



RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY

# ***POLICIES & PROCEDURES***

Date: March 29, 2004

Number: 16-02

- SUBJECT:** **PROPERTY MANAGEMENT: ACQUISITION, RECEIPT, INVENTORY, STORAGE AND DISPOSITION**
- PURPOSE:** To provide Riverside County Economic Development Agency (EDA) Workforce Development service providers and staff with guidance for the acquisition, receipt, inventory, storage and release of property and equipment purchased with federal funds.
- REFERENCES:** Code of Federal Regulation (CFR) 29, Part 95, and Sections 95.2 95.21, 95.32 and 95.34  
  
29 CFR, Part 97, Sections 97.3, 97.20, 97.31 and 97.32  
  
One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG)
- SUPERCEDES:** Riverside County Private Industry Council Job Training Policy and Procedures 13-2 Rev.2, Property Management, July 8, 1993.
- LOCALLY IMPOSED REQUIREMENTS:** Locally imposed requirements are identified in ***bold, italic*** type.
- EFFECTIVE DATE:** January 1, 2004

**DEFINITIONS:**

**Capital Asset:** capital assets are assets that are not available or cannot be made available to finance current operations.

- **Other Capital Assets:** buildings, land and improvements to buildings or land that materially increase the value of useful life.

**Capital Expenditure:** expenditures for land or building improvements as well as building and equipment repairs or maintenance expenditures that increase the value of a capital

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**DISTRIBUTION: WDB; SP; ADMIN; PPD; FISCAL; PROG.COMP.; CUST.SERV.**

asset or increase its estimated useful life are identified as capital expenditures in Federal regulations.

Capital expenditure for equipment also 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.

**Computer Software:** considered to be non-expendable personal property.

**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.

**Information technology:** computer hardware and software. Purchase is only allowable when such computer technology is “year 2000 complaint” (Title 20 CFR 667.200(c)(7).

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

**Procurement:** includes all stages of the process of acquiring property or services, beginning with the process for determining a need for property or services and ending with contract completion and closeout.

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

Types of Property			
Real	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)	<b>Nonexpendable (Equipment)</b>	<b>Expendable (Supplies)</b>	Without physical existence: patents, trademarks, or copyrights that are produced or acquired under the agreement.
	Useful life of more than one year and a unit acquisition cost of \$5,000 or more.	Everything else.	

**Supplies:** means all items purchased in support of the day-to-day operations of a business that will be expended in less than one year or will be outdated or obsolete within one year. For example, office supplies or minor equipment costing \$100 or less, computer software not expected to be upgraded within a year and other consumables.

## **BACKGROUND:**

Federal regulations require governmental entities, nonprofit entities, higher education institutions, and commercial organizations follow the Code of Federal Regulations and Office of Management and Budget Circulars as they apply regarding the acquisition, title, use and disposition of equipment and supplies purchased with federal grant funds. These regulations apply to both direct recipients of federal grants as well as subrecipients. In accordance with these regulations the Riverside County Economic Development Agency (EDA) establishes the following policy and procedures for property management.

## **POLICY:**

***All subrecipient agreement holders must complete state form FWIAD03-09 and must request prior approval from the State Employment Development Department via EDA contract staff to purchase property (equipment having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit including all cost related to the property's final intended use). Agreement holders must follow the procurement procedures outlined in the EDA Procurement Policy Number 18-01.***

***Upon receipt of property, EDA Property Management Officer will acquire EDA identification tag(s) and affix the identification to the equipment. Agreement holders will be required to develop and maintain an inventory log, EDA Fiscal Form 448-12, (Attached) to be made available upon request and retained at their facility.***

## **PROCEDURES:**

### **Acquisition**

A written request for approval to purchase equipment with an acquisition value of \$5,000 or more is required from the State of California Employment Development Department (EDD). All requests for purchase of property or equipment meeting the definition within this policy must first be submitted to EDA Planning and Development staff. Prior to the request for approval to purchase equipment, subrecipients must allocate in the budget if costs will be charged to one funding stream only or to multiple funding streams. EDA would maintain titleholder to equipment cost charged to multiple funding streams.

When EDD notifies EDA staff of approval and/or disapproval for purchases, a copy of the notification will be sent to the agreement holder. Only then will agreement holders be allowed to purchase equipment. After state provides approval to purchase, EDA's Procurement Policy Number 18-01 must be followed.

### **Rent or Lease of Property/Equipment**

The decision to rent or purchase personal property may be determined on the funds available.

Although leasing property with an option to buy is generally preferable to straight leasing, leasing is the only option with regard to real property since purchase or construction of real property is not allowed under the WIA program.

**Note: All renovations, lease hold improvements or tenant improvements on leased property are considered capital expenditures and are allowable only with prior approval from the state via EDA and only to make available, reasonable accommodations, and to provide physical and programmatic accessibility. Such capital improvements are only allowable when built into the lease and depreciated over the life of the building and not the lease. Agreement holders shall negotiate all improvements to be made by the landlord; no lease will contain base rents or separate tenant improvement amounts.**

### **Receipt of Equipment/Property**

When equipment is received and signed by designated staff, a copy of the purchase order, receipt of goods and packing list will be submitted with the monthly invoice for payment. Under no circumstances will EDA be responsible for any cost incurred by the agreement holder prior to receiving written authorization for approval of purchase. All equipment must be tagged with an EDA identification tag. EDA Property Management Officer will schedule an appointment to tag all property or equipment received. The agreement holder and/or Property Management Officer will have equipment inventoried, tagged, delivered or stored immediately upon receipt.

### **Inventory**

All equipment purchased under the terms of cost reimbursement or performance-based contracts (exclusive of fixed price or performance based training contracts) perpetually remains the property of EDA. Agreement holders must maintain an inventory log of equipment and control, protect and maintain the equipment in such a manner as to insure its useful life as an asset. Should any equipment be damaged or lost under any circumstances, the Report of Lost, Stolen or Damaged Non Expendable Property Fiscal Form 448-11 (Attached) shall be completed, appropriate police reports shall be filed, and the awarding agency shall be notified within five days of the loss.

The agreement holder must keep accurate records of all equipment purchased with funds awarded by EDA. The inventory log or equipment records must include the following information:

- Description of the equipment
- Manufacturer's serial number, model number, or other identification number.
- Funding source of the equipment, including agreement number
- Vendor source, including vendor number
- EDA as title holder
- Date received
- Cost
- Condition of equipment

- Maintenance record
- Location
- Unit acquisition cost
- Disposition date (sale price, loss, theft, etc)

A physical property inventory must be taken and reconciled with the property records at least once a year and submitted to the Property Management Officer.

At the end of every Program Year (PY) an updated inventory list must be submitted to the awarding agency for record reconciliation and to verify the existence, use and need for the equipment. Once the property has been identified and if further disposition is required, the request must be submitted in writing to EDA for state approval.

### **Transfer of Equipment/Property**

Property may not be sold, removed or disposed of from the original location without prior notification and approval from the State via EDA. Transfer of property/equipment from one location to another should be communicated via the Excess/Unserviceable Non-Expendable Property Fiscal Form 448-13 (Attached) and submitted to EDA. This information must be recorded on the inventory log and should list the condition of the equipment at time of transfer.

### **Disposition of Equipment/Property**

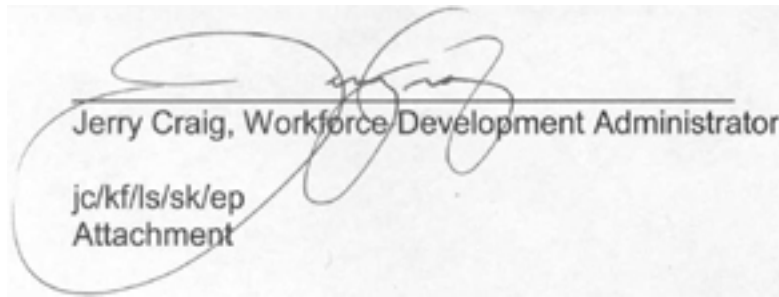
Property with a unit or an aggregate fair market value of less than \$5,000 may be retained, sold or disposed of at the close of the program. If the fair market value aggregate cost is more than \$5,000 the property/equipment may be used as long as needed for the program for which it was originally purchased at a use fee.

If the aggregate cost is more than \$5,000 and the property/equipment is retained for purposes other than what it was purchased, reimbursement is due to the state for the fair market value within 30 days at close of program. The amount of compensation shall be computed by applying the percentage of federal funds used in the purchase. If more than one federal fund revenue was used for purchases, the percentage would be divided among those funds and applied against the current fair market value for sale of equipment.

Property/equipment to be disposed of must be listed on form number 448-13, submitted and communicated to EDA for disposition approval. The Property Management Officer will seek disposition instructions from the awarding agency. All forms, yearly inventory reports and requests for purchase approval and disposition approvals must be submitted to:

Mary Cohn, Property Management Officer  
C/O Riverside Workforce Development Center  
1151 Spruce Street  
Riverside, CA 92507

Please direct any questions or concerns regarding this Policy and Procedure to EDA Workforce Development Division's Program Planning and Development Unit.



Jerry Craig, Workforce Development Administrator  
jc/kf/l/s/sk/ep  
Attachment