



**Workforce Southwest Washington  
Workforce Innovation and Opportunity Act Policies and Procedures**

---

**Property Management and Inventory Directive  
Policy: #2001 Revision 2**

Date of Origination: July 1, 2002  
Effective Revision Date: May 24, 2017

---

**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 will address how to ensure the management and inventory of all properties obtained using WIOA funds, including property purchased with Workforce Investment Act (WIA) funds and transferred to WIOA.

This policy applies to capital assets that are property with a cost of more than \$5,000 and an expected useful life of more than one year. Items with a unit acquisition cost of \$5,000 or less, such as furniture, software or electronics, are not considered property and are to be classified as "Equipment." While such items are not capitalized and depreciated, they are still subject to certain terms of use.

Individuals and organizations must adhere to the property and inventory 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](#)).

**Policy:**

**Equipment Management and Inventory:**

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

1. For Equipment, WSW and subrecipients will retain property records that provide:
  - A description
  - The serial and model number or other identification number (WIOA tag)
  - An acquisition date and cost
  - Location, use, condition, and last inventory date with initials of inspector
  
2. A copy of the inventory of property must be maintained on file and available for review. In addition, WSW and subrecipients 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 WIOA funds that has a purchase or depreciated value of \$5,000.

3. Purchases of all equipment items greater than \$5,000 must have prior approval from WSW and the Assistant Commissioner of the Employment Security Department for the State of Washington. Subrecipients must submit request to the Fiscal Manager at WSW. WSW will facilitate approval from the Assistant Commissioner.

**Small and Attractive Assets** are fixed assets with a unit cost (including sales tax and ancillary costs) of less than \$5,000 which an agency considers particularly vulnerable to loss. In addition to 1 and 2 above, WSW and subrecipients:

1. Should perform a risk assessment (both financial and operational) of their 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.
2. Should implement measures to control small and attractive assets in order to minimize identified risks. Periodically, grantees/subrecipients should perform follow up risk assessments to determine if the additional controls implemented are effective in managing the identified risks.
3. 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/subrecipients must include, at a minimum, the following assets with unit costs of \$300 or more as small and attractive:

- Laptops and Notebook Computers
- Tablets and Smart Phones

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

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

#### **Depreciation:**

One of the following guidelines for depreciation must be used in accordance with OFM Guidelines State Accounting Manual [Section 30.20.70.b](#).

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 of 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**

It is required to use the useful life shown in Schedule A, Capital Asset Commodity Class Code List and Useful Life Schedule ([subsection 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.

For assets acquired in less than new condition, the useful life will be determined on a case-by-case basis. The useful life for leasehold improvements is the estimated service life of the leasehold improvement 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.

### **Disposal procedure for Equipment and Small and Attractive Assets:**

The Office Manager is responsible for the asset-disposal process:

1. Determine the need for disposal.
2. Determine the feasibility of further use. Unless the asset is deemed inoperative and therefore disposable, an effort will be made to make the asset available to related programs. The Office Manager will evaluate if the asset will be provided to WSW itself or a local WIOA subrecipient within the region. Assets not disposed of within the region will be offered through an email broadcast to other WDC's in Washington State, other local non-profit agencies who work with WorkSource customers, school and educational districts, and for-profit entities that have a mission similar to that of WSW, in that order.
3. If not disposed of by this method, the property will be given to a local non-profit that recycles such equipment whenever possible.
4. The Office Manager will record the disposal by removing the item from the active Property Inventory log to the Disposals log, along with all of its existing information, noting the date of disposal, the condition of the asset, its point of relocation and sale price, if applicable. Items that are inoperative or not re-acquired in process #2 above will have noted the manner of its recycle or disposal.

### **Definitions:**

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

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

**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.

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

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

**Small and Attractive Assets:** Fixed assets with a unit cost (including sales tax and ancillary costs) of less than \$5,000 which an agency considers particularly vulnerable to loss, thus subject to consideration as an attractive asset which must be tagged and inventoried. Equipment such as cell phones, personal computers, printers, laptop/notebooks, cameras, camcorders, televisions, video cassette recorders, scanners, copiers, and fax machines are included in this category.

**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 Office of Financial Management Policy Subsection [30.20.70.c](#). This element is not applicable to small and attractive assets.

**Useful Life:** The estimated useful life of the capital assets 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.

#### **References:**

- [Public Law 113-128, Workforce Innovation and Opportunity Act of 2014](#)
- [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 Award Requirements: Property Standards](#)
- [2 CFR Part 200 Subpart F; Audit Requirements: Management Decisions, Appendix XI to Part 200-Compliance Supplement](#)
- [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](#)

#### **Supersedes:**

#2001 Property Management and Inventory Directive with revision date of May 25, 2016

#### **Website:**

<http://workforcesw.org/providers#policies>