



## Property Management – Equipment Inventory, Purchase, & Disposal

Department: Office of Economic & Workforce Development

Effective Date: July 1, 2015

Directive # 11-15

Supersedes: 11-13

### **PURPOSE**

This directive provides the Office of Economic and Workforce Development’s (OEWD) policy regarding the purchase, inventory and disposal of property purchased with OEWD awards. The intent of this policy is to ensure that purchases of property are approved, performed through fair and open competition, and managed according to proper inventory, maintenance, and disposition procedures.

### **REFERENCES**

- Title 20 Code of Federal Regulations (CFR), WIA Final Rule, Section 667.260
- Title 2 CFR Part §200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- One-Stop Comprehensive Financial Management Technical Assistance Guide (Department of Labor – July 2002)
- City and County of San Francisco Agreement Appendix C

### **DEFINITIONS**

**Equipment**—tangible, nonexpendable personal property (including information technology systems, intellectual property, and property) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$1,000, including all costs related to the property’s final intended use.

**Information Technology Systems**—computing devices, ancillary equipment, software, licenses, firmware, and similar procedures, services (including support services), and related resources. The purchase, rent, licensing, maintenance fee, or subscription of information technology applications, software, or services with a per-unit, single, or cumulative cost totaling \$1,000 or more within a twelve month period. For example, purchase of a twelve month subscription with a monthly cost of \$1,000 will be aggregated and considered as \$12,000.

**Intellectual Property**—recognized protectable rights and interest such as: patents, copyrights, trademarks, service marks, etc. Also referred to as intangible property.

**Property**—durable goods, equipment, buildings, installations, and land.

### **POLICY**

Service providers must request written prior approval from OEWD for property purchases with a per unit cost of \$1000 or more. Information technology systems below \$1000 also require

written prior approval and are subject to the same inventorying, maintenance, and disposition procedures. See also Information Technology Systems. To receive prior written approval, submit an [Equipment & Information Technology Systems Request Form](#) to your grants manager. Lack of a written prior approval for purchases may result in disallowed costs.

### **Budget Plans**

A service provider may occasionally submit budget plans that include an equipment request. The approval of the budget plan DOES NOT constitute approval of the equipment request. A separate request to purchase equipment must be approved by OEWD prior to the time of purchase.

### **Purchase Considerations**

The following considerations must be made prior to requesting approval from OEWD to charge Federal grant funds for the purchase of property. Please see OEWD Directive 25-15 Procurement of Goods and Services.

- Is this purchase necessary and reasonable?
- Why is the purchase needed?
- Have the best products been selected?
- What procurement method will be used?
- What other costs are associated with the purchase?

### **Leasing Considerations**

The decision to lease or buy personal property must be governed by considerations of economy. Consideration may differ by property type and according to market conditions. The length of the contract period of the lease should also be considered.

#### **Title:**

Title to equipment acquired under a Federal award will vest upon acquisition with the Service Provider.

#### **Use:**

Equipment must be used by the service provider 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 award.

### **Maintenance and Safeguarding of Property:**

Adequate maintenance procedures must be developed to keep the property in good condition. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

### **Insurance coverage:**

The service provider must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with OEWD funds as provided to property owned by the service provider.

### **INVENTORY RECORDS:**

Service providers must maintain accurate inventory records of all equipment purchased with OEWD funds. All equipment should have a unique identification mark to be used for inventory purposes. If no identifiable serial numbers are present, then OEWD will provide tags to be affixed to the equipment. A physical property inventory must be taken and reconciled with the property records at least once every two years. Equipment records must be recorded and updated during the life of the equipment. Equipment records shall include the following information:

1. A description of the equipment
2. Manufacturer's serial number, model number, or other identification number
3. Source of funding for the property (including the FAIN)
4. Federal Award Identification Number (FAIN, can be found in OEWD grant agreement)
5. Who holds title
6. Acquisition date
7. Per unit cost at acquisition
8. Percentage of Federal funds applied towards item purchase
9. The location
10. Use and condition of the property
11. Disposition date and sale price

### **DISPOSITION:**

For all items requiring prior approval, the service provider must request disposition instructions in writing from OEWD.

For all items not requiring prior approval, the service provider may retain, sell or dispose of the property and nothing needs to be reported to OEWD. A disposition record must be kept for any transaction in accordance with OEWD record retention requirements.

## **Calculation of “Fair Market” Value (FMV)**

The selling price of an item that is sold through auction, advertisement, or a dealer is the fair market value of the item regardless of any prior estimates. An item that is not sold but retained by the entity has a fair market value based on similar items that are offered for sale, using the selling price if known. Methods for determining fair market value include, but are not limited to:

- Auctions
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers
- For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley Blue Book.

There are various ways that current FMV can be determined. The internet provides access to various sites for market pricing of equipment. Other mechanisms include appraisals, comparisons of prices in classified ads, or establishing a selling price where there are sufficient competition to obtain the highest possible return on the item. Whatever method is used, the local determination of the current FMV must be reasonable.

## **PROPERTY RECORDS RETENTION:**

All property records must be maintained from date of acquisition, through final disposition. The service provider must also retain those records for a period of three years from the date of their last expenditure report submitted to OEWD. If any litigation, claim, or audit is started before the expiration of the three-year period, all records must be retained until all findings have been resolved and final action taken.

## **RENOVATION OF FACILITIES: (WIA/WIOA)**

The WIA Title I funds must not be spent on construction or renovation of facilities or buildings without the specific written approval of OEWD. The only conditions that will be considered for approval for the repair, renovation, alteration or other capital improvement to a building will be under the following conditions:

- To provide physical and programmatic accessibility and reasonable accommodation as required by the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.
- To fund repairs, renovations, alterations and capital improvements of property, including:
  - SESA real property, identified at WIA section 193, using a formula that assesses costs proportionate to space utilized;

- JTPA owned property which is transferred to WIA title I programs.
- Jobs Corps facilities, as authorized by WIA section 160(3)(B).
- To fund disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area.

### **INQUIRIES**

Inquiries should be addressed to the OEWD Fiscal Compliance Officer at 415-701-4812 or [workforce.development@sfgov.org](mailto:workforce.development@sfgov.org).

*OEWD and its service providers shall follow this policy. This policy will remain in effect from the date of issue until such time that a revision is required.*