



**Workforce Southwest Washington
Policies and Procedures**

**Property Management and Inventory
Policy: #2001 Revision 3**

Date of Origination: July 1, 2002
Effective Revision Date: November 28, 2018

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 or other federal funds 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 federal funds.

This policy applies to property, other than real property (i.e. land and buildings). Including furniture, fixtures, software, supplies or other "equipment" not an integral part of a building. Real property and all property with a purchase price of \$5,000 or more is subject to another set of regulations; subrecipient/contractor must contact WSW for guidelines. WSW will contact the funding agency if applicable.

Policy:

Workforce Southwest Washington (WSW), as well as subrecipients and contractors receiving federal funds 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](#)).

A. Management and Inventory:

1. **Inventory Log** - WSW and subrecipients will retain inventoriable property records that provide:
 - A description;
 - The serial and model number or other identification number (WIOA tag);
 - Source of the property, including grant/agreement number;
 - Whether title rests with WSW, subrecipient/contractor, state or federal government, or other entity;
 - Acquisition date and cost;
 - Location, use, condition, and last inventory date with initials of inspector;
 - Disposal date (if applicable); and
 - Percent of federal participation in the project that purchased the property.

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

- Review inventory log for accuracy once per program year and the results reconciled. A copy of the log must be maintained on file and available for review;
- 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 or other federal funds.
2. Purchases of any single item of property greater than \$5,000 must have prior approval from the federal funding agency. Subrecipients must submit requests to the Fiscal Director at WSW. WSW will facilitate approval from the funding agency.

B. Small and Attractive Assets are property items 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 property to identify items that are particularly at risk or vulnerable to loss. Such items 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/subrecipients 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 property 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 property 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)

C. Depreciation:

If applicable one of the following guidelines for depreciation must be used in accordance with OFM State Administrative and 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.

D. 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 capital 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 whichever is shorter, the estimated service life of the improvement or the remaining term of the lease. 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 capital 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 capital assets or changes in contractual provisions may affect the useful life and remaining depreciation.

E. Property Disposal:

1. Property that is unusable, damaged beyond repair, or that has reached its useful life as described above. Disposal of property is subject to federal and state law. WSW and subrecipients/contractors will use the following guidelines:
 - a. Property 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 subrecipient/contractor, WSW or responsible Federal awarding agency.
 - b. Property in working order will be offered for sale or transferred to an eligible organization that identified a need for such item. Any property that is no longer useful to WSW area or any other organizations must be disposed of as solid waste. Electronic devices that may contain sensitive information will be cleaned of all data prior to surplus or disposal.
 - c. Property with a per-unit fair-market value that is more than \$5,000 must request disposition instructions from WSW or responsible Federal awarding agency. Property may be retained for other uses rather than disposed of, provided that compensation is made to WSW in accordance with the Uniform Guidance regulations at 2 CFR 200.

Definitions:

Click on the word to go to 2 CFR 200 specific definition

Equipment: Tangible, non-expendable personal property (including [information technology systems](#)) having a useful life of more than one year and an acquisition cost of more than \$5,000.

Supplies: All tangible personal property other than those described under equipment. A computing device is a supply if the cost is less than \$5,000.

Capitalized Fixed Assets: Includes all land and all remaining fixed assets with a unit cost of \$5,000 or greater, a life expectancy of more than one year, and are capitalized in accordance with Generally Accepted Accounting Principles (GAAP).

Inventorial property: Includes all capitalized fixed assets plus all property, supplies and equipment meeting the definition of small and attractive.

Small and Attractive Assets: Property, supplies and equipment 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, videocassette 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 Principles : 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](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)
- [OFM State Administrative and Accounting Manual, Section 30](#)
- [Washington State Employment Security Department Policy 5407](#)
- [Washington State Office of Financial Management Policy and Procedures](#)

Supersedes:

#2001 Property Management and Inventory Directive with revision date of May 25, 2016 & May 24, 2017

Website:

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