

Arizona Department of Education

Educator & School Excellence Unit

Equitable access to an excellent education for all students

ESE Policy Bulletin

Prior Approval for Travel and Capital Expenditures

Category: Allowability

Date: 5/1/2022

Effective: ESE will start applying these guidelines for FY22 grants

"Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the non-Federal entity [Local Education Agency] may seek the prior written approval of the cognizant agency for indirect costs [State Education Agency] or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part." (2CFR 200.407- Prior written approval)

Two of these special costs that are frequently included within ESEA Consolidated grants are travel and capital expenditures. For these items to be allowable, they must be deemed reasonable, necessary, and allocable to the grant. An LEA may receive prior approval by including those items within the grant application and receiving Director approval prior to the obligation of those funds.

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity [LEA]. Travel for LEAs does not specifically meet the requirements for needing prior written approval. However, for an LEA to ensure that travel will not be disallowed after the fact, it is best practice that travel be included in a Director approved grant prior to travel being taken. Otherwise, the LEA takes on the risk of the travel being unallowable. (2 CFR 200.475 -Travel Costs)

Capital expenditures and equipment are specifically required to have prior written approval from the SEA. By Federal definition, capital expenditures and equipment have an item or per unit cost of \$5,000 or more. These items that are normally coded under object 6700 for District LEAs or object 0190 for Charter LEAs and must be included in a Director approved grant application prior to funds being obligated. Otherwise, the expenditures will be summarily disallowed.

Summary:

Costs such as travel and capital items must be Director approved within the ESEA consolidated application before the LEA can be assured of their allowability. A cost is deemed allowable (reasonable, necessary, and allocable) once it has been Director approved within a grant application. Travel should have prior approval before travel is taken. Capital expenditures and equipment must have prior approval before funds are obligated.

Reference < <https://www.ecfr.gov/current/title-2/section-200.407>>

Reference < <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRed1f39f9b3d4e72/section-200.475>>

Reference < <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313>>

Reference < <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRed1f39f9b3d4e72/section-200.439>>

