

Illinois State Board of Education  
Federal and State Monitoring Division

## Checklist for Equipment and Inventory Review

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200 – Federal Uniform Guidance) provides the following guidance and requirements on Equipment and Inventory. This is not an exhaustive list and is meant to help guide and prepare grantees for the testing that will occur during a field or desk monitoring engagement.

See also §200.439 Equipment and other capital expenditures.

Requirements	Policy and Procedure Support
<p>The non-Federal entity must maintain property records that include the following:</p> <ol style="list-style-type: none"> <li>1. a description of the property,</li> <li>2. a serial number or other identification number,</li> <li>3. the source of funding for the property (including the FAIN),</li> <li>4. who holds title,</li> <li>5. the acquisition date,</li> <li>6. cost of the property, and percentage of Federal participation in the project costs for the Federal award under which the property was acquired,</li> <li>7. the location, use and condition of the property, and</li> <li>8. any ultimate disposition data including the date of disposal and sale price of the property. <a href="#">2 CFR 200.313(d)(1)</a></li> </ol>	<p>Evidence shall include:</p> <ol style="list-style-type: none"> <li>1. Approved policy, or policies, related to the management of equipment</li> <li>2. Documentation of equipment records</li> </ol>
<p>The non-Federal entity must take a physical inventory of the property, and the results must be reconciled with the property records at least once every two years. <a href="#">2 CFR 200.313(d)(2)</a></p>	<p>Evidence shall include:</p> <ol style="list-style-type: none"> <li>1. Approved policy, or policies, related to physical inventory requirements</li> <li>2. Documentation of physical inventory of equipment</li> </ol>
<p>The non-Federal entity must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. <a href="#">2 CFR 200.313(d)(3)</a></p>	<p>Evidence shall include:</p> <ol style="list-style-type: none"> <li>1. Approved policy, or policies, establishing adequate safeguards related to loss, damage, or theft of equipment</li> <li>2. Documentation of investigations related to lost, damaged, or stolen equipment</li> </ol>

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<p>(e) <i>Disposition</i>. 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:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p><a href="#">2 CFR 200.313(e)</a></p> <p>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. <a href="#">2 CFR 200.313(d)(5)</a></p>	<p>Evidence shall include:</p> <ol style="list-style-type: none"> <li>1. Approved policy, or policies, related to the disposition of equipment</li> <li>2. Equipment disposal records</li> </ol>
<p>Adequate maintenance procedures must be developed to keep the property in good condition. <a href="#">2 CFR 200.313(d)(4)</a></p>	<p>Approved policy, or policies, related to the maintenance of equipment</p>

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<p>(a) <i>Title.</i> 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:</p> <ul style="list-style-type: none"> <li>(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.</li> <li>(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.</li> <li>(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section. <a href="#">2 CFR 200.313(a)</a></li> </ul> <p>(c) <i>Use.</i></p> <p>(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:</p> <ul style="list-style-type: none"> <li>(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then</li> <li>(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.</li> </ul> <p>(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.</p> <p>(3) Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use</p>	<p>Evidence shall include:</p> <ul style="list-style-type: none"> <li>1. Approved policy, or policies, related to the use of equipment</li> <li>2. Documentation of equipment use in the program/grant for which it was acquired</li> </ul>

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<p>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.</p> <p>(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. <a href="#">2 CFR 200.313(c)</a></p>	