



Equipment vs. Supplies

Bureau of Federal Compliance
in accordance with Uniform Guidance



New Hampshire
**Department
of Education**

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Equipment vs. Supplies Definition

- 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 \$5,000 (2 CFR 200.1 Definitions, *Equipment*).
- Supplies is also tangible personal property, however the per-unit price is less than \$5,000.
- Example; District purchases 20 Chromebooks at a value of \$250.00 per unit, total acquisition is \$5,000. Since the price per unit is less than \$5,000, these would be considered supplies.

Disposal of Supplies

- Per 2 CFR 200.314(a), title to supplies will vest in the non-Federal entity upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them.
- In either case, the non-Federal entity, must compensate the Federal Government for its share.
- The amount of compensation must be computed in the same manner as for equipment (see 2 CFR 200.313(e)(2)).

Equipment Inventory

- 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 (2 CFR 200.313(d)(1)):
 - Description of the property
 - A serial number or other identification number
 - Source of funding for the property (including the FAIN)
 - Who holds the title
 - Acquisition date
 - Cost of the property
 - Percentage of Federal participation in the project costs for the Federal award under which the property was acquired
 - Location
 - Use and condition of the property
 - Disposition data including the date of disposal and sale price of the property

Equipment Inventory Cont'd

- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years
- 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.
- Adequate maintenance procedures must be developed to keep the property in good condition.
- 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.

Equipment Disposition

- Per 2 CFR 200.313(e), when original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award.

Equipment Disposition Cont'd

- Disposition will be made as follows:
 - Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further responsibility to the Federal awarding agency.
 - Except as provided in 2 CFR 200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the non-Federal entity or 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 or participation in the cost of the original purchase.
 - If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

Equipment Disposition Cont'd

- Disposition will be made as follows:
 - The non-Federal entity may transfer title of the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
 - In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

Pilferable Items

- Pilferable items are items that are easily lost or stolen.
- Pilferable items purchased with Federal funds must be tracked regardless of the cost.
- Tracking should follow District procedures.
- Items may include, but are not limited to; cell phone, iPads, tablets, iPods, graphing calculators, software, projectors, cameras, DVD players, computer equipment, and so on.

POP

QUIZ!

Questions # 1

True or False.

Pilferable items do not need to be tracked since they are under the \$5,000 equipment threshold.

False

Since pilferable items are easily lost or stolen, they must be tracked. However, they do not need to be tracked to the same extent as equipment.

Questions #2

District A acquires 100 iPads at a cost of \$300 per unit. Are the iPads considered supplies or equipment?

Supplies

Since the value per unit is less than \$5,000, this is a supply.

Questions #3

True or False.

Disposition data including the date of disposal and sale price of the property must be tracked as part of equipment procedures?

True

In addition, part of equipment tracking/managing procedures, must include a description of the property, serial number, source of funding, who holds the title, the acquisition date, cost of the property, percentage of Federal participation in the project cost, location of property, use of property, and condition of the property.

Questions #4

True or False.

Any loss, damage, or theft of property must be investigated?

True

Every effort must be made to recover these items.

WHEN? HOW? WHERE? WHO? WHAT? WHERE? WHAT? When? WHEN? WHERE? HOW? WHEN? What? Where? When? WHERE? WHAT? What? When? What? WHEN? WHERE? What? When? HOW? WHEN? What? When? Why? WHEN? When? WHERE? Why? HOW? Why? WHEN? Why? WHERE? When? HOW? When? Why?

ANY QUESTIONS?

Resources

- EDGAR, 2 CFR 200
- NHD OE Federal Funds Fact Sheet. Supplies. [supplies.pdf \(nh.gov\)](#)
- NHD OE Federal Funds Fact Sheet. Equipment Inventory. [equipment-inventory.pdf \(nh.gov\)](#)
- NHD OE Federal Funds Fact Sheet. Use and Disposal of Equipment. [equipment-use-disposal.pdf \(nh.gov\)](#)

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