LOS ANGELES UNIFIED SCHOOL DISTRICT
POLICY BULLETIN

TITLE:	Inventory Requirements for Equipment Purchased with Categorical Program Funds	**ROUTING** All Employees All Locations
NUMBER:	BUL-3508.9	
ISSUER:	Anthony Aguilar Chief of Special Education, Equity and Specialized Programs Gerardo Cervantes, Interim Executive Director Federal and State Education Programs Branch	
DATE:	April 8, 2024	

POLICY: This Policy Bulletin outlines federal and state guidelines for requiring an inventory of equipment purchased with categorical funds at school sites and offices regardless of the method of purchase. In accordance with the Code of Federal Regulations (CFR § 200.313) and Education Department General Administrative Regulations (EDGAR § 74.34), the Categorical Equipment Inventory (CEI) (Attachment B) must be maintained and readily available for examination. Equipment inventories are subject to review at any time by federal and state auditors, independent auditors, and/or internal reviews conducted by Federal and State Education Programs (FSEP) for equipment costing a total of $500 or more.

MAJOR CHANGES: This revision replaces Bulletin Number BUL-3508.8 issued on December 1, 2021, from the Chief of Special Education, Equity and Specialized Programs. It has been updated to merge Attachment B and Attachment C from the previous BUL-3508.8 into a single form and removed reference to the Section II log that noted non-equipment purchase years.

GUIDELINES: The following guidelines apply:

- Non-Capitalized Equipment is equipment costing $500 or more but less than $5,000. Cost includes tax, shipping and other ancillary charges.
- Capitalized Equipment is equipment costing $5,000 or more. Cost includes tax, shipping and other ancillary charges. Please refer to BUL-1158.2 for additional information about capitalized equipment.
- Schools/Offices must maintain a historical inventory record for each piece of Non-Capitalized and Capitalized equipment. This

equipment **must** be red labeled per the instructions in Attachment A and inventoried on Attachment B.

- The CEI (Attachment B) should be available for examination and will be reviewed annually for compliance. The data on this form should be verified by the school or office at the end of each school year before submission.

- Equipment can be removed from the inventory one year after its disposition has been indicated as salvaged, transferred, lost, or stolen on the CEI; otherwise, the equipment must remain on the inventory unless authorized by FSEP or the corresponding program office.

- Maintaining an inventory within LAUSD's Remedy, or any other district inventory system, is not a substitute for keeping inventory on the CEI.

- Another inventory can be used to supplement the CEI with additional information such as student checkout information. Identifiable student information should not be included on the CEI.

- A police report number for all equipment that may have been lost or stolen must be kept on the CEI for a year. The police report number must be indicated in the disposition column on the CEI (Attachment B). A *Report Lost or Stolen* ITS HelpDesk ticket or an iStar number will be accepted in lieu of a police report number if school police indicate the situation is not a police report issue.

- A file of purchase orders, invoices, and all related documentation (including SPSA/SPSA Modification) for all equipment purchases must be maintained for seven years per REF-071300.0: *Records Retention for School Sites*.

- General Supplies Technology is equipment costing less than $500 (including tax, shipping, and other ancillary charges). It is highly recommended that "small and attractive" equipment items, such as laptops, tablets, hand-held devices, projectors, printers, graphing calculators, document readers, Chromebooks, etc., that have a cost of less than $500, be red labeled per Attachment A and inventoried on a separate inventory such as Remedy.

- State and federal guidelines have procedures for the disposition of property that is no longer needed. For questions regarding the disposal of unneeded items, contact the appropriate office/department that oversees the federal or state funds.

I. Procedures for Attachment A – Red Equipment Labels

- Obtain red labels from Federal and State Education Programs' website (lausd.org/fsep) or your Regional Title I Coordinator.

- Check the appropriate program box (Perkins, SIG, Title I, Other) on the red equipment label.
- Identify the serial number for each equipment item. Note that file cabinets, tables, chairs, and other types of furniture might not have serial numbers. For items with no serial numbers, assign a unique identification number per item on the CEI, red label and the physical item.
- Refresh or replace labels as needed in cases where labels have fallen off or faded beyond being readable.

II. Procedures for Attachment B - Categorical Equipment Inventory (CEI)

Schools can access their historical CEI (Attachment B) from the FSEP website at lausd.org/fsep. A blank template is also available at the FSEP website for schools or offices completing a CEI for the first time.

Section I – Categorical Equipment Inventory Physical Check

- A physical check of the equipment inventory must be, at a minimum, conducted every two years, and the results of the physical check must reconcile with the inventory records in Section II.
- Schools or offices must identify staff to conduct the physical check of the categorical equipment.
- Schools new to Title I should complete a physical check during the first year of operation.
- To be in compliance for an equipment physical check, the check must be conducted and dated during the current school year.
- If there is no categorical equipment located at the school/office, you may certify your physical check in Section I as completed.

Section II – Categorical Equipment Inventory Database

- Schools/offices will add newly purchased categorically-funded equipment items with a total final cost of $500 or more to the historical Categorical Equipment Inventory database.
- All fields should be completed in Section II, with the exception of the "Comments" column. "Comments" should be used for logging any crucial information or status associated to the equipment.
- Schools/offices can use "n/a" in lieu of a location or condition for lost, stolen, transferred, missing equipment.

Section III – Disposal of Equipment

- If appropriate, schools/offices will record the status of any disposed equipment as salvaged, lost, stolen, or missing.

- Schools/Offices must maintain records of any disposed equipment on the CEI with an explanation regarding its disposition (i.e., salvaged, lost or stolen). If sold, include fair market value and method for determination. Fair market value is the price that would be agreed on between a willing buyer and a willing seller. Consult with FSEP or corresponding program office prior to any equipment being sold.

- If lost, stolen or missing, items require a safeguard number to ensure actions are being taken to avoid categorical equipment from being lost or stolen.

- Schools and offices should follow the Exit Checklist in REF-1939.2 before separating (retirement, dismissal, or other terminations of assignment) from employees to avoid loss any categorical equipment.

- All applicable fields to the item that is being disposed should be completed in Section III. Non-applicable fields can remain blank or with a "n/a".

III. Transfer of Equipment

- Transfers of equipment to another school or office requires pre-approval from the FSEP or the appropriate office/department that oversees the federal or state funds.

- The transfer status and information should be noted in Section II under comments. These items should not be indicated in Section III of the CEI.

- These items can be removed from the CEI one year after they have been transferred out.

- Receiving schools or offices should add the transferred equipment to their CEI.

IV. Timetable for Inventorying Equipment

- Equipment must be labeled and added to the CEI at the time the item is delivered to the school or office.

- The school or office should verify the accuracy of inventory records at the beginning and end of the school year. Refer to Bulletin Number BUL-953.1: *Control of Site Equipment.*

V. Submitting the Categorical Equipment Inventory

- When all the categorically-funded equipment has been received for the current school year, review the CEI Attachment B with the Principal or Division/Office Administrator before submitting.

- Once the CEI has been reviewed and finalized, submit the completed CEI (Attachment B) in excel format to FSEP via the form available at lausd.org/fsep.
- Keep a copies of the current and previous school year CEI readily available audit purposes. For all other previous years, please consult FSEP.

VI. Schools Exiting Title I

Schools that have purchased Title I-funded equipment and subsequently close, convert to an independent charter school, or no longer receive Title I funds will have to return the equipment to FSEP staff so that it can be reallocated for other Title I related purposes.

AUTHORITY: This is federal and state policy for equipment with an acquisition cost of $500 or more that is purchased with categorical funds.

RELATED RESOURCES:
BUL-953.1: *Control of Site Equipment*

BUL-1158.2: *Accounting for Supplies and Equipment Purchases*

REF-1939.2: *Supervisor's Exit Checklist For Separating Employees*

REF-071300.0: *Records Retention for School Sites*

ATTACHMENTS: Attachment A — Instructions for Completing Red Equipment Labels

Attachment B — Categorical Equipment Inventory

ASSISTANCE: For assistance or further information, please contact the appropriate program staff in your Region or Gerardo Cervantes, Interim Executive Director, Federal and State Education Programs Branch at (213) 241-6990 or contact the appropriate office/department that oversees the federal or state funds.

LOS ANGELES UNIFED SCHOOL DISTRICT
Federal and State Education Programs

ATTACHMENT A

Instructions for Completing Red Equipment Labels

1. Complete a label for each item of equipment purchased with categorical funds.

2. This label must be affixed to the equipment item.

3. The following is an explanation of the informational items:

Funding Source: Indicate the funding source used to purchase the item of equipment.

School: Indicate the name of the school.

Purchase Date and Delivery Date: Record the dates the equipment was purchased and delivered to the school.

Serial Number: Ensure the accuracy of the serial number recorded on the label. The serial number is vital for identifying lost or stolen property. For equipment with no serial numbers, please assign a unique identification number per each piece of equipment.

Salvage Date: Record the date the equipment was salvaged.

Sample of Completed Equipment Label

School or Division/Office Information

Name of School or Division/Office:	Location Code:	School Year:	**Categorical Equipment Inventory - V4**
Name of Principal or Division/Office Administrator:	Contact Name:	Region:	Title Holder: Los Angeles Unified School District

Section I - Categorical Equipment Inventory Physical Check

Schools or divisions/offices must certify that a physical check was performed on the date below. A physical inventory of the property must occur and the results reconciled with the records in **Section II** at least once every two years. Certifying means that all equipment purchased with categorical funds have been verified, located or updated as reflected on the school's Categorical Equipment Inventory (Section II). If section II does not have any equipment, you can certify your physical check as completed.

An Equipment Inventory Physical Check has been performed by:	on the date of	Our next Equipment Inventory Physical Check will be due in 2 years:	or an earlier date if determined by Federal and State Education Programs or other central/region office staff.

Section II - Categorical Equipment Inventory Database	**Section III - Disposal of Equipment**
All schools and offices that receive categorical funds must maintain an accurate inventory record for each piece of categorically funded equipment with an acquisition cost of $500 (including tax, shipping and other ancillary charges) or more per unit. All categorical equipment must be kept on this inventory database for as long as the equipment is used to accomplish the project it was intended for or other program related purposes. Schools and offices are responsible for the accounting and reporting of all categorical equipment purchased or assigned to their school or office. Follow the guidance in the most recent BUL-3508 when completing and submitting this attachment.	**Instructions:** Continue with this section if the equipment has a disposition status of salvaged, stolen or lost. If the **Non-Capitalized Equipment** ($500-$4,999) is no longer being used because the project has changed, been moved, or because it is worn or obsolete, you are authorized to salvage. If the equipment is **Capitalized Equipment** ($5,000 or more), you must contact the Federal and State Education Programs Branch prior to salvage or soon after it has been lost or stolen. Please follow Information Technology Asset Management's guidance for equipment salvage procedures or contact them at ITAssetMgmt@lausd.net for any salvage procedure questions.
Each record must describe the acquisition by: Type/Description; Model/Name; Serial/Identification number; Federal Award Identification Number; Who holds title; Acquisition date; Original Cost; Percentage of Federal participation in the project costs for the Federal award under which the property was acquired; Location; Use and current condition. Disposition and any ultimate disposition data, including the date of disposal, sale price or method used to determine current fair market value should be noted in Section III of this attachment. Transfers or replacements should be noted in Section II under Comments.	**Safeguards:** Categorical Equipment should be safeguarded to prevent being lost, missing or stolen. Please identify a safeguard number, from the list below, that will be refined at the site to mitigate any future losses. Excessive number of devices and/or historical repetition might require a statement that expands on the safeguards or provides a reason for the excessiveness.
Commonly used (but not limited to) funding sources for categorical equipment: Title I – 7S046/70546/7E046/7V876/7G866/77V41/7C047/7T505/7U266/7U436/7L884/7T691/7T961/7A058/7S048/7T266, Title I ARRA – 7V094, EIA-SCE – 7S539, EIA-LEP – 7S536, EIA-EDY – 7M083/7V462/74V62, SLI – 14222, SIG – 7V301/7V302/7V457/7V458/7V525/7G302/7G458/7G525, ESSER I CARES – 12716/12720/12724/15296/15316/15325/15299, ESSER II CRRSA – 15406/15583/15599/15600/15614, ESSER III – 15649, 15653, 15659, 15671, 15676, 15999, 16028, 16181, 15653/15689, GEER – 15304, CSI – 7T691/7T961/7T151	**S1:** Training of Staff responsible for managing equipment **S2:** Change of Staff responsible for managing equipment **S3:** Change or secure location of equipment **S4:** Revise check out/in procedures **S5:** Perform a **yearly** Physical Check **S6:** Other: Explain under "Safeguard Number"

Description (Type/Description/Model)	Serial Number	Purchase Date	Location	Original Cost	Delivery Date	Funding Source	Percentage of Federal Participation	Federal Award Identification Number	Current Condition (New, Good, Fair, Poor, N/A)	Comments (Transfers, Replacements, etc.)	Date of Disposal mm/dd/yyyy	Reason for Disposal Include a Report Number if lost, missing or stolen	Safeguard Number Only if lost, missing or stolen	Fair Market Value & Method Used Only if sold or traded-in