

No. 635

SECTION: Finances

TITLE: Management of Property
Acquired With Federal Funds

CATASAUQUA AREA SCHOOL DISTRICT

ADOPTED: April 11, 2017

	635 – MANAGEMENT OF PROPERTY ACQUIRED WITH FEDERAL FUNDS	1 2 3
1. Purpose	The District establishes and maintains Board policies, administrative regulations, and procedures on administration of federal funds in federal programs as required by the Uniform Grant Guidance and other federal, state, and local laws, regulations, and requirements. The District’s financial management system includes standards for the management of property acquired with funds provided under federal awards.	4 5 6 7 8 9
2. Definitions	The following words and phrases, when used in this policy, shall have the meaning given to them below: Coordinator — means the Coordinator of Instructional Technology & Federal Programs, except that with respect to federal awards relating to the District’s food service program, the term shall mean the Food Service Director.	10 11 12 13 14 15 16
2 CFR § 200.38	Federal award — means (1) federal financial assistance that the District receives directly from a federal awarding agency or indirectly from a pass-through entity, (2) a cost-reimbursement contract under the Federal Acquisitions Regulations that the District receives directly from a federal awarding agency or indirectly from a pass-through entity, and (3) the instrument setting forth the terms and conditions of the Federal award, including the grant agreement, cooperative agreement, other agreement for assistance under 2 CFR § 200.40(b) (<i>i.e.</i> , loans, loan guarantees, interest subsidies, and insurance), or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.	17 18 19 20 21 22 23 24 25 26 27
3. Guidelines	The following rules and procedures shall apply with respect to all property acquired with funds provided under a federal award: A. <i>Contract and Purchasing Administration.</i> The district maintains internal controls, administrative regulations and procedures to ensure that contractors deliver goods and services in accordance with the terms, conditions and specifications of the designated contract, purchase order or requisition.	28 29 30 31 32 33 34 35 36 37 38 39 40

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B. Property Classification.

Property shall be classified as **equipment, supplies, computing devices, and capital assets** as defined and specified in accordance with law, regulations, Board policy, and administrative regulations.

C. Inventory Control/Management.

All property purchased with federal funds, regardless of cost, will be inventoried as a safeguard.

Inventory will be received by the department or program requesting the item; designated staff will inspect the property, compare it to the applicable purchase order or requisition, and ensure it is appropriately logged and tagged in the District’s property management system.

Items acquired will be physically labeled if the item is conducive to labeling. The label shall provide sufficient information to match the items to the District’s inventory records, and shall indicate the source of funding and acquisition date.

Inventory records of equipment and computing devices having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds five thousand dollars (\$5,000.00) must be current and available for review and audit, and include, at minimum, the following information:

1. Description of the item, including any manufacturer’s model number.
2. Manufacturer’s serial number or other identification number.
3. Identification of funding source (including the Federal Award Identification Number).
4. Acquisition date and unit cost.
5. Source of items, such as company name.
6. Percentage of federal funds used in the purchase.
7. Present location, use, and condition of item, and date information was reported.
8. Pertinent information on the ultimate transfer, replacement or disposition of the item, including date of disposal and sale price of the property.

2 CFR
§§ 200.313(d),
200.33, 200.94

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Inventory will be updated as items are sold, lost, or stolen, or cannot be repaired, and new items are purchased.

2 CFR
§ 200.313(d)(2)

D. *Physical Inventory.*

Physical inventory of property will be completed by designated District staff in accordance with applicable federal and state law and regulations and Board policy and administrative regulations.

The physical inventory of items will be conducted annually, and the results will be reconciled with the inventory records and reported to the federal awarding agency

2 CFR §
200.313(d)(4)

E. *Maintenance.*

The District establishes adequate maintenance procedures to ensure that property is maintained in good condition in accordance with law, regulation and Board policy and administrative regulations.

2 CFR §
200.313(d)(3)

F. *Safeguards.*

The District ensures that adequate safeguards are in place to prevent loss, damage or theft of property:

1. Any loss, damage, or theft will be reported to the Business Supervisor and investigated and fully documented, and may be reported to local law enforcement.
2. If stolen items are not recovered, the District will submit copies of the investigative report and insurance claim to the federal awarding agency.
3. The District may be responsible for replacing or repairing lost, damaged, destroyed or stolen items.
4. Replaced equipment is property of the originally funded program and should be inventoried accordingly.
5. District property may only be loaned in accordance with Board policy and administrative regulations.

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G. *Disposition of Property Acquired with Federal Funds.*

2 CFR §
200.311(c)

When the District determines that real property, including land, land improvements structures and accessories thereto, acquired under a federal award is no longer needed for the originally authorized purpose, the District must obtain disposition instructions from the federal awarding agency or pass-through entity administering the program, in accordance with applicable law and regulations.

2 CFR
§ 200.313(e)

When the District determines that equipment or computing devices acquired under a federal award (or replacement equipment) is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Coordinator shall contact the federal awarding agency or pass-through entity administering the program to obtain disposition instructions, based on the fair market value of the equipment.

Generally, items with a fair market value of five thousand dollars (\$5,000.00) or less that are no longer effective may be retained, sold, purged, or otherwise disposed of with no further obligation to the federal awarding agency. For items with a fair market value greater than five thousand dollars (\$5,000.00), the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

2 CFR §
200.313(c)(4)

If the District will be replacing the equipment, the District may use the existing equipment as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

2 CFR §
200.314(a)

If there is a residual inventory of unused supplies exceeding five thousand dollars (\$5,000.00) 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 District may either retain the supplies for use on other activities or sell them, but must, in either case, compensate the federal government for its share.

The Coordinator will be responsible for contacting the federal awarding agency and determining the process for disposition of property and making any compensation to the federal government.

The District may use any the following methods, as approved by the Board of School Directors, in disposing of unnecessary equipment or supplies acquired with federal funds:

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1. Public auction and/or online sale – generally conducted by a licensed auctioneer.
2. Salvage – scrap sold to local dealers.
3. Negotiated sale – normally used when disposing of items of substantial value.
4. Sealed bid – normally used for items of substantial value or unique qualities.
5. Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be sold by this method.
6. Donation to charitable organizations, for equipment or supplies with little to no value.
7. Disposition to trash for equipment or supplies with no value.

The Coordinator will be responsible for maintaining records of obsolete and surplus property disposed of, and will report to the federal awarding agency when required.

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