



Controllable Asset Management

Fiscal Guide for District Staff

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Introduction

This Dallas Independent School District Controllable Asset Management Policies and Procedures Manual sets forth the policies for management of controllable asset property within the Dallas Independent School District and prescribes the duties and functions of selected key personnel and departments.

Controllable Assets

Controllable Assets are defined by the Comptroller's Office and must be inventoried. A list of the required controlled items can be found in Appendix A of the Texas State Property Accounting Manual. Controlled items include sound systems/audio equipment, cameras, televisions/video players, computers, data projectors, smart phones/tablets plus other handheld devices and laptops having a unit value of \$100.00-\$4,999.99.

When applicable, all firearms (hand guns, rifles, shot guns, etc.) must be controlled regardless of dollar amount. Inventory controls over other equipment valued at less than \$100 per unit may be required if the Campus or Department Head deems such controls necessary. These items would be called inventoried items. An example would be if an agency chooses to control cash registers or printers. If a member chooses to track inventoried property it must be tracked consistently for all like items owned by the Campus and Department.

Assets funded or furnished by State, Federal or private agencies, by endowment, or by private donations are also subject to the rules and regulations of those agencies or terms of agreements under which funds to purchase equipment were acquired. These assets must be marked with the correct funding source in the Dallas ISD inventory database. Additional information may be available within the district's Board Policies, Administrative Procedures, or other web resources.

In accordance with School Board Policy, BP Local, the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures. The Chief Financial Officer shall approve this Controllable Asset Management Manual on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes. **Administrative regulations [procedures] are subject to Board review but shall not be adopted by the Board.**

Controllable Asset Management Staff

The Controllable Asset Management Department staff shall perform multiple roles; however, adequate separation of duties shall be maintained at all times. The staff roles consist of:

- Maintain a master controllable asset inventory database
- Periodically audit and verify inventory records and equipment and report findings to the Chief Financial Officer
- Coordinate the performance and support of physical inventories in campuses (twice annually) and administrative offices (once annually).
- Coordinate and train designated Controllable Asset Management Representatives for campuses and administrative offices
- Communicate with administrative and educational staff regarding implementation of the inventory control system
- Adjust and update the inventory control system to further correct and improve the system
- Tag and record asset acquisitions for controllable assets which have not been received by the Central Receiving Department or through an approved vendor which is compensated for tagging and recording as part of their service agreement
- Compile quarterly inventory and audit information for financial services reporting purposes
- Maintain the central supply of District fixed asset tags and issue tags to Central Receiving, Food & Child Nutrition Services, Library Media Services, or any other authorized groups that may be assigned with asset tagging responsibilities
- Review theft reports submitted by schools or departments and update asset records with the proper disposition in the district inventory database as necessary. Provide any additional information to the Dallas Police Department or Dallas ISD Police as needed to recover controllable assets and follow up with the school or department as necessary
- Conduct an annual audit of E-Rate restricted devices in all campus or department locations
- The Controllable Asset Management Department staff shall sign a District Confidentiality Agreement upon employment and upon revision of the agreement.

Controllable Asset Management Mission Statement

The Mission of the Dallas Independent School District Controllable Asset Management department is to provide support to all District students, staff, parents, and the community by ensuring that district controllable asset records are maintained in the district inventory database. This database will be maintained with the purpose of minimizing loss through routine auditing, supporting compliance for federal and state purchased assets, and providing a central tracking system to all district departments for reporting requirements as necessary.

External Department Roles and Responsibilities

Purchasing Department

- Provide procurement procedures and system control to ensure that the purchases of controllable assets are properly identified through standardized product information that is compatible with the district inventory database catalog.
- Ensure all Controllable Asset purchase contracts and agreements either include the asset tagging and submission of weekly distribution lists to the Controllable Asset Management department by the vendor OR the delivery of purchases of Controllable Assets are made only to Service Center I, Central Receiving, 2517 S. Ervay Street, Dallas, TX, 75215, for asset tagging and entry into the inventory database.
- Maintain Purchasing System coding scheme's, mechanisms, and reporting capabilities to ensure assets requiring tagging have Service Center I, Central Receiving, 2517 S. Ervay Street, Dallas, TX, 75215 (where receiving and tagging is performed) as the "Ship To" address.

Central Receiving (Service Center I)

- Maintain controllable asset policies and procedures in line with the Controllable Asset Policies & Procedures Manual for the District. This will govern controllable asset acquisitions, receiving, tagging, custody, transfer, disposal, and resulting asset recording in the district inventory database
- Receive and affix tags to all controllable assets delivered to Service Center I, Central Receiving, 2517 S. Ervay Street, Dallas, TX, 75215, except for the following:
 1. Donated Controllable Assets accepted by the District will be received, tagged, and recorded by the Controllable Asset Management department and its Controllable Asset Management Representatives on campuses or in departments if delivered directly to the campus or department.
 2. Controllable Assets purchased by approved vendors that are asset tagged and provided in distribution lists to Controllable Asset Management prior to delivery to Central Receiving or other District locations.
- Deliver all tagged controllable assets to the schools and departments, as directed, and update the asset record in the district inventory database with the school or department as necessary.
- Operate a surplus and salvage function responsible for the disposition of all obsolete District fixed assets (see Chapter 5).
- Maintain a minimum staff of two trained personnel familiar with the current inventory database system to perform the aforementioned functions.

Bond Department

- Record controllable asset acquisitions in the district inventory database when such acquisitions are purchased through Bond programs and are not received through Central Receiving or through an approved vendor which provides acquisition information through a weekly distribution list to the Controllable Asset Management department or other department assigned to the recording of asset acquisitions.
- Supervise contractors before, during, and after the execution of a campus or department Bond project to ensure controllable assets that are affected by the project are properly stored or, if replaced, all changes to the records of affected assets are updated and/or added to the district inventory database.
- Ensure all changes to the location and status of controllable assets that are affected by a Bond project are recorded in the district inventory database.
- Maintain a minimum staff of two trained personnel familiar with the current inventory database system to perform the aforementioned functions.

Food & Child Nutrition Services Department

- Record controllable asset acquisitions in the district inventory database when such acquisitions are purchased through Food & Child Nutrition Services programs and are not received through Central Receiving or through an approved vendor which provides acquisition information through a weekly acquisition list to the Controllable Asset Management department or other department assigned to the recording of asset acquisitions.
- Supervise contractors before, during, and after the execution of a campus or department Food Services project to ensure controllable assets that are affected by the project are properly stored or, if replaced, all changes to the records of affected assets are updated and/or added to the district inventory database.
- Ensure all changes to the location and status or controllable assets that are affected by a Food & Child Nutrition Services project are recorded in the district inventory database.
- Maintain a minimum staff of two trained personnel familiar with the current inventory database system to perform the aforementioned updates and changes.

Library Media Services Department

- Record controllable asset acquisitions in the district inventory database when such acquisitions are purchased through Library Media Services programs and are not received through Central Receiving or through an approved vendor which provides acquisition information through a weekly acquisition list to the Controllable Asset Management department or other department assigned to the recording of asset acquisitions.
- Supervise contractors before, during, and after the execution of a campus or department Library Media Services project to ensure controllable assets that are affected by the project are properly stored or, if replaced, all changes to the records of affected assets are updated and/or added to the district inventory database.
- Ensure all changes to the location and status or controllable assets that are affected by a Library Media Services project are recorded in the district inventory database.

- Maintain a minimum staff of two trained personnel familiar with the current inventory database system to perform the aforementioned updates and changes.

Technology Division (All Departments)

- Record controllable asset acquisitions in the district inventory database when such acquisitions are purchased through Technology programs and are not received through Central Receiving or through an approved vendor which provides acquisition information through a weekly acquisition list to the Controllable Asset Management department or other department assigned to the recording of asset acquisitions.
- Supervise contractors before, during, and after the execution of a campus or department Technology project to ensure controllable assets that are affected by the project are properly stored or, if replaced, all changes to the records of affected assets are updated and/or added to the district inventory database.
- Ensure all changes to the location and status or controllable assets that are affected by a Technology project are recorded in the district inventory database.
- Maintain a minimum staff of two trained personnel in each of, but not exclusive to, the following departments familiar with the current inventory database system to perform the aforementioned updates and changes:
 1. IT Business & Operations (Network Services)
 2. Client Solutions (Desktop Services)

School Leadership (Technology Departments)

- Record controllable asset acquisitions in the district inventory database when such acquisitions are purchased through Technology programs and are not received through Central Receiving or through an approved vendor which provides acquisition information through a weekly acquisition list to the Controllable Asset Management department or other department assigned to the recording of asset acquisitions.
- Supervise contractors before, during, and after the execution of a campus or department Technology project to ensure controllable assets that are affected by the project are properly stored or, if replaced, all changes to the records of affected assets are updated and/or added to the district inventory database.
- Ensure all changes to the location and status or controllable assets that are affected by a Technology project are recorded in the district inventory database.
- Maintain a minimum staff of two trained personnel in each of, but not exclusive to, the following departments familiar with the current inventory database system to perform the aforementioned updates and changes:
 1. Career and Technology Education
 2. STEM

Campus and Department Head

The Campus and Department Head is ultimately responsible for the custody and care of all property in the Campus and Department Head's possession. Campus and Department Heads are responsible for the accurate and timely reporting of all assets in their possession. For purposes of property management, Campus and Department Head refers to the Principal for a campus or a Department Head when referring to Administrative locations.

The Campus and Department Head is responsible for ensuring the accuracy of all statements of financial reporting relating to the Campus and Department Head's property and evaluating the adequacy of inventory controls placed on property. Campus and Department Heads are under financial liability for the loss or damage to personal property under their control if the loss or damage results from their negligence, intentional act, or failure to exercise reasonable care to safeguard, maintain, and service the items. Campus and Department Heads are also responsible for ensuring employees are aware of their responsibilities for property.

The Campus and Department Head will designate a Controllable Asset Management Representative and submit a Notice of Principal/Department Head and Controllable Asset Management Representative Form to the Controllable Asset Management department. An Alternate Controllable Asset Management Representative shall also be designated on this form. A Campus and Department Head is not relieved of responsibility for the Campus and Department Head's property by designating Controllable Asset Management Representatives. If a designated Controllable Asset Management Specialist is removed from their position for any reason, including reassignment within the campus, transfer to another campus, or departure from the district, then a replacement shall be designated within 30 days of the removal.

Campus and Department Delegations of Property Responsibility

The Campus and Department Head may delegate to the following positions below:

- Assistant Principal
- Office Manager or Administrative Assistant (Preferred primary or alternate option as Controllable Asset Management Representative)
- Media Specialist (Preferred primary or alternate option as Controllable Asset Management Representative)
- Designated Staff Member (if they are not the Assistant Principal, Office Manager, Administrative Assistant, or Media Specialist) whose compensation is not exclusively funded for federal grant purposes

The Campus and Department Heads are responsible for capital, controllable and intangible property. All other delegates are only responsible for controllable property. It is up to each Campus and Department Head to determine the level of delegation/responsibility assigned to its staff members.

Distribution of Procedures

Each Campus and Department Head or their delegate is responsible for the distribution of procedures regarding the accountability for and safekeeping of property owned or managed by the Campus and Department Head. All Campus and Department Head procedures must comply with the rules of property management and reporting as defined by this Dallas ISD Controllable Asset Management Manual. A Campus and Department Head may adopt a stricter policy as long as it does not contradict the Dallas ISD Controllable Asset Management Manual. Furthermore, it is the responsibility of the Campus and Department Head to ensure the Controllable Asset Management Representative and Alternate Controllable Asset Management Representative receive training in the rules, policies, procedures, and operation of the Dallas ISD inventory database system as administered by Controllable Asset Management.

Controllable Asset Management Representative

The Controllable Asset Management Representative for a Campus and Department Head is responsible for the management of controllable assets for the Campus and Department Head, including the maintenance and control of inventory database records.

Assigning Responsibility of Controllable Assets to Staff Members

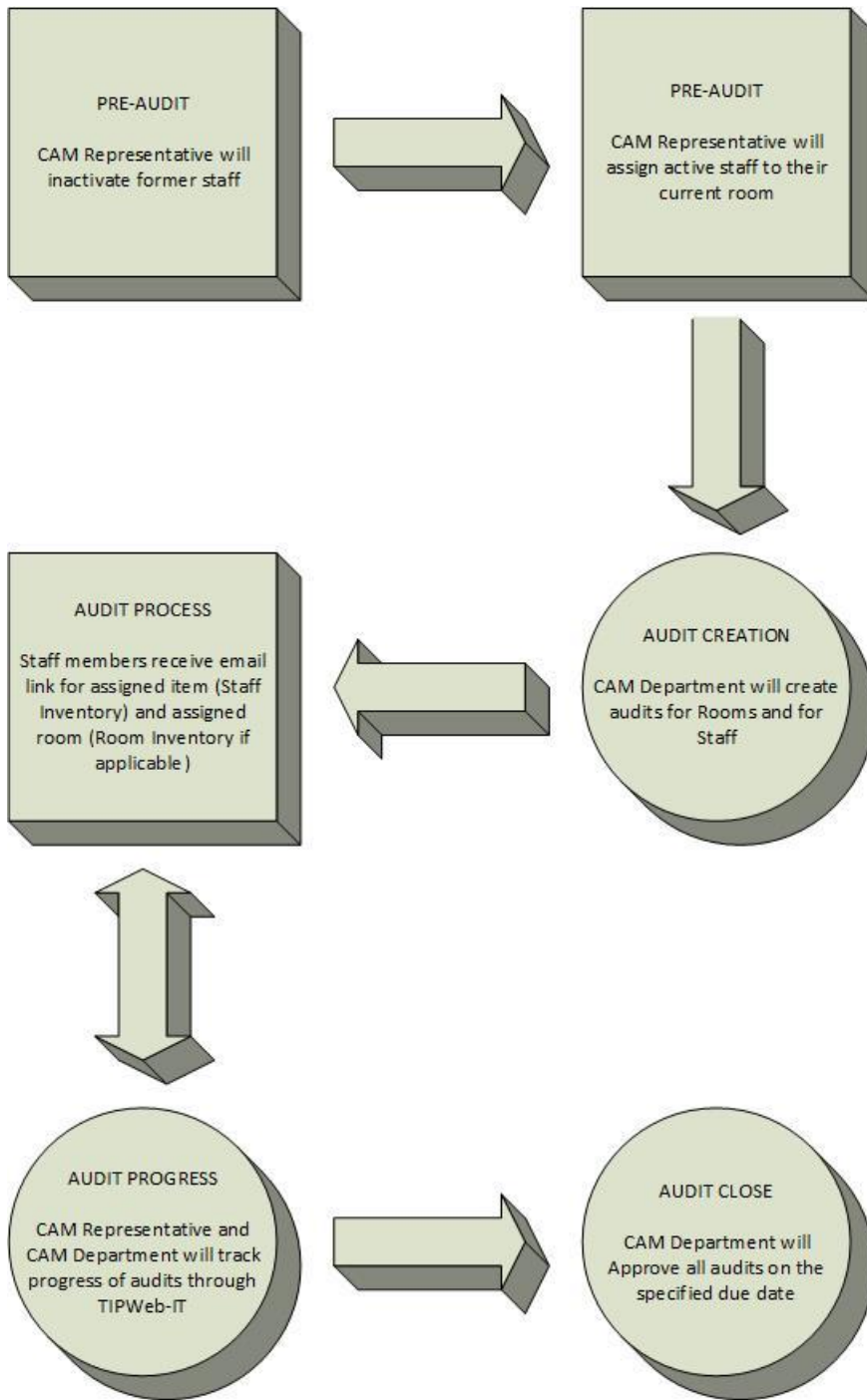
When a Campus and Department Head's district property is entrusted to a person other than the Controllable Asset Management Representative, the Controllable Asset Management Representative shall require a written receipt from the person receiving custody of the items. This receipt shall transfer the responsibility for the personal property to the person receiving the custody of the items. The receipt must include a detailed list of the property entrusted to the individual, along with a statement of financial liability for loss or damage resulting from

negligence, intentional act, or failure to exercise reasonable care to safeguard, maintain and service the property. The receipt may be in the form of a written Statement of Responsibility or in a digital form captured in the inventory database. Paper copies of the Statement of Responsibility must be scanned and attached to the item in the inventory database.

Annual Inventory

Per Texas Government Code, Section 403.273 and in accordance with Board policy CFB (Legal) and CFB (Local), each Campus and Department Head must conduct a minimum of one physical inventory of its personal (district) property (assets) each year. Dallas Independent School District will conduct two campus inventories per year performed by campus staff with assistance from the Controllable Asset Management department. Administrative departments will conduct one inventory performed by administrative staff per year with assistance from the Controllable Asset Management department. The Controllable Asset Management Representative is responsible for coordinating this effort. Staff members are responsible for inventorying assets assigned to them and/or assets which are present in their workspace.

During each annual physical inventory, the legibility of the inventory number should be verified. Missing or illegible labels and district property numbers should be replaced or renumbered before concluding the inventory process. The condition of each property item must also be evaluated during each physical inventory.



Campus and Department Inventory and Audit Procedures

Campus or Department Controllable Asset Inventory

Per Texas Government Code, Section 403.273 and in accordance with CFB (Local), each Campus Head must conduct a minimum of two physical inventory of its district property assets each fiscal year. Each Department Head must conduct a minimum of one physical inventory of its district property assets each fiscal year. The Controllable Asset Management Specialist is responsible for coordinating this effort. The purpose of the Controllable Asset inventories are to encourage accountability and awareness by staff members who use and monitor the equipment on a daily basis.

Campus Staff Room Inventory Process

During the September/October and April/May of each school year, campus staff will verify the inventory of Controllable Assets in the individual rooms they are assigned to. The inventory will be conducted by scanning or entering the individual items.

Department Staff Room Inventory Process

Each administrative department will be required to perform an annual inventory of controllable assets located in its physical location or locations. The inventory will be conducted by scanning or entering the individual items.

Controllable Asset Management Audit Process

Following the completion of the September inventory, Controllable Asset Management will conduct the annual audit of each campus to identify missing controllable assets and inventory any assets not located in locations assigned to a campus staff member. The Controllable Asset Management audit will fulfill the requirement for the minimum of one audit each fiscal year.

Following the completion of a department inventory, Controllable Asset Management will conduct the annual audit of each department to identify missing controllable assets and inventory any assets not located in locations assigned to a campus staff member. The Controllable Asset Management audit will fulfill the requirement for the minimum of one audit each fiscal year.

Campus or Administrative Inventory Process

Each Campus or Department Inventory will be broken down into three sections:

1. Room-Assigned Asset Inventories—Controllable Asset Management Specialist will ensure staff members are assigned to their primary room (homeroom) or office in the inventory control database prior to the creation of a campus or administrative office inventory in the database. Assets in locations that are not occupied by a staff member will be inventoried with the assistance of Controllable Asset Management when

necessary. *Only the staff who occupy the stated primary room (homeroom) or office are to inventory the assets in that location. Performance of this function by the Controllable Asset Management Representative or other staff is in opposition to the purpose of the inventory process as stated at the start of Chapter 8.*

2. Staff Assigned Asset Inventories—Items issued to staff members will be inventoried by the respective staff member.
3. Student-Assigned Asset Inventories—Items issued to students will be audited at a central location on a campus. The time and location will be at the discretion of the Campus or Department Head in coordination with the Controllable Asset Management Representative.

Controllable Asset Management Representatives will serve as monitors of the inventory process and support for their respective campus or department staff.

Each Campus or Department Inventory will include, but is not exclusive to, the scanning or entering of asset tags for the following product types:

AUDIO/VISUAL EQUIPMENT - CAMERA
AUDIO/VISUAL EQUIPMENT - DOCUMENT CAMERA
AUDIO/VISUAL EQUIPMENT - FLAT SCREEN TV
AUDIO/VISUAL EQUIPMENT - GAMING SYSTEM
AUDIO/VISUAL EQUIPMENT - HEADPHONES
AUDIO/VISUAL EQUIPMENT - OTHER
AUDIO/VISUAL EQUIPMENT - PROJECTOR
AUDIO/VISUAL EQUIPMENT - SMART BOARD
AUDIO/VISUAL EQUIPMENT - SMART TABLE
AUDIO/VISUAL EQUIPMENT - Smart Television
AUDIO/VISUAL EQUIPMENT - SOUND
AUDIO/VISUAL EQUIPMENT - Speakers
AUDIO/VISUAL EQUIPMENT - TELESCOPE EQUIPMENT
AUDIO/VISUAL EQUIPMENT - VIDEO PLAYER
CART - DCR
CART - OTHER
CHARGING - STATION
COMPUTERS - AIO
COMPUTERS - CHARGING CARTS
COMPUTERS - CPU
COMPUTERS - LAPTOPS
COMPUTERS - OTHERS
COMPUTERS - TABLETS
PHOTOCOPIERS - COPIERS
PRINTERS - 3D
PRINTERS - ALL-IN-ONE
PRINTERS - FAX MACHINES
PRINTERS - ID BADGE
PRINTERS - LARGE FORMAT

PRINTERS - LASER PRINTER
PRINTERS - MFP
PRINTERS - OTHERS
PRINTERS - SCANNERS

Campus or Department Audit Preparation

The Campus or Department Controllable Asset Management Representative shall assist the Controllable Asset Management department in the performance of the Campus or Department Audit in the following areas:

Computers on Wheels (Charging Carts)

Unless Computers-on-Wheels are specifically assigned to a staff member, they will be inventoried by the Controllable Asset Management Specialist or by the Controllable Asset Management department.

All Computers-on-Wheels shall only be locked with combination padlocks when external locks are used to ensure access by campus administrators and Controllable Asset Management. A lock that is affixed to a Computer on Wheels will be removed if a combination or key is not available to campus administrators or Controllable Asset Management. Access must be available to ensure students have the benefit of the devices available regardless of staffing situations.

Common or Unassigned Rooms or Offices

Campus Locations that are not usually assigned to a specific staff member will be inventoried by the respective Controllable Asset Management Representative with the assistance of Controllable Asset Management.

Evaluation of Audit Results

Audit results will be evaluated based on the accuracy of the inventory in the database of a campus or department in relation to the physical campus or department location of the audited items. Accuracy will be measured by the number of Missing items in a campus or department audit.

Room location will not be a determining factor in the evaluation of the audit results. Room location will be used to provide guidance for the control of the number of asset locations.

Reporting of Missing Assets

Upon final reconciliation of all campus inventory audits for a specified calendar period, all assets that have not been located will be reported to the respective campus principals and their respective feeder pattern executive directors.

Upon final reconciliation of all administrative inventory audits for a specified calendar period, all assets that have not been located will be reported to the respective department directors and their respective executive directors.

Missing technology items that require an EAD login to be signed in to by staff members will be reported to the Information Technology department for researching electronically.

Controllable Asset Acquisition

Acquisitions

The most common way to acquire property is through purchase. However, assets can also be acquired as gifts, as transfers from another state agency, as 'found' equipment, or they can be fabricated/constructed. ***Items purchased by campus or department staff using their own personal funds must be clearly marked as 'Personal Property' or 'Do Not Inventory'.***

Gifts

Members of the Dallas ISD frequently receive furniture, equipment, and technology as gifts. These items usually referred to as noncash gifts, become property of the Campus or Department upon formal acceptance. A Report of Gift or Donation Form must be completed for gifts in excess of \$5000 and submitted to both Volunteer & Partnership Services and Controllable Asset Management. The gift(s) will be given an inventory number and will be tagged, if possible. If tagging or marking is not possible, an inventory number will be "assigned" for the item.

Regardless of value, any technology gifts or donations are to be reported to the receiving campus or department's Controllable Asset Management Representative, the Controllable Asset Management department, and Client Solutions. Any technology gifts or donations that exceed a value of \$100 per item must be provided an asset tag and entered into the inventory control system. Controllable Asset items which are below \$100 should be provided an asset tag and entered in the inventory control system at the prerogative of the responsible campus or administrative office.

Gifts of Controllable Assets that are received by staff members when under the employment of Dallas Independent School District and received as a result of that employment are considered the property of Dallas Independent School District.

Purchased

Items that are purchased with Dallas Independent School District funds or funds provided on behalf of Dallas Independent School District are the property of the district. All Controllable Asset items that are \$100 in value or above will be assigned an asset tag and entered in the inventory control system. Items under \$100 will also be assigned an asset tag if the total number of items are considered to of significant value by the Controllable Asset Management department and/or the Campus and Department Head.

All purchasing agreements entered into by Dallas Independent School District shall include a prerequisite for the asset tagging of items purchased in excess of \$100. This prerequisite can be defined in one of the following ways:

1. Shipments will be delivered to Central Receiving to be asset tagged and entered into the inventory database by Dallas Independent School District personnel.

2. Shipments that will be delivered directly to a campus or department will be asset tagged by the vendor and a distribution list provided to Controllable Asset Management for entry into the inventory database. The distribution list will contain the following fields: Purchase Order, Date, Make, Model, Price, Asset Tag, Serial Number, Campus/Department Number, Campus/Department Name, and Product Type.

Disposition of District Controllable Assets

Loss of Property

If a Campus and Department Head has reason to believe district property belonging to the Campus and Department Head is missing, destroyed or damaged through the negligence or fault of an official or employee of Dallas ISD, the Campus and Department Head shall report the occurrence in accordance with Board Policy CAA (Local). All district property belonging to the Campus or Department that is stolen, regardless of negligence or fault, must be reported to the Campus and Department Head and the appropriate law enforcement agency as applicable. The Campus or Department Controllable Asset Management Specialist will update the status of the item in the inventory database.

Per Texas Government Code, Section 403.275, if property disappears, deteriorates, or is damaged or destroyed due to negligence or failure to exercise reasonable care by the principal, department head, or agency employee entrusted with the property, they could be held liable for monetary damages.

Transfers

The Controllable Asset Management Representative or appropriate designee will perform transfers of property within the inventory database. If the asset to be transferred is not present in the current inventory database, it shall be added to the database. The transfer of district property includes any asset transferred from or to a Campus and Department by another Campus and Department, or any asset that is transferred within a Campus and Department between one physical location and another physical location. The Principal or Department Head will be responsible for transfers of equipment to or from their campuses or departments and will provide any supporting documentation for all transfers to the Controllable Asset Management Representative. The transfer will be recorded electronically in the inventory control system. Accountability will be maintained within the inventory control system throughout the transfer process. When transferring an asset, the original acquisition date must remain the same.

Exceptions to the control of property transfers:

- When an item is issued directly from the Technology Division to a staff member at a campus or in a department, the transfer of the item to a campus/department and issuance of item to the staff member will be processed by the Technology Division and recorded appropriately in the inventory database.
- When an item is replaced with another item as part of a department or division program to upgrade assets, the transfer of items to a campus and/or department and the disposal of the item being replaced will be the responsibility of the department or division who is conducting the previously mentioned program. An example would be an upgrade of campus technology, including the distribution of new laptops for Computers on Wheels (COWs) or the replacement of out-of-warranty desktops with new desktops or All-in-One computers. These functions are typically performed by the Technology

Division, Library Media Services, Food & Child Nutrition Services, Career Technology Education, and Visual & Performing Arts departments.

- When an item is reported to the Technology Division as damaged and in need of repair or replacement.

The following steps must be performed as part of the Transfer process:

1. Assets to be disposed of are verified for funding source to prevent grant-funded items from being indiscriminately transferred without Texas Education Agency authorization or sufficient notification of Dallas ISD internal departments. Examples are Career Technology Education, E-Rate Network Devices, and Title I.
2. Once assets are eligible to be transferred, they shall be entered into a Transfer ticket in either the current inventory database or through the Fixed Asset Self Service portal in Oracle.
3. Once submitted, approval from the immediate supervisor of the person submitting the disposal, the Executive Director of that immediate supervisor, and Fixed (Capital) Asset Management/Controllable Asset Management will be necessarily provided.
4. A Pickup/Delivery Ticket will be created by Service Center I and provided to Dallas ISD Motor Pool for pickup of the transferred Controllable Asset items from the campus or department.
5. Dallas ISD Motor Pool will verify the disposed Controllable Asset items recorded on the Pickup/Delivery Ticket match the physical Controllable Asset items prior to removal as outlined in the Fixed Asset Manual. Controllable Asset items that are not documented to be transferred will not be removed from the campus or department. Only the items documented on the transfer ticket are approved to be removed from the campus or administrative office.
6. Dallas ISD Motor Pool will transport the verified items to the destination of the Pickup/Delivery Ticket. Office personnel at the destination will verify the Controllable Asset items that are delivered match the Pickup/Delivery Ticket provided by Dallas ISD Motor Pool. Controllable Asset items transferred by departments besides Dallas ISD Motor Pool will require the same documentation prior to being received by the receiving campus or department of the transfer.
7. Once the Controllable Asset items are received by the destination campus or department, the Pickup/Delivery Ticket will be provided to Service Center I's Inventory Control department by Motor Pool. Service Center I's Inventory Control department will note the Pickup/Delivery Ticket as complete in the Fixed Asset Management portal in Oracle if applicable, submit completed tickets to Controllable Asset Management, and the ticket will be closed by Controllable Asset Management.

Found Property

District property found within the Campus and Department Head or system which appears to have been lost, abandoned or not under the control of any individual or a Campus and

Department Head, will immediately be reported to the Controllable Asset Management Representative and placed under the control of the Principal and Department Head of the finding campus/department. If necessary, the found item will be added to the finding campus/department's database. If the property is determined to be already assigned to a department, its discovery will be reported by the Controllable Asset Management Representative to the Campus and Department Head of that department who will make arrangements for its recovery. If such item is not required by the finding campus/department, it will be entered into the inventory records of the finding campus/department and then disposed of.

Loans

All loaned inventoried district property must be reported in the physical inventory of the loaning Campus and Department Head. Upon completion of the assignment or loan period, the Controllable Asset Management Specialist will ensure the equipment is properly accounted for and the documentation reflects the end of the assignment and the return of property.

Equipment may be assigned or loaned to a department or individual for the official benefit of Dallas ISD only. This assignment or loan can be considered temporary (i.e. overnight or for a weekend) or long-term.

When district property is loaned to a campus or department not under the control of the Campus or Department Head, the Campus or Department Head will require the receiving campus or department to execute a signed receipt. The signed receipt will be recorded electronically at the loaning campus or department. If property is to be or has been loaned in excess of 90 days, the loaning Principal or Department Head should review the need for the property in the department to determine if the property should be transferred to the borrowing Campus or Department, or returned to the loaning Campus or Department.

The Principal or Department Head should establish procedures for management of district property assigned or loaned. The procedure will include the following requirements at a minimum:

- receipt for the issue and return of personal property
- receipt specifying, if applicable, restrictions on use, requirements for special handling or operator training, and any other specific stipulations
- identification of the loan in the department's inventory records
- specific time limits for the loan, if known and,
- periodic review of items on loan

When district property is to be assigned to an employee for use overnight or during the weekend at some location other than the normal official work area, the Controllable Asset Management Specialist should require the use of a temporary receipt or sign out procedure.

When district property, such as laptops, drafting sets, and cameras, are specifically assigned to an employee for use in the employee's official duties, the Principal or Department Head must

ensure upon the employee transfer or termination all personal property assigned to the employee is returned to the department or accountable unit. The items will be updated in the Campus and Department's inventory.

Loans of certain types of district property require special attention due to restrictions on utilization. Accordingly, written approval of the Chief Financial Officer or the official designated to circulate and/or control the inventory of items purchased with special revenues is required prior to the loan of those items.

Surplus/Salvage

The Campus and Department Head is responsible for promptly identifying and reporting to the Controllable Asset Management Representative any excess personal property under the department's control. Once reported, the Controllable Asset Management Specialist will initiate action to transfer the property to a department which has need for the property or to Kiest Warehouse (see Disposition).

Missing/Stolen District or Personal Property

The Campus and Department Head will notify the Controllable Asset Management Representative within 24 hours of identifying missing/stolen property. The Controllable Asset Management will update the status of the missing/stolen item. The Campus or Department Head will immediately initiate a formal investigation in an effort to locate all missing/stolen property and/or prevent a repeat occurrence. This investigation must include the following at a minimum:

- notify all departmental personnel of loss, and request any information known concerning the property
- conduct a search of the department
- identify the person responsible for the property
- identify the date and place the property was last seen
- identify the manner in which the loss occurred
- determine if prescribed procedures were adequate to safeguard the property
- recommend any revisions in procedures which might be required to assist in preventing future losses of the same type; and,
- recommend holding an individual or individuals financially liable and, if so, in what amount
- submit a Remedyforce ticket to the IT Help Desk containing any available asset information and information gathered in the steps above (District Property)
- contact Dallas ISD Police with any available asset information and information gathered in the steps above (District and Personal Property)

Results of the investigation should be provided to the Campus or Department Head's immediate supervisor and to the Controllable Asset Management department. Missing property must remain on a Campus and Department Head's inventory through two physical inventories and/or two calendar years from the time the item is determined to be missing. Stolen property must be

immediately disposed from the Campus and Department Head's inventory and appropriate documentation saved electronically.

Any individual who, through misuse or neglect, causes or permits property to be missing, stolen, damaged, or destroyed may be held financially liable for the loss sustained. To determine the amount of the loss, such factors as original acquisition value, age, condition, cost of recent repairs or renovation, and estimated fair market value prior to loss or damage should be considered. If the Campus and Department Head suspects employee theft or negligence, this must be indicated in the inventory database.

Each Campus and Department Head must have a missing/stolen property report the Campus and Department Head will complete when the property is discovered to be missing/stolen. When property is found after being reported as missing or stolen, the Campus and Department Head will prepare and submit to the Controllable Asset Management Specialist a Status Change Report for the found item. This Status Change Report should provide the following information: asset number, asset description, location of asset, and signature of the Campus and Department Head certifying the recovery of property. The Status Change Report will be saved electronically.

Disposals

The disposal of Controllable Assets must be processed through the current asset management systems in use by Dallas Independent School District according to Board Policy CI (Local). The process requires the approval of the Campus and/or Department Head prior to removal from a campus or administrative location, Executive Director of the Campus and/or Department Head, and the Fixed Asset department of the Financial and Accounting Services Division.

The current Controllable Asset Management inventory database should be used for disposals and transfers of Controllable Assets to ensure automated tracking of assets and real-time status information. Oracle Fixed Asset Disposal and Transfer should be used for items that are not entered in the Controllable Asset Management database.

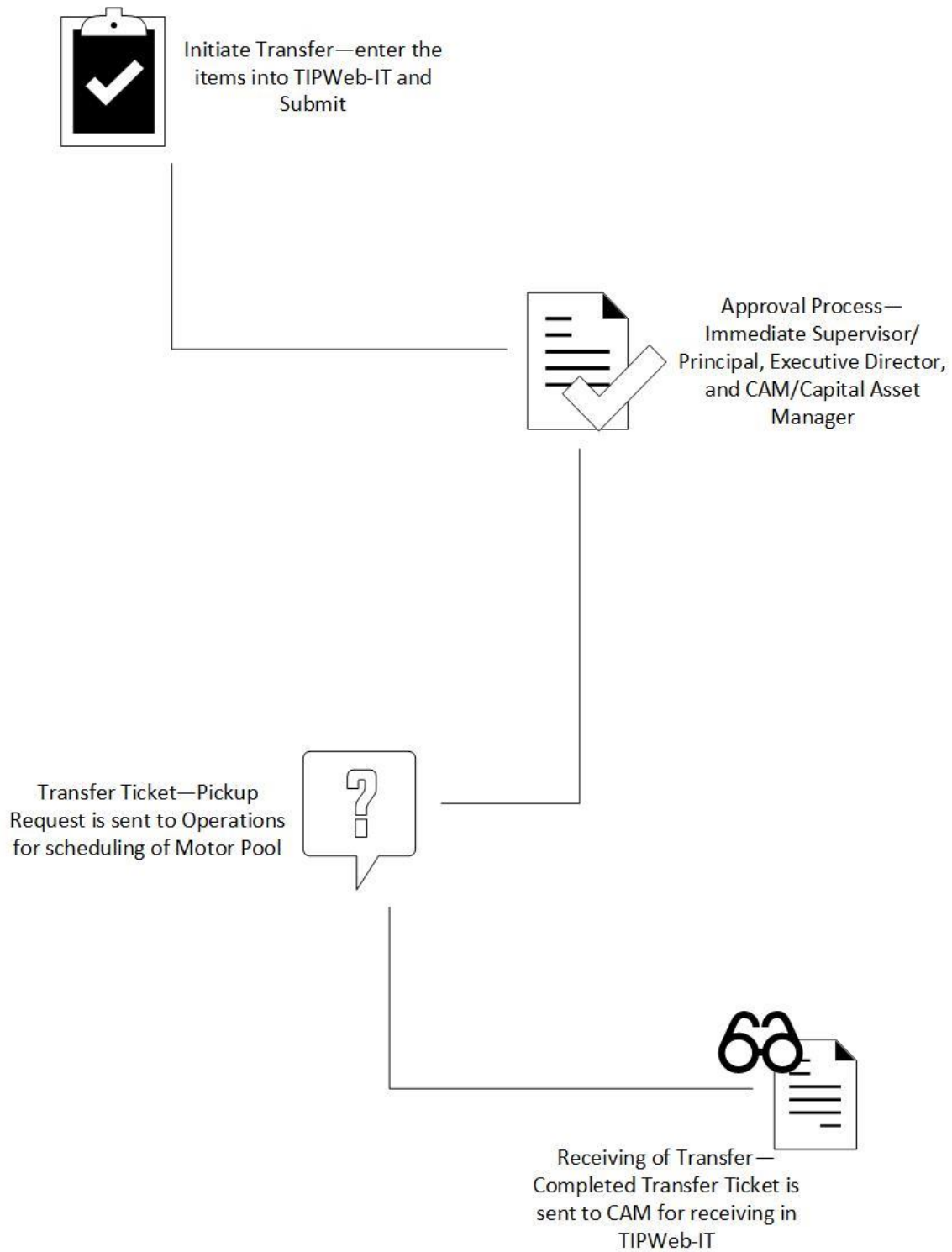
Controllable Assets purchased with Federal Funds require the approval of the respective department before they are released by Kiest Warehouse to third party vendors for auction, surplus, or scrap. All Technology items must be approved by the IT division prior to release by Kiest Warehouse to third party vendors for auction, surplus, or scrap in order to prevent indiscriminate disposal of hardware that retains a service life within Dallas Independent School District.

The following steps must be performed as part of the Disposal process:

1. Assets to be disposed of are verified for funding source to prevent grant-funded items from being indiscriminately disposed of without Texas Education Agency authorization or sufficient notification of Dallas ISD internal departments. Examples are Career Technology Education, E-Rate Network Devices, and Title I.

2. Once assets are eligible to be disposed of, they shall be entered into a Disposal ticket in either the current inventory database or through the Fixed Asset Self Service portal in Oracle.
3. Once submitted, approval from the immediate supervisor of the person submitting the disposal, the Executive Director of that immediate supervisor, and Fixed (Capital) Asset Management will be necessarily provided.
4. A Pickup/Delivery Ticket will be created by Service Center 1 and provided to Dallas ISD Motor Pool for pickup of the disposed Controllable Asset items from the campus or department.
5. Dallas ISD Motor Pool will verify the disposed Controllable Asset items recorded on the Pickup/Delivery Ticket match the physical Controllable Asset items prior to removal as outlined in the Fixed Asset Manual. Controllable Asset items that are not documented to be disposed of will not be removed from the campus or department.
6. Dallas ISD Motor Pool will transport the verified items to Dallas ISD's Kiest Warehouse. Kiest Warehouse personnel will verify the Controllable Asset items that are delivered match the Pickup/Delivery Ticket provided by Dallas ISD Motor Pool. Controllable Asset items delivered to Kiest Warehouse by departments besides Dallas ISD Motor Pool will require the same documentation prior to being received by Kiest Warehouse.
7. Once the Controllable Asset items are received by Kiest Warehouse, the Pickup/Delivery Ticket will be provided to Service Center 1's Inventory Control department. Service Center 1's Inventory Control department will note the Pickup/Delivery Ticket as complete in the Fixed Asset Management portal in Oracle and the Ticket will be closed by Fixed Asset Management.

Audits will be performed by Controllable Asset Management to provide a monitoring control on all stages of the disposal processes, as well as the removal of items by third party vendors from Dallas Independent School District.



Perpetual Asset Management

Tagging of Inventory

All district property is required to be permanently marked as “Property of Dallas ISD”. Markings shall be considered permanently affixed when the marking can be removed only through considerable or intentional means. Professional judgment should be used to determine whether or not a non-inventory item should be tagged.

Each item tracked on a unit basis must be assigned a unique individual asset tag number. A Campus/Department shall not place a new piece of district property into service with a property inventory number previously assigned to another piece of property, even if the previous item has been deleted from the inventory system.

All items which meet the definition of a Controllable Asset as mentioned in the overview section should be asset tagged. These items include any assets between the values of \$100.00 and \$4999.99. Items below a value of \$100.00 will be asset tagged at the prerogative of the responsible campus, of a responsible and/or supervising administrative office, or at the request of Controllable Asset Management.

An asset tag number is to be assigned and permanently affixed to each district property item whether received by a central receiving office or directly by a department prior to the item being placed in use or released outside the initial receiving activity. For an item received by a central receiving activity for a department, the inventory number will be assigned and permanently affixed by the central receiving office prior to the item being delivered or released to the campus/department.

- When Central Receiving assigns and permanently affixes the asset tag number, the numbers will input directly into the inventory database.
- When a vendor uses third-party services to prepare items prior to delivery to the district, the vendor and/or third-party service will be responsible for labeling the purchased items with asset tags provided by Controllable Asset Management. The delivery information, provided in a distribution list from each vendor, will be input into the inventory database by the campus or department responsible for the purchase of the assets. The distribution list should be provided to Controllable Asset Management no later than 5 business days after delivery/installation.
- When purchased items are delivered directly to an administrative organization (i.e. Technology or Special Education), the Controllable Asset Management Specialist for that organization is responsible for labeling the items and recording those items in the inventory database.
- For an item received directly by a campus or department, the asset tag number will be assigned by the Controllable Asset Management Specialist of the campus/department and permanently affixed prior to the item being placed in use. The delivery information will be input into the inventory database.

The inventory number must be permanently affixed to an item promptly upon receipt and acceptance, but not later than ten calendar days after receipt, unless prevented by unusual circumstances. Examples of acceptable reasons for not accomplishing such within the ten calendar days would be the item had to be assembled, calibrated, or connected to a system before it could be inspected properly and placed in use.

Campuses and Departments may choose to track district property using appropriate labeling methods as long as they meet guidelines established by the State Comptroller in consultation with the State Auditor's Office. Both "Property of the Dallas ISD" labels and/or asset tag labels must be placed in a highly visible position on the asset, where it is easily accessible during an inventory. The location of asset tag labels should be consistent for all similar assets assigned to a department, in order to facilitate physical inventories.

Product Tagging Guidelines

All items in the following Product Type categories shall be tagged regardless of value:

AUDIO/VISUAL EQUIPMENT - DOCUMENT CAMERA
AUDIO/VISUAL EQUIPMENT - FLAT SCREEN TV
AUDIO/VISUAL EQUIPMENT - GAMING SYSTEM
AUDIO/VISUAL EQUIPMENT - PROJECTOR
AUDIO/VISUAL EQUIPMENT - SMART BOARD
AUDIO/VISUAL EQUIPMENT - SMART TABLE
AUDIO/VISUAL EQUIPMENT - SMART TELEVISION
AUDIO/VISUAL EQUIPMENT - SOUND
AUDIO/VISUAL EQUIPMENT - TELESCOPE EQUIPMENT
AUDIO/VISUAL EQUIPMENT - TELEVISION
AUDIO/VISUAL EQUIPMENT - VIDEO PLAYER
AUTOMOTIVE REPAIR EQUIPMENT
CART - DCR
CART - OTHER
CHARGING - STATION
COMMUNICATIONS SYSTEM - OTHERS
COMMUNICATIONS SYSTEM - P A SYSTEM
COMPUTERS - AIO
COMPUTERS - CHARGING CARTS
COMPUTERS - CPU
COMPUTERS - LAPTOPS
COMPUTERS - MONITORS
COMPUTERS - TABLETS
EQUIPMENT - EMERGENCY
EQUIPMENT - HVAC
EQUIPMENT - KITCHEN APPLIANCE
EQUIPMENT - MAINTENANCE
EQUIPMENT - OFFICE
EQUIPMENT - OTHER

EQUIPMENT - SCIENCE
EQUIPMENT - SPECIAL NEEDS
MEDICAL EQUIPMENT
MUSICAL INSTRUMENT
NETWORK - ACCESS POINT
NETWORK - BATTERY PACK
NETWORK - OTHER
NETWORK - SERVER
NETWORK - SWITCH
OTHER - CASH DRAWER
OTHER - CUTTING MACHINE
OTHER - SHREDDER
PHOTOCOPIERS - COPIERS
PRINTERS - 3D
PRINTERS - ALL-IN-ONE
PRINTERS - FAX MACHINES
PRINTERS - ID BADGE
PRINTERS - LARGE FORMAT
PRINTERS - LASER PRINTER
PRINTERS - MFP
PRINTERS - SCANNERS

The following Product Type categories shall be tagged if the value of the product exceeds \$100 or is required by a Campus or Department:

AUDIO/VISUAL EQUIPMENT-OTHER (i.e. computer speakers, cases)
PRINTERS - OTHERS (i.e. single purpose inkjet printers, multi-purpose inkjet printers, flat-bed scanners, printer stands, external paper trays, supplies)

Securing of Assets

Each Principal or Department Head is responsible for ensuring property is tracked and secured in the manner most likely to prevent the theft, loss, damage, or misuse of assets. Each Principal or Department Head should be diligent to ensure building security at all times. The Principal or Department Head should ensure individuals in charge of security notify the Controllable Asset Management Specialist of violations or changes to security which could subject property to misuse or theft.

Principals or Department Heads must know where capitalized and controlled assets are located at all times, should have a method for locating any inventory item whether on-site or off-site under their control, and should be able to locate a given asset upon request.

District property checked out to employees must be used for Dallas Independent School District purposes, and the responsibilities of stewardship and care of the property must be maintained at the Campus/Department level. Each Campus/Department must have a written policy on checking out equipment and require each employee to sign for any property when it is checked

out. Please refer to the section on Loans under the Controllable Asset Management Specialist's responsibilities in Chapter 3 for more detailed information.

All Campus/Department procedures should be based on good business practices.

Storage

The primary concern when storing property is providing security from theft or pilferage and protection against the elements, while maintaining the property in a serviceable condition and accessible location. The placement of property in storage does not normally relieve Campus/Department Head of the responsibility for proper care, maintenance, and utilization of the property. The only exception will be when an item is placed in a central warehouse type of storage which is under the jurisdiction of another Campus/Department Head. In this case, the Campus/Department Head will retain accountability for the property while the person in charge of the central warehouse facility, having receipted the property, assumes responsibility for the care and safeguarding of the property. Unless there are agreements to the contrary, the person in charge of the central warehouse facility assumes responsibility for whatever maintenance is required for the property while in storage.

Utilization of Assets

Federal equipment issued to or provided to a Campus/Department Head is to be utilized in the manner for which it was originally furnished and authorized unless specific written exception is received from the grantor.

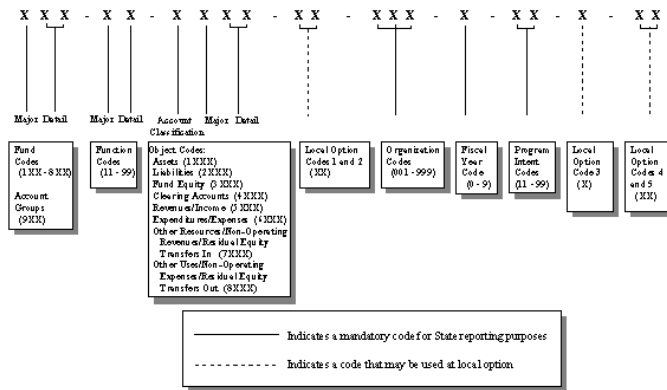
Additional Resources

Account Code Breakdown

The Financial Accounting & Reporting Module of the Financial Accountability System Resource Guide (FASRG) contains the required accounting code structure. Use of the appropriate accounting code structure is mandatory. The code structure is available on the TEA website at www.tea.texas.gov.

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles.

The Code Structure



- 1 Fund A mandatory 3 digit code is to be used to identify the fund group or specific group
- 2 Function A mandatory 2 digit code that identify the purpose of the transaction
- 3 Object A mandatory 4 digit code that identifies the nature of the transaction or source
- 4 Sub-Object A 2 digit code for optional use to provide special accountability at the local level
- 5 Organization A mandatory 3 digit code that identifies the organization (campus or department)
- 6 Fiscal Year A mandatory 1 digit code that identifies the fiscal year of project year of the expense
- 7 PIC A mandatory 2 digit code that designates the intent of a program provided to students
- 8 Optional A 3 digit code for optional use to further describe a transaction

District Funding Sources for Controllable Assets

Assets purchased with Federal and State funds have restrictions on their functioning locations. These assets are purchased for a particular campus or program and their transfer or use must be cleared by the responsible department. A breakdown of funding codes is provided below.

GENERAL FUND

The general fund is a governmental fund with budgetary control, which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for the use of the local education agency. The general fund utilizes the modified accrual basis of accounting and uses the classifications defined below to maintain separate revenue and expenditure accounts to assure the integrity of specific revenue purposes when required by law or rule.

Fund	Title	Fund	Title
162	Transportation	167	Career and Technology
163	State Bilingual	168	Special Education
164	State Compensatory	177	Magnet Schools
165	Gifted & Talented	199	Local Maintenance

SPECIAL REVENUE FUND (Federal Programs)*

This group of funds is used to account for federally funded special revenue funds. Member districts of shared services arrangements are to use these codes to account for the member district portion of a shared services arrangement.

Fund	Title	Fund	Title
204	Drug Free Schools & Comm.	224	IDEA-B Formula (Sp Ed)
205	Head Start Program	225	IDEA-B Preschool (Sp Ed)
206	McKinney-VENTO Homeless ED.	226	IDEA-B Discretionary Deaf
211	ESEA Title I Part A, Regular	240	Food Services
212	ESEA Title I Part C, Migrant	244	Federal Vocational Basic Grant (Carl D. Perkins)
215	ESEA Title I Part D, Delinquent Programs	286	Education Jobs Fund
220	Adult Basic Ed. (Federal)		

SPECIAL REVENUE FUND (State Programs)*

State programs that are used by school districts and education service centers not acting as a fiscal agent for a shared services arrangement are designated by fund codes 380 through 429. This includes any funds sent by the fiscal agent to the member school district for use by that school district.

Fund	Title	Fund	Title
381	Adult Basic Ed. (State)	386	State Deaf Education
385	Visually Handicapped	394	Life Skills Grant for Students (was PEP)

SPECIAL REVENUE FUND (Local Programs)*

Fund Codes 460 through 499 are used to account for local programs such as campus activity funds or grants from local business or organizations that require that the funds be expended for a specific purpose.

Fund	Title	Fund	Title
461	School Activity Fund		

Requirements for Federally Funded Controllable Assets

Property Standards

The district will safeguard all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with federal grant funds will be acquired if specifically required by a federal grant award. Risk Management will oversee the acquisition of insurance for all federally funded property. The district has not and shall not use federal grant funds to purchase real property.

Equipment and Supplies

The district may use federal grant funds to purchase equipment and supplies. The federally-funded equipment will be used only for the authorized purposes and will be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines.

The federally-funded supplies will be used only for the authorized purposes. Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies will be retained by the district or sold, but must reimburse the granting agency for the district use or sell of the supplies. The district will follow established purchasing deadlines for the purchase of federally-funded supplies, including Special Revenue Funds timelines, to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadlines are published each year by the Purchasing Department.

Identifying and Tracking Federally-Funded Assets

Federally funded equipment purchases will be retained by the district, unless otherwise notified by the granting agency. As district property, these items will be asset tagged, inventoried, and disposed of according to the district's fixed asset procedures.

To facilitate tracking, a purchase order must be approved by the Purchasing Department prior to the controllable asset items being ordered. Unless asset tagging of purchases is provided for in a purchase order and/or the Statement of Work with a vendor, purchases must be received at Central Receiving to be asset tagged prior to delivery. If the item is of such a unique nature or quantity that it must be delivered directly to the school or department, then the Principal or Program Manager is responsible for notifying the Controllable Asset Management Representative and/or Department when the goods are received and can be tagged.

The district procedures will include the recording of all assets in the inventory control database with the following information:

- 1) District-issued tag (or identification number)
- 2) Date of acquisition
- 3) Description of asset

- 4) Serial number, or other identifying number
- 5) Funding source, i.e. fund code
- 6) Federal use of asset (percentage)
- 7) Cost of asset (acquisition cost)
- 8) Use and condition of the asset (New, Used, etc.)
- 9) Life of asset
- 10) Location of asset (building and room number)
- 11) Depreciation of asset
- 12) Owner of asset title, typically the district

Maintaining Asset Inventory and Records

All federally-funded assets will be maintained in an operable state. If repairs are necessary, the district may pay for the repairs of the federally-funded assets with federal grant funds, unless expressly restricted by the granting agency.

The district fixed asset procedures will include an annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. [Note. Federal requirements CFR 200.313 requires an inventory at least once every 2 years.] The district's annual inventory of assets will be coordinated by Controllable Asset Management and a random audit by the Special Revenue Funds Management each fiscal year. Lost, damaged, or stolen assets will be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) will be maintained with the asset records.

In addition, the district will track all grant-funded asset purchases by grant and fund code, as appropriate. The disposal of grant-funded assets will be in accordance with federal guidelines and grant-specific guidelines, if any. At a minimum, the disposition date, reason and sale price of all federally-funded assets will be recorded in the fixed assets database.

During the life of the asset, the district will ensure that all assets purchased with federal grant funds are insured against loss. The costs to insure and maintain (repair) assets purchased with federal grant funds are generally allowable costs, unless specifically prohibited by a granting agency.

Federally Funded Asset Regulations

§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.

The Code of Federal Regulations (CFR) sections below are taken directly from the full text of the [Code of Federal Regulations](#). This is also known as the Uniform Guidance.

§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]

§200.439 Equipment and other capital expenditures

(a) See §§200.13 Capital expenditures, 200.33 Equipment, 200.89 Special purpose equipment, 200.48 General purpose equipment, 200.2 Acquisition cost, and 200.12 Capital assets.

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

(7) Equipment and other capital expenditures are unallowable as indirect costs. See §200.436 Depreciation.