



North Carolina Pandemic Recovery Office (NCPRO)

Technical Assistance Training
November 6, 2025

07

Equipment and Property Management

Agenda

1 Introduction to Equipment and Property Management

2 Leading Practices

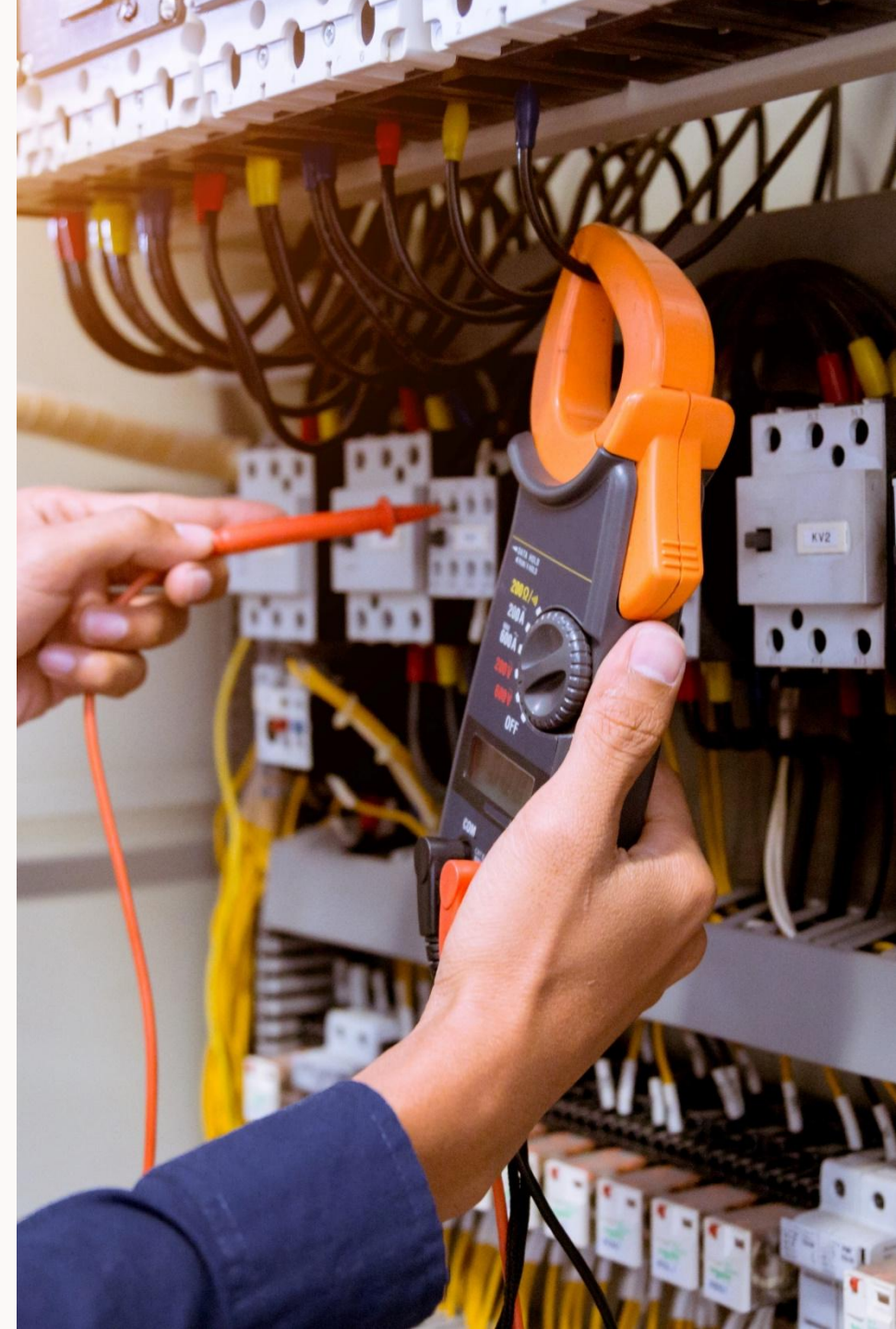
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Introduction to Equipment and Property Management



Introduction to Equipment and Property Management

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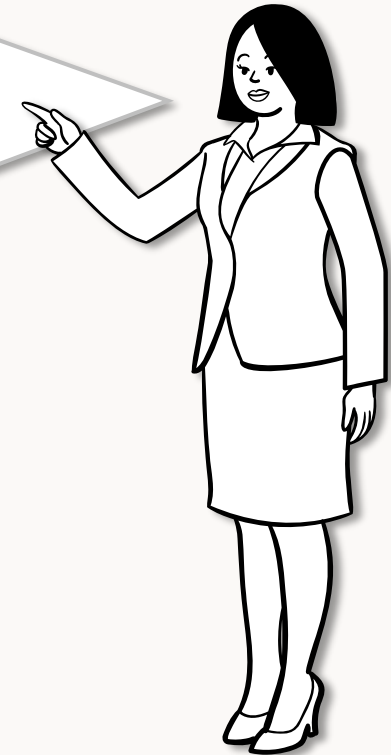
What is Equipment and Property Management?

Equipment and Property Management covers the comprehensive **processes and procedures** involved in the **acquisition, use, maintenance, and disposal** of tangible assets, including both real and personal property, to comply with state and federal regulations. In North Carolina, these tangible assets are often referred to as "**capital or fixed assets**" and can include land, land improvements, easements, buildings, equipment, and infrastructure that have a cost equal to or **greater than \$5,000** and a useful life of two or more years. Please note that the **federal capitalization threshold is \$10,000**, effective October 2024.

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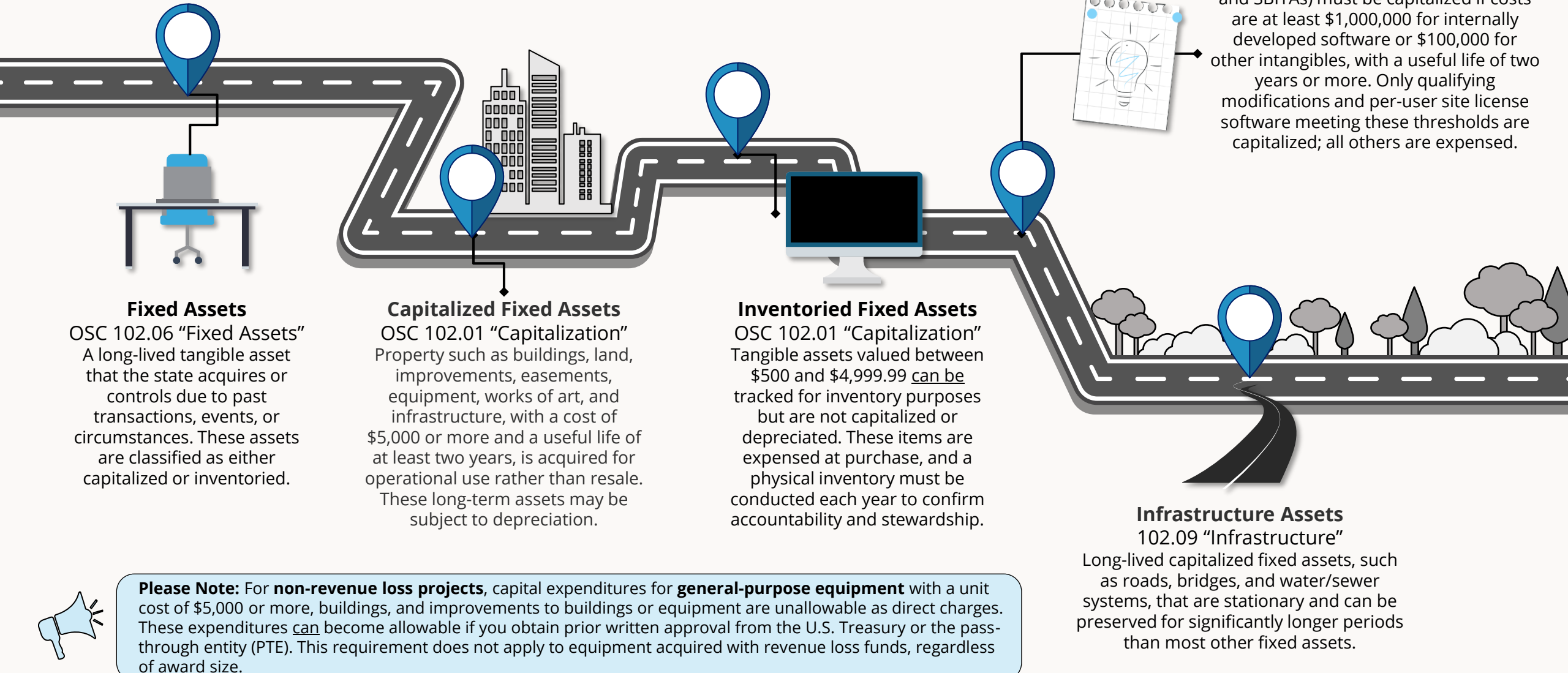
Why is it important?

Effective equipment and property management allows for **regulatory compliance, financial accountability, operational efficiency, and risk management**. Adhering to state and federal regulations helps organizations accurately track and manage costs associated with assets, leading to **improved budget control and financial reporting**. Operational efficiency can be enhanced through optimal utilization and regular maintenance of equipment, reducing downtime and extending asset life. Additionally, effective inventory control and tracking can help **mitigate the risk of loss, theft, or misappropriation** while promoting safety and compliance with industry standards.

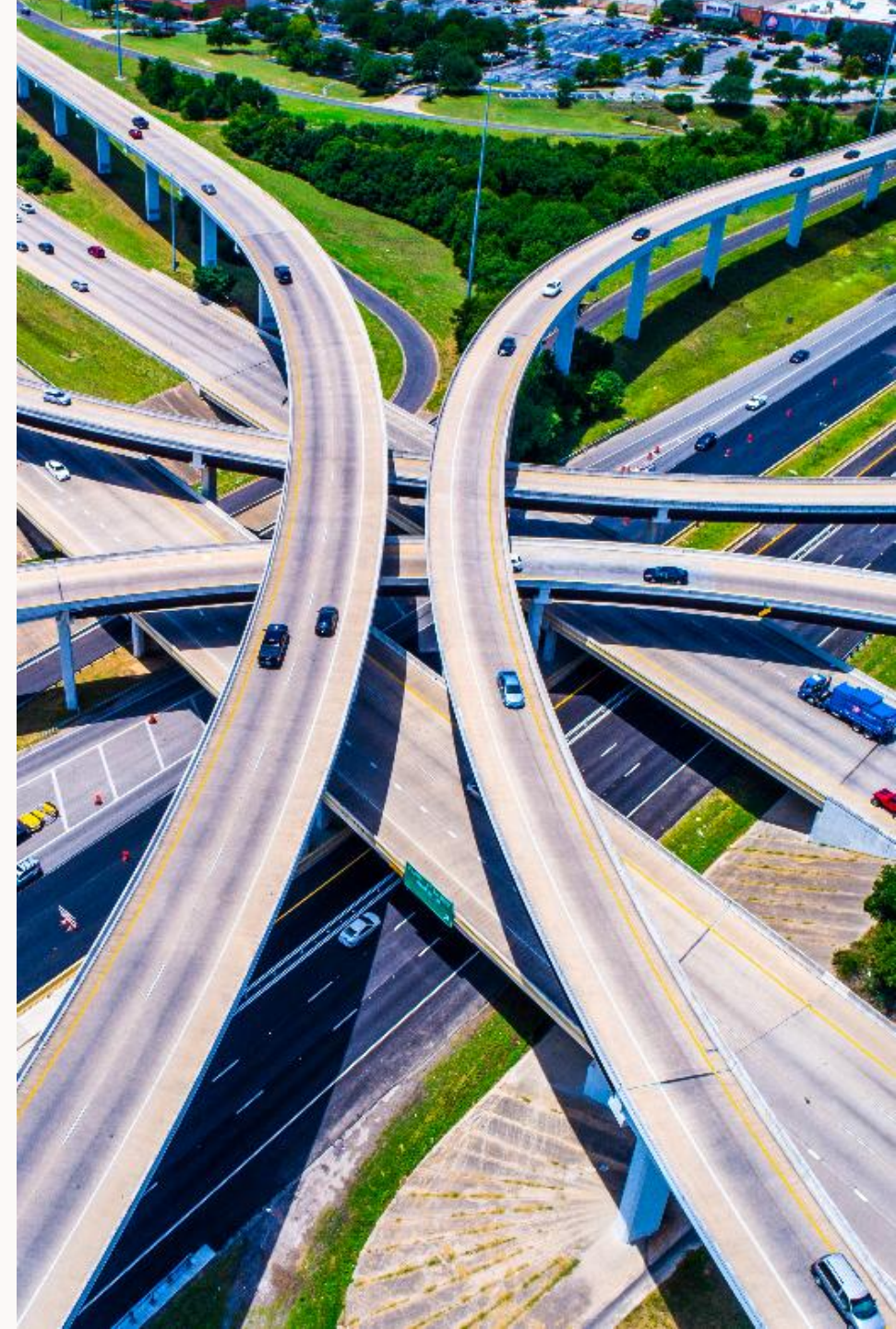


Introduction to Equipment and Property Management

Definitions and examples of the different types of assets in North Carolina



Leading Practices



Capital Improvements and Construction Costs

The following key elements allow entities to manage capital improvement and construction projects while enhancing regulatory compliance.

Approval and Justification

- Projects must receive justification and approval from authorized officials based on demonstrated program need, cost reasonableness, and funding eligibility.
- Detailed project scopes, budgets, and supporting documentation must be submitted and approved before incurring construction or repair costs.
- **For non-revenue loss projects**, any equipment purchase over \$1,000,000 requires prior written approval from the U.S. Treasury. State and non-state entities must first obtain approval from their Administering Agency and/or NCPRO before proceeding with such expenditures.

Cost Principles

- Costs must be allowable, allocable, and reasonable.
- Capital improvements must be recorded as fixed assets and distinguished from operating or maintenance costs per applicable state and federal regulations.

Procurement and Contracting

- All construction, architectural, and engineering contracts must comply with applicable federal procurement standards (2 CFR § 200.318-200.327*) and state public contracting statutes (NCGS § 143-128 et seq.).
- Procurement files must document full and open competition, cost reasonableness, and contract approvals per applicable state and federal regulations.

Audit and Compliance

- All projects are subject to audit and must comply with applicable state and federal regulations.
- Proper records must be maintained to support all expenditures and related project activities.



*Indicates federal regulations **do not apply** when using funds in the revenue replacement expenditure category.

Property Records

Types of records to document and retain



Acquisition Date

Records indicating the date the asset was purchased and received.



Source of Funding

Information on which federal program or award funded the equipment purchase, including the FAIN.



Percentage Paid with the Award

Records that show how much of the asset's purchase or lease price was paid for by the federal award.



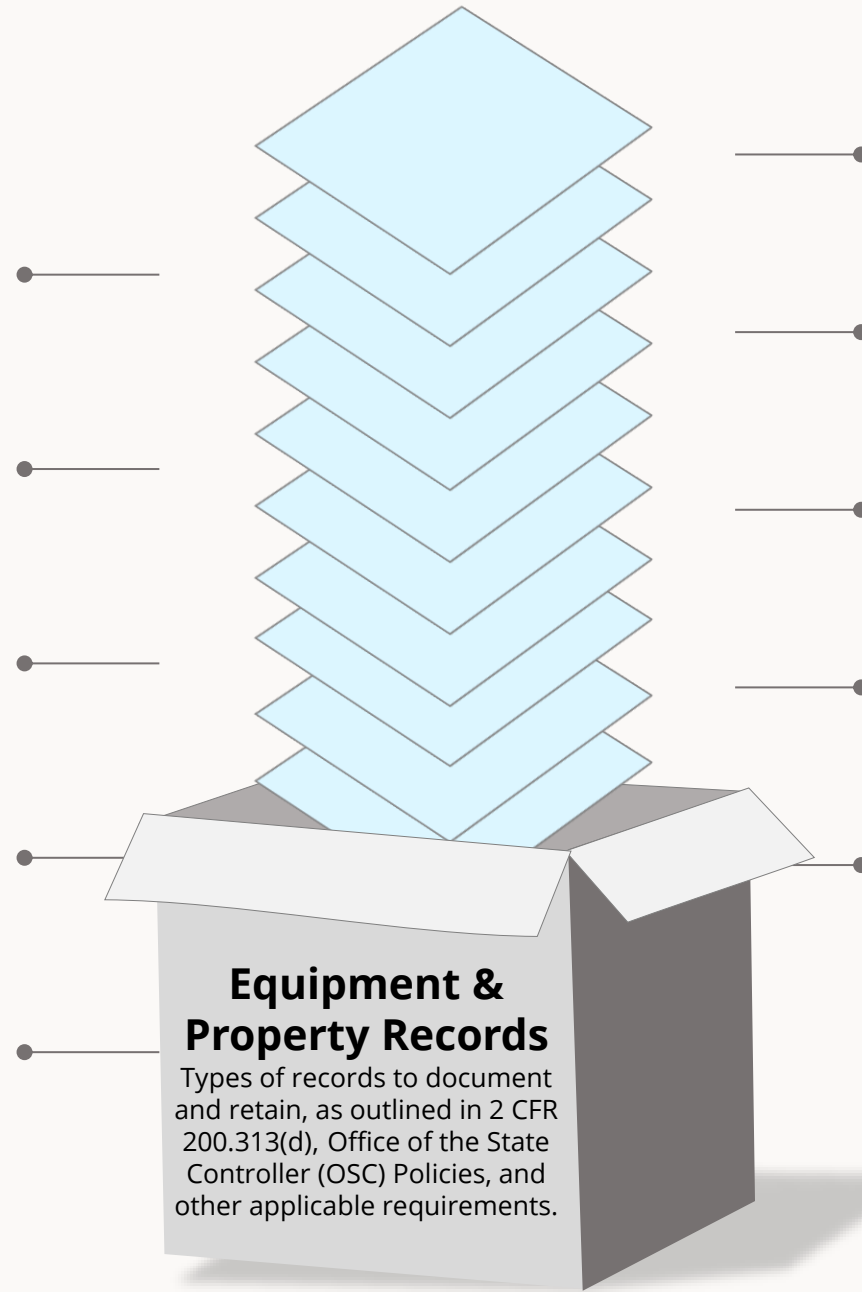
Who Holds the Title

Documentation of the owner of the property, including the title, if owned by the same entity.



Location

Physical location where the equipment is housed or used.



Cost of the Property

Documentation of the total cost of the asset, including applicable taxes, fees, and shipping costs.



Disposition Data

Documentation of transfer, sale, or disposal of equipment (when no longer needed), including date, price, and method of disposition.



Serial or Other Identification Number

Individual serial numbers, manufacturer's numbers, or other unique identifiers for each item.



Use and Condition

Records indicating the physical condition and current use (e.g., project, general use and impairment status).



Description of the Property

Detailed information, including but not limited to pictures, diagrams, and written descriptions of the equipment.

Applicable State Regulations

The following table details requirements both from the state and from 2 CFR 200.

Categories	2 CFR 200*	State Requirements	Key Takeaways
Use	2 CFR § 200.313(c)*	NCGS §143B-426.39 NCGS § 143C-6-1(a) NCGS § 143C-6-22(a)	- Funds must be used for the authorized program purpose. - State agencies must adhere to the Office of the State Controller (OSC) internal control statewide policies and procedures.
Management	2 CFR § 200.313(d)*	NCGS 143B-426.39 OSC §§ 102.01, 102.06, and 102.14—102.19 01 NCAC 05A .0101	- Both frameworks require detailed property records. - Both frameworks require physical inventory of capital assets — with the state’s annual requirement (OSC § 102.16) more stringent than federal biennial standard (2 CFR 200.313(d)(2)).
Disposal	2 CFR § 200.313(e)*	NC Surplus Property NCGS 143-64.01—.05 01 NCAC Chapter 43	- Both frameworks require orderly disposition and reinvestment. - State agencies follow the Department of Administration (Surplus Property) and OSC policies for disposing of surplus or obsolete equipment, with documentation and approval.
Property Records	2 CFR § 200.334—317 2 CFR § 200.436(e)*	NCGS §143B-426.39 NCGS § 143C-6-23(d)(7) OSC §§ 102.16—17 09 NCAC 03M .0202	- Federal standards require maintaining equipment records for three years after disposition and tracking losses or theft. - State rules align with these requirements and include specifics—reporting stolen assets (OSC § 102.17) and reconciling to financial systems.

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Key Elements of Equipment and Property Management

Acquisition	Use	Management
Procurement Standards: Confirm all acquisitions meet the strictest applicable procurement standards set by federal, state, and local requirements.	Use Standards: Equipment and property must be used solely for the program for which it was acquired and remain available for authorized purposes.	Inventory Control: Accurately record (e.g., costs), tag (e.g., serial numbers), and locate all equipment and property.
Documentation: Maintain detailed records of all acquisitions, including purchase orders, invoices, payments.	Safeguarding Requirements: Protect assets from loss, damage, or unauthorized use, and properly document any transfer or repurposing.	Verification Requirements: Conduct an annual physical inventory and reconcile it with accounting records to confirm existence and condition (e.g., depreciation).
Applicable Regulations: 01 NCAC 05; 01 NCAC 06; 2 CFR § 200.318—§ 200.327*.	Applicable Regulations: NCGS 143B-426.39; 143C-6-1(a); 143C-6-22(a); 2 CFR § 200.313(c)*.	Applicable Regulations: NCGS 143B-426.39; OSC Policies; 2 CFR § 200.313(d)*.
Leading Practice: Implement a centralized procurement system.	Leading Practice: Maintain written use authorizations and logs to demonstrate ongoing eligibility and control. Document all approved transfers or alternate uses. Keep records of insurance policies and any associated claims.	Leading Practice: Use a centralized management system integrated with accounting records to track equipment and property. Require annual reviews.

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Key Elements of Equipment and Property Management

Disposal

Disposal Standards: Dispose of obsolete, damaged, or unnecessary equipment per applicable federal or state procedures.

Disposal Requirements: State agencies follow State Surplus Property laws. Non-state entities follow federal rules unless exempted, then adhere to local or organizational policies.

Applicable Regulations: NCGS 143-64.01—.05; 01 NCAC Chapter 43; 2 CFR § 200.313(e)*.

Leading Practice: Maintain a documented disposal file, including approval, method, fair market value, and reconciliation with the general ledger.

Property Records

Recordkeeping Standards: Property records must document acquisition, cost claimed to the award, funding source, location, condition, and final disposition for each asset.

Retention Requirements: Retain records for the longer period: either three years after final disposition (2 CFR § 200.334) or six years under NCGS 143C-6-23(d)(7).

Applicable Regulations: NCGS § 143C-6-23(d)(7); OSC Policies; 09 NCAC 03M .0202; 2 CFR § 200.334-317; § 200.436(e)*.

Leading Practice: Maintain accurate records for the required period, keep audit-ready documentation, and review files annually for completeness.

Financial Management

Financial Accountability: Record all equipment purchases and disposals accurately in the financial system.

Internal Control Requirements: Confirm expenditures are allowable, properly authorized, documented, and reconciled with both grant and asset records.

Applicable Regulations: NCGS § 143C-6-23(d)(1)—(3); OSC Policies; 09 NCAC 03M; 2 CFR § 200.302; § 200.313(d)*.

Leading Practice: Integrate a financial management framework linking program, accounting, and asset data to support transparency, accuracy, and audit readiness.

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Benefits of Equipment and Property Management

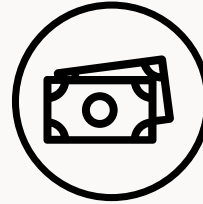
Effective management of equipment and property can offer many benefits to organizations such as:



Enhanced Decision-Making

Data-Driven Insights: Provides accurate and up-to-date information on asset status, enabling informed decision-making regarding repairs, replacements, and disposals.

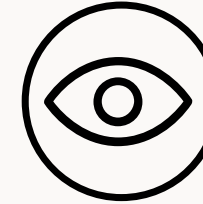
Strategic Planning: Facilitates long-term planning for asset acquisition and replacement, aligning with organizational goals.



Cost Savings

Reduced Maintenance Costs: Regular maintenance and timely repairs reduce the overall cost of ownership by preventing major breakdowns.

Efficient Resource Allocation: Supports effective resource allocation by avoiding unnecessary purchases and optimizing existing assets.



Improved Accountability and Transparency

Clear Documentation: Maintains comprehensive records that provide transparency and accountability, fostering trust among stakeholders.

Responsibility Assignment: Clearly defines roles and responsibilities for asset management, promoting accountability at all levels.



Common Observations



Common Observations and How to Address Them

OBSERVATION	 No Inventory System	 No Inventory Check	 No Equipment or Property Records
REGULATORY GUIDANCE	2 CFR 200.313(d)(3)* OSC §§ 102.06, 102.17**	2 CFR 200.313(d)(2)* OSC §§ 102.16**	2 CFR 200.313(d)(1)*, 09 NCAC 03M .0202, & OSC §§ 102.01, 102.16, 102.18**
RISK	Failure to maintain a policy for property records or inventory requirements may lead to mismanaged federal assets which could ultimately lead to improper disposition of a federally-funded asset.	Conducting infrequent physical inventories jeopardizes the value of the entity's physical assets.	Failure to maintain complete property records could result in deobligation or loss of funding.
RECOMMENDED ACTION	Develop a system for tracking inventory to confirm there are effective safeguards to prevent loss, damage, or theft of the property. Retroactively record property record to reflect current inventory, value, and other required criteria.	Perform an inventory check promptly. Document the results of physical inventory checks and reconcile them with the entity's property records.	Establish a centralized system for maintaining property records, such as a property management database or spreadsheet. Confirm the required information is recorded in the records, such as the date of acquisition, the cost, the funding source, and the location of the equipment or property.
NEXT STEPS	Establish written policies and procedures that define the property management process, including the steps for acquiring, tracking, and disposing of equipment and property.	Establish a schedule (i.e., annually) for conducting physical inventory checks of equipment and property. Assign responsibility for conducting physical inventory checks to designated individuals. Document the results of physical inventory checks.	Adopt and establish a procedure for obtaining and maintaining records related to any purchase of property and equipment going forward. Verify staff across the organization are trained on procedures and internal coordination to enhance compliance.

*Applicable to non-revenue replacement only

**Applicable to state agencies only

**It's time for a
Knowledge Check!**



**Equipment
and Property
Management**

Question #1

When equipment is purchased with SFRF funds under Revenue Replacement, which rules apply?

- A. Federal property standards (2 CFR § 200.313 Equipment).
- ☒ B. State or local policies and procedures.
- C. No rules apply!
- D. The U.S. Treasury decides case-by case.



Question #2

Who is responsible for documenting, maintaining, and updating records for equipment and property purchased with SFRF funds?

- A. The North Carolina Pandemic Recovery Office.
- B. The Department of the Treasury.
- ☒ C. The entity that purchased and/or manages the equipment.
- D. The contractor or vendor that supplied the item.



Q+A Session