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## AAA4 Bulletin

<b>TO: AAA4 Funded Partners</b>	<b>NO: A4B2017-02</b>
<b>SUBJECT:</b> New requirement for major equipment	<b>DATE ISSUED:</b> April 13, 2017
<b>REFERENCES:</b> OMB Circular A-122 Part B 15.b(2)	<b>SUPERSEDES:</b> N/A
<b>PROGRAMS AFFECTED:</b> <input checked="" type="checkbox"/> ALL <input type="checkbox"/> Title III-B <input type="checkbox"/> Title III C-1 <input type="checkbox"/> Title III C-2 <input type="checkbox"/> Title III-D <input type="checkbox"/> Title III-E <input type="checkbox"/> HICAP <input type="checkbox"/> OTO <input type="checkbox"/> Other	
<b>PURPOSE OF BULLETIN:</b> <input checked="" type="checkbox"/> Amend Policy or Procedure <input type="checkbox"/> Clarification <input type="checkbox"/> Information:	
<b>FOR INQUIRIES CONTACT:</b> Carrie Wagner, Accountant/Auditor: cwagner@agencyonaging4.org	

Effective immediately with the 2016-2017 fiscal year, the CDA is requiring all contract agencies and their funded partners to submit requests for equipment valued at or over \$5,000 to CDA for prior approval.

The Code of Federal Regulations (CFR) Title 2, Part 200, Subpart E, §200.439 states the following:

- (1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.
- (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

Funded partners wishing to purchase equipment with OTO money will need to submit the attached pre-approval form with a description of the item requested, and a justification for how the item or items will be used before their budgets will be approved. Equipment purchased with program monies must directly benefit the program for which the equipment was purchased. Budget revisions cannot be approved unless the requesting agency has received notice from AAA4 of CDA approval.

In the future, budgets including equipment valued at \$5,000 or more will require prior approval from CDA before the budget will be formalized. This is the case even when an agency allocates the cost of equipment across more than one program; though this is discouraged. Title of equipment purchased with Federal monies vests with the Federal Government.

For additional information on this and other provisions governing the purchase and use of equipment, please refer to CFR Title 2, Part 200, Subparts D and E.