

Workforce Development Agency, State of Michigan (WDASOM)
Policy Issuance (PI): 12-30

Date: March 5, 2013

To: Michigan Works! Agency (MWA) Directors

From: Mike Wurminger, Director, Office of Audit & Financial Compliance
SIGNED

Subject: Property Management

Programs Affected: All programs and grants administered by the Workforce Development Agency (WDA).

Rescissions: Office of Workforce Development PI 04-03, issued February 27, 2004

References: Title 2 Code of Federal Regulation (CFR) Part 215 – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (including Commercial Organizations and other organizations as adopted by the federal awarding agency, such as, 29 CFR Part 95 and 45 CFR Part 74) [Formerly Office of Management and Budget (OMB) Circular A-110]

OMB Circular A-102 – Grants and Cooperative Agreements with State and Local Governments

Common Rule – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (as adopted by the federal awarding agency, such as, 29 CFR Part 97 and 45 CFR Part 92)

U.S. Department of Labor, Employment and Training Administration, One-Stop Comprehensive Financial Management Technical Assistance Guide

Background: This policy establishes WDA requirements and highlights federal requirements for property management. The information provided in this policy issuance is intended to aid grantees and subgrantees in administering WDA funded formula grants and, as applicable, other WDA grants. It is not intended to unduly supplant or replace federal or state regulations and requirements contained in applicable federal and state statutes. If in any



Workforce Development Agency, State of Michigan

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WDASOM is an equal opportunity employer/program.

Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

instance the use of this policy issuance appears to be in conflict with the rights and authorities given to WDA under the regulations, such conflict must be resolved in favor of the applicable federal or state regulation.

Policy:

Grantees and subgrantees shall establish, maintain, and follow written property management standards and procedures that are in compliance with all applicable local, state, and federal laws and regulations.

I. Definitions

- A. Acquisition Cost – The net invoice unit price, including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make it usable for the intended purpose. Other charges, such as, the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the grantee’s or subgrantee’s regular accounting practices.
- B. Equipment – Tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- C. Intangible Personal Property – Property, other than real property, with no intrinsic value; its value lies in the rights conveyed. Examples include copyrights, intellectual rights, other rights, and patents.
- D. Nonexpendable - Items that retain their original identity and characteristics during their useful life.
- E. Property – Anything that is owned.
- F. Real Property – Land, land improvements, buildings, structures, and attached items; excluding movable machinery and equipment.
- G. Supplies – All tangible personal property other than “equipment” as defined in this part.
- H. Tangible Personal Property – Property, other than real property, that can be seen, weighed, measured, felt, touched, or otherwise perceived by the senses.

II. Equipment, Supplies, and Intangible Property

A. Use

Equipment, supplies, and intangible property acquired under a grant or subgrant will be used by the grantee or subgrantee 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 federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.

The grantee or subgrantee shall also make equipment, supplies, and intangible property available for use on other projects or programs currently or previously supported by the federal government, providing such use will not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.

Grantees or subgrantees must not use equipment, supplies, and intangible property acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless permitted by federal statute.

B. Disposition

Disposition occurs when property acquired under a grant or subgrant is no longer useful or needed for the original project or program, or for other activities currently or previously supported by WDA or the federal awarding agency.

In determining the current fair market value for property to be disposed, equipment and intangible property is calculated on each unit of property (i.e., by individual item). Unused inventory of supplies is calculated in the aggregate (i.e., the combined total value of all unused supplies).

Disposition will be made as follows:

1. If the current fair market value is less than \$5,000, it may be retained, sold, or otherwise disposed by the grantee or subgrantee with no further obligation to WDA or the federal awarding agency.
2. If the current fair market value is \$5,000 or more, it may be retained or sold by the grantee or subgrantee with the proportionate

value or proceeds being treated as program income to the funding sources that participated in the original acquisition cost. The amount of program income is calculated by multiplying the current market value, or proceeds from sale, by the funding sources' shares of the original acquisition cost.

III. Real Property

A. Use

Unless otherwise provided by federal statute, the use of real property acquired under a grant or subgrant is limited to the original authorized purpose.

B. Disposition

When real property is no longer needed for the original authorized purpose, grantees and subgrantees will request disposition instructions from WDA. The subsequent disposition instructions will provide for one of the following:

1. The grantee or subgrantee will be allowed to retain the property. The funding sources that participated in the original acquisition cost will be compensated by multiplying the current market value by the funding sources' shares of the original cost.
2. The grantee or subgrantee will be required to sell the property. The funding sources that participated in the original acquisition cost will be compensated by multiplying the proceeds from the sale by the funding sources' shares of the original cost.
3. The grantee or subgrantee will be required to transfer the title of the property to WDA, the federal awarding agency, or a designated third-party. The grantee or subgrantee will be compensated for its proportionate share of the current fair market value for any non-WDA grant funds used to purchase the property.

Submit real property disposal requests to:

Christine Quinn, Director
Workforce Development Agency
Victor Office Center, 5th Floor
201 N. Washington Square
Lansing, Michigan 48913

IV. Property Title

Title to all property acquired under a grant or subgrant will vest upon acquisition in the respective grantee or subgrantee making the acquisition. Grantees and subgrantees shall not encumber their title or other interests.

The federal awarding agency has a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, and otherwise use, and authorize others to use for federal government purposes:

1. The copyright in any work developed under a federal grant or subgrant, or contract under a grant or subgrant; and
2. Any rights of copyright to which a grantee, subgrantee, or a contractor purchases ownership with federal grant support.

V. Property Management

Procedures for managing all property until disposition, whether acquired in whole or in part with grant funds, will at a minimum meet the following requirements:

- A. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft. Any loss, damage, or theft shall be investigated, documented, and reported as necessary to the proper law enforcement authorities.
- B. Adequate maintenance procedures must be developed to keep all property in good condition.
- C. If the grantee or subgrantee is authorized or required to sell property, sales procedures shall be established to provide for competition to the extent practicable and result in the highest possible return.

VI. Property Records

- A. Grantees and subgrantees will maintain records sufficient to detail the status and significant history of all property obtained in whole or in part with grant funds. At a minimum, property records will include:
 1. A description of the property.
 2. A serial number or other identification number for equipment.
 3. Funding source used to purchase the property.

4. The title holder.
 5. The acquisition date.
 6. The acquisition cost.
 7. Information to calculate the percentage by funding source of federal and WDA participation in the cost.
 8. Location, use (i.e., program utilizing the equipment), condition of equipment, and the date the information was reported.
 9. Any ultimate disposition data including:
 - a. Method used to determine current fair market value.
 - b. Sale price.
 - c. Date of disposal.
 - d. Method used to calculate the amounts to be credited to each federal and non-federal funding source.
 - e. Final amount credited to each federal and non-federal funding source.
- B. An inventory list of all current equipment must be maintained and continuously updated. The following guidance is provided in maintaining the equipment inventory list:
1. Computers, network servers, phone systems, etc., and the cost of system software (e.g., Windows, Novell, BIOS, Mac OS X, etc.) and any application software (e.g., Word, Excel, Outlook, etc.) that is necessary to make the item usable for the purpose for which it is being acquired, is included as part of the acquisition cost when determining if the item meets the \$5,000 threshold to be defined as equipment. The associated system software or application software is not required to be separately recorded on the inventory list.
 2. Computer software in general is usually not classified as an individual item of equipment. Typically only a non-exclusive license to use the software is purchased with the usage subject to a list of conditions, such as, prohibited from making unauthorized copies of the software, prohibited from modifying the software,

cannot resell or assign the software to another party, limits the use of the software to a specific numbers computers, etc.

3. Include all capital leases for equipment in the inventory; operating leases are not included.

C. A physical inventory of equipment must be taken and the results reconciled with the property records at least once every two years.

D. At a minimum, property records must be retained for three years after final disposition of the property. If any litigation, audit, or claim, is initiated during the three year retention period involving the property, that property's records must be retained until resolution of all issues and final action is taken or until the end of the three year retention period; whichever is later.

Action: Grantees and subgrantees shall establish, maintain, and follow written property management standards and procedures that are in compliance with all applicable local, state, and federal laws and regulations.

Inquiries: Questions regarding this policy issuance should be directed to the Office of Audit & Financial Compliance at (517) 373-8293.

The information contained in this policy issuance will be made available in alternative format (large type, audio tape, etc.) upon request to this office.

**Expiration
Date:**

Continuing.

MW:cjb