

Tangible Personal Property

OF INTEREST TO

The Division of Early Learning (DEL, the Division), Early Learning Coalitions (ELCs, coalitions), and other DEL subrecipients implementing federal and state early learning programs.

AUTHORITY

Federal and State laws, regulations, and rules require ELCs and other DEL subrecipients (i.e., other contracted entities) institute proper controls relative to the management and disposition of equipment purchased with federal and state funds. Specific requirements and procedures for acquiring, safeguarding, capitalizing, tagging, transferring, disposing, and inventory of equipment are governed by the following authoritative bodies and documents. These are:

- [2 CFR § 200](#), Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
- [45 CFR § 75](#) - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Health and Human Services (HHS) Awards
- [45 CFR § 98 Subpart F](#) – Use of Child Care and Development Funds
- [Section 1002.84\(11\), Florida Statutes](#) (F.S.) – Complying with Tangible Personal Property Requirements
- [Chapter 274, F.S.](#) – Tangible Personal Property Owned by Local Governments
- [Rule 69I-72, Florida Administrative Code](#) (F.A.C.) – State-owned Tangible Property
- Florida Department of Education (FDOE), [Green Book](#), 2015

Reference to any laws, rules and regulations in this guidance document includes revisions to those laws and regulations made after the effective date of this guidance document.

If there is any conflict between the provisions set forth in these documents, resolution will occur in the following order or priority. If a lower priority law contains a stricter requirement, the stricter requirement prevails unless other written instructions are provided by DEL.

1. Federal law
2. State law
3. Applicable grant agreement or contract

SUMMARY

This program guidance provides information and specific requirements consistent with applicable Uniform Grant Guidance, Federal Regulations, Florida Statutes, State Rules, and Florida Department of Education policies relative to the management, disposition, and utilization of tangible personal property purchased with state and federal funds.

Tangible personal properties purchased solely with state funds (e.g., Voluntary Prekindergarten (VPK) funds) must follow all applicable requirements described under [Chapter 274, F.S.](#), [FDOE Green Book, 2015](#) and [Rule 69I-73, F.A.C.](#) Tangible personal properties purchased solely with federal funds (e.g., federal School Readiness (SR) funds) must follow all applicable requirements provided under [2](#)

[CFR § 200](#), [45 CFR § 75](#), [45 CFR § 98 Subpart F](#), [Chapter 274, F.S.](#), [Rule 69I-73, F.A.C.](#), and [FDOE Green Book, 2015](#). When entities combine funding (e.g., SR and VPK funds) for the purchase of tangible property, the more restrictive requirements apply.

BACKGROUND

The federal Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) block grants provide a substantial part of the funds allocated and awarded to an ELC or its contracted entity and other direct subrecipients of DEL. These targeted grant funds are used for activities which improve the availability, quality, and affordability of child care and to support the administration of these activities. The U.S. Department of Health and Human Services (HHS) administers both grants.

HHS provides federal regulations for the management, disposition, and utilization of tangible personal property purchased with grant funds ([45 CFR § 75.320](#)). These regulations include maintaining certain records of property and performing a physical inventory of the property at least once every two years. The 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 CFR § 75.439\(2\)](#).

A coalition or other contracted entity is also required to conduct this inventory of its property annually and when there is a change of custodian or custodian delegate. Small attractive items with a purchase value less than \$5,000, whether classified as equipment, technological item, or supplies must be safeguarded. Coalitions and other contracted entities should have a written policy on how these items will be accounted for and tracked. Coalitions and other contracted entities with a policy for recording purchases that have a threshold less than \$5,000 should follow the policy already in place. (Source for small attractive items is [Rule 69I-72.002, F.A.C.](#))

Each entity's written policies should include, but may not be limited to, identification of:

- (a) How these items are recorded in general ledger;
- (b) How these items are tracked and used during the program year;
- (c) How/when these items are inventoried and any reconciliation processes;
- (d) How these items are safeguarded against loss, damage or theft; and
- (e) How these items are disposed/removed from the entity's tracking log(s).

Prohibited Purchases

Unless superseded by program-specific regulations, DEL's federally-funded award programs may not be used for construction or the purchase of land. [[USDHHS, ACF General terms and conditions for CCDF grant program, May 2019](#)]. Funds appropriated through the state General Appropriation Act (GAA) for the SR program also not be expended for the purchase or improvement of land; for the purchase, construction or permanent improvement of any building or facility; or for the purchase of buses. [s. [1002.89 \(7\), F.S.](#)]. In addition, it is unlawful for any state officer or employee to authorize the purchase or continuous lease of any motor vehicle to be paid for from state funds or any department thereof unless funds have been specifically appropriated for such purpose by the Legislature. This subsection does not apply to motor vehicles needed to meet unforeseen or emergency situations, if approved by the Executive Office of the Governor after consultation with the legislative appropriations committees. [s. [287.14\(3\) F.S.](#)]

DEFINITIONS

Acquisition Cost

Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. The net unit price of a property item, including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the item usable for the purpose for which it was acquired. [For more details see [2 CFR § 200.2](#), *Acquisition cost*]

Attractive Items

Electronic devices or other non-consumable assets which are easily transported and usually have a unit cost below the \$5,000 inventory threshold. Examples include, but are not limited to, laptops, personal digital assistants (PDAs), cellular phones, smart phones, iPads, tablets, digital cameras, thumb drives, flash drives, wearable computing devices, etc.

Capital Assets

Tangible or intangible assets used in operations having a useful life of more than one year which are capitalized for financial reporting purposes in accordance with generally accepted accounting principles (GAAP). Capital assets include:

- (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- (b) Additions, improvements, modifications, replacement, rearrangements, reinstallations, renovations or alterations to capital assets which materially increase their value or useful life (not ordinary repairs and maintenance). [[2 CFR § 200.12](#), *Capital assets*]

Conditional Title

The concept of “conditional title” simply means equipment ownership vests in the non-federal entity at the time of acquisition and is contingent on meeting the requirements for use, management, and disposition of the equipment as required in [2 CFR § 200.313](#).

Controls and Safeguards

A control system to ensure adequate safeguards to prevent loss, damage, or theft of the equipment.

Custodian

The person or agency entitled to lawful custody of tangible personal property.

Custodian Delegate

The person acting under the supervision of the custodian to whom the custodian has delegated the custody of property, and from whom the custodian receives custody receipts.

Disposition

The final status of tangible personal property (e.g., sale, scrap, donation, transfer, etc.) when an entity removes it from its inventory.

Equipment

For recordkeeping and accountability purposes, equipment is tangible, non-expendable, 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 entity’s capitalization level for financial reporting or \$5,000 (e.g., the state-established threshold for inventory tracking purposes). [[2 CFR § 200.33](#), *Equipment*]

General Purpose Equipment

Equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. [[2 CFR § 200.48](#), *General purpose equipment*]

Grant Purchased Property

An item defined as “equipment” stipulated in [45 CFR § 74.2](#), defined as “property” in [Chapter 274, F.S.](#), and Rule [69I-73, F.A.C.](#), which a coalition or other contracted entity purchased using state or federal funds provided by DEL.

Identification Number

A unique number assigned and affixed to each item of property to identify it as property held by the custodian and for the purpose of differentiating one item of property from another ([Chapter 69I-73.001, F.A.C.](#)).

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). [[2 CFR § 200.59](#), *Intangible property*]

Inventory Management

Includes all functions related to the recording, tracking, and safeguarding of equipment. This would include the monitoring of equipment moved to and from various location

Material Service Organizations

Subrecipients or other entities contracted to administer or manage the grant program(s). ELCs may contract with other entities to perform and/or manage portions of the services for the SR and/or the VPK programs (i.e., as a primary service provider or a central agency). This type of organization may have a subrecipient contract relationship with the ELC.

Pass-Through Entity

A pass-through entity is a non-federal entity which provides a federal award to other entities to carry out a federal program. Pass-through entities are also known as recipients/subrecipients. DEL is a subrecipient and receives grant program funds from federal awarding agencies. The ELCs are subrecipients of DEL because they receive grant program funds from DEL to perform/manage operations material to the SR and VPK programs. When ELCs award federal funds for program purposes to other contracted entities to carry out program activities, those entities become ELC subrecipients or vendors.

Personal Property

Property other than real property. It may be tangible, having physical existence, or intangible. [[2 CFR § 200.78](#), *Personal property*]

Property

Real property or personal property. [[2 CFR § 200.81](#), *Property*]

Real Property

Land, land improvements, buildings, and other permanent structures, but no moveable machinery

or equipment. [[2 CFR § 200.85](#), *Real property*]

Recipient

A non-federal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

Threshold for Recording Property

A coalition or other contracted entity must record in its financial system as property for inventory purposes all property with a value or cost of \$5,000 or more with a projected useful life of one year or more. A coalition or other contracted entity must also record in its financial system as property for inventory purposes attractive items with a value or cost of less than \$5,000 per 69I-72.002, F.A.C. Where a coalition or other contracted entity has a more restrictive threshold, the coalition or other contracted entity will follow that threshold level.

Title to Equipment

According to federal regulations, title to equipment a subrecipient acquires with HHS funds must vest in the subrecipient.

GUIDANCE

[Chapter 274, F.S.](#) and Rule [69I-73, F.A.C.](#) provide the minimum standards necessary to adequately control, safeguard, and account for tangible personal property. To reasonably assure compliance with [Chapter 274, F.S.](#) and rules of the Chief Financial Officer, the coalition or other contracted entity's internal controls should include appropriate measures to ensure all tangible personal property acquisitions are identified, appropriately marked, and accurately recorded in the appropriate records, and annual physical inventories are conducted and reconciled, to related property records by persons who do not have asset custody responsibilities.

Management of Property

Recording of Property

The requirements for property records are meant to ensure the non-federal entity maintains an equipment inventory system which demonstrates the non-federal entity has an effective system of controls to account for and track equipment acquired with state and federal funds. Federal regulations, state statutes, and state rules require each coalition or other contracted entity to maintain adequate records of property in its custody. Each property record entered at the time of the purchase transaction must include:

- (a) Identification number
- (b) Description of item or items
- (c) Physical location (the city, county, address or building name, and room number therein)
- (d) Use and condition of the property
- (e) Name of custodian with assigned responsibility for the item(s)
- (f) In the case of a property group, the number and description of the component items comprising the group
- (g) Name, make, or manufacturer, as applicable
- (h) Year and/or model(s), as applicable
- (i) Manufacturer's serial number(s), if any, and if an automobile, vehicle identification number (VIN) and title certificate number, as applicable

- (j) Date acquired
- (k) Cost or value at the date of acquisition for the item (the coalition or other contracted entity must indicate whether ancillary charges, such as taxes, duty, property in transit insurance, freight, and installation, are included or excluded from the acquisition cost. The total acquisition costs for the item must be reflected in the master inventory listing.) [45 CFR § 75.2](#)
- (l) Method of acquisition and, for purchased items, the voucher and check or warrant number
- (m) Date the item was last physically inventoried and the condition of the item on that date
- (n) Information prescribed in [Rule 69I-73.005, F.A.C.](#), as applicable to disposition
- (o) The source of funding for the property (including the Federal award identification number (FAIN))
- (p) Percentage of federal participation (i.e., identify portion of each item's costs funded by federal grant or project)
- (q) Other information on the individual property record, as needed

Identification/Marking of Property

Within thirty (30) days of receipt, a coalition or other contracted entity must 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 or other contracted entity. The coalition or other contracted entity must record the property tag identification number (which may include an electronic scanning code ["barcode"] to facilitate electronic inventory procedures) on the ELC Inventory List on SharePoint in the Coalition Zone.

Location of Marking

The coalition or other contracted entity must mark items of a similar nature in a similar manner to facilitate identification. In determining a marking location, the coalition/other contracted entity must give careful consideration to the intended use of the items; the probability wear, vandalism, or routine maintenance functions could obliterate the marking; and the appropriateness of the marking method chosen. Additionally, the location of the marking and the marking method chosen must not mar the appearance of the item.

Inventory of Grant-Purchased Property

In accordance with Rule [69I-73, F.A.C.](#), each coalition or other contracted entity is required to conduct a physical inventory of equipment at least once per year as well as whenever there is a change of custodian or change of custodian's delegate. A coalition or other contracted entity must provide its updated Inventory List to DEL **no later than October 1st of each year and within thirty (30) days of a change in custodian or custodian's delegate.**

The Division of Early Learning ELC Inventory List is found in the Coalition Zone under each coalition's SharePoint site.

During the annual required inventory, a coalition or other contracted entity should take the following steps:

- (a) For the inventory of an item physically present and properly described on the ELC Inventory List:
1. Physically inspect the item.
 2. Match the property tag identification number and description of the item against the ELC Inventory List.
 3. Verify the current condition of the item against the condition described on the ELC Inventory List.
 4. Record the initials of the person taking the inventory next to the item on the ELC Inventory List, indicating the person who inventoried the item, and the date the inventory was performed.
- (b) For the inventory of an item physically present with incorrect or missing information:
1. If an item's property tag identification number matches the ELC Inventory List but the description of the item does not match, the custodian must investigate and correct the description as appropriate. The custodian should replace the incorrect description with the correct description, and follow the remaining steps described in paragraph a. above.
 2. If an item's property tag identification number does not appear on the ELC Inventory List, the custodian must investigate and correct the inventory as appropriate. The custodian should add the item to the Inventory List and follow the remaining steps described in paragraph a. above.
 3. If an item does not have a decal or tag with a property tag identification number, the custodian must investigate and correct the inventory as appropriate. The custodian should determine whether the item appears on the ELC Inventory List.
 4. If the item appears on the ELC 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 paragraph a. above.
 5. If the item does not appear on the ELC Inventory List, place a new property tag on the item, add the item to the ELC Inventory List, and follow the steps described in paragraph a. above.
 6. If the manufacturer's serial number on the item does not match the serial number on the ELC Inventory List, replace the incorrect serial number with the correct serial number, and follow the steps described in paragraph a. above.
- (c) For the inventory of an item on the ELC Inventory List but no longer physically present, make the appropriate status notation as follows:
1. Transferred: The coalition or other contracted entity transferred the item to another location or entity (i.e., another contracted entity, same coalition area). Note the change of location on the ELC Inventory List.
 2. Stolen: Someone stole or may have stolen the item. Note on the ELC Inventory List the date the item was reported stolen. Attach a copy of a police offense report.
 3. Lost: The item is missing and determined lost. Note on the ELC Inventory List the date the custodian determined the item to be lost.
 4. Surplus: The item is surplus and reported on the Surplus Property Form (Attachment A) along with a signed Surplus Property Affidavit (Attachment B).

- (d) Submit an email to the ELC's assigned DEL grant manager containing date inventory was reviewed, SharePoint list updated, and a certification statement that inventory list is complete and correct.
- (e) Additional Considerations:
1. Electronic scanning used for the assigning of identification number is acceptable if the recorded data is transferrable to a system that can be used to generate reports that include the coalition or other contracted entity can then use to generate reports which will include all information required on the hard copy of the inventory form.
 2. Equipment must be tracked until it is properly disposed and removed from the coalition or other contracted entity's inventory. In addition to tangible personal property valued at \$5,000 or more, small attractive items with a purchase value less than \$5,000, whether classified as equipment, technological item or supplies must be safeguarded and tracked. A coalition or other contracted entity must also record in its financial system as property for inventory purposes attractive items with a value or cost of less than \$5,000 per [69I-72.002, F.A.C.](#)
 3. If the custodian discovers during an inventory any property item the coalition or other contracted entity has not included on the ELC Inventory List, but meets the requirements for accounting and control, the custodian must create an inventory form for the item at that time. After appropriate investigation to establish the ownership of the item, the custodian must add it to the property records or, if the custodian cannot reasonably establish ownership, the coalition or contractor may dispose of the item consistent with Rule [69I-73.005, F.A.C](#) and in the manner provided by law applicable to surplus property, pursuant to [sections 274.05](#) and [274.06, F.S.](#)
 4. The custodian delegate must not personally inventory items for which the custodian delegate is responsible.

Maintenance Procedures and Adequate Safeguards of Equipment

Federal regulations require the custodian implement adequate maintenance procedures to ensure equipment is kept in good condition, and safeguards to prevent loss, damage, or theft of the property. DEL staff or independent contracted auditors/monitors may review support documentation to ensure compliance with this requirement.

Insurance Coverage

As required by HHS regulations, a coalition must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to other property owned by the coalition [[45 CFR § 75.317](#)].

Replacement of Equipment

When acquiring replacement equipment, a coalition may use the equipment to be replaced as a trade-in or sell the property and use those proceeds to offset the cost of the replacement property subject to DEL's prior approval [[45 CFR § 75.320\(c\)\(4\)](#)].

Use of Equipment

Equipment must be used by the coalition or other contracted entity in the program for which it was acquired as long as needed whether or not the program continues to be supported by the federal award.

When original or replacement tangible personal property acquired under a grant or sub-grant is no longer needed for the original project or program, the coalition or other contracted entity shall use the equipment in other activities in the following priority:

- (a) Programs, projects, or activities the HHS awarding agency sponsors;
- (b) Programs, projects, or activities other HHS awarding agencies sponsor;
- (c) Programs, projects, or activities other federal agencies sponsor;
- (d) Programs supported by DEL.

During the time equipment is used on the project or program for which it was acquired, the coalition or other contracted entity may also make the equipment available for use on other projects or programs currently or previously supported by the federal government according to the above described priorities, provided such use does not interfere with the work on the projects or program for which it was originally acquired. If a user's fee is used, the coalition or other contracted entity must not use equipment acquired with the federal award to provide services for a fee which is less than private companies charge for equivalent services.

Transferring Property within the Coalition

A coalition or other contracted entity must document the transfer of grant-purchased property from one office to another, or from one location to another within the coalition, by updating the new physical location on the ELC Inventory List.

Lost or Stolen Grant-Purchased Property

Upon completion of a physical inventory or other discovery, the custodian must reconcile inventory records as appropriate. This includes comparing the data listed on the ELC Inventory List with the individual property records. The custodian must investigate noted differences such as location, condition, and custodian and correct as appropriate.

Alternatively, the custodian must relocate the item to its assigned location and custodian in the individual property record. Further, the custodian must promptly report to management items not located during the inventory process for thorough investigation. If the investigation determines someone stole or may have stolen the item, the custodian must update the ELC Inventory List at the time of determination, and file a report with the appropriate law enforcement agency describing the missing item and circumstances surrounding its disappearance [[Chapter 69I-72.006\(6\)\(b\), FAC](#)].

Disposition of Equipment

Based on section [274.07, F.S.](#) and Rule [69I-72.005, F.A.C.](#), when original or replacement equipment acquired under a grant, sub-grant or contract is no longer needed for the original purpose or program or for other activities currently supported by DEL, disposition of the equipment will be made as follows.

- (a) Items of equipment with an acquisition cost of less than \$5,000 may be retained, sold or otherwise disposed of with no further prior approval requests or reporting requirement obligations to DEL.¹
- (b) Items of equipment with an acquisition cost of \$5,000 or more and a useful life of one year or more may be retained or sold and DEL shall have a right to an amount calculated by multiplying the current market value or proceeds from the sale by DEL's share of the equipment's original costs. (i.e., if 100% of the equipment cost was charged to DEL-funded program, 100% of the disposal proceeds are subject to DEL instructions).¹
- (c) If the custodian has no need for equipment items with a current market value less than \$5,000, the custodian must perform the following tasks:
1. A coalition or other contracted entity which has a disposition policy in place may follow its policy consistent with sections [274.05](#) and [274.055](#), F.S., and [Rule 69I-73.005, F.A.C.](#)
 2. A coalition or other contracted entity which has no such policy in place must submit a request to DEL for approval prior to disposition.
 3. When a coalition or other contracted entity legally disposes of equipment in accordance with the coalition's or other contracted entity's policy, the coalition or other contracted entity must record the following information on the individual property record for each item.
 - Date of disposition.
 - Manner of disposition (sold, donated, transferred, cannibalized, scrapped, destroyed, traded).
 - For cannibalized, (e.g., the process of dismantling portions or components of a property item to repair, replace, upgrade, or extend the useful life of other property items) scrapped, or destroyed property, the identity of the employee(s) witnessing the disposition.
 - For items disposed of, a notation identifying any related transactions (e.g., receipt for sale of the item, insurance recovery, trade-in).
 - For property certified as surplus, reference to documentation evidencing the coalition or contractor disposed of such property in the manner Section [274.05](#) or [274.055](#), F.S., requires.
- (d) If the custodian identifies equipment items with a current market value of more than \$5,000 for disposal, such equipment items must be processed in accordance with [2 CFR § 200.313\(e\)\(2\), Equipment](#), with the assistance of and prior written approval from DEL.¹

¹Funds from such equipment sales/disposals are not considered SR/VPK program income; however, these funds will be treated as collections directly attributed to SR and/or VPK program operations. Such monies can be retained at the local entity level and used for allowable SR/VPK program activities. See OEL Program Guidance 240.01, Cash Management Procedures, for more details.

Surplus Computer Hard Drive Disposal (aka cleansing or data wiping) Processes

The coalition or other contracted entity shall establish security controls to protect the confidentiality, integrity, and availability of data and IT resources relative to equipment items to be disposed by the coalition. Established controls should, at a minimum, adhere to Attachment C - Department of Education Media Sanitation Procedure. These controls related to the surplus computer hard drive are intended to minimize the risk the coalition information may be compromised.

Transfer of Property Records

The coalition or other contracted entity must transfer to a disposed property file, upon disposition of the item, the individual property record for each item of which the coalition or other contracted entity lawfully disposes.

Retention of Records

The coalition or other contracted entity shall maintain all accounts, records, and other supporting documentation related to the acquisition and disposal of each tangible personal property item throughout the life of the property item and for a minimum of five (5) years following the property item's disposal or until the resolution of any investigation, litigation, audit or claim, whichever occurs last.

Responsibilities

It is the responsibility of the coalition or other contracted entity to: (1) establish and implement policies and procedures for ensuring adherence to all these laws, regulations, and rules, and (2) be knowledgeable about federal and state requirements, as well as local policies and procedures, and to ensure all applicable laws, regulations, rules, policies, and procedures are appropriately implemented. Failure to abide by these federal and state requirements can result in auditing or monitoring exceptions, and may negatively impact the ability of the coalition or other contracted entity to meet program goals and objectives.

HISTORY

Original – OEL-PI-0039-06 (June 23, 2006). Revised – OEL-FG-0049-08 (September 24, 2008). Revised – FG 12.04 Tracking Disaster Costs, (August 2012). Revised – OEL-FG-0004-12 (December 11, 2012). Revised OEL 240.02 Tangible Personal Property (May 15, 2014). Reissued November 26, 2014. Revised July 1, 2015. Revised and reissued June 1, 2016. Revised and reissued July 1, 2017. Revised and reissued July 1, 2018. Revised and reissued July 1, 2019. Revised and reissued July 1, 2021. Revised and reissued July 1, 2022

ATTACHMENTS

Attachment A – Surplus Property Form

Attachment B – Surplus Property Affidavit

Attachment C - DOE Media Sanitation Procedure

Please direct questions and comments to the Division of Early Learning at
OEL.Questions@oel.myflorida.com.