



pennsylvania
DEPARTMENT OF EDUCATION

Equipment and Property Management

Introduction to Equipment and Property Management

DEFINITION

What is Equipment and Property Management?

The act of enacting policies and procedures for the management of equipment and property through its lifecycle.

DESIRED OUTCOMES

Maintain adequate property records

Timely recording of purchases, depreciation, physical inspection and disposition of equipment and property.

Compliance with Uniform Guidance and other reporting guidance

Maintain detailed records to comply with Subgrant requirements as well as other applicable reporting guidelines for financial statement purposes.

Applicable Federal Equipment and Property Management Guidance

Reference	Title	What You Need to Know
§ 200.439(b)	Equipment and Other Capital Expenditures	The section lists out the rules of allowability applicable to equipment and other capital expenditures.
§ 200.313(d)	Equipment 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 requirements set forth in this section.
§ 200.407	Prior Written Approval	Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine.

Equipment and Property Allowability

A wide range of Supplies and Equipment purchases as well as repairs and improvements of real property are allowable under Federal grant programs. Allowability of purchases and/or improvements varies by program and **may require prior approval and is subject to additional inventory management and disposition rules.**

2 CFR 200.439(b)(1 through 3) Uniform Guidance indicates that capital expenditures for general purpose equipment with a unit cost of \$5,000 or more, buildings, and improvements to buildings or equipment are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity (PDE).

Equipment

Supplies

Capital Improvements/
Construction

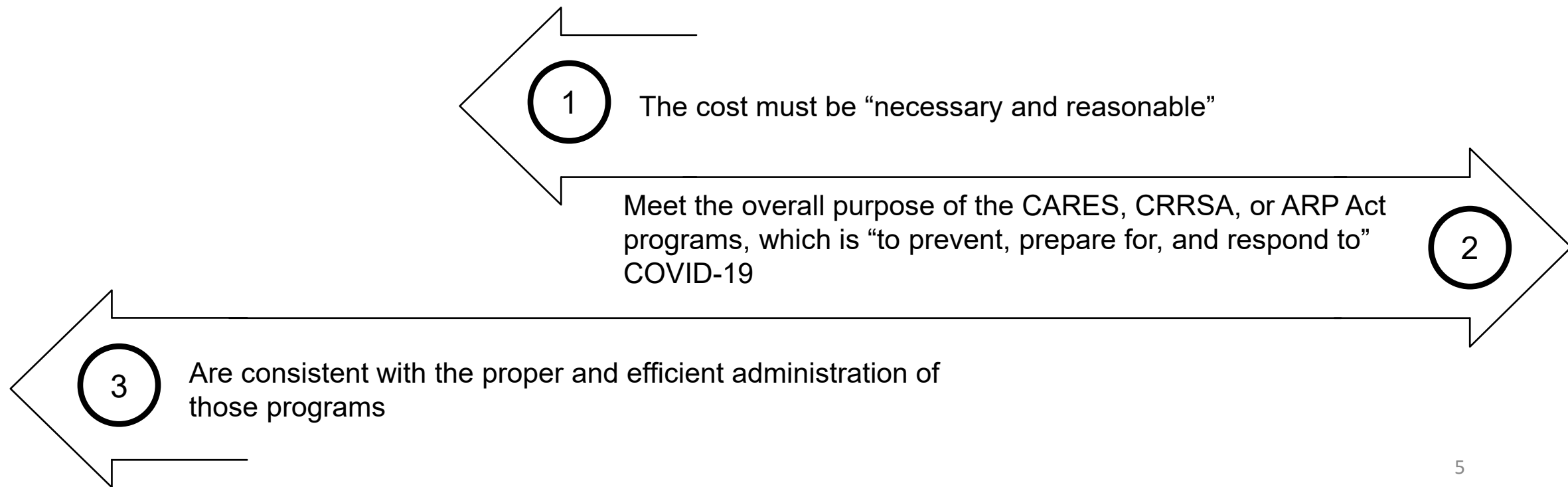
Remember to obtain written prior approval before starting any capital improvement or construction projects.

- <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/CARESAct/January2021/FacConstTransp/Pages/default.aspx>
- <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/CARESAct/March2021/FacConstTransp/Pages/default.aspx>

Capital Improvements and Construction Costs

Capital Improvements and construction costs include projects to make the necessary improvements to improve indoor air quality in school facilities, support social distancing, improve cleaning effectiveness, and HVAC system installation.

LEA must make sure that the following guidelines are met:



Managing Equipment Procured with Federal Funds

I have this equipment I just purchased with the government's money. Where do I even start to make sure it's handled properly?

Procedures for managing equipment acquired under the Federal award must meet the following requirements in accordance with 2 CFR 200.313(d):

Property Records

**A Physical
Inventory**

A Control System

**Adequate
Maintenance
Procedures**

Disposition

Property Records

There's a lot of them, as outlined in 2 CFR 200.313(d)(1). What are they?

Description of the Property

Serial or other Identification Number

Source of Funding for the Property

Including the FAIN

Who Holds Title

Acquisition Date

Percentage of Federal Participation

And Federal award under which the property was acquired

Location

Use and Condition of the Property

Disposition Data

Including date of disposal and sales price

Cost of the Property

Obtaining Prior Approval

LEAs are required to obtain prior approval for certain expenditures in accordance with Federal Uniform Guidance 2 CFR § 200.407. Prior approval is required for construction, capital expenditures (including equipment with a per-unit cost of \$5,000 or more) and buildings.

Construction

Equipment

Capital Expenditures

Steps to Obtain Prior Approval

Please refer to the table below for instructions on the submission of each Prior Approval form for **construction projects** and **capital expenditures** for the respective grant program.

	Instructions	Sources
ESSER I	Prior approval forms must be completed and submitted to PDE.	<u>ESSER I Facilities/Construction/Transportation</u>
ESSER II	Complete Prior Approval form and upload to eGrants.	<u>ESSER II Facilities/Construction/ Transportation</u>
ARP ESSER	The approval form can be accessed from the ARP ESSER application in eGrants.	ARP ESSER Facilities/Construction/Transportation

Common Observations and How to Address Them

OBSERVATION	No Inventory System
REGULATORY GUIDANCE	2 CFR 200.313(d)(3)
RISK	Failure to maintain a policy for property records or inventory requirements may lead to mismanaged federal assets which could ultimately lead to improper disposition of a federally-funded asset.
RECOMMENDED ACTION	Immediately develop a system for tracking inventory to make sure adequate safeguards to prevent loss, damage, or theft of the property. Investigate any loss, damage, or theft. AND Retroactively record property record to reflect current inventory, value, and other required criteria.
NEXT STEP	Establish written policies and procedure that define the property management process, including the steps for acquiring, tracking, and disposing of equipment and property. Specify the roles and responsibilities of staff involved in the property management process. Develop guidelines for documenting property acquisitions, including the information that must be recorded in the property records. Periodically test and make sure that the Implemented inventory management system is working as intended. Investigate any loss, damage, or theft.

Common Observations and How to Address Them 2

OBSERVATION	No Inventory Check
REGULATORY GUIDANCE	2 CFR 200.313(d)(2)
RISK	Conducting infrequent physical inventories jeopardizes the value of the Subrecipient's physical assets. Regularly scheduled inventories can help maintain the asset's value.
RECOMMENDED ACTION	Perform an inventory check immediately. Document the results of physical inventory checks and reconcile them with the property records.
NEXT STEP	Conduct physical inventory on equipment at least every two years. Establish a schedule for conducting physical inventory checks of equipment and property. Assign responsibility for conducting physical inventory checks to designated individuals. Document the results of physical inventory checks and reconcile them with the property records.

Common Observations and How to Address Them 3

OBSERVATION	No Equipment/Property Records
REGULATORY GUIDANCE	2 CFR 200.313(d)(1)
RISK	Failure to maintain complete property records could result in deobligation or loss of funding.
RECOMMENDED ACTION	Establish a centralized system for maintaining property records, such as a property management database or spreadsheet. Make sure that required information is recorded in the property records, such as the date of acquisition, the costs of the equipment or property, the funding source, and the location of the equipment or property.
NEXT STEP	Adopt a procedure for obtaining and maintaining records related to any purchase property or equipment going forward.

Question 1

How often does your physical inventory count/reconciliation need to be performed?

- a) At least once every two years. *
- b) At least every year.
- c) Once every week.
- d) Once every ten years.

Question 2

When is prior approval required for equipment and property?

- a) Purchases over \$10,000
- b) Purchases over \$5,000 *
- c) Purchases over \$2,000
- d) Purchases over \$50,000

Question 3

Which of the following is **not** a requirement related to allowability of Equipment and Construction costs?

- a) The cost must be on the LEA's "Construction Wish List". *
- b) The cost is justified by the school administration.
- c) Are consistent with the proper and efficient administration of grant programs.
- d) The cost must be necessary and reasonable.

Question 4

What type of purchase is generally not allowable?

- a) Supplies
- b) Construction
- c) Land *
- d) Equipment

Contact/Mission

For more information on the (the topic of the presentation) please visit PDE's website at www.education.pa.gov

The mission of the Department of Education is to ensure that every learner has access to a world-class education system that academically prepares children and adults to succeed as productive citizens. Further, the Department seeks to establish a culture that is committed to improving opportunities throughout the commonwealth by ensuring that technical support, resources, and optimal learning environments are available for all students, whether children or adults.