SECTION 5: PROPERTY MANAGEMENT
Equipment and Capital Improvements

This policy applies to organizations receiving EFAP funds.

1. Allowable equipment purchases.
   - Equipment is defined as any tangible nonexpendable personal property with a useful life of more than one year. The purchase of equipment to be used in the EFAP is an allowable expenditure.
   - Equipment costing $5,000 or more per unit must be approved prior to purchasing using the Food Assistance Equipment Purchase Request / Approval Form (AGR-2204). Equipment Procurement Guidelines (AGR PUB 609-454) are located on the FA Forms and Publications webpage.
   - Equipment costing $30,000 or more per unit requires three bids in writing, must be submitted with and approved prior to purchasing using the Food Assistance Equipment Purchase Request / Approval Form (AGR-2204). Equipment Procurement Guidelines (AGR PUB 609-454) are located on the FA Forms and Publications webpage.
   - Contractors must have written procurement and inventory policies for equipment and procedures for disposing of equipment that at a minimum meet WSDA FA standards. If an agency's internal equipment procurement policies are more restrictive, then they should adhere to the stricter of the two policies. See the Equipment Procurement Guidelines (AGR PUB 609-454).

5. Allowable capital improvement projects.
   - Capital improvement means expenditures to acquire permanently located capital assets, or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets which are permanently located that materially increase their value or useful life.
   - Contractors and subcontractors who wish to use EFAP funds for a capital improvement should reach out to their regional representative to make sure they understand what will be required of them before beginning the project and bid process.
   - Capital improvements are most easily approved to buildings which are owned by the contractor or subcontractor. Capital improvements may be approved if a building is leased. Be advised that a lease term minimum may apply.
   - Procurement and bid process requirements for capital improvements will vary depending on the cost of the capacity project. Make sure you review the Capital Improvement Guidelines (AGR PUB 609-898) before initiating the process of soliciting bids to ensure the process is conducted as required.
   - Contractors must have written procurement and inventory policies for capital improvements and procedures that at a minimum meet WSDA FA standards. If an agency’s internal capital improvement policies are more restrictive, then they should adhere to the stricter of the two policies. See the Capital Improvement Guidelines (AGR PUB 609-898).
Property Management and Inventory

This policy applies to organizations using EFAP funds to purchase capital assets valued $5,000 or more with a useful life of more than one year. WSDA monitors for compliance with this policy.

The Washington State Administrative and Accounting Manual (SAAM) defines the state's capitalization policy as assets with a unit cost (including ancillary costs) of $5,000 or greater, or collections with a total cost of $5,000 or greater. Consequently, components valued less than $5,000 but are pieces of a larger system valued over $5,000 are determined to be equipment. (Refer to SAAM 30.20.20). Property management and inventory practices must also be in compliance with requirements from 2 CFR Part 200 Subpart D.

1. **Capital asset inventory policy required.**
   - Contractor and subcontractors, including food banks shall have an inventory policy in place for capital assets that adequately addresses how to track all capital asset inventories.
   - Contractors shall have a method for tracking inventory purchased by their subcontractors with FA funding in order to assure that all appropriate capital asset is listed on FA’s Annual Inventory Report each year.
   - Subcontractors shall have a method for tracking FA purchased capital assets.
   - A physical inventory of the property purchased with FA funds must be taken and the results reconciled with the property records at least once every two years.
   - A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the capital asset. Any loss, damage, or theft shall be investigated.
   - Adequate insurance and maintenance procedures must be in place for all capital assets.
   - If the agency is authorized to sell the property, proper sales procedures must be established to ensure the highest possible return.
   - Contractors shall follow proper procedures for the disposition of capital assets purchased with FA funds. (See Part 3 of this policy.)

2. **Annual reporting of capital assets.**
   - All contractors must report at the end of each state fiscal year on the FA Annual Inventory Report (AGR-2201) of capital assets with an acquisition cost of $5,000 or more per unit that was purchased with FA funds, regardless of the percentage FA paid. Section 1 of the report includes new and past purchases that have not been placed in disposition status. Section 2 of the report includes only disposition of capital assets that occurred since the last report was submitted.
   - Contractors are responsible for reporting subcontractors' applicable capital asset inventory on the FA Annual Inventory Report.
   - Capital asset reporting is based on the acquisition date and has no ending date for the FA Annual Inventory Report until disposition occurs.
   - Records shall be maintained.