PROPERTY MANAGEMENT

Spokane Workforce Council Administrative Policies and Procedures
POLICY #WS813 **Effective Date:** October 2021

1. **Background**
   This policy describes requirements for the acquisition, management, and inventory of property, other than real property, according to uniform cost principles included in appropriate circulars or rules of the Office of Management and Budget (OMB) for the type of entity receiving the funds.

   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 either supplies or “small and attractive” items.

2. **Definitions**
   - **Capital assets** – Tangible or intangible assets used in operations having a useful life of more than one year and having a per-unit acquisition cost greater than $5,000 which are capitalized in accordance with Generally Accepted Accounting Principles (GAAP). Capital assets include:
     - Land, buildings (facilities), equipment, and intellectual property acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
     - Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.
   - **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. This element is not applicable to small and attractive assets.
   - **Equipment** –
     - Tangible capital assets (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost greater than $5,000.
     - Tangible personal property that meets the definition of “small and attractive”, as defined in section 3.c. of this policy.
   - **Grantee:** Refers to the Spokane Workforce Council (SWC), as well as service providers and contractors receiving funds under WIOA or other grants issued by the SWC.
   - **Information technology systems:** Equipment that includes computing devices, ancillary equipment, software, and firmware. Procedures, services, and resources related to information technology systems are included as “equipment” in this definition.
   - **Supplies** – All tangible personal property other than equipment, as defined above.
   - **Useful life** – The estimated useful life of the capital asset in years. Refer to the Washington State Administrative & Accounting Manual (SAAM) Section 30.50.10 Schedule A - Capital Asset Commodity Class Code List and Useful Life Schedule for more information. This element is not applicable to small and attractive assets.

3. **Policy**
   The Spokane Workforce Council (SWC), as well as service providers and contractors receiving funds under WIOA, must adhere to the property management standards established in this policy as well as those established in the Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards under 2 CFR 200.

   While compliance with this policy is required by law for all property purchased using WIOA funds or purchased with Workforce Investment Act (WIA) funds and transferred to WIOA property, the SWC also requires compliance with this policy for property purchased with any funds under any grants or contracts issued by the SWC.

Service providers and contractors must have a written policy addressing how they will ensure the management and inventory of all properties obtained using WIOA funds, properties purchased with Workforce Investment Act (WIA) funds and transferred to WIOA, and properties purchased under other grants and contracts issued by the SWC.

a. **Inventory** – Grantees will retain property records for equipment that are available for review and provide the following information:
   i. An item description;
   ii. The serial and model number or other identification number;
   iii. Source of the property, including grant or agreement number;
   iv. Whether title rests with the grantee, state or federal government, or other entity;
   v. Acquisition date and cost;
   vi. Percent of federal participation in the project that purchased the equipment;
   vii. Location, use, condition, and date the information was reported; and
   viii. Date of disposal (if applicable).

b. **Equipment use** – Grantees will use equipment purchased with WIOA or other grant funds as follows:
   i. Equipment must be used by the grantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the grant, and the grantee must not encumber the equipment without prior approval from the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the grantee in the following order of priority:
      1. Activities under a grant from the SWC which funded the original program or project, then
      2. Activities under a grant from the SWC which funded a different program or project, then
      3. Activities under grants from other Federal awarding agencies. This includes consolidated equipment for information technology systems.
   ii. During the time that equipment is used on the project or program for which it was acquired, the grantee must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the SWC and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

c. **Equipment management** – Grantees will manage equipment purchased with WIOA or other grant funds as follows:
   i. Adequate maintenance procedures must be implemented to keep the equipment in good condition;
   ii. Adequate safeguards must be in place to prevent loss, damage, or theft of equipment. Any loss, damage, or theft must be investigated by the grantee;
   iii. When acquiring replacement equipment, the grantee may use the equipment to be replaced as a trade-in and use the proceeds to offset the cost of the replacement equipment;
   iv. A physical inventory of the equipment must be taken and the results reconciled with the property records at least once a year;
   v. All equipment records must be kept for three years after disposal of equipment; and
   vi. All equipment in the possession of the grantee purchased with WIOA funds with a purchase or depreciated value of more than $5,000 or equipment that is considered “small and attractive”, as defined below, are to be tagged with a WIOA inventory number. Requirements to tag equipment purchased with non-WIOA funds will be defined within the grant award.

d. **Small and attractive assets** – Grantees will identify small and attractive assets as follows:
   i. Perform an initial risk assessment (both financial and operational) of the grantee’s assets equal to or below $5,000 to identify assets that are particularly at risk or vulnerable to loss;
      1. Operational risks must include risks associated with data security on mobile or portable computing devices that store or have access to data.
   ii. Implement measures to control small and attractive assets in order to minimize identified risks;
   iii. Periodically perform additional risk assessments to determine if the additional controls implemented are effective in managing identified risks; and
   iv. Must include as small and attractive assets:

1. Weapons, firearms, signal guns, and accessories for weapons, firearms, and signal guns regardless of unit cost.
2. The following items with unit costs of $500 or more:
    a. Laptops and notebook computers
    b. Tablets and smart phones
3. The following items with unit costs of $1,000 or more:
    a. Optical devices, binoculars, telescopes, infrared viewers, and rangefinders
    b. Cameras and photographic projection equipment
    c. Desktop computers
    d. Television sets, DVD players, Blu-ray players, and video cameras (home type)
    e. Software
    f. Printers, scanners, copiers, and multi-function devices

e. Depreciation – Grantees are to use the straight-line method of depreciation as defined in the OFM State Administrative Manual (SAAM) Section 30.20.70.b. Depreciation does not apply to assets identified as "small and attractive".

To calculate depreciation using the straight-line method:

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

Note: salvage value is an estimate of the amount that will be realized at the end of the useful life of a depreciable asset.

f. 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 (SAAM Section 30.50.10.a) for capital assets acquired in new condition. For energy efficiency capital assets, refer to the Addendum to Schedule A (SAAM Section 30.50.10.b). 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. When establishing an asset's useful life:

i. Grantees are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition;

ii. The useful life for leasehold improvements is the estimated service life of the leasehold improvements, or the remaining term of the lease, whichever is shorter;

iii. The useful life for intangible assets acquired by contract generally should not exceed the period of the contract;

iv. For depreciation purposes, the useful life of assets should be reviewed to ensure it has remained the same, and that no modifications have extended or altered the life of the asset. Impairment of assets or changes in contractual provisions may impact the useful life and remaining depreciation.

g. Property disposal (disposition): Equipment that is unusable, damaged beyond repair, or that has reached its useful life as described in section 3.f. above, will be disposed of as follows:

i. Equipment that is unusable or damaged beyond repair with a per unit fair market value that is $5,000 or less may be disposed of with no further obligation to the SWC or responsible Federal awarding agency;

ii. Equipment in working order requires that the grantee first notify the SWC or Federal awarding agency of the intent to dispose in the event that other eligible programs or projects have a use for the equipment;

iii. Equipment with a per-unit fair-market value that is more than $5,000 must request disposition instructions from the SWC or responsible Federal awarding agency;

iv. Equipment of any value may be transferred to the Federal Government, SWC, or an eligible third party provided that, in such cases, the grantee receives compensation for its attributable percentage of the current fair market value of the equipment.

h. Service provider and contractor responsibilities:

i. Service providers and contractors who have purchased, intend to purchase, have received, or intend to receive, equipment (see Section 2 – Definitions, above) must establish their own policy in accordance with this policy.

1. **Exception:** the SWC may maintain the inventory record for a provider or contractor with a small amount of inventory items at the SWC's discretion. If this action is taken, the service provider or contractor in question is not required to establish their own policy.

ii. All equipment with a per-unit value greater than $5,000 requires written approval from the SWC before being purchased.

iii. Disposal of equipment purchased with a per-unit value greater than $5,000 requires written approval from the SWC before the equipment can be disposed. Equipment may be retained for other uses rather than disposed of, provided that compensation is made to the SWC in accordance with the Uniform Guidance regulations at 2 CFR 200.

iv. Disposal of equipment that is beyond repair or not usable with an acquisition cost equal to or less than $5,000 may be disposed of without written approval from the SWC.

v. Disposal of equipment in working order requires that the grantee first notify the SWC of the intent to dispose in the event that other eligible programs or projects have a use for the equipment. The SWC will respond within 30 days of receipt of the request with instructions for disposition.

vi. The provider/contractor will be responsible for all inventory controls and record maintenance. A physical inventory must be conducted at least once every program year and the results reconciled. A copy of the physical inventory must be maintained on file and available for review.

4. Action Required

Service providers and contractors who have purchased, intend to purchase, have received, or intend to receive, equipment, must establish their own policy in accordance with this policy.

5. References

- ESD WIOA Title I Policy 5407
- Federal Register – 2 CFR 200 Subpart D
- WIOA Section 184(a)(2)(A)
- Washington State Administrative & Accounting Manual (SAAM)
- Generally Accepted Accounting Procedures (GAAP)

6. Supersedes

SWC WIOA Title I Policy A201 – Property Management

Revision History:
#A201 – 9/2017
#G201 – 2013
#201 – 2008