

GRANT MANAGERS
BROWN BAG

THE INS AND OUTS OF
PURCHASING EQUIPMENT WITH
GRANT FUNDS

SEPTEMBER 2022



WHY EQUIPMENT?

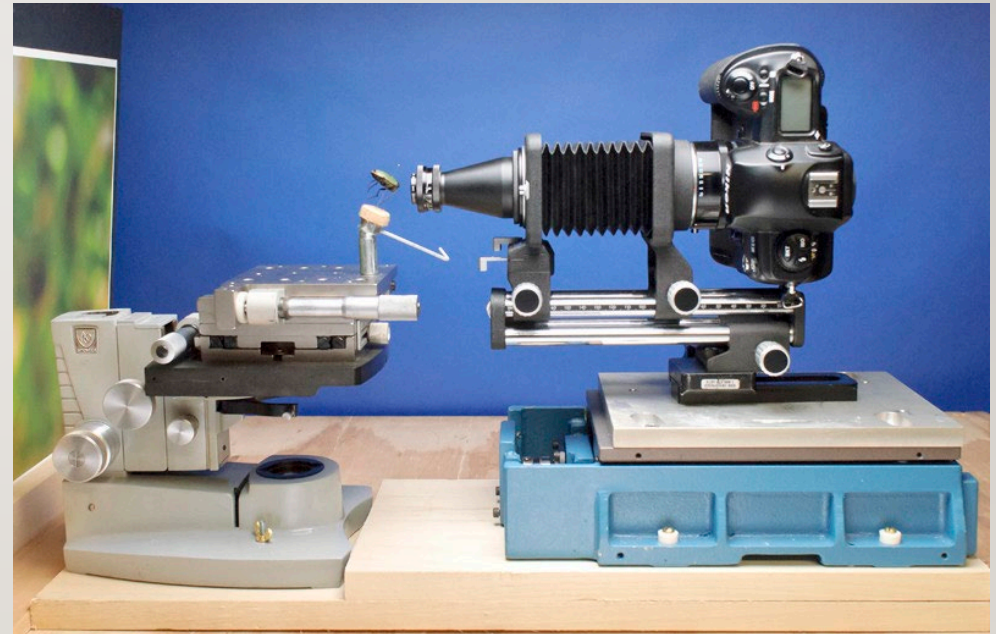
- It's a compliance requirement.
- It can be included in the annual district audit and/or program desk audits.



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DEFINITION OF EQUIPMENT

State vs Federal Definition



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DEFINITION OF EQUIPMENT - FEDERAL

Federal Definition outlined in **Uniform Guidance – Code of Federal Register**

- **2 CFR § 200.33 Equipment.**
- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000.



DEFINITION OF EQUIPMENT - STATE

Historical Perspective

- 1) At one time, the state defined equipment based on the unit cost.
- 2) Tangible goods with a unit cost of more than \$250 was considered equipment.
- 3) Contradicted and/or caused conflict with Federal definition.
- 4) This has changed however.



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DEFINITION OF EQUIPMENT - STATE

CCCCO Budget and Accounting Manual

Object Code 6400

Equipment are purchases of tangible property with a useful life of more than one year, other than land or buildings and improvements thereon, as well as intangible assets that have a value greater than the capital outlay threshold and an initial useful life longer than one year, such as software, intellectual property, easements, and patents.



DEFINITION OF EQUIPMENT - STATE

OBJECT		
Code		Description
6481	EQUIPMENT NEW ADDITIONAL - \$200 - \$4,999	EQUIP ADDITIONAL \$200-\$4999
6482	EQUIPMENT NEW ADDITIONAL - OVER \$5,000	EQUIP ADDITIONAL \$5000 >
6485	COMPUTER EQUIPMENT NEW ADDITIONAL - \$200 - \$4,999 (ANY PIECE OF EQUIPMENT THAT NEEDS A COMPUTER / HOOK UP TO WORK)	COMP EQUIP ADDITIONAL \$200-\$4999
6486	COMPUTER EQUIPMENT NEW ADDITIONAL - OVER \$5,000 (ANY PIECE OF EQUIPMENT THAT NEEDS A COMPUTER / HOOK UP TO WORK)	COMP EQUIP ADDITIONAL \$5000 >
6491	EQUIPMENT REPLACEMENT - \$200 - \$4,999 (IDENTICALLY REPLACING AN OLD / BROKEN PIECE OF EQUIPMENT)	EQUIP REPLACEMENT \$200-\$4999
6492	EQUIPMENT REPLACEMENT - OVER \$5,000 (IDENTICALLY REPLACING AN OLD / BROKEN PIECE OF EQUIPMENT)	EQUIP REPLACEMENT \$5000 >
6495	COMPUTER EQUIPMENT REPLACEMENT - \$200 - \$4,999 (IDENTICALLY REPLACING AN OLD / BROKEN PIECE OF EQUIPMENT THAT NEEDS A COMPUTER / HOOK UP TO WORK)	COMP EQUIP REPLACEMENT \$200-\$4999
6496	COMPUTER EQUIPMENT REPLACEMENT - OVER \$5,000 (IDENTICALLY REPLACING AN OLD / BROKEN PIECE OF EQUIPMENT THAT NEEDS A COMPUTER / HOOK UP TO WORK)	COMP EQUIP REPLACEMENT \$5000 >

DEFINITION OF EQUIPMENT - STATE

The difference between Equipment and Supplies is based on:

- 1) Length of time item is serviceable
 - a. Equipment has relatively permanent value
 - b. Supplies are expendable that are consumed or wear out
- 2) Contribution to the value of the district
 - a. Purchase increases the value of the district's physical assets
 - b. Supplies have a service life of less than one year

(as outlined in the CCCCCO Budget and Accounting Manual)



EQUIPMENT INVENTORY AND ASSET TAGGING

The state has reconciled its definition of equipment with the federal definition of equipment through its requirements for equipment inventory and asset tagging



EQUIPMENT INVENTORY & ASSET TAGGING

STATE REQUIREMENT

- District must maintain a historical inventory of all equipment purchased with an acquisition cost of **\$5,000 or more**
- District may maintain inventory lists for equipment purchased with an acquisition cost less than \$5,000 if it chooses

FEDERAL REQUIREMENT

- Grant Managers must maintain an inventory of all equipment with an acquisition cost of **\$5,000 or more** purchased in whole or in part under a federal award

EQUIPMENT INVENTORY & ASSET TAGGING: WHAT MUST THE INVENTORY LIST INCLUDE?

STATE REQUIREMENT

- Item description
- Name
- Identification number(s)
- Original Cost
- Date of Acquisition
- Location
- Time and Mode of Disposal

FEDERAL REQUIREMENT

- Item description
- Serial Number of Other Identification Number
- Source of Funding
- Title Ownership
- Acquisition Date
- Cost of Equipment
- % of Federal Participation in Project Costs for the Federal Award under which property was acquired

EQUIPMENT INVENTORY & ASSET TAGGING: WHAT MUST THE INVENTORY LIST INCLUDE?

STATE REQUIREMENT

- District must inventory all equipment regardless of the funds that purchased the equipment

FEDERAL REQUIREMENT (CONT.)

- Location
- Use and Condition of Equipment
- Ultimate disposition Data including Date of Disposal and Sale Price of Property

EQUIPMENT INVENTORY & ASSET TAGGING: WHO IS RESPONSIBLE?

- Once property is purchased, it is processed, placed on the district inventory list as required by the CCCCCO, and tagged prior to distribution to the program.
- Business and Financial Services ensures that the District complies with state inventory and asset tagging under the leadership of:

Christopher Horeczko
Capital Asset Inventory Technician
Ext. 8676

EQUIPMENT INVENTORY & ASSET TAGGING: WHO IS RESPONSIBLE?

- Business and Financial Services is responsible for tracking state requirements, but is not responsible for tracking federal requirements
- As such, the Grant Manager is responsible for maintaining the equipment inventory list, tagging, and tracking.
- But there may be room for collaboration!



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Latitude 7520



MFGYR: 2021
ST: B0WXZD3
EX: 23999938887



RCCD | RIVERSIDE COMMUNITY
COLLEGE DISTRICT



088807



Asset Detail - RCCD (Test-Dev)

Version 2022.1

Asset 069511: Vehicle, Truck, Man, Ext Cab, 4 Cyl 2.4L (License #1334170)

Status: Active

Asset ID: Go < > Group: <Temporary Group>

Main Notes Images History

System Number: 34

General Information

> Items in bold are required fields

Asset ID	069511	Serial Number	1N6BD0CT5FN760582
Make	Nissan	Model	2015 Frontier King Cab
Description	Vehicle, Truck, Man, Ext Cab, 4 Cyl 2.4L (License #1334170)	Quantity	1
Acquisition Date	03/17/2017	Tagged By:	Inventory Control
Location (Campus)	RCC	Floor	Grounds/Yard
Building	Facilities	Room	N/A
Owner (User)	Elwood, Melissa	Fiscal Year	2017
Purchase Order	P0057851	P.O. Date	03/13/2017
P.O. Amount, Total	17759.64	Vendor	106507 - VOLKSWAGEN OF SA
Ship To Location	DACC - ACCOUNTING SERVICE	Fund	11
School (Dept.)	ADG	Resource code	1000
Goal code	6720	Function code	0000
Object code	6482	Class	V
Condition	Excellent	Expiration Date	MM/DD/YYYY
Is Federal Grant?	N	% Fed. Participate	0.00
Grant Fund Agency	N/A	Grant Award #	N/A
Unit Cost	17759.64	G/L Asset Account	
Exception Status		Reconciliation Status	
Check-out Date	MM/DD/YYYY	Expected Return Date	MM/DD/YYYY
Property Type	P	Activity Code	A
Disposal Date	MM/DD/YYYY	Disposal Method	

Asset List

Print Detail

Save Asset

Help

EQUIPMENT TRACKING – FEDERAL REQUIREMENTS

- A physical inventory of the property must be taken and the results reconciled with the property records **at least once every two years**.
- 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.
- Adequate maintenance procedures must be developed to keep the property in good condition.
- If the district is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Sys No	Asset ID	Description	Acquisition Date	Condition	Floor	Room	Location (Campus)
932	077907	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 1560	MVC
933	077902	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 7358	NC
934	077911	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 1561	RCC
935	077905	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 2341	MVC
936	077906	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 2812	MVC
937	077904	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 9247	NC
938	077908	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 2335	RCC
939	077903	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 1597	NC
940	077910	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 1563	RCC
941	077909	Radio, 2-Way, Multi-Band P25, Mobile	06/30/2019	Excellent	Yard/Grounds	Unit 1562	RCC

EQUIPMENT TRACKING – USING EQUIPMENT

- Equipment must be used by the District with the project that it acquired it as long as needed, whether or not the project continues to be supported by the grant that purchased it.
- Equipment must also be available for use on other projects currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the project for which it was originally acquired.
 - 1) First preference are projects supported by the Federal awarding agency that financed the equipment
 - 2) Second preference are projects under Federal awards from other Federal awarding agencies.
 - 3) Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.



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EQUIPMENT TRACKING – USING EQUIPMENT

- While program income is encouraged, the District cannot 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.

(CFR 200.307)



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EQUIPMENT TRACKING: DISPOSITION (FEDERAL REQUIREMENTS)

- When acquiring replacement equipment, the District 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.
- When no longer needed for the original project, the equipment may be used in other activities supported by the Federal awarding agency in order of priority:
 - 1) Activities under a Federal award from the Federal awarding agency which funded the original project
 - 2) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.



EQUIPMENT TRACKING: DISPOSITION (FEDERAL REQUIREMENTS)

Unless outlined in Federal statutes, regulations, or Federal awarding agency disposition instruction, the District must request disposition instructions from the Federal awarding agency before disposing of equipment purchased with grant funds.



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EQUIPMENT TRACKING: DISPOSITION (FEDERAL REQUIREMENTS)

- Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:
 - 1) 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 responsibility to the Federal awarding agency.



EQUIPMENT TRACKING: DISPOSITION (FEDERAL REQUIREMENTS)

- 2) Except as provided in § 200.312(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 District or sold.
- BUT 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 District to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.



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EQUIPMENT TRACKING: DISPOSITION (FEDERAL REQUIREMENTS)

- 3) The District may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the District must be entitled to compensation for its attributable percentage of the current fair market value of the property
- 4) In cases where a District fails to take appropriate disposition actions, the Federal awarding agency may direct the District to take disposition actions.



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QUESTIONS???
