

# Inventory Management

As a pass-through entity for Federal Education funds, the Maine Department of Education (Maine DOE) has prepared this **Inventory Management Fact Sheet** to assist Federal program subrecipients in the management of equipment purchased in whole or in part using Federal dollars.

This information is being provided by the Maine DOE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at the [Code of Federal Regulations](#) when developing equipment inventory policies and procedures.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

## Definitions (2 CFR 200.1):

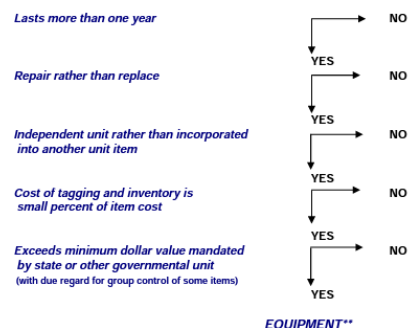
**Non-Federal entity** means a state, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a federal award as a recipient or a **subrecipient**.

## Equipment Definition

In accordance with [2 CFR 200.1](#), **equipment** means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$10,000. See also the definitions included in 2 CFR 200.1 for; Capital assets, Computing devices, General purpose equipment, Information technology systems, Special purpose equipment, and Supplies.

### CRITERIA FOR DISTINGUISHING SUPPLY ITEMS FROM EQUIPMENT ITEMS

*At first "no", item is determined to be a supply, not equipment*



\*\* An equipment item is any instrument, machine, apparatus or set of articles that meets all of the following criteria:

- 1) It retains its original shape, appearance and character with use.
- 2) It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance.
- 3) It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit.
- 4) Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for at least one year.

## Federal Inventory Management Requirements

1. In accordance with [2 CFR 200.313\(d\)\(1\)](#) property records (equipment inventory) must document the following:
  - Unique, self-determined inventory number.
  - Description of the Property.
  - Serial numbers or other identification numbers.
  - Source of funding (including the FAIN).
  - Who holds the title to the property.
  - The acquisition dates.
  - Cost per unit of the property.
  - Percentage of Federal participation in the project cost for the Federal Award.
  - Location of property.
  - Use of property.
  - Condition of property.
  - Note any safeguarding measures of the property.
  - Ultimate disposition data (if applicable).
2. Each equipment item must be permanently tagged upon receipt with the following information:
  - Inventory number
  - Source of funding
  - Building name and room location
  - Acquisition date.
3. If the item is too small or if the sub-grantee uses barcodes, the following must be documented:
  - Inventory number
  - Source of funding

Software will be tracked in the property records (equipment inventory) as follows: *\*Web based software is excluded from inventory management*

- Non-web-based software:
    - Description of the software
    - Funding sources of the software
    - Acquisition Date
    - Cost of the software
    - Percentage of federal participation
    - License expiration date; and
    - Identify all devices of which the software is installed either by inventory ID or by the property's serial number.
4. A physical inventory of the property must be completed, and the results reconciled with the property records at least once every two years. (2 CFR 200.313(d)(2))
  5. A control system must be developed to ensure adequate safeguards to prevent loss damage or theft of the property. Any loss, damage, or theft must be investigated. (2 CFR 200.313(d)(3))
  6. Adequate maintenance procedures must be developed to keep property in good condition. (2 CFR 200.313(d)(4))

For the purposes of equipment inventory, the non-Federal entity may choose to manage and track equipment purchased in whole or in part using Federal funds separately from equipment purchased using local or State funding.

## Federal Technical Assistance

As part of the Maine DOE's technical assistance, team members from the Maine DOE may review management records and overall, the management of equipment purchased with Federal funds. The Maine DOE will use the requirements of 2 CFR 200.313 when completing such reviews.

## Technical Assistance

Please feel free to contact Federal Program team members should you have any questions relative to the contents of this document or the management of inventory acquired using Federal funds.

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