



GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT ON DISABILITY SERVICES

STANDARD OPERATING PROTOCOL	
Subject: Prior Written Approval - Uniform Guidance Implementation	SOP Number: 23-RSA-SOP001
Responsible Program or Office: Rehabilitation Services Administration (RSA)	Effective Date: January 26, 2023
	Number of Pages: 10
Cross References, Related Policies and Procedures, and Related Documents: 2 C.F.R. § 200.407, Prior Written Approval, 10.29.2019 FAQ Prior Approval -OSEP and RSA Formula Grants, Procurement Practices Reform Act of 2010 (D.C. Law 18-371; D.C. Official Code § 2.351.01, <i>et seq.</i>).	

I. Purpose

To ensure compliance with federal and state statutes, regulations, and policies by implementing a process to determine which categories of proposed costs require prior written approval from the U.S. Department of Education and ensuring all grant requirements are met in order to avoid subsequent disallowance, dispute, or loss of federal funds based on unreasonableness or non-allocability.

II. Responsible Staff

Responsible Staff include: Vocational Rehabilitation (VR) Specialists, Supervisory VR Specialists, VR Managers, and Randolph-Sheppard Vending Facility Program (RSVFP) Manager, RSVFP Program Monitor, RSA Deputy Director, RSA Provider Resource Specialist/Contract Administrator, Operations Supervisor, Operations Program Manager, and Financial Services Technician.

III. Requirements

- A. In order to avoid subsequent disallowance or dispute, The D.C. Rehabilitation Services Administration (RSA) shall request written approval from the U.S. Department of Education (ED), Rehabilitation Services Administration prior to incurring direct costs, or indirect costs paid by the program in the following categories in Title 2, Chapter II of the Code of Federal Regulations (C.F.R.):





1. [§ 200.306](#) Cost sharing or matching;
2. [§ 200.307](#) Program income;
3. [§ 200.308](#) Revision of budget and program plans;
4. [§ 200.311](#) Real property;
5. [§ 200.313](#) Equipment;
6. [§ 200.413](#) Direct costs, paragraph (c);
7. [§ 200.431](#) Compensation - fringe benefits;
8. [§ 200.438](#) Entertainment costs;
9. [§ 200.439](#) Equipment and other capital expenditures;
10. [§ 200.440](#) Exchange rates;
11. [§ 200.441](#) Fines, penalties, damages and other settlements;
12. [§ 200.442](#) Fund raising and investment management costs;
13. [§ 200.445](#) Goods or services for personal use;
14. [§ 200.447](#) Insurance and indemnification;
15. [§ 200.454](#) Memberships, subscriptions, and professional activity costs, paragraph (c);
16. [§ 200.455](#) Organization costs;
17. [§ 200.456](#) Participant support costs;
18. [§ 200.458](#) Pre-award costs;
19. [§ 200.462](#) Rearrangement and reconversion costs;
20. [§ 200.467](#) Selling and marketing costs;
21. [§ 200.470](#) Taxes (including Value Added Tax); and
22. [§ 200.475](#) Travel costs.

B. The requirement to obtain prior written approval applies to the following funding streams:

1. Federal funds;
2. Non-federal funds that support the VR program (state match);
3. Social Security reimbursement funds; and,
4. Randolph-Sheppard Vending Facility Program funds that support the VR program and are subsequently required as match.

C. Prior approval is required regardless of the payment method (*e.g.*, credit card, purchase order, or direct reimbursement).

D. The obligation and purchase of equipment only requires prior approval when the cost meets the capitalization threshold. The capitalization threshold for equipment in D.C. is five thousand dollars (\$5,000) per line item with a useful life of at least one (1) year. Equipment is the only cost category that has a monetary threshold above which prior approval is required.

E. The Office of Special Education and Rehabilitative Services (OSERS)-FAQ-Prior Approval for the Office of Special Education Programs (OSEP) and RSA Formula Grants issued October 29, 2019, provided prior approval for VR program purchases



of equipment, consistent with an Individualized Plan for Employment (IPE), and necessary to the achievement of employment outcomes. This prior approval is interim and non-binding and may be changed with notice. Accordingly, any IPE that includes an equipment cost of \$5,000 or more shall require the signature of the RSA Deputy Director, with a reference to the FAQ issuance indicating prior approval, before the equipment costs can be encumbered.

F. RSA shall train all VR Specialists, Supervisory VR Specialists, Program Managers, Deputy Director, RSA Operations and Fiscal Staff, and Randolph-Sheppard staff on the categories of costs requiring prior approval and the process for obtaining prior approval from ED. RSA shall develop and maintain a quick reference guide and Frequently Asked Questions tool to assist staff in identifying costs that require prior approval. In any circumstance where the need for prior approval is uncertain, the request for prior approval shall be completed and routed to the RSA Deputy Director or the Deputy Director's designee along with supporting information so that person can determine if prior approval is required in accordance with Uniform Guidance, and 10.29.2019 FAQ Prior Approval -OSEP and ED Formula Grants.

G. It is the responsibility of the RSA Deputy Director or the Deputy Director's designee to determine that costs in the categories below are allowable, allocable, necessary, and reasonable, and to request prior approval from the ED prior to obligating costs.

H. Requirements by cost categories:

1. 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 cost means the difference between the amount charged to the federal award and the amount which could have been charged to the federal award under the non-federal entity's approved negotiated indirect cost rate.

2. Direct Costs

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

- a. Administrative or clerical services are integral to a project or activity;
- b. Individuals involved can be specifically identified in association with the project or activity;
- c. Such costs are explicitly included in the budget or have prior written approval of the federal awarding agency; and
- d. The costs are not also recovered as indirect costs.



3. 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, ED 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. For example, the agency has incentive buyouts or offers a onetime buyout for employees that constitutes mass severance pay and may only be paid for through indirect costs with prior approval. In the case of direct costs for mass severance, RSA will contact the Financial Management Specialist at ED about submitting a request for prior approval for these direct costs.

4. 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.

5. Equipment and other capital expenditures

For the purchase of general-purpose equipment, RSA will, to the extent possible, use the streamlined approach to request prior approval in the aggregate based on reasonable budget estimates for an entire Federal Fiscal Year (FFY) rather than submitting separate prior approval requests for each proposed expenditure.

- a. As applicable, aggregate prior approval request must be submitted separately for each program (Randolph Sheppard, VR, Supported Employment, IL-ILOB).
- b. As applicable, aggregate prior approval requests may include different types of equipment purchases in the same request.
- c. For RSVFP equipment, the RSA may include in its projected aggregate estimate for a FFY the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired plus delivery charges for the equipment itself. However, the aggregate request should not include costs related to the renovation or alteration of facilities in connection with the installation of equipment. These costs must be submitted in separate prior approval requests that are based on contract bids or other methods that project the actual proposed costs so their allowability may be assessed separately.



- d. Budget estimates in the aggregate must be based on reliable cost estimates (*e.g.*, recent general-purpose equipment purchases, prior FFY emergency equipment costs, current bids, or reasonable cost research) expected to be incurred in a given FFY.
- e. The RSA Deputy Director or designee will submit itemized, project specific prior approval requests for equipment purchases for:
 - 1. The establishment, development, or improvement of a facility for a public or nonprofit community rehabilitation program (CRP) at 34 C.F.R. § 361.5(c)(17);
 - 2. The construction of a facility for a public or nonprofit CRP at 34 C.F.R. § 361.5(c)(10);
 - 3. The construction or renovation/alteration of a state facility or American Job Center for purposes allocable to the VR program; and
 - 4. The renovation or alteration of facilities in connection with the acquisition of a Randolph-Sheppard Program vending facility or the installation of Randolph-Sheppard program equipment in accordance with section 103(b)(1) of the Rehabilitation Act.
- f. For categories that include capital assets:
 - 1. ED's approval to directly charge capital assets to non-federal or federal award funds prohibits RSA from depreciating the assets over their useful life;
 - 2. The depreciation of capital assets is only permitted when assets are purchased indirectly, through the expenditure of non-federal funds for acquisition costs that may not be accounted or reported on federal reports as non-federal share to match the federal award, or for maintenance of effort as applicable to the VR program;
 - 3. RSA will use, manage, and dispose of equipment in accordance with 2 C.F.R. § 200.313;
 - 4. When acquiring replacement equipment, RSA may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement equipment (2 C.F.R. § 200.313(c)(4)); however, any additional VR funds required to purchase the replacement equipment must receive prior approval; and
 - 5. For purposes of disposition, not replacement, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by RSA or sold. The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the federal awarding agency's percentage of participation in the cost of the original purchase (2 C.F.R. § 200.313(e)).



6. Memberships, subscriptions, and professional activity costs

Costs of memberships in any civic or community organization (*e.g.*, Rotary Club, Lion's Club). Memberships, subscriptions to professional and technical organizations (*e.g.*, Council of State Administrators of Vocational Rehabilitation, National Council of State Agencies for the Blind) do not require prior approval as these are set fees and not subject to a bidding process.

7. Organization Costs

Costs such as incorporation fees, broker's fees, fees to promoters, organizers or management consultants, attorney's accountants, or investment counselor in connection with establishment or reorganization of an organization require prior approval. This is applicable if the agency was considering consolidating offices, reorganizing the current structure, etc. and RSA was hiring an organizer consultant. This is also applicable to current employees of RSA or anyone who works on the process of determining organization costs, regardless of the entity for whom they work.

8. Participant Support Costs

"Participant support costs" are 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. The 10.29.2019 Prior Approval -OSEP and ED's Formula Grants letter and FAQ grants prior approval for these expenditures, thereby eliminating the need for RSA to submit requests for these particular expenditures.

9. Rearrangement and reconversion costs

Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable as indirect costs. Special arrangements and alterations costs incurred specially for a federal award are allowable as a direct cost with the prior approval of the federal awarding agency or pass-through entity. Costs incurred in the restoration or rehabilitation of the non-federal entity's facilities to approximately the same condition existing immediately prior to commencement of federal awards, less costs related to normal wear and tear are allowable. Prior approval is required, regardless of cost, for things such as arrangement or alteration of modular furniture and cubicle walls that are directly charged to the federal award.

10. Selling and Marketing costs



Costs of selling or marketing any products or services of the non-federal entity (unless allowed under 2 C.F.R. § 200.421) are unallowable, except as direct costs, with prior approval by the federal awarding agency when necessary for the performance of the federal award. This includes costs of displays, demonstrations, exhibits, and promotional items. Prior approval is not required for program outreach expenses to costs to communicate with the public and press pertaining to specific activities, accomplishments, or matters of public concern.

11. Travel costs

Under 2 C.F.R. § 200.444, the general costs of government are not allowable; however, the travel costs associated with such activities may be allowable expenditures so long as the VR agency submits the costs of travel associated with such activities to Federal RSA and receives prior written approval before the travel occurs. Travel costs must be consistent with D.C. Municipal Regulations Chapter 1-8, District of Columbia Employees Travel and Related Expenses.

12. Real Property

Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

- I. The following are examples of costs that do not fit into the above categories and do not require prior authorization:
 1. Moving costs associated with warehousing or moving equipment;
 2. Warehouse costs for the storage of equipment;
 3. Inventory in which no single item of stock or supplies exceeds the \$5,000 capitalization threshold; and
 4. Equipment repair costs that do not include alteration of facilities.

IV. Process

- A. RSA program staff identifies a cost that requires prior written approval, and initiates the “Prior Approval” form (Attachment A), and submits it to immediate supervisor with supporting documentation and the following fields completed:
 1. Date;
 2. Requestor’s Name;
 3. Description of Purchase;
 4. Reason for Purchase;
 5. Cost/Justification of Purchase; and
 6. Grand Total of Purchase.



- B. The supervisor reviews the form for accuracy and verifies that the cost is allowable, allocable, necessary, and reasonable before forwarding the form to the program manager.
- C. The program manager reviews the form and the justification for the expenditure and forwards the form to the RSA Deputy Director, or the Deputy Director's, designee.
- D. The RSA Deputy Director, or Deputy Director's, designee will review the request against the requirements of Uniform Guidance, and OSERS-FAQ-Prior Approval for OSEP and ED's Formula Grants issued October 29, 2019, to determine whether prior approval is required. If it is unclear whether prior approval is required, the Deputy Director, or Deputy Director's designee, will contact ED for assistance in making this determination. The Deputy Director, or Deputy Director's designee, will then complete the Prior Approval form to ensure that the request provides the following information:
 - 1. Amount/cost to be incurred and supporting documentation;
 - 2. The reason for the request;
 - 3. The grant award number (only one grant award number per request);
 - 4. Benefits to any other program or grant and cost allocation methodology if it is to be split across two programs;
 - 5. Assurance that proper procurement procedures are being followed; and
 - 6. The Deputy Director's Contact Information.
- E. The RSA Deputy Director, or Deputy Director's designee, shall be responsible for tracking all requests for approval related to VR expenditures and archiving the written approvals.
 - 1. The RSA Deputy Director, or Deputy Director's designee, shall enter the completed request into an electronic tracking sheet and submit the request to the District's assigned Financial Management Specialist at ED via email.
 - 2. When a response is received via email from the Financial Management Specialist at ED, the RSA Deputy Director, or Deputy Director's designee, will update the electronic tracking sheet and forward the prior written approval to the original requestor and copy the supervisor and unit manager as appropriate, and the original requestor will upload the written approval into the case record as appropriate.

Aggregate Submission Process

- 1. Prior to the start of the fiscal year, the RSA Deputy Director or the Deputy Director's designee will submit the Randolph Sheppard Vending Facilities



Program Budget to ED to get prior approval for all of the Randolph Sheppard requisitions.

2. The aggregate request should not include costs related to the renovation or alteration of facilities in connection with the installation of Business Enterprise Program (BEP) equipment approved as a result of the agency's budgeted prior approval request for the acquisition of that equipment. Costs associated with the renovation or alteration of facility space, whether in connection with the installation of the vending equipment or the acquisition of the vending facility itself, may be allowable but must be submitted in separate prior approval requests that are based on contract bids or other methods that project the actual proposed costs so their allowability may be assessed separately
3. The RSA Deputy Director or the Deputy Director's designee will send confirmation of the RSVFP Budget approval once it is received from ED.
4. The aggregate submission process is not used for general VR.

F. One-time Submission Process

1. The RSA Deputy Director or the Deputy Director's designee will email ED with any requests requiring prior approval that were not included in the aggregate submission (spend plan). Once ED has approved the request, the RSA Deputy Director or the Deputy Director's designee will inform the Operations unit, via email, that the prior approval was granted by ED.
2. The Receiver will attach the email from the RSA Deputy Director or the Deputy Director's designee to the requisition request to document that prior approval has been granted by ED.
3. Depending on the commodity, there may need additional layers of approval (for example, IT goes to the Office of the Chief Technology Officer (OCTO) for approval).

G. Resubmitting requests for prior written approval

The RSA Deputy Director or Deputy Director's designee is required to resubmit requests for prior written approval under the following circumstances:

1. When costs remain unobligated after the FFY ends, it is the RSA Deputy Director's responsibility to resubmit a prior approval request before incurring obligations within the subsequent FFY.
2. Prior to incurring obligations and expenditures in excess of the initially approved budget.



V. Internal Controls

A. Monitoring Expenditures

RSA will monitor expenditures to ensure that:

1. The actual amount charged to the specific award does not exceed the prior approval authorized amount per budget category, that expenditures are consistent with all federal requirements, and that the costs comply with the State's and agency's travel and procurement policies and procedures;
2. Costs charged directly for equipment are not also charged indirectly through a cost allocation plan or indirect cost rate; and
3. Only allowable, allocable, necessary, and reasonable costs are charged to the VR award in accordance with the Uniform Administrative Requirements in 2 C.F.R. §§ 200.403 – 200.405.

B. Internal Control and Monitoring Activities

1. The Operations unit uses a tracking system to monitor all increases to the spend plan. This tracking system is a shared document that is visible across the approval chain including programs, spend plan analyst, requisitioner, contract administrator, and the Office of Contracting and Procurement (OCP).
2. The provider relations supervisor reviews the tracking report weekly. There are only a limited number of vendors approved to provide assistive technology or technology services. The provider relations supervisor will analyze invoices from any of these vendors that exceeds \$5,000 for any given client in the RSA program. If the invoice is over \$5,000 for a specific client, the provider relations supervisor will determine if any per person amount exceeds \$5,000 and if so, will verify the documentation that prior approval was granted.
3. If it was determined that prior approval was not granted by the ED, this invoice will be flagged for the Operations program manager and RSA Deputy Director. The RSA Deputy Director will follow the prior approval process for this invoice to ensure that ED grants approval for this expense.
4. The Business Services Unit does the receiving of all payments prior to release and the receiver provides a final level of scrutiny to ensure that if prior approval is required, that it has been documented as received.