



Entrepreneurial
Training & Consulting

Purchasing equipment with grant money requires more attention to detail

When you buy equipment for your company using government grant money you will have different, more rigid requirements that will need your attention. (You can find all of the details in the Code of Federal Regulations Uniform Guidance 45 CFR 75.320.)

You'll need a property inventory.

The government description of equipment (<\$5,000 with more than one year life expectancy) must be cataloged or inventoried per the guidelines.

You'll need to meet specific 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:

- 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.
- 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.

You'll need to handle disposition according to regulations.

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 HHS awarding agency, except as otherwise provided in Federal statutes, regulations, or HHS awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the HHS awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with HHS awarding agency disposition instructions:

- 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 obligation to the HHS awarding agency.
- Except as provided in § 75.319(b), or if the HHS 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 HHS awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the HHS awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the HHS 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.
- The non-Federal entity may transfer title to 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 HHS awarding agency may direct the non-Federal entity to take disposition actions.

You'll find requirements are easier to meet with guidance.

Talk with a BBCetc consultant to fully understand how you'll need to handle grant-funded equipment purchases versus those bought using company funds.

BBCetc has the experience and expertise to help you ask the right questions and make the right decisions. And if we're not able to help you with a specific request, we'll be happy to point you towards experts who can.