

## Property

### 1. General requirements.

- 1.1. Contractor may use funds available through its Workforce Solutions contract to buy equipment and other non-expendable property, supplies and other expendable property, and intangible property (i.e., property that has no physical existence, such as copyrights, trademarks, patents, or computer software).
- 1.2. Contractor may not use any funds available through its Workforce Solutions contract to buy real property or enter into a capital lease.
- 1.3. Contractor must have funds in the appropriate line items in an approved H-GAC workforce contract to purchase or lease property with H-GAC workforce contract funds.
- 1.4. Contractor will have and keep up a system to manage and account for all property bought with Workforce Solutions funds.
  - 1.4.1. Contractor's system will include written policies and procedures which are in accordance with H-GAC's Contract Management Standards, H-GAC's contract, the Texas Workforce Commission Financial Manual for Grants and Contracts, and the federal Uniform Administrative Requirements (2 CFR 200 et. al.).
    - 1.4.1.1. Contractor's written policies and procedures will include at least:
      - 1.4.1.1.1. The designation of one or more staff positions as property control officers
      - 1.4.1.1.2. A description of how the Contractor will make sure Workforce Solutions funds are only used to buy property in accordance with procurement standards and these Contract Management Standards;
      - 1.4.1.1.3. A description of how Contractor will request permission of H-GAC to purchase property, when required, and how Contractor will dispose of property in accordance with these Contract Management Standards, including sales procedures.
      - 1.4.1.1.4. A description of how the Contractor will keep required records for property, including permission to buy, procurement, notice to H-GAC of acquisition and assignment to a location, the property inventory list, transfer of property items from one location to another, reports of lost or stolen items, request for disposal of items, and description of disposal.
      - 1.4.1.1.5. A description of how and when the Contractor will conduct its annual property inventory and report findings to H-GAC.
- 1.5. Contractor must use its procurement processes – which must be in accordance with the requirements of H-GAC's Contract Management Standards, H-GAC's contract, the Texas Workforce Commission Financial Manual for Grants and Contracts, and the federal Uniform Administrative Requirements (2 CFR 200 et. al.) – to buy any item of property with Workforce Solutions contract funds.

## 1.6. Definitions

- 1.6.1. Equipment means 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 \$5,000.
- 1.6.2. Supplies means all tangible personal property other than those described in 1.6.1 Equipment. A computing device is a supply if the acquisition cost is less than \$5,000, regardless of the length of its useful life.
- 1.6.2.1. *Computing devices* means 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.
- 1.6.3. Intangible property means 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, computer software, and other instruments of property ownership (whether the property is tangible or intangible).
- 1.6.4. Capital lease means a lease as defined by the Financial Accounting Standards Board Statement 13 that meets one or more of the following four criteria:
- 1.6.4.1. The lease transfers ownership of the property to the lessee by the end of the lease term.
- 1.6.4.2. The lease contains a bargain purchase option.
- 1.6.4.3. The lease term is equal to 75% or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.
- 1.6.4.4. The present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized. However, if the beginning of the lease term falls within the last 25 % of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for the purpose of classifying the lease. A lessor shall compute the present value of the minimum lease payments using the interest rate implicit in the lease. A lessee shall compute the present value of the minimum lease payments using his incremental borrowing rate unless (i) it is practicable for him to learn the implicit rate computed by the lessor and

(ii) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

1.6.5. Operating lease means a lease that is not a capital lease.

## **2. Acquiring property.**

2.1. Requesting permission.

2.2. Acquiring property. Contractors must request permission of H-GAC, and H-GAC must request permission of the Texas Workforce Commission, to purchase any item of equipment or intangible property with a unit acquisition cost of \$5,000 or more.

2.2.1. Before a contractor purchases property or equipment, contractor must provide a completed Form 7100 to its contract manager to begin the process. The contract manager and property officer will review the Form 7100 for completeness and send the form to the Board contract manager at TWC. After the approved form is returned from TWC, the contract manager or property manager will return the approved Form 7100 to contractor staff, along with instructions for acquisition and reporting.

2.2.2. The contractor will ensure purchases meet the requirements as listed in the FMGC prior to purchasing item(s). Our financial monitors will review the information provided during the contractor's annual review.

2.2.3. H-GAC will provide the contractor the right to proceed, once we have received approval from TWC.

2.2.4. Approval to purchase is valid for up to 90 days after contract manager provides written correspondence to indicate concurrence.

2.2.5. No later than 30 days after completing the final acquisition of the approved property, Form 7200 must be submitted to the TWC for:

2.2.5.1. Any property with a unit acquisition equal to or greater than \$5,000

2.2.5.1.1. Computing devices (see 1.6.2.1) with a unit acquisition cost greater than \$1,500

2.2.5.2. Any item of intangible property, including operating leases.

2.2.6. Section 8 contains procedures to notify H-GAC.

2.3. Buying property.

2.3.1. A Contractor must use its procurement procedures that are in accordance with H-GAC's Contract Management Standards, H-GAC's contract, the Texas Workforce Commission Financial Manual for Grants and Contracts, and the Federal Uniform Administrative Requirements (2 CFR 200 et. al.) to purchase any items of equipment, supplies, or intangible property, including operating leases.

- 2.3.2. Contractor must keep records for property purchases and leases and all documents which substantiate purchase in accordance with applicable procurement rules and if applicable, H-GAC's permission to purchase the items or leases. These documents include, but are not limited to: bid requests, price quotes, and bids; cooperative purchasing agreements; and explanations and proposed justifications for purchases.
- 2.3.3. Contractor must keep records of purchases so that they may be reviewed at any time by H-GAC or its grantors, representatives, monitors, or agents.

#### 2.4. Reporting purchase and location

2.4.1. Following completion of the purchase of any item of property, Contractor will notify H-GAC of the purchase and the item data required for the property inventory, including the location of the property.

2.4.2. Section 8 contains procedures for notifying H-GAC.

#### 2.5. Title

2.5.1. Title to property acquired by a Contractor under a federally sponsored award through an H-GAC workforce contract will vest in the Contractor as long as the Contractor uses the property for the authorized purpose, and complies with the applicable acquisition, management, and disposition requirements in H-GAC's Contract Management Standards. This applies to:

2.5.1.1. Equipment

2.5.1.2. Supplies

2.5.1.3. Intangible property, including leases

2.5.2. Equipment and intangible property acquired or improved with federal funds through an H-GAC workforce contract must be held in trust by the contractor as trustee for the beneficiaries of the project or program under which the property was acquired or improved.

2.5.3. The Federal awarding agency of Texas Workforce Commission may require H-GAC or contractor 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.

### **3. Using and maintaining property.**

3.1. Equipment acquired with funds from H-GAC Workforce contracts must be used for an authorized purpose as long as needed, in accordance with applicable administrative requirements.

3.1.1. Use for the Originally Authorized Purpose. Once acquired, equipment must be used for the originally authorized purpose(s) as long as needed, even if H-GAC support is discontinued. While needed for the originally authorized purpose, the equipment may not be encumbered for any other use.

- 3.1.2. Available for Use by Other Programs/Shared Use. If the equipment is used in the originally authorized program less than full-time, it must be made available to other programs as long as:
  - 3.1.2.1. Use by other programs will not interfere with using the equipment for its originally authorized purpose.
  - 3.1.2.2. First preference is given to activities sponsored by H-GAC's workforce contracts as the source that funded the equipment acquisition.
  - 3.1.2.3. Second preference is given to activities that are sponsored by the Texas Workforce Commission or other federal agencies\* (\*Note: second preference applies to nongovernmental entities only.)
  - 3.1.2.4. User fees are generally appropriate when equipment is made available to other programs. User fees must be treated as program income.
- 3.1.3. Use for Other Programs. When equipment is no longer needed for the originally authorized purpose, it may be used for other activities that are either currently or were previously supported by H-GAC, the Texas Workforce Commission, or a federal agency.
- 3.1.4. Contractors will notify H-GAC as described in Section 8 when proposing to share equipment use or use equipment with another program.

#### Property provided by federal or state agencies

- 3.1.5. H-GAC may acquire property items provided by or on loan from a federal agency or the Texas Workforce Commission or another state agency.
- 3.1.6. If H-GAC designates any of these items for use by Contractor, H-GAC will provide instructions on the use, maintenance, record-keeping, and disposition requirements for these items.

#### 3.2. Proper safeguards and maintenance

- 3.2.1. All Contractors must take reasonable precautions to ensure that equipment is properly maintained, accounted for, and protected from damage, loss, unreasonable deterioration and theft. Contractors are advised to consider the following and any additional controls necessary to safeguard the property:
  - 3.2.1.1. Maintain adequate and current property records that allow the Contractor to locate any property in its possession at all times, whether the property is located on-site or off-site.
  - 3.2.1.2. Provide a secure building and coordinate between the security function and the Property Control Officer, especially regarding security violations or changes affecting personal property.
  - 3.2.1.3. Have a written policy for checking out property that requires employees to sign for property in their possession.

- 3.2.2. Contractors will develop adequate maintenance procedures to keep equipment and computing devices purchased in whole or in part with federal or state funds from H-GAC Workforce contracts in good condition until disposition occurs.
- 3.2.3. Reporting lost or stolen property
  - 3.2.3.1. Contractor is responsible for the maintenance of inventoried property in good condition and for any loss or damage. Contractor is liable to repay H-GAC for any loss or damage to grant property.
  - 3.2.3.2. Contractor must report upon discovery to H-GAC as described in Section 8 of these policies, any theft, loss, or damage to property items. All thefts must also be reported to the local police or other law enforcement authorities, and Contractor must provide H-GAC with a copy of the police report.
  - 3.2.3.3. If the federal or state government owns the property, the appropriate government personnel should be notified and the appropriate procedures to report and investigate the property must be taken.
  - 3.2.3.4. Contractor will note in its property records the loss, theft or damage to an item.

### 3.3. Insurance

- 3.3.1. Contractors will acquire and keep sufficient property insurance for property purchased with H-GAC workforce contract funds.
- 3.3.2. Contractors will purchase and maintain property insurance with coverage in an amount that is reasonably sufficient to replace any damaged, lost or stolen property, for as long as property is kept.
  - 3.3.2.1. Contractor must purchase and keep insurance for equipment purchased with federal funds that is equivalent to the coverage that the entity maintains for its own property.
  - 3.3.2.2. Contractors who do not purchase and keep insurance for equipment will be liable to repay H-GAC for items that are lost or stolen from non-federal funds.
  - 3.3.2.3. Insurance coverage documents may be kept on file at a contractor's site and must be available for H-GAC's review. To the extent required by law, H-GAC shall be included as the loss payee on certificates of insurance issued to Contractor.
  - 3.3.2.4. Contractor may not give any security, interest, and/or lien, or otherwise encumber any item of equipment purchased with contract funds.

## 4. Property Record.

- 4.1. Required elements in the property record.

- 4.1.1. Contractors will keep a written record of property purchased with funds from H-GAC's workforce contracts to include:
  - 4.1.1.1. Each item of equipment (see 1.6.1)
  - 4.1.1.2. Each computing device with a unit acquisition cost of more than \$1,500 and less than \$4,999 (see 1.6.2).
  - 4.1.1.3. Each item of intangible property.
  - 4.1.1.4. The releasing manager and receiving manager must keep a copy of the signed form to indicate receipt of the equipment.
  
- 4.1.2. For each item with an acquisition cost of \$1,500 or more (including intangible property), contractors will record the following data:
  - 4.1.2.1. Property Description. Each item of equipment should be described in terms of the unique characteristics of that particular item of property.
  - 4.1.2.2. Inventory Control Numbers. Contractor must assign an inventory control number to each item, and H-GAC must also assign an inventory control number.
  - 4.1.2.3. Identification Number. Each item of equipment must be identifiable in the property records by an identification number. The property inventory must include, at minimum, the manufacturer's serial number. Additional identification numbers may include federal or national stock number, model number, or other identification number.
    - 4.1.2.3.1. If the Contractor uses a method such as tagging, all the tag numbers should be readily visible and difficult to remove without considerable or intentional means, and it should not be re-used, even if a property item has been deleted from the inventory.
  - 4.1.2.4. Funding Source. All funding sources used to acquire the equipment must be identified in the property records, including the federal award number(s) (FAIN) associated with the H-GAC workforce contract or contracts funding the acquisition.
  - 4.1.2.5. Titleholder. Property records for equipment purchased in whole or in part with federal or state funds from an H-GAC workforce contract must identify the entity that holds title to the equipment.
  - 4.1.2.6. Acquisition Date and Cost. The property records must include the equipment's acquisition date and acquisition cost.
  - 4.1.2.7. Percentage of Federal or State Participation in the Cost of the Property. The percentage share of the acquisition cost of equipment that was paid under a federal or state award from an H-GAC workforce contract must be included in the property records.

- 4.1.2.8. Location, Use and Property Condition. The location, use and condition of the property must be included in the property records. Location refers to the physical location of the property. Use refers to whether or not the item of property is being actively used for an authorized purpose. Condition refers to the condition of the property, such as, excellent, good, fair or poor.
- 4.1.2.9. Disposition Data. The property records must include data that is relevant to the ultimate disposition of the equipment, including the date of transfer, replacement or disposal of the property; and the sale price, trade-in value, or current per unit fair market value, as applicable.

4.2. Tagging Items

4.2.1 Equipment purchase costs over \$1,500 must be tagged with a unique identifier.

4.2.1.1 Sample size of custom label with Barcode, 0.75” x 2”



4.2.1.2 First two digits references a specific contractor

4.2.1.3 Six-digits is the equipment item number

4.2.2 Required references in the property management system database:

4.2.2.1 Asset Tag ID - Special identification number created by the company for inventory tracking purposes.

4.2.2.2 Description - Basic item description for the property usually describe in one or two words.

4.2.2.3 Purchase Date - The date of the item purchase.

4.2.2.4 Purchase From - Item where purchase from (Name of Commercial or retail store).

4.2.2.5 Purchase By - Name of the contractor or the contract sub-recipient.

4.2.2.6 Brand - Name of the manufacturer for the item.

4.2.2.7 Model - OEM model created for the equipment.

4.2.2.8 Serial No - OEM identification number for the equipment.



- 4.2.2.9 Property Condition - Current condition of the equipment (New, Good, Poor).
- 4.2.2.10 Physical Location - Physical location of the item in a facility or by a person's name if mobile.
- 4.2.2.11 Item Usage - Basic description for the reason of the purchase for the equipment (Support, Direct Service).
- 4.2.2.12 Disposal/ Recycling Company - Service provider who will be performing the service.
- 4.2.2.13 Date of Disposal/ Recycling - The date in which the property is being recycled, donated, sold, or transferred.
- 4.2.2.14 Title Holder – H-GAC, Grant recipient.
- 4.2.2.15 H-GAC Contract No. - H-GAC contract number (found in funding summary and tracking of amendments).
- 4.2.2.16 Funding Source - The funding in which the inventory was used in making the purchase.
- 4.2.2.17 FAIN - Federal Award Identification Number (found in funding summary and tracking of amendments).
- 4.2.2.18 % Funded by WRK Solutions - The percent of the cost of the equipment paid with Workforce Solutions funds.
- 4.2.2.19 Site - Name of the contractor for the location.
- 4.2.2.20 Locations – Name of the location or office.
- 4.2.2.21 FMV - Fair Market Value for the property or equipment.
- 4.2.2.22 Notes - Provide any additional information related to this inventory.

#### 4.3. Conducting a review of property.

- 4.3.1. No less than once each year, Contractor will conduct or cause to be conducted a physical inventory of all items in the property records.
- 4.3.2. A person or persons other than the Contractor's property control officer must conduct the inventory.
- 4.3.3. Contractor will reconcile its physical inventory to the property records and report any discrepancies to H-GAC as described in Section 8.

#### 4.4. Transferring property among locations or to other contractors.

- 4.4.1. A contractor may transfer items of property among Workforce Solutions locations it manages or to another H-GAC workforce contractor with prior approval from H-GAC.

4.4.2. Contractor will request permission of H-GAC as described in Section 8.

## **5. Disposing property.**

5.1. Disposing of equipment with a fair market value greater than or equal to \$5,000. When no longer needed, equipment that was purchased using federal or state funds from an H-GAC workforce contract and that has a current per unit fair market value(FMV) of \$5,000 or more must be disposed of in accordance with written instructions requested from and provided by H-GAC.

5.1.1. Contractor will notify H-GAC for approval of request to dispose of property and provide information to H-GAC in such a manner and on such forms (7300 or 7400) as H-GAC directs.

5.1.2. H-GAC will request instructions from the Texas Workforce Commission and transmit those instructions to the Contractor.

5.1.3. H-GAC will follow procedures contained in the Texas Workforce Commission Financial Manual for Grants and Contracts to request and authorize Contractor to dispose of equipment with a unit FMV greater or equal to \$5,000 even if property being disposed will be used to acquire replacement property.

5.1.4. Generally, contractors will dispose of the property in one of two ways: retain title or sell. However, the federal or state awarding agency may also reserve the right to transfer title to the government or an eligible third party. If transferred, the Contractor must be paid an amount calculated by applying the percentage of participation in the purchase to the current FMV of the property.

5.1.4.1.Retain Title – The Contractor keeps the property for other uses and compensates the funding source for its equity share of the property’s current FMV. Compensation may be provided as an offset to expenditures on the expenditure report if the contract is active, or by check or money order if the contract is closed. If the property will be retained and used to acquire replacement property under the same program, it may be used as a trade-in for the replacement property, or the sale proceeds may be used to offset the cost of the replacement property.

5.1.4.2.Sell – The Contractor sells the property and compensates the funding source for its equity share in the property's net sale proceeds. Compensation may be provided as an offset to expenditures on the expenditure report if the contract is active, or by check or money order if the contract is closed.

5.2. Disposing equipment with a fair market value of less than \$5,000. When no longer needed, equipment that was purchased using federal or state funds from an H-GAC workforce contract and that has a current per unit FMV less than \$5,000 must first inform H-GAC’s Property Office to determine alternative use of the equipment (see 1.6.1) and supplies (see 1.6.2), may be retained, and sold.

5.2.1. The Contractor do not need permission from the H-GAC’s Property in dispose of such property; however, the contractor is required to keep complete records with detail description for the final disposition in the property.

- 5.2.2. Preferably to a non-profit entity organization.
- 5.3. Disposing supplies. Supplies purchased with federal or state funds from an H-GAC workforce contract may be acquired and disposed of without prior written approval from H-GAC; however, any residual inventory of unused supplies at the end of an award must be disposed of as appropriate for the aggregate fair market value of the property.
  - 5.3.1. Fair market value less than \$1,500. If the unused supplies have an aggregate FMV less than \$1,000 upon termination of the award, the supplies may be disposed of without any further obligation to H-GAC.
  - 5.3.2. Fair market value between \$1,000 and \$5,000. Upon termination of the contract, Contractor will notify H-GAC, and the awarding agency may, at its discretion, direct the H-GAC and Contractor to sell the unused supplies and compensate the awarding agency for its equity share in the current market value or net sale proceeds. Regardless of whether the Contractor is directed to sell the supplies, it must compensate the awarding agency for its equity share of the current FMV or net sale proceeds of the property.
  - 5.3.3. Fair market value equal to or greater than \$5,000. If the unused supplies have an aggregate FMV more than \$5,000 upon termination of the contract, and supplies are not needed for any other H-GAC workforce, Texas Workforce Commission, or federal award, contractor must compensate the awarding agency for its equity share in the FMV or net sale proceeds of the property.
- 5.4. Disposing intangible property
  - 5.4.1. Intangible property that was acquired by a contractor through an H-GAC workforce contract under a federally sponsored award must be made available to the federal sponsoring agency, and parties authorized by that agency.
  - 5.4.2. Contractor will notify H-GAC of its request to dispose of intangible property
  - 5.4.3. In general, when a federal funding source is used to acquire intangible property, the federal awarding agency has a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for its purposes, or for the purposes of any parties authorized by the agency. Specific requirements for some types of intangible property are discussed below:
    - 5.4.3.1. Copyrights. Contractors have the right to copyright work that was developed or for which ownership was purchased under a federally sponsored award through an H-GAC workforce contract.
    - 5.4.3.2. Patents and Inventions. Patents and inventions produced by nongovernmental entities with federal funds or by other entities using Supplemental Nutrition Assistance Program Employment and Training funds must be treated in accordance with the government-wide regulations that were developed by the U.S. Department of Commerce and published at 37 CFR Part 401.

- 5.4.3.3. Data. The federal awarding agency has rights to access data that is first produced under a federally sponsored award through and H-GAC workforce contract.
- 5.4.3.4. Research Data. Research data is subject to compliance with the Freedom of Information Act (FOIA). The Contractor must provide any data requested under the FOIA to H-GAC, the Texas Workforce Commission, and/or the federal government within a reasonable timeframe.

#### 5.5. Sale procedures

- 5.5.1. Contractor will use proper sales procedures when the sale of equipment that was purchased in full or in part with federal or state funds through an H-GAC workforce contract is authorized or required.
- 5.5.2. Contractors who are authorized or required to dispose of equipment by selling it must develop sales procedures that require the highest possible return on the property. Highest possible return is defined and determined by each Contractor.
- 5.5.3. Contractors will include sale procedures in its property management policy and procedures

### 6. Leases. Costs for leased or rental property must conform to applicable cost principles for rental costs. Such property must be procured in accordance with applicable procurement requirements.

#### 6.1. Contractors may use federal or state funds from an H-GAC workforce contract to lease property to the extent that the lease is allowable in accordance with applicable cost principles. Rental costs are generally allowable to the extent that the rates are reasonable in light of such factors as:

- 6.1.1. Rental costs of comparable property, if any
- 6.1.2. Market conditions in the area
- 6.1.3. Alternatives available
- 6.1.4. The type, life expectancy, condition, and value of the property leased
- 6.1.5. Must include Opt Out of Lease Term in the contract
- 6.1.6. Must include Tenant Transfer Clause in the contract

#### 6.2. Contractors may not use H-GAC workforce contract funds for capital leases.

#### 6.3. Contractors must document and keep a record for all real estate leases for space paid for with funds from an H-GAC workforce contract that demonstrates:

- 6.3.1. The contractor followed required procurement procedures in soliciting the original lease of space.
- 6.3.2. The contractor followed required procurement procedures in renewing a lease of space.

- 6.3.3. The contractor consulted with H-GAC prior to procuring a real estate lease and has sufficient funds in the Facilities line item of an approved H-GAC contract.
- 6.3.4. Contractors will keep real estate lease records for as long as the lease is active and up to three years after the lease is no longer in force. Contractors will ensure that records are available upon request by H-GAC, its grantors, representatives, monitors, or agents.
- 6.4. If the contractor has an existing real estate lease for space prior to executing an H-GAC workforce contract, H-GAC will negotiate the allowable cost for that space if it is to be used in performing H-GAC's workforce contract, either as administrative or direct service delivery space, based upon the contractor's actual cost for the space and the portion of the space to be used for the workforce contract and the determination that the space costs are necessary, reasonable, and allowable.
- 6.5. If the contractor owns a building or other space to be used in performing H-GAC's workforce contract, H-GAC will negotiate the cost of that space to be paid from H-GAC's contract based on its necessity, reasonableness (see 6.1), allowability, and allocability and include the negotiated rate or rates in the approved H-GAC workforce contract.
  - 6.5.1. The rental of any property owned by any individuals or entities affiliated with the Contractor, to include commercial or residential real estate, for purposes such as the home office workspace is unallowable.

## **7. Review and Sanctions**

- 7.1. H-GAC will conduct periodic physical inventory of all workforce system property and reviews of Contractor inventory and purchase records.
- 7.2. H-GAC may recover funds from Contractor if procurement requirements were not met and associated costs were disallowed. H-GAC may also recover funds when Contractor fails to report stolen or lost equipment.
- 7.3. H-GAC may withhold payments on any invoices owed to a Contractor if Contractor does not provide H-GAC with a current inventory when requested.

## **8. Notice to H-GAC**

- 8.1. Contractors will send any notice to H-GAC required by these Contract Management Standards to:

Property Management Officer  
Human Services Department/Workforce  
Houston-Galveston Area Council  
PO Box 22777  
Houston, Texas 77227-2777  
[propertyofficer@wrksolutions.net](mailto:propertyofficer@wrksolutions.net)

- 8.2. Loss, theft, or damage. Contractor must report immediately to H-GAC any theft, loss, or damage to property items. Contractor must also report thefts to the local police or responsible law enforcement authorities.
  - 8.2.1. Contractor will send written notice to H-GAC's property officer of theft and loss of or damage to property on its inventory (see 4.1.1), noting the item or items affected and the inventory control number for each item.
  - 8.2.2. For thefts, Contractor will send a copy of the police/law enforcement report covering the stolen items to H-GAC's property officer.
  - 8.2.3. Contractor will send a written notice to H-GAC's property officer describing the recovery from insurance for lost, stolen or damaged items; the original cost of the item or items; and if the Contractor plans to replace the item or items.
- 8.3. Reporting discrepancies in property records. Following Contractor's own annual inventory of property, Contractor will report any discrepancies in the records to H-GAC's property officer through written notice and including each item for which there is a discrepancy and those items' descriptions and inventory control numbers.
- 8.4. Transfer of property items. Contractor will request to transfer property items from one location to another or to another contractor through written notice to H-GAC's property officer, describing the item or items to be transferred, the inventory control number for each item, and the destination location/contractor.
- 8.5. Disposition.
  - 8.5.1. Contractor will request disposition instructions for each item of property in its inventory to be disposed of that has a fair market value of \$5,000 or more through written request to H-GAC's property officer. The written request will include a description of the item or items and the inventory control number or numbers. H-GAC will provide forms for the disposition, request permission and instructions from the Texas Workforce Commission or applicable federal or state agency and provide Contractor with disposition requirements.
  - 8.5.2. Contractor will notify H-GAC's property officer through written notice of the disposition of property items with individual fair market values less than \$5,000 to include a description of the item or items, the inventory control number of numbers, and a description of the disposition for the item or items.

Sources:

H-GAC Contract: General Articles, Special Articles

Texas Workforce Commission Financial Manual for Grants and Contracts, Chapter 13

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 et. al.