

Workforce Development Council of Seattle-King County

Policy #04-2002

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DRAFT FINAL Committee: Finance Committee
 Internal External

Property Management & Inventory Policy

1. Purpose

The purpose of this policy is to communicate requirements for the acquisition, management, and inventory of property, other than real property.

2. Background

Public Law 113-128 Section 184(a)(2)(A) requires each state, Local Workforce Development Board (LWDB), and service provider receiving funds under the Workforce Innovation and Opportunity Act (WIOA) of 2014 to comply with applicable uniform cost principles, including Uniform Guidance of the federal Office of Management and Budget (OMB).

This policy applies to capital assets, but not 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.

3. Policy

Individuals and organizations must adhere to the property management standards established in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D-Post Federal Award Requirements, Property Standards (2 CFR 200).

It is the policy of the Workforce Development Council of Seattle-King County (WDC) that all service providers must conform to specific policies and procedures to ensure the management and inventory of all properties obtained through WIOA funds, including property purchased with WIA funds transferred to WIOA funds.

I. **Equipment**

A. Grantees will retain property records that provide:

- a. An item description;
- b. The serial and model number or other identification number;
- c. Source of the property, including grant or agreement number;
- d. Whether title rests with that grantee, state or federal government, or other entity;
- e. Acquisition date and cost;
- f. Percent of federal participation in the project that purchased the equipment;
- g. Location, use, condition, and date the information was reported; and
- h. Date of disposal.

B. A copy of the inventory of property must be maintained on file and available for review. In addition, all grantees must:

- a. Keep property in good condition;
- b. Use procedures to gain highest possible return on sold items;
- c. Retain all records for three years after disposal of property; and
- d. Tag all property purchased with WIOA funds that has a purchase or depreciated value of \$5,000.

C. For small and attractive assets, in addition to sections a and b, grantees:

- a. Should perform a risk assessment (both financial and operational) of the grantee's assets to identify assets that are particularly at risk or vulnerable to loss. Such assets that fall below capitalization policies are considered small and attractive assets.
- b. Should implement measures to control small and attractive assets in order to minimize identified risks. Periodically, grantees should perform follow up risk assessments to determine if the additional controls implemented are effective in managing the identified risks.
- c. 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:

- 7013

Laptops and Notebook Computers

- 7014 Tablets and Smart Phones

Grantees must also include the following assets with unit costs of \$1,000 or more:

- 6651 Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders
- 6710-6730 Cameras and Photographic Projection Equipment
- 7012 Desktop Computers (PCs)
- 7730 Television Set, DVD Players, Blu-ray Players, and Video Cameras (home type)

NOTE: These items are listed in [Section 30.40.20](#) of OFM's State Administrative and Accounting Manual (the word "grantee" has been substituted for "agency" in this policy for ease of understanding).

II. Depreciation

Grantees may use either the following OFM State Administrative and Accounting Manual (SAAM) [Section 30.20.70.b](#) (below) or policies established by their local government.

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

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

- b. 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 ([Section 30.50.10.a](#)) for capital assets acquired in new condition. For energy efficiency equipment and products, refer to the Addendum to Schedule A (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:

- Grantees are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.
- 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.
- The useful life for intangible assets acquired by contract generally should not exceed the period of the contract.

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.

III. All grantees must meet the following standards:

- a. Make a physical property inventory, at least once every other fiscal year, and reconcile the results including, existence, current use, and continued need. A copy of the property inventory must be maintained on file and available for review by WDC monitors as part of the regular fiscal monitoring process.
- b. Ensure that all property purchased with Federal funds with an acquisition or depreciated value of \$5,000 or above will be identified with a WDC tag number.
- c. Develop a control system to ensure safeguards to prevent loss, damage or theft. Any such activity must be investigated.
- d. Maintenance procedures to keep property in good condition.
- e. Adequate insurance coverage must be provided.

IV. Property Disposition

- a. Equipment will be disposed in accordance with applicable laws and procedures.
- b. A written disposition request letter should be sent to the WDC for approval to dispose of property over \$5,000. The WDC may approve the disposition policy of the service provider or request the property be returned to the WDC. Property may be retained for other uses, provided that compensation is made to the WDC/Grantor.
- c. Property with an acquisition cost under \$1,000 may be disposed under the service provider policy. If disposition is through sale, the proceeds of said sale will be treated as program income. Procedures will be used to gain highest possible return on sold items.
- d. Records must be maintained for three years after disposal of property.

4. 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 [Section 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 [Section 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.

5. References

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

- [Workforce Innovation and Opportunity Act Policy 5407: Property Management and Inventory](#)
- [Public Law 113-128](#)
- [2 CFR Part 200, Subpart E; Cost Principals : Special Considerations for States, Local Governments and Indian Tribes](#)
- [2 CFR Part 200 Subpart D; Post Federal Reward Requirements: Property Standards](#)
- [2 CFR Part 200 Subpart F; Audit Requirements: Management Decisions, Appendix XI to Part 200-Compliance Supplement](#)
- [Federal Register Vol. 65, No. 124, Resource Sharing for Workforce Investment Act One-Stop Centers](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)
- [OFM State Administrative and Accounting Manual, Section 30](#)
- [Washington State Employment Security Department Policy and Procedures](#)
- Washington State Office of Financial Management Policy and Procedures