

Equipment Purchases with Federal Funds

When agreeing to obtain Federal funds and signing all assurances you also agreed to the terms listed below. These are requirements that **must** be followed and are not optional. If you fail to meet these requirements, future federal funding could be withheld or delayed via Federal law 2 CFR 200.339 *Remedies for noncompliance*.

Use of ESSER II and ESSER III funds to purchase Equipment (i.e., bus, van, floor scrubber, or computer equipment, etc.):

Per Federal law 2 CFR 200.439 *Equipment and other Capital expenditures*, anything costing greater than \$5,000 requires the following documentation to be on file:

- Purpose
 - o Why was the equipment needed
 - o For bus or van - Provide documentation for the need, i.e., new routes, social distancing of students, etc.
- Bids for purchase (see procurement procedures for Federal purchases 2 CFR 200.317 through 2 CFR 200.327)
- Copy of Sales Agreement
- Copy of policy and procedures for capitalization (2 CFR 200.439) and depreciation (2 CFR 200.436)
 - o Depreciation schedule
- Copy of policy and procedure for equipment including inventory (2 CFR 200.313)

Also, per Federal law 2 CFR 200.313 *Management Requirements*; all the items below **MUST** be followed:

(b) **General.** A state must use, manage, and dispose of equipment acquired under a federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow [paragraphs \(c\)](#) through [\(e\)](#) of this section.

(c) **Use.**

(1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. The Federal awarding agency may require the submission of the applicable common form for equipment. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then

(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in [§ 200.307](#) to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

(d) **Management requirements.** Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

(3) 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.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) **Disposal** – please inquire with NDE if you dispose of an item before its useful life is used up.