Guidelines for tracking fixed assets acquired by federal funds

The Oregon Department of Education (ODE) is creating these guidelines for the use of entities receiving federal funding from ODE. These guidelines will be used when ODE reviews these entities records for compliance with federal requirements.

Capital and Non-capital Assets should be tracked (knowledge of Asset location and disposition) for two primary purposes:

* Accountability: Complies with Federal and State guidelines and instills public confidence.
* Maximize use of Assets: Facilities use by knowledge of available assets.

1. Assets procured with Federal or State money in the performance of a contracted activity may be reassigned to subsequent contractors in similar contract activities.
2. Assets should be tracked during their useful life. Standard useful life ranges recommended for each asset classification are listed below. These ranges are provided as guidance. However, entities should use professional judgment to select the most appropriate useful life for their assets, which may be different than the useful life ranges listed. In assigning a useful life, entities should consider an asset’s present condition and how long it can meet service demands. When capital assets receive additions or improvements, the remaining useful life may need to be evaluated.

Asset Classification Useful Life Range

Equipment and Machinery 3 to 20 years

Software 3 to 5 years

Hardware 3 to 5 years

Capital Leased Property Length of lease

1. Entities are responsible to ensure that internal controls are sufficient to provide reasonable assurance that federal assets are not lost or stolen.
2. Each entity has a responsibility to maintain a system (manual or automated) which will assure that property (capital and non-capital) is accounted for and classified properly, accurately, and systematically.
3. Functional responsibilities for assets that entities should delegate to separate departments or management levels are:
   * Planning and approval of expenditures.
   * Data processing of asset acquisition and payment transactions.
   * Physical custody and operating responsibility for use of assets.
   * Reconciliation of the inspection (inventory) of assets to the subsidiary records.
4. Capital assets are those assets with a useful life of more than one year and an acquisition cost of $5,000 or more.
5. Non-capital assets are those assets with a useful life of more than one year and an acquisition cost of less than $5,000.
6. Inventory tracking systems should include capital assets and non-capital assets. Tracking of non-capital assets should include but is not limited to information

technology (IT) equipment, instructional supplies including digital devices, and employee assigned equipment.

1. Equipment includes but is not limited to:
   * Cell phones
   * Pagers
   * Keys and Key Cards
   * PDAs
   * Hand tools
   * Laptop and desktop computers
   * Cameras, camcorders, and photography equipment
   * Televisions and VCR’s
   * Credit cards
   * Printers
   * Graphing calculators
   * Projectors
   * Probes
   * Electronic whiteboards (Smartboards)
   * Software
2. Inventory tracking systems should include but is not limited to the following information.
   * Purchase cost and date
   * Location and/or employee it is assigned to, including equipment in participating private schools
   * Record of receipt of purchase
   * Funding used for purchase
   * Disposition
3. Assets purchased with federal funding should be marked with a tag identifying the federal funding source.
4. Assets may be disposed through the State Surplus. Note further guidelines for Title 1A programs below.
5. An entity that fails to follow these guidelines may face the potential loss of federal funds.
6. These guidelines are not meant to cover all possible situations regarding asset tracking.
7. Sources for the guidelines listed here include the Oregon Accounting Manual (OAM), policies 10.50.00PO, 10.55.00PO, 15.50.00PO, 15.55.00PO, 30.40.00PO, Federal Circulars A-87 and A-133 and the Education Department General Administrative Requirements (EDGAR) Part 76.

From the Title IA Handbook:

When federal funds are used to purchase equipment consider:

* Equipment purchased with federal funds is the property of the district’s specific federal program.
* Equipment may be housed and used in schools/sites where children are served by the program.
* Only in Title I schoolwide programs where the district has a policy allowing funds to be commingled may equipment be considered the property of a particular school.

When equipment purchased with federal funds must be relocated, sold or determined to be obsolete consider:

* When federally funded equipment is housed in a building that is no longer receiving a federal allocation (such as Title I), that equipment must be moved to a location served by that federal program.
* The district may purchase equipment from the federal program at a fair market value. The equipment inventory should record the date of exchange.
* Obsolete equipment should be marked as such, disposed of according to district policy and the equipment inventory should note the date of the process.
* Records should be maintained for five years after any transfer/disposal of equipment from the Title I program.