

South Central Workforce Development Board (SCWDB)



POLICY: ASSET DISPOSITION

EFFECTIVE DATE: JANUARY 1, 2018

POLICY NUMBER: 2018-20

SUBJECT: ASSET DISPOSITION OF FEDERALLY FUNDED EQUIPMENT

PURPOSE:

The purpose of this policy is to provide guidance to SCWDB staff and vendors for disposing of federally-funded equipment in accordance with federal Office of Management and Budget (OMB) Circulars.

EFFECTIVE DATE: January 1, 2018

ACTION REQUIRED:

Within 15 days of the receipt of this policy it is the recipient's (e.g., vendors, partners) responsibility to ensure all staff are informed of the policy and to create an internal process to ensure accountability.

BACKGROUND:

On December 26, 2013, the US 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.**

This policy on inventory and disposition procedures is applicable to equipment acquired with federal funding. Equipment can be acquired through purchase, fabrication, donation, or transfer from another institution. For equipment acquired under a federal award granted prior to December 26, 2014, the SCWDB manages and disposes of these assets in accordance with federal regulation OMB Circular A-110 and industry accounting standards. For equipment acquired under a federal award granted on or after December 26, 2014, the SCWDB manages and disposes of these assets in accordance with the Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards, 2 CFR Part 200, and industry accounting standards. The SCWDB controls its assets through

a mandatory biennial inventory, logistical and financial accountability, and appropriate disposition of unnecessary property.

POLICY:

It is the policy of the SCWDB that equipment acquired with federal funding will be disposed of in accordance with federal regulations, sponsor requirements, and state policies. The management of equipment acquired with federal funding by the SCWDB and/or its' vendors is an integral process supported by the SCWDB Audit Committee and accounting processes.

Definitions

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 dollars (Uniform Guidance Section 200.33).

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

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 (Uniform Guidance Section 200.48).

Information Technology Systems—computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related services (Uniform Guidance Section 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) (Uniform Guidance Section 200.59).

Personal Property—property other than real property. It may be tangible, having physical existence or intangible (Uniform Guidance Section 200.78).

Property—real property or personal property (Uniform Guidance Section 200.81).

Real Property—land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment (Uniform Guidance Section 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 (Uniform Guidance Section 200.93).

Supplies—all tangible personal property other than equipment. A computing 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 (Uniform Guidance Section 200.94).

Disposition of Property

If equipment with a per unit fair market value of \$5,000 or more, or an inventory of unused supplies with a total aggregate fair market value of \$5,000 or more, is no longer needed for the original project or program, the subrecipient may use the property for other activities currently or previously supported by DOL. Otherwise, if the property is not needed for the original program/project or other DOL supported activities, the subrecipient may either retain or sell the property and reimburse the state for the WIOA federal funds' share (Uniform Guidance Section 200.313-200.314).

The amount of reimbursement is computed by applying the percentage of WIOA federal funds used to purchase these items to the current "fair market" value of the property. If only WIOA federal funds were used, then use 100 percent for the calculation. Subrecipients may deduct and retain from the WIOA share \$500 or 10 percent of the proceeds of the sale, whichever is less, for the subrecipient's selling and handling expenses.

If the subrecipient has no further use for the property and wishes to dispose of it (in a manner other than selling) they must request disposition instructions from the state. If the per unit cost of equipment or total aggregate inventory of unused supplies is less than \$5,000, the subrecipient may retain the property with no further obligation. Disposition records must still be kept in accordance with WIOA record retention requirements.

For the purposes of reporting equipment to be disposed of, SCWDB and its vendors will use the attached form. When reporting any property on the *Inventory Certification Form*, all similar items should be grouped together by category for inventory and fair market value purposes (e.g., computers, furniture, etc.).

Calculation of "Fair Market" Value

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, the following:

- 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. Depreciated value is not "fair market" value, nor a determining factor in establishing the "fair market" value.

Requirements for Federally-owned Equipment

When it is required, SCWDB shall submit annually an inventory listing of federally owned property in their custody to the Federal awarding agency. Upon completion of the award or when the property is no longer needed, the SCWDB shall report the property to the Federal awarding agency for further Federal agency utilization.

Inventory Records

SCWDB will maintain accurate inventory records of all property purchased with federal funds. All property should have a unique identification mark to be used for inventory purposes. The inventory records will include the following information:

- A description of the equipment/property.
 - Manufacturer's serial number, model number, or other identification number.
 - Source of funding for the equipment/property (including the Federal Award Identification Number).
 - Whether the title is held by the subrecipient or by DOL.
 - Acquisition date (or date received, if the property was furnished by the federal government).
 - 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.
 - Ultimate disposition data including the date of disposal and the sale price.
- (Uniform Guidance Section 200.313[d])

SCWDB will use a distinguishing mark, which will be attached to the equipment to identify Federal/recipient ownership. Physical inventory of equipment will be taken and the results will be reconciled at least once every two years.

REFERENCES:

- WIOA (Public Law 113-128)
- Title 2 *Code of Federal Regulations* (CFR) Part 200: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance)
- Title 2 CFR Part 2900: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Department of Labor [DOL] Exceptions)
- *Prior to December 26, 2014 – Circular A-110* is a federal regulation issued as Circular A-110 (and its amendments) and regulates Uniform Administrative Requirements for grants and agreements with institutions of higher education, hospitals, and other nonprofit organizations. See sections 33 and 34. http://www.whitehouse.gov/omb/circulars_a110/
- *As of December 26, 2014 – 2 CFR 200 Uniform Guidance – Section 200.310 – 200.316* is the Code of Federal Regulation "Uniform Guidance" that defines Uniform Administrative Requirements for federal awards with institutions of higher education, hospitals, and other nonprofit organizations. <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-313.pdf>
- *Biennial Inventory* – In accordance with *OMB Circular A-21, Cost Principles for Educational Institutions and Other Non-Profit Organizations*,

https://www.whitehouse.gov/omb/circulars_a021_2004 and OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions* https://www.whitehouse.gov/omb/circulars_a110#71

- Title 20 CFR: "WIOA; Final Rule," Section 683.200
- Training and Employment Guidance Letter (TEGL) 15-14, Subject: *Implementation of the New Uniform Guidance Regulations* (December 19, 2014)

Approved:

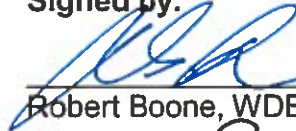
3-15-18

Date of WDB Approval

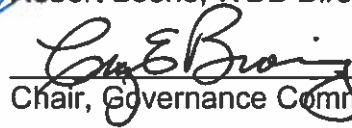
1-11-18

Date of Governance
Committee Approval

Signed by:



Robert Boone, WDB Director



Chair, Governance Committee

Inventory Certification Form

Subrecipient _____

I certify that:

- all equipment (per unit)
- all supplies (aggregate)

currently in use has a fair market value of less than \$5,000. We intend to retain, sell or dispose of these items at our discretion. Nothing will be reported to the state.

I certify that:

- equipment (per unit)
- all supplies (aggregate)

with a fair market value of greater than \$5,000 will be used as long as needed on any federally sponsored program. Preference will be given to programs funded by the Employment Training Administration. A completed inventory form is attached.

This AGENCY states:

- equipment (per unit)
- all supplies (aggregate)

with a fair market value of greater than \$5,000 will no longer be used in connection with other federally sponsored activity. We will RETAIN these items and reimburse the state the fair market value within 30 days. A completed inventory form is attached.

This AGENCY states:

- equipment (per unit)
- all supplies (aggregate)

with a fair market value of greater than \$5,000 is/are no longer needed. We will SELL these items and deduct any actual and reasonable selling and handling expenses (\$500 or 10 percent, whichever is less). We will then forward the balance of funds as instructed in the closeout guide. Disposition is to be completed within 30 days of filing the final closeout reports. A completed inventory form is attached.

Subrecipient's Authorized Representative

Date

**WORKFORCE INNOVATION AND OPPORTUNITY ACT
CLOSEOUT INVENTORY**

(Instructions for Completing WIOA Closeout Inventory)

1. Description	Provide a brief description of the equipment, e.g. Dell Computer Optiplex GX1. Dell Trinitron monitor.
2. ID Number	Enter the identification number used to track the equipment for inventory control; e.g., manufacturer's serial number, model number, Federal stock number, national stock number, WIOA Tag number, or other identification number.
3. Date Acquired	Enter the date the equipment was acquired (or date received), if the equipment was furnished by the federal government.
4. Cost Basis	Enter the per unit cost of equipment or the aggregate cost of supplies at the time of procurement.
5. Condition	Enter the condition of the equipment or supplies (good, fair, poor, not working, etc.) at the time of disposal.
6. Fair Market Value	Enter the fair market value of each inventory listing. Use the instructions provided to determine the best way to compute the fair market value.
7. Federal program transferred to	Provide the name of another federal program the inventory will be transferred to (if applicable).