

What is inventory?

Inventory, for the purpose of a federal grant-funded project, can include the following items:

Federally-Owned Property	Non-Federally Owned Property
<ul style="list-style-type: none"> ◆ Real property (land or buildings) for which the title is held by the federal government 	<ul style="list-style-type: none"> ◆ Exempt real property (land or buildings) for which the title is not held by the federal government but is held by the grantee ◆ Equipment ◆ Supplies

What are standard inventory management practices?

Standard inventory management practices consist of written policies for purchasing, acquisition, management, and disposition of inventory items as established by 2 CFR 200.

In addition to the federal guidelines, grantees can also add policies addressing inventory items valued at less than the federal thresholds. For example, supplies under the threshold of \$5,000 are not required to be inventoried by the federal guidelines. However, a grantee might want to put “small and attractive” items costing more than \$250 into its inventory to avoid pilfering. These types of items might be:

- ◆ Communication equipment (cellular and office phones)
- ◆ Cameras and photographic projection equipment
- ◆ Computers, laptops, iPads, and all IT accessories and components (monitors, printers, scanners, etc.)
- ◆ Office equipment
- ◆ Cameras, DVD players, radios, TVs, etc.
- ◆ Items costing \$250 or more such as furniture, maintenance items, tools, appliances, etc.

Inventory management also includes setting uniform procedures for the purchase, recording, and control of property acquired from any source.

What purchasing practices support inventory management?

It is important to have written purchasing policies that include:

- ◆ A list of authorized vendors
- ◆ Who is authorized to make purchases
- ◆ Setting dollar limits of various types of purchases that can be made and stating when additional authority is required before purchasing (usually the higher the amount of the purchase the higher/more level of authority approval required)
- ◆ The process for purchasing items, for example, is a purchase order required for all purchases?
- ◆ The process for receiving purchased items into inventory, for example, how is the purchase order cross-checked to the invoice and payment?

What recording practices support inventory management?

Create a filing system based upon vendor name, purchase order number, or type of expenditure to track items brought into inventory and to create a property record.

What information is included on a property record?

Property records are maintained for all inventory items and include all of the following:

- ◆ Description of the property
- ◆ Serial number or other identification number
- ◆ Source of the property
- ◆ Identification of title holder
- ◆ Acquisition date
- ◆ Cost of the property
- ◆ Percentage of federal participation in the cost of the property
- ◆ Location of the property
- ◆ Use and condition of the property
- ◆ Disposition data, including the date of disposal, and sale price

What is an inventory control system?

An inventory control system is a way to safeguard against loss, damage, or theft of inventory items. It includes having written policies about:

- ◆ Who is responsible for maintaining inventory items?
- ◆ How often is physical inventory conducted?
- ◆ How is the physical inventory reconciled with the property records?
- ◆ Who reviews the reconciliation report?
- ◆ What steps are taken in the event of loss or damage to an inventory item?

What are inventory disposition guidelines?

With no further obligation to the awarding agency, disposition of items with a per-unit fair market value of \$5,000 or less can be:

- ◆ Transferred to another program funded by the same source at time of purchase
- ◆ Sold or used as a trade in
- ◆ Cannibalized, e.g., dismantled, recycled, used for spare parts

The federal awarding agency has 120 days to direct disposition of an item with a per-unit fair market value of more than \$5,000. If no direction is given by the federal awarding agency, it may be retained or sold. In which case the grantee will be obligated to pay the federal government a portion of the current market value or the sales price.

References

- ◆ **2 CFR 200. Code of Federal Regulations. Title 2 – Grants and Agreements. Subpart D - Post Federal Award Requirements, Property Standards, Section § 200.313 – Equipment**
<https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-sec200-313>

Resources

- ◆ **Guide to Procurements Under DOJ Grants and Cooperative Agreements**
<https://ojp.gov/funding/Implement/Resources/GuideToProcurementProcedures.pdf>



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Feedback Requested

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