

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



July 17, 2017

CSSP LETTER: 17-04

ALL IV-D DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL BOARDS OF SUPERVISORS

<u>Reason for this Transmittal</u>
<input type="checkbox"/> State Law, Regulation and/or Change
<input type="checkbox"/> Federal Law, Regulation Change
<input type="checkbox"/> Court Order or Settlement Change
<input type="checkbox"/> Clarification requested by One or More Counties
<input checked="" type="checkbox"/> Initiated by DCSS

SUBJECT: EQUIPMENT MANAGEMENT AND DISPOSITION POLICY

The purpose of this letter is to provide policy direction for local child support agencies (LCSAs) regarding changes to existing policies and procedures for the management and disposition of equipment. This equipment management and disposition policy takes effect immediately and supersedes Child Support Services Letters 04-20, 04-20 ERRATA, 05-05, and LCSA 05-19. This letter is released in conjunction with Child Support Services Policy Letter 17-06 to address the non-overlapping policies and procedures.

Equipment acquired with federal funds that meet the definitions identified below are subject to the policy guidelines and procedures provided in this letter.

DEFINITIONS

Equipment

As authorized, and in accordance with 2 Code of Federal Regulations (CFR) Part 200.33 and 45 CFR Part 95.703, the Department of Child Support Services (DCSS) defines equipment (including information technology [IT] systems) as follows:

- a) Tangible personal property.
- b) Useful life of more than one year.
- c) Per-unit acquisition cost which equals or exceeds \$500 (see LCSA Letter 12-07 Clarification of Acquisition Cost and Unit Cost).

Information Technology (IT) and IT Equipment

State Administrative Manual (SAM) Section 4819.2 defines information technology (IT) as all computerized and auxiliary automated information handling, including systems design and analysis, conversion of data, computer programming, information storage and retrieval, voice, video, data communications, microwave, light wave, routers, network equipment, requisite systems controls, and simulation.

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This includes, but not limited to:

1. Mainframes and all related features and peripheral units, including processor storage, console devices, channel devices, etc.
2. Minicomputers, midrange computers, personal computers, laptops, tablets, smart phones, and all peripheral units associated with such computers.
3. Special purpose systems including word processing, Optical Character Recognition, bar code readers/scanners, and photo composition.
4. Communication devices used for transmission of data such as modems, data sets, multiplexors, concentrators, routers, switches, local area networks, private branch exchanges, network control equipment, or microwave or satellite communications systems.
5. Input-output units including display screens, optical character readers, magnetic tape units, mass storage devices, printers, video display units, data entry devices, plotters, scanners, or any device used as a terminal to a computer and control units for these devices.

EQUIPMENT REQUIREMENTS

Title of Equipment

The procuring entity holds a conditional title to the equipment purchased with federal funds and is subject to the following requirements pursuant to 2 CFR 200.313(a):

1. Equipment use may only be for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purpose of the project.
2. Equipment shall not be encumbered without approval of the federal awarding agency or pass-through entity (DCSS).
3. Use and dispose of the property in accordance with paragraphs (b), (c), and (e) of 2 CFR section 200.313 unless otherwise directed by DCSS.

Use of Equipment

Pursuant to 2 CFR 200.313(c) equipment must be used by the non-federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the non-federal entity must not encumber the property without prior approval of the federal awarding agency or pass-through entity.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority:

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1. Activities under a federal award from the federal awarding agency which funded the original program or project.
2. Activities under federal awards from other federal awarding agencies. This includes consolidated equipment for information technology systems.

Use of equipment for other activities or by another federally supported agency does not constitute a transfer of ownership or disposition of the asset to that organization. Use of equipment should be considered a loan of the asset and is subject to the guidelines below. A loan of an asset does not absolve the LCSA or DCSS of its responsibilities to meet equipment management requirements. Equipment disposition guidelines, as described on page 5, is the only option to transfer ownership. LCSAs must follow the guidelines below in order to loan any equipment.

For IT equipment that LCSAs holds title, the LCSAs are required to:

1. Contact the DCSS IT Service Help Desk via email at ITServiceDesk@dcss.ca.gov to request approval to loan equipment.
2. Track and inventory all equipment being loaned.
3. Provide a signed acknowledgement by the LCSA Director that any IT equipment that is to be loaned undergoes wiping or overwriting in accordance with Guidelines for Media Sanitization Publication NIST 800-88, and be tested and certified that the action was successful using local IT services. LCSAs will be held liable for any breach of Federal Tax Information or any confidential information retrieved through the loaned equipment.
4. Ensure assets are returned and follow appropriate disposition procedures after its return.
5. Immediately report outcomes or changes to DCSS.

For IT equipment that DCSS holds title, the LCSAs are required to:

1. Contact the DCSS IT Service Help Desk via email at ITServiceDesk@dcss.ca.gov to request approval to loan equipment.
2. Transfer title of equipment from DCSS to LCSA.
3. Provide a signed acknowledgement by the LCSA Director that any IT equipment that is to be loaned undergoes wiping or overwriting in accordance with Guidelines for Media Sanitization Publication NIST 800-88, and be tested and certified that the action was successful using local IT services. LCSAs will be held liable for any breach of Federal Tax Information or any confidential information retrieved through the loaned equipment.
4. Track and inventory all equipment being loaned.
5. Ensure assets are returned and follow appropriate disposition procedures after its return.
6. Immediately report outcomes or changes to DCSS.

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For non-IT equipment that LCSAs holds title, the LCSAs are required to:

1. Contact the LCSA Fiscal and Administrative Support Section via email at DCSSLCSAProcurementRequests@dcss.ca.gov to request approval to loan equipment.
2. Track and inventory all equipment being loaned.
3. Ensure assets are returned and follow appropriate disposition procedures after its return.
4. Immediately report outcomes or changes to DCSS.

Equipment Management

LCSAs must manage both IT and non-IT equipment (including replacement equipment) whether acquired in whole or in part under a federal award until disposition of the equipment has occurred, according to the requirements outlined in 2 CFR 200.313(d).

When the LCSA acquires equipment/property, a record of the following information, at a minimum, must be kept in the property ledger:

- Acquisition date
- Equipment/Property description
- Manufacturer's serial number, model number, or identification number
- Funding source
- Cost or other basis of valuation
- Who holds title
- Percentage of federal, state, and county participation in the cost of the property
- Location, use, and condition of equipment
- Disposition data, including:
 - Date of disposal
 - Sales price
 - Method used to determine current fair market value, where a recipient compensates the awarding agency for its share.

Tagging and Inventory of Acquired Equipment

Equipment with a unit purchase price of \$500 or more must be tagged with LCSA county tags after acquisition. All equipment purchased by DCSS will be tagged by the Department. If an LCSA encounters financial difficulty based upon the threshold policy, please contact your LCSA Fiscal Administrative Analyst.

Equipment with a unit price under \$500 that needs to be controlled and secured for information security or other factors (i.e. requires degaussing, contains sensitive or confidential information, or is prone to theft/loss) must be tagged with LCSA county tags

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after acquisition. Examples include, but are not limited to, cellular or smart phones, tablets, cameras, flash drives, and external hard drives.

A physical inventory of the property must be conducted and the results reconciled with the property ledger annually. The LCSA must document the outcomes and take any necessary subsequent action to reconcile any discrepancies. DCSS will also conduct an annual physical inventory of all equipment purchased by the Department.

LCSAs are responsible to ensure that adequate provisions for safeguarding assets in the purchase order and inventory control process are followed. If local county rules include additional requirements, LCSAs must follow local procedures in addition to procedures outlined below.

- LCSA should develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. LCSAs may follow county guidelines and procedures regarding the reporting and investigation of lost, stolen, or damaged property. LCSAs may also refer to Government Code 14613.7 and SAM Section 8643 for more information.
- LCSAs must report to DCSS any lost, stolen, or damaged property to which DCSS holds title to or the LCSA holds conditional title to, such as desktop computers, laptops, scanners, servers, or any other equipment that may hold sensitive or confidential information.
- Adequate maintenance procedures must be developed and followed to keep the property in good condition. Responsibility for maintenance, repair, replacement, and insurance of equipment will rest upon the entity who holds title to the property.

To maintain a separation of duties, LCSA staff responsible for property control, property ledger maintenance, and signing property disposition reports may not perform more than one of the following:

- An annual inventory of fixed assets.
- Adjust inventory discrepancies.
- Enter or adjust capitalized assets tracked in the accounting system.

The property ledger must be submitted annually to DCSS' LCSA Fiscal Administrative Analyst by September 30 for the previous state fiscal year ending June 30. The information may be submitted in the current reportable format used by the LCSA. If alternative formats or information is needed, DCSS will coordinate on a case-by-case basis.

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Equipment Disposition

IT Equipment Disposition Instructions

DCSS assumes all disposition responsibilities for IT equipment. LCSAs must contact the DCSS IT Service Help Desk via email at ITServiceDesk@dcss.ca.gov to notify DCSS of IT equipment requiring disposition and provide all property ledger information on the LCSA Title Transfer Form. DCSS will coordinate with LCSAs to transfer title and transport all identified equipment to DCSS. Actual disposition timeframes will vary depending on equipment volumes and the availability of DCSS to retrieve equipment. DCSS will assume the shipping costs or contract with a vendor for disposition.

LCSAs may be required to temporarily store items until the arranged transportation date. LCSAs are encouraged to plan accordingly so all equipment is identified prior to the end-of-life date to minimize storage needs. See the LCSA Fiscal Administrative Manual for more information regarding disposition of IT equipment, and inventory and tagging of equipment.

Non-IT Equipment Disposition Instructions

Follow directions in the LCSA Fiscal Administrative Manual for non-IT equipment.

Audit trail documentation in the property ledger must be updated with disposition data for each piece of IT and non-IT equipment. This information must be retained for four years and four months after final disposition.

If you have any questions regarding this matter, please contact Donna Kruger at (916) 464-5015 or your LCSA Fiscal Administrative Analyst.

Sincerely,

o/s

IRENE BRIGGS
Deputy Director
Administrative Services Division