



November 9, 2016

## Frequently Asked Questions for Equipment Prior Approval for Capacity Grants

**1. Q: What items of equipment need prior approval?**

A: Prior approval is required for General Purpose equipment costing \$5000 or more and having an anticipated useful life of more than one year. Special purpose equipment does not require prior approval UNLESS it costs \$150,000 or more.

**2. Q: What is General Purpose Equipment?**

A: General purpose is a category of equipment. The Uniform Guidance defines equipment as tangible personal property that has a useful life of more than one year and a per-unit acquisition cost of \$5000 or more (or the capitalization level established by the grantee for financial statement purposes). It further defines General purpose equipment as not limited to research, medical, scientific, or other technical activities. Examples of General purpose equipment include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, audio visual equipment, and motor vehicles.

**3. Q: What is special purpose equipment?**

A: Special purpose equipment is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

**4. Q: Can I submit supplies for review and approval?**

A: No. Prior approval is not required for supplies therefore, NIFA will not review or provide prior approval for supplies. If, however, you have a question about allowability, you may contact the administrative contact for your award.

**5. Q: What if my University's internal equipment approval threshold is lower than NIFA's \$5000. Will NIFA approve my equipment under \$5000?**

A: Your University may require approvals for equipment below \$5000; this requirement does not transfer to NIFA's prior approval requirement which is set at \$5000 or more. The Uniform Guidance cites the capitalization threshold of an entity, which is a very specific standard used in accounting and is not the amount set by your institution for internal equipment purchase approval.

**6. Q: Does furniture in a lab require prior approval?**

A: Furniture is considered general-purpose equipment and if it exceeds \$5000 for a per-unit cost, you would need to request prior approval.

**7. Q: Do cars, trucks, and busses require prior approval?**

A: Cars, trucks and busses are all types of motor vehicles, which are categorized as general purpose equipment and therefore require prior approval if they cost \$5000 or more.



**8. Q: Is prior approval necessary for equipment used on farms for research and extension projects, such as tractors?**

A: Farming equipment, including motorized vehicles, tractors, mowers, etc., are considered General Purpose Equipment and require prior approval if the per unit acquisition cost is \$5000 or more.

**9. Q: If the truck or vehicle is equipped with specialized GPS, specialized guidance system, or other items, is it considered special purpose equipment?**

A: No. It is still a motor vehicle and motor vehicles are general purpose equipment that require prior approval. Because the other items are going to be attached to the vehicle, they would be part of the acquisition cost (See 2 CFR 200.2) and would therefore be part of the prior approval request.

**10. Q: When does the prior approval of equipment requirement take effect?**

A: NIFA will require prior approval for general purpose equipment (and special purpose equipment costing \$150,000 or more) for purchases beginning with FY 17 grants. While NIFA is not requiring prior approval of equipment for FYs preceding FY 17, it is still subject to the same criteria; all equipment purchases must benefit the applicable grant and be reasonable, necessary and allocable. It is important to maintain supporting documentation, to substantiate the purchase meets this criteria for audit or review purposes.

**11. Q: How do prior approval requirements apply if multiple sources of funds are used to purchase equipment?**

A: If you are using ANY grant funds or matching funds to purchase an item that meets the definition of equipment, you must request prior approval from NIFA, even if the amount of grant funds and/or match is less than \$5000. When multiple sources of funds are used, grantees should ensure all award numbers are listed in their request, either on the template or in a letter.

**12. Q: Can I submit one request for equipment prior approval for all my grants?**

A: No. Equipment prior approval is grant specific. You can submit one request for each grant and that request may contain multiple pieces of equipment.

**13. Q: Does the equipment need to be specifically listed in my plan of work?**

A: No. The Plan of Work is a high level overview of the goals and activities under the grant award and does not include items of equipment. However, to demonstrate that the equipment benefits the grant, you will need to explain in the prior approval request how the equipment aligns with and supports the goals and activities in the plan of work.



**14. Q: Am I expected to submit a separate equipment prior approval request if the equipment is part of a capacity project initiation request submitted through REEport?**

A: NIFA is exploring options to enable grantees to submit only one request through REEport and then have the request routed to the appropriate individuals for review. Once a process is finalized, further information will be provided to grantees.

**15. Q: What information needs to be in the equipment prior approval request?**

A: Equipment name; approximate cost; approximate useful life; and description/purpose which must include the explanation of how the equipment aligns with and supports the Plan of Work and includes whether the cost will be allocated across multiple funding streams or be used 100% by the grant. Grantees should ensure cost are reasonable, allocable and allowable.

**16. Q: How long will it take to receive prior approval?**

A: NIFA is committed to providing a response on prior approval within 30 days of receipt of complete information. If your request is part of a project initiation request that takes longer than 30 days, or is exceptionally complex, it may take longer than 30 days in which case NIFA will inform you about when we anticipate responding.

**17. Q: What do you mean by “within 30 days of receipt of complete information”?**

A: “Complete information” means that NIFA has sufficient information in order to render a decision. When NIFA receives a prior approval request, it may not include all the information needed by NIFA to render a decision. In such instances, NIFA will request additional information. For example, a grantee submits a request on August 1. NIFA requests follow up information on August 5. The grantee provides the additional information August 25. NIFA will respond to the request by September 25.

**18. Q: For vehicles, is there any special information that should be submitted as part of the prior approval request?**

A: Yes. The results/findings of a lease versus purchase analysis should be included so NIFA can determine if the institution is choosing the most reasonable option under the project.

**19. Q: Do I need prior approval to lease a vehicle (car, truck, bus, etc.)?**

A: No. Only vehicle purchases require prior approval, however, the lease expenditure must be reasonable, necessary and allocable to the grant.

**20. Q: What happens if I receive prior approval, but the actual price of the equipment is more than the estimated cost?**

A: Once you receive prior approval, you are not required to resubmit your request if the price increases. However you are still responsible for ensuring the cost is reasonable. Therefore, we strongly recommend that you maintain documentation to support that the cost is reasonable.



**21. Q: Is there a specific form I must use to submit a prior approval request?**

A: No. However, based on requests, NIFA made available a template for use with prior approval requests. The template and other resources are available on the NIFA website at <https://nifa.usda.gov/program/capacity-grants> under the newly created Capacity Grantee Resources page. Grantees may use this template or any other desired format so long as it contains the required information.

**22. Q: Is there a specific method I must use to submit equipment requests?**

A: No. You may submit your request in one of three ways: 1) in an email request at any time; or 2) as an attachment to your application via grants.gov.

**23. Q: What email address should I use to submit requests?**

A: NIFA established a dedicated email address for capacity equipment prior approval requests and questions: [capacityequipment@nifa.usda.gov](mailto:capacityequipment@nifa.usda.gov). This mailbox will be monitored daily and requests will be entered into a tracking log to ensure their review and notification within the 30-day window.

**24. Q: Will it ever take longer than 30 days to receive approval?**

A: Possibly. If, for example, NIFA requests the submission of additional information; or if the equipment request is exceptionally complex, the approval may take longer than 30 days.

**25. Q: Do I HAVE to submit a request before acquiring the equipment or will I be able to submit a list of equipment purchased after the fact?**

A: Prior approval means that NIFA must provide approval PRIOR to the purchase of the equipment.

**26. Q: Can anyone submit a prior approval equipment requests?**

A: The written request must be signed by an authorized representative (AR) for your grant; however other individuals may submit the request via email or REEport.

**27. Q: Who approves prior approval requests?**

A: The Authorized Departmental Officer (ADO) within the Office of Grants and Financial Management (OGFM) approves prior approval requests. Prior approval requests are related to grant administration and expenditures which is the responsibility of the OGFM Awards Management Division, not the National Program Leaders (NPLs).

**28. Q: How will NIFA respond to the request for prior approval?**

A: NIFA will send the decision letter to the requestor and/or Authorized Representative via email.

**29. Q: Does the equipment have to go through a competitive bidding process prior to the approval request or can the procurement process happen after the approval?**

A: No. In fact, we recommend that you obtain prior approval prior to the start of the procurement process.