

II.	FISCAL SECTION
800	Equipment Purchases

801 General Information

This information applies to equipment purchased with federal funds for the purpose of the Network for a Healthy California (*Network*) Program. Whenever the term equipment is used the following definitions apply:

1. **Major equipment:** A tangible or intangible item with a base unit price of \$5,000 or more with a useful life of at least one year. The equipment must be used for Supplemental Nutrition Assistance Program Education (SNAP-Ed) related activities.
2. **Minor equipment:** A tangible item having a base unit price under \$5,000 with a useful life of at least one year. The California Department of Public Health (CDPH) Asset Management Unit's Minor Equipment List and is either furnished by CDPH, or the cost is reimbursed through this agreement.
3. **Miscellaneous property:** A specific tangible item with a useful life of one year or more that is either furnished by CDPH, or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, desktop calculators, portable dictators, etc.

Contractors need to notify their Contract Managers (CM) for prior approval of all equipment purchases. The Network Information Technology and System Improvement Unit (ITSIU) has the right to disallow any equipment purchases if, it breaches security safeguards.

All equipment purchased solely or partially with federal share funds belongs to the State.

Be sure to prorate the cost of the equipment, if it will not be used exclusively for *Network* eligible nutrition education activities. Also, for staff dedicating less than 100 percent Full Time Equivalent (FTE), contractors need to prorate the cost of equipment to reflect the percentage of time spent or the proportion of the activity that relates directly to the *Network activities*

Equipment purchases will not be allowed for staff dedicating less than 50 percent FTE.

802 Contractor Equipment Purchased with CDPH Funds

All equipment purchased with *Network* funds must have prior CM and PM approval and all computer equipment must comply with the IT acquisition standards. The contractor must provide a purchase order and/or receipt of purchase which shows the equipment name, model and specifications all documentation needs to be sent to the assigned *Network* CM.

Please review the Special Terms and Conditions Exhibit D(F) for additional procurement rules and regulations.

The following steps must be completed to receive reimbursement for equipment:

1. All equipment purchased during the term of the contract must be detailed in the "Equipment Expenses" cost line item in the approved Budget Justification (BJ) Network approval must to be obtained for any additional equipment that has not previously been approved.
2. Immediately after purchasing equipment, complete the Contractor Equipment Purchased with CDPH Funds form CDPH 1203 by listing all the equipment purchases (Appendix A9). Follow the directions on the back of the form.
3. Submit the completed Contractor Equipment Purchased with CDPH Funds form CDPH 1203 to the assigned CM, along with the invoice on which the equipment expense is billed. Do not submit the form directly to CDPH Asset Management. Equipment purchases invoiced to the contract will not be paid until the Contractor Equipment Purchased with CDPH Funds form, has been submitted and approved.
4. The CDPH Asset Management department will issue State ID tags for the purchased equipment. The State ID tags and instructions will be forwarded to the contractor for placement on the purchased equipment.

Please note that the following items do not require State issued ID tags:

1. Blenders
2. Heavy duty steel shelves for storage
3. Lightweight plastic shelves for storage
4. Plastic storage bins
5. Toaster ovens
6. Crock pots
7. Plastic/metal rolling carts
8. Computer mouse
9. Ergonomically correct keyboard shelf (purchased separately from computer desk)
10. Recycling/garbage waste bins
11. Software license

803 Standards for Acquisition of IT Equipment

Contractors are advised to adhere to state approved software and hardware standards mentioned below. Contractors are responsible for ensuring all subcontractors follow the required state security standards.

Operating Systems:

Microsoft (MS) Windows XP Professional - 32 bit only

Microsoft (MS) Windows 7- 32 bit only

Hard Disk Encryption:

Guardian Edge Encryption Plus Hard Drive

Monitor:

HP LA1905wg 19 inch LCD Monitor

Desktop:

HP/Compaq DC8000 Elite CMT 32 Bit, Intel Core Duo E8400, 3.0 GHz Processor, 2 GV PC3-10600 (DDR2-800) Memory, 160 GV SATA 3.5 1st Hard Drive

Dell OptiPlex 780 Minitower – Intel Dual Core E5300/2.50m, 1GB DDR3 Memory, Dell Keyboard, Intel GMA 4500 video, 16xDVD+/-RW SATA Dual Layer Optical Drive, Internal Speaker, 160GB Hard Drive, Optical Mouse

Laptop:

HP Compaq 6550b Intel i5-540M (2.53MHz. 3MB I2 Cache), 2GB 1333MHz, DDR3 1DM, 15.6”w HD LED anti-glare (1366x768), Intel 802.11a/b/g/b 12 WLAN card, 160GB 7200 RPM Hard Drive

HP Compaq 2740p Intel i5-520M (2.4GHz, 3M L3 Cache w/up to 2.93GHz), 32-Bit, 2GB 1333DDR3 1DM, 160GB 5400 RPM Hard Drive

All computing devices must be encrypted at the minimum of Advance Encryption Standard (AES) with a 128 bit key or higher. The use of flash drives/USB thumb drives, if they are within the State standards such as Iron Key flash devices and Kingston Privacy Edition flash devices are allowable.

Apple/Macintosh systems are not allowed since they are not compatible with the CDPH encryption software. Please refer to the *Network* program letter, PL 11 06 for Additional information on the purchases of computers and the State’s IT protocols. Link provided: http://www.cdph.ca.gov/programs/cpns/Documents/PL_11-06_IT-Protocols.pdf

804 Inventory/Disposition of CDPH-Funded Equipment

If the term of the contract covers more than one year, and the equipment was purchased with federal share funds, the contractor must submit to the CM an annual inventory of all equipment by filling out the Inventory/Disposition of CDPH Funded Equipment form CDPH 1204 (Appendix A18).

This form must also be submitted along with the final invoice within 60 calendar days of the termination of the contract and or end of contract agreement (or alternate due date approved by the assigned CM, upon request). Upon receipt and approval of the completed Inventory/Disposition of CDPH-Funded Equipment, the assigned CM will contact the Contractor regarding equipment disposition instructions.

805 Lost, Stolen, and/or Disposed Equipment

Whenever equipment is lost, stolen, or disposed a report that contains the following information must be filed immediately with the CM:

1. A description of the events;
2. A completed Inventory/Disposition of CDPH Funded Equipment (Appendix A18) showing State identification tag number(s) of the item(s) lost, stolen, or destroyed;
3. A copy of the police report (not applicable for lost or destroyed equipment) and Report of Crime on State Property Form;
4. A Property Survey Report completed using disposal code number five with certification box completed;
5. Precautions to be taken to prevent repeat situations;
6. Complete a Contractor Equipment Purchased with CDPH Funds form (Appendix A9) for any purchase of replacement equipment;
7. Property Transfer Report STD 158 form (Appendix A19); and
8. Property Survey Report STD 152 (Appendix A20) for lost, stolen or destroyed property.

806 Procedures and Guidelines for Computers and Mobile Devices

The *Network* contractors are responsible for the security of their assigned CDPH computer and mobile device resources and the information (data) that is under their control. The contractor responsibility also extends to subcontractors and consultants under their charge that utilize resources and information purchased with CDPH funds. Mobile devices include items such as; laptops, portable computers, PDAs, CDs, DVDs and flash drives. The *Network* will not reimburse for computers and/or mobile devices until Contractors can verify that they have adequate data encryption software on their equipment.

For additional information on the purchase of specific mobile devices, including computers and laptops refer to Subsection Limitation of Equipment Purchases Section 806.

All computers and/or mobile IT devices purchased with *Network* funds and used to conduct State business must have encryption and anti-virus software installed that meet the minimum CDPH requirements as detailed in Exhibit I of the resulting *Network* contract between CDPH and applicant. Once a contract has been issued, invoices may be held until installation of encryption software and anti-virus protection is verified by CDPH. All computing devices must be encrypted at the minimum of AES with a 128 bit key or higher:

Procedures and guidelines for computers and mobile devices include:

1. **Computer and Data Security:** Contractors are responsible for the security of their assigned CDPH resources and the information under their control. The following steps are to be taken to protect computer equipment from theft, unauthorized use, and to ensure that CDPH systems and information privacy and security are not inadvertently compromised:
 - a. Contractors shall use CDPH information and resources only for CDPH business purposes.

- b. Desktop and mobile systems shall be kept in secure areas (i.e., a secure building or room) or shall be physically attached to a desk or table.
 - c. The use of surge protectors is required.
 - d. During non-working hours, personal, sensitive and confidential information shall be kept in a locked office, desk, file, or cabinet, even if the building is secured.
2. **Mobile Computing and Removable Storage Purpose/Scope:** For the purposes of this policy, mobile and computing devices are defined as any portable device, such as laptops, or removable storage, such as CD/DVD and USB thumb drive. Mobile computing has become an inherent part of doing business at CDPH. Most mobile and removable storage devices have the capacity to store CDPH information. Because data can be portable, CDPH shall ensure due diligence is taken to protect data appropriately. Contractors shall take reasonable precautions for both the security of their devices and the information they contain.
- a. All systems must install and actively use anti-virus software, and all devices must be encrypted at the minimum of AES with a 128 bit key or higher.
3. **Allocation:**
- a. All mobile devices issued to the contractor remain the property of CDPH.
 - b. In the event of the termination of the contract the contractor shall return the CDPH mobile device to the CM.
4. **Physical Security**
- a. Mobile devices shall not be left unattended at the worksite at any time. When taken off the worksite premises, mobile devices shall not be separated from contractor at airports, automobiles, or hotel rooms.
 - b. If the mobile device is left unattended the contractor is required to make certain the device is securely locked away or cable secured to a hard to move or immovable object.
5. **Tracking/Recovery:** If the device is lost or stolen, please contact your CM within 24 hours of the event.
6. **Maintenance:** Contractors are required to regularly maintain their mobile devices with the latest updates (e.g., update anti-virus, updated encryption, and Microsoft patches).

807 Limitations of Equipment Purchases

1. **Cellular Phones:** Cellular phones are generally an unallowable expense. USDA has made exceptions for reimbursing cell phone costs if:

- The majority of the person's time is spent in the field. USDA cited 70 percent or more of the person's time as what would be considered "majority of time."
- Staff utilizing *Network* purchased cell phones should be at least 50 percent FTE.
- The *Network* will determine which staff members are eligible to be issued cell phones. These employees may include, but are not limited to, project coordinators, health educators, nutrition educators, and community outreach workers. Contractors requesting cell phones for staff members not previously listed should seek prior approval from their CM and PM and provide *reasonable and necessary* justification.
- Instead of purchasing separate cell phone plans for each person, the Contractor's staff would share a cell phone.
- If there is a safety issue involved (e.g., staff member often conducts activities in unsafe area of the city). Additional consideration like staff traveling to rural areas, traveling long distances between sites, and number of travel days may be taken into account by *Network* staff regarding cell phone purchases.
- Cell phones purchased with *Network* funds may not be used for personal use.
- Contractors considering purchasing cell phones should seek prior approval from their CM and PM and provide justification about the cost and proposed usage.

Cellular phones listed in the budget justifications must contain a justification that addresses one or more of these points. Cellular phone costs must be prorated if the phone is also being used for non-SNAP-Ed purposes. *Blackberries and PDAs are unallowable by the USDA guidelines, see Section IV. Allowable and Unallowable Cost.*

2. **Digital Cameras:** Contractors will be allowed to purchase digital cameras according to the following budget amounts:

Federal Budget

- *Contract is under \$500,000: one camera is allowable.*
- *Contract is \$500,000-\$1Million: two cameras are allowable.*
- *Contract is \$1Million or more, *Regional Networks*, and coalitions: three cameras are allowable.*

All requests must include a justification for approval on the BJ, including which activities the camera will be used for and which Scope of Work (SOW) objective(s) the camera is needed to support.

3. **Video Cameras:** USDA does not generally consider digital video cameras a reasonable use of *Network* funds. If a contractor deems video cameras necessary to complete SOW deliverables, the contractor will be required to submit a justification to the CM and PM for approval that includes justification for how a video camera is necessary in order to execute the SOW *objective(s)*.

Approval of video cameras will be based upon the following:

- Critical to SOW completion.
- More cost effective than to rent or to subcontract for video services.

4. **Computers:** Contractors are allowed to purchase a computer for any staff performing SNAP-Ed activities that are budgeted at 50 percent or more FTE. If the staff member is not 100 percent allocated to SNAP-Ed activities, this cost must be prorated. Note: Costs do not have to be prorated when a staff member's entire FTE is dedicated to SNAP-Ed activities even if their FTE is less than 100 percent. For example, an employee who is 0.60 FTE, but who only works on SNAP-Ed activities would not need to prorate their computer.

Note: The useful life of a computer is five years. (Internal Revenue Service)

5. **Computer Laptops:** Laptop computers will need a separate justification for approval and should only be allowed when the following criteria are met:
- Purchase of a laptop is tied to a position.
 - The position is 100 percent FTE in the field. (A lower FTE may be considered with appropriate contractor justification.)
 - The cost is reasonable.
 - Costs are prorated by FTE (if a lower FTE has been approved by the *Network*).

Additionally, subcontractors requesting laptops must be included in the federal budget. Purchase must be made by the prime contractor and not subcontractor, so equipment tagging requirements can be met, procedures and guidelines for contractor computers and mobile devices applied, and inventory control can be maintained.

Contractors purchasing laptops with *Network* funds are required to submit evidence of responsibility addressing the protection of privacy data, necessary steps in the occurrence of a security breach, and responsibility for negligence. The *Network* will not reimburse for laptops until contractors can verify that they have adequate data encryption software on their equipment. The useful life of a laptop is five years. (Internal Revenue Service)

6. **Mobile Food Demonstration Carts:** The term "mobile food demonstration carts" should now be used in lieu of the term "cooking carts."

When mobile food demonstration carts and accessories go unused during much of the day-to-day classroom time, USDA views this as an inefficient use of funds and suggests purchasing communal school mobile food demonstration carts instead of equipment and appliances for each classroom, if possible.

One mobile food demonstration cart may be purchased per contractor. If a Contractor deems it needs more than one cart (e.g., a county office of education with multiple school districts), then they will be required to submit a justification to the CM

for approval. Mobile food demonstration carts with a cost over \$1,200 will also need a separate justification for approval.

The following criteria will be considered when evaluating whether or not an organization can purchase additional mobile food demonstration carts:

- Number of schools/district or contract.
- Frequency of demonstrations.
- Logistics, cost, and feasibility of sharing carts.

Contractors should try to purchase one set of “cooking demonstration supplies” per school. These supplies should be put on a mobile food demonstration cart and used for multiple classrooms. If more cooking supplies are requested, the contractor will be required to submit a justification to the CM for approval.

7. **Refrigerators:** Contractors requesting a refrigerator need a reasonable and necessary justification, (e.g., they are doing frequent taste testing, which is in the SOW). The cost must be \$800 or less and the refrigerator must be prorated if not used 100 percent for SNAP-Ed activities.
8. **Global Positioning Systems (GPS):** Using *Network* funds to purchase GPS systems and/or devices is unallowable. Contractors should utilize low- or no-cost resources like MapQuest, Yahoo Maps, Google Earth, and/or Thompson’s Guide.
9. **Walkie talkies:** Walkie talkies and other handheld two-way radio devices are unallowable as they are not considered a reasonable and necessary expense.

Note: If a Contractor lists equipment in the budget justification, or requests the purchase of equipment at any point during the contract term, the Contractor will be required to submit a justification to the CM for approval that includes explanation for why the equipment is necessary in order to execute the SOW. The Contractor should be able to tie equipment purchases to specific SOW objectives/activities.

10. **Blackberries:** Blackberries/Smart Phones/iPhones and PDA’s are unallowable as they are not considered a reasonable and necessary expense.
11. **The use of flash drives/USB thumb drives,** if they are within the State standards such as Iron Key flash devices and Kingston Privacy Edition flash devices are allowable.