

## Operational Services

### Administrative Procedure - Inventory Management for Federal and State Awards

This procedure applies to property acquired by the District under federal grant awards or State grant awards governed by the Grant Accountability and Transparency Act (GATA) (30 ILCS 708/).

Definitions

*Property* - real or personal property. 2 C.F.R. §200.1.

*Equipment* - Tangible personal property (including information technology systems) having a useful life of more than one year and per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 C.F.R. §200.1

*Supplies* - All tangible personal property other than equipment. 2 C.F.R. §200.1

*Acquisition Cost* - The cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the District’s regular accounting practices. 2 C.F.R. §200.1

Roles and Responsibilities

Actor	Responsibility
Business Manager and/or Designee	<p>Recordkeeping – 2 C.F.R. §200.313(d)(1) and (2)</p> <ol style="list-style-type: none"> <li>1. Ensures all equipment purchased with grant funds is identified and marked as such.</li> <li>2. Maintains an inventory list that includes the following:                             <ol style="list-style-type: none"> <li>a. a description of the property</li> <li>b. a serial number or other identification number</li> <li>c. the source of funding for the property (including the Federal Award Identification Number (FAIN), if applicable)</li> <li>d. who holds title</li> <li>e. the acquisition date</li> <li>f. cost of the property</li> <li>g. percentage of federal or State participation in the cost of the property</li> <li>h. the location, use and condition of the property</li> <li>i. any ultimate disposition data including the date of disposal and sale price of the property.</li> </ol> </li> <li>3. Takes a physical inventory of the property and reconciles the results with the records at least once every two years.</li> </ol> <p>Maintenance and Safeguarding – 2 C.F.R. §200.313(d)(4)</p> <ol style="list-style-type: none"> <li>1. Budgets for and schedules regular maintenance of the equipment when it is recommended by the manufacturer and arranges for repair of equipment when economically feasible.</li> </ol>

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	<ol style="list-style-type: none"> <li>2. Oversees implementation of the internal controls for the safeguarding of equipment and supplies required by administrative procedure 4:80-AP1, <i>Checklist for Internal Controls</i>.</li> <li>3. Reports (or receives reports, if so designated) any fraud, waste, or abuse of property in accordance with administrative procedure 4:80-AP2, <i>Fraud, Waste, and Abuse Awareness Program</i>.</li> <li>4. Investigates reports of property loss, damage, or theft. If appropriate, and in consultation with the Superintendent, makes a report to law enforcement for further investigation.</li> </ol> <p>Title and Use – 2 C.F.R. §200.313(a) and (c)</p> <ol style="list-style-type: none"> <li>1. Ensures the equipment is used for the authorized purposes of the grant during the period of the grant, or until the property is no longer needed for the purposes of the project.</li> <li>2. During the time that equipment is used on the project or program for which it was acquired, designates equipment available for use on other projects or programs currently or previously supported by the federal or State government, provided such use will not interfere with the work for which it was originally acquired, in the following order of priority: <ol style="list-style-type: none"> <li>a. First preference is given to other programs or projects supported by the awarding agency that financed the equipment.</li> <li>b. Second preference is given to programs or projects under awards from other awarding agencies (in the case of federal awards, to activities under federal awards from other federal awarding agencies; this includes consolidated equipment for information technology systems).</li> </ol> </li> <li>3. If the equipment is to be used for non-federally or non-State-funded programs or projects, considers charging user fees. Any fees charged for equipment services acquired under an award must be equal to or greater than what private companies charge for equivalent services, unless specifically authorized by statute, for as long as the government retains an interest in the equipment.</li> <li>4. Ensures that title to the property is not encumbered without the approval of the awarding agency.</li> </ol> <p>Disposition – 2 C.F.R. §200.313(e)</p> <ol style="list-style-type: none"> <li>1. Unless the awarding agency requires an equipment transfer, when equipment acquired under an award is no longer needed for the original project or program or for any other activities supported by a federal or State awarding agency, requests disposition instructions from the awarding agency, if required by the terms and conditions of the award.</li> <li>2. If an item of equipment has a current per unit fair market value of \$5,000 or less, arranges for the retention, sale, or disposal of the equipment with no further obligation to the awarding agency.</li> </ol>

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	<p>Notes the disposition of such items in the District’s property records.</p> <ol style="list-style-type: none"> <li>3. Except for awards exempted under 2 C.F.R. §200.312(b), or if the awarding agency fails to provide requested disposition instructions within 120 days, arranges for the retention or sale of items of equipment with a current per-unit fair-market value in excess of \$5,000. The awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the awarding agency may permit the District to deduct and retain from the agency share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.</li> <li>4. If applicable, arranges for the transfer of title to the property to the federal or State government or to an eligible third party, provided that in such cases, the District is entitled to compensation for its attributable percentage of the current fair market value of the property.</li> <li>5. If the District is authorized or required to sell the property, ensures compliance with Board policy 4:80, <i>Accounting and Audits</i>, regarding the disposition of property, and follows proper sales procedures to ensure the highest possible return.</li> <li>6. For items of equipment with an acquisition cost of \$5,000 or more: <ol style="list-style-type: none"> <li>a. Obtains two signed bids from potential purchasers or two appraisals from authorized appraisers to determine the per unit current fair market value.</li> <li>b. If the per unit current fair market value is \$5,000 or more, follows the procedures outlined in the Ill. State Board of Education’s <i>State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures</i> to obtain ISBE’s approval, available at: <a href="http://www.isbe.net/Documents/fiscal_procedure_handbk.pdf">www.isbe.net/Documents/fiscal_procedure_handbk.pdf</a>.</li> </ol> </li> <li>7. When appropriate, arranges for the trade-in of equipment to be replaced or sale of the property when acquiring replacement equipment. Proceeds from the trade-in or sale may be used to offset the cost of the replacement equipment.</li> </ol> <p><b>Note:</b> If the District fails to take appropriate disposition actions, the awarding agency may direct the District to take disposition actions.</p>
<p>Staff Members Who Receive Equipment/Supplies as Part of Their Job Duties</p>	<p>Use the equipment/supplies for the purposes authorized by the grant during the grant period, or until the property is no longer needed for the purposes of the project.</p> <p>Properly use the equipment in accordance with the manufacturer’s instructions.</p> <p>Produce the equipment/supplies when requested by the Business Manager or designee, whether for inventory, scheduled maintenance, repair, or other purposes.</p>

<b>Actor</b>	<b>Responsibility</b>
	<p>Take reasonable steps to prevent damage to equipment and supplies in accordance with administrative procedure 4:80-AP1, <i>Checklist for Internal Controls</i>.</p> <p>Report any fraud, waste, or abuse of property in accordance with administrative procedure 4:80-AP2, <i>Fraud, Waste, and Abuse Awareness Program</i>.</p> <p>Immediately report lost or stolen equipment/supplies to the Business Manager or designee.</p> <p>Return the equipment/supplies when requested by the Business Manager or designee or if it is no longer needed.</p>

APPROVED: