



March 30, 2005

## USAID/Iraq A&A Notice 05-004

**TO:** USAID/Iraq Staff, Contractors and Recipients

**FROM:** Alvera Reichert, Senior Contracting Officer

**SUBJECT:** Property Disposition-Program Funded Property

**AUTHORITY:** **FAR 52.245-5** Government Property (Cost-Reimbursement, Time-and Material, or Labor-Hour Contracts).  
**AIDAR 752.245-70** Government Property -- USAID Reporting Requirements  
**22 CFR 226.34** Equipment

### **I. PURPOSE**

The purpose of this notice is to convey USAID/Iraq's procedures for disposing of program funded property purchased by USAID's implementing partners under direct acquisition and assistance awards.

### **II. DEFINITIONS**

**Equipment (Assistance)** Non-expendable personal property including exempt 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. For purposes of this notice, the terms "equipment" and "property" are used interchangeably.

**Non-Expendable Property (Acquisition)**- Non-expendable property is defined as property which is complete in itself, does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more; and which has a unit cost of more than \$500.

**Personal property** means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

**Real property** means land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.

## **II. PROCEDURES**

These procedures apply to real property, personal property, and non-expendable property (NXP) valued at \$5,000 or more under assistance awards and with an acquisition cost of \$500 or greater under cost-reimbursement acquisition awards. NXP under the aforesaid thresholds does not need USAID concurrence for disposition; with the exception of armored vehicles, real property, and intellectual property. Fixed price contracts are exempt from this notice.

When a Strategic Objective Agreement (SOAG) is not in place, "title" of property purchased or furnished under a direct USAID award vests with the U.S. Government. The awardee is vested with control and custody of the property. When the property is no longer needed by the awardee, the Government has the right to repossess the property or direct the transfer to a third party. The procedures in this notice discuss the order that USAID should follow for the transfer of program funded property to third parties. Exceptions to this hierarchy should be well documented, and should only be taken in extenuating circumstances. Strategic Objective teams must work with the Baghdad Office of Acquisition and Assistance (OAA) to facilitate transfer, and the cognizant Contracting/Agreement Officer (CO/AO) shall sign and transmit all property transfers.

### **1. Current awards within the same Strategic Objective (SO)**

The first priority for excess property should be existing prime awardees that need the property to support current USAID programs in the SO. As soon as excess property becomes available, the Cognizant Technical Officer or Activity Manager is encouraged to contact partners within the SO to determine need and then work closely with the CO/AO to affect transfer.

### **2. Current awards in other SOs**

Property that is not needed by the originating SO should be offered to mission partners funded by other SOs. Other SOs should be contacted simultaneously, and property should be distributed on a first-come, first-served basis. Property shall be used only to implement current USAID programs.

### **3. Local Third Party Entities In the Same Sector as the SO**

Property that is not needed by current USAID partners can be transferred to third party entities within Iraq who are working in the sectors served by the originating SO. These entities could include applicable Government Ministries, and Non-governmental Organizations (NGOs) which USAID or the implementing partner disposing of the property has an ongoing relationship with.

### **4. USAID for Operating Expense Use**

USAID reserves the right to repossess contractor acquired or government furnished property and retain it for its operational uses. SOs shall work with the Mission Executive Office (EXO) to arrange receipt by USAID.

**5. Other Government Agencies**

USAID may elect to transfer the property to other government agencies, such as those with a presence in Iraq. In such cases the receiving agency reimburses the USAID program account from which the property was purchased, if such account is active. The reimbursement must not exceed the fair market value of the property item. In the event that reimbursement is not possible, files should be documented accordingly.

**6. Sale by sealed bid or public auction**

USAID or the implementing partner may hold a sale or auction of the excess property. Partners may deduct reasonable costs of the sale or auction up to \$500 or 10% of the proceeds, whichever is less. The proceeds of the sale shall be credited to the relevant programmatic account, if active; in the event the accounts are not active (e.g., a program has been closed), the proceeds must be returned to the U.S. Treasury.

**7. Armored Vehicles**

Disposal shall be coordinated with the USAID Office of Security (SEC) and the Regional Security Officer (RSO) in accordance with the procedures in ADS 536.3.8

**8. Destruction or Abandonment**

These methods are used only when the CTO has determined that the property has reached a condition of negligible value.