Purpose:
To provide guidance and set forth standards with respect to the acquisition, management, and disposition of property acquired with sub-award funds.

Background:
Requirements governing the title, use, and disposition of equipment and supplies purchased with grant funds are codified at Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards. This rule is necessary in order to incorporate into regulation and thus bring into effect the Uniform Guidance as required by OMB. Implementation of this guidance will reduce administrative burden and risk of waste, fraud, and abuse. The result will be more Federal dollars reprogrammed to support the mission, new entities able to compete and win awards, and ultimately a stronger framework to provide key services to American citizens and support the basic research that underpins the United States economy.

Policy:
Workforce Connections (WC) and its sub-recipients shall establish, implement and maintain written policy and procedures to ensure accountability, management and inventory of all property and equipment purchased in whole or in part with Workforce Innovation and Opportunity Act (WIOA) Title I funds. Sub-recipients must establish a sound financial management system of controls that conforms to established standards under Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards.

Reference:
Public Law (P.L.) 113-128 WIOA Sec. 184; Sec. 194
State Compliance Policy (SCP) 3.11

In compliance with internal controls requirements under 2 CFR Part 200, WC must implement effective systems of control over, and accountability for, all funds, property and other assets. WC must adequately safeguard all assets and assure that they are used for authorized purposes only.
I. Definitions

A unit of property is defined as a single piece of equipment, except in the case where more than one piece of equipment is needed to make an entire system functional such as a computer or telephone system.

After initial acquisition of such a system, any component part upon replacement shall be considered as a single unit of property for that type of transaction.

Example: When purchasing a computer, the monitor, keyboard, printer, and hard drive are all to be considered as a component of the total system, with the total system defined as a unit of property.

Acquisition Cost: The cost of the asset including the cost to put it in place. Acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modification, attachments, accessories, shipping, or auxiliary apparatus necessary to make it usable for the purpose for which acquired.

Equipment: Tangible, non-expendable, personal property having a useful life of more than one (1) year and an acquisition cost which equals the lesser of: a) the capitalization level established by the organization for financial statement purposes, or b) $5,000 or more per unit.

Expendable Personal Property: Tangible personal property other than non-expendable property.

Fair Market Value (FMV): Price or value that a given property or asset would obtain in the market place used to compensate the funding stream for its proportionate share.

General Purpose Equipment: Means equipment, which is not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishing, modular offices, telephones networks, information technology equipment and systems.

Intellectual Property: Recognized protectable rights and interest such as: patents, copyrights, trademarks, etc.

Non-expendable Property: Tangible personal property such as equipment and furniture with a useful life of more than one (1) year and a unit acquisition cost of $5,000 or more per unit.

Property: Property means real property or personal property.

Personal Property: Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

Real Property: Real property means, land including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.
II. Property Management – General Provisions
Federal statutes require governmental entities, non-profit entities, higher education institutions, pass through entities and commercial organizations to follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards codified under Title 2 of the Code of Federal Regulations as they apply to the acquisition, title, use and disposition of equipment and supplies purchased with Federal awarded funds.

<table>
<thead>
<tr>
<th>Property Categories</th>
<th>Real</th>
<th>Tangible</th>
<th>Intangible</th>
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</thead>
<tbody>
<tr>
<td>Land, including land improvements, structures, and property incident to the principal property (appurtenances) thereto, but excluding moveable machinery and equipment (not generally allowable under Title I of WIA programs)</td>
<td>Nonexpendable (equipment)</td>
<td>Expendable (Supplies¹)</td>
<td>Without physical existence: Patents, trademarks, or copyrights that are produce or acquired under the agreement</td>
</tr>
<tr>
<td>Useful life of more than one (1) year and a per unit acquisition cost of $5,000 or more</td>
<td>Everything else</td>
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</table>

¹- Means all items purchased in support to the day-to-day operations of a project/program that will be expended in less than one (1) year or will be outdated or obsolete within one (1) year (e.g., office supplies or equipment costing $100 or less).

III. Acquisition
A. Written request for approval to purchase equipment with an acquisition value of $5,000 or more is required from the State of Nevada, Department of Employment Training and Rehabilitation (DETR)/Workforce Investment Support Services (WISS). All requests for purchase of property or equipment meeting the definitions within this policy must first be submitted to WC Chief Financial Officer (CFO) for review and processing.

B. Prior to the request for approval to purchase equipment, sub-recipients must allocate authority in the budget if costs will be charged to one funding stream only or to multiple funding streams.

C. Written request or proper procurement forms must include detailed information pertinent to the item to be purchased including a description of the item, cost justification, cost analysis, detailed description of the future use of item, benefit to the project or program, etc.

D. Once notification of approval/disapproval for purchase is provided, a copy of notification will be sent to sub-recipient. Only then will the sub-recipient be allowed to purchase equipment as applicable and appropriate.

E. Established acquisition/procurement policies and procedures must be followed after approval to purchase is granted.

F. Title to equipment acquired under a WC sub-award will vest upon acquisition in WC, subject to provisions codified at 2 CFR Part 200.313 (a).
G. With limited exceptions, the purchase or construction of real property is prohibited for WIOA Title I programs unless specific conditions are met and the expense is specifically authorized by the Employment and Training Administration (ETA). These exceptions are:

1. Requirements for physical and programmatic accessibility and reasonable accommodation as required by the Americans with Disabilities Act (ADA) of 1990 and the Rehabilitation Act of 1973, as amended;
2. To fund repairs, renovations, alterations and capital improvements or property including:
   a) State Employment Service Agency (SESA) real property, identified at Sec. 192 of WIOA, using a formula that assesses costs proportionate to space utilized;
   b) JTPA owned property which was transferred to WIA Title I programs; and
   c) Job Corps facilities, as authorized by WIOA.
3. To fund disaster relief employment projects.
4. The YouthBuild Program, authorized by WIOA, allows for the purchase of a structure, at the current fair market value prior to rehabilitation, for the sole purpose of training YouthBuild participants.

H. Leasing Considerations. The decision to lease or buy personal property must be governed by considerations of economy. Consideration may differ by property type and according to market conditions. The length of the contract period of the lease should also be considered. Leasing with an option to purchase is generally preferable to straight leasing. When considering leasing, cost justification, cost analysis, detailed description of the future use of item, the benefit to the project or program, etc., must be taken into consideration. Prior written approval from WC is required.

IV. Use of equipment
A. Equipment shall be used by WC and/or its sub-recipients in the program or project for which it was acquired.

B. WC shall also make equipment available for use on other projects or programs currently or previously supported by Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally contracted to perform. First preference for other use shall be given to other programs or projects supported by the awarding agency. A user fee should be considered if appropriate.

C. WC and its sub-recipients shall not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal or State statutes.

D. When acquiring replacement equipment, WC may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the State.
V. Management
A. Subject to requirements codified at 2 CFR Part 200.313 property records must be maintained by WC that include the following:
1. Name and description of the property;
2. Manufacturer serial number, model number, or any other identification number;
3. Funding Source of the property (including the FAIN);
4. Acquisition date;
5. Per unit cost at acquisition;
6. Percentage of Federal participation in the project cost for the Federal award under which the property was acquired;
7. Location of the equipment;
8. Use and condition of the property;
9. Ultimate disposition data, to include: 1) date of disposition; 2) selling price; and 3) method used to determine current fair market value; and
10. Any additional information that WC considers to be relevant to the efficient management of WC's assets.

B. Property records must be maintained by WC sub-recipients using WC approved forms that include the following:
1. Supply Inventory: This form is for items purchased with sub-award funds or loaned by WC and tagged with a red WC inventory tag ONLY. These items typically have a useful life of at least one (1) year and a unit cost of at least $5,000.
2. Asset Inventory: This form is for items purchased with sub-award funds or loaned by WC with a unit or system cost of $200 or over and a useful life of more than one (1) year. Items tagged with a red WC inventory tag must be on the Asset Inventory List.

C. A physical property inventory must be taken and reconciled with the property records at least once every year. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause(s) of the difference.

D. WC shall, with respect to the inventory, verify the existence, current utilization, condition/repair, and continued need for the equipment.

E. All property records must be maintained from the date of acquisition through final disposition. Additional provisions with respect to retention of records can be found at WC Policy Admin-010-04.

F. WC sub-recipients shall maintain an up-to-date inventory of all nonexpendable personal property and equipment purchased in whole or in part with Federal funds with a useful life of more than one (1) year and with an acquisition cost of $200 or more.

G. Property Safeguard. WC and its sub-recipients, must ensure adequate safeguards and must develop a control system to prevent loss, damage, or theft of property.

H. Nonexpendable personal property and equipment shall be identified by a tag or permanent decal to indicate ownership.
I. All non-expendable personal property purchased with WC awarded funds with an acquisition cost of $5,000 or more will be properly tagged by WC and cataloged as part of WC's assets.

J. Adequate maintenance procedures must be developed and implemented to keep property in good conditions.

K. In the event of possible theft, a copy of the report made to the local law enforcement authorities must be submitted to WC immediately.

L. WC encourages its sub-recipients to consider first using available items in existing WC’s asset inventory prior to purchasing property with funds awarded from WC. WC existing non-expendable property that has been deemed in good condition by WC shall be made available for use by WC’s sub-recipients under the following requirements:
   1. The sub-recipient who is provided with loaned property or equipment, is responsible for the cost of maintaining and/or repairing (whenever appropriate) the property through the terms of their sub-award period.
   2. WC shall assume the responsibility of insuring all personal property and/or equipment in excess of a unit cost of $5,000 that is loaned to a sub-recipient. However, insurance coverage for vehicles purchased by sub-recipients with awarded federal funds will be the responsibility of sub-recipient.
   3. No property loaned to a sub-recipient by WC can be transferred to another entity without written prior approval from WC.

M. Non-expendable personal property that is in use by WC’s sub-recipients shall be monitored by WC on an annual basis as to the location, use and condition of the property.

VI. Disposition.
   When original or replacement equipment acquired under a WIOA title I funded award is no longer needed for the original project or program or for other activities currently or previously supported by the award, disposition will be made as follows:

   A. WC CFO will coordinate all matters with respect to disposition of property/equipment. Methodology for disposition of property/equipment must be approved by WC CFO.

   B. Property may not be sold, removed or disposed of from its location without prior notification and approval from WC.

   C. Prior approval from State/WISS is required for the disposal of property/equipment with a unit acquisition cost of $5,000 or more. Additional State requirements can be found at SCP 3.11.

   D. Upon completion of contract, or as otherwise requested, all property/equipment, regardless of the original or current value, purchased with WC awarded funds must be returned to WC at its own discretion. All records with respect to such equipment/property must be submitted/provided to WC CFO.
E. WC may retain, sell, or re-distribute nonexpendable property. Priority shall be given to federally sponsored programs when re-distribution of nonexpendable property takes place. Proceedings with respect to disposition of nonexpendable property must be in compliance with provisions codified at 2 CFR Part 200.

F. All WC assets tagged with a red tag are required to be returned to WC during the closeout period for sub-recipients not continuing employment and training services under a WC sub-award. Supplies with a unit cost of at least $200 and a useful life of more than one (1) year may also be recapture at that time at WC’s discretion.

G. If the sub-recipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

VII. Intangible Personal Property

Copyrights
The Federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, for Federal Government purposes:

A. The copyright in any work developed under a grant, sub-grant, or contract under a grant or sub-grant; and

B. Any rights of copyright to which a grantee, sub-grantee or a contractor purchases ownership with grant support.

VIII. Intellectual Property Rights. For the Employment Training Administration (ETA) grants the government reserves a paid-up, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use for Federal purposes:

A. The copyright in all products developed under the grant, including products developed through a subcontract under the grant; and

B. Any rights of copyright to which the grantee, or a contractor purchases ownership under an award (including but not limited to curricula, training models, technical assistance products, and any related materials).

Such uses include, but are not limited to, the right to modify and distribute such products worldwide by any means, electronically or otherwise. The grantee may not use federal funds to pay any royalty or license fee for use of a copyrighted work, or the cost of acquiring by purchase a copyright in a work, where the Department has a license or rights of free use in such work.

C. Creative Common License Requirements

1. Pursuant to 2 CFR 2900.13, to ensure that the Federal investment of DOL funds has a broad an impact as possible and to encourage innovation in the development of new learning materials the sub-recipient will be required to license to the public all work created with the support of WC sub-award under a Creative Commons Attribution 4.0 (CC BY) license. Work that must be licensed under the CC BY includes both new content created with the grant funds and modifications made to pre-existing, recipient-owned content using WC sub-award funds.
2. This license allows subsequent users to copy, distribute, transmit, and adapt the copyrighted work and requires such users to attribute the work in the manner specified by the sub-recipient. Notice of the license shall be affixed to the work. For general information on CC BY, please visit:
http://creativecommons.org/licenses/by/4.0
Instructions for making your work with CC BY can be found at:
http://wiki.creativecommons.org/making your work with a CC license.
Only work that is developed by the sub-recipient in whole or in part with sub-award funds is required to be licensed under the CC BY license. Pre-existing copyrighted materials licensed to, or purchased by the sub-recipient from third parties, including modifications of such materials, remains subject to the intellectual property rights the sub-recipient receives under the terms of that particular license or purchase. In addition, works created by the sub-recipient without sub-award funds do not fall under the CC BY license requirement.

3. The purpose of the CC BY licensing requirement is to ensure that materials developed with funds awarded by WC result in work that can be freely reused and improved by others. When purchasing or licensing consumable or reusable materials, the sub-recipient is required to respect all applicable Federal laws and regulations, including those pertaining to the copyright and accessibility provisions of the Federal Rehabilitation Act.

IX. Depreciation
Depreciation is the portion of the cost of a capital asset representing the expiration in the service life of the asset attributable to deterioration, action of the physical elements, inadequacy, and/or obsolescence which is charged systematically over the useful life of the capital asset.

There are three critical dates for each individual fixed asset. These dates establish when the asset was acquired, placed in service, and the start of depreciation.

- Acquisition Date:
The date the asset was purchased.
- Service Date:
An asset is considered to be placed in service when it is first put into a condition or state of readiness and availability for a specifically assigned function.
- Depreciation Date:
The date used to begin calculating depreciation. This is usually considered the same as the service date.
Capital Asset typical useful life schedule

<table>
<thead>
<tr>
<th>Descriptive Title</th>
<th>Typical Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equipment:</strong> Vehicles - Medium and heavy duty (trucks, buses, and special purposes) 5000 lbs.</td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Information Technology (IT) Equipment:</strong> Servers, desktop computers (PCs), laptops and notebook computers.</td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Furniture:</strong> Office furniture, desk, chairs, etc.</td>
<td>7 years</td>
</tr>
<tr>
<td><strong>Software:</strong> Computer Software purchased or developed</td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Leasehold Improvements:</strong> Made by the lessee</td>
<td>5 years</td>
</tr>
</tbody>
</table>

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