



FACT SHEET

POLICIES & PROCEDURES



As a pass-through entity for Federal Education funds, the Nebraska Department of Education (NDE) is providing this fact sheet to assist Federal program subrecipients.

This information is being provided by the NDE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at [Electronic Code of Federal Regulations \(eCFR\)](#) when developing their own policies and procedures.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

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(d) and 2 CFR 200.1 - 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 200.318 through 327 – Procurement

The recipient or subrecipient 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 200.334(d) – Record Retention

Financial records, supporting documents, statistical records, and all other recipient or subrecipient 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 200.334 (d) states 3 years, however US Department of Education states up to five years for grants.

2 CFR 200.214 – Suspension and Debarment

Recipients and subrecipients are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as [2 CFR part 180](#). The regulations in [2 CFR part 180](#) restrict making Federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.

§ 180.300 What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM.gov Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

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 recipient's or subrecipient's 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 recipient or subrecipient 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 Principles 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 recipient or subrecipient. 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 recipient's or subrecipient'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 recipient's or subrecipient'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.

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 (g) 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 that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
 - (ii) Be incorporated into the official records of the recipient or subrecipient.
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100 percent of compensated activities (for IHEs, this is the IBS);
 - (iv) Encompass federally assisted, and all other activities compensated by the recipient or subrecipient on an integrated basis but may include the use of subsidiary records as defined in the recipient's or subrecipient's written policy.
 - (v) Comply with the established accounting policies and procedures of the recipient or subrecipient (See paragraph (i)(1)(ii) of this section for treatment of incidental work for IHEs.); and
 - (vi) 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 allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
 - (vii) Budget estimates (meaning, 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:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity performed.

2 CFR 200.112 Conflict of Interest

Federal agencies must establish conflict of interest policies for Federal awards. A recipient or subrecipient must disclose in writing any potential conflict of interest to the Federal agency or pass-through entity in accordance with the established Federal agency policies.

2 CFR 200.475 Travel

Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the recipient or subrecipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the recipient's or subrecipient's other activities and in accordance with the recipient's or subrecipient's established written policies. Notwithstanding the provisions of § 200.444, travel costs of officials

covered by that section are allowable with the prior written approval of the Federal agency or pass-through entity when they are specifically related to the Federal award.

Federal Compliance Monitoring

As part of NDE's annual Federal Compliance Monitoring program, NDE staff will review agency policy and procedure records. Grant Compliance Auditors will conduct these reviews using the requirements outlined in 2 CFR Part 200, along with other applicable federal regulations and guidelines.

Technical Assistance

Any questions relative to the contents of this document, please contact:

nde.bgmhelp@nebraska.gov.

This document is not a substitute for the advice of your own attorney and/or law firm licensed to practice law in the state of Nebraska. In reading and applying Federal law, the NDE recommends LEAs seek and obtain the advice of counsel with questions of application, interpretation, and/or to ensure that use of this information is appropriate to your particular situation.

