



<b>Policy:</b>  <b>Management of Equipment Purchased with Grant Funds</b>	<b>Category:</b> <b>Personal Property (Equipment) Management</b>		<b>Number:</b> <b>GP2300</b>
	<input type="checkbox"/> Complete Revision <input type="checkbox"/> Partial Revision <input checked="" type="checkbox"/> New	<b>Supersedes:</b>	<b>Page:</b> <b>Page 1 of 4</b>

**Policy Statement**

The School District of Philadelphia will adequately maintain, utilize, safeguard and dispose of all equipment purchased with grant funds.

**Reason for Policy**

2 CFR Part 200.3 requires that the District maintain proper records for equipment acquired with award funds, safeguard and maintain equipment, dispose of any equipment in accordance with federal requirements, and appropriately compensate the grantor for its share of any property sold or converted to non-program use. Additionally, all equipment acquired by a grant program will be utilized only for that program or, when appropriate, other federal programs.

**Policy Requirements**

All District grant programs will acquire, manage and dispose equipment in accordance with the requirements of the Uniform Grant Guidance, whether acquired in whole or in part with grant funds.

In order to achieve compliance with this policy, Grant Program Managers and school Principals must ensure a system is in place that will adequately manage, maintain, use, safeguard and dispose of all equipment acquired for grant programs. Additionally, all District employees involved with the acquisition, management or disposition of grant-funded equipment must follow this policy as well as its related procedures.

Among other requirements, adequate management requires that all personal property (equipment), regardless of cost, be tracked and periodically inventoried. In its Capital Assets policy, the District has elected to capitalize all personal property with an individual item cost of more than \$500. Therefore, if an item meets the definition of personal property and was acquired (either through a purchase or through a donation) for \$500 or greater, then the item will be included in the District’s Personal Property Inventory System (PPIS).

When original or replacement equipment acquired under a grant award or subaward is no longer needed for the original project or program or for other activities currently or previously supported by the grantor, disposition of the equipment will be made in accordance with the procedure *GP2300.2 Transfer and Disposition of Personal Property Equipment*.

### **Additional Controls/Consequences for Non-Compliance**

Because compliance with inventory requirements on federally purchased equipment has been identified as an area of high-risk, the District has instituted a number of specific controls in this area effective July 1, 2013. When instances of non-compliance with District policies and procedures relating to inventory management are discovered, the Grant Compliance Office will suspend access to grant funds for the purchase of equipment as follows:

- If a school or central office fails to submit their annual inventory as required in the General Accounting Office's *Personal Property Procedures*, the privilege of using federal funds to purchase equipment will be suspended until the delinquent inventory is submitted in complete and satisfactory condition.
- If a school or central office fails any random sample test of federally purchased equipment, the privilege of using federal funds to purchase equipment will be suspended until a satisfactory corrective action plan to avoid such failures in the future is implemented.
- If a school or central office fails to timely file a serious incident report and after doing so ask General Accounting to delete the item(s) from their inventory and / or has a pattern of serious incident reports involving the loss of federally purchased equipment, the privilege of using federal funds to purchase equipment will be suspended until a satisfactory security plan to prevent loss/theft is implemented.
- If a school or central office shows repeated inventory compliance failures, even after temporary suspensions and corrective actions, OGDC will recommend employee disciplinary actions and/or alternative management structures for the use of federal funds.

### **Responsibilities**

**Grant Program Managers** (which includes school Principals) are responsible for the adequate maintenance, use, safeguarding and disposal of all personal property (equipment) purchased with grant funds, and to comply with the District's *Property Control Procedures*.

**Program Managers** are also responsible for conducting yearly physical inventories of all personal property per District policy and procedures, and for confirming that personal property is properly listed in PPIS. Program managers are responsible for preparing for announced internal and external monitoring and audit visits by ensuring that the grant purchased equipment is physically present and available for review.

**Grant Compliance Monitors (GCMs)** shall periodically review location additions, deletions, and transfers and randomly select equipment for monitoring to ensure compliance with all applicable grant policies and procedures, and the policies and procedures of the District. The monitoring plan for equipment items is prescribed in the procedures *GP2400 Monitoring Grants Management and Compliance*.

**Office of Accounting (Fixed Asset Accountant)** will determine an appropriate identification number for personal property with an individual item cost of \$500 or greater. The Fixed Asset Accountant will prepare and maintain inventory records for all District personal property, including those acquired for grant programs. The Fixed Asset Accountant will approve all appropriate disposals of grant program personal property, and ensure the appropriate valuation.

The Office of Accounting will record the receipt of inventory reports to ensure that all schools/offices are in compliance with the annual physical inventory procedures.

**Grant Accounting Unit** is responsible for ensuring proper equipment reporting to the grantor.

### **Procedures**

- *GP2300.1: Tagging of Personal Property Equipment*
- *GP2300.2: Transfer and Disposition of Personal Property Equipment*
- *Personal Property Policies and Procedures*  
(<http://webgui.phila.k12.pa.us/offices/a/accounting/programs--services/personal-property>)

### **Forms**

- *Advantage Report Tool for Grant Purchased Equipment*
- *Tag receipt Form*
- *Inventory Monitoring Log*

### **Definitions**

Equipment – defined by the District as fixed or movable tangible assets to be used for operations, the benefits of which extend beyond one year from date of receipt and when placed into service. Examples of such assets include but are not limited to furniture and fixtures, machinery, computers and vehicles

### **Contacts**

- *Grant Compliance Office*
- *Office of Accounting*
- *System Administration Unit*

### **Frequently Asked Questions**

### **Related Information**

- *2 CFR Part 200.3*
- *General Accounting's existing Capital Assets policy*
- *SRC policy 702, Gifts, Grants and Donations*

**History**

**Amended:**

- Amended 9/4/2012 to include policy and procedure related to tracking “small and attractive” items for federal funds per the Program Determination letter issued by the USDE on July 27, 2012.
- Amended 1/11/2013 to include references to additional procedures for tagging of equipment and tracking “small and attractive items.”
- Amended 5/15/2013 to include description of additional controls/consequences for non-compliance with inventory management requirements effective July 1, 2013.
- Amended 6/9/2016 for technical adjustments.

Issue Date: 7/1/2012	Effective Date: 7/1/2015	Approved by: Deputy Chief of Grant Compliance and Fiscal Services
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