NORTH CENTRAL COUNTIES CONSORTIUM

PROPERTY MANAGEMENT POLICY

Purpose

This document establishes procedures for the management of property purchased for the Workforce Investment Act (WIA) program as well as property carried into the WIA program from the Job Training Partnership Act (JTPA) program. While procedures for purchase of property are addressed in the NCCC Procurement Policy, requirements for prior approval of large purchases are included in this procedure, as well as guidance on reporting, tracking, and disposition of property that is tracked by NCCC.

Background

The WIA Final Rule, Title 20 CFR Section 667.200, provides fiscal and administrative guidance for the administration of the WIA program, including specific requirements for the purchasing property. This guidance includes direction and referral to Title 29 CFR Part 97 for states and local governments. 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.

References

- WSD14-13, Property-Prior Approval, Purchasing, Inventory and Disposal
- NCCC Administrative Policy No. 03: Procurement Policy
- WSD 12-10, Subject: Procurement
- WIAD03-10, Subject: Allowable Costs
- Title 20 CFR 667.260
- Title 20 CFR 667.400, Responsibility for Oversight and Monitoring
- Title 29 CFR Part 97, Sec. 97.32, 97.33, 97.36 and 97.42
- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- Federal Register Notice on Resource Sharing for WIA One-Stop Centers, 6/27/00 (U.S. Department of Labor, Employment and Training Administration)

Definitions

Several terms used in this procedure are defined in federal guidance, particularly federal regulations at 29 CFR Part 97. Some definitions are NCCC definitions for purposes of defining and managing property in NCCC. Definitions for NCCC property management are:

> *Acquisition Cost* or *Original Purchase Price or Cost* – monetary value for an item including sales tax and costs (with sales tax) of any integral components, add-ons, or upgrades of an item. This does not include shipping or installation costs or cabling, etc.

Equipment – tangible, non-expendable 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.

Expendable Property – supplies, furnishings, tools, and equipment, etc., with an original purchase price under $5,000 per item.

Hardware – physical components of computer systems.

Information Technology – computer hardware and application/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.

Non Expendable Property – durable goods, equipment, buildings, installations, and land. Property with an original purchase price of $5,000 or more per item, including JTPA-transferred property.

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, application/software, equipment, or property with a cost of $5,000 or more per unit, or cumulative cost within a twelve-month period.

POLICY

A. Purchase Considerations

In order to satisfy federal and state procurement requirements, the following items should be taken into consideration prior to requesting approval to direct charge WIA 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 (these considerations are also on the approval form attached to this policy):

- Is this purchase necessary and reasonable?
- Why is this purchase needed?
- Have the best products been selected?
- What procurement method will 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? See “Cost Sharing Information” section if costs are being shared.
- Does the state already provide the item, service, or software being considered for rent, purchase, or subscription?

B. Prior Approval

Real Property:

Purchase of real property with any WIA funds is not allowable.

Non-Expendable Property:

Prior approval is required from the NCCC and the State of California to direct charge the WIA funds account for non-expendable property purchases ($5,000 or more), including 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. The approval process is as follows:

1. Complete and submit to NCCC a “Request for Approval to Charge WIA Funds for the Cost of Property” form (attached to this policy).

2. Documentation describing items(s) to be purchased, rented, or subscribed to as well as an explanation of functionality, submitted with request.

3. If purchasing or subscribing software, submit documentation clarifying how new software will deliver functionality not provided by state or local partners.

4. NCCC will forward the Request to the State of California Workforce Services Division for consideration.

5. After State review and decision, an approval or disapproval letter will be issued to the requesting agency.

If an approval letter is issued, the WIA funds account may be charged for the purchase. If the request is not approved and property is charged, the entity may incur a disallowed cost.

Expendable Property:

There is no requirement for prior approval of purchase for expendable property.

C. Title to Property

Title to WIA or JTPA funded, non-expendable property, with an acquisition cost $5,000 or more, vests with NCCC. Title to property with an acquisition cost less than $5,000 remains with the purchasing agency.

D. Property Acquisition, Reporting and Inventory

1. Audit Trail

   An audit trail shall be maintained showing the acquisition and disposition of all non-expendable property. An audit trail shall also be maintained for expendable property and supplies. The NCCC Records Retention Policy applies to records of JTPA and WIA property purchases, use, and disposition.

2. Reporting Purchases of Non-Expendable Property and Inventory Tagging

   Upon receipt of both the item(s) and the invoice(s) from the purchase of non-expendable property, the agency shall verify that items purchased are received in good condition, and shall then write clearly on the invoice(s), if not already listed, the serial numbers of the items purchased. The agency is to retain this original invoice, and a copy is to be sent to the NCCC property manager. NCCC, upon receipt of property invoices, will send inventory tags for the non-expendable property identified on the invoices, and agency staff shall tag the items as instructed by NCCC.

3. Inventory of Non-Expendable Property

   Subcontracting agencies shall conduct an annual physical inventory of all WIA and JTPA funded non-expendable property purchased by or transferred to the agency. The physical inventory shall include purchases through the end of the recently completed program year. On-site monitoring visits will be conducted by NCCC to ensure the accuracy of the service providers' inventory. The following information shall be shown on the inventory list:

   a) Date of Inventory
   b) Agency Name
   c) Description of the Item
   d) Manufacturer's Name
   e) Model
   f) Serial Number
   g) Acquisition Date
   h) Acquisition Cost (does not include tax, installation, or shipping costs)
   i) NCCC Share of Cost
   j) NCCC Inventory Tag Number
   k) Physical Location
   l) Condition
   m) Disposition Data as Listed Below:

1) date of disposal
2) sale price (if any)
3) disposition method (i.e. lost, theft, sold, donated, discarded, etc.)
4) method of determination for the fair market value (i.e. appraisal, E-Bay, Kelley Blue Book, etc.)
5) condition of item at time of disposal (i.e. fair, poor, etc.)

I. Lost, Stolen, or Damaged Non-Expendable Property

Lost, stolen, or damaged, non-expendable property shall be reported to NCCC. If theft is suspected, a police report should be requested and a copy sent to NCCC, along with a cover letter explaining the loss. Damage to non-expendable property shall also be reported in writing. A control system to ensure adequate safeguards to prevent loss, theft, or damage to property must be implemented at each NCCC subcontractor.

J. Property Disposition

1. Property valued $5,000 or more:

If the equipment's fair market value at the time of disposal is $5,000 or more, prior approval for disposition is required from NCCC. Fair market value should be determined by a vendor of similar property, an appraiser or other legitimate, outside source, including real-time internet search such as E-Bay or Kelley Blue Book. A certification of the property's value by the outside source must be documented and provided to NCCC. Proceeds from the sale or disposition must be returned to the state per WSD 14-13.

2. Property valued under $5,000:

If the equipment's fair market value at the time of disposal is less than $5,000, prior approval from NCCC for disposition is not required. The equipment may be sold, donated, or disposed of at the agency's discretion. Fair market value must be determined by a vendor of similar property, an appraiser or other legitimate, outside source, including real-time internet search such as E-Bay or Kelley Blue Book. A certification of the property's value by the outside source must be documented and provided to NCCC including the item description, NCCC tag number, disposal date, condition at time of disposal and the disposition method. Proceeds from the sale or disposition may be retained by the service provider for any reasonable purpose in support of the goals of the WIA programs. Service providers must provide documentation that the proceeds have been allocated to the WIA program upon request.

K. Shared Use

When an entity 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, they must obtain prior approval no matter the portion they plan to contribute. This is based upon direct guidance from the Department of Labor (DOL).

Property costs benefiting multiple WIA programs, cost categories, or non-WIA programs, including mandatory One-Stop career center partners, shall be allocated equitably using a reasonable cost allocation procedure or shared use plan. (Refer to U.S. Department of Labor, Employment and Training Administration Notice, 6/27/00, titled "Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs".)

REQUEST FOR APPROVAL TO CHARGE WIA FUNDS FOR THE COST OF PROPERTY

DATE ____________________

SUBRECIPIENT NAME ______________________

ESTIMATED TOTAL COST OF PURCHASE ____________________

DESCRIPTION OF PROPERTY TO BE PURCHASED WITH WIA FUNDS AND FUNCTIONALITY

REASON(S) FOR THE PROPERTY PURCHASE

DESCRIBE PROCUREMENT METHOD AND LEASE-OPTION OR PROPERTY SHARING CONSIDERATIONS

COSTS (MAINTENANCE, SET UP, TAXES, FEES, ETC.) ASSOCIATED WITH THE PURCHASE

NAME AND ADDRESS OF THE ENTITY WHERE THE PROPERTY WILL BE LOCATED

____ ____

AUTHORIZED REPRESENTATIVE (PLEASE PRINT) SIGNATURE