

# ILLINOIS STATE BOARD OF EDUCATION

Funding and Disbursement Services Division

## State and Federal Grant Administration Policy And Fiscal Requirements and Procedures

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Funding and Disbursement Services Division (E-320)  
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10. For **all** projects requesting reimbursement for fringe benefits, since all fund recipients are authorized to levy for IMRF and Social Security, any request for reimbursement of these expenditures on a program budget should be transferred back into the proper fund (Fund 5/Account 1150) when funds are received in the district for these expenses. The percent of employee benefits should reflect the percent of time the employee's salary is charged to the program. For State-funded projects, the State of Illinois contributes to TRS on behalf of employers under the continuing appropriation law. The contribution is adjusted annually. The State of Illinois remits these contributions directly to TRS and are NOT an allowable grant expenditure. The *employer's* portion of TRS allowable costs, over and above the *on-behalf state contributions*, should be based on Teacher's Retirement System's current guidelines and can be included in the program budget. The *employee's* portion of TRS can be included in the program budget if it has been negotiated to be paid by the employer.
11. The equipment deletion requirements must be followed for equipment purchased with
  - Federal entitlement program funds;
  - State funds: designated for populations that the fund recipients are not required to serve;
  - State funds: when the entire program is paid for by the state; and
  - State funds and Federal Discretionary: if program ceases to serve the population for which the equipment was originally purchased.For all other state programs, equipment is to be retained by the fund recipient.
12. The Funding and Disbursement Services Division will accept facsimile transmissions (fax) of expenditure reports/claims for the purpose of expediting the expenditure report/claim process. An original signature must be received for auditing purposes to be kept in the Funding and Disbursement Services project file. The Funding and Disbursement Services Division will accept the electronic submission of expenditure reports and claims for entities approved to participate in this process.
13. State programs will generally follow federal grant provisions unless separate State policy/law/regulations are stated.

## SECTION B: REQUIREMENTS

### EQUIPMENT DELETION/TRANSFER REQUIREMENTS

(for transfer of equipment or deletion of equipment that is obsolete, not repairable, damaged, lost or stolen)

The equipment deletion process must be followed for equipment purchased with:

- Federal entitlement program funds;
- State funds: designated for populations that the fund recipients are not required to serve;
- State funds: when the entire program is paid for by the state; and
- State funds and Federal discretionary funds: if program ceases to serve the population for which the equipment was originally purchased.

For all other state programs, equipment is to be retained by the fund recipient.

#### Definitions

1. Equipment is tangible personal property having a useful life of more than one year and an acquisition cost of \$500 or more per unit. The definition for equipment is as follows:  
An equipment item is any instrument, machine, apparatus, or set of articles which meets all of the following criteria:
  - a. Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for longer than twelve months;
  - b. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;
  - c. It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit;
  - d. It retains its appearance and character through use; and
  - e. It costs \$500 or more at the time of acquisition. If the original value is not available, estimated market value is used.
2. Acquisition cost of an item of purchased equipment means the net invoice unit price of the equipment, including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance shall be included or excluded from the unit acquisition cost in accordance with the grantee's regular accounting practices.
3. Current fair market value is determined by obtaining two signed bids from potential purchasers or two appraisals from authorized appraisers for the purpose of disposing of or transferring equipment. When the equipment is being traded in for like or similar equipment used in the same program for the same purpose, the trade in value constitutes the current fair market value of the traded in equipment.

#### Equipment Disposition

When equipment is *no longer needed* for the original project or program for which it was acquired, the equipment may be used, if needed, in other projects or programs currently or previously sponsored by a federal or state agency unless the State Board has required an equipment transfer. The equipment may be retained, sold or otherwise disposed of if the equipment is not needed in any federal or state sponsored project or program. The following specific procedures to eliminate any item from the inventory must be followed:

1. Items of inventory may be retained, sold or otherwise disposed of with no further financial obligation to the federal/state agency if the equipment has an acquisition cost/per unit current fair market value of **less than \$5,000**. The disposition of such items should be so noted on the equipment inventory maintained by the entity.
2. Items of equipment with an acquisition cost of **\$5,000 or more**, please follow the procedures below:
  - Obtain two signed bids from potential purchasers or two appraisals from authorized appraisers to determine the per unit current fair market value.
    - If the per unit current fair market value is less than \$5,000, see #1. above.
    - If the per unit current fair market value is \$5,000 or more, the equipment **may not be disposed of, transferred or traded in without approval** from the Illinois State Board of Education. The procedures below are to be followed to delete such equipment:

- Submit information along with bids or appraisals to the Illinois State Board of Education, Funding and Disbursement Services Division via the *Equipment/Deletion Transfer System* in the Illinois State Board of Education Web Application Security system (IWAS).
- The Illinois State Board of Education will issue instructions that authorize the sale of the equipment to the highest bidder, the entity may purchase the item at the highest appraisal price or the equipment may be traded in. If the equipment is sold, \$100 or 10% of the sales proceeds, whichever is greater, may be deducted and retained from the amount otherwise due for selling and handling expenses.
- A check payable to the Illinois State Board of Education is then forwarded to the Funding and Disbursement Services Division.
  - Federal Entitlement funds: The amount returned will be added to the entity's funds applicable to the project year in which the equipment is sold. If the district wishes to use the additional funds available to them, an amendment must be filed.
  - Federal Discretionary funds: The amount returned will be added to the appropriate federal grant.
  - State funds: The amount will be returned to the General Revenue Fund of the State.

3. If the item has been damaged, lost, or stolen, an official investigation by the proper authority should be conducted and fully documented. A copy of this information must be retained by the entity and indicate compliance on the *Equipment Deletion/Transfer* information transmitted to the Funding and Disbursement Services Division.

Permission to dispose items from inventory will be granted, following review and approval of the *Equipment Deletion/Transfer* information via the internet.

### **Equipment Transfer**

The Illinois State Board of Education reserves the right to transfer equipment if the grant activities cease to exist for the entity for which the equipment was originally acquired.

The following specific procedures to transfer any item from the inventory must be followed:

- Complete the *Equipment Deletion/Transfer* information via the internet.
- Permission to transfer the items from the inventory will be granted, following the review and approval of the *Equipment Deletion/Transfer* information.
  - The Illinois State Board of Education will issue instructions that arrange for the transfer of the equipment to the receiving entity at the time of approval.
  - The transferring entity and the receiving entity will receive documentation of transfer following the review and approval of the *Equipment Deletion/Transfer* information.
- The receiving entity must include the transferred equipment on their permanent inventory. The transferring entity must delete the equipment from their permanent inventory

For further information contact the Funding and Disbursement Services Division at 217/782-5256.

## EQUIPMENT GUIDELINES

### Definitions

**Equipment** is tangible personal property having a useful life of more than one year and an acquisition cost of \$500 or more per unit. The definition for equipment is as follows:

An equipment item is any instrument, machine, apparatus, or set of articles which meets all of the following criteria:

- a. Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for longer than twelve months;
- b. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;
- c. It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit;
- d. It retains its appearance and character through use; and
- e. It costs \$500 or more at the time of acquisition. If the original value is not available, estimated market value is used.

Note: Part 130 IL Administrative Code, determining Special Education per capita tuition charge, defines equipment for purposes of depreciation as items costing \$2500 or more.

**Acquisition cost** of an item of purchased equipment means the net invoice unit price of the equipment including the cost of modifications, accessories or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance shall be included or excluded from the unit acquisition cost in accordance with the grantee's regular accounting practices.

**Transfer** of equipment must take place if required by the Illinois State Board of Education when the grant activities cease to exist for the project or program for which the equipment was originally acquired.

**Current fair market value** is determined by obtaining two signed bids from potential purchasers or two appraisals from authorized appraisers for the purpose of disposing of or transferring equipment. When the equipment is being traded in for like or similar equipment used in the same program for the same purpose, the trade in value constitutes the current fair market value of the traded in equipment.

### Purchase

All equipment purchased with state/federal funds must be in accordance with the regulations of the funding source. The equipment purchased must be reasonable and necessary to effectively operate the program.

Each application for a grant shall fully describe the need for such equipment and how such equipment will be used. Equipment, as well as other costs, must be included in an approved budget or amendment prior to purchase (when applicable).

Lease purchases of equipment are authorized. Lease purchases that span more than one grant year are permissible. Costs can be recovered from more than one year of grant funds. The following provisions should be understood related to such situations:

- documentation should be retained that substantiates the decision to enter into a lease purchase agreement rather than a direct purchase;
- grant continuation from the Illinois State Board of Education cannot be guaranteed;
- interest and finance charges cannot be charged to federal grants, but can be charged to state grants;
- grant recipients must keep financial and programmatic records that document the disbursement of funds associated with the agreement; and
- lease purchases must be budgeted as purchased services rather than equipment.

### Inventory

The title to property acquired with state/federal funds shall be held by the public agency responsible for administering such property. Inventories of equipment purchased by the fund recipient should be maintained on all items costing \$500 or more per unit for the useful life of the equipment, except as noted in Part 130 IL Administrative Code.

## **Management**

Procedures for managing equipment (including replacement equipment) whether acquired in whole or in part with grant funds, until disposition takes place, as a minimum, must meet the following requirements:

- 1) Property records must be maintained that include:
  - a) a description of the property;
  - b) a serial number or other identification number;
  - c) the source of property;
  - d) who holds title;
  - e) the acquisition date and cost of property;
  - f) percentage of state/federal participation in the cost of the property;
  - g) the location, use and condition of the property; and
  - h) any ultimate disposition date including the date of disposal and sale price of the property.
- 2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization and continued need for the property.
- 3) A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft of the property. Any loss, damage or theft shall be investigated and fully documented.
- 4) Adequate maintenance procedures must be developed to keep the property in good condition.
- 5) If the fund recipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
- 6) All equipment or property purchased with grant funds shall be identified and marked as such.

## **Equipment Disposition/Transfer**

See Equipment Deletion/Transfer procedures on pages 5-6.