

MEMORANDUM

TO: Federal Grant Subrecipients
FROM: Bill Bates, CFO
SUBJECT: Federal Requirement for Written Prior Approval to Purchase Equipment
DATE: June 16, 2021

Purpose

The Vermont Agency of Education (Agency) acknowledges there has been confusion on the Agency's process for issuing written prior approval per [2 CFR §200.439\(b\)\(1\)](#) to subrecipients that intend to use Federal grant funds to purchase items that meet the definition of Equipment per [2 CFR §200.1](#). This memo is intended to clarify and memorialize the Agency's process for FY21 and provide notice that the Agency will be releasing guidance shortly on the Agency's approval process beginning July 1, 2021.

The Agency recommends retaining a copy of this memo with your documentation for all equipment purchases.

Process for Prior Written Approval through June 30, 2021

An approved grant award notification (GAN) executed by June 30, 2021 will be considered the Agency's prior written approval for purchases of equipment as required by 2 CFR §200.439(b)(1) under the following conditions:

- a. the equipment is specifically detailed in an application investment and
- b. the estimated cost is included in the approved budget under Object Code 730

Other Circumstances

If a subrecipient has purchased equipment using ESSER I or ESSER II funds and has not yet received a grant award notification or amendment the subrecipient must notify the AOE program staff by June 21, 2021 to determine a plan for approval.

If a subrecipient has submitted an application with equipment detailed in an investment and budget, has not purchased the equipment, and has not received an executed GAN by

Contact Information:

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June 30, 2021, the subrecipient will need to follow the equipment prior approval process that begins July 1, 2021.

Process for Prior Written Approval Beginning July 1, 2021

Guidance describing the new process and requirements to obtain prior written approval for equipment purchases starting July 1, 2021 will be released and posted to the AOE website prior to July 1, 2021.

Definitions and Federal Citations

2 CFR §200.1, “Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.”

2 CFR §200.439(b)(1), “Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.”

Approved Grant Award Notification (GAN): A fully executed grant award document that has been signed by both the subrecipient and the Agency of Education.