

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



November 2, 2005

LCSA LETTER: 05-19

ALL IV-D DIRECTORS

SUBJECT: EQUIPMENT DISPOSITION

REFERENCE: CHILD SUPPORT SERVICES (CSS) LETTER 04-20, DATED
OCTOBER 8, 2004

<u>Reason for this Transmittal</u>
<input type="checkbox"/> State Law or Regulation Change
<input type="checkbox"/> Federal Law or 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

The purpose of this letter is to provide equipment disposition instructions to local child support agencies (LCSAs). In CSS 04-20, LCSAs were instructed about equipment management pursuant to 45 Code of Federal Regulations Section 92.32 (<http://www.gpoaccess.gov/CFR/index.html>). Equipment management includes maintaining property records, reconciling physical inventories with property records and the disposal of equipment. CSS 04-20 only briefly discussed equipment disposition; therefore, this letter is intended to provide the necessary details to allow LCSAs to properly dispose of equipment, while ensuring federal disposition requirements are met.

During recent state and federal audits, findings related to equipment management have been identified that require the Department of Child Support Services (DCSS) to clarify equipment disposition procedures. The purpose of these procedures is to ensure that all LCSAs are in compliance with equipment management requirements. In addition, a question about who holds title to equipment was raised during the audits. DCSS has clarified with the Office of Child Support Enforcement, Region IX, that title vests with the county. That is why LCSAs were instructed in CSS Letter 04-20 to place county tags on equipment with a unit purchase price of \$500 or more.

LCSAs must maintain a list of all property both Non-Electronic Data Processing and Electronic Data Processing (EDP). When it has been decided that disposition will occur, LCSAs need to first determine the current fair market value (FMV) of the equipment. To determine FMV, LCSAs may use available local county valuation methods or access industry valuation sources such as <http://www.orionbluebook.com> or <http://usedcomputer.com/nonprof.html>.

LCSAs are reminded that audit trail documentation must be retained for each piece of equipment for four (4) years and four (4) months after final disposition, as follows:

- a. Acquisition Date
- b. Equipment/Property description
- c. Manufacturer's Serial Number, model number, or other identification number
- d. Funding source of the equipment
- e. Equipment cost or other basis of valuation
- f. Who holds title
- g. Percent of federal, state and county participation in the cost of the property
- h. Location, use and condition of the equipment
- i. FMV and method used to determine
- j. Ultimate disposition data, including the date of disposal, agency or destination description, and sales price, if applicable

After equipment disposal, LCSAs must submit a letter that includes information as described above for items a. – j. that are applicable, and the method of disposal for each piece of equipment. Please send the letter to the following address:

Department of Child Support Services
County Allocations and Claims Policy Unit
P.O. Box 419064
Rancho Cordova, CA 95741-9064.

Non-EDP Equipment and EDP Equipment

FMV under \$5,000 – LCSAs may transfer, sell or otherwise dispose of the equipment using county disposition rules. If net proceeds are received, the proceeds must be abated as program income to DCSS on the Administrative Expense Claim (AEC) 356, Section VII, B, Miscellaneous Program Income.

FMV in excess of \$5,000 – LCSAs may transfer, sell or otherwise dispose of the equipment using one of the following methods:

1. Transfer – LCSAs can transfer equipment to other LCSAs, or local agencies receiving federal funding support from the Health and Human Services agency, or local agencies sponsored by other Federal agencies.
2. Sell – LCSAs can sell equipment to interested parties. Net proceeds must be abated as program income on the AEC. If equipment is sold for less than FMV, LCSAs must document the reason.
3. Dispose – Equipment that the LCSA is unable to transfer or sell within a 120 day period may be disposed of in accordance with county disposal policy for the equipment classification.

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Costs associated with the disposal of equipment are considered costs of doing business and must be reported on the AEC 356.1, Section II, C. 2, and Other Operating Expenses.

LCSAs may consider recycling Cathode Ray Tubes (CRT) and can view more information about this on the Department of Toxic Substances website at:

http://www.dtsc.ca.gov/database/CRT_Recyclers/counties_map.html

DCSS will discuss disposal of California Child Support Automated System (CCSAS) equipment in a subsequent LCSA letter.

If you have questions or concerns regarding EDP equipment disposition, please contact Peter Lucyga at (916) 464-5098. Questions concerning Non-EDP equipment disposition may be directed to Cindi Pocaroba at (916) 464-5086.

Sincerely,

OLIVIA CORTEZ
Deputy Director
Administrative Services Division

cc: David Oppenheim, Child Support Director's Association