



# Spokane Area WORKFORCE DEVELOPMENT COUNCIL

## Property/Equipment Management

Workforce Investment Act Policies and Procedures

**POLICY #:** 201

**Revised: September 1, 2009**

*The WDC, grantees, sub recipients, contractors and sub contractors funded under the Workforce Investment Act (WIA), whether in whole or in part, must abide by the Workforce Investment Act of 1998, the WIA Regulations, all applicable Office of Management and Budget (OMB) Circulars, state requirements in laws and rules (Revised Code of Washington and Washington Administrative Code), Office of Financial Management (OFM) policies, and Washington State WIA Policies.*

### **BACKGROUND:**

This policy adopts the current Washington State WIA Property Management and Inventory Policy #3452.

This policy describes requirements for the acquisition, management and inventory of property, other than real property. PL 105-220 Sec.184(a)(2)(A) requires each state, local workforce development area and service provider receiving funds under the Workforce Investment Act (WIA) of 1998, to comply with applicable uniform cost principles including appropriate circulars of the Office of Management and Budget (OMB).

This policy applies to capital assets, but not to real property, i.e. land and buildings. Furniture, fixtures, software, or other "equipment" not an integral part of a building and with a unit acquisition cost of \$5,000 or less, is not considered property, and is to be classified as equipment.

Uniform Administrative Requirements for Grants and Agreements to State and Local Government is codified at 29 CFR Part 97. Institutions of higher education, hospitals, and other non-profit, and commercial organizations must follow the common rule OMB Circular A-110 codified at 29 CFR Part 95, except as provided under 20 CFR 667.200 (a)(3)-(7). Individuals and organizations must adhere to the property management standards as set forth in these sections.

Each Local Workforce Development Area (LWDA) is responsible to have a written policy addressing how they will ensure the management and inventory of all properties obtained using WIA funds, including property purchased with Job Training Partnership Act (JTPA) funds and transferred to WIA.

Each WDA will develop a written policy that complies with WIA, Washington State Office of Financial Management (OFM) policy or, in the cases of local government, the Local Government Property Acquisition Policy. Local policy will, at a minimum, address the following:

## **Equipment Management and Inventory**

1. Grantees will retain property records that provide:
  - an item description;
  - the serial and model number or other identification number;
  - the source of property, including grant or agreement number;
  - whether title rests with grantee, state or federal government, other entity;
  - acquisition date and cost;
  - percent of federal participation in the project that purchased the equipment;
  - location, use, condition, and date the information was reported; and
  - the date of disposal.
  
2. A copy of the inventory of property must be maintained on file and available for review. In addition, all grantees must:
  - keep property in good condition;
  - use procedures to gain highest possible return on sold items;
  - retain all records for three years after disposal of property; and
  - tag all property purchased with WIA funds that has a purchase or depreciated value of \$5,000
  
3. In addition to the above points 1 and 2, for small and attractive assets each grantee:

NOTE: Section 30.40.30 of the State Office of Financial Management Standards Accounting Manual (the word "grantee" has been substituted for "agency" for ease of understanding)

- should perform a risk assessment (both financial and operational) of the grantee's assets to identify those assets that are particularly at risk or vulnerable to loss. Assets so identified that fall below capitalization policies are considered small and attractive assets.
- should implement measures to control small and attractive assets in order to minimize identified risks. Periodically, the grantee should perform a follow up risk assessment to determine if the additional controls implemented are effective in managing the identified risks.
- Grantees must include as small and attractive assets all items in the commodity class code major group 10XX – Weapons, Firearms, Signal Guns, and Accessories. Otherwise, grantees have discretion in setting their definition of small and attractive assets. However, absent a risk assessment and development of written policies for identifying and controlling small and attractive assets, grantees must include, at a minimum, the following assets with unit costs of \$300 or more as small and attractive:
  - Communications Equipment, Public Safety: Audio and Video
  - Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders
  - Cameras and Photographic Projection Equipment
  - Microcomputer Systems, Laptop and Notebook Computers
  - Other IT Accessorial Equip. and Components (Scanners, Data Displays, etc.)
  - Office Equipment
  - Record Players, Radios, Television Sets, Tape Recorders, VCRs, and Video Cameras, Home Type

## **Depreciation**

Areas may use either the following OFM Guidelines State Accounting Manual Section 30.20.70.c or policies established by their local government.

1. To calculate depreciation using the straight-line method:

$$\text{Annual Depreciation} = \frac{\text{Cost} - \text{Salvage Value}}{\text{Asset Useful Life}}$$

2. The composite method is based on weighted average estimated lives or an estimate of the useful life of the grouping of assets; such as library resources. The assessment could be based on condition assessments or experience with the useful lives of the groupings of assets.

A consistent composite depreciation rate should generally be used throughout the life of the grouping of assets, but the rate should be recalculated if the composition of the assets or estimate of the useful lives changes significantly.

**Useful Life for Capital Assets** – Grantees are required to use the useful life shown in Schedule A, Capital Asset Commodity Class Code List and Useful Life Schedule ([Subsection 30.50.10](#)) for capital assets acquired in new condition. However, a shorter or longer estimated life may be used depending on factual circumstances, replacement policies, or industry practices. Grantees are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.

## DEFINITIONS

**Capitalized Fixed Assets:** Includes all land and all remaining fixed assets with a unit cost of \$5,000 or greater.

**Depreciation:** The portion of the cost of a capital asset representing the expiration in the service life of the asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and/or obsolescence which is charged systematically over the useful life of the capital asset. Refer to Subsection [30.20.70](#). This element is not applicable to small and attractive assets.

**Equipment:** Tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of more than \$5,000.

**Fixed Assets:** Assets (normally tangible, but including several intangibles) acquired through donation, gift, purchase, capital lease, or self-construction with a life expectancy of more than one year.

**Inventoriable Fixed Assets:** Includes all capitalized fixed assets plus all fixed assets meeting the definition of small and attractive.

**Supplies:** All personal property other than equipment.

**Useful Life** - The estimated useful life of the capital asset in years. Refer to [Subsection 30.50.10](#) for Schedule A - Capital Asset Commodity Class Code List and Useful Life Schedule. This element is not applicable to small and attractive assets.

All fiscal policies and guidance letters published for WIA are governed, as appropriate, under:

## POLICY

Prior WDC approval is required for:

All purchases/leases of nonexpendable personal property. Non-expendable personal property means tangible personal property. The WDC will determine if purchase/lease is non-expendable property and/or useful life of property.

In requesting prior approval for property acquisitions, the appropriate attachment must be completed and submitted to the SAWDC for review at least fourteen (14) days before the proposed purchase. The subrecipient will be informed if higher level approval is required which could extend the approval period. Subrecipient shall further assure compliance with appropriate regulations governing procurement and property management standards.

Subrecipient is encouraged to submit approval requests at the beginning of the funding cycle, but may request WDC approval at other times during the program year when need arises. In all cases subrecipient is responsible to ensure that line items funds are available. Purchase approval is contingent upon funds being available in the appropriate line item of the approved subrecipient agreement budget. It is important to note, however, that for items requiring prior WDC/higher authority approval, a signed budget agreement delineating proposed costs

associated with the item does not fulfill the requirement for obtaining prior WDC/higher authority authorization to purchase/lease.

The task of maintaining accurate inventory records is to be specifically assigned to a staff person who can also assist in performing required physical inventories of all items assigned to the subrecipient. The staff name must be provided to the SAWDC. A physical inventory will be conducted semi-annually (as part of the SAWDC monitoring and at time of closeout) with the results forwarded to the SAWDC and a record maintained at the subrecipient site for review during monitoring visits. The purpose of these physical inventories is to verify the existence, current utilization, and continued need for the property. Adequate maintenance procedures shall be implemented to keep the property in good condition.

Subrecipient must take necessary steps to report new property acquisitions to the SAWDC within five working days of acquisition (on the appropriate form). Upon receipt of a written property description, the SAWDC will assign an inventory control number and issue labels which are to be affixed to the property.

WIA inventory includes all:

- a. Capital assets/equipment and items with a purchase price of \$5,000 or more as defined in State Policy 3452 (SAWDC will determine if purchase/lease is non-expendable property and/or useful life of property),
- b. Small and attractive items as defined in state policy with a unit cost of \$300 or greater. All items falling into the above categories would be identified with both a numbered "WASHINGTON WIA" sticker and a self-destructing "WASHINGTON STATE" sticker (SAWDC is to determine if purchase/lease is non-expendable property and/or useful life of property).
- c. Keyboards, mice, and software purchased with a computer system need to be included in the description of the computer when requesting a WIA sticker. While the accessories will not require a WIA sticker the accessories must have a self-destructing Washington State sticker affixed.

WDC inventory includes:

Items not meeting requirements of WIA inventory. Some JTPA carry over items, and other items requiring identification and tracking controls (SAWDC is to determine if purchase/lease require identification and tracking controls). While these items may also be small and attractive, they are valued at under \$300 and will require only a self-destructing "WASHINGTON STATE" sticker.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft to the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

Any damaged, stolen or missing WDC/WIA property must be reported to the SAWDC within ten days of the occurrence. A police report must be made immediately and a copy of the report must also be sent to the SAWDC. Damaged or missing property losses incurred through subrecipient negligence must be paid for by the subrecipient from non-WIA funds at original or replacement cost, whichever is greater.

Subrecipient should notify the SAWDC of any property that is in non-working order or surplus to program operation needs. Disposal instructions will be provided in accordance with applicable local policies. The SAWDC will determine whether the surplus property will be traded in on the acquisition of replacement item(s), donated to other programs, destroyed, or placed in a periodic City of Spokane auction.

## PROPERTY INSURANCE

Federal rules and regulations require the SAWDC to maintain an adequate control system to protect property purchased with federal funds from loss due to theft, damage or fire. Subrecipient must take the necessary steps to procure insurance to protect their property purchased with federal funds naming the SAWDC as the beneficiary. In determining the value of existing property, standard insurance procedures of valuation and depreciations should be used. As additional property is purchased, efforts should be made to include it on the policy. A policy document with all coverage details should be available for review.

## ATTACHMENTS:

Attachment A – Request to Purchase/Lease  
Attachment B – Request to Transfer  
Attachment C – Request to Salvage  
Attachment D – Request to Remove  
Attachment E – Request to Trade-In

## **REFERENCES**

PL 105-220 Sec.184 (a) (2) (A)  
20 CFR Part 652  
29 CFR Part 95  
29 CFR Part 97  
OMB Circular A-21: Cost Principles for Education Institutions  
OMB Circular A-87: Revised Cost Principles for State and Local Government and Indian Tribal Government  
OMB Circular A-110, \_\_.30 Property Standards  
OMB Circular A-122: Cost Principles for Non-Profits  
OMB Circular A-133: Audit of State and Local Government  
OMB Circular A-133: Compliance Supplement  
Federal Register Vol. 65, No. 124, Resource Sharing for Workforce Investment Act One-Stop Centers  
Generally Accepted Accounting Procedures (GAAP)  
Washington State Employment Security Department Policy and Procedures  
Washington State Office of Financial Management Policy and Procedures

## **SUPERSEDES:**

SAWDC Property Equipment Management Policy 201 – Revision March 21,2008, June 4, 2008

## **DIRECT INQUIRES TO:**

(As referenced in SAWDC Staff Composition Policy #100)

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