



Ch-Ch-Ch-Changes Uniform Guidance Training: Greatest Hits and New Releases



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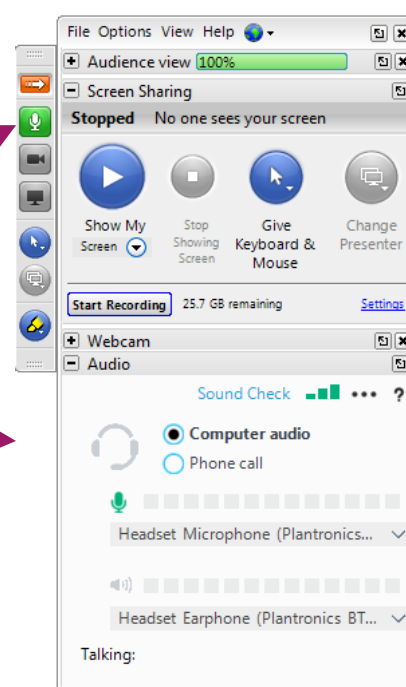


Control Panel

**All Attendees are in
Listen Only Mode**

Check your audio

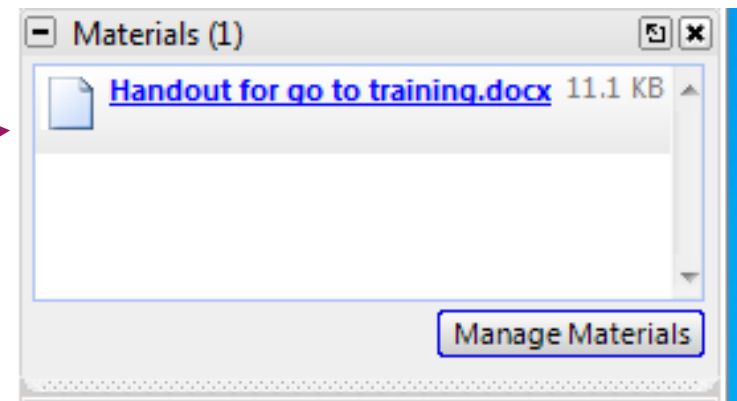
**Use either computer
or phone**



Control Panel



**Training Materials
available here**



Control Panel



Use the CHAT BOX for
Questions



Type Questions and
Comments Here

A screenshot of a web-based chat interface. At the top is a title bar with the word "Chat" and standard window controls. Below is a large text area for messages. Underneath is a smaller input field with the placeholder text "[Type message here]". To the left of the input field is a dropdown menu currently showing "All - Entire Audience". To the right of the input field is a "Send" button. Below the input field is a section titled "Practice controls" which displays "Training ID: 315-924-284". At the bottom of the chat box is the GoToTraining logo.

Certificate of Completion



REQUIREMENTS:

Participate in
webinar

Webinar Etiquette

- Be present and engaged
- Use the chat box for comments and questions
- Have fun learning and sharing!



RCAC – Your Trainer & Moderator Today



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Ch-Ch-Ch-Changes Uniform Guidance Training: Greatest Hits and New Releases developed by

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Updates to the Uniform Guidance

TRAINING OBJECTIVES

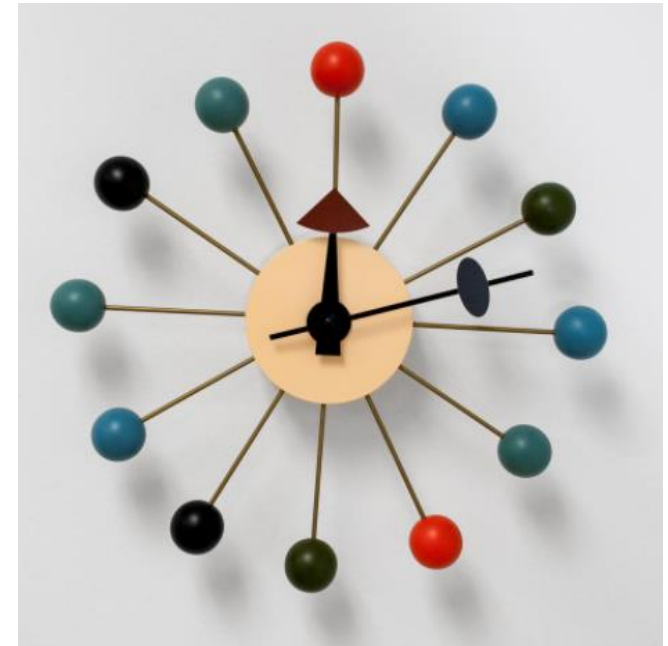
- You will test your knowledge of compliance
- You will know where to look for answers
 - eCFR (Federal Register)
 - RD Instruction 1944-I
- You will develop a list of action items and follow-up tasks
 - *Update your policies and procedures!*

I have only
come here
seeking
knowledge



Agenda

- Overarching concepts/training expectations
- Information Location
 - Review handouts
 - UG Outline*
 - ACTION PLAN – print for notes*
 - UG Updates Training Slides*
 - 2 CFR 200*
- Review highlights of each Subpart of **Uniform Guidance** (A-F)
 - Particular attention to:
 - Subpart D—Post Federal Award Requirements &*
 - Subpart E—Cost Principles*
- 5-minute break at the top of the hour
- Q&A



Pulse Check – CHAT IT UP!



1. Who is excited to learn about updates to the Uniform Guidance?
2. Who stayed up all night studying for today's session?
3. Who has no idea what they signed up for?
4. Who just remembered moments ago that they had a training today?

Poll 1 – Who's With Us?

...and our first poll question...

Describe your organization:

- Non-Profit Entity
- Government
- Tribal
- Other – Share in the CHAT

Poll 2 – Who's With Us?

...and our second poll question...

What best describes your role in the agency:

- Executive Director
- Housing or Program Manager/Coordinator
- Fiscal/Bookkeeping
- Other – Share in the CHAT

Over Arching Training Concepts

**Our exploration
of the Uniform
Guidance today**

Not a deep dive...

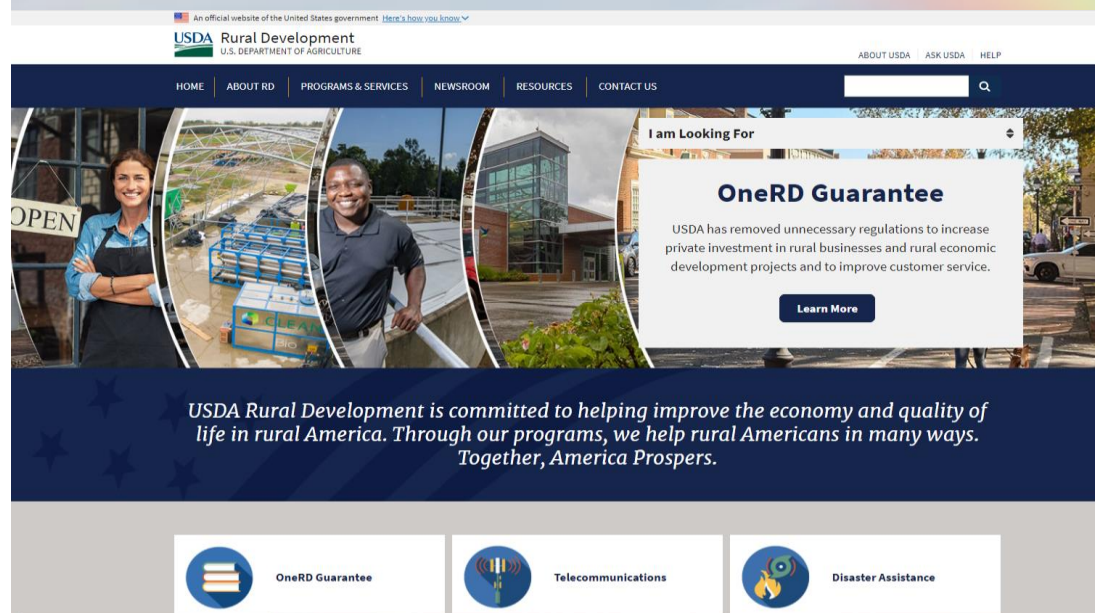


...more of a
surface float on
inner tubes!

Over Arching Training Concepts

Our federal funder is USDA, RD

- Our focus: How the Uniform Guidance pertains to administering the Self-Help Housing grant



Over Arching Training Concepts

Let's acknowledge
the grumpy cat in
the room...





Location, Location, Location

eCFR (Electronic Code of Federal Regulations)

- Title 2 → Subtitle A → Chapter II → Part 200 Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards [2 eCFR 200](#)
- Handout – [Uniform Guidance Outline](#) – *Table of Contents for UG and a link to its location*
- Federal Register [federalregister8-13-20updates](#)
- USDA RD 1944-Instruction [1944-I](#)
 - [Action Plan](#), *you're welcome*



Who's the Boss?



Uniform Guidance

- The rules and/or goals for all federal grantees
- Intended to unify and simplify instruction
- The Executive Branch of the hierarchy of instruction



USDA RD

- The funder for Self-Help Housing
- 1944-I RD Instruction for TA 523 Grant Funds
 - 502/504 fund management for builder families

Subpart A—Acronyms and Definitions

Acronyms §200.0

- Eliminated **CFDA** – Catalog of Federal Domestic Assistance
 - (replaced with **Assistance listing number**) means a unique number assigned to identify a Federal Assistance Listings, formerly known as the CFDA Number
- **NEW NFE** – Non-Federal Entity



For the record

Subpart A—Acronyms and Definitions



Definitions §200.1

(alpha, no numbering)

- Multiple language edits & clarifications
- **NEW** additions, a few examples
 - Assistance listing number
 - Budget period
 - Micro-purchase threshold
 - Notice of funding opportunity
 - Renewal award
 - Telecommunications cost

Subpart B—General Provisions

§200.100 Purpose

(a)(1) Establish uniform administrative requirements, cost principles and audit requirements. Federal awarding agencies ***must not impose additional or inconsistent requirements,***
(but they do)

§ 200.102 Exceptions...

Hey, it's good to have goals



Subpart B—General Provisions

§200.101 Applicability

- **NEW** (b)(1) Throughout this part when the word “must” is used it indicates a requirement. Whereas, use of the word “should” or “may” indicates a best practice or recommended approach rather than a requirement and permits discretion.



Subpart C—Pre-Federal Award Requirements and Contents of Federal Awards

Awarding agencies may include specific performance goals in the federal award.

TRUE OR FALSE?

FALSE – MUST would be True §200.211(a) measurable goals/improvement



Subpart C—Pre-Federal Award Requirements and Contents of Federal Awards

§200.211 Information contained in a Federal award

(a) *Performance goals* Federal awarding agency **NEW** ~~may~~ must include specific performance goals, including timing and scope of expected performance

(c) *General terms and conditions*

NEW (iv) Future budget periods. If period of performance will include multiple budget periods, the Federal awarding agency must indicate that ***subsequent budget periods are subject to the availability of funds***, program authority, satisfactory performance, and compliance with the terms and conditions of the Federal award

NEW (v) Termination provisions. Federal awarding agencies must make recipients aware, in a clear and unambiguous manner, of the termination provisions.

Subpart D—Post Federal Award Requirements



Subpart D—Post Federal Award Requirements

§200.302(b) Financial Management System *must*:

- ☑ Identify funds received and expended
- ☑ Disclose accurate, current and complete financial results
- ☑ Identify source and application of funds
- ☑ Effective controls and accountability for funds, property and other assets
- ☑ Compare budget to actual results
- ☑ *Written procedures* for payment requirements
- ☑ *Written procedures* for determining allowability of costs

Subpart D—Post Federal Award Requirements



§200.303 NFE **must:**

- (a) Establish and maintain a **system of internal control** that provides for **reasonable assurance** that the entity is managing the award in compliance with Federal statutes, regulations and terms and conditions
- (c) Internally evaluate and monitor compliance
- (d) Take prompt action when instances of noncompliance are identified
- (e) Reasonable safeguard measures for PII

Subpart D—Post Federal Award Requirements

Components of Internal Control



Control
Environment



Risk
Assessment



Control
Activities



Information and
Communication



Monitoring
Activities

<https://www.gao.gov/greenbook/overview>

<https://www.coso.org/Pages/default.aspx>

Subpart D—Post Federal Award Requirements

Control Environment



oversight, structure,
authority; competence
of management

I Want You to Show Me the Way -Examples

- Mission statement
- “Living” job descriptions
- Segregate incompatible activities
- Code of conduct, ethics
- Board committees
- Tenured management
- Position specific training

Subpart D—Post Federal Award Requirements

Risk Assessment



identify, analyze and manage risks (internal & external)

I Want You to Show Me the Way

-Examples

- Business plans & budgets
- “Living” strategic plans
- Document & communicate risk
- Involved staff, collective knowledge
- Senior management report to board audit committee
- Auditors and other outside experts on changes in accounting or regulation

Subpart D—Post Federal Award Requirements

Control Activities



**policies & procedures;
controls address risks
throughout organization**

I Want You to Show Me the Way -Examples

- Monitoring
- Policy
- Segregation of duties
- Verification
- System access
- System automation
- Board oversight
- Review & reconciliation
- Authorization

Subpart D—Post Federal Award Requirements

Information & Communication



Internal & external, ensure upwards communication; operational reporting

I Want You to Show Me the Way -Examples

- Fiscal/accounting updates
- Company handbook
- Employee orientation on ethics and values
- Record retention period that follows all applicable laws
- Period-end reporting deadlines
- Whistleblower hotline

Subpart D—Post Federal Award Requirements

Monitoring Activities



Conduct ongoing evaluations; detect & resolve deficiencies

I Want You to Show Me the Way -Examples

- Internal audits
- Investigate complaints
- Listening to & understanding employee perceptions
- Employees acknowledge compliance with the conduct or ethics code
- Require signatures to verify performance of controls
- Checklists, questionnaires

Subpart D—Post Federal Award Requirements

Interest earnings up to \$250 per year may be retained by NFE.

TRUE OR FALSE?

*FALSE §200.305 (b)(9)
up to \$500*



Subpart D—Post Federal Award Requirements

§200.305 Federal payment

(b)(1) Advance payments limited to the minimum amount needed and timed with actual, immediate cash requirements for the project, and the NFE must make timely payments to contractors

(b)(8) Interest-bearing accounts are required for advance payments, unless

(i) Receive less than **NEW** ~~\$120,000~~ \$250,000 in annual awards

(ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances

(b)(9) Interest earnings up to \$500 per year may be retained by NFE

Subpart D—Post Federal Award Requirements

§200.308 Revision of budget or program plans

(c) Prior approval **required** for:

- (1) Change in scope
- (2) Change in key person
- (3) Disengagement of project leader for more than 3 months or a 25% reduction in program/project time
- (4) Costs requiring federal awarding agency prior approval
- ~~(7) Changes in the amount of the approved match provided by the NFE entity~~ ***N/A, No cost sharing or match requirement for SHH grant***
- (8) Need for additional Federal funding to complete project



Where am I to go now
that I've gone too far?
-Budget Line Item

Subpart D—Post Federal Award Requirements

A budget cost category revision of more than 10% of the grant budget requires written approval from USDA.

TRUE OR FALSE?

- FALSE – §200.308 (f) the funder may restrict
 - If exceeds simplified acquisition threshold and
 - The transfer exceeds 10% of total budget



Subpart D—Post Federal Award Requirements

§200.308 Revision of budget or program plans

(f) The Federal awarding agency **may, at its option**, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project

- **exceeds the simplified acquisition threshold and**
- **the cumulative amount** of such transfers **exceeds** or is expected to exceed **10 percent of the total budget** as last approved by the Federal awarding agency.



I work all night, I work
all day, to pay the bills
I have to pay...
-The Budget

Subpart D—Post Federal Award Requirements

§200.309 **NEW** “Modifications to” Period of Performance

- Federal awarding agency approves an extension or recipient extends it through a budget modification, end will be at completion of extension
- Termination – period of performance will be amended to end at the effective date of termination.
- Renewal award – a distinct period of performance will begin

Subpart D—Post Federal Award Requirements

PROPERTY STANDARDS
§§200.310-327

Subpart D—Post Federal Award Requirements

§200.313 Equipment revisit Definitions §200.1

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.



See also the definitions of *capital assets*, *computing devices*, *general purpose equipment*, *information technology systems*, *special purpose equipment*, and *supplies* in this section.

Subpart D—Post Federal Award Requirements

**Equipment purchased
(*with prior approval*) with
grant funds of one Federal
program may not be used
in another program.**

TRUE OR FALSE?

*FALSE – §200.313(c)(2), in
fact, you must make it
available for other federally
supported projects*



Subpart D—Post Federal Award Requirements

§200.313 Equipment [200.439]

(a) **Conditional** title vests in the NFE

(1) Authorized purpose use for project period of performance

(2) **Not encumber property without approval of federal awarding agency**

(c)(1) Use in program as long as needed whether or not program continues to be supported by a Federal award, **prior approval to encumber**, and when no longer needed, may use in the following priorities:

(i) Other projects funded by the same Federal agency

(ii) Projects funded by other Federal agencies

(2) NFE **must** also make equipment available for use on other federally supported projects or programs, user fees (non-federally-funded projects) may be charged if appropriate

(4) Use as trade-in for replacement equipment without prior approval

Subpart D—Post Federal Award Requirements

A physical inventory of property must be taken at least once every year.

TRUE OR FALSE?

- *FALSE*
§200.313(d)(2), every 2 years



Subpart D—Post Federal Award Requirements

§200.313 Equipment (cont.) [200.439]

(d) *Management requirements* **at a minimum**:

- Description of property
- Serial or other identification number
- Source of funding and title
- Acquisition date
- Cost of property, % of federal participation of cost
- Location and use of the property
- As applicable, disposition data
- Physical inventory at least every 2 years, results reconciled with the property records
- Control system with adequate safeguards to prevent loss, damage or theft (theft requires investigation)
- Adequate maintenance procedures
- Highest return sales procedures



Subpart D—Post Federal Award Requirements

Proceeds from sale of equipment of less than \$5,000 FMV are unrestricted income.

TRUE OR FALSE?

- *TRUE §200.313(e)(1) new updates say ok to dispose of without responsibility to awarding agency*



Subpart D—Post Federal Award Requirements

§200.313 Equipment (cont.)

(e) (1) *Disposition* Fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further **NEW responsibility** obligation to the federal awarding agency

(2) Fair market value <\$5,000, NFE must ask for disposition instruction

- If no response in 120 days, may keep or sell, but
- must pay awarding agency its share of proceeds of FMV
- Non-Federal entity may keep up to \$500 of proceeds (for admin)



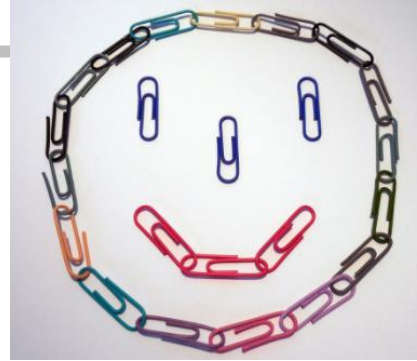
That's It, Honey, I Quit,
I'm Movin' On
-The Equipment

Subpart D—Post Federal Award Requirements

§200.313 Supplies

revisit **Definitions §200.1**

Supplies means all tangible personal property other than those described in the definition of *equipment* in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also the definitions of computing devices and equipment in this section.



Subpart D—Post Federal Award Requirements

How do you solve a problem like



PROCUREMENT

Subpart D—Post Federal Award Requirements

§200.318 General procurement standards

- (a) Must **have and use** documented procurement procedures **consistent with** state, local, and tribal laws and regulations for the acquisition of property or services
- (c)(1) Must maintain **written** standards of conduct covering **real or apparent conflicts** of interest in the selection, award, or administration of a contract...no gratuities, favors, gifts for or from employees, officers or agents, this includes board members, family members, partners, etc.
- **written** policies must include disciplinary actions for violations

Subpart D—Post Federal Award Requirements

Employees of NFE's that manage federal funds cannot accept gifts (lunches, coffee cards, etc.)

TRUE OR FALSE?

- *FALSE §200.318(c)(1) an agency may create defined procedures for managing non-substantial or unsolicited gifts*



Subpart D—Post Federal Award Requirements

§200.318 General procurement standards



(c)(1) (cont.) However, an agency

- may set standards (defined, in **writing**) for situations of non-substantial or unsolicited gifts and

(d) Avoid purchasing unnecessary or duplicative items and conduct lease vs. purchase analysis when appropriate to determine the most economical approach

Subpart D—Post Federal Award Requirements

§200.319 Competition

- (a) Full and open competition
- (c) No state, local or tribal preferences unless mandated by Federal statute
- (d)(2) Must have **written** procedures that identify factors of bid evaluation
- (e) Must maintain current lists of pre-qualified contractors, firms, products to ensure open and free competition
- NEW** (f) Noncompetitive procurements can only be awarded in accordance with **§200.320**



Subpart D—Post Federal Award Requirements

There are five procurement thresholds.

TRUE OR FALSE?

- *FALSE §200.320*
- *There are five procurement methods, only **2 thresholds**....*



Subpart D—Post Federal Award Requirements

§200.320 Methods of procurement to be followed

The NFE *must have and use documented procurement procedures*, consistent with the standards of this section

(a) Informal procurement method	(b) Formal procurement method	(c) Noncompetitive
1. MICRO PURCHASE (<\$10K) 2. SMALL PURCHASE*	3. SEALED BID 4. PROPOSALS	5. NONCOMPETITIVE
<i>*Up to the simplified acquisition threshold (currently \$250K) Or a lower threshold established by the NFE</i>	<i>Exceeds simplified acquisitions threshold Or a lower threshold established by the NFE</i>	<i>Not to exceed micro-purchase threshold (\$10K currently)</i>
Expedite the completion of transactions and minimize administrative burden	Formal documented procedures, public advertising	Emergency or inadequate competition

Subpart D—Post Federal Award Requirements

§200.320(a) Informal procurement methods (1) Micro-purchases

- (i) Distribution – equitably among qualified suppliers
- (ii) Awards – no quotes required, price determined reasonable based on research, experience, purchase history or other **documented** files;

- **NEW** p-cards can be used for micro-purchases if **procedures are documented** and approved by NFE



Subpart D—Post Federal Award Requirements



§200.320(a) Informal procurement methods (2) Small purchases

(i) Procedures – price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the NFE (**documented procedures**)

Subpart D—Post Federal Award Requirements

Sealed bids must be used for procurements exceeding \$150,000.

TRUE OR FALSE?

- *FALSE §200.320(b)(1)*
- *250K in regs, was \$150K, can also change in your p&p*



Subpart D—Post Federal Award Requirements

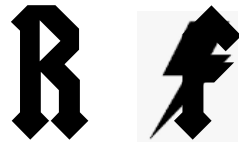
§200.320(b) Formal procurement methods (1) Sealed bids

Firm price, fixed contract that is publicly solicited – advertised – with defined terms and conditions, realistic specifications, and selection is principally based on price (*other factors than price can contribute to “cost”*)

- Two or more responsible bidders
- Publicly opened



Subpart D—Post Federal Award Requirements



§200.320(b) Formal procurement methods

(2) Proposals. Either firm price or cost-reimbursement contracts

(ii) Written method for evaluation

(iii) Awarded to proposal that is **most advantageous to the NFE**, price and other factors considered;

F O R

Subpart D—Post Federal Award Requirements

§200.320(c) Noncompetitive procurement

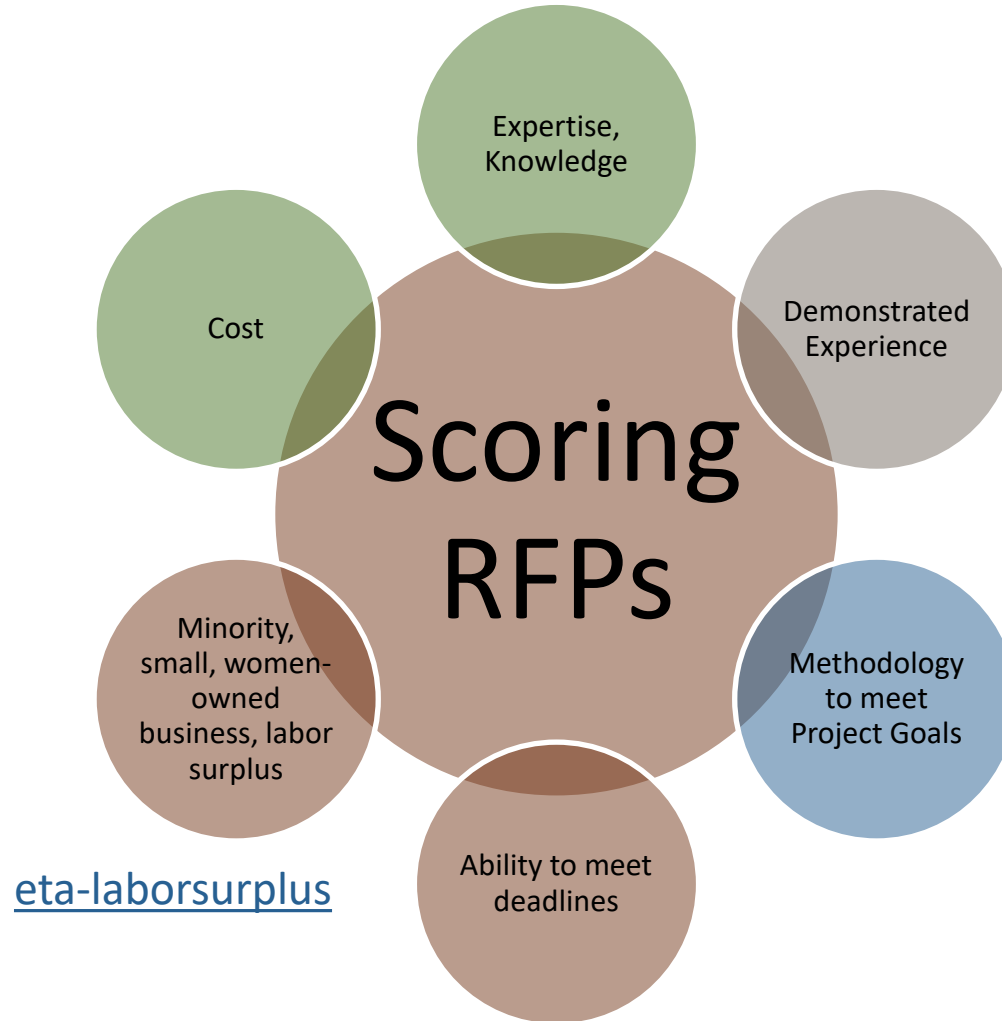
Only if one or more of the following apply:

- NEW** (1) Less than micro-purchase threshold;
- (2) Item is available only from a single source;
- (3) Emergency;
- (4) Authorization from federal awarding agency (after written request from NFE)
- (5) After solicitation of a number of sources, competition is determined inadequate

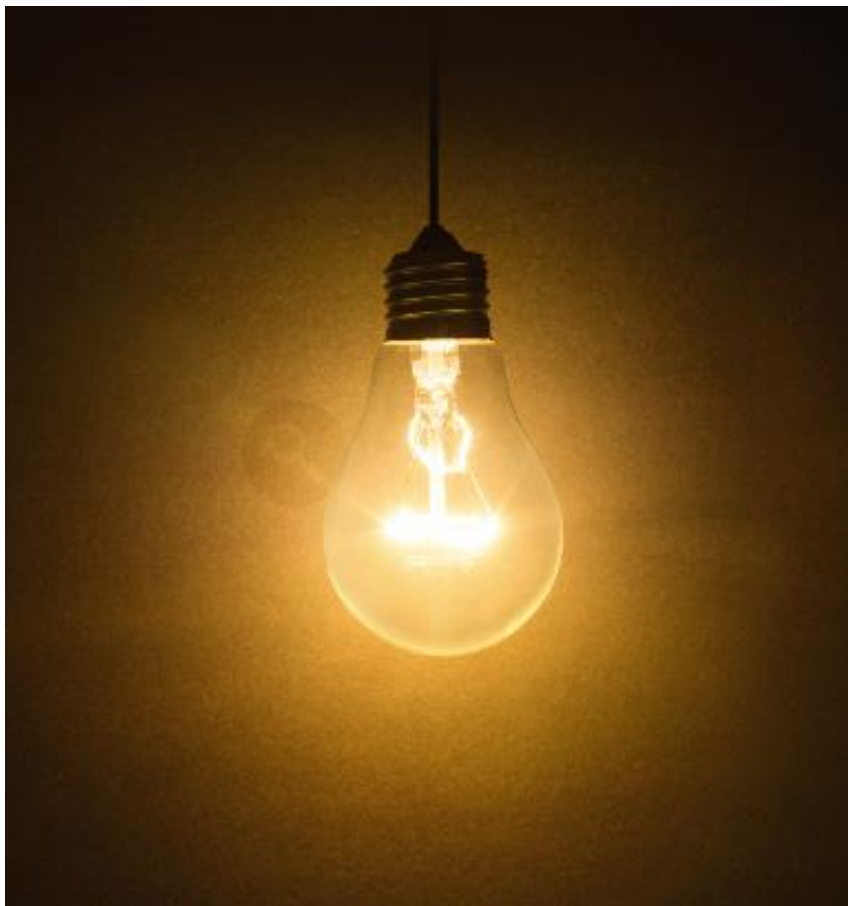


f o r

Subpart D—Post Federal Award Requirements



Subpart D—Post Federal Award Requirements



§200.318 General procurement standards

...a few good ideas...

- Employees and board members can sign statements indicating that they will adhere to your policies and procedures and
- they can review your annually updated list of contractors (vendors) and indicate that there are no potential conflicts
- Conduct an annual analysis (written) of “shopping costs” among your contractors

Subpart D—Post Federal Award Requirements

**PERFORMANCE AND FINANCIAL
MONITORING AND REPORTING
§200.328-330**

Subpart D—Post Federal Award Requirements

§200.329 Monitoring and reporting program performance

(a) *Monitoring by the NFE*

- NFE must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved



(NEW) (b) *Reporting program performance*

- Relate financial data and accomplishments to performance goals and objectives of the award
- Provide cost information to demonstrate cost effective practices
- Clearly articulate performance standards against which to be measured



Subpart D—Post Federal Award Requirements

SF425 Closeout forms must be submitted to the RD prior to 90 days after the last day of the grant.

TRUE OR FALSE?

- *FALSE 120 days §200.329*



Subpart D—Post Federal Award Requirements

§200.329 Monitoring and reporting program performance

(c) *Non-construction performance reports*

30

Quarterly/
semiannual
reports due 30
calendar days
after reporting
period

90

Annual reports
due no later
than 90
calendar days
after reporting
period



NEW (90 days)

120

Final performance report (SF425) due 120
calendar days after performance end date

Subpart D—Post Federal Award Requirements

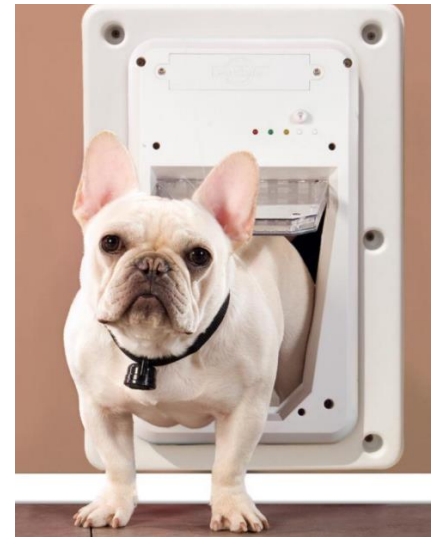
§200.329 Monitoring and reporting program performance

(e) *Significant developments* (1) Inform funding source of problems, delays, or adverse conditions, and of actions taken or assistance needed

(2) Inform funding source of favorable developments which enable meeting objectives sooner, at less cost or produce more beneficial results



(f) *Site visits* Federal awarding agency may make site visits as warranted



Subpart D—Post Federal Award Requirements

RECORD RETENTION AND ACCESS
§200.334-.338

Subpart D—Post Federal Award Requirements

All grant records can be destroyed after three years of submission of the final report.

TRUE OR FALSE?

- *FALSE - key word here is ALL, 3 YRS past the date of the final report, unless investigation, audit, equipment disposal... §200.334(a)-(f)*



Subpart D—Post Federal Award Requirements

§200.334 Retention requirements for records *must* be retained for 3 years from the date of submission of the final report

- (a) ***Must*** be retained through the resolution of any litigation, claim or audit that started before the 3-year period
- (b) When notified in writing by federal awarding or cognizant agency
- (c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition

Know when to hold 'em



Know when to fold 'em

Subpart D—Post Federal Award Requirements

§200.336 Methods for collection, transmission and storage of information

Both Federal awarding agency and NFE **should** collect, transmit and store award-related information in open and machine-readable formats rather than paper; **NEW** (defined) **machine-readable format** – standard computer language that can be read automatically by a web browser or computer system; when original records are electronic and cannot be altered, there is no need to create and retain paper copies.

§200.337 Access to records

(c) *Expiration of right of access* **Federal awarding and PTE have access to records as long as they exist**



Subpart D—Post Federal Award Requirements

CLOSEOUT
§200.344

Subpart D—Post Federal Award Requirements

NFE has 120 days after the end of the grant period to expend remaining grant funds.

TRUE OR FALSE?

- *FALSE – §200.344(b) must obligate funds during period of performance, but you have 120 days to liquidate*



Subpart D—Post Federal Award Requirements

§200.344 Closeout

(a) Recipient must submit no later than **NEW 120** ~~90~~ calendar days after the end of the period of performance, all financial, performance and other reports required; **NEW** Subrecipient no later than 90 calendar days. Extensions may be approved

(b) Liquidate all obligations no later than **NEW 120** ~~90~~ calendar days after the end of the period of performance.

NEW (h) If NFE does not submit all reports the Federally awarding agency must proceed with closeout information available at one year from period of performance end date

NEW (i) Federal awarding agency must report NFE's material failure to comply



Subpart E—Cost Principles

BASIC CONSIDERATIONS
§§ 200.402-.411

Subpart E—Cost Principles



for the record

§200.403 Factors affecting allowability of costs

- **Necessary** and **reasonable** and **allocable**
- Policies and procedures can apply uniformly to federally financed and other organization activities
- Treated consistently, e.g., as *direct or indirect cost*
- In accordance with GAAP
- Be adequately **documented**

NEW (h) Incurred during approved budget period; federal awarding agency may waive prior written approvals to carry forward unobligated balances to subsequent budget periods

Subpart E—Cost Principles

§200.404 Reasonable Costs

A cost is **reasonable** if, in its nature or amount, it does not exceed that which would be incurred by a **prudent person** under the circumstances prevailing at the time the decision was made to incur the costs.

- *Sound business practices*
- *Arm's-length bargaining*
- *Federal state and other laws and regulations*
- *Terms and conditions of the Federal award*
- *Market prices for the geographic area*
- *Aligned with established spending practices and policies*

Dear Prudence,
What's *reasonable* in your opinion?

Subpart E—Cost Principles

§200.405 Allocable Costs *based on benefit*

(c) Any cost allocable to a Federal award may not be charged to other Federal awards to overcome restrictions or fund deficiencies

(d) Direct cost allocation principles:

If a cost ***benefits two or more projects*** or activities in proportions that can be easily determined, the ***cost should be allocated to the projects*** based on the proportional benefit

If the proportions cannot be determined because of the interrelationship of the work involved, then the ***costs may be allocated on any reasonable documented basis***

Subpart E—Cost Principles

§200.407 Prior written approval (prior approval)

- When difficult to determine, the NFE may seek the prior written approval of the cost in order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability.



(a) – (y) of this section list of costs **requiring** prior approval

Subpart E—Cost Principles

§200.410 Collection of unallowable costs

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or PTE, must be refunded (including interest) to the Federal Government



Subpart E—Cost Principles

DIRECT & INDIRECT (F&A) COSTS
§§ 200.412-.415



Subpart E—Cost Principles

§200.412 Classification of costs

- There is no universal rule for classifying certain costs as either **direct** or **indirect** facilities and administrative (F&A) under every accounting system



It is essential that each item of cost **incurred for the same purpose be treated consistently** in like circumstances either as a direct or an indirect (F&A) cost

Subpart E—Cost Principles

§200.413 Direct costs

(a) Easily and accurately assigned to a specific award

(c) Salaries of administrative and clerical staff should normally be treated as indirect. **Direct charge** (common for our SHH grant) only if all of the following are met:

- (1) Administrative or clerical services are integral to the project,
- (2) Individuals involved can be specifically identified with the project,
- (3) Such costs are explicitly included in the budget or have prior written approval, and
- (4) The costs are not also recovered as indirect



Subpart E—Cost Principles

§200.414 Indirect (F&A) costs

(a) *Facilities and administration classification*

- “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and **operations and maintenance (O&M)** expenses
- “Administration” is defined as general **admin**istration and general expenses such as the director's office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities”

(c)(1) **Negotiated rates must be accepted by all Federal awarding agencies**

(e) Requirements of indirect (F&A) cost rate proposals and cost allocation plans

- **Appendix IV to Part 200**—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations and
- **Appendix VII to Part 200**—States and Local Government and Indian Tribe Indirect Cost Proposals

Subpart E—Cost Principles

The UG updates effective 11/11/20 allow the NFE to begin using the 10% de minimis immediately.

TRUE OR FALSE?

- *FALSE – §200.414 (f) any NFE that does not have a **current** negotiated rate, must be expired*



Subpart E—Cost Principles



§200.414 Indirect (F&A) costs (cont.)

(f) Any NFE that **NEW** does not have a current negotiated (including provisional) rate (*formerly “never had”*), may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. **NEW** No documentation is required to justify the 10% de minimis indirect cost rate

- Costs must be consistently charged as either indirect or direct costs, but may not be double charged as both
- Once elected, must be used consistently for all Federal awards until such time as NFE chooses to negotiate for a rate, which the NFE may apply to do at any time

Subpart E—Cost Principles

§200.414 Indirect (F&A) costs (f) (cont.)
...back to Definitions §200.1



BEFORE APPLYING THE 10% DE MINIMIS, MTDC MUST BE DETERMINED

Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC ***excludes equipment***, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

See also **Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations**

Subpart E—Cost Principles



Let's Do Some Math!

Total Direct Costs: 100,000
LESS EQUIPMENT: (7,500)
Modified Total Direct Costs: 92,500

10% De Minimis Indirect: 9,250
TOTAL GRANT: 109,250

Subpart E—Cost Principles

What
MIGHT be
in the
Indirect
Pool?

What
else?



Costs in the indirect cost pool are:

- Allowable, and
- Benefit ALL programs
- NOT allowed in the pool at any time: capital expenditures, losses on awards, unallowable costs, and expenditures that benefit some but not all programs

Subpart E—Cost Principles

**GENERAL PROVISIONS FOR
SELECTED ITEMS OF COST
§§ 200.420-.476**

Subpart E—Cost Principles

ABC, Easy as 1,2,3
-The Guidance



§ 200.420 Considerations for selected items of cost

- Cost principles apply to direct and indirect costs
- Failure to mention a particular cost does not imply that is allowable or unallowable
 - Consider the treatment of similar items
- When there is a discrepancy between the ***principles in this section*** and the provisions of a specific Federal award, **the award governs**
 - *Read the terms of your grant!*

An alpha list of 55 cost items
ok or NOT ok to charge to the grant?

Subpart E—Cost Principles



You can't always get what you want, but if you try sometimes, you get what you need...*with prior written approval, of course*

-Funder

Cost Item	Allowable?	Unallowable?	Prior Written Approval?
AUP Auditor Review of Custodial Family 502 Accounts	X		
Tool Trailer for Jobsite	X		X
Liability Insurance	X		
Maintenance & Repairs	X	X	
Memberships	X	X	
Pre-Award Costs	X		X

Subpart E—Cost Principles

§200.425 Audit services

- Audits in accordance with Single Audit Act are allowable (federal awards exceed \$750,000)
- Only mention of allowable AUP (agreed-upon procedures) in the guidance relates to Pass-Through Entities monitor subrecipients, but...
 - (remember...the federal award terms govern: ***1944-1 says our 502 custodial accounts are required to be reviewed***, and therefore, and **allowable cost**, commonly done through AUP)



Subpart E—Cost Principles

RD Instruction 1944-I

§1944.422 Audit and other report requirements.

The grantee must submit an audit to the appropriate Rural Development District Office annually (or biennially if a State or local government with authority to do a less frequent audit requests it) and the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the grantee's audit period. The audit, conducted by the grantee's auditors, is to be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), using the publication "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" developed by the Comptroller General of the United States in 1981, and any subsequent revisions. In addition, the audits are also to be performed in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400 and Rural Development requirements as specified in this subpart. Audits of the borrower loan funds will be required. The number of borrower accounts audited will be determined by the auditor. In incidences where it is difficult to determine the appropriate number of accounts to be audited, auditors should be authorized by the State Director to audit the lesser of 10 loans or 10 percent of total loans. Audits of the borrower funds do not necessarily need to be tested in the same manner as the organizational audit. Agreed Upon Procedures (AUPs) may be developed and used for the Section 502 or 504 loan funds in custodial accounts. At a minimum, an AUP engagement will include a review of the draw requests to ensure charges listed can be traced back to source documents and a reconciliation of the financial institution's account record. (Revised 12-12-19) PN 532.)

Subpart E—Cost Principles

§200.439 Equipment and other capital expenditures

- a) See **§200.1** for the definitions of *capital expenditures*, *equipment*, *special purpose equipment*, *general purpose equipment*, *acquisition cost*, and *capital assets*
- Costs of special purpose equipment, are **allowable with prior written approval**
 - When instructed by awarding agency, costs of equipment disposal are allowable



Subpart E—Cost Principles

§200.447 Insurance and indemnification

(a) Costs of insurance required or approved and maintained pursuant to the Federal award are **allowable**

(c) Actual **losses** which could have been covered by permissible insurance are unallowable



Subpart E—Cost Principles

§200.452 Maintenance and repair costs

Allowable: utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment

Unallowable: improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures (see §200.439).



Subpart E—Cost Principles

§200.454 Memberships, subscriptions, and professional activity costs

(a) Memberships and subscriptions in business, technical, and professional organizations and periodicals are allowable

(c) Membership in any civic or community organization are allowable with prior approval

(e) Costs of membership in organizations whose primary purpose is **lobbying** are unallowable.



Subpart E—Cost Principles

§200.458 Pre-award costs

Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work.



Such costs are **allowable** only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the **written approval** of the Federal awarding agency.

NEW These costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency

Subpart F—Audit Requirements

At night I wake up with the sheets
soaking wet/ And a freight train
running through the/ Middle of my
head

-Staff Preparing for Audit



For the record

§200.501 Audit requirements

(a) *Audit required* - NFE that expends \$750,000 or more during the fiscal year in Federal awards must have a ***single audit*** for the year, unless circumstances are met allowing the ***program-specific audit***

Subpart F—Audit Requirements

The auditor prepares the financial statements.


TRUE OR FALSE?

- *FALSE – your agency prepare the financial statements for the auditor to review §200.508(b)*




Subpart F—Audit Requirements


§200.508 Auditee responsibilities auditee ***must***:




(a) Procure or arrange for the audit and ensure it is properly performed and submitted when due **(90 days following receipt)**



(b) Prepare financial statements, including the schedule of expenditures of Federal awards



(c) Promptly take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan




(d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed

Subpart F—Audit Requirements

§200.516 Audit Findings

(a) The auditor must report the following as audit findings in a ***schedule of findings and questioned costs*** relating to major programs:

Major program Significant deficiencies and material weaknesses in internal control over	Major program Significant instances of abuse	Major program Material noncompliance with statutes, regulations, terms and conditions
Major program Known or likely known questioned costs >\$25,000	Non-major program Known questioned costs >\$25,000, if auditor becomes aware	Major program Circumstances for other than unmodified opinion; report on compliance
Known or likely fraud affecting a Federal award	Auditee schedule of prior audit findings materially misrepresents status of any prior findings	

Appendices to Part 200

- **Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations**
- **Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals**

The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

NFE financial management systems are required to include written procedures for payment processes and for determining the allowability of costs.

TRUE §200.302(b)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

Interest earnings of up to \$500 per year may be retained by NFE.

TRUE §200.305 (b)(9)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

A budget cost category adjustment of less than 10% may be made without written approval of the funder.

TRUE §200.302(b)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

A physical inventory of property must be taken at least once every year.

FALSE, every 2 years §200.313(d)(2)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

No documentation is required for micro-purchases.

FALSE No quotes or “shopping price per item” is necessary, however, the basis of research, experience, purchase history and price analysis must be documented and on file §200.320(a)(1)(ii)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

A *PROPOSAL* is awarded primarily on price.

FALSE awarded to the contractor that presents the most advantageous proposal for the NFE, price and other factors considered §200.320(b)(2)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

Records for federally purchased equipment need to be retained for three years following the purchase date.

FALSE must be retained three years following the disposal date §200.334 (c)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

The “greenbook” contains the universal rule for classification of costs as indirect or direct.

FALSE §200.412 there is no universal rulebook on classifying costs as indirect or direct, NFE must have written policies and procedures to support their classification of direct and indirect costs;

300.302(a) the “greenbook” is the government’s standards on internal controls



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

The 10% de minimis can be used immediately by any NFE, simply by indicating in writing the election to use it.

FALSE if you have a current negotiated indirect rate, you may elect to use the 10% de minimis once that rate has expired §200.414(f)



The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

Costs of membership in organizations whose primary purpose is lobbying are unallowable.

TRUE §200.450



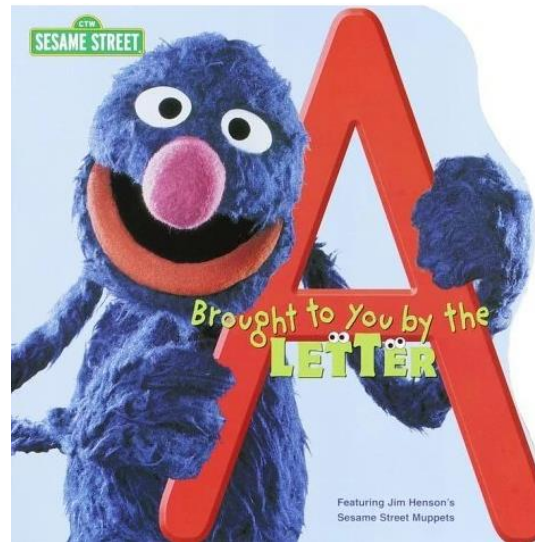
The Guidance Tells Me So...

TEST YOUR KNOWLEDGE NOW!

Audits are fun!

TRUE? 😊

Audits are an opportunity to learn! Be prepared, ask questions and seek guidance



Poll #3

What areas would you like more training on?

- Financial Management Systems & Controls
- Budget Development & BTA Reporting
- Procurement
- Cost Principles Overall
- Direct & Indirect
- Other?



Q&A

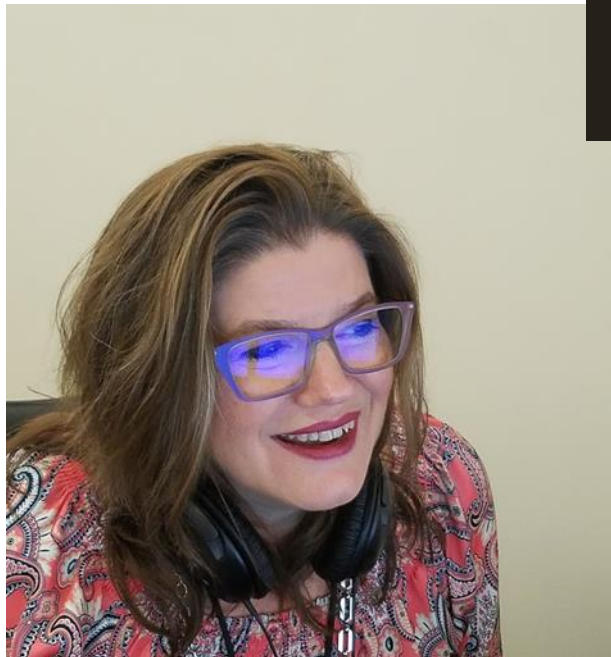
Questions about finance, Uniform Guidance, 1944-I, Self-Help Housing accounting, cooking, remodeling old farmhouses, music, donkeys...

Email me:

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Financial Management
Specialist

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**Any questions?
Or requests?**

Rules & Regulations, a sing-a-long!

