

**West Virginia Rural Health
Education Partnerships**

Policy and Procedure

Title of Policy: Requirements Governing the Purchase, Management and Disposition of Property and Equipment Purchased with RHEP Administered Funds

Formulated By: HEPC and WVRHEP Administrative Office

Approved By: Advisory Panel

Date: August 13, 2007

Date: September 21, 2009 Wording Revision

Effective Date: Updated Equipment Schedule to be included within FY 07 Audit and Full Implementation in FY 08

Implementation

Responsibility: Site Coordinator
WVRHEP Administrative Office
Lead Agency

Oversight Responsibility: WVRHEP Administrative Office
HEPC

Policy Statement:

This policy outlines uniform standards governing the purchase, management and disposition of property and equipment purchased with WVRHEP administered funds. Effective November 17, 2003, WVREHP funds are not to be used to purchase property or vehicles, however, reporting requirements for items purchased prior to this date are still in effect.

The further intent of this policy is to safeguard RHEP property purchased with state grant funds to ensure that uses of the asset will remain with the RHEP program per the oversight of the grantor agency – HEPC.

Procedure:

Purchases

1. The purchase of equipment is an allowable expense and is defined as an asset that has an individual purchase price of \$1,000 or more and a useful life greater than one year and all computers (including laptops, netbooks, and central processing units (CPU) with an acquisition cost of \$300 or more. (This policy will take precedent regarding any other prior policy that may have an area that contradicts this policy, for example, purchase price different than \$1,000). All electronic equipment (i.e. PDAs, printers, cell phones, etc) will be inventoried on a separate list. These items will not be tagged, but will be subject to the same management as other equipment purchases.
2. All equipment purchases must be approved by the RHEP Administrative Office prior to purchase. Purchase requests are to be itemized with the original or revised budget for the RHEP program along with the estimated purchase prices. An approved budget or revision, itemizing equipment will be included in your grant agreement or change order.
3. The purchase of property or vehicles with WVRHEP funds is a non-allowable expense, effective November 17, 2003. Property or vehicle purchases prior to this date still must follow the RHEP management requirements outlined in this policy. Property purchased prior to November 17, 2003, should be capitalized in the Lead Agency's audit. Footnotes to the financial statement shall also reflect that the property was purchased with RHEP funding and property belongs to the RHEP program.
4. Routine repairs/maintenance and capital improvement expenses are not considered equipment.
5. All Lead Agencies shall follow their organization's procurement standards when purchasing equipment with RHEP funding. In addition, no item may be purchased that exceeds a cost that is reasonable or customary – unless approved by the Commission.

Management

6. Lead Agencies/Consortiums must maintain a RHEP Cumulative Property and Equipment Schedule listing all items purchased completely or partially with RHEP administered funds. Only items that had an individual purchase price of \$1,000 or more and a useful life greater than one year should be listed, as well as computers, netbooks, and central processing units (CPU) with an acquisition cost of \$300 or more. This list shall include the following information.

- a. Date of Acquisition
- b. Identification number (serial number, model number or other identification number, etc.)
- c. Description of equipment/asset
- d. Quantity
- e. State Account Number
- f. Grant Number
- g. Total cost
- h. RHEP % of Cost

Basic repairs/maintenance expenses or capital improvement expenses are not to be maintained on this list. These items generally do not reflect a tangible individual item that can be inventoried separately (examples include paint, windows, carpet, etc.). Exceptions may occur for any property purchased with RHEP funds that are on the cumulative list that may have their value increased by a capital improvement expense. Therefore, these items may be added to the cumulative list.

7. A physical inventory of equipment shall be taken and the results reconciled with the records at least once every two years. Any discrepancies between the quantities determined by the physical inspection and those reflected on the RHEP Cumulative Property and Equipment Schedule shall be investigated to determine the cause of the difference. Findings shall be reported to the RHEP Administrative Office.
8. A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. All equipment meeting the definition in item #1 will be tagged with an WVRHEP inventory tag provided by RHEP Administration. Adequate maintenance procedures shall be implemented to keep the property and equipment in good condition. Any loss, damage, or theft of equipment shall be investigated and fully documented; and the WVRHEP Lead Agency shall promptly notify the RHEP Administrative Office.
9. Effective for FY 07 and thereafter, the RHEP Cumulative Property and Equipment Schedule is to be included within the Lead Agency's annual audit. This schedule will be reconciled to the cumulative schedule on file at the RHEP Administrative Office.

Prior to the FY 07 audits being completed, the Commission will send each Lead Agency their Consortium's RHEP Cumulative Property and Equipment Schedule in the revised format listed above. The purpose of this confirmation will be to ensure accuracy and to inform the Lead Agency that the individual items less than \$1,000 will be removed from the list. Once the list is verified to be accurate, the Lead Agency will be held accountable for the items on the list per this policy. The Lead Agency will also be required to keep this list up to date with additional purchases and disposals. The updated format and list must be included within the FY 07

audit as noted above. Note: All required information to be included on the schedule may not be available for prior years. However, effective for FY 08, all information will be required to be included on the schedule.

Items with a purchase price less than \$1,000 removed from this Schedule shall still remain and be administered within the RHEP program as long as their useful life will allow.

10. Title to equipment and property acquired by a WVRHEP Lead Agency with WVRHEP funds shall vest in the WVRHEP Lead Agency subject to the conditions of this policy.

- The Lead Agency shall use the equipment in the project or program for which it was acquired.
- The Lead Agency shall make the property or equipment available for use for similar programs if such use will not interfere with the work on the original project or program for which the equipment was originally acquired.
- When no longer needed for the original project or program, or if the Lead Agency is no longer a Lead Agency (i.e., cancellation of the grant agreement, etc), then property and equipment purchased with RHEP administered funds and identified on the RHEP Cumulative Property and Equipment Schedule must be returned to the RHEP program via the following procedures:
 - Equipment – a request to dispose, sell or transfer the equipment must be submitted to the RHEP Administrative Office for approval. The disposal procedures listed below must be followed.
 - Property (real and Personal) – HEPC and the RHEP Administrative Offices must be notified. HEPC and the RHEP Administrative Office, will request
 - Title to transfer to the grantor agency – HEPC, per the direction of the RHEP Administrative Office, HEPC will issue a lease for a nominal value to another entity so the property will continue to be used for RHEP purposes,
 - Or, per the discretion of HEPC and the RHEP Administrative Office, in lieu of signing over title to the real or personal property, HEPC will pursue an agreement or lease with the Lead Agency that will allow the RHEP program (or like program) to benefit from the use of state purchased property for reasonable life of the asset.
 - An example of this situation would be if the property has been jointly purchase with state RHEP funds and another entity's fund, or another entity owns a portion of the building/land on which the property resides.

11. The Lead Agency shall, at a minimum, provide equivalent insurance coverage for property and equipment purchased with RHEP administered funding that is the same as other equivalent property and equipment insurance purchased with other funding.

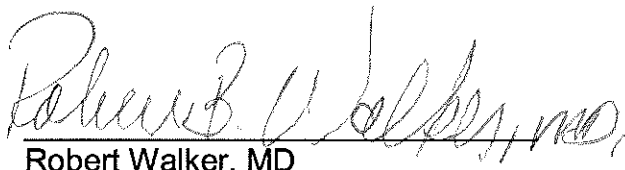
Disposal

12. A Property and Equipment Disposition Form must be submitted to the RHEP Administrative Offices when a Lead Agency (Consortium) is planning to dispose, sell or transfer an item. Signature approval by both the RHEP Administrative Office and the Commission must be secured on this form. Once signature approval is obtained, a copy of the form will be returned to the Lead Agency validating the decision. The original will be maintained at the Commission and a copy will also be maintained at the RHEP Administrative Office.

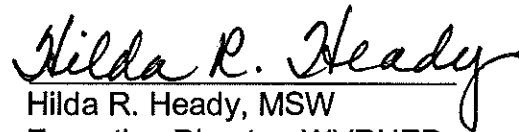
- Equipment and property transferred to another Lead Agency (Consortium) will be added to their RHEP Cumulative Property and Equipment Schedule.
- Proceeds from the sale of equipment and property must be used for the RHEP program. The sale of property must conform to the Lead Agency's procurement policies and the sales price shall be reasonable and at fair market value.

13. A denial of the disposal request will be communicated with the form being returned and being marked denied and a reason will be disclosed.

14. Approval or denial of disposition will be made within 60 days of submission.



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