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SBWIB

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FILING INSTRUCTIONS:

This directive supersedes SBWIB Directive 06-03, dated March 29, 2007.

BACKGROUND

On December 26, 2016, the U.S. Office of Management and Budget (OMB) issued the Uniform Guidance under Title 2 CFR Part 200, in order to streamline the guidance on administrative requirements, cost principles, and audit requirements for federal awards. The Uniform Guidance consolidated multiple, previously separate, sets of OMB guidance into one combined set of rules. On December 19, 2014, the DOL adopted the Uniform Guidance and issued DOL Exceptions under Title 2 CFR Part 2900.

The Uniform Guidance provides fiscal and administrative guidance for the administration of the WIOA program, including specific requirements for purchasing property. While the format and wording of the Uniform Guidance and DOL Exceptions vary slightly from OMB's previous circulars, the intent of the federal government is consistent. The intent 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.

POLICY

The SBWIB requires all subrecipients to comply with the requirements set forth in this policy for the management of all property purchased with WIOA funds.

Definitions:

Acquisition cost: means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included or excluded from the acquisition cost in accordance with the non-Federal entity's accounting practice. (2 CFR 200.2)

Equipment: tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000. (2 CFR 200.33)

Please note, Uniform Guidance specifies that equipment includes information technology systems, computing devices, software and services (including supportive services). **This**

includes fees for licensing or subscription to software and software support services. Even if a monthly subscription fee is under \$5,000, if the total annual cost for the subscription exceeds \$5,000, then prior approval must be obtained.

General Purpose Equipment: equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. (2 CFR 200.48)

Information technology systems: computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), **licensing or subscriptions to software and software supportive services**, and related services. (2 CFR 200.58)

Intangible Property: property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible). (2 CFR 200.59)

Intellectual Property: recognized protected rights and interest such as: patents, royalties, and copyrights. (2CFR 200.448)

Personal Property: property other than real property. It may be tangible, having physical existence or tangible or intangible. (2 CFR 200.78)

Property: real property or personal property (2 CFR 200.81)

Real Property: land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment. (2 CFR 200.85)

Subrecipient: a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program, but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency (2 CFR 200.93)

Supplies: all tangible personal property other than equipment. A computer device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life (2 CFR 200.94)

Types of Property			
Real	Personal		Personal
	Tangible		Intangible
Land, including land improvements, structures, and property incident to the principal property (appurtenances) thereto, but excluding moveable machinery and equipment (not generally allowable under the WIA program)	Nonexpendable (Equipment) Useful life of more than one year and a unit acquisition cost of \$5,000 or more.	Expendable (Supplies) Everything else.	Without physical existence: patents, trademarks, or copyrights that are produced or acquired under the agreement.

PURCHASE OF PROPERTY

Subrecipients must request prior approval from the State for the purchase of any property or licensing/subscription with a cost of \$5,000 or more per unit, or cumulative cost of \$5,000 for a twelve month period. To ensure WIOA funds are being spent in a fiscally prudent and efficient manner, subrecipients need to consider the following questions prior to purchasing property:

- Is this purchase reasonable?
 - Why is the purchase needed?
 - Have the best products been selected?
 - Has a lease option been considered in lieu of purchasing?
 - What other costs are associated with the purchase?
 - What procurement method will be used?
 - If costs are shared, is there a cost sharing agreement between multiple partners that will share the cost of purchase? If so, see “Cost Sharing Information” section below if costs are being shared.
- **Workforce Services Directive WSD16-16, Subject: Allow Costs and Prior Written Approval (February 21, 2017) format and instruction will used in order to receive approval from the State.**

Budget Plans

A subrecipient may occasionally submit budget plans that include equipment request. The approval of the budget plan **DOES NOT** constitute approval of the equipment request. A separate request to purchase equipment must be submitted and approved by the state prior to purchase.

Cost Sharing Information

When a subrecipient plans to enter into a “cost sharing” agreement for the purchase of property with a per unit purchase price of \$5,000 or more, it must first obtain prior approval no matter the size of the portion its plans to contribute. During the time that the property is used on the project or program for which it was acquired, the subrecipients must also make the property available for use on other projects or programs either currently or previously supported by the federal government, provided that the property’s use will not interfere with the work on the projects or program for which it was originally acquired.

Subrecipients must give the first preference for other use to programs or projects supported by the federal awarding agency that financed the property and must give the second preference to programs or projects under federal awards from other federal awarding agencies. Use of the property for non-federally funded programs or projects is also permissible. (2 CFR 200.313[2][2])

A user fee option may also be considered, if appropriate. For example, if a subrecipient is going to replace an IT system but the other partners are unable or unwilling to cover a portion of the cost up front, the subrecipient may instead consider charging the partner a user fee anytime they use the new IT system. If they choose this option, the subrecipient should include in its prior approval request how it plans to recoup costs from its partner’s use of the system in order to ensure everyone is contributing their fair share.

Leasing Considerations

The decision to lease or buy personal property must be governed by considerations of the economy. Consideration for leasing may differ by property type and according to market conditions. The length of the contract period of the lease should also be considered. Leasing with an option to purchase is generally preferable to straight leasing. However, for real property, administrative requirements make leasing the only option, as the construction or purchase of real property is not allowed under the WIOA program except in certain limited circumstance, which are outlined in the following section.

Capital Assets and Construction Costs

WIOA Title I funds may not be spend on the construction or purchase of facilities or buildings, or other capital expenditures for improvements to land or buildings, except with the prior written approval of the DOL Secretary. However, exceptions to that rule in which

WIOA Title I funds can be used for construction include the followings:

- Meeting obligations to provide physical and programmatic accessibility and reasonable accommodations.
- Certain repairs, renovations, alterations, and capital improvements of property.
- For disaster relief project under WIOA Section 170(d).
- For YouthBuild programs under WIOA Section 1719c(2)(A)(i).
- For any other projects the DOL Secretary determines are necessary to carry out WIOA Section 189(c)

(20 CFR §683.235)

INVENTORY CONTROL

Subrecipient must maintain accurate inventory records of all equipment purchased federal and state funds SBWIB, Inc. funds. All furniture, property, and equipment must be reported **AND** properly identified. Further, the SBWIB or South Bay One-Stop Business and Career Centers identification tags must be affixed to all applicable inventory in an area or space where the tag is visible or easily accessible to examine as part of the inventory process. A physical property inventory must be taken and reconciled with the property records at least once every two years. The equipment records shall include the following information:

- A description of the property
- Manufacturer's serial number, model number, or other identification number.
- Source of funding for the property (including the Federal Award Identification Number).
- Whether the title is held by the subrecipient or by DOL.
- Cost of the property.
- Percentage of federal participation in the project costs for the federal award under which the property was acquired.
- Location, use, and condition of the property.

South Bay Workforce Investment Board/One-Stop Centers Inventory Supplies Management Listing (Less than \$5,000 value) Attachment A

South Bay Workforce Investment Board –Property Management Inventory Listing (Over \$5,000) Form will be utilized if equipment has a fair market value of \$5,000 or more. Attachment B

Replacement of Equipment

When acquiring replacement equipment, the equipment to be replaced may be used as a trade-in or sold. When selling property, the proceeds shall be used to offset the cost of the replacement property. The replacement property must be for a like item. Any such

Report of Lost, Stolen or Damaged, Non-Expendable Personal Property

Should any non-expendable personal property with an acquisition cost of \$5,000 or more purchased with WIOA funds or transferred from the WIA program, be lost, stolen or damaged, a SBWIB Report of Lost, Stolen or Damaged Non-Expendable Property Form (Attachment B) must be completed. For missing and stolen property the local police department should be notified and a police report filed. The SBWIB, Inc. Compliance Manager will be notified immediate upon the discovery of lost, stolen or damaged property. Any other expendable supplies such as computer, printers or fax machines should also be reported to the appropriate local police authorities and the above mentioned form should be submitted to the SBWIB, Inc. Compliance Manager.

Maintenance of Equipment

All SBWIB, Inc. and the South Bay One-Stop Business and Career Centers computer type equipment will be maintained by the Information Technology Unit of the SBWIB, Inc. to ensure the equipment is maintained in good working condition or replaced as needed.

The SBWIB, Inc. will utilize an independent contractor to provide vehicle maintenance for the SBWIB's passenger van which includes tune-ups, oil change and other necessary maintenance as needed.

All maintenance of all equipment (copiers, faxes, printers, etc.) is the responsibility of the SBWIB, Inc. and will be budgeted to ensure equipment is maintained in good working condition.

Proper Utilization

The SBWIB and each One-Stop Center(s) having equipment purchase with WIA funds are responsible for the proper utilization of the property. Property must be used for grant-funded purposes in the program for which it was acquired. When the program or project for which the property was purchased no longer exists, or the property is being used for non-grant purposes, the agency must notify the SBWIB Procurement and Contracts Unit and request disposition instructions.

DISPOSITION OF PROPERTY

Equipment

Equipment with a per unit fair market value of \$5,000 or more, or inventory of unused supplies with a total aggregate fair market value of \$5,000, will be disposed in accordance with the disposal guidelines outlined in **Workforce Services Directive 16-10**.

In the event property or equipment is deemed salvage, a subrecipient may sell or otherwise dispose of any equipment and inventory that has a current fair market value of less than

\$5,000 in other aggregate upon approval from the SBWIB, Inc. Salvage is defined as property and equipment, including any fixed assets or portable items of equipment, purchased with federal, state funds which are now obsolete, inoperative, safety hazard, or otherwise no longer useable. The fair market value of salvage equipment must be determined prior to disposal.

Property Disposition

When acquiring replacement equipment, the equipment to be replaced may be used as a trade-in or sold. When selling property, the proceeds shall be used to offset the cost of the replacement property. The replacement property must be a like item. Proper sales procedures must be established to ensure the highest possible return. When acquiring replacement equipment, the approval for the trade-in or selling of property must be obtained in writing from the Procurement Manager.

For disposition of non-expendable property with an acquisition cost of \$5,000 or more, instructions on disposition will be obtained from the State Employment Development Department (EDD). For the disposition of non-expendable property with an acquisition cost of under \$5,000 the following guidelines apply:

- Items must be assessed to be of no further use, and
- It must be determined if it is on WIOA inventory.

Property without Market Value

Both inventoried and non-inventoried property need to be assessed by the Property Manager and IT Manager as to whether the property has any potential continued use/market value. If the item is judged to be without value, then it must be rendered inoperable before disposal.

Property with Market Value

If the property is judged to still have value, there are two options for disposal:

- The property may be donated to a non-profit agency that has a mission similar to that of the SBWIB.
- The property can be sold. Any sale of property must be advertised to the public. If the property is on WIOA inventory any proceeds from the sales are to be credited to existing grants.
- If the property is to be sold, the Procurement/IT Manager must ensure all personally identifiable information is destroyed and rendered inaccessible prior to releasing possession of said property.

Property Disposal Verification

The disposal of property should be verified:

- If the item is on WIOA inventory, the SBWIB Equipment Asset Disposal Form should be completed (Attachment D).
- For non-inventoried property, a memo listing the items and the manner of disposal (i.e. transferred, destroyed, donated, or sold) should be noted.

The SBWIB Equipment Asset Disposal Form or memo must be signed by the signed by a manager and approved by the Procurement Manager.

Regardless of the nature of disposal, all inventoried WIOA property that is disposed of shall be deleted from the inventory. The completed SBWIB Equipment Asset Disposal Form or memo will be maintained by the Procurement Manager.

Property Transfer WIA to WIOA

All WIA property on inventory with a depreciated value over \$5,000 must be transferred to WIOA and inventoried. WIA property not transferred should be disposed of in a manner consistent with local or state policy as appropriate.

PROPERTY RECORDS RETENTION

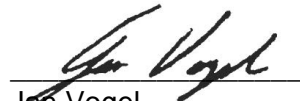
All property records must be maintained from date of acquisition, through final disposition. The subrecipient must also retain those records for a period of three years from the date of their last expenditure report submitted to the state. If any litigation, claim, or audit is started before the expiration of the three year period, all records must be retained until findings have been resolved and final action taken. Subrecipients must also have maintenance procedures on file that detail how the equipment and inventory will remain in good operating order.

ACTION REQUIRED:

Ensure that all career center staff, partners and subrecipients are informed of the content of this issuance.

INQUIRES:

If you have any further questions or require further information, please contact the Procurement Manager at (310) 90-7730.



Jan Vogel
Executive Director

Attachments

**South Bay Workforce Investment Board/One-Stop Operator
Inventory of Supplies/Property Management Listing
As of _____**

LOCATION OF PROPERTY	FUNDED BY WIA / WIOA

Description (i. e. Chair, Computer, etc.) Model	Identifying Info Serial No.	Purchase Date & Price	Inventory Tag No.	Location	Condition	Used for WIOA Purpose Y/N	Physically Verified Y/N

Custodian Signature/Date

Attachment B

South Bay Workforce Investment Board/One-Stop Operator
As of _____

PROPERTY MANAGEMENT INVENTORY LISTING (OVER \$5,000 VALUE)										
Item Description/ Model	Identifying Info (Serial No.)	Funding Source	Purchase Date/ Purchase Price	Inventory Tag Number	Title Holder/ % Owned	Disposition	Location	Condition	Used for WIA Purpose Y/N	Physically Verified Y/N
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										

**South Bay Workforce Investment Board
 South Bay One-Stop Business & Career Centers (OS)
 Report of Lost, Stolen, or Damaged Personal Property**

1. Date: _____

Contact Information:

2. SBWIB #: _____	3. Subrecipient Name: _____
4. Address: _____	
5. Phone: _____	6. Fax: _____

Details of Incident

7. Type of Incident: <input type="checkbox"/>	<input type="checkbox"/> Fire	<input type="checkbox"/> Accident	<input type="checkbox"/> Other (indicate)
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8. Explain the circumstances associated with the loss, indicating date, time, and person's name discovering the loss: (additional pages if needed)

9. Location of property at time of loss:

10. Description of Property from SBWIB/OS WIA Inventory Listing	11. Tag #	12. Serial #	13. Acquisition Date	14. Acquisition Cost	15. Condition of equipment

16. Was the property loss covered by insurance? () Yes () No (if yes, indicate insurance carrier, policy number, and intent to replace)

17. If the loss was uninsured, how will the loss be financially repaid?

Attached a Copy of the Police, FBI, or Fire Department Report (if available)

18. Signature of Property Officer _____

SBWIB Equipment Asset Disposal Form
 (Property/equipment - fair market value less than \$5,000)

PROPERTY DISPOSAL (Check appropriate boxes)

- Check if Equipment (e.g., computer, copier, printer,) has a hard* drive
 - Appraisal received, items(s) inoperative and of no value
 - Sell at fair market value
 - Trade-in, value received _____
 - Donation
 - Salvage
 - Recyclable material
-
- (*All hard drives must be removed and destroyed)

REASON FOR DISPOSAL OF PROPERTY

Inventory Tag #	Description Model#	Serial #	Purchase Date	Purchase Price	Funding Source	Condition

Property Disposal Recommendation – Inventory Services

CUSTODIAL RESPONSIBILITY:

Manager's Signature _____

Requested By: _____ Phone: _____ Date: _____

(Please Print)

Building #: 11539 Hawthorne Blvd. Room #: _____

APPROVAL

Date Received _____

Fair Market Value _____ How Determined _____

Recommended method of disposal _____

Approved by _____ Date _____
 Procurement Manager