

## **HPP ASSET DISPOSITION POLICY**

### **BACKGROUND**

HPP subrecipients will maintain an inventory of all reportable property and equipment in accordance with Generally Accepted Accounting Principles (GAAP), Uniform Grant Management Standards (UGMS), Texas Department of State Health Services (DSHS) General Contract Provisions (Texas DSHS Provisions) and/or other contract guidance, and this policy.

### **PURPOSE**

The purpose of this policy is to ensure that consistent and proper procedures are followed in the recognition of assets purchased with HPP funds that are held and/or owned by subrecipients. Fixed asset records will be maintained in such a manner as to sufficiently serve to safeguard these items as public investments and to assure stewardship of all such assets held in public trust.

### **DEFINITIONS**

**Hospital Preparedness Program (HPP) Assets** – All HPP Equipment and Supplies as defined by Texas DSHS, HPP contract General Provisions and/or contract guidance. Assets held and/or owned by subrecipients purchased wholly or in part with HPP funds will be classified in the following specific categories:

- a) **Consumable Assets** – Assets with an acquisition cost under \$5,000.00 which are not Capital or Controlled Equipment.
- b) **Capital Equipment** – Non-expendable tangible personal property having a useful lifetime of more than one year and an acquisition cost of \$5,000 or more.
- c) **Controlled Equipment** – Includes firearms regardless of the acquisition cost, and the following non-expendable tangible personal property having a useful lifetime of more than one year and an acquisition cost of \$500 or more: desktop and laptop computers, non-portable printers and copiers, emergency management equipment to increase hospital surge capacity. Some examples of this type of hospital surge equipment include; intensive care ventilators, temp-beds, patient evacuation equipment, decontamination equipment, and personal protective equipment, etc.

**Methods of Disposition** – HPP assets may be disposed of by only four methods.

- a) **Transfer to Other Subrecipient** – Asset transferred to another HPP subrecipient or returned to RAC-R for redistribution within the HPP program following Property Transfer protocols.
- b) **Dispose by Salvage** – Property that is discarded as waste, when worn, damaged, obsolete, or beyond estimated useful life so that it has no value for the purpose for which it was originally intended.
- c) **Dispose by Surplus** – Property that is not salvage property or property transferred to another subrecipient, that is not needed currently or in the foreseeable future by the owner, and which possess some usefulness for the purpose for which it was intended.

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Surplus property is routinely sold for some value. Any such sales require DSHS preapproval and all proceeds must be returned to the State of Texas.

d) **Trade In for Replacement Property** – Selected items may be traded in when replacement items are procured, thus reducing the acquisition cost of the replacement item. RAC-R and/or DSHS pre-approval is required.

**Estimated Useful Life of HPP Assets** – All HPP assets have an estimated useful life. Estimated lifespan must be taken from the following publications / sources in this order of priority:

- a) The American Hospital Association's (AHA's) Estimated Useful Lives of Depreciable Hospital Assets, latest edition
- b) State of Texas State Property Accounting Users Guide, Appendix (A), available on the RAC-R website
- c) Manufacturer's recommendation

**Acquisition cost** – Acquisition cost is the net invoice unit price of an item including the cost of necessary modifications, attachments, set up fees, shipping and handling costs, or auxiliary items needed to make the asset usable for the purpose it was acquired.

**Valuation** – All assets will be valued at acquisition cost, or if acquisition cost is not practically determinable, at estimated cost. Donated or dedicated fixed assets will be valued at their fair market value at the time the asset is received by subrecipients.

### ASSET CONTROL MEASURES

A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft of HPP assets. Any loss, damage, or theft shall be investigated, fully documented, and promptly reported to RAC-R.

The subrecipient is responsible for any loss and must maintain insurance or other means of replacing property purchased with HPP funds.

The subrecipient bears responsibility for ensuring that HPP assets are kept in good condition.

### INVENTORY MANAGEMENT REQUIREMENTS

Hospital Preparedness Program (HPP) Assets must be recorded on a RAC-R – provided GC-11 Annual Non-Expendable Property Equipment Inventory Form or in approved substitute electronic inventory system such as LiveProcess. Inventories are conducted annually as of August 31, and as required by special audit. Inventories must be delivered to RAC-R by subrecipients for further delivery to DSHS Austin as part of the closeout of the HPP contract year.

Inventory fields on the GC-11 that must be completed are:

- a) **Capital Assets and Controlled Equipment:**
- 1) Item Name
  - 2) Description of the property
  - 3) Serial number

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- 4) Other identification number (tag number)
- 5) HPP program funding the property
- 6) Acquisition date
- 7) Acquisition cost funded by HPP
- 8) Estimated useful life
- 9) Expected disposition date
- 10) Location where the property is housed

**b) Consumable Assets:**

- 1) Item name
- 2) Description of the property
- 3) Quantity held
- 4) HPP program funding the property
- 5) Acquisition date
- 6) Acquisition cost funded by HPP
- 7) Estimated useful life
- 8) Expected disposition date
- 9) Location where the property is housed

**PROPERTY TRANSFER REQUIREMENTS**

Property which is no longer required by the subrecipient may be transferred to another subrecipient or returned to RAC-R for redistribution within the Program. Arrangements may be made between the parties, or the subrecipient may request assistance from RAC-R to find a suitable subrecipient. Hospitals that do not meet program standards may be closed out by RAC-R and will have property transferred to other subrecipients.

**Property Transfer Procedure:**

- a) When a transfer is desired, requested or directed, subrecipient shall contact RAC-R for preparation of a Property Transfer Form. RAC-R will assign a log number and forward the form to the transferring subrecipient.
- b) For each item being transferred, transferring subrecipient shall annotate their GC-11 Inventory Form in the Disposition column with Transfer Form Log Number, date, and indicate the receiving subrecipient agency in the Location column. Do not delete the item from the GC-11.
- c) Receiving subrecipient agency shall sign for transferred property on the Property Transfer Form.
- d) Both transferring and receiving agencies should keep a copy of the Property Transfer Form on file with equipment inventory records.
- e) Receiving subrecipient shall forward the original copy of the signed Property Transfer Form to RAC-R Logistics by mail, email attachment, or fax.
- f) Receiving subrecipient shall annotate their GC-11 Inventory Form to indicate receipt of property. Indicate in the Disposition Column that the property was received from the transferring subrecipient and include the Transfer Form Log Number.
- g) RAC-R Logistics will file signed Property Transfer Forms in equipment records for both the transferring and receiving subrecipient.

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## **DISPOSITION OF HPP ASSETS**

Subrecipients may not dispose of HPP assets by salvage, surplus, or trade in before obtaining disposition approval and instructions from RAC-R. Disposition of all HPP assets relies on validation of the asset, aggregate value of the assets, estimated useful life of asset, asset condition, and whether or not the asset continues to be useful to the HPP program.

### **Consumable Assets**

Consumable assets may be disposed of by the subrecipient using the SALVAGE method if:

- a) The consumable asset is beyond estimated useful life
- b) Has been consumed in use for a real event or an exercise event
- c) Has no value to the Hospital Preparedness Program

Consumable assets may not be disposed of if estimated useful life has not been exceeded or if the asset presents value to the Hospital Preparedness Program. In this case, subrecipient may either:

- a) Request property transfer support from RAC-R, or
- b) Request disposition instructions from RAC-R

### **Consumable Asset Disposition Procedure:**

A Disposition Log may be maintained by the hospital. Annotate the Disposition column of the GC-11 Inventory form to show the disposition and reason. Do not delete assets from the GC-11; all dispositions should remain on your document. If you dispose of a partial line item, a new line should be inserted, and the remaining partial assets should be transferred to the new line with revised quantities reflecting any non disposed assets. A new tab can be added to the GC-11, and lines of disposed assets may be moved to this new tab.

### **Capital and Controlled Equipment**

Capital and Controlled Equipment may only be disposed of with disposition approval and instructions from RAC-R.

### **Capital and Controlled Equipment Disposition Procedure:**

Subrecipients should request disposition authority by submitting a completed Program Property Disposition Request (Attachment (A)), to RAC-R Logistics. Program Property Disposition Requests may be mailed with supporting GC-11 inventories to RAC-R at:

East Texas Gulf Coast Regional Trauma Advisory Council  
PO box 2878  
Angleton, Tx 77516-2878

Signed electronic copies in Adobe PDF format, with supporting GC-11 inventories may be

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emailed to RAC-R staff members if pre-arranged, or faxed to RAC-R at 979-888-8006

**Special Disposition Considerations**

**Disposition by Salvage** generally means discarding as waste. Subrecipient agencies are responsible for proper salvage disposal following local, state, and federal regulations. **Disposition by Donation to Civic or Charitable Organization** in lieu of salvage by discarding as waste may be allowable in certain situations. Health and medical supplies, antibiotics, antivirals, and other items that may be used for patient treatment may not be disposed of by donation after expiration of the property's useful life. Because program property must be retained until there is no remaining value to the Program, disposition by donation may occur only with disposition approval and instructions from RAC-R.

**RAC-R ACTIONS TO BE TAKEN ON PROPERTY DISPOSITION REQUESTS**

RAC-R may authorize the disposition of capital, controlled, and consumable HPP assets if:

- a) Asset estimated useful life is exceeded per the appropriate guide, **and**
- b) Asset has no value remaining to the program

RAC-R may direct the transfer of property that has remaining estimated life and program value per Property Transfer Requirements above.

RAC-R will request disposition instructions from DSHS Contract Management Unit for all capital, controlled, and consumable assets which either have remaining useful life **or** value to the program.

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Diana Mapp  
Chair, Board of Directors

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Date