



PROPERTY MANAGEMENT

Workforce Innovation and Opportunity Act Policies and Procedures

EFFECTIVE DATE: February 16, 2019

POLICY #: A406.v.3

I. PURPOSE

This policy communicates the Workforce Development Council of Seattle-King County (WDC) local workforce development board policy and operational guidance regarding the acquisition, management, and inventory of property, other than real property under the Workforce Innovation and Opportunity Act (WIOA).

II. BACKGROUND

Public Law 113-128 Section 184(a)(2)(A) requires each state, Workforce Development Council (WDC or recipient), and service provider (sub-recipient) 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.

III. DEFINITIONS

- A. Capitalized Fixed Assets** – Includes all land and all remaining fixed assets with a unit cost of \$5,000 or greater.
- B. 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 the Washington Office of Financial Management State Administrative and Accounting Manual (SAAM) [Section 30.20.70.b](#). This element is not applicable to small and attractive assets.
- C. Equipment** – any single tangible, non-expendable item of personal property having a useful life of more than one year and an acquisition cost of more than \$5,000.
- D. 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.
- E. Inventoriable Fixed Assets** – Includes all capitalized fixed assets plus all fixed assets meeting the definition of small and attractive.

- F. Supplies** – All personal property other than equipment.
- G. Useful Life** – The estimated useful life of the capital asset in years. Refer to [SAAM Section 30.20.70](#) for Schedule A - Capital Asset Commodity Class Code List and Useful Life Schedule. This element is not applicable to small and attractive assets.
- H. Small and Attractive Asset** – any single tangible, non-expendable item of personal property in the following two categories:
 - i. Assets with unit cost of \$300 or more assigned the following asset codes:
 - a. 7013 – Laptops and Notebook Computers;
 - b. 7014 – Tablets and Smart Phones; and
 - ii. Assets with unit cost of \$1,000 or more assigned the following asset codes
 - a. 6710-6730 – Cameras and Photographic Projection Equipment;
 - b. 7012 – Desktop Computers (PCs);
 - c. 7730 – Television Sets, DVD Players, Blu-ray Players, and Video Cameras (home type).

IV. POLICY

- A.** 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).
- B.** All recipients and sub-recipients 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.** A copy of the inventory of property must be maintained on file and available for review. Recipients and sub-recipients will retain property records that provide:
 - 1) An item description
 - 2) The serial and model number or other identification number;
 - 3) Source of the property, including grant or agreement number;
 - 4) Whether title rests with that the recipient, sub-recipient, state or federal government, or other entity;
 - 5) Acquisition date and cost;
 - 6) Percent of federal participation in the project that purchased the equipment;
 - 7) Location, use, condition, and date the information was reported; and
 - 8) Date of disposal.
 - b.** In addition, all recipients and sub-recipients must:
 - 1) Keep property in good condition;
 - 2) Use procedures to gain highest possible return on sold items;
 - 3) Retain all records for three years after disposal of property; and
 - 4) Tag all property purchased with WIOA funds that has a purchase or depreciated value of \$5,000.
 - ii.** For small and attractive assets, in addition to sections i.a and i.b recipients and sub-recipients:

- a. Should perform a risk assessment (both financial and operational) of the recipient's or sub-recipient'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. ii. Should implement measures to control small and attractive assets in order to minimize identified risks. Periodically, recipients and subrecipients should perform follow up risk assessments to determine if the additional controls implemented are effective in managing the identified risks.
- c. Have discretion in setting their definition of small and attractive assets, except for commodity class code 10-1005, 101040, and 10-1095 – Weapons, Firearms, Signal Guns, and Accessories.
- d. Absent a risk assessment and development of written policies for identifying and controlling small and attractive assets, recipients and sub-recipients must include, at a minimum, the following

1. Assets with unit costs of \$300 or more as small and attractive:

- 7013 Laptops and Notebook Computers
- 7014 Tablets and Smart Phones

2. 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 SAAM [Section 30.40.20](#). For ease of understanding, this policy substitutes the words "recipient" and "subrecipient" the word "agency" used in the SAAM.

iii. **Depreciation** – Recipients and sub-recipients may use either the following SAAM [Section 30.20.70.b](#) (below) or policies established by their local government:

- a. Straight-line method to calculate depreciation:

$$\text{Annual Depreciation} = (\text{Cost} - \text{Salvage Value}) / (\text{Asset Useful Life})$$

- b. Composite method - 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.

C. Useful Life for Capital Assets –

Recipients and sub-recipients are required to use the useful life shown in SAAM 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 (Section [30.50.10.b](#)). However, a shorter or longer estimated life may be used depending on factual circumstances, replacement policies, or industry practices. Recipients and sub-recipients 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. Recipients and sub-recipients are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.
 - a. 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.
 - b. 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.

D. All Recipients and sub-recipients must meet the following standards:

- i. Make a physical property inventory, at least once every other fiscal year, and reconcile the results including, existence, current use, and continued need. Sub-recipients must maintain a copy of the property inventory on file, available for review by WDC monitors as part of the regular fiscal monitoring process.
- ii. Develop a control system to ensure safeguards to prevent loss, damage or theft. Any such activity must be investigated.
- iii. Have maintenance procedures to keep property in good condition.
- iv. Provide adequate insurance coverage.

E. Property Disposition

- i. Equipment will be disposed in accordance with applicable laws and procedures.
- ii. A written disposition request letter must be sent to the WDC for approval to dispose of property over \$5,000. The WDC may approve the disposition policy of the sub-recipient 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.

- iii. Property with an acquisition cost under \$1,000 may be disposed under the sub-recipient 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.
- iv. Records must be maintained for three years after disposal of property.

V. REFERENCES

AUTHORITY	RULE OR REGULATION	REFERENCE AND WEBLINK
WA Employment Security Department	Property Management and Inventory	Workforce Innovation and Opportunity Act Policy 5407
Washington Office of Financial Management	OFM State Administrative and Accounting Manual	Section 30
Washington Office of Financial Management	Small and Attractive Capital Assets	Small and Attractive Capital Asset Risk Assessment Guidelines
Code of Federal Regulations	Cost Principals: Special Considerations for States, Local Governments and Indian Tribes	2 CFR Part 200, Subpart E
Code of Federal Regulations	Post Federal Reward Requirements: Property Standard	2 CFR Part 200 Subpart D
Code of Federal Regulations	Audit Requirements: Management Decisions	2 CFR Part 200 Subpart F: Appendix X I to Part 200 - Compliance Supplement
Federal Register	Resource Sharing for Workforce Investment Act One Stop Centers	Federal Register Vol. 65, No. 124
United States Congress	Workforce Innovation and Opportunity Act	Public Law 113 - 128

VI. HISTORY

VER.	DATE	ACTION AND APPROVALS
V.1	03/2002	Original policy published
V.2	1/17/2017	Revised with updated state and federal references
V.3	12.21.18	Administrative update to conform with the new policy format and align with revised Policy 02-2002 Allowable Costs and Prior Approval.
	2.16.19	V.3 Published