



Department of Community &
Economic Development

CENTER FOR COMMUNITY SERVICES

Title: Management of WAP/CSBG Property

Directive #: CW2016-02

Effective: July 1, 2016

To: Weatherization and CSBG Subgrantees

From: Lynette Praster, Director – Center for Community Services

1.0 Purpose:

To establish procedures and policy regarding the purchase, management, transfer, disposition, and documentation of Weatherization Assistance Program (WAP)(DOE and LIHEAP) and Community Services Block Grant (CSBG)- funded vehicles, equipment, and material inventory.

2.0 Background:

WAP: The following polices are based on Title 10 of the Code of Federal Regulations, Part 600, hereafter referred to as 10 CFR 600 In addition, OMB Circular 2 CFR Chapter I, II, Part 200, 215, 220, 225 and 230. The WAP federal statutes, regulations, rules and directives are available online through the WAP Technical Assistance Center at www.waptac.org.

CSBG: The following procedures are based and in accordance with 45 CFR Part 74, OMB Circular 2 CFR Chapter I, II, Part 200, 215, 220, 225 and 230 as revised by the U.S. Department of Health and Human Services CSBG Information Memorandum No. 60, “Duties and Interests with Respect to Property Purchased, Constructed or Improved by an Eligible Entity Using Block Grant Funds Provided Under Public Law 105-285 Section 678(a)(1)&(2) Limitation on Use of Funds and the Secretary’s Right to Waive the Prohibition. The CSBG federal statutes, regulations, rules and directives are available online at <http://www.acf.hhs.gov/programs/ocs/programs/csbg>.

3.0 Policy/Procedure:

A. Purchase:

All purchases must be made in accordance with the Procurement, Bidding and Subcontracting Directive.

For the WAP, when a purchase is being considered or something of value is no longer needed for use in WAP or any other federal program, a description and FMV of the item/s should be sent to the weatherization mailbox at ra-wxmail@pa.gov.

The Center for Community Services (CCS) requires that all WAP and CSBG subgrantees receive written permission from CCS to purchase any property with an aggregate cost of

\$5,000 or more. For CSBG, a waiver is needed for construction or improvement of real property.

Once a vehicle is approved and purchased, the following steps must be followed:

1. Vehicle title is to be taken in the name of the subgrantee
2. First lien is to be assigned to the Department of Community and Economic Development (DCED)
3. Original Certificate of Title is to be submitted to the Center for Community Services (CCS)

B. Management:

Property is defined as any vehicle, equipment, or material inventory assigned to a program managed by Pennsylvania's CCS, hereafter referred to as "Property" for the purposes of this Directive.

Property with a unit purchase cost of \$1,000 or more must be recorded and a list provided to CCS electronically on an annual basis. **This WAP/CSBG Property Workbook is due by the last business day of February for the prior calendar year (January 1-December 31).** All property purchased with WAP/CSBG funds must be identified with a DCED identification tag, which can be acquired from CCS upon request.

Material Inventory purchased with WAP/CSBG funds must be documented if the aggregate Fair Market Value (FMV) at the end of the contract is \$5,000 or over. The cover page of the WAP/CSBG Property Workbook provides a place to report the total amount of Material Inventory. CCS may require more information about the Material Inventory upon review.

Internally, each subgrantee must maintain an additional a list of property purchased in whole or in part with WAP or CSBG funds with an acquisition cost from \$300 up to \$1,000 or as identified on the WAP/CSBG Property List in order to accurately track all purchases. This list is provided in the WAP/CSBG Property Workbook for your convenience.

C. Inventory Control:

The Center for Community Services requires that all Weatherization and CSBG subgrantees maintain a property inventory that identifies all property purchased with federal funds (DOE, CSBG, LIHEAP, etc). The Workbook for tracking the property will be supplied by the Center for Community Services.

Please see Management section B. for Material Inventory instructions. The Property Workbook should be updated throughout the contract period as purchases, disposals, and transfers are made.

In addition, for any disposal and/or transfer of property a State and Federal Inventory

Disposal and Transfer Record an attachment to the Directive.

D. Disposition of Property:

Subgrantees may choose the means by which they manage the disposition of their Weatherization and/or CSBG property.

Property may be retained within a currently funded and active program. This method of property management only applies to property assigned to a program that continues to be funded and remains active. Property that is assigned to a program that will not continue to be funded and active must be removed from that program, and should be managed according to the following six priority methods below. Subgrantees must receive permission from CCS to transfer, sell, donate, or discard any property with a Fair market Value of \$5,000 or above which cannot be retained within its current program.

For WAP funded property, the item should have been listed on the Weatherization Extranet prior to considering transfer. Details and FMV must be submitted to ra-wxmail@pa.gov.

1. Property must be removed and managed according to the following:
 - i. Transferred within a subgrantee for use in an active WAP/CSBG funded program, respectively.
 - ii. Transferred within a subgrantee for use in an active federally-funded program with the understanding that if the property is needed by another subgrantee for use in their active WAP or CSBG programs that the property could be moved for use in the program for which it was originally intended
 - iii. Utilized (including rented or leased) for a non-federal program (including all utility, for-profit, federally-supported for-profit loan, federally-supported private, or private programs), regardless of whether the non-federal program is administered by the subgrantee.
 - 1) Subgrantees must receive permission from CCS to utilize any property for a non-federal program. Subgrantees must submit written requests for permission that include:
 - a) Subgrantee name
 - b) Property to be used by other program
 - c) Actively funded program to which the property is assigned
 - d) Original purchase price of property
 - e) Proposed program or activity to which property will be rented or leased, including specific details like the name of the program, funding source, type of program (non-federal or for-profit), etc.
 - f) A statement that utilizing the property will not interfere with the originally intended program activities
 - g) If property is utilized for programs administered by the subgrantee, a plan for sharing costs and how the costs will be documented. For example, include details on a lease or rental agreement, a utility

contract, a leveraging plan, how time sheets or mileage logs reflect dual usage, and how material costs will be repaid, if necessary

- h) If property is to be utilized on for-profit activities, a statement which indicates that services provided for a fee will not compete unfairly with private companies that provide equivalent services
 - i) Any further details required by CCS upon request.
- 2) To use this method of property management, the property must be available for use in an active WAP/CSBG or federally-funded program.
 - 3) Any funds acquired by a subgrantee through rent, lease, or other fees in the utilization of property by a non-federal program must be treated as program income in accordance with 2 CFR Part 200. More information regarding program income is also provided in the Master Agreement under the Payment Provisions and Fiscal Responsibilities section.
 - a) Program Income must be counted as funds for use within the funding source in which the item was purchased.
 - b) For WAP, Program Income must be spent in the Direct Services budget categories of Program Operations, Program Support or Health and Safety to weatherize more units.
 - c) For CSBG, Program Income must be spent to supplement incurring program expenditures that further CSBG objectives.
 - (1) Program Income is not added to the agency contract budget but must be reported on the agency monthly Financial Status Report.
 - (2) Program Income must be expended prior to drawing additional CSBG funds and within the program year in which the funds were earned.
 - d) For WAP, a request to CCS must be made to add Program Income to the agency HES budget as a separate budget category within the appropriate funding source and will be labeled as Program Income.
 - (1) Program Income is not added to the agency contract budget but must be reported on the agency monthly Financial Status Report.
 - (2) Program Income must be expended prior to drawing additional WAP funds and within the program year in which the funds were earned.
2. Sold to a non-federal program and/or to a for-profit entity.
 - i. Subgrantees must receive permission from CCS to sell any property with a fair market value of \$5000 or more. Subgrantees must submit written requests for permission that include:
 - a) Subgrantee Name
 - b) Vehicle or equipment to be sold
 - c) List of all material inventory to be sold

- d) Date of original purchase of property
 - e) Original funding source for purchase of property
 - f) Funding Source currently assigned to property
 - g) Original purchase price of property
 - h) Fair Market Value (FMV, defined in Section 3, D, 4, ii) of property
 - i) Method of determining the FMV
 - j) Proposed Method of Sale, in accordance with Proper Sale Procedures (defined in Section 3, D, 4, iii)
- ii. Fair Market Value (FMV)
- a) According to the Internal Revenue Service (see the below link in Section 6, Attachments and Resources), “Fair market value is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, nor both having reasonable knowledge of the relevant facts.”
 - b) The following suggestions are some but not all potential options for determining FMV; however, subgrantees are responsible for determining FMV according to the above definition regardless of whether the following methods adequately meet the definition.
 1. Obtain three quotes from three separate reputable vendors listing their current sale price for the property.
 2. Obtain three sale prices from public auction websites such as eBay, Craigslist, Amazon dealers or retail stores.
 - a) For all property, COSTARS may not be used to determine FMV because it achieves artificially low prices through negotiated pricing.
 - b) For vehicles, subgrantees may also obtain three sale prices from public online vehicle sale vendors such as Vehix, Edmunds, or CarsDirect.
 - c) For vehicles, Kelley Blue Book may only be used to determine FMV if the vehicle does not have any customized features installed.
- iii. Proper Sale Procedures
- a) Proper sales procedures must be established which provide for competition to the extent practicable and result in the highest possible return.
 - b) A record of the sale must be documented in the subgrantee’s financial records.
3. Donated to a charitable organization.
- i. Subgrantees must receive permission from CCS to donate any property with a value of \$5000 or more. Subgrantees must submit written requests for permission that include:
 - a) Subgrantee Name
 - b) Vehicle or equipment to be donated
 - c) List of all material inventory to be donated

- d) Organization to which property is donated
- e) Date of original purchase of property
- f) Funding Source assigned to property
- g) Original purchase price of property
- h) FMV of property
- i) Method of determining the FMV
- ii. Documentation of Donated property
 - a) For property with an FMV less than \$5000, subgrantees must document the method used for determining the FMV.
 - b) Receipt or acknowledgment of all donations must be kept within the transaction record.
- 4. Discarded.
 - i. Property that is to be discarded must have little to no value.
 - ii. Documentation of Discarded property
 - a) FMV must be determined to be very low and the method for determining the FMV must be documented.
 - b) If applicable, subgrantees must acquire a receipt from the site of disposal and must retain the receipt within the transaction record.
- B. Prioritization for disposition of property that can no longer be used for the program for which it was purchased:
 - 1. If the property's purchase price or FMV is **less than \$5000**, subgrantees must prioritize their property disposition according to the following order:
 - i. Subgrantees must use property for activities sponsored by WAP or CSBG funds.
 - ii. Subgrantees must use property for activities sponsored by other federal funds.
 - iii. Subgrantees may discuss the disposition decisions of property valued less than \$5000 with CCS, and CCS may require subgrantees to dispose of any property according to CCS's discretion (particularly to ensure property availability across the Commonwealth via the Weatherization Extranet).
 - 2. If the property's FMV is **\$5000 or more**, subgrantees must prioritize their property disposition according to the following order:
 - i. Subgrantees must use property for activities sponsored by the original purchasing program of WAP or CSBG.
 - ii. Subgrantees must use property for activities sponsored by other federal funds. Subgrantees must discuss and submit written request to CCS for all disposition decisions of property with this value.
- C. WAP/CSBG Property Workbook
 - 1. The attached WAP/CSBG Property Workbook (Workbook) is the primary means by which subgrantees record all property ownership and program change transactions.
 - 2. Subgrantees must follow all instructions and fully complete the Workbook.
 - 3. Subgrantees must maintain and continually update the Workbook.
 - 4. CCS reserves the right to request completed Workbook at any time.

4.0 Notations:

This directive shall supersede and replace in entirety the following directive:

- *Directive CW2014-02, Management of WAP_CSBG Property*

5.0 Effective Date:

This directive shall take effect July 1, 2016 and supersedes previous directives. It shall remain in effect, in its entirety, until such time as it is amended, replaced, superseded, or nullified. Only a directive from the Center for Community Services may countermand any statement herein contained.

6.0 Attachments and Resources:

- Weatherization/CSBG Property Workbook
- State and Federal Inventory Disposal and Transfer form
- Selecting Fair Market Value: <http://www.irs.gov/publications/p561/ar02.html#d0e139>

cc: Center for Community Services
Financial Management Center