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# MEMORANDUM

TO: Federal Grants Subrecipients  
FROM: Bill Bates  
SUBJECT: New Universal Process for Prior Written Approval to Purchase Equipment Using Federal Grant Funds  
DATE: July 6, 2021

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## Purpose

[2 CFR §200.439](#) requires subrecipients of federal grants to receive prior approval from the Federal awarding agency or pass-through entity for purchases that meet the federal definition of Equipment. Through the [memo released on June 16, 2021](#), the Agency of Education (AOE) signaled that it would be developing a new approval process beginning July 1, 2021.

This memo is notice that the AOE has created one streamlined and consistent review process, through one application in the Grants Management System (GMS), for all prior approvals for the purchase of equipment that meets the definition below. This application applies to all purchases of equipment that use federal grant money, with the single exception of the [Approved List for School Food Authority Equipment Purchases Using the Non-Profit School Food Service Account](#).

It is important that subrecipients receive prior approval for equipment purchases as the costs of equipment are unallowable without the prior approval.

## Federal Definition of Equipment

Equipment is defined in the Federal Uniform Guidance at [2 CFR §200.1](#) as:

*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. See also the definitions of capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies in this section.*

Important information to be aware of in determining if a purchase meets the definition of Equipment is listed below:

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## Contact Information:

If you have questions about this document or would like additional information please contact:  
Regulatory Compliance, Finance, at [Cassandra.ryan@vermont.gov](mailto:Cassandra.ryan@vermont.gov) or [Abby.Houle@vermont.gov](mailto:Abby.Houle@vermont.gov)

1. Your entity's capital asset dollar threshold. The definition sets the threshold as the LESSER of either the entity's dollar threshold or \$5,000 on a per unit cost (the threshold can never be more than \$5,000).
2. The useful life of the item must be more than one (1) year.

### **Steps for Prior Approval of Equipment**

1. Determine if the equipment meets the federal definition and threshold for prior approval.
2. Complete the Prior Approval for Equipment (Equipment Prior Approval App) application in the Central Data Collections section of GMS (FY 2022) and submit for review.
3. Receive prior approval of equipment purchase.
4. Submit equipment purchase in the appropriate federal grant application.

Questions about [2 CFR §200.439](#) and [2 CFR §200.1](#) should be directed to [Cassandra Ryan](#) or [Abby Houle](#).

Questions about the allowability of an equipment purchase to a specific federal grant should be directed to that program staff or team within the Agency of Education.