



APPROVAL DATE:

10/10/12

APPROVED BY:

Carl Dudley, WIB Chair

**COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF SOCIAL SERVICES**

POLICY NO: 32-08
TO: Service Providers
EFFECTIVE: September 30, 2009, Revised June 6, 2013
SUBJECT: Property Management – Equipment Purchases, Inventory and Disposal

REFERENCES:

- Title 20 Code of Federal Regulations (CFR), WIA Final Rule, Section 667.260
- Title 29 CFR Part 95, Sections 95.34, 95.40 through 95.48 and 95.53
- Title 29 CFR Part 97, Sections 97.32, 97.36 and 97.42
- Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-122, Cost Principles for Non-Profit Organizations
- One-Stop Comprehensive Financial Management Technical Assistance Guide (Department of Labor – July 2002)

PURPOSE:

This policy provides guidance regarding the purchase, inventory and disposal of property purchased with Workforce Investment Act (WIA) funds.

BACKGROUND:

The WIA Final Rule, Title 20 CFR Section 667.200, provides fiscal and administrative guidance for the administration of the WIA program, including specific requirements for purchasing property. This guidance includes direction and referral to Title 29 CFR Part 95 for institutions of higher education, hospitals and other nonprofit and commercial organizations, and to Title 29 CFR Part 97

for states and local governments. While the format and wording of Part 95 and Part 97 vary slightly, the intent of the federal government is consistent. The intent is to ensure that purchases of property are approved, performed through fair and open competition, and managed according to proper inventory, maintenance, and disposition procedures.

DEFINITIONS:

Equipment—tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit, including all costs related to the property’s final intended use.

Information Technology—computer hardware and software. Purchase is only allowable when such computer technology is “Year 2000 compliant” (Title 20 CFR 667.200(c)(7)).

Intellectual Property—recognized protectable rights and interest such as: patents, copyrights, trademarks, service marks, etc. Also referred to as intangible property.

Property—durable goods, equipment, buildings, installations, and land.

POLICY:

To direct charge the WIA funds account for any property purchase (including software purchases), with a per unit cost of \$5,000 or more a service provider must request in writing prior approval from DSS.

If an approval letter is issued, the WIA funds account may be charged for the purchase. A letter not approving a request for purchase will specify the reason for the disapproval. If the request is not approved and property is charged, the service provider may incur a disallowed cost.

Budget Plans

A service provider may occasionally submit budget plans that include an equipment request. The approval of the budget plan DOES NOT constitute approval of the equipment request. A separate request to purchase equipment must be submitted for approval by the state at time of purchase.

Purchase Considerations

The following considerations must be made prior to requesting approval from DSS to direct charge WIA funds for the purchase of property.

- Is this purchase necessary and reasonable?

- Why is the purchase needed?
- Have the best products been selected?
- What procurement method will be used?
- Was a lease option considered in lieu of the purchase?
- What other costs are associated with the purchase?
- Is there a cost sharing agreement if multiple partners will share the cost of the purchase?

Cost Sharing Information

When a service provider plans to enter into a “cost sharing” agreement for the purchase of property with a per unit purchase price of \$5,000 or more, it must obtain prior approval no matter the portion they plan to contribute.

Calculation of “Fair Market” Value

The selling price of an item that is sold through auction, advertisement, or a dealer is the fair market value of the item regardless of any prior estimates. An item that is not sold but retained by the entity has a fair market value based on similar items that are offered for sale, using the selling price if known. Methods for determining fair market value include, but are not limited to:

- Auctions
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers
- For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley Blue Book.

Leasing Considerations

The decision to lease or buy personal property must be governed by considerations of economy. Consideration may differ by property type and according to market conditions. The length of the contract period of the lease should also be considered. Leasing with an option to purchase is generally preferable to straight leasing.

INVENTORY RECORDS:

Service providers must maintain accurate inventory records of all equipment purchased with federal funds. All equipment should have a unique identification mark to be used for inventory purposes. A physical property inventory must be taken and reconciled with the property records at least once every two years. The equipment records shall include the following information:

1. A description of the equipment.

2. Manufacturer's serial number, model number, or other identification number.
3. Source of the equipment, including the contract number.
4. Acquisition date
5. Per unit cost at acquisition.
6. Records showing maintenance procedures to keep the equipment in good operating order.
7. Location and condition of the equipment and the date the information was reported.
8. Percentage of Federal Participation.
9. Disposition date, sale price, loss, theft, etc.

DISPOSITION:

For equipment with a residual fair market value of \$5,000 or more, the service provider must request disposition instructions in writing from DSS.

For property with a fair market value of less than \$5,000 the service provider may retain, sell or dispose of the property and nothing needs to be reported to the State. A disposition record must be kept for any transaction in accordance with WIA record retention requirements.

PROPERTY RECORDS RETENTION:

All property records must be maintained from date of acquisition, through final disposition. The service provider must also retain those records for a period of three years from the date of their last expenditure report submitted to DSS. If any litigation, claim, or audit is started before the expiration of the three-year period, all records must be retained until all findings have been resolved and final action taken.

RENOVATION OF FACILITIES:

The WIA Title I funds must not be spent on construction or renovation of facilities or buildings without the specific written approval of DSS. The only conditions that will be considered for approval for the repair, renovation, alteration or other capital improvement to a building will be under the following conditions:

- To provide physical and programmatic accessibility and reasonable accommodation as required by the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.
- To fund disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area.

ACTION:

The Administrative Entity for the WIB and its service providers shall follow this policy. This policy shall remain in effect until such time that a revision is required.

INQUIRIES:

Inquiries should be addressed to WIB Admin at wibadmin@co.slo.ca.us.

REVISION HISTORY:

<i>DATE</i>	<i>DETAILS</i>
-------------	----------------