

**ADMINISTRATIVE  
DIRECTIVE**

<b>Administrative Directive Title:</b> <b>Equipment Purchased with Federal Funds</b>	<b>AD Number:</b> <b>2.702.2</b>	<b>Adopted:</b> September 1988 <b>Former Descriptor:</b> FM17
<b>Policy References:</b> <a href="#">Board Policy 2.702</a> – Inventories	<b>Revised:</b> 11/96; 9/01; 12/02; 11/06; 8/14; 8/15; 8/19; 11/24	

**Definitions and Identification of Equipment**

This procedure and its requirements will apply to inventory items purchased with federal formula or entitlement grants and federal discretionary or competitive grants. If the federal grant award has additional or separate requirements for equipment inventory, those requirements will govern the inventory of items purchased with grant funds.

Inventory items purchased with federal funds are divided into the following categories: real property, equipment, pilferable items and supplies. All equipment that is non-expendable, tangible property with an acquisition cost of at least \$500\* having a useful shelf life of more than one year must be included on an inventory.

\*All items purchased with federal funds prior to the school year 2023-2024 that had an acquisition value of \$100 or more must remain tagged and tracked in the asset inventory listing regardless of the changes to the acquisition cost increasing in 2023-2024.

The rules for inventory management must follow the state, federal, and/or local guidelines at the time of the purchase for the item. “Pilferable items” are those items, regardless of cost, which may be easily lost or stolen, such as cell phones, tablets, graphing calculators, headphones, software, projectors, cameras and other video equipment, computer equipment and televisions.

In order to facilitate the control, protection, insurability, and accountability of school system property purchased with federal funds, a centralized inventory management system will be established and maintained for all locations by the district’s Finance Department in coordination with any department with items or materials purchased with federal funds. For the purposes of this procedure, the following individual is identified as the Property Control Officer for the district:

Dena Thomas, Fixed Assets/General Accountant  
 2252 South Church Street  
 Murfreesboro, TN 37127  
 615-893-2313, ext. 10057  
 dena.thomas@cityschools.net

**Inventory Management System for Federally-Funded Equipment**

Once an item is purchased with federal funds, the purchaser or bookkeeper at the school or department will notify the district of receipt of the equipment by completing the Equipment Acquisition Form- Federal and submitting the form to the Property Control Officer. If there are a large number of items that have been acquired and the items are similar but have a non-substantive

32 difference (ex. Serial number), an Excel spreadsheet may be submitted by e-mail to the Property  
33 Control Officer instead of completing the Equipment Acquisition form, provided all the  
34 information required on the form is included in the Excel spreadsheet. All equipment and pilferable  
35 items purchased with federal funds will be properly tagged and labeled for inventory tracking. The  
36 label will mark the equipment as purchased with federal funds and include the fiscal year of  
37 purchase and state that it is the property of Murfreesboro City Schools.

38 The Property Control Officer is responsible for ensuring that inventory records are current and  
39 available for review and audit. The following information must be included in the inventory  
40 records:

- 41 1. A description of the equipment;
- 42 2. A serial number, model number, or other identification number;
- 43 3. The funding source (including the FAIN) and percentage (who holds title) under which the  
44 equipment was acquired. Equipment purchased with federal funds shall be identified to  
45 indicate federal ownership by specific federal program (e.g., items purchased with Title I  
46 Part A monies must be marked as Title I, Part A with grant award year);
- 47 4. Catalog of Federal Domestic Assistance (CFDA) number;
- 48 5. The vendor of the property;
- 49 6. The acquisition date and unit cost;
- 50 7. The present location of the equipment;
- 51 8. Indication of the use of the equipment;
- 52 9. The condition of the equipment;
- 53 10. The date the information was reported on the inventory;
- 54 11. The title owner of the equipment (if funds from more than one program was used to  
55 purchase the equipment then each program should be listed as the Title, and if possible,  
56 notation of percentage should be listed);
- 57 12. All pertinent information on the final transfer, replacement, or disposition of the equipment  
58 (including the date of disposal and sale price of the equipment).

59 Inventory must be updated as equipment items are purged, or new purchases are made. A physical  
60 inventory of equipment items must be taken, and the results reconciled with the inventory records  
61 at least once every two years. The physical inventory must:

- 62 1. Confirm the equipment location;
- 63 2. Assess the condition of the equipment;
- 64 3. Confirm the equipment is located in a secure environment;
- 65 4. Provide corrective action if a systemic vulnerability is found in the security of the  
66 equipment or other areas of noncompliance.

67 The results of this inventory will be reported to the appropriate representative from the Tennessee  
68 Department of Education. Any loss, damage, or theft will be reported to the Finance and Student  
69 Support Services department and investigated.

70 **Maintenance and Security of Equipment**

71 The Federal Programs Director shall be responsible for ensuring proper use, maintenance, and  
72 security of federally-funded equipment. All personnel involved in the security and maintenance of  
73 federally-funded equipment should receive proper training and be familiar with this procedure.

74 **Equipment Maintenance**

75 The Federal Programs Director shall be responsible for developing and implementing a  
76 maintenance schedule for inventoried equipment and will coordinate with relevant departments  
77 and staff for equipment maintenance and security. The Federal Programs Director will establish a  
78 process for staff to request maintenance and repairs of federally purchased equipment.  
79 Maintenance of federally owned equipment shall be consistent with the procedures for ensuring  
80 useful life of equipment and supplies in accordance with Board policy. The Federal Programs  
81 Director will keep records of maintenance activities for inventoried items, including dates, services  
82 performed, and personnel involved. The Federal Programs Director will be responsible for  
83 reporting any equipment issues or malfunctions to the appropriate federal agency if required.

84 **Equipment Security**

85 Federally-funded equipment must be stored in a secure location where access is limited to  
86 authorized personnel who are carrying out the purpose of the federal grant. If equipment must be  
87 used off-site, staff members must request use of the equipment, and sign out the equipment before  
88 taking the equipment off-site. The Federal Programs Director or school principal may institute logs  
89 to track equipment usage within a school building. If the equipment has the ability to establish an  
90 electronic method to locate the equipment (i.e., location through GPS or other hardware feature),  
91 the method shall be used on the equipment. The Federal Programs Director will be responsible for  
92 conducting regular security audits to ensure the physical security of the equipment and address  
93 any identified vulnerabilities or security concerns promptly.

94 If the principal or Federal Programs Director receives notification that equipment is missing from  
95 the school district, it must be reported to the Student Support Services Department within twenty-  
96 four hours of the notice and investigated. If it is determined by a preponderance of the evidence  
97 standard that the equipment was stolen, local law enforcement shall be made aware, and a report  
98 shall be filed. The Federal Programs Director shall obtain and maintain a copy of the police report.

99 **Disposition of Equipment**

100 Federally-funded equipment must be used by the district in the program or project for which it was  
101 acquired as long as the item is needed, whether or not the project or program continues to be  
102 supported by the federal award. The district cannot encumber the property without prior approval  
103 of the federal awarding agency. When the equipment is no longer needed for the original program  
104 or project, the equipment may be used in other activities supported by the federal awarding agency  
105 in the following order of priority: (1) activities under a federal award from the federal awarding  
106 agency which funded the original program or project, then; (2) activities under federal awards from  
107 other federal awarding agencies. This includes consolidated equipment for information technology  
108 systems.

109 When original or replacement equipment acquired with federal or state funds is no longer needed  
110 for the original project or program, the equipment may be retained, sold, or disposed of if it is not  
111 needed in any other federal or state funded projects or programs, subject to the requirements  
112 described below:

113 **Equipment with Acquisition Cost of Less than \$5,000.00**

114 Federally-funded equipment items with an acquisition cost/current per unit fair market value of  
115 less than \$5,000 may be retained, sold, or disposed of, with no further obligation to the awarding  
116 agency, unless the grant specifically states otherwise. Any disposition must comply with  
117 applicable Board policies and procedures. The disposition of such items should be noted on the  
118 inventory of equipment. The proceeds from disposition must be used to support the program for  
119 which the equipment was purchased. No request for approval of equipment disposition is needed  
120 from the federal awarding agency.

121 **Equipment with Acquisition Cost of More than \$5,000.00**

122 Equipment items with an acquisition cost of \$5,000 or more may be retained or sold and the  
123 awarding agency shall have a right to amount calculated by multiplying the current market value  
124 or proceeds from sale by the awarding agency's share of the equipment pursuant to 2 CFR Part  
125 200.313(e)(2). The district must submit a cover letter with supporting documentation to the  
126 Tennessee Department of Education (TDOE). Upon approval from TDOE, the district may  
127 proceed with the disposition process. The disposition of such items should be so noted on the  
128 equipment inventory maintained by the district and the district must include the date of disposal  
129 and sales price or the method used to determine current fair market value if the district compensates  
130 the awarding agency. If items are to be sold after approval of the disposition, the proceeds must be  
131 used to support the program for which the equipment was purchased. Documentation of such sale  
132 and use for the program must be maintained. If authorized or required to sell equipment, proper  
133 sales procedures must be established to ensure the highest possible return.

134 **Equipment Used for Participating Private Schools**

135 Section 1120(d)(1) of the ESEA (Elementary and Secondary Education Act) requires that the  
136 control of the Title I funds, and the ownership of the materials and equipment, purchased with  
137 Title I funds for private schools shall be in the district, and the district shall administer the funds,  
138 materials, equipment, and property.

139 Federal funds (Title I, IDEA (Individuals with Disabilities Education Act)) may only be used to  
140 purchase materials and equipment to meet the needs of participating (students eligible to receive  
141 services) private school students. Non-eligible private school students may not use materials and  
142 equipment purchased with federal funds. The district shall maintain an inventory of all materials,  
143 equipment, and property purchased with federal funds for use with eligible students at private  
144 schools. The inventory shall contain the same requirements for equipment listed under this  
145 procedure.

---

*Legal References*  
2 CFR Part 200  
Federal Acquisition Regulations (FAR)  
General Education Provisions Act (GEPA) Section  
443(a)