



COMMONWEALTH OF VIRGINIA
VIRGINIA COMMUNITY COLLEGE SYSTEM

WORKFORCE INNOVATION AND OPPORTUNITY ACT

**The Virginia Community College System
VIRGINIA WORKFORCE LETTER (VWL) No. 16-08**

TO: Local Workforce Development Boards

FROM: George Taratsas
Administrator, Federal Workforce Programs

SUBJECT: Equipment Management - Acquisition, Inventory, and Disposition

EFFECTIVE DATE: February 1, 2017

PURPOSE:

To communicate requirements and procedures for the acquisition, inventory and disposition of equipment.

REFERENCES:

WIOA Sections 121 and 181(b)(4), 2 CFR Part 200, Subpart D: Post Federal Award Requirements-Property Standards, 2 CFR Part 200, Subpart E: Cost Principles-Special Considerations for States, Local Governments and Indian Tribes

REVISION HISTORY:

This VWL replaces VWL #10-04, WIA Equipment Management Procedures – Purchase Inventory and Disposal.

DEFINITIONS:

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

Fair Market Value— Estimate of the market value based on what a knowledgeable, willing and unpressured buyer would probably pay to a knowledgeable, willing and unpressured seller in the market. An estimate may be founded either on precedent or extrapolation.

Subrecipient - a non-Federal entity that receives a sub-award from a pass-through entity to carry out a federal program and for which they are accountable for the funds.

BACKGROUND:

WIOA 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).

The following rules of allowability apply to equipment and other capital expenditures in 2 CFR 200.439 and 200.313 for all subrecipients:

- Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the awarding agency or pass-through entity.
- Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the awarding agency or pass-through entity.
- Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the awarding agency, or pass-through entity.
- Use of the equipment is for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project. Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the award.
- When no longer needed for the original program or project, the equipment may be used in other activities supported by the awarding agency, in the following order of priority:
 - Activities under a federal award from the federal awarding agency which funded the original program or project
 - Activities under federal awards from other federal awarding agencies. This includes consolidated equipment for information technology systems.

GUIDANCE:

There are three areas to be addressed regarding equipment management activities—Acquisition, Inventory and Disposition.

A. Acquisition (Subrecipients)

- a. Subrecipients must request written prior approval from the Virginia Community College System (VCCS) for equipment purchases with a per unit cost of \$5,000 or more. Lack of written prior approval for purchases may result in disallowed costs.
- b. Acquisition/Purchase Considerations:
 - i. The following considerations should be made prior to requesting approval from VCCS to utilize WIOA funds for the purchase of equipment:

1. Is this purchase necessary and reasonable?
2. Why is the purchase needed?
3. Have the best products been selected?
4. What procurement method will be used?
5. Was a lease option considered in lieu of the purchase?
6. What other costs are associated with the purchase?
7. What programs will be using and are benefitting from the equipment to be purchased?
8. In the event of multiple programs benefitting from the purchase, a cost sharing schedule must be provided with the purchase approval request.
NOTE: The subrecipient must obtain prior approval regardless of the portion of the equipment purchase that is allocated to WIOA funds.

c. Requesting Purchase Approval:

- i. Subrecipients must submit an Equipment Purchase Approval Request signed by an authorized signatory (See Attachment A). This form is available (in Excel format) by request to the WIOA Title I Administrator (scanned and emailed versions will be accepted).
- ii. The purchase request, along with supporting documentation, will be reviewed for completeness and reasonableness.
- iii. A written response will be issued to the subrecipient within seven business days upon receipt of a proper and complete request.

B. Inventory

- a. Subrecipients must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. Records will be available for monitoring by WDS staff.
- b. Subrecipients must maintain accurate equipment records that include the following information:
 - i. A description of the equipment
 - ii. A serial number or other identification number
 - iii. Source of the equipment, including the award number
 - iv. Title holder
 - v. Acquisition date
 - vi. Per unit cost of acquisition
 - vii. Percentage of federal participation in the cost of the property
 - viii. Location, use and condition of the property and the date the information was reported
 - ix. Any ultimate disposition data including the date of the disposal, sale price of the property, loss, theft, etc.
- c. Subrecipients must conduct a physical inventory of the property and the results must be reconciled with the property records at least once every two years
- d. All records must be maintained from the date of acquisition through final disposition. The subrecipient must also retain those records for a period of five years from the date of their last expenditure report submitted to the VCCS. If any litigation, claim, or audit is started before the expiration of the five-year period, all records must be retained until all findings have been resolved and final action taken.

C. Disposition

- a. When original or replacement equipment is no longer needed for the original project or program or for other activities currently or previously supported by an awarding agency, the subrecipient must dispose of the equipment in accordance with the awarding agency disposition instructions:
 - i. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
 - ii. Except as provided in 200.312 Federally-owned and exempt property, paragraph (b), or if the awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

INQUIRIES:

Direct inquiries to wdslocalarea@vccs.edu or the WIOA Title I Program Administrative Coordinator

**ATTACHMENT A
EQUIPMENT PURCHASE APPROVAL REQUEST FORM**

VIRGINIA COMMUNITY COLLEGE SYSTEM
Workforce Innovation and Opportunity Act
Equipment Purchase Approval Request

Subrecipients must request written prior approval from the WIOA Title I Administrator, Virginia Community College System (VCCS) for equipment purchases with a *per unit cost of \$5,000 or more*. Lack of written prior approval for purchases may result in disallowed costs.

PART I - SUBRECIPIENT INFORMATION

Organization Name: _____

Requester's Name and Title: _____

Phone: _____ Email: _____

PART II - DESCRIPTION OF EQUIPMENT & PURCHASE JUSTIFICATION

Qty.	Item Description	Unit Price	Total

*Attach supporting documentation and any other information that may be helpful to reviewer.

WIOA Funding Stream (Program Year and Adult, Youth and/ or DLW): _____

Federal Grant Award Name and Number: _____

Why is the purchase of this equipment essential for this grant program? Please identify the equipment's use as programmatic and/or administrative.

Will additional programs or entities not affiliated with WIOA utilize and benefit from the equipment to be purchased? If yes, please identify the programs and attach a cost sharing schedule.

PART III - CERTIFICATION

By signature of this request, I acknowledge that I have reviewed the **VCCS WDS VWL #16-08: Equipment Management – Acquisition, Inventory and Disposition Policy**. I certify that the above information is true and correct to the best of my knowledge. I also agree to abide by the Policy requirements with regards to the acquisition, inventory, disposition, and retention of equipment purchased with Workforce Innovation and Opportunity Act funds provided by the Virginia Community College System, the WIOA Title I Administrator.

Requester's Signature _____ Date _____

VCCS Approval Signature _____ Date _____