**Uniform Guidance**

**Implementation Procedures**

**VRS-SSB**

**Prior Written Approval**

**Procedure: 100**

**Approved: 10/1/2017**

**Revised:**

**Background**

On April 22, 1995, the Office of Special Education and Rehabilitative Services (OSERS) published a notice in the Federal Register that prior approval was no longer required for certain categories of costs for formula grant programs. The Education Department General Administration Regulations (EDGAR), in 34 CFR 74.27 and 80.30(b), required prior approval from the Secretary before various categories of otherwise allowable costs could be charged to any Department grant or subgrant. In the Federal Register Notice, the OSERS Assistant Secretary stated that prior approval for formula grant programs authorized by the Rehabilitation Act of 1973, as amended, was no longer required for seven cost categories. The seven cost categories were-“(1) Automatic data processing; (2) Capital expenditures; (3) Management studies; (4) Professional services; (5) building space and related facilities; (6) Insurance and indemnification; and (7) Proposal costs.”

In the Department’s adoption of the Uniform Guidance, EDGAR parts 74 and 80 were superseded by the Uniform Guidance effective December 26, 2014. Therefore, the EDGAR provisions upon which the previous prior approval exemptions were granted have been superseded by the Uniform Guidance and no longer applicable to the Vocational Rehabilitation award.

**Authority:** 2 CFR 200.407 Prior Written Approval

**Purpose**

To ensure compliance with Federal statutes, regulations and policies by implementing a process to determine which costs need prior approval and ensuring all grant requirements are met.

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. To avoid subsequent disallowance or dispute based on unreasonableness or non allocability, effective immediately, DEED’s vocational rehabilitation programs (SSB and VRS) will request written approval from the Rehabilitation Services Administration prior to incurring indirect costs or special or unusual costs paid by the program. Items covered include:

**Prior approval is required for any source of funding that would pay for such costs. This is applicable to non-Federal funds that support the VR program, program income and Federal funds.**

**200.306 (c ) Cost sharing or matching**

Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect costs means the difference between the amount charged to the Federal award and the amount which could have been to the Federal award under the non-Federal entity’s approved negotiated indirect cost rate.

**200.313(a)(2) Equipment**

Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statue specifically authorized the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

(2)not encumber the property without approval of the Federal awarding agency or pass –through entity.

**200.413-Direct Costs (c)**

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative of clerical services are integral to a project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have prior written approval of the Federal awarding agency; and
4. The costs are not also recovered as indirect costs.

**200.431(i)(2)(i) Mass Severance Pay**

Measurement of costs of abnormal or mass severance pay by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Federal government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Prior approval by the Federal awarding agency or cognizant agency for indirect cost, as appropriate, is required.

**200.438 Entertainment Costs**

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

**200.439 Equipment and other capital expenditures**

This includes:

* Computer systems, including software systems, if the amount is great than $5,000
* Equipment for the VR agency and consumers if VR agency maintains title if the amount is greater than $5,000
* Licenses to software, if the amount is greater than $5,000
* Land and buildings
* Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life.

**200.441 Fines, penalties, damages and other settlements**

Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with Federal, state, tribal, local, or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.

**200.445 Goods or services for personal use**

Costs of housing (e.g., depreciation, maintenance, utilities, furnishing, rent.) This includes relocation expenses for employees who are hired and this is part of their package.

**200.454 Memberships, subscriptions, and professional activity costs, paragraph (c)**

Costs of memberships in any civic or community organization.

**200.455 Organization Costs**

Costs such as incorporation fees, brokers’ fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, where or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the Federal awarding agency.

**200.456 Participant Support Costs**

Participant support costs are not applicable to employees of the Federal government, VR agency, or VR customers. Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects. These costs would typically include conferences and all associated travel/lodging/meal costs for the State Rehabilitation Council members or unpaid interns.

**200.474 Travel costs**

Notwithstanding the provision of 200.444 General costs of government, travel costs of officials covered by that section are allowable with prior written approval when they are specifically related to the Federal award.

**Applicability**

**SSB**

All Workforce Development Unit (WDU) supervisors, counselors, and support staff will be trained on this procedure.

1. Prior to completing vocational rehabilitation program purchases, the applicable WDU staff is required to review the above list of items to determine if prior approval is needed.
2. WDU Staff completes the “Prior Approval” form and sends to the SSB Fiscal Coordinator for further processing.
3. The Fiscal Coordinator secures the SSB Director signature and submits to RSA Fiscal Analyst Julya Doyle Julya.Doyle@ed.gov
4. The Fiscal Coordinator maintains all requests and approvals received.
5. Questions regarding this procedure should be sent to the Fiscal Coordinator.