

CSP Inventory Requirements

Technical Assistance for Inventory Management



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Inventory Standards

1. Inventory standards apply to any non federal entity (e.g. a charter school) using federal funds to purchase equipment and supplies.
2. Inventory Management standards govern:
 - a. The purchase / acquisition of property
 - b. Use of the property
 - c. Management of property
 - d. Disposition of property
3. This guidance covers personal property standards, i.e. property classified as supplies and equipment (as opposed to real property which is land, buildings, fixtures etc.)
4. Equipment is defined as property (including information technology systems) that has a useful life of over a year and an acquisition cost which equals or exceeds the lesser of the capitalization threshold established by a school, or \$5,000.



Inventory Standards

4. Supplies are tangible personal property other than equipment, generally items whose acquisition cost is less than the capitalization threshold established by the school, or \$5000.
5. Depending on the price of property being acquired schools may have to follow purchase procedures outlined in the [Procurement Requirements](#) guidance.



Purchase

Inventory must be purchased using federally compliant [purchase standards](#). For a brief overview of federal procurement processes please refer to [GSCT Guidance](#) available on the [GSCT CSP website](#). Consult [2 CFR Part 200 Subpart D - Procurement Standards](#) for comprehensive guidance.

In general schools are required to maintain internal controls for purchasing that comply with federal and state requirements and include:

1. A list of authorized vendors
2. Person(s) approved to make purchases
3. Approval process
4. Price thresholds and purchase processes at each price level
5. A process for purchasing items
6. A process for receiving purchased items into inventory



Use - see CFR 200.313(c)

- Inventory must be used for the project for which it was acquired and must also be available for use on other projects / programs supported by the federal government as long as usage by other programs does not interfere with the purpose for which it was originally acquired.
- Inventory may be traded in / sold to offset cost of replacement property.
- If a non-federal entity such as a school generates program income through the use of supplies / equipment purchased with federal funds this must be treated as program income according to procedures outlined in [2 CFR 200.307](#).
- If property is no longer needed for the program for which it was bought it may be used for other programs in the following order of priority:
 - Activities under a federal award from the federal awarding agency which funded the original project (in this case the US Department of Education);
 - Activities under federal awards from other federal agencies.



Management - see CFR 200.313(d)

- Property records must be maintained that include:
 - a description of the property,
 - a serial number / other identification number,
 - source of funding for the property (including the FAIN*),
 - details including who holds title to the property, acquisition date and cost of the property,
 - percentage of federal participation in the project costs for the federal award under which property was acquired,
 - the location, use and condition of the property, including responsible parties who maintain oversight of inventory
 - disposition data (including the date of disposal and sale price for the property).
- Physical inventory must be taken and results of the inventory check must be reconciled with property records at least once every two years.

*FAIN is the Federal Award Identification Number indicated on your Grant Award Letter



Management continued...

- Control systems must be in place to prevent loss, damage or theft of the property. Any loss, damage or theft must be investigated
- Schools must maintain adequate maintenance procedures to ensure property is in good condition.
- If the non-federal entity (school) is authorized / required to sell the property proper sales procedures must be used to ensure the highest return.



Disposition - see CFR 200.313(e)

- When inventory is no longer needed the school may take the following actions depending on the nature of the inventory:
 - For supplies or equipment with a current fair market value of \$5000 or less, the inventory may be retained, sold, disposed of with no further responsibility to the awarding agency.
 - If a school has residual supplies exceeding \$5,000 in aggregate upon completion of the project and the supplies are not required for any other federal award the school may retain the supplies or sell them and must compensate the federal government for its share.
 - For equipment with a current per unit fair market value of \$5,000 or greater, the inventory may be retained by the school or sold. If items are sold the federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the federal awarding agency's percentage of participation in the cost of original purchase.
 - The school may transfer title to the federal government or an eligible third party (e.g. another school in need of the equipment) after checking with its awarding entity.
 - If a non-federal entity (school) does not take appropriate action for disposition the federal awarding agency may direct the school to take disposition actions.



Resources

- The linked template is a resource for schools to use to document inventory and can be modified by schools to suit their needs: [Sample Inventory Template](#)
- [2 CFR Part 200](#) Uniform Administrative Requirements , Cost Principles and Audit Requirements for Federal Grants
- Reach out to csp@ctcharters.org with any questions





Connecticut
Charter Schools
Association