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FACT SHEET

PRIOR APPROVAL FOR EQUIPMENT REQUIREMENT FOR NON-COMPETITIVE CAPACITY AWARDS

IF YOU ARE A CAPACITY GRANT RECIPIENT AND PLAN TO PURCHASE EQUIPMENT WITH CAPACITY GRANT FUNDS, THERE

are requirements you must follow; please read this information sheet to learn about prior approval requirements, as well as equipment use and disposition requirements. Prior to purchasing general purpose equipment costing \$5,000 or more and special purpose equipment costing \$150,000 or more, you must request and receive prior approval from NIFA. This information sheet outlines the background, requirements, waiver authority, definitions, and the resources available to help you request prior approval.

BACKGROUND

In December 2014, the Office of Management and Budget (OMB), together with federal awarding agencies, issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Uniform Guidance is located at 2 CFR 200.

REQUIREMENT

Grantees must request prior written approval from awarding agencies in advance of incurring certain costs. The intent behind this Uniform Guidance requirement is to help you avoid possible disallowance or dispute of certain costs due to reasonableness, necessity, or allocability questions. Equipment purchases, unless waived in the grant terms and conditions, are one type of cost where prior approval is required (2 CFR 200.407). Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost \$5,000 or more (2 CFR 200.439(b)(1)).

WAIVER AUTHORITY

The Uniform Guidance provides limited authority (within 2 CFR 200.308, Revision of Budget and Program Plans) for agencies to waive certain prior approvals for federal awards that support research.

COMPETITIVE AWARDS

NIFA exercises its authority and includes the waiver for prior approval for equipment, subject to conditions being met, as a grant term and condition for competitive research awards.

CAPACITY AWARDS

NIFA waives prior approval for special purpose equipment under the \$150,000 simplified acquisition threshold. NIFA has the authority to waive this prior approval for research institutions

and does so knowing that special purpose equipment is scientific in nature and relates directly to the goals of research and extension capacity grants. NIFA enforces the prior approval requirement for general purpose equipment.

NIFA REQUIREMENTS FOR CAPACITY GRANTS (NON-COMPETITIVE)

You must have prior approval from NIFA before incurring expenditures for:

- General purpose equipment costing \$5,000 or more and having an anticipated useful life of more than one year; and
- Special purpose equipment costing \$150,000 or more and having an anticipated useful life of more than one year. (NIFA waives prior approval for special purpose equipment costing less than \$150,000.)

DETAILS ABOUT PRIOR APPROVAL

- Provide requests, in writing, in advance of expenditure
- Approvals from NIFA will be in writing from the authorized departmental officer
- Requests must include item name, description, approximate cost, purpose, and estimated useful life
- Requests are specific to an individual grant
- Prior approval is required even if you purchase the equipment with multiple sources of funds
- Requests should be submitted as an attachment to capacityequipment@nifa.usda.gov. For more information and templates, please visit Capacity Grantee Resources at www.nifa.usda.gov/program/capacity-grants.

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FACT SHEET: PRIOR APPROVAL FOR EQUIPMENT REQUIREMENT FOR NON-COMPETITIVE CAPACITY AWARDS (CONTINUED)

EQUIPMENT DEFINITIONS

Source: Uniform Guidance (2 CFR 200.33, 200.48, and 200.89)

- **Equipment:** Tangible personal property having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by institution of higher education for financial statement purposes or \$5,000. (2 CFR 200.33)
- **General Purpose Equipment:** Not limited to research, medical, scientific, or other technical activities. Includes: motor vehicles, office and laboratory furnishings (not scientific laboratory equipment), air conditioning equipment, reproduction and printing equipment, and audio-visual equipment. (2 CFR 200.48)
- **Special Purpose Equipment:** Used only for research, medical, scientific, or other technical activities. Includes: research and laboratory equipment, including microscopes, x-ray machines, surgical instruments, and spectrometers. (2 CFR 200.89)

More information, resources, and FAQs are available at: www.nifa.usda.gov/program/capacity-grants. For assistance with grant-specific equipment prior approval questions or to submit a prior approval request, email capacityequipment@nifa.usda.gov

ADDITIONAL REQUIREMENTS RELATED TO EQUIPMENT PURCHASED WITH GRANT AWARD FUNDS (2 CFR 200.313 AND 200.439):

Title: Title to equipment acquired under a NIFA award vests in the awardee.

Use:

- 1) Use of the equipment is for the authorized purposes of the grant during the period of performance or until it is no longer needed for the purposes of the project, whether or not the federal award continues to support the project or program.
- 2) The grantee must not encumber the property without prior approval from NIFA.
- 3) When no longer needed for the original purpose or project, the equipment may be used for other activities in the following order or priority:
 - Activities under a federal award from NIFA
 - Activities under federal awards from other federal awarding agencies (this includes consolidated equipment for information technology systems)
- 4) As long as the equipment is used on the project or program for which it was acquired, you must make equipment available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work for which it was originally acquired. First preference for other use must be given to other programs or projects supported by NIFA; second preference must be given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees must be considered if appropriate.

- 5) When acquiring replacement equipment, you may use the old equipment as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

MANAGEMENT REQUIREMENTS

You must:

- 1) Maintain property records that include: a description of the property; a serial number or other identification number; the source of funding for the property (including the Federal Award Identification Number); the title holder; the acquisition date; cost of the property; percentage of federal participation in the project costs for the federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data, including the date of disposal and sale price of the property.
- 2) Take a physical inventory of the property and reconcile with the property records at least once every two years.
- 3) Develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- 4) Develop adequate maintenance procedures to keep the property in good condition.
- 5) Establish proper sales procedures – if you are authorized or required to sell the property – to ensure the highest possible return.

DISPOSITION OF EQUIPMENT PURCHASED WITH GRANT FUNDS

You must request disposition instructions from NIFA prior to disposing of equipment when it is no longer needed for the original project or for other activities supported by any federal awarding agency. NIFA may approve transfer, sale, or disposal of the equipment and may or may not request compensation. If the equipment is sold, NIFA may permit you to deduct and retain from the federal share \$500 or 10 percent of the proceeds, whichever is less, for its selling and handling expenses.

Equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to NIFA.

RESOURCES

For more information and templates, please visit Capacity Grantee Resources at www.nifa.usda.gov/program/capacity-grants.