

# FLORIDA DEPARTMENT OF EDUCATION



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*Commissioner of Education*

## Technical Assistance Paper

### Federal and State Requirements Relative to the Use, Management, and Disposition of Equipment Purchased From Federal Funds

#### **Background**

Federal and State laws and rules require that entities institute proper controls relative to the use, management, and disposition of equipment purchased from federal funds. There are three major documents which specify the requirements for property management. These are:

- ✓ The Education Department General Administrative Regulations (EDGAR), specifically 34 CFR Part 80. The rules specific to equipment are found in Section 80.32. The complete text of this document is located on the web at <http://www.ed.gov/policy/fund/reg/edgarReg/edlite-part80c.html>.
- ✓ The Rules of the Auditor General, Chapter 10.400. This document can be found on the web at [http://www.myflorida.com/audgen/pages/pdf\\_files/10\\_400.pdf](http://www.myflorida.com/audgen/pages/pdf_files/10_400.pdf).
- ✓ The Department of Education's Project Application and Amendment Procedures for Federal and State Programs (Green Book), Section F - Program Income and the Disposition of Equipment. These procedures are located on the web at <http://www.fldoe.org/comptroller/doc/gbsectionf.doc>

#### **Requirements**

The rules and regulations prescribe a number of controls relative to equipment which must be implemented by Local Education Agencies (LEAs) and other recipients of federal funds. The information provided below constitutes a brief summary of the requirements. Recipients are sub-grants should review the detailed requirements as specified in the rules and regulations cited above.

- ✓ Equipment purchased with project funds must be used in the program or project for which it was acquired as long as it is needed. When it is no longer needed for that project or program, may be used in other activities supported by a federal agency or disposed of in accordance with the rules specified for disposition.

Technical Assistance Paper  
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Use, Management, and Disposition of Equipment  
Purchased From Federal Funds

- ✓ The equipment may be made available for use by other federally-funded projects or programs so long as that will not interfere with the work for which it was originally purchased.
- ✓ Property records must be kept by the sub-recipient that include at a minimum all of the following items: who hold title to the property; description; serial or other identification number including a vehicle identification number (VIN) and title certificate number as appropriate; source of the property; the name of the custodian; name, make, or manufacturer; year and/or model number; the acquisition date and cost of the property; method of acquisition and if purchased, voucher, check, or warrant number; the percentage of the federal participation in the acquisition of the equipment; the location, use, and condition; any disposition information such as the date of disposal and sale price; the date the item was last physically inventoried and the condition of the item as of that date.
- ✓ Equipment must be permanently marked, if practicable.
- ✓ The LEA must perform a physical inventory and reconcile the results with the property records at least annually and when there is a change of custodian.
- ✓ There must be a control system established to prevent loss, damage, or theft of the equipment and any such loss, damage, or theft should be investigated.
- ✓ There must be appropriate maintenance procedures established to keep the equipment in good condition.
- ✓ If the LEA determines that it is appropriate to sell the equipment, there must be procedures established to ensure the highest possible return.
- ✓ The LEA must also have procedures for proper disposition of equipment when it is no longer needed for the project/program or any other activities currently or previously supported by a federal agency. These procedures specify circumstances under which a sub-recipient may retain, sell, or otherwise dispose of the equipment.

### **Responsibilities**

It is the responsibility of the LEA or other sub-recipient to establish and implement policies and procedures for ensuring that all of these rules and regulations are appropriately adhered to. It is the responsibility of federal program staff to be knowledgeable about the federal and state requirements, as well as the local policies and procedures, and to ensure that all the rules, regulations, policies, and procedures are appropriately implemented. Failure to abide by these state and federal requirements can result in auditing and monitoring exceptions, but as importantly, may negatively impact the ability to meet program goals and objectives.

### **Further Information**

If there are questions about the use, management, or disposition of equipment purchased from federal funds, please contact your district's property manager (frequently located in the finance office); the Department of Education Comptrollers Office, Federal Programs Office; or the Bureau of Contracts, Grants, and Procurement Management Services.