

Equipment Prior Approval for Capacity Grants: Information and Feedback Session

Webinar Q&A Transcript – June 15 and 16, 2016

Q: The first question is does it apply to 1890s land-grant institution CBG?

A: Yes. This absolutely does.

Q: Does this mean if laptops are going to a central printer they are now part of a system?

A: Not necessarily. If you are buying laptops and your hooking it up to a printer that is not the same as meeting that device to make that unit work and functional. Really when you talk about information technology systems, if you were to buy individual servers that server cannot function unless it is connected to other things. You would have to add that other piece of table and things you were hooking it up to it make it function. Just the idea you are going to print or have an extra keyboard or monitor all of those pieces is not critical for it to function.

Q: Our Ag experiment station equipment has internal policy which states and equipment request form is required for equipment having a unit cost of \$1000 including computers. This form is either approved or disapproved by the project administrator.

A: That is an internal policy. I would consider that part of your internal controls for purchasing equipment. You would have to get the permission at your institution and if that item you are putting forward to the project is administrator exceeds \$5000, there would be an extra step after that administrator approves it and they would have this come into the want to request prior approval from NIFA.

Q: 1890s capacity building grants require a 424a at the proposal stage so why are we doing this?

A: Competitive capacity grants are different from capacity awards. The prior approval requirements do not apply to competitively awarded CBGs.

Q: For Hatch and McStennis, full proposal are submitted with budgets. 95% of those proposals/budgets submitted, include equipment; if applicable to the project. These proposals are review and approved by a National Program Leader

A: The Hatch and McStennis information you are talking about is submitted through a REEport and it is not submitted as part of the application process that goes to the Awards Management Division. The only people who can give prior approval are the authorized departmental officials who are the grant officers for NIFA and those of people authorized in the agency that have credentials to give prior approval under the Uniform Guidance. That is why the one we are talking about in this process of the budget has to come in to the award management division to ensure they are meeting criteria in the Uniform Guidance. We can certainly talk internally to clarify about the process and make sure if there is a way to streamline information coming in if we can cross share and see if there is a way and that is something I would look forward to talking more about in the feedback session and again what is a way if you are already doing something whether information is there how can we tweak that to move ahead with the process to get the formal prior approval on record in the official grand file.

Q: What is the target date for implementation of the prior approval requirement?

A: Cynthia Montgomery indicated in FY 17.

Q: If equipment is purchased both with capacity and state as matching with the request need to include the full cost of equipment or the capacity only portion?

A: Matching funds need to follow the same provisions federal dollars under the Uniform Guidance. In that case, if you split it up with some grant funding and some match, I would recommend coming in for prior approval because you would not want to be in a situation where your purchasing this with match funds only to find out later it is unallowable and you would be short on your match requirement.

Q: I want to make sure I understand it is \$5000 or more.

A: Again, the equipment is tangible personal property of more than the useful life of one year and the per unit acquisition cost is more than \$5000.

Q: What is the procedure to submit approval?

A: The Uniform Guidance does not specify how you submit so we will talk about ways to submit and what would be most helpful and as I said if it is helpful to have a template you could use we can certainly work with you on that. Are long term goal is to have a method where it could be transmitted through EZFedGrants.

Q: One person asked when we submit our grants the application for FY 17, can we include in equipment budget for prior approval? That is definitely one of the options we have on the table and I think the question would be even if it is not required could you do that and I think that is something we want to take to the table and our internal discussions and would that be feasible if it is not a requirement. We will definitely put that on the table. Thank you for asking.

Q: What is the turnaround time for multiple transactions?

A: Ideally a turnaround time would be around 30 days. However again if there is a couple of extenuating circumstances, if we are at the end of the fiscal year and trying to get out a ton of awards we have internal capacity issues and sometimes the equipment requests are over into state modification because as you're going to the project and you see you want to do these things and it is not in alignment specifically with your plan of work, we realize we may need to go not to just prior approval but a little modification. Those could take longer because they are more complex.

Ideally the process we envision is the information would come in and the NPL would ask questions and be able to review programmatically and it would then come to the award management division who would look at it for compliance and again with the reasonable necessity in applicability and we could give award.

If there are emergencies, and this goes for Equipment Prior Approval as well as modifications, we will work with you. There is a process if something comes to a head and you have to have it

done by a certain time or it will have a negative impact on the grant, that is certainly something that can be shared with us so we can adjust our process for emergency situations.

Q: What happens if there are a total of five different pieces of equipment costing \$5000 even though each piece is \$1000.

A: As long as the five pieces are not dependent on each other to function, you are looking at the per unit cost not the aggregate. I will give an example going back to laptops. You buy five laptops for your staff to use and they can sit down and logon and they are using that laptop. That is the \$1000 unit cost and therefore there is no prior approval. However let's look at a special equipment or special-purpose agreement that you buy equipment for your lab and you need to have a \$1000 microscope, \$1000 linkage system to a specialized \$4000 computer that can read the data and all alone they are not going to work for the purpose and you would add those three items to gather and if the cost is \$5000 that is the unit acquisition cost for the system

Q: We use a portion of our Capacity funds for an internal equipment competition. Could we submit a request for a set dollar amount to go to the competition noting it would be research equipment or will each piece need to be approved?

A: We would need to know about each piece in the event some of the equipment you were looking at purchasing or awarding funds to purchase was not allowable under the grant. We would not want you to incur that unallowable cost.

Q: Can you go back to the time frame? What does that mean?

A: The timeframe really is how long the equipment is intended to be used. Again, equipment has a useful life of more than a year but for applicability purposes it helps us to know the intention is with the equipment and there are many requirements for equipment and the Uniform Guidance. That is something I think in the next fiscal year we will be doing a training, but if you want to purchase equipment, especially if it is at the higher end pricewise, it is depreciating your equipment so that if you use the equipment for three or four years and you don't need it anymore you have to come in for disposition instructions from the government and that could be a to share with a department for a like purpose or to sell it and we would have to instructions for the proceed. That is why it is important to understand you are purchasing equipment and the timeframe is the estimated period of use. If you purchase something you only need for six months with the award, is it really allocable to the grant?

Q: What needs to happen for equipment purchase after the implementation of the UG prior to now?

A: We are not going retroactively. Hopefully you have documentation about the equipment you purchased and in the event you are monitored, we would be able to see the equipment and if we have questions about allowability, they would be raised at that time.

Q: Can we get additional guidance on disposition of equipment?

A: Absolutely. I certainly can talk with Cynthia about a webinar, but in the meantime I can give a reference for reading. Equipment is covered in section 200.439. Another capital expenditure is one area you can go ahead and look. I am looking for the disposition section. Also 200.313 and it is section E. If you want to read specifically about disposition, it is 200.23 subpart E and that covers the disposition requirement.

Q: We did get one more question if we have equipment that cost more than \$5000 during the second year that equipment needs improvements that cost less than \$5000 do we need prior approval?

A: If you have approval to purchase, once you have the equipment you can charge maintenance of equipment. That is a different. I do not believe maintenance of equipment would require prior approval. Prior approval applies to tangible property.

Q: I'm nervous about this and leadership is nervous and we would like to submit the list of the items for approval.

A: Prior approval is not required for supplies. If you have a question about allowability, you can contact Allison and Brenda and we will do our best to respond either formally or informally. In terms of a prior approval requests, we are not going to be giving formal prior or -- prior approval – for items that are not equipment.

Q: What about furniture in the lab?

A: If it is an item exceeding \$5000, it would be considered general-purpose equipment and you would need to request prior approval.

Q: §200.401 states that "The principles do not apply to: (s) For IEs, capitation awards, which are awards based on case counts or number of beneficiaries according to the terms and conditions of the Federal award." Doesn't this mean that the prior approval requirement doesn't apply to capacity grants (formulas include head count of population)?

A: I will have to look more closely at what citation you are talking about and we will take that into the internal consideration. FOLLOW UP NOTE: NIFA research has found that capitation awards are a specific type of award that base based solely on numbers serviced and increase or decrease in amount based on enrollees. They are used most commonly in human subject research. Capacity awards are not capitation grants.

Q: I had to do a budget modification on MS administrative funds to add equipment over \$5000, so that will have to be approved before I can purchase?

A: If you don't have any funds in your equipment line, and the budget modification meets the criteria of the major moving of funds that requires prior approval under your award terms and conditions, you need to submit a budget modification request. You could at the same time submit the information about permit to get the prior approval with that or wait till after the fact.

Q: Will it HAVE to be prior approval or will we be able to submit lists of equipment purchased after the fact? This was given as a potential option at NERAOC.

A: The requirements do say prior approval and there are other requirements around doing -- around equipment and talked about having a separate webinar that require biannual inventories and there are forms across the government where you submit equipment inventory list. These are not part of the prior approval and to be in compliance, it comes prior to the expenditure.

Q: How fast do you think it will take for turnaround approval?

A: Uniform guidance states that awarding agencies have 30 days to respond to request that come in. I think many requests that come in with all information will be reviewed by that NPL and award manager and that is achievable, however there are exceptions and one is it is not part of the plan of work and the lack of alignment and we need to see a modification to make it occur because the equipment does not seem like it is part of the aligned plan of work of eligibility issues. The second option is if the agreement coming in is resulting in major changes to the budget or some other major change that impacts the plan of work that will require modification to be awarded as well as prior approval for equipment that may take longer. Again we do run into issues where we are trying to get out another competition award and capacity issues. The goal is to have 30 days or less.

Q: If the equipment part of McIntire Stennis project, does it mean that we do not need prior approval.

A: They provide information on budgetary and a table and I believe it happens through the report and programmatic side, not award management division. We're working closely with the NPL to make sure the transition and that it is there and a way to leverage with information and we're dealing with a situation where this is a rant administration will requirement versus problematic one and there is a formality implementing that.

Q: I have fund in our administrative index FY15 that will end on 9-30-16. That I would like to purchase equipment over \$5K. I submitted a budget modification on this to move funds from supplies to equipment. Will there be a problem with me doing this on FY15 funds

A: That something you need to talk to Allison and Brenda and I want to emphasize 30 days as a general window and if there is a situation where something has to happen because of extenuating circumstances, the situation we will have an emergency request process. There is nothing in implementing this requirement that we want to delay or hold up something on a grant and that is something that with any other type of request, as soon as you know, give us as much notice as possible and you can contact administrative contact on your grant and start working with you on that.

Q: How soon could we submit batch request?

A: The requirement is for 2017, we're not implementing that immediately and it will take place with halfway 17.

Q: Who will requests be accepted from?

A: It has to be submitted and signed by the authorized representative on your grant award.

Q: Do the requests need to come from our AOR - university sponsored programs office, or from the ATR? In terms of the email it could be project director or ATR, but the actual request letter attached has to be signed by the Authorized Representative for the award. This individuals name is listed on your Notice of Award.

Q: Just to make sure I understand - furniture is an allowable cost? Furniture would be considered a supply if under \$5,000 and would not need prior approval. Furniture over \$5,000 would be considered equipment and would need prior approval. An example would be a bookcase.

A: Yes. Items under the \$5000 amount, or your capitalization threshold, are considered supplies under the Uniform Guidance and do not require prior approval.

Q: Since this is Capacity \$s (not competitive) couldn't you consider up to a percent is likely to be used to build our capacities? Suggest NIFA provide 25% of an institution's award in equipment. We can then alert you if less is needed. We can then send you a list of items we want to you approve within this allocation on some basis (bulk each week, month, etc.) for your final approval. Once we reach that 25% limit then we must get your prior approval to rebudget to equipment with the provision of our justifications to you

A: We would have to be cautious with our authorities around imposing percentages. We can't impose upon you requirements without statutory or regulatory authorization and I am not quite sure we have the authority to do that but appreciate the suggestion that added to the list of at least technical assistant measures and talk to about.

Q: The Plan of Work is sort of the 30,000 feet view. Equipment is very project specific, not something that would necessarily be spelled out in a POW

A: Absolutely. The POW does not need to become more specific, but if there's something in equipment request that is going to be supporting a project that is not in alignment with what is in the big picture POW, that is where an issue comes up. We have had that recently where something came in, what you see in the description, the plan of work didn't cover that area and that is what we are talking about with alignment and the project and equipment specific, but the alignment and how you portray that in the prior approval request is going to help expedite the review.

Q: So what you saying is I don't need approval on FY15 funds.

A: that is what we are saying. We are flagging this and this is a discussion obviously raised a lot of concern and all participating and we know it is a concern and something that we realize we couldn't just jump in and implement at this moment in time in the middle of an award that we will give ourselves time and again the equipment that you have is subject to prior approval requirements. We are seeking feedback and will look at your feedback and our research prior to implementing. We won't hold you to prior approval requirement now, in terms of giving a finding if you do not have, but we will be looking at reasonable, necessary and allocable equipment expenditures.

Q: On a McIntire Stennis project that I submit to Catalino Blanche through REEport, if it includes detailed budget information then are you saying that is not considered prior approval? Is there a way to reduce the redundancies of us being specific in our projects but then still having to deal with additional requests for something we already provided?

A: If it includes detailed budget than what you're saying it's not considered prior approval under Uniform Guidance, because only the ADO can provide prior approval, not the NPL. But, we can look at how to leverage the information submitted. We can look at this to figure out if there is a way and we need to explore with the colleagues of the program office, is there a way to translate that into information that can be sent over to AMD.

Q: We have lab that has over \$20,000 of renovation, does that require prior approval?

A: Yes it would be prior approval. One thing we will develop is a frequently asked questions. I don't think we publish that immediately but when we provide the proposed implementation plan.