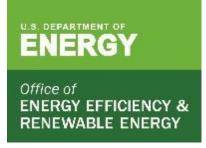


SEPTEMBER 20-23

ENGAGING COMMUNITY, EMBRACING DIVERSITY



Vehicle and Equipment Procurement and Disposal



Weatherization Assistance Program Vehicle & Equipment Procurement and Disposal Overview

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September 2021





Procurement

Learning Objectives
WPN 17-6: Step-by-step procurement process
2 CFR 200 Requirements
Recurring Issues
Common Elements of Success

Learning Objectives

This presentation provides the basic knowledge and information needed to manage the purchase of vehicles and equipment.

Objectives:

- To gain an understanding of the DOE Vehicle and Equipment Procurement Process
- What documentation is required for a Grantee vs a Subgrantee
- How to interpret the federal procurement regulations

Applicable Guidelines

- Weatherization Program Notice 17-6
- Select Sections of 2 CFR 200
- Select Sections of 10 CFR 440
- Grantee and Subgrantee Procurement Procedures

Weatherization Program Notice 17-6

WPN 17-6

Property Acquired Under the Weatherization Assistance Program (WAP) Including Vehicle and Equipment Purchases

PER 2 CFR 200.33

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."

PER 2 CFR 200.313

States must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures.



Department of Energy

Washington, DC 20585

WEATHERIZATION PROGRAM NOTICE 17-6 EFFECTIVE DATE: July 27, 2017

SUBJECT: Property Acquired Under the Weatherization Assistance Program (WAP) Including Vehicle and Equipment Purchases

PURPOSE: This guidance serves to provide Grantees with guidance on property acquisitions, including purchasing vehicles and equipment, for use in the WAP. This Weatherization Program Notice (WPN) supersedes WPN 13-4, Property Acquired under the Weatherization Assistance Program and WPN 13-7, Vehicle and Equipment Purchases.

SCOPE: The provisions of this guidance apply to recipients and subrecipients of financial assistance under the Department of Energy (DOE) WAP.

LEGAL AUTHORITY: Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy to administer the WAP. (42 U.S.C.§ 6861, *et. seq.*) All grant awards made under this program shall comply with applicable law and regulations including the WAP regulations contained in <u>10 CFR 440</u> and DOE Financial Assistance regulations at <u>2 CFR 200</u>.

PROCEDURES: Grantees shall comply with applicable law including regulations contained in 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other guidance applicable to these regulations as DOE may, from time-to-time, prescribe for the administration of financial assistance.

Per <u>2 CFR 200.33</u>, 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.

This information applies to the WAP only, and is not applicable to other programs unless you receive specific direction from other programs. Please note that per <u>2 CFR 200.313</u>, "states must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures."

WPN 17-6 Prior Approval Requirements

10 CFR 440.18 Allowable Expenditures

(d)(6) The cost of purchasing vehicles, except that any purchase of vehicles must be referred to <u>DOE</u> for prior approval in every instance.

In addition, 2 CFR 200.439(b)(2) allows Capital expenditures for special purpose equipment costing \$5,000 or more with prior written approval of the Federal awarding agency or pass-through entity.

WPN 17-6 | Obtaining Prior Approval

REMEMBER - 10 CFR 440.18(d)(6) requires prior approval in every instance.

REQUEST VIA APPLICATION

Identify the need for vehicles (both Grantee & Subgrantee) with the minimum requirements for approval included in your annual grant application.

IN PROCESS REQUEST

Identify the need for vehicles (both Grantee & Subgrantee) in your annual grant application **but were unable to include the minimum requirements for approval**.

Must ensure the minimum information required is provided to the DOE Project Officer.

DURING THE YEAR

Identify the need for vehicles (both Grantee & Subgrantee) after the award is approved.

Must submit a request to your DOE Project Officer and include the minimum information required.

WPN 17-6 | Minimum Requirements

- 1. Purchase request identifies Grantee/Subgrantee.
- 2. Where the vehicle/equipment will be used; how it will be used and specify full or part time use.
- 3. Identify funding source(s) that will be used for purchase.
- 4. Provide copies of the bid specification.
- 5. Statement of lowest responsive bid or justification of "best value selection".
- 6. Compliance with Grantee, Subgrantee and 2 CFR 200 procurement procedures including lease versus purchase analysis

NOTE: Draft Vehicle & Equipment checklist

Identify the Grantee and Subgrantee.

Where the vehicle/equipment will be used; how it will be used and specify full or part time use.

✓ Please indicate the amount of any non-DOE WAP cost sharing, especially if part-time usage is proposed.

Identify funding source(s):

- a) Grantee: "Training and Technical Assistance (T&TA)"
- b) Subgrantee: "Vehicle/Equipment or Program Operations"
- c) Provide a statement of whether the vehicle(s) is a replacement or ramping-up for program expansion.
- d) If this is a replacement, address the trade-in in your explanation.
- e) Provide a brief description of how the procurement was done.
- Provide Grantee and Subgrantee confirmation that Agency, Grantee, and Federal procurement guidelines in 2 CFR Part 200 – Financial Assistance Rules were met.
- g) Provide a copy of Grantee or Subgrantee's Procurement Procedures.

Provide a copy of bid specification (vehicle/equipment description).

- Provide the bid analysis indicating at a minimum:
 - √ each bidder
 - ✓ their bid price
 - ✓ determination whether each proposal met the bid specification

Statement of lowest responsive bid or justification of "best value" selection.

Compliance with 2 CFR 200.317-326

- a) Grantee and Subgrantee procedures must avoid acquisition of unnecessary or duplicative items (copy of Subgrantee's vehicle & equipment inventory).
- b) Consideration should be given to consolidating procurements to obtain a more economical purchase.
- c) Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

2 CFR 200 vs. Grantee* Procurement Procedures

2 CFR 200: Follow your procurement policies/procedures

200.317 (a) "When procuring property and services under a Federal award, a **State** must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will comply with §§200.321, 200.322, and 200.323 and ensure that every purchase order or other contract includes any clauses required by §200.327. All other non-Federal entities, including subrecipients of a State, must follow the procurement standards in §§200.318 through 200.327."

*Grantee and Subgrantee Procurement Procedures are usually more restrictive than either 2 CFR 200

2 CFR 200 vs. Subgrantee* Procurement Procedures

2 CFR 200: Subgrantees must have and use written procurement procedures that comply with 2 CFR 200.

§200.318 General procurement standards.

(a) "The non-Federal entity [Subgrantees] must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327."

^{*}Grantee and Subgrantee Procurement Procedures are usually more restrictive than 2 CFR 200.

2 CFR 200 / Grantee / Subgrantee Procurement Procedures

2 CFR 200.320 Methods of procurement to be followed.

- a) Micro-purchase "means a purchase of supplies or services, the aggregate amount of which does not exceed the [Grantee's or Subgrantee's] micro-purchase threshold"
- b) Simplified Acquisition Threshold (SAT)*: "The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the [Grantee or Subgrantee's] simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the [Grantee or Subgrantee's procurement procedure].
- c) Formal Procurement: "When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a [Grantee or Subgrantee], formal procurement methods are required... Formal procurement methods also require public advertising..."

Recurring Issue: Incomplete or Missing Documentation

Grantee did not provide:

- a) Grantee/Subgrantee Procurement Procedures for review.
- b) Grantee and Subgrantee written confirmation that Agency, Grantee, and Federal procurement guidelines in 2 CFR Part 200 Financial Assistance Rules were met. (Followed but no confirmation or Confirmation but Not Followed)
- c) Technical Specification, Bid sheet, Quotes/Bids
- d) Grantee and Subgrantee procedures must avoid acquisition of unnecessary or duplicative items (copy of vehicle & equipment inventory).
- e) Lease/Purchase: Explanation of analyses performed to determine the most economical approach.

Recurring Issue: Not Following Procurement Procedures

Subgrantee proposed purchase of 2 vehicles at \$40,000 each (\$80,000 total) using their SAT.

Issue:

Subgrantee's Procurement Procedures SAT Limit is \$50,000.

DOE Recommendation:

Use Subgrantee's Formal Procurement Procedures to purchase the 2 vehicles.

Result:

Subgrantee decided to continue the procurement using the SAT procedure and only purchase only 1 vehicle for \$40,000.

Recurring Issue: Technical (Bid) Specification (Restricts Competition)

Subgrantee "will be accepting bid proposals for a 2021 Ford Transit-350 Cargo Van.

Subgrantee's procurement procedures:

- "All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of 2 CFR Part 200 Subpart E Section 200.319."
 - Per 200.319 Subgrantee must "incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition."

Recurring Issue: Technical (Bid) Specification (*Change***)**

After quotes were received from 3 suppliers, Subgrantee changed specification.

200.319(d) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

Recurring Issue: Technical (Bid) Specification (Change) Continued

Issue:

Non-competitive procurement: less than 2 viable quotes/bids. After quotes were received, Subgrantee changed specification which **resulted in only 1 viable selection**.

DOE Recommendations:

- Subgrantee use their non-competitive procurement policy (declined)
- Grantee authorize a noncompetitive procurement (declined)

Result:

Subgrantee decided to wait until additional options were available.

200.320(a)(2): "...If small purchase procedures are used, <u>price or rate quotations</u> must be obtained from an adequate number of <u>qualified sources as determined appropriate by the non-Federal</u> <u>entity."</u>

Common Elements of Success

- **Follow Grantee or Subgrantee Procurement Procedures**
 - Simplified Acquisition Threshold? (price or rate quotations)
 - Formal Procurement? (RFP, Public Advertising, Bids & Proposals...)
- Obtain multiple Quotes/Proposals from different manufacturers
- Provide clear and accurate description of the technical requirements
- "...full and open competition consistent with the standards of this section and §200.320."
- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating quotes or proposals



Vehicle/Equipment Disposal 2 CFR 200.313

Weatherization Program Notice 17-6

WPN 17-6

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Department of Energy

Washington, DC 20585

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Per 2 CFR 200.33, 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.

This information applies to the WAP only, and is not applicable to other programs unless you receive specific direction from other programs. Please note that per 2 CFR 200.313, "states must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures."

2 CFR 200.313 (c) Use.

First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment.

Second preference must be given to programs or projects under Federal awards from other Federal awarding agencies.

Use for non-federally-funded programs or projects is also permissible.

User fees should be considered if appropriate.

Examples:

DOE funded grants -WAP, SEP, EECBG

Examples:

HHS - LIHEAP, Head Start, CSBG HUD Programs or USDA, etc.

Examples:

Utility weatherization programs.

Form SF-428 must be submitted, DOE must authorize any use other than WAP.

Disposition

§ 200.313 (a) (1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

Disposition should be considered only after the considerations for *Use*, described above, have been evaluated.

Disposition

§ 200.313 (e) Disposition.

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the **<u>Federal award.</u>** Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

Does your item have a current per unit fair market value of:

\$5,000 or less?

or more than \$5,000?

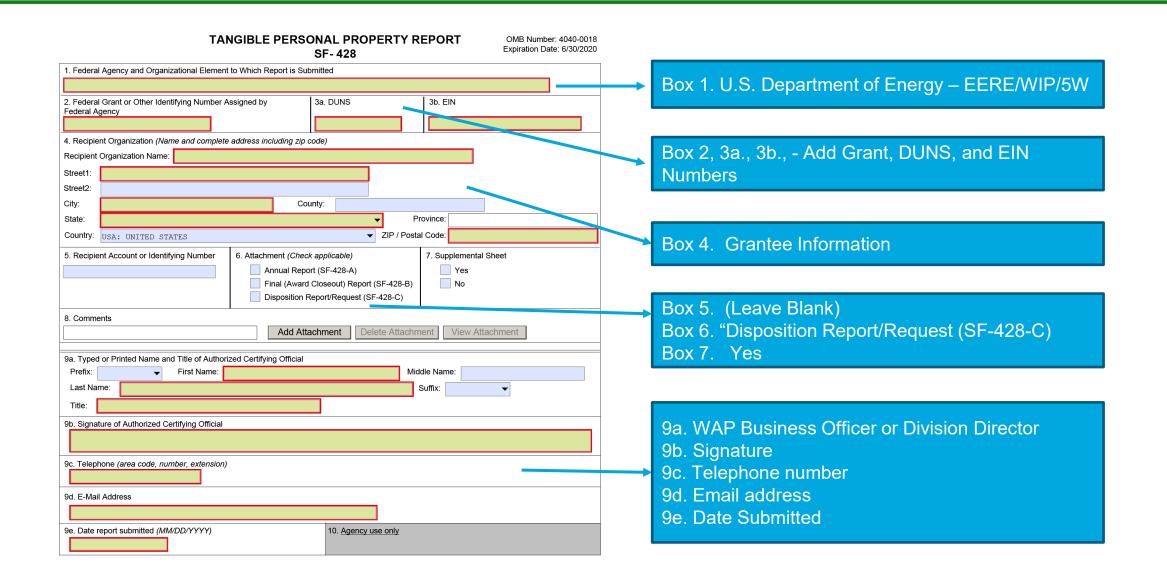
In both cases, SF-428 forms must be completed and sent to DOE for review and approval of the disposition request.

Allowable Disposition | 2 CFR 200.313 (e)(1)

Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further responsibility to the Federal awarding agency.

- Approval required. No further responsibility to federal agency is not synonymous with "no approval required".
- Submit a cover letter, transmittal memo, etc., which states the disposition plan.
- Verify the fair market value and provide a statement of valuation.
- Describe the method used to determine value.
- Submit the request for disposal instructions or the **Tangible Personal Property Report Forms** (SF-428, B, C, and/or S).
- A statement of value and the method of valuation with the SF-428 forms.

SF 428 Form



Form SF-428-B | Final Report

TANGIBLE PERSONAL PROPERTY REPORT Final Report SF-428- B								
Federal Grant or Other Identifying Number Assigned by Federal Agency (Block 2 on SF-428).								
1. Report (Select all that apply) a. Federally-owned Property (List on Supplemental St b. Acquired Equipment with acquisition cost of \$5,000 or (List on Supplemental Sheet SF-428S or recipient equivalen c. Residual Unused Supplies with total aggregate fair may programs or projects. (Complete Section 2c below) d. None of the above	r more for which the awarding agency has reser t and complete Section 2b below.)	ved the right to transfer title						
2. Complete relevant section(s)	For Agency Use	Only						
2a. Federally-owned Property (Select one or more.) (i) Request transfer to Award (ii) Request Federal Agency disposition instructions (iii) Other (Provide detail in Block 3 or attach request)	(i) Recipient request approved denied	pency response to requested disposition of Federally owned property: Recipient request approved denied D Dispose in accordance with attached instructions D.						
2b. Acquired Equipment (Select one or more.)								
(i) Request unconditional transfer of title with no further obligation to the Federal Government.	Agency response to requested disposition of acquired equipment:: (i) Recipient request approved denied Dispose in accordance with attached instructions Dispose Dispose in accordance with attached instructions Dispose Dispo							
(ii) Request Federal Agency disposition instructions Note: If the awarding agency does not provide disposition instructions within 120 days the recipient may continue to use the equipment for Federally supported projects or dispose in accordance with the applicable property standards.	Authorized Awarding Agency Official Signature: Name: Title	Date: Phone:						
2c. Reportable Residual Unused Supplies								
2 Commonts								
FINAL REPORT ATTACHMENT TO SF-428	Agency use only							
SF- Final Report Form – Attachment to SF-428								

Federally Owned Property Complete Box 1a. and 2a.

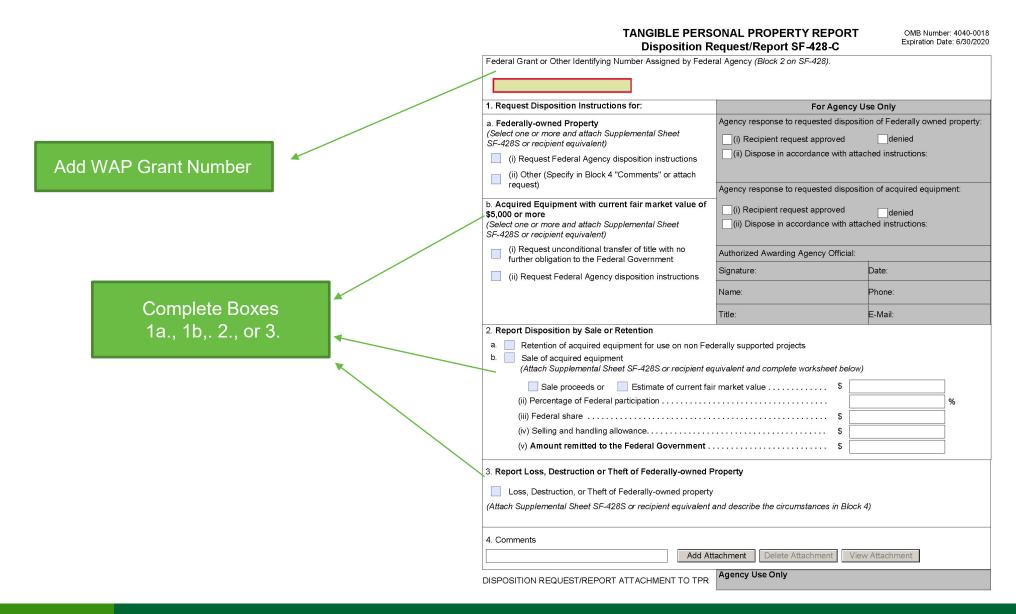
OR

Acquired Equipment Complete Box 1b. and 2 b.

OR

Reportable Residual Supplies Complete Box 2c.

Form SF 428-C | Disposition Request/Report



SF-428 S Inventory Sheet

TANGIBLE PERSONAL PROPERTY REPORT Supplemental Sheet SF-428-S

Attachment Type

Annual Report (SF-428-A)

Federal Grant or Other Identifying Number Assigned by Federal Awarding Agency (Block 2 of SF-428)

OMB Number: 4040-0018 Expiration Date: 6/30/2020

Select Report Type

List out the items:

- GP or ACQ
- description of item
- ID number
- Acquisition date
- Condition Code
- Acquisition Cost (\$)
- Disposition Request

					Final (Award Closeout) Report (SF-428-B) Disposition Report/Request (SF-428-C)				
С	Complete one row for each item:								
	Award Number (a)	GP or ACQ (b)	Description of Item (c)	Identification Number (d)	Acquired Date (e)	Condition Code (f)	Acquisition Cost (In Dollars) (g)	Disposition Request (h)	
1		-				~			
2		•				-			
3		-				•			
4		-				•			
5		-				•			
6		•				-			
7		7				•			
8		•				•			
9		· -				•			
10		1				•			

Allowable Disposition | 2 CFR 200.313 (e)(2) Sales Procedures

2 CFR 200.313 (e)(2) Except as provided in § 200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the non-Federal entity 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. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

Submit SF-428, SF-428-C, and SF-428S (Inventory)

Funds must be returned to DOE

Calculate the amount of funds to be returned as described here.

Allowable Disposition | Transfer Title

2 CFR 200.313 (e)(3) The non-Federal entity may transfer title to the property to the Federal Government or to an <u>eligible third party provided that</u>, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

- Transfer or sell to Training Center
- Calculate compensation
- Submit SF-428 Forms

Example:

Equipment, with a value more than \$5,000, can be sold to a stand alone (third-party) Weatherization Training Center.

- Calculate Compensation
- Submit SF-428 Forms
- Request Approval

Allowable Disposition | Maintenance

2 CFR 200.313 (e)(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

2 CFR 200.313 (d)(4) "Adequate maintenance procedures must be developed to keep the property in good condition."

DOE can demand the sale or disposal of inventory.

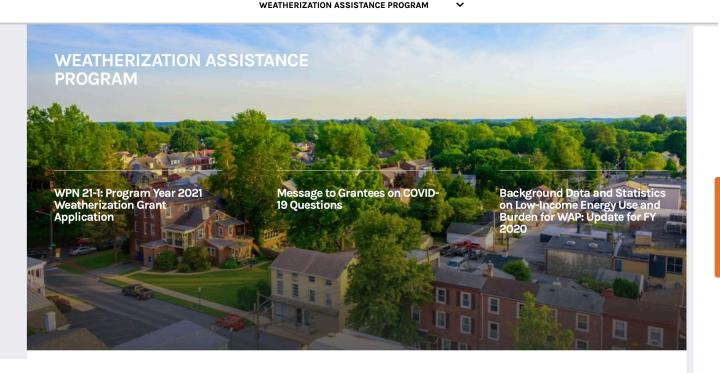
Example:

Grantee has equipment and vehicles that are in disrepair, so DOE can direct Grantee to complete an analysis on whether it can be repaired or not or follow proper disposal.

Complete evaluation Submit your SF428 materials

Resources | WPN and Memorandums







Program Resources



WAP Fact Sheet

Download and share the WAP fact sheet with your community leaders and decision makers.

Learn more

WAP Administrative Professional Training

Self-paced training geared toward WAP directors, fiscal, and administrative staff interested in implementing WAP at the local level.

Learn mores

Energy Audit Tools

Learn more about the audit tools approved for use in the WAP.



Learn more

Guidelines for Home Energy Professionals

Explore the Guidelines for Home Energy Professionals, which support the development of a skilled residential energy upgrade workforce.



Learn more

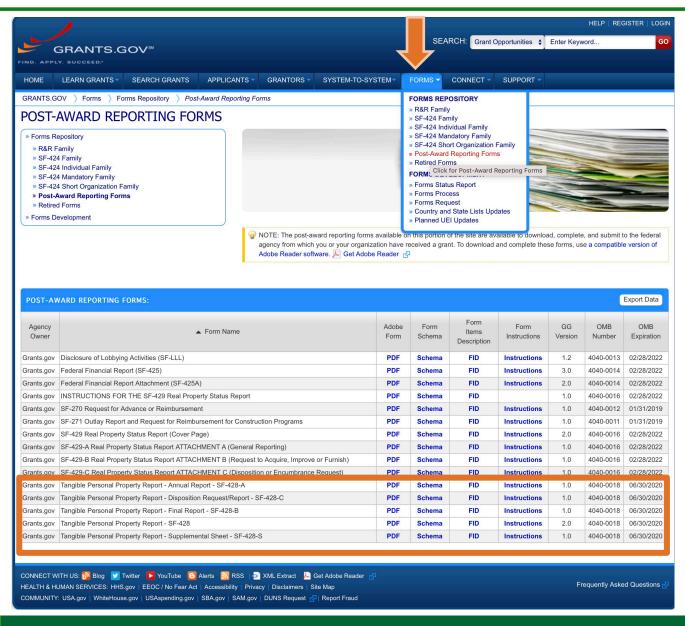
WAP Monitoring

Learn more on how WAP monitors the work to ensure high-quality work and energy savings for each client.



Learn more

Resources | SF 428 Forms



Conclusion

- Other Uses
- Valuation Methods
- Sales Procedures
- Maintenance

Thank You! Contact us @

Jon.Muckey@ee.doe.gov Floris.Weston@ee.doe.gov