

MEMORANDUM

TO: Business Managers and Business Officials
FROM: Bill Bates, Chief Financial Officer, Agency of Education
SUBJECT: Coronavirus Relief Fund Supply Chain Delay Guidance
DATE: November 30, 2020

CRF Supply Chain Delays

US Treasury guidance specifies that costs eligible for CRF reimbursement must be incurred by the close of business, December 30, 2020. The guidance recognized that there may be supply chain delays, even though the work had been contracted to be completed no later than December 30, 2020. In such cases, if the delay is due to the vendor and is no fault of the recipient, CRF funds may be used to pay for the delayed service or equipment.

The question of whether orders can be placed knowing shipment will be delayed beyond December 30, 2020 has been asked regarding supplies and equipment such as Chromebooks, portable air filtration units, or HVAC equipment, for example. The answer is, no, an order cannot be placed knowing it will not be received as of December 30, 2020.

Examples

As an example, in terms of placing an order for Chromebooks which are in high demand and of limited availability, if you know that they will not be received by the end of December 30, you cannot place the order. The US Treasury guidance says that costs must be incurred no later than December 30 but does allow for flexibility if an order is placed but is not delivered on time through no fault of yours. But that is not the case here – you know they will not be delivered on time so you cannot place the order and receive CRF reimbursement. Two simplistic examples to illustrate the guidance:

- A. A company says you will receive the Chromebooks by December 15. You place the order today with that understanding. The company then tells you next week that the Chromebooks cannot be delivered until January 15, due to high demand and limited supply. This order is fine and meets the guidance criteria. The situation meets the flexible allowability per US Treasury guidance, as the order was expected within the CRF time period when you placed it, but the unexpected delay was through no fault of yours.

Contact Information:

If you have questions about this document or would like additional information please contact:
Jill Briggs Campbell, Agency of Education, at jill.briggscampbell@vermont.gov

B. A company says if you place the order today, you will not receive the Chromebooks until January 15 due to the high demand and limited supply. Placing the order would be in violation of the US Treasury guidance, since you know they will not be available until after December 30.

Documentation of Supply Chain Delays

The Agency of Administration (AOA) has set the following requirements for documentation in instances such as number 1 above. In cases where performance or delivery is delayed beyond December 30, 2020, due to supply chain disruptions beyond the recipient's control, the following documentation should be maintained for the impacted contracts/subcontracts:

1. The signed contracts/subcontracts, evidencing a performance period that ends on December 30, 2020, at the latest.
2. Agreed delivery timelines with the vendor, evidencing an agreement that services and/or goods would be fully delivered during the covered period.
3. Written communication from the vendor/supplier notifying the recipient/sub-recipient of the expected delay of performance or delivery beyond December 30, 2020 – this should include:
 - a. The revised anticipated timeline for completion (extension to the contracted performance end date).
 - b. The reason for revising the previously agreed timeline.
 - c. The specific supply chain disruptions impacting the previously agreed timeline.
 - d. Supporting evidence that the supply chain disruptions were beyond the contractor/subcontractor's control
4. Reports and other supporting evidence that can document the recipient/subrecipient's monitoring of vendors, including evidence that the recipient/sub-recipient followed-up with the vendor on these supply chain disruptions to ensure, to the extent possible, that delivery would occur during the covered period.
5. The signed contracts/subcontracts, evidencing a performance period that ends on December 30, 2020, at the latest.
6. Agreed delivery timelines with the vendor, evidencing an agreement that services and/or goods would be fully delivered during the covered period.
7. Written communication from the vendor/supplier notifying the recipient/sub-recipient of the expected delay of performance or delivery beyond December 30, 2020 – this should include:
 - a. The revised anticipated timeline for completion (extension to the contracted performance end date).
 - b. The reason for revising the previously agreed timeline.
 - c. The specific supply chain disruptions impacting the previously agreed timeline.
 - d. Supporting evidence that the supply chain disruptions were beyond the contractor/subcontractor's control
8. Reports and other supporting evidence that can document the recipient/subrecipient's monitoring of vendors, including evidence that the

recipient/sub-recipient followed-up with the vendor on these supply chain disruptions to ensure, to the extent possible, that delivery would occur during the covered period.

This list is non-exhaustive. Recipients/subrecipients should include any additional documentation that can help evidence the plan to use CRF only for costs incurred during the covered period and the unforeseen supply chain disruptions, due to circumstances outside of the recipient's control, that impacted delivery timelines.

Any recipients that have been notified of supply chain disruptions that could potentially impact their project timelines, extending delivery beyond December 30, 2020, should contact Jill Briggs Campbell (jill.briggscampbell@vermont.gov). In the subject line, please identify your organization name, and "CRF supply chain disruption."