



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

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Director, Division of Aging and Adult Services

TO: Area Agency on Aging Directors

FROM: Joyce Massey-Smith, Director

DATE: February 11, 2021

SUBJECT: CHANGE NOTICE FOR DAAS ADMINISTRATIVE LETTER 20-16 COVID-19
Pandemic Response, Part V
Change No. 01-21 ****REVISED****

I. BACKGROUND AND CONTENT OF CHANGE

DAAS ADMINISTRATIVE LETTER 20-16 COVID-19 Pandemic Response, Part V included documentation regarding the Capital Acquisition/Improvement Approval Process and Guidance for submission of requests for review. DAAS has received questions regarding this process and matters related to capital acquisitions in general. The purpose of this Change Notice is to provide a response to those questions and to clarify aspects of the process.

II. CLARIFICATION OF REQUESTS FOR PRIOR APPROVAL OF CAPITAL ACQUISITIONS

The following is guidance for submitting prior approval requests for purchases totaling \$5,000 or more in addition to those required for capital purchases.

- Any purchase where the total of the single transaction purchase is \$5,000 or more, submit approval request. (For example, purchasing iPads that are \$299.00 each but are purchasing 20 at one time. The total transaction is \$5,980 so it would need an approval.) If the total of the receipt of purchase is less than \$5,000, then no approval needed.
- Any capital purchase of equipment (including technology systems) whose total single transaction cost is \$5,000 or more, submit approval request. (For example, the purchase of two refrigerators at one time from a vendor at \$2,700 each. The total transaction cost is \$5,400 so it needs approval.)
- Any capital purchase for renovations, building and grounds projects where the total project cost is \$5,000 or more, submit for approval. Otherwise, no approval is needed.
- Salary and fringe are not a purchase and therefore do not need approval prior to expending those funds.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF AGING AND ADULT SERVICES

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

- PPE purchases are exempt from needing approval given we are in a pandemic. Any purchases not defined above, do not require approval. However, as with all other purchases, we strongly suggest that you seek competitive pricing/quotes for any purchases for audit purposes if those questions arise at a later date.
- Although a purchase may not require prior approval under the above guidelines, all such purchases must be tracked and the expenses properly coded. Agencies are strongly encouraged to contact the appropriate Program Consultant to ensure use of the appropriate code(s) or at any time there is a question regarding the purchase or need for prior approval.

Definition of Consumable Supplies.

With respect to COVID-19 Guidance and within the context of reporting, ACL defines consumables as groceries, cleaning supplies, personal hygiene supplies (including soap, toothpaste, toilet paper, sanitary wipes, incontinence supplies), cell phone or internet access, or other items purchased for use by an older adult (caregiver or care receiver).

The common definition of consumable goods includes those items that must be replaced regularly because they wear out or are used up. Examples include batteries, computer cables, calculators, envelopes, pens, pencils and paper. These are in contrast to durable goods such as computers, fax machines, other business machines or office furniture. Durable goods may be expected to last or be of use for at least a period of two to three years. Examples of durable goods include items such as automobiles, books, appliances, consumer electronics, furniture and tools.

What is a capital expense?

2 CFR § 200.13 defines a Capital Expenditure as the acquisition of assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. Prior written approval is required for capital expenditures including those for general purpose equipment, special purpose equipment and improvements to land, buildings or equipment which materially increase their value or useful life.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. However, as stated above, DAAS is extending the prior approval requirement to those where the total single transaction cost is \$5,000 or more, even though the individual item cost making up the total may be less than \$5,000.

Are robotic pets allowed under all programs?

No. The following programs/codes do not allow for the purchase of animatronic pets:

- Transportation/258
- Volunteer Program Development/290
- Overnight Respite/921
- Information and Options Counseling/940
- In-home aide/939
- Housing and Home Improvement/943
- Consumer Directed Care/516

Care Management/961
Legal/997
Ombudsman/992

Do we need to go back and submit capital expense approval forms for items already purchased over the past six months?

No, DAAS will not require submission for items already purchased. However, if the purchase fell within the above guidelines, or those specified in DAAS Administrative Letter 20-16, we strongly encourage you to submit a request for retroactive approval. Please be advised that you need to keep documentation for auditing purposes. If you are unsure whether you should submit a request for prior approval, please contact your Program Consultant.

In the same vein, would this apply to already submitted tracking forms?

Even if you did not, or do not, seek approval you should be recording purchases used under non-unit codes on the tracking spreadsheets. If you did not include these purchases on the spreadsheet and they are identified by us during our internal review you will be asked for clarification. Please make sure that you are properly tracking under the applicable code and category (see reference tab on spreadsheets).

Please clarify the lead on the capital expense forms.

All prior approval requests for COVID expenditures need to go to Jennifer Powell.
Prior approval requests for Senior Center Operations expenditures need to go to Leslee Breen.

Please note all tracking spreadsheets go to Leslee Breen.

Can we have a different capital expense form for use by the AAA? The form our providers are currently using is way too long and most of it is not applicable to the AAAs.

DAAS does not feel that the form needs to be changed at this time. If a question is not applicable, please enter "N/A" in one of the "Yes/No" boxes on the checklist.

III. EFFECTIVE DATE AND IMPLEMENTATION

This guidance is effective upon receipt.

If you have any questions regarding information in this change notice, please contact the appropriate DAAS Program Consultant.

JMS/LB/JNB/pg