



# Employment Security Department

WASHINGTON STATE

## Workforce Innovation and Opportunity Act Title I Policy Employment System Administration and Policy

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Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high-quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

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**Policy Number:** 5407

**To:** Washington WorkSource System

**Effective Date:** July 1, 2015

**Subject:** Property Management and Inventory

**Purpose:**

To communicate requirements for the acquisition, management, and inventory of property, other than real property

**1. Background:**

Public Law 113-128 Section 184(a)(2)(A) requires each state, Local Workforce Development Board (LWDB), and service provider receiving funds under the Workforce Innovation and Opportunity Act (WIOA) of 2014 to comply with applicable uniform cost principles, including Uniform Guidance of the federal Office of Management and Budget (OMB).

This policy applies to capital assets, but not real property (i.e., land and buildings). Furniture, fixtures, software, or other "equipment" not an integral part of a building and with a unit acquisition cost of \$5,000 or less is not considered property and is to be classified as equipment.

**2. Policy:**

Individuals and organizations must adhere to the property management standards established in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D-Post Federal Award Requirements, Property Standards (2 CFR 200).

LWDBs must have a written policy addressing how they will ensure the management and inventory of all properties obtained using WIOA funds, including property purchased with Workforce Investment Act (WIA) funds and transferred to WIOA. The local policy must comply with WIOA, OFM policy and, in the case of local government, Local Government Property Acquisition policies.

The local policy must, at a minimum, address:

## Equipment Management and Inventory

- a. Grantees will retain property records that provide:
  - An item description;
  - The serial and model number or other identification number;
  - Source of the property, including grant or agreement number;
  - Whether title rests with that grantee, state or federal government, or other entity;
  - Acquisition date and cost;
  - Percent of federal participation in the project that purchased the equipment;
  - Location, use, condition, and date the information was reported; and
  - Date of disposal.
  
- b. A copy of the inventory of property must be maintained on file and available for review. In addition, all grantees must:
  - Keep property in good condition;
  - Use procedures to gain highest possible return on sold items;
  - Retain all records for three years after disposal of property; and
  - Tag all property purchased with WIOA funds that has a purchase or depreciated value of \$5,000.
  
- c. For small and attractive assets, in addition to sections a and b, grantees:
  - Should perform a risk assessment (both financial and operational) of the grantee's assets to identify assets that are particularly at risk or vulnerable to loss. Such assets that fall below capitalization policies are considered small and attractive assets.
  - Should implement measures to control small and attractive assets in order to minimize identified risks. Periodically, grantees should perform follow up risk assessments to determine if the additional controls implemented are effective in managing the identified risks.
  - Must include as small and attractive assets all items in the commodity class code major group 10XX – Weapons, Firearms, Signal Guns, and Accessories. Otherwise, grantees have discretion in setting their definition of small and attractive assets. However, absent a risk assessment and development of written policies for identifying and controlling small and attractive assets, grantees must include, at a minimum, the following assets with unit costs of \$300 or more as small and attractive:
    - 7013                                      Laptops and Notebook Computers
    - 7014                                      Tablets and Smart Phones

Grantees must also include the following assets with unit costs of \$1,000 or more:

- 6651                                      Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders
  
- 6710-6730                                Cameras and Photographic Projection Equipment

- 7012 Desktop Computers (PCs)
- 7730 Television Set, DVD Players, Blu-ray Players, and Video Cameras (home type)

NOTE: These items are listed in [Section 30.40.20](#) of OFM's State Administrative and Accounting Manual (the word "grantee" has been substituted for "agency" in this policy for ease of understanding).

## Depreciation

Grantees may use either the following OFM State Administrative and Accounting Manual (SAAM) [Section 30.20.70.b](#) (below) or policies established by their local government.

- a. To calculate depreciation using the straight-line method:

$$\text{Annual Depreciation} = \frac{\text{Cost} - \text{Salvage Value}}{\text{Asset Useful Life}}$$

- b. The composite method is based on weighted average estimated lives or an estimate of the useful life of the grouping of assets; such as library resources. The assessment could be based on condition assessments or experience with the useful lives of the groupings of assets. A consistent composite depreciation rate should generally be used throughout the life of the grouping of assets, but the rate should be recalculated if the composition of the assets or estimate of the useful lives changes significantly.

**Useful Life for Capital Assets** – Grantees are required to use the useful life shown in Schedule A, Capital Asset Commodity Class Code List and Useful Life Schedule ([Section 30.50.10.a](#)) for capital assets acquired in new condition. For energy efficiency equipment and products, refer to the Addendum to Schedule A (Section [30.50.10.b](#)). However, a shorter or longer estimated life may be used depending on factual circumstances, replacement policies, or industry practices. Grantees are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.

When establishing an asset's useful life:

- Grantees are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.
- The useful life for leasehold improvements is the estimated service life of the leasehold improvements, or the remaining term of the lease, whichever is shorter.
- The useful life for intangible assets acquired by contract generally should not exceed the period of the contract.

For depreciation purposes, the useful life of assets should be reviewed to ensure it has remained the same, and that no modifications have extended or altered the life of the asset. Impairment of assets or changes in contractual provisions may impact the useful life and remaining depreciation.

### 3. Definitions:

Capitalized Fixed Assets - Includes all land and all remaining fixed assets with a unit cost of \$5,000 or greater.

Depreciation - The portion of the cost of a capital asset representing the expiration in the service life of the asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and/or obsolescence which is charged systematically over the useful life of the capital asset. Refer to [Section 30.20.70](#). This element is not applicable to small and attractive assets.

Equipment - Tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of more than \$5,000.

Fixed Assets - Assets (normally tangible, but including several intangibles) acquired through donation, gift, purchase, capital lease, or self-construction with a life expectancy of more than one year.

Inventoriable Fixed Assets - Includes all capitalized fixed assets plus all fixed assets meeting the definition of small and attractive.

Supplies - All personal property other than equipment.

Useful Life - The estimated useful life of the capital asset in years. Refer to [Section 30.50.10](#) for Schedule A - Capital Asset Commodity Class Code List and Useful Life Schedule. This element is not applicable to small and attractive assets.

#### **4. References:**

All fiscal policies and guidance letters published for WIOA are governed, as appropriate, under:

- [Public Law 113-128](#)
- [2 CFR Part 200, Subpart E; Cost Principals : Special Considerations for States, Local Governments and Indian Tribes](#)
- [2 CFR Part 200 Subpart D; Post Federal Reward Requirements: Property Standards](#)
- [2 CFR Part 200 Subpart F; Audit Requirements: Management Decisions, Appendix XI to Part 200-Compliance Supplement](#)
- [Federal Register Vol. 65, No. 124, Resource Sharing for Workforce Investment Act One-Stop Centers](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)
- [OFM State Administrative and Accounting Manual, Section 30](#)
- [Washington State Employment Security Department Policy and Procedures](#)
- Washington State Office of Financial Management Policy and Procedures

#### **5. Supersedes:**

WIA Title 1-B Policy 3452 – Property Management and Inventory

#### **6. Website:**

[Workforce Professionals Center](#)

#### **7. Action:**

Local Workforce Development Boards and their contractors, as well as Employment

Security Regional Directors, should distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

**8. Attachments:**

None.

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