



**COUNTY OF SAN LUIS OBISPO**  
**DEPARTMENT OF SOCIAL SERVICES**  
**WORKFORCE DEVELOPMENT BOARD**

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**POLICY NO:** 24-19  
**TO:** Service Providers  
**EFFECTIVE:** January 01, 2020 (Revised 02/25/2021)  
**SUBJECT:** Property Management – Equipment Purchases, Inventory and Disposal

**REFERENCES:**

- Title 29 CFR - Subpart C – Post Award Requirements et.al. (including but not limited to Sections 95.34 (Equipment), 95.40 through 95.48 (Procurement Standards), and 95.53 (Retention and access requirements for records)
- Title 29 CFR Part 97, Sections 97.32 (Equipment), 97.36 (Procurement) and 97.42 (Retention and access requirements for records)
- Title 2 CFR – Chapter II, Office of Management and Budget Guidance et.al - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- One-Stop Comprehensive Financial Management Technical Assistance Guide (Department of Labor – July 2002)

**PURPOSE:**

This policy provides guidance regarding the purchase, inventory and disposal of property with a per-unit single cost of \$5,000 or more or the purchase, rent, licensing, maintenance fee, or subscription of information-technology applications/software/services with a per-unit single or cumulative cost totaling \$5,000 or more within a twelve-month period purchased with Workforce Innovation and Opportunity Act (WIOA) funds.

This policy is based on SLOWDB's interpretation of WIOA law, regulations and policies and federal, state and local laws, regulations and policies. This policy will be reviewed and updated based on any additional federal or state guidance.

**BACKGROUND:**

The WIOA Final Rule provides fiscal and administrative guidance for the administration of the WIOA program, including specific requirements for

purchasing property. The intent is to ensure that purchases of property or licensing/subscriptions of information-technology application/software/services are approved, performed through fair and open competition, and managed according to proper inventory, maintenance, and disposition procedures.

**DEFINITIONS:**

Equipment – tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit, including all costs related to the property’s final intended use.

Hardware – physical components of computer systems.

Information Technology – computer hardware and software, including licensing or subscriptions to software and software support services.

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

License Fee – payment for authorization allowing use of property, equipment or proprietary software.

Property – durable goods, equipment, buildings, installations, and land.

Software – programs, procedures, data, and routines used, accessed, and/or stored by computers.

Subscription – refers to the regular remittance of pay for the licensed use of services, applications/software, equipment, or property with a cost of \$5,000 or more per unit, or cumulative cost within a twelve-month period.

**POLICY:**

To directly charge the WIOA funds account for any property purchases, with a per unit cost of \$5,000 or more, or the purchase, rent, licensing, maintenance fee, or subscription of information-technology application/software/services with a per-unit or cumulative cost for a twelve-month period, a service provider must request in writing prior approval from DSS. This request must include documentation describing the item(s) to be purchased, rented, or subscribed to as well as an explanation of functionality. If purchasing or subscribing software, the documentation must clarify how new software will deliver functionality not provided by state or local partners.

If an approval letter is issued, the WIOA funds account may be charged for the purchase. A letter not approving a request for purchase will specify the reason

for the disapproval. If the request is not approved and property is charged, the service provider may incur a disallowed cost.

### 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 submitted for approval by the state at time of purchase.

### Purchase Considerations

The following considerations must be made prior to requesting approval from DSS to direct charge WIOA funds for the purchase of property or licensing subscription cost of \$5,000 or more per unit, or cumulative cost for a twelve-month period.

- Is this purchase necessary and the price reasonable?
- What is the best product to serve the intended purchase?
- What procurement method should be used?
- Was a lease option considered in lieu of the purchase?
- What other costs are associated with the purchase?
- Is there a cost sharing agreement if multiple partners will share the cost of the purchase?
- Does the State of California already provide a suitable item, service, or software being considered for rent, purchase, of subscription?

### Cost Sharing Information

When a service provider plans to enter into a “cost sharing” agreement for the purchase of property with a per-unit (or cumulative cost for a twelve-month period) purchase price or subscription cost of \$5,000 or more, it must obtain prior approval no matter the portion they plan to contribute.

### 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:

- 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.

### 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. Leasing with an option to purchase is generally preferable to straight leasing.

### INVENTORY RECORDS:

Service providers must maintain accurate inventory records of all equipment purchased with federal funds. All equipment should have a unique identification mark to be used for inventory purposes. 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:

1. A description of the equipment.
2. Manufacturer's serial number, model number, or other identification number.
3. Source of the equipment, including the contract number.
4. Acquisition date
5. Per unit cost at acquisition.
6. Records showing maintenance procedures to keep the equipment in good operating order.
7. Location and condition of the equipment and the date the information was reported.
8. Percentage of Federal Participation (The extent Federal dollars were used to finance the purchase).
9. Disposition date, sale price, loss, theft, etc.

### DISPOSITION:

For equipment with a residual fair market value of \$5,000 or more, the service provider must request disposition instructions in writing from DSS.

For property with a fair market value of less than \$5,000 the service provider may retain, sell or dispose of the property and nothing needs to be reported to the State. A disposition record must be kept for any transaction in accordance with WIOA record retention requirements.

**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 DSS. 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:**

The WIOA Title I funds must not be spent on construction or renovation of facilities or buildings without the specific written approval of DSS. 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 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.

**ACTION:**

DSS WDB staff and service providers shall follow this policy. This policy shall remain in effect until such time that a revision is required.

**INQUIRIES:**

Any questions regarding this policy may be directed to the DSS WIOA Program Manager at 805-781-1838.

Workforce Development Board (WDB) Approval Required? Yes No X

Initial approval date: \_\_\_\_\_

WDB revision approval date: \_\_\_\_\_