

—PROGRAM INSTRUCTION—

Texas Department of Aging and Disability Services (DADS) – Access and Intake Division

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| TITLE: | Capital Equipment and Controlled Assets | NUMBER: | AAA-PI 200 |
| SECTION: | Area Agencies on Aging | APPROVAL: | Betty Ford |
| ISSUE DATE: | 3/24/08 | REVISION DATE: | 4/7/09 |
| RELEVANT CITATION(S): | OMB A-122, Attachment B(15)(a)(1); OMB A-87, Attachment B(19)(a)(1)&(2); 45 CFR §92.32; UGMS, Attachment B (20); Health & Human Services Commission Contract Council, policy number 1A&B; Fiscal Year (FY) 2007 – 2009 AAA Performance Contract – Attachment A: Assurances and Certifications | | |
| DISTRIBUTION: | <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> Fiscal Director <input checked="" type="checkbox"/> AAA Section Staff | | |

The Department is revising this program instruction (PI) to be in alignment with the OMB Circular A-87 citation and to clarify the electronic mailbox location where area agencies on aging (AAAs) must submit capital equipment expenditure requests.

Capital Equipment

Definitions

OMB Circular A-87, Attachment B(19)(a)(2) and Circular A-122, Attachment B(15)(a)(1) -- “Equipment” means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the organization for the financial statement purposes, or (b) \$5,000.

The HHSC’s Contract Council issued policy number 1A&B – Definition and Disposition of Equipment and Controlled Assets for Cost Reimbursement Sub recipient Contracts, with an effective date of April 24, 2007. Based on recommendations of the Contract Process Improvement Workgroup, “Equipment” is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more.

Note: The State of Texas has established \$5,000 as the capitalization level (UGMS, Attachment B (20)).

“Capital expenditure” means the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the governmental unit's regular accounting practices (OMB A-87, Attachment B(19)(a)(1)).

Controlled Assets

Definition

The Health and Human Services Commission Contract Council issued policy number 1A&B - Definition and Disposition of Equipment and Controlled Assets for Cost Reimbursement Sub recipient Contracts, with an effective date of April 24, 2007. Based on recommendations of the Contract Process Improvement Workgroup, "Controlled Assets" are additional items that must be accounted for according to the following acquisition cost parameters:

| Item | Acquisition Cost |
|---|------------------|
| Firearms | Any |
| Copiers | More than \$500 |
| Medical and Laboratory Equipment | |
| Emergency Management Equipment | |
| Media Equipment (such as but not limited to video recorders, cameras, CD players, TVs, VCRs, camcorders, DVD players) | |
| Desktop and Laptop Computers | |
| Printer (not portable) | |
| Communication Devices and Systems (such as but not limited to FAX machines, cellular/mobile telephones, hand-held radios, Blackberry devices, pagers, telecopiers) | |

Note: Controlled Assets are subject to review and may be modified based upon changes in Comptroller of Public Accounts guidance.

Contractual Requirements

The CONTRACTOR must request and receive DADS' written approval prior to the acquisition of any computer software program or hardware (excludes license renewals) in excess of \$1,000 for which the CONTRACTOR will request reimbursement from DADS funding.

The Fiscal Years 2007 - 2009 AAA Performance Contract – Attachment A: Assurances & Certifications states: "The CONTRACTOR shall ensure that all equipment purchases made utilizing grant funds comply with applicable laws and regulations with special attention to 45 CFR §92. Equipment may be assigned to CONTRACTOR for use in connection with this contract. Title to the real and personal property shall vest in the CONTRACTOR subject to the condition that the CONTRACTOR shall use the property for the authorized purpose of the original contract for the entire term of the contract. It is further agreed the CONTRACTOR shall maintain adequate property control records, perform regular inventories, document adequate maintenance and repair, and establish adequate safeguards to prevent loss, damage, or theft to any such property in accordance with sound industrial practice. Personal property shall include all tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000.00 or more."

Reinforced Requirements

All capital equipment and controlled assets which meet the above specific threshold criteria must be approved prior to purchasing. Purchasing equipment and controlled assets are not allowed under any vendor agreement.

Additional approval from the department is required if the actual cost of capital equipment or a controlled asset is greater than 10% of the approved cost. An email detailing the original approval cost and the revised cost along with a revised “Capital Equipment and Controlled Asset” form must be submitted to the Department’s Reports Desk at T3Areports@dads.state.tx.us. The Department’s approval must be received by the AAA prior to purchase of any capital equipment.

The “Capital Equipment and Controlled Asset” template is located on the AAA website at <http://www.dads.state.tx.us/providers/AAA/Forms/index.html>.

Implementation

Each AAA should develop a method to identify items meeting the established definition to ensure compliance with the requirement. These items must be tracked on the capital equipment and controlled asset inventory log. The Department will review this information as part of the year end closeout process.

Please direct any questions you may have regarding this program instruction to the Department’s Help Desk at T3Ahelp@dads.state.tx.us.