

# Information Memorandum Transmittal Vocational Rehabilitation



Judy Barker, Business Operations Manager

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**Number:** VR-IM 18-13; rev 2

**Issue date:** 10/02/2018

**Topic:** Other

**Due date:** Immediately

**Subject:** Prior Approval Requirements for Non-Client Service, Non-AFP Purchases

## **Applies to (check all that apply):**

- |                                                                |                                                                                                          |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> All DHS employees                     | <input type="checkbox"/> County Mental Health Directors                                                  |
| <input type="checkbox"/> Area Agencies on Aging: {Select type} | <input type="checkbox"/> Health Services                                                                 |
| <input type="checkbox"/> Aging and People with Disabilities    | <input type="checkbox"/> Office of Developmental Disabilities Services (ODDS)                            |
| <input type="checkbox"/> Self Sufficiency Programs             | <input type="checkbox"/> ODDS Children's Intensive In Home Services                                      |
| <input type="checkbox"/> County DD program managers            | <input type="checkbox"/> Stabilization and Crisis Unit (SACU)                                            |
| <input type="checkbox"/> ODDS Children's Residential Services  | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): All Vocational Rehabilitation staff |
| <input type="checkbox"/> Child Welfare Programs                |                                                                                                          |

## **Message:**

### **Reason**

On December 26, 2014 Rehabilitation Services Administration (RSA) adopted the Office of Management and Budget's uniform administrative requirements, cost principles and audit requirements for Federal Awards, also known as Uniform Guidance (2 CFR part 200). Once adopted this superseded the U.S. Department of Education General Administrative Regulations.

### **Definitions**

**Prior approval or prior written approval means** a request in writing is made in advance of the activity, obligation, or expenditure. ([2 CFR §200.407](#) Prior written approval (prior approval)).

## **Procedures**

### **All non-client service, non-AFP paid items requiring prior approval**

1. All equipment with a cost greater than \$5,000 and a useful life of greater than one year. ([2 CFR 200.313](#))

Examples:

- Smart Boards
  - Information Technology Equipment and Systems
  - Special order desk or chairs for the office including modular furnishings
  - Telephone networks
  - Printing and reproduction equipment
  - Motor vehicles
2. Cost of membership in any civic or community organization. If the organization lobbies, it must provide written documentation stating that the VR funds will not be used for lobbying purposes. ([2 CFR 200.454](#))
  3. Severance payments beyond normal turnover. ([2 CFR 200.431](#))
  4. Fines, penalties, damages and other settlements resulting from violations of, alleged violations of, or failure to comply with Federal, state, tribal, local or foreign laws and regulations when incurred as a result of compliance with specific provisions of the Federal award. ([2 CFR 200.441](#))
  5. Cost of housing allowance and personal living expense for personnel of the non-Federal entity's employees. ([2 CFR 200.445](#))
  6. Cost of management consultants, attorneys, accountants, or investment counselors, whether or not these individuals are employees of the nonfederal entity, in connection with establishment or reorganization of an organization. ([2 CFR 200.455](#))
  7. Cost related to the ordinary and normal rearrangement and alteration of facilities are allowable only as direct charged costs with prior approval. ([2 CFR 200.462](#))

### **Process for Prior Approval of Non-Client, Non-AFP Purchases**

1. Identify all activities or purchases within the organization that fall into any of the categories above.
2. Submit the following information to VR Business Operations mail box <provide the email> and the manager you need approval from:
  - a. Item to be purchased
  - b. Justification for the purchase
  - c. Three (3) quotes or bids of cost for the item in question. *Note:* if you are not using the lowest quote, provide why and who has approved this.
3. VR Business Operation will submit the above information along with the required grant information to RSA for prior approval.

4. VR Business Operations will track requests against aggregate prior approval, if applicable.
5. Once prior approval is received in writing from RSA VR Business Operations will forward this information to the requestor.
6. The requestor can now move forward with the purchase/work that has been approved.
7. If at any time during the implementation the cost increases contact VR Business Operations so an increase to the prior approval can be submitted to RSA.

## References

[2 CFR Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

[2 CFR §200.313 Equipment](#)

[2 CFR §200.407 Prior written approval \(prior approval\)](#)

[2 CFR §200.431 Compensation—fringe benefits](#)

[2 CFR §200.439 Equipment and other capital expenditures](#)

[2 CFR §200.441 Fines, penalties, damages and other settlements](#)

[2 CFR §200.445 Goods or services for personal use](#)

[2 CFR §200.454 Memberships, subscriptions, and professional activity costs](#)

[2 CFR §200.455 Organization costs](#)

[2 CFR §200.462 Rearrangement and reconversion costs](#)

*If you have any questions about this information, contact:*

Contact(s): Judy Barker	
Phone: 503-945-6217	Fax:
Email: JUDY.A.BARKER@dhsosha.state.or.us	

**Attachment:** [Frequently Asked Questions](#)

## Frequently Asked Questions

**Question:** The two transmittals about prior approval ([VR-AR 18-01 IPE Purchases](#) and VR-IM 18-13 Non-Client Service, Non-AFP Purchases) have *different language* regarding items requiring prior approval.

**VR-AR 18-01 IPE Purchases** states:

All equipment with a cost greater than \$5,000 **and** a useful life of greater than one year.

**VR-IM 18-13 Non-Client Service, Non-AFP Purchases**

All equipment with a cost greater than \$5,000 **or** a useful life of greater than one year.

Is it **AND** or is it **OR**?

**Answer:**

It is very confusing to have different definitions for purchases that must be prior approved. **When in doubt, call or send the purchase request to VR Business Operations mail box.**

**IPE Purchases** include all client service costs. These include but are not limited to:

- *Pre-plan costs*
- *Plan costs*
- *Assessment costs*
- *Purchases that support the plan that lead to employment*

**Non-Client Service, Non-AFP Purchases** include all the other costs and not directly related to the client. These are costs related to administration of the program. Examples are:

- *Administrative costs (facilities, hardware, software)*
- *Mileage reimbursement and parking for staff doing work in the field*
- *Training*

The definitions for capitalization differ between the federal regulations and the state regulations. IPE-related purchased equipment must be reviewed not only through the Federal regulation but also through the capitalization guidelines for the State of Oregon.

The federal law ([2 CFR §200.313 Equipment](#); [§200.439 Equipment and other capital expenditures](#)) requirements mean that IPE purchases use “AND”.

For Non-Client Service, Non-AFP purchases (considered administrative costs), the State of Oregon uses “OR”. VR doesn’t have a separate way of funding what is considered administrative costs, so this helps keep those cost in line.