original or replacement equipment acquired under the subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a IGS subgrant.
- b. Subgrant organizations are required to obtain prior written approval from IGS and complete the *Property/Equipment Disposal* form when disposing of property acquired with federal funds. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously



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supported by a Federal awarding agency, except as otherwise provided in Federal Statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award.

6. RETENTION OF PROPERTY RECORDS

- a. Records for equipment, non-expendable personal property, and real property shall be retained by the subgrant organization for AT LEAST THREE YEARS following notification by IGS of the closure of the audit report covering the entire award period. Retention is required for purposes of federal and state examination and audit.
- b. Records may be retained in an automated format.

7. SUPPLIES

- a. Title to supplies acquired under a subgrant will belong to the subgrant organization.
- b. At the end of the subgrant period, should a subgrant organization have a residual inventory of unused supplies exceeding \$5,000.00, and if those supplies are not needed for other IGS funded programs or projects, the subgrant organization shall compensate IGS for its share.
- c. The amount of compensation shall be computed in the same manner as for or equipment.

8. COPYRIGHTS

- a. IGS reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, the copyright in any work developed under a subgrant, and any rights of copyright to which a subgrant organization purchases ownership with federal support.
- b. Subgrant organizations shall submit a publication and distribution plan prior to developing materials under the subgrant that are commercially published or distributed. The plan shall include a description of the materials, the rationale for commercial publication and distribution, the criteria to be used in the selection of a publisher, and, to assure reasonable competition, the identification of firms that will be approached. Prior approval of the plan is required for publishing project activities and results when federal funds are used to pay for the publication.



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9. PATENTS, PATENT RIGHTS AND INVENTIONS

- a. If any program produces patentable items, patent rights, processes, or inventions in the course of work sponsored by subgrant funds, such facts must be promptly and fully reported to VJA.
- b. IGS shall determine whether protection on the invention or discovery shall be sought.
- c. IGS will also determine how rights in the invention or discovery (including rights under any patents issued thereon) shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 FR 16839). Government-wide regulations have been issued at 37 CFR Part 401 by the Department of Commerce.