

# EQUIPMENT AND PROPERTY MANAGEMENT

## Control Objectives

To provide reasonable assurance that:

- Records are maintained for equipment acquired with federal awards.
  - Equipment is adequately safeguarded and maintained
  - Disposition or encumbrance of any equipment or real property is in accordance with federal requirements, and the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.
- Property tags are placed on equipment.
  - A physical inventory of equipment is periodically taken and compared to property records.
  - Property records contain description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of federal participation in the cost, location, condition, and disposition data.
  - Procedures established to ensure the federal awarding agency is appropriately reimbursed for dispositions of property acquired with federal awards.

## Control Environment

- Management committed to providing proper stewardship for property acquired with federal awards.
  - No incentives exist to under-value assets at time of disposition.
  - Sufficient accountability exists to discourage temptation of misuse of federal assets.
- Policies and procedures in place for responsibilities of record-keeping and authorities for disposition.

## Risk Assessment

- Procedures to identify risk of misappropriation or improper disposition of property acquired with federal awards.
  - Management understands requirements and operations sufficiently to identify potential areas of noncompliance (e.g., decentralized locations, departments with budget constraints, transfers of assets between departments).
- Accounting system provides for separate identification of property acquired wholly or partly with federal funds and with non-federal funds.
  - A channel of communication exists for people to report suspected improprieties in the use or disposition of equipment.
  - Program managers are provided with applicable requirements and guidelines.

## Control Activities

- Accurate records maintained on all acquisitions and dispositions of property acquired with federal awards.

## Information and Communication

- Accounting system provides for separate identification of property acquired wholly or partly with federal funds and with non-federal funds.
- A channel of communication exists for people to report suspected improprieties in the use or disposition of equipment.
- Program managers are provided with applicable requirements and guidelines.

## Monitoring

- Management reviews the results of periodic inventories and follows up on inventory discrepancies.
- Management reviews dispositions of property to ensure appropriate valuation and reimbursement to federal awarding agencies.