

**Perkins V  
Equipment Inventory Guide**

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# Equipment Inventory Guidelines

## Inventory Procedures

The following information explains the policies and procedures governing equipment and non-consumable supplies purchased in whole or in part with Strengthening Career and Technical Education for the 21st Century (Perkins V) funds and state-funded grants provided by the Texas Higher Education Coordinating Board (THECB).

The eligible grant recipient is required to maintain a local inventory of equipment and non-consumable supplies, as defined below. The local postsecondary institution is also responsible for maintaining the equipment/non-consumable supplies and for exercising reasonable care and safekeeping of the items.

## Definitions

### Acquisition Cost

Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for the software include those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with THECB's regular accounting practices. (Title 2 of the Code of Federal Regulations [2 CFR], Section 200.1, *Acquisition cost*)

### Capital Assets

Capital assets are tangible or intangible assets used in operations that have a useful life of more than one year and are capitalized in accordance with the GAAP. Capital assets include land, buildings (facilities), equipment, and intellectual property (including software), whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards.

Capital assets also include additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). This includes machinery and other items of tangible property that have a useful life of more than one year and a per-unit acquisition cost that equals or exceeds \$5,000 at the time of acquisition or exceeds the capitalization level established by the non-federal entity for financial statement purposes. (2 CFR, Section 200.1, *Capital assets*)

### Computing Devices

A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (2 CFR, Section 200.1, *Computing devices*)

### Eligible Recipient

Eligible recipients include:

1. A Local Educational Agency (LEA) or a consortium to receive assistance under Perkins V, Section 131
2. An eligible institution or consortium of eligible institutions eligible to receive assistance under Perkins V, Section 132 (Perkins Sec. 3(21))

## **Equipment**

Equipment means tangible personal property (including information technology systems) that has a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000. For the purposes of this document, equipment will collectively refer to both capital assets and non-capitalized equipment, unless identified more specifically as capitalized versus non-capitalized. (2 CFR, Section 200.1, *Equipment*)

## **Federal Interest**

For purposes of 2 CFR, Section 200.330, reporting on real property or when used in connection with the acquisition or improvement of real property, equipment, or supplies under a federal award, federal interest is the dollar amount that is the product of:

1. The percentage of federal participation in the total cost of the real property, equipment, or supplies; and
2. Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs. (2 CFR, Section 200.1, *Federal interest*)

## **Supplies and Materials**

Supplies and materials are all tangible personal property other than those described in the definition of equipment in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (2 CFR, Section 200.1, *Supplies*)

## **State Office**

Texas Higher Education Coordinating Board.

## **Subrecipient**

A subrecipient is an entity that receives a subaward from a pass-through entity (state) to carry out part of a federal award. Consortia or LEAs eligible to receive funds under the Perkins Act, Section 131, or a postsecondary institution eligible to receive funds under the Perkins Act, Section 132, are considered subrecipients. (2 CFR, Section 200.1)

## Useful Life

Useful life is the period for which an item can be used for the purposes for which it was purchased. Useful life is not defined by a depreciation schedule.

## Title

Equipment acquired under a federal award by a subrecipient will vest upon acquisition in the subrecipient. That is, equipment becomes the property of the subrecipient. If the subrecipient intends to transfer title to another eligible recipient, the subrecipient must follow the disposition rules in 2 CFR, Section 200.313(e). Title must vest in the subrecipient subject to the following conditions. The subrecipient must:

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.
2. Not encumber the property without approval of the federal awarding agency or pass-through entity.
3. Use and dispose of the property in accordance with paragraphs (b), (c), and (e) of Section 200.313.

## Purchasing

1. The subrecipient is responsible for purchasing equipment, supplies, and materials approved by THECB for use in career and technical education (CTE) programs. The subrecipient must follow all federal, local, and state laws, regulations, and procedures in the purchase of equipment, supplies, and materials. (For example, if the subrecipient's policies require formal bids, the subrecipient must obtain formal bids.) After the subrecipient has been notified that equipment, supplies, and materials have been approved for purchase, such items must be purchased, or a signed purchase order should be executed as soon as possible. **Purchases must be made by March 31.**
2. The subrecipient must obtain three unrelated bids for any supplies or services that exceed the micro-purchase threshold of \$10,000. Bids must be from unrelated companies.
3. Equipment purchased by subrecipients with funds provided by THECB must meet all federal and state occupational safety and health administration rules and regulations. Subrecipients must require vendor compliance with all rules and regulations before they make a purchase.
4. The subrecipient is encouraged to plan a systematic method for continually updating equipment to avoid obsolescence and fluctuating budgets from year to year.
5. Equipment, supplies, and materials must be received and be operational in sufficient time to make an impact on the program(s) during the current school year.
6. All purchased equipment must have adequate insurance coverage.
7. All equipment must be identified as Perkins-purchased equipment with a permanent label or other identification system supplied by the subrecipient. The assigned identification tag must be attached, or the inventory number engraved on the equipment.
8. Rebates or coupons must be deducted to the original item cost to determine the eligible cost for federal funding.

## Use of Equipment Purchased with Perkins Funds

### Equipment Purchase

Equipment and non-consumable items purchased for a specific CTE program must be used in that program. CTE equipment and non-consumable items may be used for other instructional programs provided that such use will not interfere with the work on the projects or program for which it was originally acquired. (2 CFR, Section 200.313(c)(2))

#### 1. **Repair and/or Replacement of Equipment Lost, Damaged, Stolen, or Destroyed**

The subrecipient shall be solely responsible for the repair and/or replacement of any item lost, damaged, stolen, or destroyed. The THECB will not reimburse the subrecipient for any loss, damage, theft, or destruction of the equipment. The subrecipient must document the outcome of the item that was lost, damaged, stolen, or destroyed in the subrecipient's inventory. Records for items disposed of must be retained for five years.

#### 2. **Inventory Control System**

A control system for all equipment (capitalized and non-capitalized) and non-consumable items shall be in effect by the subrecipient to ensure adequate safeguards for the prevention of loss, damage, theft, or destruction of the equipment.

- a. The subrecipient will be responsible for replacing or repairing (with non-federal funds) equipment that is lost, damaged, destroyed, or stolen.
- b. The subrecipient must take a physical inventory and reconcile the results with property records at least once every two years.

The subrecipient must also immediately investigate any incident of loss, damage, or theft of equipment and non-consumable supplies purchased with federal funding, as required under 2 CFR, Section 200.313(d)(3).

#### 3. **Maintenance of Equipment**

The subrecipient must implement adequate maintenance procedures, such as maintenance contracts, to keep the equipment in good working condition. The cost of maintaining equipment must be paid by the subrecipient and is not the responsibility of THECB.

#### 4. **Inventory Tags**

All equipment must be tagged upon receipt of equipment. Tags or other means of identification that are different from local inventory will be provided by the subrecipient.

## 5. Property Records

Property records shall be maintained accurately for each item of equipment. The records shall include the following information:

- a. A description of the property
- b. A serial number or other identification number
- c. The source funding for the property (including Federal Award Identification Number)
- d. Name of entity that holds title
- e. The acquisition dates
- f. The cost of the property
- g. The percentage of federal participation in the cost of the property
- h. The location of the item
- i. Use and condition of the property
- j. Any ultimate disposition data including the date of disposal and sale price of the property

Records must be retained for seven years post-disposition per records retention rules.

## Disposition

When there is no longer a need for a specific piece of equipment to accomplish the purpose of the CTE program, or if the equipment becomes worn out or obsolete, the subrecipient will dispose of the equipment using the following process.

### Disposition of Equipment

1. The non-federal entity must use equipment in the program or project for which it was acquired as long as needed (2 CFR, Section 200.313(e)). Subgrantees may use equipment for other federally funded programs within the subrecipient's district or member district if the use is for the same purpose for which the item was purchased.
2. **Non-Capitalized** Equipment (Supplies) Disposition Procedure
  - A. Offer the equipment to other approved CTE programs, as appropriate for relevant purposes. If the district is the subrecipient, offer to other appropriate CTE programs within the district or consortium, then to other currently or formerly federally funded programs.
  - B. Notify THECB Fiscal Lead of items to be surplus.
  - C. THECB will notify the subrecipient that they may surplus the non-capitalized equipment (supplies) per subrecipient disposition policies, in compliance with 2 CFR, Sections 200.313(e) and 200.314.
3. **Capitalized** Equipment Disposition Procedure
  - A. Offer the equipment to other approved CTE programs, as appropriate for relevant purposes.
    - i. If a postsecondary institution is the subrecipient, offer to other appropriate CTE programs within the institution.
  - B. Notify THECB Grants Specialist of items to be surplus or sold.
    - i. If subrecipient wants to sell the property:
      - a. Fair market value must be determined, and a [Perkins Disposition Form](#) must be completed. Fair market value is the value of the item on the open market. A copy of the sales receipt must be submitted with

- the disposition form.
  - b. The federal interest in the equipment is determined by the proportion of the federal share in the acquisition cost. The percentage of the federal share is then multiplied by the fair market value to determine the federal interest.
  - c. The federal interest must be used to purchase more equipment and a Perkins Federal Interest Transfer Worksheet must be submitted and approved by THECB for new purchases. See 2 CFR, Section 200.313(c)(4).
  - d. Inventory records must document the sale of the item(s) sold and new records created for items purchased with the federal interest.
  - ii. If the subrecipient trades the equipment in, they must deduct the amount of the credit from the sales price to determine the eligible cost of the new equipment. The subrecipient cannot use federal funds to pay the original price before the rebate deduction; they must properly document coupons and rebates in the transaction.
4. If a piece of equipment is broken and no longer usable, the subrecipient must document the disposal of the item and indicate the condition in the inventory at time of disposition. The subrecipient must keep these records for seven years per records retention rules.

## Termination of Program

Upon receiving notification from the subrecipient of the termination of an approved CTE program, THECB will determine the time and method of disposition of the equipment. It is the sole responsibility of THECB to determine whether the equipment is to be sold, traded, or retained by the subrecipient. THECB will follow 2 CFR Section 200.313(e) when transferring or disposing of property.

The actual disposition of the equipment may be accomplished by moving it to another approved career and technical education program. Actual physical transfer of equipment shall be determined by THECB.

## Programs That Do Not Accept Perkins Funds

If a program chooses to not accept Perkins funds, but continues to offer approved CTE programs:

1. Postsecondary institutions must return to the state any inventory that has federal interest and any item with a current fair market value greater than \$5,000.
2. Postsecondary institutions may retain any supplies, materials, and non-capitalized equipment if they continue to have an approved CTE program for which the items were purchased.

## Records Retention

The subrecipient must keep all items that have value in the subrecipient's inventory.

The subrecipient must continue to list items disposed of in the inventory for seven years following the date of disposition, and the recipient must list the outcome of the disposition (i.e., broken and disposed, transferred to [Name], stolen, etc.).



# **Texas Higher Education**

## **COORDINATING BOARD**

This document is available on the Texas Higher Education Coordinating Board website:  
<https://highered.texas.gov>.

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