



**Subject:** Equipment Management Under Federal Awards

**Effective Date:** 05/08/2025

**Approved By:** Board of Directors

**Policy:** 2203

### **Purpose**

This policy outlines the responsibilities and procedures for the acquisition, use, management, and disposition of equipment purchased with federal funds. The goal is to ensure compliance with **2 CFR § 200.313**, Tennessee state laws, and all applicable Federal and local requirements.

### **Scope**

This policy applies to all **federal grant-funded equipment** acquired by SPSTN and its subrecipients, including schools, departments, or administrative offices using federal awards.

### **Policy Provisions**

#### **1. Title to Equipment**

- Title vests in **SPSTN upon acquisition**, subject to the conditions outlined in the Federal award.
- Title is **conditional**—the Federal Government retains an interest until all award conditions are met or otherwise waived by the Federal agency.

#### **2. Equipment Use Requirements**

SPSTN shall:

- Use equipment **only for the authorized purpose** during the performance period.
- Not sell, transfer, or encumber equipment **without prior written approval** from the Federal awarding agency or pass-through entity.
- When equipment is no longer needed for its original purpose, it may be used in the following order of priority:
  1. Other Federal programs from the same agency.
  2. Other Federal programs from different agencies.
  3. Non-Federal educational programs, provided there is no interference with intended use.



### 3. Fee-for-Service Restriction

Equipment acquired with federal funds must **not be used to offer services below market value** unless permitted by a specific federal statute.

### 4. Replacement Equipment

SPSTN may **trade in or sell existing equipment** and use the proceeds toward acquiring replacement equipment.

### 5. Equipment Management

SPSTN shall manage federally funded equipment through the following procedures:

#### a. Property Records

Maintain records including:

- Description, serial number or ID
- Source of funding, FAIN (Federal Award Identification Number)
- Titleholder and acquisition date
- Cost and percentage of federal contribution
- Location, use, and condition
- Disposition data (sale date, value, method of disposal)

#### b. Inventory Requirements

- Physical inventory must be conducted **at least every two years**.
- Results must be **reconciled** with property records.

#### c. Control Systems

- Safeguards must be in place to prevent loss, damage, or theft.
- Any incident of loss, damage, or theft must be **investigated and reported** to the Federal agency or pass-through entity if it affects the program.

#### d. Maintenance

- Implement a **routine maintenance schedule** to keep equipment operational and extend its lifespan.

#### e. Sale Procedures



- When equipment is sold, sales must ensure the **highest possible return** consistent with Tennessee state and local procurement laws.

## 6. Equipment Disposition

When equipment is no longer needed:

### a. Valued at \$10,000 or Less:

SPSTN may **retain, sell, or dispose** of the equipment with **no further obligation** to the Federal Government.

### b. Valued Over \$10,000:

- SPSTN must request disposition instructions from the Federal agency or pass-through entity.
- The Federal Government may recover a **pro-rata share** of the fair market value based on the original percentage of federal funding.
- SPSTN may retain **\$1,000 from the sale proceeds** to cover selling costs, with permission.

### c. Transfer of Title:

SPSTN may transfer title to the Federal Government or an eligible third party and will be compensated for its share of the equipment's value.

### d. Noncompliance:

If SPSTN fails to take proper action, the Federal agency or pass-through entity may **direct specific disposition actions**.

## 7. Equipment Retention Waiver

- If permitted in the terms of the Federal award, SPSTN may retain the equipment with **no further obligation** to the Federal Government.

## Compliance

This policy is based on the following regulations:

- **2 CFR § 200.313** – Equipment
- **2 CFR § 200.439** – Equipment and other capital expenditures
- **Tennessee Code Annotated (T.C.A.) Title 12, Chapter 3** – Public Purchases
- **Tennessee Department of Education** guidance for LEA federal grant management

## Policy Monitoring and Review



This policy shall be:

- **Reviewed annually** by the Federal Programs Director or Grants Compliance Officer;
- Updated as needed to reflect any changes in Federal or State regulations;
- Incorporated into SPSTN's broader **Grants Management Manual** and **Asset Management Plan**.