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## **701 PROPERTY MANAGEMENT POLICY FOR EQUIPMENT PURCHASED WITH CSP GRANT FEDERAL FUNDS**

### **I. PURPOSE**

Equipment, non-consumable supplies and other non-consumable items that are purchased with federal funds must be used to support the education of students and are intended for approved purposes identified under the grant.

### **II. GENERAL STATEMENT OF POLICY**

An accurate inventory of all consumable items, equipment, capital expenditures purchased with federal CSP grant funds must be maintained and available to submit to MDE upon request. The District shall be responsible for implementing proper management and disposition of the equipment. If the District closes or is no longer able to utilize purchased items of value, they will distribute items purchased under the federal award to other charter schools, for similar purposes, at the discretion of the state.

### **III. MANAGEMENT OF EQUIPMENT**

- A. The management of equipment includes:
1. Assuring that the equipment is used for the project/program for which it was purchased.
  2. Preventing loss, damage, or theft of the equipment.
  3. Maintaining an inventory of items valued at \$500 or more and having a useful life of more than one year. The inventory shall contain a description, identification or serial number, source of property, purchase date, initial per unit cost and total cost of the property, and location of the items. Acquisitions of more than one like item should be presented on one line.
  4. A physical inventory of the property must be taken yearly and the results reconciled with the property records. Keep the Inventory Record on hand for Auditors, and submit a copy of the Inventory Record to MDE with each Final Expenditure Report.
  5. The control system for the District involves having a locked door policy at all times to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
  6. The District has adequate maintenance procedures in place to keep the property in good condition. If the District is authorized or required to sell the property,

- proper sales procedures are in place to ensure the highest possible return.
7. Following procedures for transfer and disposal of equipment.

#### **IV. USE OF EQUIPMENT**

- A. The District shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original project or program, the property may be used in other activities currently or previously supported by federal funds.
  1. During the time that property is used on the project or program for which it was acquired, the District shall also make the property available for use on other projects or programs if other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for other use shall be given to other projects or programs sponsored by the federal awarding agency that financed the equipment.
  2. When acquiring replacement property, the District may use the property to be replaced as trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to approval of the Secretary (MDE). Example: The school needs a better printer. They arrange for another school to buy their printer.
    - a. The District contacts MDE and lets them know the proposed terms of sale.
    - b. MDE gives approval to proceed with the sale.
    - c. The District sells the printer, purchases the new printer, and documents the new purchase on the Property Inventory Record (discussed below).

#### **V. SALE OR DISPOSAL OF EQUIPMENT**

- A. When original or replacement property is no longer needed for the original project or program or for other activities currently or previously supported by MDE, property shall be transferred to MDE, at the discretion of the State.
  1. Equipment may be transferred to a program or project supported by federal funds.
  2. If equipment is no longer needed:
    - a. If the initial cost was at least \$1,000, a fair market value must be established, and sale arranged. The sale must be to a program or project supported by federal funds.
    - b. If the initial cost was less than \$1,000, the equipment may be sold at fair market value or redirected at no cost to a program or project supported by federal funds.
  3. To sell equipment with value:
    - a. Get certified market value for equipment.
    - b. Send MDE a check from general funds.

- c. MDE will put the funds in the federal account for the District.
  - d. The inventory shall be updated.
- 4. If the equipment has no value, it may be disposed of. The inventory shall be updated.
  - a. A record showing the date, reason, sale, redirection, and disposal of the equipment shall be kept along with the inventory for five years after removal from the program.

*Legal Reference:* Property Standards Guide