

# LACKLAND INDEPENDENT SCHOOL DISTRICT

## PROCEDURES: Fixed Asset Tracking

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### Goal:

An up-to-date inventory of all equipment, vehicles, and buildings with a unit value greater than \$5,000 shall be maintained for audit purposes. In addition, an up-to-date inventory of all equipment with a unit value between \$1,000 and \$5,000 shall be maintained for insurance purposes by the business department. An inventory of other small equipment shall be tracked by the respective campus or department.

There are several types of asset as noted below that may be acquired through purchase, construction or a donation (gift):

- Land
- Buildings
- Improvements, other than buildings
- Vehicles
- Machinery
- Infrastructure
- Furniture
- Equipment

At the present time, the district does not have any intangible assets such as trademarks, copyrights, royalty interests, right-of-way easements, or internally generated computer software.

### Fixed Asset Functions:

- ❑ The Administrative Support Secretary shall maintain an up-to-date database of all fixed assets and inventory items.
- ❑ The database shall include the following information, at a minimum:
  - ❑ A description of the equipment
  - ❑ Serial number or other ID
  - ❑ Funding source
  - ❑ Who holds title
  - ❑ Original acquisition date
  - ❑ Original cost
  - ❑ Percent of federal participation
  - ❑ Location
  - ❑ Use and condition
  - ❑ Disposition date
- ❑ Upon receipt of a Fixed Asset/Inventory Transfer form, the Administrative Support Secretary shall post the change to the database and file the form for audit purposes.
  - ❑ All items transferred to the Warehouse as surplus or salvage shall be tracked on the database.
  - ❑ A list of all salvage items shall be submitted to the Superintendent for approval prior to a public sale or auction. The signed list shall be maintained for audit purposes.
  - ❑ All items sold via a public sale, auction, or disposal shall be removed from the fixed assets database.

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### Changes to Assets

The total assets and their value may change throughout the fiscal year. Assets will be recorded at the purchase cost (total cost required to place asset in use, less any credits) or donated value at the time of acquisition.

Maintenance costs are not recorded as assets; however, all additions and betterments to existing assets shall be capitalized at cost when acquired and/or constructed, as applicable. Damages to assets should be recorded to reflect the difference between the cost of replacement or restoration and the insurance or other contributions received as reimbursement. If there is a complete loss of an asset, the old asset should be written off by a debit to the investment and a credit to the appropriate capital asset account.

Other changes to assets may occur due to disposal or assets as noted below.

### Fixed Asset Transfer Form

A Fixed Asset/Inventory transfer form is required whenever equipment is moved from one location to another. This shall include one classroom to another, one campus to another, or from a location to the warehouse.

No equipment shall be stored at a facility other than the warehouse, except for a specific project such as the Computer Re-Invest project.

### Asset Transfer Procedures:

- Campus or department completes the form to move equipment
- If the equipment to be moved is technology or audio visual related, the Director of Technology should approve the transfer before processing the transfer form
- Forms should be submitted to the Administrative Support Secretary for review.
  - If the equipment is audio visual or technology, the form should be routed to the Director of Technology for his approval. After the Director of Technology's approval, the form should be routed to the Technology Technician for movement of the equipment as approved.
  - If the equipment is moving within the campuses, the form should be routed to the Custodial Supervisor for movement of the equipment.
  - If the equipment is moving to the warehouse, the form should be routed to the Maintenance Coordinator for his approval. The Maintenance Coordinator shall coordinate the movement of the equipment as approved.
- After the items have been moved the appropriate individual shall submit the completed form to the Administrative Support Secretary.
- The Administrative Support Secretary will input all transfers on the Asset Management system (TxEIS).
- The Administrative Support Secretary will identify items stored in the district warehouse as either "surplus" or "storage". Items labeled surplus are consider surplus or obsolete with are earmarked for disposal at some time in the future. Items labeled as storage are consider items that would be used by a campus or district in the future – the storage of these items would be temporary until transferred to a permanent location.

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### Monthly Reconciliation:

- ❑ **Fixed (Capital) Assets (C) shall be defined as:** All equipment with a unit cost over \$5000 (account codes 663X) should be tagged, posted in the Fixed Asset System and posted to the general ledger (Fund 902). These items are defined as fixed assets for audit purposes. These assets are also tracked on a spreadsheet for the purpose of calculating the annual depreciation expense.
- ❑ **Inventory (I) shall be defined as:** All equipment with a unit cost over \$1,000 should be tagged and posted in the Fixed Asset System for inventory purposes.
- ❑ **Other small equipment shall be defined as:** All equipment defined as “personal use items” such as laptops, I-Pad, digital cameras, calculators, etc. with a unit cost between \$500 and \$1,000 shall be tracked by the respective campus or department.
  - ❑ **The campuses and media center have opted to use the Library Automation software (Follett) to track and issue the small equipment to students and/or staff.**
  - ❑ **The technology, maintenance, food service, custodial and transportation departments shall track their respective small equipment such as tools, small equipment, etc.**
- ❑ All inventory and fixed asset items shall be tagged by the Administrative Support Secretary upon receipt before delivery to the campus or department.
- ❑ A capital outlay report shall be generated at the end of each month by the Finance/Payroll Coordinator and provided to the Administrative Support Secretary for reconciliation of the assets database.
  - ❑ Donated assets shall be recorded on a **Donation Form** and forwarded to the Administrative Support Secretary for tagging and recording purposes.
- ❑ All items on the capital outlay report shall be reconciled with the new inventory and fixed asset items tagged during the month.
  - ❑ The total 663X expenditures should be added to the fixed asset system and general ledger.
  - ❑ The total 664X expenditures should be added to the inventory system.
- ❑ The Administrative Support Secretary shall prepare all Application for Vehicle, Title, and License Plate forms for all new vehicles purchased by the district. The forms shall be submitted to the Director of Operations for approval and signature of all forms. [The Application for Vehicle Registration, Titles, and License Plate procedures shall be followed in securing the documents.]
  - ❑ The Operations Director shall submit the forms to the Bexar County Tax Office for processing.
  - ❑ The Chief Financial Officer shall notify the auto insurance carrier of the new vehicles.
- ❑ All construction expenditures should be recorded on a spreadsheet by project.
  - ❑ The total 662X expenditures should be added to the fixed asset system and general ledger (Fund 902).
- ❑ All inventory and fixed asset transfer forms received from campuses and departments shall be entered in the fixed asset system upon receipt.
- ❑ All inventory or fixed asset items purchased with federal grants should be tagged and the appropriate federal grant code indicated on the item.
- ❑ The disposal of assets via surplus sales, stolen, or lost assets shall be recorded in the fixed asset system.
- ❑ The inventory and fixed asset schedules maintained in the fixed asset system should be used to purchase property and casualty insurance.

The **Monthly Asset Account Workflow** is included in the Appendix section.

### Accounting for Assets:

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- ❑ All capital assets shall be recorded on the general ledger under fund code 902.
- ❑ **Examples of Accounting Entries** for assets are included in the Appendix section.

### **Annual Reconciliation:**

- ❑ Annually, by April 1<sup>st</sup>, a list [sorted by room #] of all inventory and fixed asset items should be sent to each campus and department for reconciliation purposes.
- ❑ The reconciliation process should be complete by May 1<sup>st</sup>, and all changes posted on the fixed asset system soon thereafter.
- ❑ All discrepancies and/or missing items should be compiled in a summary report and forwarded to the appropriate campus and/or department administrators.
- ❑ The staff members (teachers) should not be released for the summer until all missing items have been accounted for.
- ❑ A list of all fixed capital assets (over \$5000 unit cost) should be prepared by September 15<sup>th</sup> for audit purposes.
  - ❑ Assets (Buildings, Equipment and Vehicles)
    - ❑ All assets shall be posted to the finance general ledger via JV to the appropriate object code (Buildings 1520, Equipment – 1530 and Vehicles 1531).
    - ❑ The date of the final payment shall be used to determine the acquisition date. If the asset was on hand less than the full fiscal year, the depreciation shall be pro-rated over the appropriate number of months.
    - ❑ The useful life of assets shall be:
      - ❑ Buildings – range between 5 and 30 years depending upon whether the asset is a new building, improvement or upgrade to building systems.
      - ❑ Equipment – range between 5 and 10 years depending on the type and cost of the asset.
      - ❑ Vehicles - range between 5 and 10 years depending on the type and cost of the vehicle.
    - ❑ The assets shall be posted to the Fixed Assets Excel spreadsheet to properly depreciate the assets.
  - ❑ Construction in Progress:
    - ❑ The list should include all “construction in-progress” through August 31<sup>st</sup>, including accounts payables and retainage.
    - ❑ Construction in Progress (CIP) is defined as an asset that is not completed (such as a building or other construction project) as of the end of the FY (August 31<sup>st</sup>)
    - ❑ The CIP shall include all payments to the vendor(s), including retainage, as of the end of the FY.
    - ❑ The CIP shall be posted via a JV to the finance general ledger to object code 1530 in fund 902.
    - ❑ Subsequently, when the project is completed and the final payment made, the asset shall be posted to the appropriate asset object code.
- ❑ The lists should be reconciled with the general ledger and submitted to the Chief Financial Officer for review and approval of all JV adjustments to assets and CIP.
- ❑ The fixed asset depreciation schedules and spreadsheet should be prepared by September 15<sup>th</sup> and submitted to the Chief Financial Officer for audit purposes.
- ❑ Throughout the fiscal year and at the end of the fiscal year, the Chief Financial Officer shall determine if any impairments of assets have occurred. If so, the Chief Financial Officer shall prepare documentation to support any changes in assets.

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### Fixed Asset Disposal:

- ❑ On at least an annual basis, or more frequently as the need arises, the Director of Operations shall prepare and submit a list of “surplus” assets that are recommended for disposal. The list shall indicate if the recommended disposal method such as: trash, sale via online auction, onsite garage sale, sealed bids, etc.
  - After obtaining the Superintendent’s approval, the Director of Operations shall begin the process to dispose of all assets approved for disposal via the approved method(s).
- ❑ All efforts shall be made to obtain the best return value to Lackland ISD and consideration will be made to responsible protection of our environment.
- ❑ Lackland ISD identification will be removed from assets as part of the sale process. Any assets that might contain data or any association with Lackland ISD will be cleared or disposed of in a manner that ensures the data is destroyed (example: hard drives will not be sold and/or cleaned to prevent any possible data recovery).
- ❑ The follow 3 steps are typical methods of disposal. [Exception for federally funded assets below]
  - ❑ Garage type sale. Generally standard items will have a sale price established on the disposal list that will serve as the garage sale price. Other unique items will have a starting minimum price as established on the disposal list, but will be sold on a silent auction basis.
    - Two types of items will be identified – standard and unique.
    - Preset prices will be established for “standard” item as shown on the approved disposal list. A few items will be marked as “unique” and will be sold using a silent bid format with the last and highest bid being the sales price as long as it exceeds the minimum value.
    - The unique items sale price will be the last highest price as reflected on the item bid sheet at the close of the sales day.
    - A public sale shall be conducted on one date during the posted times
    - All prices on standard items, as posted on the disposal list, will be in effect until 1 hour prior to the close of the sale at which time the prices may be reduced by 50%.
    - Unsold items that are suitable for sale shall be retained in storage for the next surplus sale.
  - ❑ Recycling. Items that are not sold during the garage sale will be disposed through recycling if possible.
  - ❑ Trash – Items that are not disposed of through recycling will be considered trash and disposed of as trash.
- ❑ All surplus sales shall be advertised via email, the district website and/or the Talespinner, as appropriate.
- ❑ All items disposed of shall be removed from the database system by the Administrative Support Secretary.
- ❑ The Administrative Support Secretary shall reconcile and deposit all monies collected at the surplus sale.
- ❑ All surplus revenue shall be deposited to a miscellaneous revenue account in the General Fund (199), with the exception of surplus revenue from the sale of Food Service equipment which shall be deposited to the Food Service Fund (240).

Note. **The Life and Death of an Asset** is illustrated in the Appendix. The workflow is helpful in tracking an asset from the time a purchase is initiated to the time that the asset is disposed of and recorded in the district’s database and general ledger, as appropriate.

# LACKLAND INDEPENDENT SCHOOL DISTRICT

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### Use of Federally Funded Assets:

The management of assets purchased with federal grant funds (whether 100% or partially), shall be in accordance with 2 CFR Part 200 – Property Standards (excerpt included in the Appendix section).

- ❑ All federally funded equipment shall be used, as long as needed, for the original grant project, whether or not the project continues to be federally funded.
- ❑ Assets shall be made available for other projects as long as the use does not interfere with the project under which it was originally acquired (it may be appropriate to split or share the costs of the equipment with other fund sources so that each program bears its fair share).
- ❑ When no longer needed for the original grant project, equipment may be used in other federally supported activities (if purchased with state funds, would be used in another state program).

### Disposal of Federally Funded Assets:

- ❑ When equipment is no longer needed for the original project or another federally funded project, Lackland ISD shall dispose of the equipment in the following manner:
  - Equipment with current fair market value of *less than \$5,000* may be retained, sold, or otherwise disposed of with no further obligations to TEA.
  - Equipment with current fair market value of *\$5,000 or more* may be retained or sold but TEA shall have right to the proceeds.
- ❑ TEA reserves the right to transfer title to another grantee for noncompliance or as needed after the project ends (regardless of how equipment is classified).
- ❑ At the conclusion of a local grant project, TEA may request a list of equipment purchased with grant funds. The grantee must request disposition instructions from TEA. For most TEA discretionary grants, if a local project is ending and the grantee no longer needs equipment purchased with grant funds, and if the equipment is relatively up-to-date and in good working order, TEA, at its discretion, may instruct the grantee to transfer the equipment to another viable grantee.
- ❑ Disposal of all federally funded assets shall be tracked in the fixed assets database, including a disposition date and method for audit purposes.

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**Appendix**

Fixed Assets Transfer Form

Donation Form

Monthly Asset Accounting Workflow

Examples of Asset Accounting Entries

Life and Death of an Asset

Federal Grant Property Standards (2 CFR, Part 200)

# Lackland Independent School District

## Fixed Assets Transfer Form

|              |          |            |                  | TRANSFER TO |        |        |                  |
|--------------|----------|------------|------------------|-------------|--------|--------|------------------|
| LISD Tag No. | Room No. | Serial No. | Item Description | *Storage    | Campus | Room # | Obsolete/Surplus |
|              |          |            |                  |             |        |        |                  |
|              |          |            |                  |             |        |        |                  |
|              |          |            |                  |             |        |        |                  |
|              |          |            |                  |             |        |        |                  |
|              |          |            |                  |             |        |        |                  |
|              |          |            |                  |             |        |        |                  |

Date of Request: \_\_\_\_\_ Campus/Dept: \_\_\_\_\_ Requested by: \_\_\_\_\_

Technology Approval (required for technology/audio-visual transfers): \_\_\_\_\_ Principal approval: \_\_\_\_\_

=====

Date Moved: \_\_\_\_\_ Moved by: \_\_\_\_\_ Accepted by: \_\_\_\_\_

Date Updated on Computer: \_\_\_\_\_ Updated by: \_\_\_\_\_

**\*Prior approval from the Maintenance Director is required to store excess furniture/equipment at the district warehouse.**

Procedures: Complete form, obtain signatures and route to Receiving Department for review and processing.  
 Receiving Department will coordinate with the Operations Department for relocation of the equipment & will update the campus/department i  
 A list of items to be discarded will be compiled by the Operations Department in August and February of each year.



**Lackland Independent School District  
Donation Form**

The Lackland Independent School District Board Policy CDC (Legal) states that: All bequests of property for the benefit of the public schools shall, when not otherwise directed by the grantor, vest the property in the Board. Funds or other property donated, or the income therefrom, may be expended: 1) For any purpose designated by the donor that is in keeping with the lawful purposes of the schools that are to benefit from the donation; or 2) For any legal purpose if the donor designated no specific purpose.

The District may receive charitable contributions if they are for public purposes, such as benefiting a group and not an individual. Contributions may be made to the District, District schools or various District groups and clubs.

Lackland Independent School District is a public school district and is a political subdivision of the State of Texas as noted in Title 34 of the Texas Administrative Code. The District is not a tax-exempt entity under the Internal Revenue Service (IRS) Code Section 501(c) (3). However, the District is considered a tax-exempt organization that may receive charitable contributions according to the IRS Code Section 170(c) (1).

**Type:** ( ) **Cash/Check**      ( ) **Gift Card**      ( ) **Materials**      ( ) **Equipment**

**Donor Information:**

Donor Name: \_\_\_\_\_ Organization: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Donated to: \_\_\_\_\_

Purpose of Donation: \_\_\_\_\_

Value of Donated Property: \$\_\_\_\_\_

Describe/Itemize Donated Property: \_\_\_\_\_

Donor Imposed Restrictions, if any: \_\_\_\_\_

\_\_\_\_\_  
Donor Signature \_\_\_\_\_ Date \_\_\_\_\_

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**To Be Completed By District Official**

Donation approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
(Superintendent, or Board of Trustees if value equal to or over \$1000)

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**To Be Completed by Business Office**

Date of Receipt: \_\_\_\_\_ Amount Received (if cash): \$\_\_\_\_\_

[ ] Cash    [ ] Check # \_\_\_\_\_ Deposited to account #: \_\_\_\_\_

Fixed Asset Tag #: \_\_\_\_\_ Location: \_\_\_\_\_

# MONTHLY ASSET ACCOUNTING WORKFLOW



## EXAMPLES OF ASSET ACCOUNTING ENTRIES

| Account Code               | Description                | Debit        | Credit       |
|----------------------------|----------------------------|--------------|--------------|
| 901-00-1510-00-000-7-00000 | Land                       | \$2,000,000  |              |
| 901-00-1520-00-000-7-00000 | Buildings                  | \$80,000,000 |              |
| 901-00-1531-00-000-7-00000 | Vehicles                   | \$850,000    |              |
| 901-00-1539-00-000-7-00000 | Equipment                  | \$1,580,000  |              |
| 901-00-1580-00-000-7-00000 | Construction in Progress   | \$2,300,000  |              |
| 901-00-3200-00-000-7-00000 | Invested in Capital Assets |              | \$86,730,000 |

### Accounting for Capital Assets in Fund 901

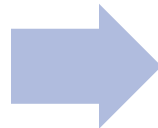
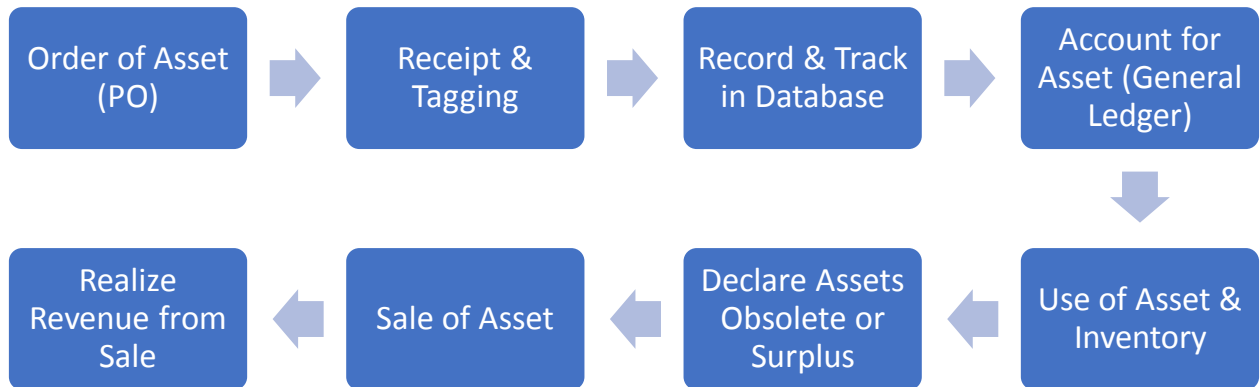
| Account Code               | Description                | Debit        | Credit       |
|----------------------------|----------------------------|--------------|--------------|
| 901-00-1580-00-000-6-00000 | Construction in Progress   | \$440,627.54 |              |
| 901-00-3200-00-000-6-00000 | Invested in Capital Assets |              | \$440,627.54 |

### Accounting for Construction in Progress – Incomplete Project at Fiscal Year-End

| Account Code               | Description                | Debit        | Credit       |
|----------------------------|----------------------------|--------------|--------------|
| 901-00-1580-00-000-7-00000 | Construction in Progress   |              | \$440,627.54 |
| 901-00-1520-00-000-7-00000 | Buildings                  | \$473,089.83 |              |
| 901-00-3200-00-000-7-00000 | Invested in Capital Assets |              | \$32,462.29  |

### Accounting for Construction in Progress at end of project

# LIFE AND DEATH OF AN ASSET



## **PROPERTY STANDARDS**

### **§200.310 Insurance coverage.**

The non-Federal entity must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the non-Federal entity. Federally-owned property need not be insured unless required by the terms and conditions of the Federal award.

### **§200.311 Real property.**

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity.

(b) *Use.* Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

(c) *Disposition.* When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity. The instructions must provide for one of the following alternatives:

(1) Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

(2) Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.

(3) Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

### **§200.312 Federally-owned and exempt property.**

(a) Title to federally-owned property remains vested in the Federal Government. The non-Federal entity must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the non-Federal entity must report the property to the Federal awarding agency for further Federal agency utilization.

(b) If the Federal awarding agency has no further need for the property, it must declare the property excess and report it for disposal to the appropriate Federal disposal authority, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods (e.g., the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710 (i)) to donate research equipment to educational and non-profit organizations in accordance with Executive Order 12999, "Educational Technology: Ensuring Opportunity for All Children in the Next Century."). The Federal awarding agency must issue appropriate instructions to the non-Federal entity.

(c) Exempt federally-owned property means property acquired under a Federal award where the Federal awarding agency has chosen to vest title to the property to the non-Federal entity without further obligation to the Federal Government, based upon the explicit terms and conditions of the Federal award. The Federal awarding agency may exercise this option when statutory authority exists. Absent statutory authority and specific terms and conditions of the Federal award, title to exempt federally-owned property acquired under the Federal award remains with the Federal Government.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

### **§200.313 Equipment.**

See also §200.439 Equipment and other capital expenditures.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

- (1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- (2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.
- (3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.

(b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section.

(c) *Use.* (1) 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. 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:

- (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
- (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or

previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

(2) Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation

in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

#### **§200.314 Supplies.**

See also §200.453 Materials and supplies costs, including costs of computing devices.

(a) Title to supplies will vest in the non-Federal entity upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. See §200.313 Equipment, paragraph (e)(2) for the calculation methodology.

(b) As long as the Federal Government retains an interest in the supplies, the non-Federal entity must not use supplies acquired under a Federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.

#### **§200.315 Intangible property.**

(a) Title to intangible property (see §200.59 Intangible property) acquired under a Federal award vests upon acquisition in the non-Federal entity. The non-Federal entity must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in §200.313 Equipment paragraph (e).

(b) The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

(c) The non-Federal entity is subject to applicable regulations governing patents and inventions, including governmentwide regulations issued by the Department of Commerce at 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements."

(d) The Federal Government has the right to:

(1) Obtain, reproduce, publish, or otherwise use the data produced under a Federal award; and



(2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

(e) Freedom of Information Act (FOIA).

(1) In response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under a Federal award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and the non-Federal entity must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the Federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the Federal agency and the non-Federal entity. This fee is in addition to any fees the Federal awarding agency may assess under the FOIA (5 U.S.C. 552(a)(4)(A)).

(2) Published research findings means when:

(i) Research findings are published in a peer-reviewed scientific or technical journal; or

(ii) A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law. "Used by the Federal Government in developing an agency action that has the force and effect of law" is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

(3) Research data means the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This "recorded" material excludes physical objects (e.g., laboratory samples). Research data also do not include:

(i) Trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information which is protected under law; and

(ii) Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

#### **§200.316 Property trust relationship.**

Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The Federal awarding agency may require the non-Federal entity to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property.