**Guidance 2**

**Tangible Property Requirements**

**Contract Reference:** *Sections A-1.1 and B-7.2*

**Frequency:** *Ongoing*

**Due Date:** *Ongoing*

**Description:**

1. **Definitions**

Property includes:

* Equipment, furniture, fixtures, motor vehicles, and other personal property of a non-consumable and non-expendable nature, the original acquisition cost or estimated fair market value of which is $1,000 or more, and the expected useful life of which at the time of transfer or purchase is one (1) year or more.
* All computers with an expected useful life of which at the time of transfer or purchase is one (1) year or more.

Motor vehicles include any automobile, truck, airplane, boat, or other mobile equipment used for transporting persons or cargo.

1. **Transferred Property**
	1. The basis of the beginning inventory for this contract shall be a Network Service Provider’s closeout inventory, which was completed prior to the completion or termination of the contractual relationship with the Department. The Managing Entity shall submit the Contract Provider Property Inventory Form within 30 days of contract execution.
	2. The Managing Entity shall maintain annually thereafter, and submit to the Department a complete inventory of all property, and clearly reflect any replacement or disposition of the property. The Managing Entity shall use the Provider Tangible Property Inventory Form.
	3. If the original acquisition cost of a property item is not available at the time of transfer, an estimated value shall be agreed upon by both parties and that value shall be used in place of the original acquisition cost.
2. **Property Items Purchased by the Managing Entity and Network Service Providers**
	1. If any property is purchased with funds provided by this contract, prior approval must be obtained from the contract manager in accordance with *2 CFR 200.439(b)(1), (2), or (3) and CFOP 80-2,* as applicable. The provider shall complete an inventory of all such property, and shall submit a complete inventory of all such property to the department.
	2. The inventory shall include, at a minimum, a description of the property, the DCF or ME Property Number, model number, manufacturer’s serial number, acquisition date, original acquisition cost, current location, condition and clearly reflect any replacement or disposition of the property. Provide funding source and information needed to calculate the federal and/or state share of its cost, if applicable.
3. **Disposition**

If the provider replaces or disposes of property transferred to or purchased by the provider pursuant to this contract, the provider is required to provide accurate and complete information pertaining to replacement or disposition of the property on the provider’s annual inventory as required by paragraphs 2.b. and 3.b.

1. **Termination**
2. The provider shall furnish a closeout inventory no later than 30 days before the completion or termination of this contract. The closeout inventory shall include all property transferred to or purchased by the provider. The provider shall use Contract provider property Form.
3. The closeout inventory shall contain, at a minimum, the same annual inventory information required by paragraphs 2.c. and 3.a.
4. Title (ownership) to and possession of all property transferred to or purchased by the provider pursuant to this contract shall be vested in the department upon completion or termination of this contract. Upon return to the department, all property must be in good working order. The provider hereby agrees to pay the cost of transferring title to and possession of any property for which ownership is evidenced by a certificate of title.
5. The provider shall be responsible for repaying to the department the replacement cost of any property inventoried and not returned to the department upon completion or termination of this contract.
6. **General**
7. All inventories required by this guidance shall be updated and accurate to the date of inventory certification.
8. During the term of this contract, the provider is responsible for insuring all property transferred to or purchased by the provider pursuant to this contract and for maintaining such property in good working order.
9. The provider hereby agrees to indemnify the department against any claim or loss arising out of the operations of any motor vehicle transferred to or purchased by the provider pursuant to this contract.