

3.07 FIXED ASSET MANAGEMENT GUIDELINES

This section refers to ownership rights and responsibilities for those fixed assets with a unit cost of over \$5,000 only. These guidelines will first present the general provisions common to both the SCA and their service providers (SCA/subcontractor), then those provisions specific to just the SCA, and finally those provisions applicable to the SCA service providers only. None of these guidelines shall apply to subcontractors that provide their services to the SCA exclusively on a fee-for-service (unit cost) basis.

General Provisions

- A. Definition: Fixed assets are identified as furniture, equipment and computers purchased, in part or in whole, with D&A funds administered through BDAP that have a useful life of more than one year and an initial purchase price of \$5,000 or more per item. Fixed assets do not include those items that are leased by the SCA. If, at the end of the lease agreement, the SCA should decide to purchase said items, then those items would be considered fixed assets and be subject to the approval processes described below. All vehicles, regardless of purchase price, shall also be defined as a fixed asset.
- B. The SCA or subcontractor shall obtain prior written approval from the BDAP or the SCA for all fixed assets purchased with funding under an Agreement with the BDAP or the SCA when the total cost per SFY of such property exceeds \$40,000 or two percent (2%) of the SCA's or subcontractor's total annual budget of state and federal funds (for the SCA budget - reference Page 1, Column 7 of Appendix C of the SCA Agreement), whichever is less. The SCA or subcontractor must also obtain prior written approval for all vehicle purchases, and capital improvements and purchases. The cost for such assets shall be allowable only when included within an approved agreement budget document.
- C. The following information shall be included in all SCA and subcontractor requests for furniture and equipment:
 - (1) Item to be purchased;
 - (2) Estimated cost per item;
 - (3) Need and intended use;
 - (4) Source of funds to be used;
 - (5) SFY to which funds are to be charged, subject to the conditions as set forth by the Department; and
 - (6) Cost allocation among various funding sources, if applicable.
- D. Vehicles
 - (1) The SCA or subcontractor shall submit a letter to the BDAP or the SCA in order to request the purchase or trade-in of a vehicle. The letter must be accompanied by the completed "Request for Motor Vehicle Purchase" (Form 314A).

- (2) The BDAP or the SCA receives and reviews the SCA's or the subcontractor's request for the purchase of a vehicle.
- (3) Written approval from the BDAP or the SCA shall be contingent upon the SCA or the subcontractor following the required procedures as described in paragraph F below.
- (4) The SCA or the subcontractor shall notify the BDAP or the SCA upon purchase of a vehicle and will forward any additional information as required by the BDAP or the SCA for review.

E. Capital Improvements and Purchases

- (1) For capital improvements and purchases, the SCA or the subcontractor shall submit a letter to the BDAP or the SCA in order to request participation of BDAP funds in the acquisition of capital improvements or purchases. The letter shall include, at a minimum, the justification, the estimated cost and the terms for payment, the start date of construction or purchase date, and a description of the improvement or purchase. The SCA or the subcontractor shall forward any additional information as required by BDAP for review.
- (2) The BDAP or the SCA receives and reviews the SCA's or subcontractor's request.
- (3) Written approval from the BDAP or the SCA shall be contingent upon the SCA or the subcontractor following the required procedures as described in paragraph F below.
- (4) The BDAP or the SCA must be kept apprised of any alterations to the original submission.
- (5) SAPTBG funds may not be utilized for land and building purchases.

F. The SCA or the subcontractor shall submit all fixed asset purchase requests to the BDAP or the SCA by May 1st of the applicable SFY to allow for sufficient review and processing time. The SCA or the subcontractor shall obtain fixed assets for use in the performance of the Agreement at the lowest practical cost and to purchase by means of competitive bidding. When purchasing fixed assets with a unit cost of less than \$10,000, the SCA or its subcontractor shall obtain a minimum of three quotes, which may be obtained via fax, or in writing. When purchasing fixed assets with a unit cost of \$10,000 or greater, the SCA or its subcontractor shall obtain a minimum of three formal bids per item. These bids must be in writing, and be in conformance with any county code, as applicable.

G. The SCA and its subcontractors acknowledge that failure to submit any fixed asset request by the required due date or without proper documentation as outlined in Paragraphs C, D and E will be grounds for disapproval of the fixed asset request by the BDAP or the SCA.

- H. All fixed assets furnished by DOH or acquired by any of the SCA's subcontractors with funds under the SCA Agreement, including the purchase of real and personal property pursuant to a lease-purchase contract, for which the SCA or the subcontractor is to be reimbursed under the Agreement with the DOH or the SCA, shall be deemed Commonwealth property. Upon purchase, title to all fixed assets shall be with DOH. During the term of the Agreement, the SCA and its subcontractors shall be deemed the repository for all fixed assets purchased or acquired with funds provided under the Agreement with the DOH or the SCA and shall have exclusive rights to use such fixed assets. Within 120 days after the termination of the Agreement, or at any time upon written notice to the SCA or its subcontractor, the DOH may take possession of said fixed assets and reimburse any other funding sources according to their percentage of contribution, based upon fair market value as determined by independent appraisal.
- I. The SCA and subcontractors shall maintain and administer, in accordance with sound business practice, a program for the maintenance, repair, protection, preservation and insurance of all fixed assets purchased so as to assure their full availability and usefulness for the performance of this Agreement. The SCA and its subcontractors must have a control system, including insurance coverage, in effect, ensuring adequate safeguards to prevent loss, damage, or theft of all fixed assets. Any loss, damage or theft must be investigated and fully documented.

Provisions Specific to the SCA

A. In addition to the purchasing procedures as described in Paragraph F above, the SCA may also purchase fixed assets from state contracts provided that the SCA:

(1) Has in its possession a resolution on file to purchase from state contracts. The resolution may be obtained by logging on to the DGS website at www.dgs.state.pa.us, clicking on "Forms" and "Procurement". Click on "Cooperative Purchase Program" in the navigational bar, scroll down the page and click on "sample resolution form" to obtain a copy of the resolution form.

(2) Determines their eligibility to purchase from state contracts by contacting the:

Department of General Services
Cooperative Purchasing Program
414 North Office Building
Harrisburg, PA 17125
Telephone No.: (717) 787-1105

B. Fixed assets with a purchase price of \$5,000 or more per item obtained by the SCA under the SCA Agreement shall be recorded on BDAP's "Annual Inventory Report for Fixed Assets", Form 314, in accordance with the BDAP Report Schedule. Form 314 must provide a description of the property, quantity of items purchased, identification (serial) number, unit cost of item, total amount expended, total amount funded by BDAP as referenced in Paragraph B of the General Provisions above, total amount funded by all other sources, date of acquisition, present location, and remarks,

if applicable. The annual inventory report for fixed assets shall be a cumulative compilation of all fixed assets procured utilizing any amount of BDAP funding. In addition, the report shall contain all fixed assets purchased under the original Agreement, the current Agreement and any subsequent Agreements.

- C. The SCA shall obtain prior written approval to sell, lend, donate or dispose of fixed assets purchased utilizing any amount of BDAP funding. The SCA shall record the information on Form 314 under the “Remarks” section of the form.
- D. The SCA shall require and maintain on file, in accordance with Paragraphs 9, 10 and 11 of Appendix D of the SCA Agreement, an inventory list of fixed assets procured by each of its subcontractors, according to the provisions of these guidelines.
- E. It is not necessary for the SCA to submit subcontractor fixed asset requests to BDAP; however, the SCA, at its discretion, may submit subcontractor fixed asset purchase requests to BDAP for approval.

Provisions Specific to the Subcontractor

- A. None of these guidelines shall apply to subcontractors that provide their services to the SCA **exclusively** on a fee-for-service (unit cost) basis.
- B. Fixed assets with a purchase price of \$5,000 or more obtained by the subcontractors under an Agreement with the SCA shall be recorded on Form 314 and reported to the SCA only.
- C. The subcontractor shall obtain prior written approval from the SCA to sell, lend, donate or dispose of, fixed assets purchased utilizing any amount of BDAP funding. The subcontractor shall record the information on Form 314 under the “Remarks” section of the form.
- D. The subcontractor must report to the SCA the purchase of any fixed assets if they receive both cost reimbursement **and** fee-for-service dollars. In addition, the subcontractor must also have a cost allocation plan on file as back-up documentation with regards to the purchase of said fixed assets.
- E. The SCA may impose more stringent requirements upon the subcontractor than those applied to the SCA by the Department.

REQUEST FOR MOTOR VEHICLE PURCHASE

SCA NAME _____ SFY _____

AUTHORIZED SIGNATURE _____

TELEPHONE NUMBER _____ DATE _____

Vehicle	
Make	_____
Model	_____
Year	_____
Purchase Price	_____
Source of all Funds	_____
Intended Use of vehicle	_____

Please provide the following information:

1. Number of vehicles currently owned by the SCA and purchased with Drug and Alcohol funds. _____

Make, Model, Year, and purchase price of the vehicle (s).

Motor vehicle maintenance expense for the previous state fiscal year.

Cost of the automobile insurance for the previous state fiscal year.

Number of miles driven in previous state fiscal year. _____

2. Will the current vehicle be sold, traded-in on a new vehicle, or maintained by the SCA?

3. Total amount spent on staff travel over the previous state fiscal year.

4. Number of staff that will utilize the vehicle. _____

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BDAP APPROVAL \_\_\_\_\_ DATE \_\_\_\_\_