



**OPERATIONS MANUAL
CHAPTER 3
ACQUISITION AND PROPERTY
MANAGEMENT**

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Sec 1. Scope and Applicability

This chapter sets forth the detailed, uniform standards governing the acquisition, utilization and disposition of property procured in whole or in part under all reimbursement contracts with federal, state or local government funds administered by SDWP. The references for requirements specified in this Chapter are based on the following source documents:

- Employment Development Department (EDD) Directive WSD 16-10 Property – Purchasing, Inventory and Disposal [http://www.edd.ca.gov/Jobs_and_Training/pubs/wsd16-10.pdf].
- EDD Directive WSD12-10 Procurement, issued on November 30, 2012. [http://www.edd.ca.gov/Jobs_and_Training/pubs/wsd12-10.pdf]

Sec 2. Purpose of Property Management

The guidelines of property management are set forth to:

- Provide direction and guidance on proper property acquisition, use, and disposition policies;
- Account for the custody of property; and
- Provide for orderly movement of property.

Sec 3. Definitions

The following definitions apply:

- Equipment/Fixed Assets: tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more, 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 compliant" {Title 20 CFR 667.200 (c) (7)}.
- Intellectual Property: recognized protectable rights and interests such as patents, copyrights, trademarks, service marks, etc. It is also referred to as intangible property.
- Property: Durable goods, equipment, inventory, buildings, installations, and land.
- Real Property: land, land improvements, structures and additions thereto, excluding movable machinery and equipment.
- Personal Property: property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence) such as patents, inventions and copyrights.
- Inventory: property with an acquisition cost of \$1,000 to \$4,999.
- Non-expendable Personal Property: tangible personal property having a useful life of one year or more and/or an acquisition cost of \$1,000 or more per unit.
- Expendable Personal Property: all property other than non-expendable property that is expended or used up during the terms of the contract.
- Excess Property: property under the jurisdiction of the SDWP or its Subrecipient that is no longer required and can be made available to other agencies for use.
- Subrecipient: For SDWP purposes, Subrecipient shall refer to any person, corporation, public agency, or other entity with which SDWP enters into a contract for the delivery of services specified or the supply of materials to operate a project.

Sec 4. Title to Property

Title to non-expendable personal property acquired in whole or in part with funds provided under SDWP contracts shall be vested in SDWP. Property is subject to repossession and relocation by SDWP at the termination of the Operator's and Service Provider's Program. SDWP will make the determination of intent to retain their portion of the non-expendable personal property. The determination of SDWP's portion of the property will be determined by multiplying the current fair market value by the percent of SDWP funded contract percentage. If it is determined by SDWP to retain their portion of the property, the guidelines for disposition as outlined in Title 29 CFR Part 95.34 and [EDD wsd 16-10](#) shall be followed.

Sec 5. Responsibilities

SDWP and Subrecipient share the administrative functions associated with the acquisition, utilization, maintenance, and disposition of non-expendable personal property. The following sections enumerate the respective responsibilities and outline procedures by which control is maintained over the property.

(a) Responsibility of the SDWP

SDWP has the overall responsibility for the administration of all SDWP property, including all non-expendable personal property to which SDWP has title as mentioned in Section 3.4, "Title to Property". SDWP is also responsible for the accounting of all non-expendable personal property acquired wholly or in part with SDWP funds. Property records and other data provided by Subrecipient for entry into the Property Management System should be accurate to ensure an efficient property control system. Therefore, the Operator's and Service Provider's property records will be monitored for compliance with the rules and procedures set forth in this manual through periodic on site visits from SDWP staff. An on-site Physical inventory audit will be conducted no fewer than once every two years by SDWP staff.

(b) Responsibility of the Subrecipient

The requirements placed on SDWP are passed through to subrecipients who receive Workforce Innovation and Opportunity Act (WIOA) or other federal/state funds. When acquiring property, the subrecipient should adhere to:

- Maximum open and free competition to the greatest extent possible;
- Equal procurement opportunities and positive efforts to utilize small and emerging or other business organizations and enterprises, such as women's, minority, disabled veterans and disadvantaged business enterprises;
- A clear description of services or products to be purchased, time frames for purchases and contracts, and identify all requirements which each bidder must fulfill to qualify;
- Costs of products and services are reasonable, allowable, and allocable, as well as necessary for operating the programs that area being contracted;
- Selection of the proposal that is in the best interest of the Operator's and Service Provider's needs, when all factors are considered; and

- Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action, including contract modifications.

The Subrecipient is responsible for all aspects of the procurement, management, care and final disposition of all property that supports SDWP funded programs. This includes prior written approval for property acquisition, current inventory documentation, and disposition documentation. Subrecipients will also appoint a senior staff member as custodian for this property. The custodian shall be responsible for insuring adequate property maintenance, recordkeeping, and care of the property.

Sec 6. Property Management Procedures

The Subrecipient shall observe the following procedures in the property management cycle:

(a) Determination of Property Needs

One of the first phases of the property management cycle is to determine prior to contract negotiations what property requirements will be necessary for successful program operation. The Subrecipient will budget for all property expenditures for the entire life of the contract.

(b) Competition in Procurement/Code of Conduct

Except as otherwise authorized by applicable Federal Statutes or Executive Order, the Subrecipient shall conduct all procurement transactions in a manner that provides for open and free competition and shall use no procedures which restrict or eliminate competition.

The following documentation by Subrecipient shall accompany all property purchases within the price categories below:

Small Purchases - Small purchases are made from vendors for goods or services under \$50,000. SDWP has identified 3 categories of small purchases and the required documentation for each:

| Dollar Range of Purchase | Contacts and Method |
|--------------------------|---|
| \$1 to 999 | Two or more documented quotes (written quotes, catalog price, website price, phone quotes or in-person price) |
| \$1,000 to \$9,999 | Two or more documented quotes, excluding quote obtained by phone or in-person |
| \$10,000 to \$49,999 | Request for Quote (RFQ) with three or more written quotes |

The Subrecipient shall avoid conflicts of interest by adhering to a written code of standards of conduct that will govern the performance of the Subrecipient’s officers, employees, or agents in contracting for or otherwise procuring property with SDWP funds.

(c) Acquisition of Non-Expendable Personal Property

The Subrecipient is required to obtain approval from SDWP before any funds can be expended for the purpose of purchasing inventory with a unit cost of \$1,000 to \$4,999 or purchasing or leasing Equipment/Fixed Assets with a unit cost of \$5000 or more. Requests can be made by submitting a

“Request for Approval to Purchase/Lease Property” form to SDWP’s Program Specialist (see Attachment A).

SDWP will review each purchase request and will determine if: (1) items are budgeted, (2) items are not available in excess stock, (3) the request does not duplicate items purchased under a previous agreement, or (4) authorization from the funding authority is required. Provided all requirements are met, SDWP will provide written approval to the Subrecipient. Prior to purchase, written approval by the funding authority (Federal, State, and local government), may be required, depending on the type of the grant and the dollar value of the property to be purchased, or leased.

In the event of a request to purchase Equipment/Fixed Assets with WIOA funds that have a per unit acquisition cost of \$5,000 or more, prior written approval from the State must be obtained. Requests by Subrecipient shall be made by submitting a “Request for Approval to Charge WIOA Funds for the Cost of Property,” (see Attachment B).

As required, SDWP will submit the Subrecipient’s written request to the appropriate funder for authorization. The following chart indicates the thresholds at which tagging of SDWP property and State approval are required:

| Amount Purchase of Property | Required to Be Tagged | Requires Prior Local Approval | Requires Prior State Approval |
|------------------------------------|------------------------------|--------------------------------------|--------------------------------------|
| \$0-\$999 | No | No | No |
| \$1,000 to \$4,999 | Yes | Yes | No |
| \$5,000 and above | Yes | Yes | Yes |

(d) Valuation Basis

All property will be recorded at acquisition cost. The acquisition cost of the property includes purchase price or construction cost, before trade-in allowances, less discounts, plus freight or other charges such as sales, use or transportation taxes and installation costs.

(e) Tagging Property

SDWP will supply pre-numbered tags to be affixed to the property. The tag will be issued upon SDWP Finance Department’s receipt of the Subrecipient’s monthly invoice that includes a copy of the invoice for the property purchased.

Subrecipients shall notify their program specialist if they do not receive the property tag(s) within thirty days of invoice submission.

Each piece of property (Inventory and Equipment/Fixed Assets) is required to have a pre-numbered tag affixed to it. SDWP will tag the property and enter the property information into SDWP’s property management system.

It is the responsibility of the Subrecipient to maintain the property tags on the property once they have been issued. If a tag is lost or destroyed, the Subrecipient must notify their program specialists with the description of the item, the approximate purchase date, and the cost.

The Subrecipient is responsible for including the tagged item on its property records and making appropriate corrections to the records should the tag be replaced or in the event of loss or destruction.

(f) Property Control Procedures

Upon procurement, the Subrecipient must maintain control of all such property and equipment in its possession. The subrecipients property control system shall include the following:

- Property records, which reflect all property that was either purchased with SDWP funds, on loan from the SDWP, or transferred from other SDWP funded agencies. These property records must provide all pertinent data, i.e., description, tag number, serial number, cost, location, condition, sub-grant number, etc., relative to the property acquired and the percent of SDWP funds used to purchase the property.
- Adequate maintenance procedures to keep property in good condition and safeguard procedures to prevent loss, damage, or theft of property. These procedures shall include sufficient insurance coverage.
- An annual physical inspection must be conducted by the Subrecipient to verify the existence, determine the condition, utilization (current and continued need) and to reconcile with property records. The Subrecipient shall investigate and report to the SDWP any discrepancy(s) between quantities determined by the physical inspection and those shown in property records. Each year and upon completion of the physical inspection, the Subrecipient shall prepare and submit the “Year-to-Date Property Accounting” form (see Attachment C).
- Monthly reports to SDWP of all non-expendable personal property. Copies of all invoices for property purchased with SDWP contract funds must be attached to the monthly invoice.

(g) Lost or Stolen Property

In the event that any SDWP property is stolen, the Subrecipient must notify the police department immediately and conduct an investigation of the cause and circumstance of the loss or theft. A copy of the police report, a statement by the Subrecipient including how the incident occurred and the subsequent action taken to prevent future occurrences, and a “Request for Relief of Accountability” (see Attachment D) should be submitted to the SDWP program specialist within 3 working days of discovery of the lost or stolen property. SDWP determine whether the Subrecipient will be released from accountability, or will be responsible for replacing the lost or stolen property. Copies of all documentation must be maintained in the property files of the Subrecipient.

To protect itself against fire and theft of property in its custody, the Subrecipient must maintain sufficient insurance coverage. The following criteria must be met prior to SDWP’s approval of a Subrecipient’s request to purchase non-expendable personal property:

- Proof of adequate insurance coverage for reimbursement in case of fire or theft; and
- Proof of adequate safeguards to protect property against fire or theft.

(h) Damaged Property

Any property damaged while being used in the performance of a SDWP contract may be repaired by the Subrecipient using funds from the contract if it is determined that the repair is economically reasonable. In the event an item is damaged beyond repair, the Subrecipient may work with SDWP to properly dispose property.

Sec 7. Use and Transfer of Property

No property may be used for spare parts, reduced to a lesser unit, or disposed of, without first requesting and receiving approval from SDWP.

No property may be transferred without prior written authorization from SDWP. SDWP assigns excess property to other Subrecipients based on demonstrated program and financial need, funder requirements, and other factors.

The Subrecipient requesting the transfer of property is responsible for completing the “Request to Transfer Property” form (see Attachment E) and submitting it to SDWP’s program specialist.

Sec 8. Disposition of Property

Under no circumstances shall the Subrecipient sell or donate property acquired under a SDWP contract without express written consent from the SDWP. Upon termination of a contract, or when the property is no longer needed for utilization under a contract, the Subrecipient shall inform the SDWP Program Specialist. The SDWP shall make a determination as to the disposition of the property based on the disposal guidelines outlined in and [EDD Workforce Services Directive 16-10](#)

Sec 9. Property Closeout Procedures

At the close of a contracting period, the Subrecipient is required to submit to SDWP a detailed closeout package. The package includes a “Year to Date Property Accounting” (see Attachment C), which must reflect the following:

- List of all non-expendable personal property purchased for the current year;
- List of all non-expendable personal property purchased under SDWP’s contracts of previous years if the property is in the Subrecipeint’s custody;
- List of all transferred property received from SDWP and/or other Subrecipient regardless of the transfer date;
- A SDWP’s “Subrecipient’s Property Closeout Certificate” (see Attachment F).

Note: If relocation of property from the Subrecipient to SDWP is required, the Subrecipient must make transportation arrangements to turn over the property to SDWP.

Sec 10. Property Records Retention and Storage

The Subrecipient must maintain all records pertinent to a SDWP contract for a minimum of three (3) years following the contract closeout. If a contract is the subject of an audit, the records must be maintained until full resolution of any related findings. Should the Subrecipient cease operations prior to the three years, the Subrecipient shall either (1) notify SDWP as to the location of the repository, or (2) deliver the records to a location designated by SDWP. Records for non-expendable property must be retained for a period of eight years after the final disposition of the property.

Sec 11. Attachments

- [Request for Approval to Purchase/Lease Property](#)
- [Request for Approval to Charge WIOA Funds for the Cost of Property](#)
- [Year-to-Date Property Accounting](#)
- [Request for Relief of Accountability](#)
- [Request to Transfer Property](#)
- [Subrecipient's Property Closeout Certificate](#)