

Policies and Procedures Technical Assistance

2 CFR 200 is the guiding policy for all federal grants. Recipients of federal program funds are required to comply with all of the following.

2 CFR 200.313 and 2 CFR 200.33 - Equipment

Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place will, as a minimum, meet the following requirements:

- 1) Maintain property records procedure and policies (include description, serial number or other identification number, source of funding, acquisition date, etc.)
- 2) A physical inventory procedure and policies (a minimum of every 2 years)
- 3) A Control System procedure and policies (ensure adequate safeguards in place)
- 4) Adequate Maintenance procedure and policies
- 5) Sales procedures and policies
- 6) Disposition procedure and policies

2 CFR 200.317 through 326 – Procurement

The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws, and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. All below are from 2 CFR 200.320

- 1) A procedure and policy for micro-purchases (Under 10,000)
- 2) A procedure and policy for small purchases (10,000 to 250,000)
- 3) A procedure and policy by sealed bids (Lowest Bidder for over 250,000)
- 4) A procedure and policy by competitive proposals (Need to show why not sealed bids for over 250,000)
- 5) A procedure and policy by noncompetitive bids (sole source, must prove only source)

2 CFR 200.333 – Record Retention

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient.

§81.31 Measure of recovery. - A recipient that made an unallowable expenditure or otherwise failed to discharge its obligation to account properly for funds shall return an amount that—

- (c) Excludes any amount expended in a manner not authorized by law more than five years before the recipient received the notice of a disallowance decision under §81.34.

- 1) Need a procedure and policy for each type of record retained. 2 CFR states 3 years, however US Department of Education states up to five years for grants.

2 CFR 200.213 – Suspension and Debarment

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub-awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

- 1) A procedure and policy of how you check vendors to ensure they are allowable and not suspended or debarred. (Must retain a copy of suspension/debarment results. www.sam.gov)

2 CFR 200.302 – Financial Management

Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §200.450 Lobbying.

The financial management system of each non-Federal entity must provide for the following (see also §§200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission, and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records):

- 1) A policy and procedure for Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received
- 2) A policy and procedure for accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with reporting requirements
- 3) A policy and procedure for records that identify adequately the source and application of funds for federally funded activities.
- 4) A policy and procedure for effective control over, and accountability for, all funds, property, and other assets.
- 5) A policy and procedure for comparison of expenditures with budget amounts for each federal award.
- 6) Must have written procedures to implement the requirements of 2 CFR 200.305 Payment.
- 7) Must have written procedures for determining the allowability of costs in accordance with Subpart E-Cost Principals of this part and the term and conditions of the Federal award.

2 CFR 200.307 – Program Income

Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures. Should have policies and procedure for each criteria listed below;

- 1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs
- 2) *Addition.* With prior approval of the Federal awarding agency program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.
- 3) *Cost sharing or matching.* With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

2 CFR 200.306 – Cost Sharing or Matching

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing, or matching when such contributions meet all of the following criteria: Need a policy and procedure to cover these criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

Unexpected or Extraordinary Circumstances

For all Federal awards, if a grantee or subgrantee does not currently have in place a policy that addresses extraordinary circumstances such as those caused by COVID-19, the grantee or subgrantee may amend or create a policy in order to put emergency contingencies in place for Federal and non-

Federal similarly situated employees. If the conditions exist for charges to be made to the Federal grant, charges may also be made to any raordinary circumstance is allowable.

2 CFR 200.430 Compensation—personal services. (a) *General.* Compensation for personal services includes all remuneration, paid currently, or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;

2 CFR 200.431 Compensation—fringe benefits. (a) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick, or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement, or an established policy of the non-Federal entity.

(b) *Leave.* The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

- (1) They are provided under established written leave policies;

2 CFR 200.430 (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

Conflict of Interest

2 CFR 200.112 The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.