



CRATER REGION

**Crater Regional Workforce Development Board**

<b>Title:</b>	Procurement and Inventory Policy	<b>Policy #</b>	
<b>Effective Date:</b>	January 1, 2018	<b>Revision Date:</b>	February 25, 2021

**Procurement Policy Purpose**

This document provides guidelines regarding the procurement, purchase, inventory and disposal of equipment and property purchased with U.S. Department of Labor funds. This policy seeks to align with the CRWDB Virginia Career Works- Crater Region policy and procedures with the grant recipient, City of Petersburg, and the Commonwealth of Virginia.

**Reference**

- §2-391 of the Code of Petersburg*
- Virginia Workforce Letter VWL #16-08*
- OMB Uniform Guidance Subpart D – 2 CFR 200.311- 200.326*

**Definitions**

**Real Property:** Land, including land improvements, structures and appurtenances 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).

1. **Equipment: Nonexpendable Personal Property:** An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000, including all costs related to the property’s final intended use.
2. **Expendable Personal Property:** All tangible/intangible personal property other than nonexpendable personal property. Expendable personal property would include all tangible and intangible personal property having a useful life of less than one year and an acquisition cost of less than \$5000.

**Fair Market Value:**

- For Sale purposes: The selling price of an item that is sold through auction, advertisement, or a dealer.
- For purposes of authorizing the sub-recipient to retain equipment for use after grant award expiration: The value of similar items that are offered for sale, using the selling price if known.

**Acquisition Cost of Purchased Nonexpendable Personal Property:** The net invoice unit price of the property including the costs of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as transportation or installation charges, taxes, duty or protective in-transit insurance will be included or excluded from the acquisition cost in accordance with the contractor’s regular accounting practices.

**Excess Property:** Property under the control of a Federal agency which, as determined by the head thereof, is no longer required for its needs.

Federally Owned Property: Government furnished property or property acquired with federal funds to which the Government holds title.

Exempt Property: Tangible or intangible personal property acquired in whole or in part with Federal funds, title to which is vested in the recipient without further obligation to the Federal government.

### Description

In order to ensure the CRWDB obtains high quality services, supplies and equipment at a reasonable cost and to ensure reasonable competitiveness among potential providers, purchases made by the CRWDB will be in accordance with OMB Uniform Guidance. In addition, any regulations and requirements established by the VCCS, DOL, or grant funder will apply if funds are provided from those agencies. Procurement will meet grant recipient requirements as well.

### Procedure for Purchases

#### **A. PURCHASES**

##### *Requirement*

Sub recipients must request written prior approval from the Virginia Community College System (VCCS) and Department of Labor (DOL) 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.

##### *Purchase Considerations*

The following considerations should be made prior to requesting approval from the VCCS and DOL to utilize Workforce Innovation and Opportunity Act or any federal or state funds for the purchase of equipment:

- Is this purchase necessary and reasonable?
- Why is the purchase needed?
- Have the best products been selected?
- What procurement method will be used?
- Was a lease option considered in lieu of the purchase?
- What other costs are associated with the purchase?
- Is there a cost sharing agreement if multiple partners will share the cost of the purchase? If so, a cost sharing schedule must be provided with the purchase approval request. *NOTE:* The sub-recipient must obtain prior approval regardless of the portion of the equipment purchase that is allocated to Workforce Innovation and Opportunity Act funds or DOL.

##### *Requesting a Purchase*

VCCS Equipment purchase: For equipment purchases over \$5,000, CRWDB must submit a signed hardcopy Equipment Purchase Approval Request, along with supporting documentation, to the VCCS Workforce Development Services (WDS) Resource Administrator.

DOL Equipment purchase: Request submitted to federal field officer with a description of equipment, purpose and use of equipment and location of equipment.

The CRWDB Executive Director and Finance Director are responsible for coordinating contractor activities: contractor selection for the delivery of employment and training services; the purchase of equipment and supplies; maintenance of records and inventories; and issuing and maintaining appropriate contractor purchasing and property procedures.

The Chief Elected Officials, CRWDB and Executive Director are responsible for ensuring that procurement procedures have been established and will periodically review adherence to established procurement procedures.

CRWDB employees will avoid organizational and personal conflict of interest, or the appearance of conflict of interest, in the procurement of goods and services and in the administration of state/federal funds. CRWDB employees shall neither solicit nor accept from any bidder, offeror, contractor or subcontractor anything of more than nominal or minimal value.

The Executive Director shall have the authority to approve purchases that are within the framework of the annual budget. Prior approval, from the Executive Director, is necessary before an employee may make purchases. The CRWDB Executive Committee and Chief Elected Officials must approve expenditures outside of the annual budget.

### **Summary from OMB Uniform Guidance**

#### **Reference**

*OMB Uniform Guidance - 2 CFR Part 200.320 (b-f)*

### **PURCHASING THRESHHOLDS**

- a. **Purchases of \$2500 or less** - delegated to using CRWDB Executive departments through the use of the \$2500 or less.
- b. **Purchases over \$2500 but less than \$10,000** - competition must be sought from a minimum of two valid sources. Using departments/agencies must forward the written documentation of quotes along the purchase requisition to the Purchase Office. At a minimum, the following shall be included on the requisition and/or quote: include price, vendor name, diversity designation, telephone number, payment terms, delivery date, freight/shipping costs, vendor contact and date of quotation. Award shall be made to the lowest responsive bidder.
- c. **Purchase of \$10,000 but less than \$30,000** - competition must be sought from a minimum of three valid sources. Quotations shall be document. Should it be determined that it would be more appropriate to use an Informal Request for Proposal process, then the Purchasing staff may use the process outlined in Section III.D. 2 of the Grant Recipient policy and procedures manual.
- d. **Purchases of \$30,000 but less than \$50,000** - for this category, the Purchasing Office is solely responsible for obtaining quotes on behalf of the end user. Competition must be sought from a minimum of four valid sources, in writing.
- e. **Purchases of \$50,001 and above** – for this category, the procedures for procuring professional services and selected goods and non-professional services through competitive negotiation when the estimated sum of an individual purchase or the estimated aggregate or sum of all phases reaches or exceeds \$50,000 as based upon the Grant Recipients - §2-421- §2-422 of the Code of Petersburg.

Competitive Sealed Bidding are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the lowest responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids and the invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.

Procurement by competitive Negotiations. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical, proposals must be solicited from an adequate number of qualified sources, the non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients and contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

Procurement by Sole Source. Procurement by only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (3) After solicitation of a number of sources, competition is determined inadequate.

In accordance with WIOA regulations at (NPRM) 20 CFR Part 683.200(d), the CRWDB may not make an award, sub award or contract at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs in accordance with the Department of Labor Regulations at 29 CFR Part 98. The Federal Debarment list shall be consulted prior to awarding a contract or doing business with a new vendor.

### **Inventory Policy Purpose**

To establish a policy to inventory and track tangible and/or real property purchases using CRWDB funding including but not limited to U. S. Department of Labor Workforce Innovation and Opportunity Act (WIOA) funds, DOL-ETA funds or state funds.

### **Reference**

*OMB Uniform Guidance - 2 CFR Part 200.313*

### **Description**

Local Workforce Development Boards are to ensure that property purchased with their funds are used in accordance with the intent of the law and for the agreed upon intent. For purposes of this policy, property is defined to include equipment, supplies, real property, tangible property, data, records and proprietary information. It is the policy of CRWDB to follow uniform standards governing the utilization and disposition of property furnished by or acquired in whole, or in part, with state or federal funds. The CRWDB and all contractors or subrecipients will observe these standards. Property purchased, collected or developed with CRWDB funds is the property of the CRWDB and, as such, must be used for purposes authorized by WIOA, DOL and the CRWDB unless otherwise regulated by the state or federal mandates. An inventory of such property is to be maintained by the board and all contractors and subcontractors receiving funding through the CRWDB. An inventory, audit and/or repossession of such property are at the discretion of the CRWDB and state and federal governments. Upon termination of services with the CRWDB, an inventory will be completed jointly by the contractor and/or subcontractor and board staff no more than 30 days after the closing of the contract. Disposition of the property will be at the discretion of the CRWDB. Any inventory deemed unusable will be documented. The inventory record log is updated annually by the contractor and a copy is given to board staff. Board staff will maintain records of property for administrative and program purposes at the board office. Board staff will verify and reconcile inventory annually during on-site visits to all centers.

### **Procedures for Inventory Control**

This subsection provides standards and procedures for CRWDB's and contractor's use and control of property provided by the Department of Labor or the Crater Regional Workforce Development Board (CRWDB) and property acquired with WIOA, DOL, or any other state or federal funds.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage or theft of any property. Loss, damage, or theft of nonexpendable property shall be investigated by authorities and the CRWDB and the results of the investigation shall be fully documented. In the case of theft or vandalism of property owned by the Federal government, the contractor shall promptly notify the CRWDB and the proper law enforcement officials.

The contractor shall implement adequate maintenance procedures to ensure the property is kept in satisfactory working condition

To properly control and account for property acquired with Federal funds, a physical inventory and CRWDB Property Inventory report will be conducted annually. The physical inventory will include a physical verification of each item and its condition. Any property valued at \$100 or greater must be listed on the inventory record and tagged as being the property of the CRWDB. The report will identify each asset by:

1. A description of the equipment.
2. A serial number or other identification number.
3. Source of the equipment, including the award number.
4. Title holder.
5. Acquisition date.
6. Per unit cost of acquisition.
7. Percentage of Federal participation in the cost of the property.
8. Location, use and condition of the property and the date the information was reported.
9. Any ultimate disposition data including the date of the disposal, sale price of the property, loss, theft.
10. A CRWDB inventory tag.
11. Method of procurement.
12. Source of procurement funds.

#### **Inventory Control Log Procedures**

The CRWDB shall update the inventory listing using a standard inventory log to include all information required by VWL-16-08. Property is logged on the inventory control log as it is purchased, identifying all required areas. As a subcontractor is lent approved property, the subcontractor lists it on their inventory control log.

Annual physical inventories shall be taken by the contractor and the Administrative Assistant or other designated staff of the CRWDB for all items of nonexpendable property provided by the state or acquired with federal grant funds. The same federal property inventory form should be used to list all items of nonexpendable personal property held by the contractor or used under the federal contract. In addition, a responsible official of the contractor with designated control over equipment/inventory shall certify that the equipment/inventory records are complete and correctly list and describe all items of nonexpendable personal property furnished to the contractor. Each contractor will perform an inventory and return a completed inventory report to the CRWDB Finance Director. A physical inventory shall be conducted annually of all nonexpendable personal property assigned to the CRWDB Administrative Office and Workforce Centers.

#### **Cannibalization of Property**

Cannibalization is the removal of serviceable parts, components or assemblies from one item of equipment for installation on another item of equipment to serve the same basic function. Cannibalization shall not be undertaken without prior approval by the CRWDB. Each request shall identify the item to be cannibalized, parts to be removed and benefits to be derived from cannibalization. When cannibalization is completed, it shall be reported to the CRWDB.

#### **Disposition of Property from Contractor**

Upon expiration or termination of a contract, a final physical inventory shall be taken of all items of nonexpendable property acquired under a federal contract. The physical inventory listing will be compared with the records maintained by the CRWDB and any differences or discrepancies noted shall be investigated by the contractor. After all property items have been properly accounted for, the CRWDB will issue disposition instructions to the contractor.

The CRWDB may require state and federal property to be returned to the CRWDB Administrative Office or the contractor may be allowed to retain property for its use in lieu of payment of storage charges, until such time as it may be needed in the operation of a state or federal program or by the CRWDB.

Transfers of nonexpendable property between contractors will require prior approval of the CRWDB. The gaining contractor will be responsible for the property received and all attendant property requirements.

**Disposition of Excess or Obsolete Equipment**

Contracting Officer shall determine if equipment is workable but in excess. Such excess equipment may be stored for future use or if economically unwise to store, dispose of properly. This may include submitting equipment to a disposal site (computers must be cleared of all information) for disposal. Property may also be given to any other organization operating under the same federal acts. Failing that the property may be assigned to a like agency to service clients of a type who were served by the grant that procured the equipment.

**Intangible Property**

Inventions and Patents – The contractor shall report promptly and fully to the CRWDB any program which produces patentable items, patent rights, processes or inventions in the course of work under the state/federal contract. Unless the contractor and the CRWDB previously agreed on the disposition, the CRWDB shall determine whether protection on the invention or discovery shall be sought. The CRWDB shall also determine how the invention or discovery rights, including rights under any patent issued thereon, shall be allocated and administered.

**Copyrights**

Unless otherwise provided in the terms and conditions of the contract, the contractor may copyright material or permit other to do so for copyrightable material developed under a contract. If any material developed under a state/federal contract is copyrighted, the DOL shall have a royalty-free, nonexclusive and irrevocable right to reproduce, publish, and otherwise use, and to authorize others to use, the work for Federal purposes.

**Property Records**

All equipment records must be maintained from the date of acquisition through final disposition. Property records shall be retained beyond the three years if any litigation or audit is begun or if a claim is instituted involving the grant or agreement covered by the records. In these instances, the records shall be retained until the litigation, audit or claim has been fully resolved.

Authorized Approval by

Executive Director:

Stephena H. [Signature]

Date: 2/25/21