


✓ Property Management: Supplies, Equipment, and Intangible Property


SMART 3.0 Training
 Dallas, TX
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✓ Today's Speakers



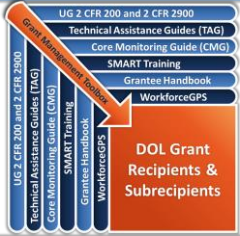
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✓ Grant Management Toolbox




DOL Grant Recipients & Subrecipients

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✔ Grant Management Toolbox References


- SMART Training
- Core Monitoring Guide
- Technical Assistance Guides
- ETA Grantee Handbook
- WorkforceGPS Resources



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✔ Module Overview

- ✔ Equipment
- ✔ Intangible Property
- ✔ Property Management Standards
- ✔ Supplies
- ✔ Prior Written Approval
- ✔ Common Mistakes



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✔ Equipment

- ✔ Define equipment
- ✔ Discuss allowable costs and costs tracking
- ✔ Explain change in Uniform Guidance related to fully depreciated assets

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✓ Capital Assets

[2 CFR 200.12](#)


- ✓ Tangible or intangible
- ✓ Useful life of more than one year
- ✓ Includes equipment and intellectual property
- ✓ Capital asset levels
 - ▶ \$5,000
 - ▶ Non-federal entities may have lower capital thresholds but not higher thresholds

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✓ Equipment

[2 CFR 200.33](#)

- ✓ Tangible 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.



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✓ Equipment Types

General Purpose	Special Purpose	Information Technology Systems
<ul style="list-style-type: none">• Equipment not limited to technical activities	<ul style="list-style-type: none">• Used for research, medical, scientific, or other technical activities	<ul style="list-style-type: none">• Included in the definition of general purpose equipment

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✓ General Purpose Equipment

[2 CFR 200.48](#)

Equipment is not limited to research, medical, scientific or other technical activities

Examples include:

- ▶ Office equipment and furnishings
- ▶ Modular offices
- ▶ Movable trailers which are later anchored
- ▶ Information technology equipment and systems
- ▶ Air conditioning equipment
- ▶ Reproduction and printing equipment
- ▶ Motor vehicles

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✓ Special Purpose Equipment

[2 CFR 200.89](#)

✓ Used for research, medical, scientific, or other technical activities



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✓ Information Technology Systems

[2 CFR 200.58](#)

✓ Included in the definition of general purpose equipment

- ▶ Includes equipment computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources



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✓ Buy American Act (BAA)

[41 U.S.C. 8301-8303](#)

- ✓ The Buy American Act requires the grant recipient to use, with limited exceptions, only
 - ▶ Unmanufactured articles, materials, and supplies that have been mined or produced in the United States, and
 - ▶ Manufactures articles, materials, and supplies that have been manufactured in the United States substantially all from articles, materials or supplies that were mined, produced, or manufactured in the United States.

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✓ Allowable Cost for Equipment

- ✓ Use by one program
 - ▶ If specifically authorized under a federal award, costs are assignable to the federal award regardless of later use when no longer needed for original purpose
 - ▶ Costs are directly charged to the authorized program at the time expended
- ✓ Use by multiple programs
 - ▶ Allocate costs based on relative benefit and proportional use
- ✓ Insurance and maintenance costs are allowable
- ✓ Depreciation costs are allowable for non-Federal entity-owned equipment for remaining useful life

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✓ Depreciation – Definition

- ✓ Depreciation is **not allowed** on equipment purchased with grant funds as the costs are directly charged to the Federal award at the time of acquisition.
- ✓ Non-Federal entities may be compensated for the use of their equipment, donated equipment, and software projects capitalized in accordance with Generally Accepted Accounting Principles (GAAP)
 - ▶ Compensation must be made by computing depreciation for the accounting period based upon the pattern of use
 - ▶ Can not charge if fully depreciated (including a use allowance)

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✓ Depreciation – Rules

- ✓ Allocation for depreciation must be made in accordance with 2 CFR part 200 Appendices IV through VIII.
- ✓ Depreciation is computed based on acquisition costs and useful life of equipment.
- ✓ Acquisition costs excludes:
 - ▶ Any portion of the costs borne by or donated by the Federal agency
 - ▶ Any portion of the costs contributed by or for the non-Federal entity where law or agreement prohibits recovery
 - ▶ Any asset acquired solely for the performance of a Federal award

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✓ Depreciation – Considerations

- ✓ Useful life period must take into consideration
 - ▶ Nature of the equipment
 - ▶ Technological developments in the particular area
 - ▶ Historical data
 - ▶ Renewal and replacement policies followed for the individual items or classes of assets involved
- ✓ Must use straight line depreciation
 - ▶ Absent clear evidence indicating equipment consumption is greater earlier than later in its useful life
 - ▶ Changes in depreciation methods requires prior approval

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✓ Depreciation – Requirements

- ✓ May not depreciate equipment directly expensed, fully depreciated, or outlived useful life: use allowance not allowed
- ✓ Donated equipment:
 - ▶ May be depreciated against grant; or claimed as match; but not both
 - ▶ Must be valued at fair market value of equipment of same age and condition at time donated
- ✓ Charges for depreciation must be supported by adequate property records
- ✓ Physical inventories must be taken at least once every two years to ensure that the equipment exists and is usable, used, and needed

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✓ Tracking Equipment Costs

- ✓ Total cost (historical cost)
- ✓ Historical cost includes original cost, plus:
 - ▶ Additions, modifications
 - ▶ Replacements, rearrangements
 - ▶ Reinstallations
 - ▶ Renovations or alterations that materially increase their value or useful life
 - ▶ Does not include ordinary repairs and maintenance
- ✓ Donated equipment
 - ▶ Fair market value (FMV) at time donated

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✓ Knowledge Check 1 – Questions

True or False?

1. Computing devices that cost less than \$5,000 are included as equipment.
2. A grantee may establish an equipment capitalization level less than \$5,000.
3. A non-Federal entity may directly charge to the Federal award the cost of equipment it purchased with non-Federal funds.
4. The grant recipient attests or confirms that it has made efforts where required or applicable to Buy American products or goods.

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✓ Knowledge Check 1 – Answers

1. Computing devices that cost less than \$5,000 are included as equipment. **False**
2. A grantee may establish an equipment capitalization level less than \$5,000. **True**
3. A non-Federal entity may directly charge to the Federal award the cost of equipment it purchased with non-Federal funds. **False**
4. The grant recipient attests or confirms that it has made efforts where required or applicable to Buy American products or goods. **True**

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✓ Intangible Property

- ✓ Definition
- ✓ Examples
- ✓ Grant Provisions
- ✓ Intellectual Property

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✓ Intangible Property

[2 CFR 200.59](#)

✓ Intangible property means property having no physical existence, such as trademarks, copyrights, patents and patent applications, and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

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✓ Examples of Intangible Property

Copyrights	Trademarks	Patents	Service Marks	Loans, Notes, or Other Debt
<ul style="list-style-type: none"> Registered by the Library of Congress. Grants the right to exclusive publication, production, sale, or distribution of the work. 	<ul style="list-style-type: none"> Word, name, symbol, device or combination. Products or goods that are sold. 	<ul style="list-style-type: none"> Inventors have exclusive rights to the benefits of inventions or improvements for a specified time period. 	<ul style="list-style-type: none"> Distinguishes your services from the competition. 	<ul style="list-style-type: none"> May not apply to ETA grants.

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✓ Intangible Property

[2 CFR 200.315](#)

The Federal government reserves the rights to:

- ✓ Obtain, reproduce, publish
- ✓ Authorize others to receive, reproduce, publish
- ✓ Title to intangible property (see [2 CFR 200.59](#) Intangible property) acquired under a Federal award vests upon acquisition in the non-Federal entity

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✓ Intellectual Property – Grant Provision

Government has a paid-up, nonexclusive and irrevocable license to use or authorize others to use intellectual property developed with grant funds

[2 CFR 200.315\(b\)](#)

- ✓ The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

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”

– DOL Grant Provision for Intellectual Property

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✓ Intellectual Property – Open Licensing

The Department of Labor’s competitive grant awards represent investments in the next generation of open educational resources (OER) by requiring that DOL-funded intellectual property developed under competitively-awarded grant programs, including digital content, be openly licensed for free use, adaptation, and improvement by others.

<https://grantsapplicationandmanagement.workforcegps.org/resources/2018/08/01/13/55/Other-Resources>



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✓ Equipment Use, Management, and Disposition Standards

- ✓ Discuss equipment use, management and disposition standards, including user fees
- ✓ Discuss types of internal controls

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✓ Equipment Use, Management, and Disposition Standards

- ✓ States – follow their own policies and procedures
- ✓ Other non-federal entities – must follow specific requirements of [2 CFR 200.313\(c\)-\(e\)](#)
- ✓ Same for all types of equipment



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Equipment Use Standards

Priority order of use of equipment on projects or programs

- ✓ Must be used for the originally-authorized purpose until funding ceases or no longer needed for the purposes of the project.
- ✓ The equipment may be retained as long as needed for the project/program, whether or not the project/program continues to be supported by the Federal award.
- ✓ When not needed for the original program or project may be used in following order of priority
 - ▶ Other DOL-funded activities
 - ▶ Activities under Federal awards for other than DOL, including consolidating equipment for information technology systems

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Equipment Use Standards (cont.)

Availability of the use of equipment during grant period of performance

- ✓ Non-Federal entity must make equipment available for use on other current or previous federally-funded projects if such use does not interfere with project for which originally acquired
- ✓ Order of preference for use on other programs
 - ▶ Other DOL-funded activities
 - ▶ Other non-DOL federally-funded awards
 - ▶ Non-federally-funded programs or projects is also permissible
 - User fees should be considered if appropriate at a fee not be less than private entities charge for equivalent service

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Equipment Management Standards

- ✓ Property records inventory system
 - ▶ Property description
 - ▶ Serial number or other identification number
 - ▶ Funding source, including Federal Award Identification Number
 - ▶ Title holder
 - ▶ Date acquired
 - ▶ Cost
 - ▶ Federal percentage of participation
 - ▶ Location, use and condition
 - ▶ Ultimate disposition data
- ✓ Physical inventory and reconciliation at least every two years

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✓ Equipment Management Standards (cont.)

- ✓ Maintenance
 - ▶ Property should be maintained in good, working order
- ✓ Insurance
 - ▶ Required for equipment purchased/improved with Federal funds
 - ▶ Insurance costs are allowable
 - ▶ Federal government not liable for insurance cost
- ✓ Disposition policy/procedures
 - ▶ Procedures for requesting disposition instructions from ETA
 - ▶ Proper sales procedures, when authorized, to sell
- ✓ Charges for depreciation must be supported by adequate property records
- ✓ Physical inventories must be taken at least once every two years to ensure that the equipment exists and is usable, used, and needed

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✓ Equipment Disposition Standards

[2 CFR 200.311\(e\)](#)

- ✓ Same for all types of equipment with a fair market value of \$5,000 at the time of disposition
 - ▶ Non-federal entities **must request disposition instructions** from the federal awarding agency if required by the terms and conditions of the Federal award

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✓ Equipment Disposition Standards – Options for Disposition

Options for disposition include:

- ✓ Keeping the property
- ✓ Selling the property
- ✓ Transferring the title to a third-party

Failure to take disposition actions may result in ETA directing the entity to take disposition actions

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✓ Equipment Disposition Process

ETA retains authority over disposition of property

- ✓ End of direct grant's period of performance
 - ▶ Subrecipients
- ✓ Formula grants to State – end of period of performance:
 - ▶ States follow own procedures
 - ▶ States establish process for:
 - › State subrecipients
 - › Local areas
 - › Local subrecipients

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✓ Intangible Property Disposition Standards

[2 CFR 200.315\(a\)](#)

- ✓ Follows the disposition requirements related to equipment at [2 CFR 200.313\(e\)](#)



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✓ Knowledge Check 2 – Questions

True or False?

1. The non-Federal entity must provide insurance coverage on equipment acquired or improved with Federal funds.
2. The non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity before disposing of equipment.
3. A physical inventory of equipment is not necessary in years when no additional equipment has been purchased.

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✓ Knowledge Check 2 – Answers

1. The non-Federal entity must provide insurance coverage on equipment acquired or improved with Federal funds. **True**
2. The non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity before disposing of equipment. **True**
3. A physical inventory of equipment is not necessary in years when no additional equipment has been purchased. **False**

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✓ Internal Controls

- ✓ Purpose
- ✓ Requirements
- ✓ Policies and Procedures
- ✓ Personally Identifiable Information (PII)

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✓ Internal Controls – Purpose

- ✓ Internal controls are designed to provide reasonable assurance regarding
 - ▶ The achievement of objectives
 - ▶ Reliability of reporting
 - ▶ Compliance
- ✓ Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the grant recipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award

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✓ Internal Controls – Requirements

Equipment inventory – physical inventory; 2 years	Procedures to maintain equipment in good working order	Segregation of duties	Risk assessment to minimize loss of equipment
Activities to safeguard assets	Custody controls	Record retention	

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✓ Internal Controls – Policies & Procedures

- ✓ Policies and procedures
 - ▶ Manage donated property
 - ▶ Prevent unnecessary purchases
 - ▶ Maintain property records
 - ▶ Take custody of equipment from subrecipients
- ✓ Requests for transfer of records
- ✓ Methods for collection, transmission and storage of information
- ✓ Access to records

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✓ Internal Controls – Transfer of Custody

<p>To take custody of subrecipient equipment, supplies, intangible property when</p> <ul style="list-style-type: none">• Subawardee goes out of business• Subaward is terminated early for cause	<p>Pass-through entity should</p> <ul style="list-style-type: none">• Update subaward boilerplate language/policies and procedures that outline ownership, title, and transfer process
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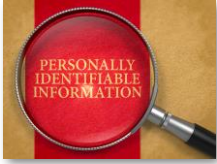
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✓ Internal Controls -PII

Personally Identifiable Information (PII)


- ✓ Must have system tracking, securing and accounting for equipment including securing the employee and participant PII housed in the equipment or computers/laptops/servers



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✓ Documentation

- ✓ Estimates of costs and related documentation
- ✓ Prior approvals
- ✓ Maintain inventory and conduct physical inventory (detailed information)
- ✓ Percentage of participation by Federal programs in cost
- ✓ Supporting documentation for property charges
- ✓ Record retention – three years after disposition or submission of final expenditure report, whichever is later ([2 CFR 200.333](#) Retention requirements for records)



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✓ Supplies

- ✓ Define and discuss supplies
- ✓ Discuss disposition standards

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✓ Supplies

[2 CFR 200.94](#)

- ✓ In contrast to Equipment...Supplies are all tangible personal property other than that described in [2 CFR 200.33](#) Equipment.
- ✓ A computing device is a supply if the acquisition cost is below the lesser of the capitalization levels established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

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✓ Use and Disposition of Supplies

[2 CFR 200.314](#)

- ✓ Must be used to support the Federal program for which they were purchased
- ✓ May be used for non-Federally funded programs
 - ▶ User fees should be considered, if appropriate
 - ▶ Program income
- ✓ If aggregate value of residual unused inventory exceeds \$5,000 at end of grant
 - ▶ May use on other Federal programs
 - ▶ Must use on other non-Federal programs, or sell, but must compensate Federal agency for its share

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✓ Prior Written Approval


- ✓ Explain the Uniform Guidance requirements relative to property prior approvals
- ✓ Discuss review and approval process

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✓ Prior Written Approval

- ✓ The Uniform Guidance requires prior approval for purchase of equipment
- ✓ Requests for prior approval must be submitted in writing to the Grant Officer at least 30 days prior to the effective date of the requested action (DOL's exception [2 CFR 2900.10](#))
- ✓ The Grant Officer's approval must be in writing



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✓ Prior Approval Process

State Formula Grants – Governor	State Other Direct Grants – Grant Officer	Direct Grants (Non-State) – Grant Officer
<ul style="list-style-type: none"> • Prior approval has been delegated to the governor unless noted in the grant award. • Subrecipients obtain prior approval from the governor. 	<ul style="list-style-type: none"> • Prior approval requirements are not delegated. Must be given by Grant Officer. • Subrecipients must go through State for prior approval. • States request prior approval for the subrecipients from the Grant Officer. 	<ul style="list-style-type: none"> • Prior approval requirements are not delegated. Must be given by Grant Officer. • Subrecipients must go through direct grant recipient for prior approval. • Direct grant recipient requests prior approval for the subrecipients from the Grant Officer.

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✓ Review and Approval Process

✓ **Pass-Through Entities** assign responsibility for managing prior approval requests at all levels, as appropriate, following proper protocol

Develop a process	Criteria
<ul style="list-style-type: none"> • Receipt • Review • Approval/disapproval 	<ul style="list-style-type: none"> • Documentation • Justification • Reasonableness of cost • Need

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✓ Knowledge Check 3 – Questions

True or False?

1. Formula grant subrecipients must obtain prior Grant Officer approval for equipment purchases.
2. Prior approval authority has been delegated to the Governor for “non-formula” grants to the state.
3. Other direct grantees (non-state) must obtain prior approval from the Grant Officer for equipment purchases.
4. A grant recipient purchased a computer costing \$4,000 but failed to obtain prior approval. The grant recipient may incur questioned costs for this purchase.

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✓ Knowledge Check 3 – Answers

1. Formula grant subrecipients must obtain prior Grant Officer approval for equipment purchases. **False**
2. Prior approval authority has been delegated to the Governor for “non-formula” grants to the state. **False**
3. Other direct grantees (non-state) must obtain prior approval from the Grant Officer for equipment purchases. **True**
4. A grant recipient purchased a computer costing \$4,000 but failed to obtain prior approval. The grant recipient may incur questioned costs for this purchase. **False**

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✓ Common Mistakes

- ✓ Describe common mistakes related to equipment

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Common Mistakes

- ✓ Expending grant funds on property without obtaining required prior approvals
- ✓ Failing to receive disposition instructions before disposing of property
- ✓ Loss/theft of property due to lack of oversight of subrecipients' property management systems
- ✓ Lack of internal and accountability controls over electronic information systems and PII of employees and customers

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Core Monitoring Guide – Objective 2.c: Property Management

- ✓ **Indicator 2.c.3: Equipment**
 - ▶ For equipment that was purchased with grant funds, was prior approval received prior to the acquisition or disposition of that equipment?
- ✓ **Indicator 2.c.5: Supplies**
 - ▶ Does the grant recipient have policies and procedures covering supplies?
 - ▶ What procedure does the grant recipient have in place to recognize and differentiate when supplies and equipment are purchased with grant funds?
- ✓ **Indicator 2.c.6: Intangible Property**
 - ▶ Has the grant recipient acquired or developed any intangible property with grant funds?

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SMART Checklist

- ✓ **Property Management**
 - Incorporate the following terms and definitions into written policies and procedures covering assets and inventory systems: computing devices, supplies, equipment, intellectual property, information technology systems, creative commons, specialized equipment, land, buildings, and idle facilities.
 - Develop or update procedures that outline the responsibilities of the submission, review, and authorization of prior approval requests for equipment purchases by organization and subrecipients.

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✓ SMART Checklist (cont.)

- ❑ Update contract boilerplate language and develop or update procedures that outline ownership, title, and transfer of equipment, property, intangible property, or other assets (such as supplies) purchased by contractor and subrecipients using grant funds.
- ❑ Outline instructions and timelines for disposition and/or grant closeout of property, equipment, intangible property, or other assets (such as supplies) purchased directly with DOL grant funds or by a subrecipient.
- ❑ Ensure periodic inventory checks are performed of grant purchased property and inventory or property records contains the required information outlined in the Uniform Guidance.

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✓ Module Review

- ✓ Prior written approval is required for equipment purchases in excess of \$5,000 for discretionary grants
- ✓ The Federal government retains an interest in intangible property
- ✓ ETA recipients must provide a Creative Commons attribution license to intellectual property produced with assistance from grant funds
- ✓ Internal control systems are required to protect property and PII housed in equipment/computers/laptops/servers
- ✓ Disposition instructions must be requested from ETA for most types of capital assets

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✓ ETA and Uniform Guidance Resources

- ✓ [Core Monitoring Guide](#)
 - ▶ Objective 2.c: Property Management
- ✓ [Grant Management TAG](#)
 - ▶ Chapter 5: Property Management
- ✓ [Buy American Act](#)
- ✓ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards [2 CFR Part 200](#)
 - ▶ 2 CFR 200.33
 - ▶ 2 CFR 200.48
 - ▶ 2 CFR 200.58
 - ▶ 2 CFR 200.59
 - ▶ 2 CFR 200.89
 - ▶ 2 CFR 200.94
 - ▶ 2 CFR 200.246
 - ▶ 2 CFR 200.306
 - ▶ 2 CFR 200.311
 - ▶ 2 CFR 200.313
 - ▶ 2 CFR 200.315
 - ▶ 2 CFR 200.333
 - ▶ 2 CFR 200.436

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Web Resources

- ✓ What is the best way to find your local American Job Center (AJC)?
 - ▶ See DOL's [Service Locator](#)
- ✓ Want More Information?
 - ▶ [DOLETA Law/Grants](#)
 - Funding Opportunities
 - How to Apply
 - Manage Your Awarded Grant
 - Resources and Information
 - [ETA Grantee Handbook](#)
 - [Annual Grant Terms Template](#)
 - [Core Monitoring Guide](#)
 - [Technical Assistance Guides](#)
 - [Uniform Guidance Quick Reference Sheet](#)
- ✓ Want More Training?
 - ▶ [WorkforceGPS's Grants Application and Management Community of Practice](#)
 - [Financial Reporting](#)
 - [Subrecipient Management and Oversight](#)
 - [Indirect Cost Rates](#)
 - [Policies and Procedures](#)
 - [Procurement and Performance-Based Contracts](#)
 - [Capital Assets and More](#)
 - ▶ [WorkforceGPS](#)

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Remember the Grant Management Toolbox!

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Questions?

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