



COMMONWEALTH OF VIRGINIA
VIRGINIA COMMUNITY COLLEGE SYSTEM

WORKFORCE INNOVATION AND OPPORTUNITY ACT

VIRGINIA WORKFORCE LETTER (VWL) No. 16-08 change 1

TO: Local Workforce Development Boards

FROM: George Taratsas 
Director, WIOA Administration and Compliance

SUBJECT: Equipment Management – Acquisition, Inventory, and Disposition

EFFECTIVE DATE: July 1, 2021

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

- Office of Management and Budget Uniform Guidance, 2 CFR 200.12 Capital Assets
- 2 CFR 200.20 Computing devices
- 2 CFR 200.48 General purpose equipment
- 2 CFR 200.58 Information Technology Systems
- 2 CFR 200.89 Special Purpose Equipment
- 2 CFR 200.94 Supplies
- 2 CFR 200.313 Equipment
- 2 CFR 200.439 Equipment and other capital expenditures

REVISION HISTORY:

This VWL replaces VWL #16-08, Equipment Management – Acquisition, Inventory, and Disposition

DEFINITIONS:

Equipment - Tangible, non-expendable personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

Fair Market Value –

- For Sale purposes: The selling price of an item that is sold through auction, advertisement, or a dealer.
- For Retainage purposes: The value of similar items that are offered for sale, using the selling price if known.

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 costsharing 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 Director of Administration and Compliance (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 by the WIOA Title I Director of Administration and Compliance to the subrecipient within fifteen (15) 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 reported to the WIOA Title I Director of Administration and Compliance and investigated timely. Records shall be made available for monitoring activities conducted by the WIOA Title I Monitoring Team or the United States Department of Labor Employment and Training Administration (DOLETA), or any other official monitoring or audit activities conducted by federal agencies or the Commonwealth of Virginia. Adequate maintenance procedures must be developed and in practice to keep property in good condition.
- 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. Equipment Inventory records will be reviewed periodically through the monitoring process and at the request of the WIOA Title I Grants and Administration staff.
 - e. All records must be maintained from the date of acquisition through final disposition. The subrecipient must also retain those records for a period of three 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 three-year period, all records must be retained until all findings have been resolved and final action taken.
 - f. Annually as part of the program year close out process, each LWDA is required to complete a Government Property Close-Out Inventory Certification Form to identify any property purchased with WIOA Title I funds that has a current per unit fair market value of \$5,000 or more.

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.

ADDITIONAL CONSIDERATIONS - PROGRAM INCOME:

Subrecipients may permit employers to use WIOA-funded equipment on a fee-for-service basis to provide employment and training activities to incumbent workers in the following instances:

- When the equipment is not being used by eligible participants;
- If their use does not affect the ability of eligible participants to use the equipment; and
- If the income generated from such fees is used to carry out authorized programs.

Any program income generated on a fee-for-service basis for the use of equipment should be reported in the Monthly Expenditure Detail Report (MEDR).

ATTACHMENTS: WIOA Equipment Purchase Approval Request Form.xls

INQUIRIES:

Please submit inquiries regarding this VWL to wioa@vccs.edu