Guidance on Prior Approval Procedures

for

Selected Costs and Administrative Requirements

October 1, 2011



Department of Economic Opportunity (DEO)

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| Reference:  Prior Approval Procedures using Federal or State Grant Awards |

GUIDANCE on Prior Approval Procedures

OF INTEREST TO:

Workforce Florida Inc. (WFI) and Regional Workforce Boards (RWBs) in implementing federal and state workforce programs awarded to RWBs or WFI by either Workforce Florida, Inc. or the Department of Economic Opportunity.

SUBJECT:

Obtaining written prior approval from DEO for selected cost items and administrative requirements.

PURPOSE:

To define and describe when prior approval of selected cost items and administrative requirements is required and how the approval can be obtained.

DEFINITIONS:

Prior Approval: Written approval by an “authorized official” evidencing prior consent¹.

Authorized Official: An appropriate member of management from the awarding department (DEO). For purposes of this guidance, the DEO Grants Management Section leader is the authorized official.

BACKGROUND AND UNDERLYING FEDERAL POLICY:

The Office of Management and Budget (OMB) Circulars establish principles and standards for determining allowable activities and costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements2. Some administrative requirements and cost items are allowable only with prior approval from the awarding department.

STATE GUIDANCE:

The applicable OMB Circulars must be followed when determining the cost items and administrative requirements that require prior approval. To streamline the approval process, DEO is providing the following guidance:

• Instructions for electronically submitting the approval form(s) to DEO staff;

• The timeline for DEO staff to review requests; and

• The process for DEO to notify RWBs via e-mail of final decisions.

DEO’s granting of prior approval is given based on the limited facts presented as justification for the proposed expenditure. In the event that the actual expenditure is not in accordance with the facts presented or OMB requirements, the expenditure can still be questioned or disallowed. Factors affecting this include, but are not limited to:

Inadequate documentation;

Failure to follow internal, state, or federal policies;

Expenditure is not necessary and reasonable or

Failure to comply with applicable federal law or regulations.

This guidance material, including the approval forms, is available online at the following address: <http://www.floridajobs.org/workforce-board-resources/grants-management/grants-management/rwb-grant-resources>

EFFECTIVE DATE:

Issuance of this guidance represents approval by DEO management of the indicated procedures and related administrative forms. These procedures will be effective as of the date of this guidance paper.

If you have questions or concerns regarding the guidance provided here, please contact the DEO Grants Management Office at (850) 245-7481.

AUTHORITY:

OMB Circulars A-87, A-122, A-21, and A-110

Footnotes:

¹ OMB Circular A-110 SUBPART A, Section 2(w) (prior approval).

² Cost principles for non-profit organizations that accept federal funds and do not report their annual financial statements under the governmental model are provided in OMB Circular A-122. Cost principles for governmental entities (not including universities) and non-profit organizations that report their annual financial statements under the governmental model that accept federal funds are provided in OMB Circular A-87.

Department of Economic Opportunity

Cost Items Requiring Prior Approval

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Items** | **Ref # from OMB A-87** | **Ref # from OMB A-122** | **A-87 – State, Local & Governments (Attachment B)(1)** | **A-122 – Non Profit Organizations (Attachment B)(1)** | **Is Annual Approval Available?(2)** |
| Advisory councils | 2 | 2 | Required | Required | YES |
| Audit services | 4 | 4 | Other than A-133 | Other than A-133 | NO |
| Compensation for personnel services | 8 | 8 | N/A | Certain overtime, etc. | YES |
| Compensation for personnel services | 8 | 8 | Some pension | Unemployment compensation on an actual payment method | YES |
| Compensation for personnel services | 8 | 8 | Abnormal or mass severance pay | Personal use of company owned or company leased vehicle | NO |
| Compensation for personnel services | 8 | 8 | N/A | Certain severance for foreign nationals | NO |
| Compensation for personnel services | 8 | 8 | Substitute systems to allocate salaries and wages | Substitute systems to allocate salaries and wages | NO |
| Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement | 10 | 10 | N/A | Required | NO |
| Depreciation and use allowances | 11 | 11 | Changes in methods | Changes in methods | NO |
| Equipment and other capital expenditures | 15 | 15 | Required to expense at time of purchase | Required to expense at time of purchase | NO |
| Fines and penalties | 16 | 16 | Not allowed unless incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding department (3) | Not allowed unless incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding department (3) | NO |
| Gains and losses on depreciable assets | 18 | 18 | Substantial relocation of Federal Programs | N/A | NO |
| Housing and personal living expenses | - | 20 | N/A | Required | NO |
| Interest | 23 | 23 | N/A | Relocation | NO |
| Memberships, subscriptions, and professional activity costs | 28 | 30 | Civic, community or social organizations | Civic or community organizations | NO |
| Organization costs | - | 31 | N/A | Required | NO |
| Participant support costs | - | 33 | N/A | Required | YES |
| Pre-award/Pre-agreement costs | 31 | 36 | Required | Required | NO |
| Proposal costs | 33 | - | Required if direct charge | - | YES |
| Rearrangement and alteration costs | 35 | 39 | Special for project | Special for project | NO |
| Selling and marketing | 39 | 45 | N/A | Required | NO |
| Training costs | 42 | 49 | N/A | Full-time, post-graduate education | NO |
| Travel costs | 43 | 51 | Travel of officials under general government expenses/Foreign travel | Foreign travel | NO |

Notes:

(1) The cost items listed here require written prior approval.

(2) "NO" answers indicate that this administrative requirement is not eligible for approval using the Annual Prior Approval Request Form. To obtain approval for this item, the "Prior Approval Request Form-Other Individual Items" must be completed and submitted to DEO for approval.

"YES" answers indicate that this cost item is eligible for approval using the Annual Prior Approval Request Form.

(3) Charges for emergency personnel, like police, to respond to security alarms, however termed, are considered allowable user fees, not Fines and Penalties requiring prior approval.

Department of Economic Opportunity

Administrative Requirements Requiring Prior Approval

|  |  |  |  |
| --- | --- | --- | --- |
| **Provision Requiring Prior Approval**(1) | **Common Rule for Governments (29 CFR 97)** (2) | **A-110 for Nonprofit Organizations** (2) | **Is Annual Approval Available**? (3) |
| Change in scope or objective | \_\_\_.30(d)(1) | \_\_\_.25(c)(1) | NO |
| Change in key person | \_\_\_.30(d)(3) | \_\_\_.25(c)(2) | NO |
| Absence 3 months/25% of key person | N/A | \_\_\_.25(c)(3) | NO |
| Need for additional Federal funding | \_\_\_.30(c)(1)(i) + \_\_\_.30(c)(2) | \_\_\_.25(c)(4) | NO |
| Transfers between direct & indirect costs | N/A | \_\_\_.25(c)(5) | NO |
| Items in cost principles requiring prior approval | \_\_\_.30(b) | \_\_\_.25(c)(6) | NO |
| Transfer of training allowances to other categories | \_\_\_.30(c)(1)(iii) | \_\_\_.25(c)(7) | NO |
| Contracting out any work under an award | \_\_\_.30(d)(4) | \_\_\_.25(c)(8) | NO |
| Carry forward unobligated balances | N/A | \_\_\_.25(e)(3) | NO |
| Extension of expiration date of award | \_\_\_.30(d)(2) | \_\_\_.25(e)(2) | NO |
| Incur pre-award costs | N/A | \_\_\_.25(e)(1) | NO |
| Transfer of funds among direct cost categories in projects over $100,000 or 10% | \_\_\_.30(c)(1)(ii) | \_\_\_.25(f) | NO |
| Transfers between construction & non-construction | \_\_\_.30(c)(3) | \_\_\_.25(j) | NO |
| Extension to liquidate obligations | \_\_\_.23(b) | \_\_\_.71(b) | NO |
| Full value of real property or equipment as match | \_\_\_.24(e) | \_\_\_.23(g)(2) | NO |
| Use of unrecovered indirect as match | N/A | \_\_\_.23(b) | NO |
| Disposition of real property | \_\_\_.31(c) | \_\_\_.32(c) | NO |
| Encumbrance of real property | N/A | \_\_\_.32(a) | NO |
| Use of real property in other projects | N/A | \_\_\_.32(b) | NO |
| Disposition of equipment FMV $5,000 or more | \_\_\_.32(c) & (f) | \_\_\_.34(g) | NO |
| Encumbrance of equipment | N/A | \_\_\_.34(c) | NO |
| Replacement of equipment | \_\_\_.32(c)(4) | \_\_\_.34(e) | NO |
| Encumbrance and disposition of intangible property | N/A | \_\_\_.36(e) | NO |
| Substitution of copies for original records. | N/A | \_\_\_.53(c) | YES |

Notes:

(1) The administrative requirements listed here require written prior approval by the awarding department.

(2) The OMB Circular or other federal regulation reference number has been provided for each administrative requirement referenced.

(3) NO" answers indicate that this administrative requirement is not eligible for approval using the Annual Prior Approval Request Form. To obtain approval for this item, the "Prior Approval Request Form-Other Individual Items" must be completed and submitted to DEO for approval.

"YES" answers indicate that this cost item is eligible for approval using the Annual Prior Approval Request Form.

Department of Economic Opportunity

Guidance - Prior Approval

Prior Approval Request Procedures

Annual Approval for Selected Cost Items

By June 15th of each year, each requestor should complete and submit the “Annual Approval Request Form.” Cost estimates based on the data available to the requestor at this time should be used to complete the approval request form for the upcoming fiscal year. A list of the selected cost items and administrative requirements that are currently eligible for annual approval are disclosed in this DEO Guidance Paper. Each requestor should follow the procedures described as follows:

1. Complete the Annual Prior Approval Request Form. An appropriate member of the management team should review, approve and authorize the request prior to its submission to DEO.

2. Submit the completed request form. An electronic version of the Approval Request packet should be submitted to the following address: [PriorApprovalRequest@deo.myflorida.com](mailto:PriorApprovalRequest@deo.myflorida.com)

Electronic signature(s) have been deemed acceptable documentation to initiate this process. In place of an electronic signature, an e-mail transmittal will be accepted.

3. DEO will establish a 5 working-day window to respond to submitted Annual Prior Approval Request Forms from the date all information is received by DEO. DEO’s response will be (1) Approved; (2) Declined; or (3) Additional information is required as outlined below.

Note: An exception to the proposed response time will be made for requests requiring substantial research by the department or where Federal approval may be required. You will be notified by e-mail if additional processing time is required.

If an initial submitted request form is incomplete, DEO will return it to the requestor with a request list for the missing information. You will be notified by e-mail if additional information is required to process your approval request.

4. Notification by e-mail or letter will be provided to you once a final decision (APPROVE/DECLINE) is reached.

5. There is no annual approval available for the selling and marketing cost item. Selling and marketing costs for outreach activities within OMB circular limitations for advertising and public relations are allowable without prior approval. Requests for prior approval for all other selling and marketing costs must be submitted using the Prior Approval Request Form - Other Individual Items.

Prior Approval Requests (PARs)-Other Individual Items

For the remaining OMB circular items that require prior approval and are not on the Annual Prior Approval Form, requestors must complete and submit the “Prior Approval Request Form – Other Individual Items” prior to incurring expenditures for any of these cost items or administrative requirements. Each requestor should follow the procedures described as follows:

1. Complete the Prior Approval Request Form - Other Individual Items. An appropriate member of the management team should review, approve and authorize the request prior to its submission to DEO.

2. Submit the completed request form. An electronic version of the Prior Approval Request Form – Other Individual Items with any required attachments should be submitted to the following address: [PriorApprovalRequest@deo.myflorida.com](mailto:PriorApprovalRequest@deo.myflorida.com)

Electronic signature(s) have been deemed acceptable documentation to initiate this process. In place of an electronic signature, an e-mail transmittal will be accepted.

3. DEO will establish a 5 working-day window to respond to submitted Prior Approval Request Form – Other Individual Items from the date all information is received by DEO. DEO’s response will be (1) Approved; (2) Declined; or (3) Additional information is required as outlined below.

Note: An exception to the proposed response time will be made for requests requiring substantial research by the department or where Federal approval may be required. You will be notified by e-mail if additional processing time is required.

If an initial submitted request form is incomplete, DEO will return it to the requestor with a request list for the missing information. You will be notified by e-mail if additional information is required to process your approval request.

4. Notification by e-mail or letter will be provided to you once a final decision (APPROVE/DECLINE) is reached.

5. For the equipment and other capital expenditures cost item, prior approval allows the requestor to expense the purchase in the year of acquisition rather than recover the cost over the useful life of the capital acquisition. Any acquisition that will be capitalized for financial statement purposes requires prior approval for grant reporting purposes. For the equipment and other capital expenditures cost item, prior approval must be requested for all items that meet the lesser of the requestor’s capitalization threshold or $5,000. Acquisitions or creation of software applications that meet the capitalization requirements of generally accepted accounting principles also require prior approval.