

Supplies

As a pass-through entity for Federal Education funds, the New Hampshire Department of Education (NHDOE) has prepared this **Supplies Fact Sheet** to assist Federal program subrecipients in the management of supplies purchased in whole or in part using Federal dollars.

This information is being provided by the NHDOE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-94.pdf>, <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-314.pdf> and <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-453.pdf> when developing policies and procedures for the purchase and management of supplies.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

Supply Definition

2 CFR 200.94 defines supplies as all tangible personal property other than that described in 2 CFR 200.33 - Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the subrecipient for financial statement purposes or \$5,000, regardless of the length of its useful life.

Federally Purchased Supply Management Requirements

In accordance with 2 CFR 200.314(a), the title to supplies will vest in the subrecipient 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 subrecipient must retain the supplies for use on other activities or sell them, but must, in either case, 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 Equipment, paragraph (e)(2) for the calculation methodology.

Also, in accordance with 2 CFR 200.314(b), as long as the Federal government retains an interest in the supplies, the subrecipient must not use supplies acquired under a Federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.

Please see the Fact Sheet entitled **Equipment Inventory**, prepared by the NHDOE for the management of “pilferable” items which may be defined as supplies.

Lastly, 2 CFR 200.453 clarifies the following matters;

- Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.
- Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.
- Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

Federal Compliance Monitoring

As part of the NHDOE’s annual Federal Compliance Monitoring program, staff from the NHDOE’s Bureau of Federal Compliance may review the management of supplies purchased with Federal funds. The BFC will use the requirements of 2 CFR 200.314 when completing such reviews.

Technical Assistance

Please feel free to contact the Bureau of Federal Compliance staff should you have any questions relative to the contents of this document or the management of supplies acquired using Federal funds.

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