

NATIONAL FISH & WILDLIFE FOUNDATION

UNIFORM GRANT GUIDANCE POLICIES & PROCEDURES TEMPLATE FOR SUBRECIPIENTS

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Introduction

This manual sets forth the policies and procedures used by [insert organizational name] (the subrecipient, or [organizational abbreviation]) to administer Federal funds. The manual contains the internal controls and grant management standards used by the subrecipient to ensure that all Federal funds are lawfully expended in accordance with 2 C.F.R. Part 200 (Uniform Grants Guidance or UGG) and the laws of the federal agency funding the award, which may differ from or be more restrictive than the UGG. New employees of the subrecipient, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the subrecipient's rules and practices.

I. Organization & Structure

A. Organizational Chart

II. Financial Management System

[Organizational name] maintains a proper financial management system in order to receive and expend federal grant funds either directly as a recipient or via a pass-through entity (e.g., the National Fish & Wildlife Foundation) as a subrecipient.-. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

A. Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302(b). The required standards include:

Identification

[Organizational name] must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification must include, as applicable, the Assistance Listings (formerly referred to as the CFDA) title and number, Federal award identification number (FAIN), year the Federal award was issued, and name of the Federal agency or pass-through entity.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each Federal award or program must be made in accordance with the financial reporting requirements in 2 C.F.R. §§ 200.328–329.

Accounting Records

[Organizational name] must maintain records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, subgrant awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Internal Controls

[Organizational name] must maintain effective control over and accountability for all funds, property, and assets. [Organizational name] must safeguard all assets and ensure they are used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- Effectiveness and efficiency of operations
- Adequate safeguarding of property
- Assurance property and money is spent in accordance with grant program and to further the selected objectives
- Compliance with applicable laws and regulations
- Prompt action is taken when instances of noncompliance are identified
- There are reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the subrecipient considers consistent with applicable privacy laws

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each Federal award.

Cash Management

[Organizational name] must maintain written procedures to implement the cash management requirements found in 2 C.F.R. § 200.305 and in accordance with the federal awarding agency's rules and regulations. These procedures are included within this manual.

Allowable Costs

[Organizational name] must maintain written procedures for determining allowability of costs in accordance with the terms and conditions of the award. [Organizational name] uses this manual to demonstrate how it will ensure the allowability of costs.

B. Overview of the Financial Management/Accounting System

[In this section describe the financial management and accounting system(s) used by [Organizational name]. What is the system's name? At what point is the budget loaded onto the system? How are budgets loaded and tracked in the system? What position/office is responsible for managing budgets and accounts payable? Under 2 C.F.R. § 200.302(b), a recipient must track the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and, if applicable, name of the pass-through entity. Does your system include all the required information?]

[What position will be responsible for compiling timely and accurate financial reports, subject to whose review and approval?]

C. Budgeting

The Budget Process

Expenditures must be aligned with approved budgeted items. [In this section, describe the budget process. Discuss the process [Organizational name] uses to review and approve the budget. Include what position or office is responsible for creation and/or submission of the budget. Include a timeframe as to when these steps happen.]

For example: By [insert timeframe], the [insert position title(s)] reviews the items in the budget to ensure allowability. See Section [] for a discussion on performing allowability determinations. If the [insert position title(s)] determines that a cost is not allowable, then [insert next steps]. [Describe what happens when a cost is determined to be unallowable. For example, does the relevant staff member notify the program office and alert them to make a change? Is the budget not approved and sent to specific staff to be amended prior to seeking final approval again?]

Once [insert position title(s)/office] determines that all budgeted items are allowable, the budget is sent to [insert position title(s)/office] for final review and approval. Generally, the budget

receives final approval by [insert timeframe]. [Include what happens once the budget is approved. For example, does it go to an accounting office where it is loaded into an online accounting system?]

After Receiving the GAN

[In this section, describe any budget discussions and meetings that take place after receiving the GAN. For example, does your organization have a meeting to discuss the initial grant budget and any adjustments that need to be made based on the GAN? If so, who is involved in that meeting? Describe what happens if the GAN is for a different amount than initially budgeted or if the GAN is changed after it is issued (whether increased or decreased).]

Amending the Budget

Any changes or variations from the approved budget and grant application need prior approval from the federal awarding agency or, if applicable, the pass-through entity. 2 C.F.R. § 200.308; 2 C.F.R. § 200.329. When required, [Organizational name] ensures it obtains timely budget amendments.

[In this section, address the process for reviewing and finalizing any budget amendments, as well as any notification, formal approval, and/or documentation that must be created or maintained.]

Budget Control

[Organizational name] monitors its financial performance by comparing and analyzing actual results with budgeted results. [Insert a description of how this is done. Are there reports which compare actual expenditures to budgeted amounts? How often are these reports generated? What happens when there is a significant difference?]

D. Accounting Records

[Describe how accounting records are kept. What are the definitions of each type of account (e.g., assets, liabilities, revenues, and expenses)? What office is responsible for maintaining accounting records, subject to whose review and approval? How are journal entries made? Are there any recurring journal entries? Is there a chart of accounts that provides the framework for the accounting system? If there is an accounting manual, feel free to cross-reference or include as an appendix.]

E. Spending Grant Funds

Direct and Indirect Costs

All costs charged to a Federal grant are either direct or indirect costs. There is no universal rule for classifying certain costs as direct or indirect costs. A cost may be direct for some specific service or function but indirect for the Federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose in like circumstances must be treated consistently as either a direct or indirect cost to avoid possible double charging of Federal awards. 2 C.F.R. § 200.412.

Direct costs: Those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Direct costs are generally allowable if they are part of the program budget and satisfy the Uniform Grants Guidance cost principles. Typical costs charged directly to a Federal award are the supplies needed to achieve the award's objectives and the proportion of employee compensation and fringe benefits expended in relation to that specific award. 2 C.F.R. § 200.413(b).

Indirect costs: Costs that have been incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.1 (*Indirect Cost*). Generally, these costs cannot be directly assigned or allocated to one specific project because they support multiple projects. Consistent with the Uniform Grants Guidance, these costs are sometimes classified as "facilities and administration" costs (F&A costs).

Administrative and clerical staff salaries should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if they meet all of the following:

- The administrative or clerical services are integral to a Federal award;
- Individuals involved can be specifically identified with the Federal award; and
- The costs are not also recovered as indirect costs.

2 C.F.R. § 200.413(c).

Indirect Cost Rate:

[Organizational name] may apply for an indirect cost rate. 2 C.F.R. § 200.1 (*Indirect cost rate proposal*); 2 C.F.R. Part 200, App'x IV (indirect cost rate identification for nonprofits).

Recipients may be receive either an unrestricted rate or a restricted rate. A restricted rate is less frequent, often required by statute, and generally operates by setting a maximum indirect cost rate that the recipient may not exceed. Unrestricted rates, on the other hand, are the default rate setting method used by federal agencies and do not establish a set limit. Unrestricted rates are calculated in accordance with 2 C.F.R. § 200.414 and the applicable appendices of Part 200, which vary depending on recipient organization type. [Use this section to describe the rate and

the negotiation process. Describe how the indirect cost rate is developed, including what costs are included. Also describe how the indirect cost rate is negotiated. What type of documentation is required to be included within the proposal? What is the timeframe? What positions perform this process?]

Applying the Indirect Cost Rate: Once [Organizational name] has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$50,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award.

Where a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

Determining Allowability of Costs

When determining how [Organizational name] will spend its grant funds, [insert department or offices] will review the proposed cost to determine whether it is an allowable use of Federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by Federal funds must meet the standards outlined in 2 C.F.R. Part 200, which are provided in the bulleted list below. [Insert department or offices] must consider these factors when making an allowability determination. Additional helpful questions to ask when making allowability determinations are located on page [#] of this policy.

- *Necessary and Reasonable for the performance of the Federal award.* [Organizational name] staff must consider these elements when determining the reasonableness of a cost. 2 C.F.R. § 200.404. A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining reasonableness of a cost, consideration must be given to:
 - Whether the cost is generally recognized as ordinary and necessary for the [Organizational name]'s operation or the proper and efficient performance of the Federal award;
 - The restraints or requirements imposed by factors, such as sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the Federal award;
 - Market prices for comparable costs for the geographic area;
 - Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the [Organizational name], its employees, its students, the public at large, and the Federal government; and

- Whether the costs represents a deviation from the [Organizational name]'s established written policies and procedures for incurring costs. 2 C.F.R. § 200.404.

While 2 C.F.R. § 200.404 does not provide specific descriptions of what satisfies the “necessary” element beyond its inclusion in the reasonableness analysis above, “necessary” is normally determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is a benefit to the purpose of the grant program associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
- *Allocable to the Federal award.* A cost is allocable to a Federal award or other cost objective if the cost is assignable to the Federal award or other cost objective in accordance with the relative benefits received. 2 C.F.R. § 200.405. This means that the Federal grant program derived a benefit in proportion to the funds charged to the program. This standard is met if the cost satisfies any of the following criteria:
 - Is incurred specifically for the Federal award
 - Benefits both the Federal award and other work of [Organizational name] and can be distributed in proportions that may be approximated using reasonable methods; or
 - Is necessary to the overall operation of [Organizational name] and is assignable in part to the Federal award in accordance with the cost principles in the UGG. 2 C.F.R. § 200.405.
 - *Consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of [Organizational name].*
 - *Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the Federal award.*

- *Consistent treatment.* A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- *Adequately documented.* All expenditures must be properly documented.
- *Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.*
- *Not included as a match or cost-share, unless the specific Federal program authorizes Federal costs to be treated as such.* Some Federal program statutes require [Organizational name] to contribute a certain amount of non-Federal resources to be eligible for the Federal program.
- *Be the net of all applicable credits.* The term “applicable credits” refers to transactions that offset or reduce direct or indirect costs allocable to the Federal award. Typical examples of such transactions are purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by [Organizational name] relate to the Federal award, they shall be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.
- *Administrative Closeout Costs.* Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period.

Part 200’s cost guidelines must be considered when Federal grant funds are expended. As provided above, Federal rules require State and [Organizational name] requirements and policies regarding expenditures to be followed as well. [Include relevant sections of State law and local requirements. For example, Federal rules do not address how to treat benefits like miles, hotel points, etc., which are not considered to be “credits,” thus the organization should defer to State and local rules.] [If applicable, reference that these State and/or organizational policies are provided in the Selected Items of Cost section below.]

Selected Items of Cost

Part 200 examines the allowability of 56 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420–200.476. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable.

[Organizational name] personnel responsible for spending Federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The [Organizational name] must follow these rules when charging these specific expenditures to a Federal grant. When applicable, [Organizational name] staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, [Organizational name], and program-specific rules may deem a cost as unallowable and [Organizational name] personnel must follow those non-Federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations	2 C.F.R. § 200.421
Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collections of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432
Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment and prizes	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439
Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fundraising and investment management costs	2 C.F.R. § 200.442
Gains and losses on the disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods or services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446

Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453
Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457
Pre-award costs	2 C.F.R. § 200.458
Professional service costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships, student aid costs, and tuition remission	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468
Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470
Telecommunications and video surveillance costs	2 C.F.R. § 200.471
Termination and standard closeout costs	2 C.F.R. § 200.472
Training and education costs	2 C.F.R. § 200.473
Transportation costs	2 C.F.R. § 200.474
Travel costs	2 C.F.R. § 200.475
Trustees	2 C.F.R. § 200.476

Please do not assume that an item is allowable because it is specifically listed in the regulation, as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the cost is necessary, reasonable, adequately documented, or allocable; the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. It is also possible for the State and/or organization to put additional

requirements on a specific item of cost. Under such circumstances, the more restrictive requirements must be met for a cost to be allowable. If an item is unallowable for any of these reasons, Federal funds cannot be used to purchase it.

Additionally, in order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute, along with accompanying program regulations, non-regulatory guidance and grant award notifications.

Therefore, employees must consult the specific grant requirements, as well as applicable Federal, State, and organizational requirements when spending Federal funds to ensure all costs are allowable.

Frequently Questioned Costs

The State and/or organizational rules related to some specific cost items are discussed below [include information about costs that are frequently asked about or that the organization wants to emphasize]. [Organizational name] employees must be aware of these State and organizational rules and ensure they are complying with these requirements.

Travel: Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. 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 selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the District's other activities and in accordance with [Organizational name]'s established written policies. 2 C.F.R. § 200.475(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by [Organizational name] in its regular operations as the result of its established written policy. In addition, if these costs are charged directly to the Federal award, documentation must justify that (1) participation of the individual is necessary for the Federal award; and (2) the costs are reasonable and consistent with the [Organizational name]'s established written policy. 2 C.F.R. § 200.475(b).

[The above discusses the Federal allowability rules for travel costs. Revise as necessary to conform with State and/or local laws to the extent that they are stricter.]

[Additionally, [Organizational name] must have written travel policies in order for travel costs to be allowable. Either create these policies or insert a sentence directing the reader to

[Organizational name]'s travel policies. A typical travel policy addresses the types of travel, including single day travel, overnight travel, out-of-state travel, what expenses may be reimbursed, and what type of documentation is needed for reimbursement. As always, ensure that this travel policy conforms with State and local laws.]

[Insert other State and/or organization specific rules for additional frequently used or asked about costs.]

Participant Support Costs: [Organizational name] classifies the following as participant support costs, pursuant to 2 C.F.R. § 200.456. Participant support costs are treated consistently across Federal and non-Federal awards.

[Insert items the organization classifies as participant support costs, e.g., registration fees, travel costs, stipends]

F. Federal Cash Management Policy/Procedures

[Organizational name] can receive Federal grant funds in two ways, through a reimbursement process or from an advance of funds. Both are further described below.

Payment Methods

Reimbursements: Generally, [Organizational name] receives payment from the pass-through entity or federal agency on a reimbursement basis. 2 C.F.R. § 200.305. That means that [Organizational name] will initially charge Federal grant expenditures to non-Federal funds and then seek a reimbursement of those expenditures.

[Organizational name]'s [Grant Accountant/Business Manager] will request reimbursement for actual expenditures incurred under the Federal grants [how often?]. [This section should include any required details. For example, must reimbursement requests be signed? Are the requests tied to specific set-asides and/or approved budget line items? What source documentation, if any, must be submitted with the reimbursement request?] Reimbursement requests will be submitted on [form] to the [cognizant federal agency/PTE] [position/portal]. All reimbursements are based on actual disbursements, not on obligations.

The [PTE name] will typically process reimbursement requests within [timeframe].

Consistent with State and Federal requirements, [Organizational name] will maintain source documentation supporting the Federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the [PTE name] review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: [Organizational name] will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by [Organizational name], in accordance with the Cash Management Improvement Act, *codified at* 31 C.F.R. Part 205. Generally, it is considered a best practice to expend Federal funds within 72 hours of receipt.

[Organizational name] will hold Federal advance payments in interest-bearing accounts, unless an allowable exception applies. 2 C.F.R. § 200.305(b)(10)–(11). [Organizational name] will calculate interest earned on cash balances after funds are deposited into [Organizational name]'s account. [Organizational name] may retain interest amounts up to \$500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(12). If the interest exceeds \$500 per year, [Organizational name] will remit that additional interest earned annually to the U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) in accordance with 2 C.F.R. § 200.305(b)(10)–(12).

G. Timely Obligation of Funds

When Obligations are Made

Financial obligations mean orders placed for property and services, contracts and subawards made, and similar transactions that require payment under a Federal award that will result in expenditures by a recipient or subrecipient under a Federal award. 2 C.F.R. § 200.1 (*Financial obligations*). For example, a contractor's services may be considered obligated on the date in which [Organizational name] enters into a binding written commitment to obtain the services, whereas an employee of [Organizational name] may have their salary obligated on the date in which the services are performed.

Period of Availability of Federal Funds

All financial obligations must occur on or between the beginning and ending dates of the grant project. This time interval between the start and end date of a Federal award is known as the period of performance. 2 C.F.R. § 200.1 (*Period of performance*). The period of performance consists of either one, or many, funded portions or budget periods during which [Organizational name] is authorized to spend award funds. The period of performance is typically listed in Block 6 of the Grant Award Notification. Therefore, for a cost to be allowable, it must be incurred/obligated in the appropriate budget period.

If [Organizational name] will has several budget periods than the first is called the “initial budget period.”

Pre-award Costs

Pre-award costs are those incurred before the start date of the Federal award (or subaward). 2 C.F.R. § 200.458. [Organizational name] must charge these costs pursuant to the negotiation of, and in anticipation of, the Federal award. The charged costs must be necessary for the efficient and timely performance of the award. They are allowable only to the extent they would have been allowed if incurred after the start date. Unless otherwise specified by the awarding federal agency or pass-through entity, [Organizational name] shall charge these costs during the initial budget period.

Pre-award costs always require the prior written approval of the awarding federal agency. 2 C.F.R. § 200.458.

Closeout

[Organizational name] must submit all reports (financial, performance, and other reports required by the subaward) to [Insert pass-through] and liquidate all financial obligations incurred under the award not later than 90 days [unless there is a shorter state timeframe] after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.344(c). When justified, the Federal agency or pass-through may approve extensions for [Organizational name]. 2 C.F.R. § 200.344(b), (c). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.344(e). Consequently, [Organizational name] closely monitors grant spending throughout the grant cycle.

One-Time Extensions

Under 2 C.F.R. § 200.308(g)(2), direct grantees enjoy unique authority to expand the period of availability of Federal funds. [Organizational name] is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, [Organizational name] must provide written notice to the Federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award and must include the reasons for the extension as well as the revised period of performance. This one-time extension must not be exercised merely for the purpose of using unobligated balances.

[What positions/offices make this decision? The written notice must include the reasons for the extension as well as the revised period of performance. Describe this requirement when detailing what the written notice must include. Include a timeframe for the approval/sending the notice.]

[Organizational name] will seek prior approval from the Federal agency when the extension will not be contrary to Federal statute, regulation or grant conditions and:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(g)(2).

[Insert description of how program extensions are requested. What position/office makes the determination that a prior approval is necessary? Also, describe how it is similar to the process for providing written notice. State any ways in which it would differ.]

Extending The Obligation Period By Request

The awarding federal agency may authorize the extension of a period of performance. 2 C.F.R. § 200.308(f)(10). These authorizations are called “no-cost extensions” since they do not require additional federal funds. [Organizational name] must submit a no-cost extension request at least 10 calendar days before the conclusion of the period of performance. Unless prohibited from doing so by statute or regulation, the recipient may request multiple no-cost extensions. 2 C.F.R. § 200.403(h).

The awarding federal agency may waive its prior written approval requirement for extension requests if the unobligated balances are being carried forward to subsequent budget periods. 2 C.F.R. §§ 200.308(g)(3), 200.403(h).

H. Program Income

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the Federal award during the grant’s period of performance. 2 C.F.R. § 200.1 (*Program income*).

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.1 (*Program income*). Additionally, taxes, special assessments, levies, fines, and similar revenues raised by a recipient are not program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for is the deduction method. 2 C.F.R. § 200.307(b). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs, reducing the overall amount of the Federal award. Program income will only be used for current costs unless [Organizational name] is otherwise directed by the Federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(a). [Organizational name] may also request prior approval from the Federal awarding agency to use the addition method. Under the addition method, program income may be added to the total allowable costs, increasing the overall total amount of the Federal award. The program income must then be used for the original purpose of the Federal award. 2 C.F.R. § 200.307(a).

While the deduction method is the default method, [Organizational name] always refers to the GAN prior to determining the appropriate use of program income.

[What is the process for calculating program income and how it is accounted for within financial management system? Are special revenue accounting codes used? Describe the process to request the addition method if a program office wishes to do so.]

III. Procurement System

[Organizational name] maintains the following purchasing procedures.

A. Responsibility for Purchasing

[In this section, describe what position has the authority to initiate purchases. May this position delegate purchasing authority to responsible individuals within their department? Which department will be responsible for processing contracts/purchase orders? Who will make the final determination on any proposed purchase where budgetary or other conditions may result in denial?]

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

[The following describes the five procurement methods required under Federal law. While the Federal rules provide a basic structure for each procurement method, the entity must have documented procurement policies which provide detail on the process by which all purchases are made.]

[In addition to these rules, subrecipients must also follow both State and organizational procurement rules. State and organizational procurement rules are often stricter than Federal requirements. Accordingly, this section should be revised to account for the appropriate

thresholds and purchasing procedures within each threshold amount in accordance with any State and organizational procurement rules.]

Purchases up to \$10,000 (Micro-Purchases)

Micro-purchase means the aggregate amount of the procurement transaction does not exceed the micro purchase threshold defined in 2 C.F.R. § 200.1 (*Micro-purchase threshold*), currently set at \$10,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, [Organizational name] distributes micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive price or rate quotations if [Organizational name] considers the price to be reasonable based on research, experience, purchase history, or other information and maintains documents to support its conclusion. Purchase cards can be used as a method of payment for micro-purchases. [Organizational name] maintains evidence of this reasonableness in the records of all micro-purchases.

[Insert any additional details regarding the organization's procedures, for example, is a purchase order or requisition required? Which office processes the requests? Who can make the requests, etc.]

Under 2 C.F.R. § 200.320(a)(1)(iv), [Organizational name] may increase its micro-purchase threshold up to \$50,000 through yearly self-certification. Self-certification from [Organizational name] includes justification and identification of the increased threshold and supporting documentation of any of the following:

1. [Organizational name] is a low-risk auditee for the most recent audit in accordance with 2 C.F.R. § 200.520
2. [Organizational name] receives an annual internal institutional risk assessment that identifies, mitigates, and manages financial risks
3. The increased threshold is consistent with State law, as applicable.

In addition, under 2 C.F.R. § 200.320(a)(1)(v), [Organizational name] may increase its micro-purchase threshold above \$50,000 with approval from the cognizant agency for indirect costs after submitting documentation that demonstrates that [Organizational name] is a low-risk auditee or that it receives an annual internal institutional risk assessment.

Based on the above, [Organizational name]'s threshold is [] based on [Insert justification and identification of the increased threshold as applicable. If not, section may be removed.]

Purchases between \$10,000 and \$250,000 (Simplified Acquisitions)

The simplified acquisition procedures apply when the aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold defined in 2 C.F.R. 200.1 (*Simplified acquisition threshold*), currently set at \$250,000. [Organizational name] may lower the threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. If simplified acquisition procedures are used, price or rate quotations are obtained from an adequate number of qualified sources. Unless specified by the Federal agency, [Organizational name] may exercise judgment in determining what number is adequate.

[Insert any additional details regarding the organization's procedures, for example how many quotes are required? Who can obtain the quotes? In what form (email, fax, etc.) what position/office makes the final decision on best value, etc.]

Purchases Over \$250,000 (Formal Procurement)

Sealed Bids (Formal Advertising): For purchases over \$250,000, bids are publicly solicited through an invitation and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring construction services.

For sealed bidding to be feasible, the following conditions should be present:

- A complete, adequate, and realistic specification or purchase description is available.
- Two or more responsible bidders have been identified as willing and able to compete effectively for the business.
- The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. Unless specified by the Federal agency, the recipient or subrecipient may exercise judgment in determining what number is adequate. For local governments, the invitation for bids must be publicly advertised.
- The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond.
- All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly.

- A firm-fixed-price contract is awarded in writing to the lowest responsive bid and responsible bidder.

When specified in the invitation for bids, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when [Organizational name] determines they are a valid factor based on prior experience. The recipient or subrecipient must document and provide a justification for all bids.

Competitive Proposals: A procurement method used when conditions are not appropriate for using sealed bids. This procurement method may result in either a fixed price or cost-reimbursement contract. They are awarded in accordance with the following requirements:

- Requests for proposals require public notice, and all evaluation factors and their relative importance must be identified. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from multiple qualified sources.
- There are written procedures for conducting technical evaluations and making selections of proposals.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the recipient or subrecipient considering price and other factors.

[Organizational name] may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. The method may not be used to purchase services provided by A/E firms that are a potential source to perform the proposed effort.

[Insert description of the [Organizational name]'s more formal bidding method, including conducting technical evaluations and making selections of proposals.]

[For competitive proposals, the Uniform Grants Guidance requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients. Use this section to describe this method. The method should address, among other issues, the factors considered in the evaluation, what position/office performs the evaluation, the number of evaluations performed, the timeframe for conducting any evaluations and the selection of a vendor; and whether another position reviews the evaluation.]

Contract/Price Analysis: [Organizational name] performs a cost or price analysis for every procurement action in excess of \$250,000, including contract modifications. 2 C.F.R. § 200.324(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation (for example, [Organizational name] should consider potential workforce impacts in their analysis if the procurement transaction will displace public sector employees); however, [insert position/office] must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.324(a). [Describe process to do this. For example, are similar prior procurements analyzed? What other research is performed? Is there a review process?]

Noncompetitive Proposals (Sole Sourcing)

There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement method may only be used if one of the following circumstances applies:

- The aggregate amount of the transaction is under the micro-purchase threshold.
- The procurement transaction can only be fulfilled by a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation.
- The recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval.
- After solicitation of several sources, competition is determined inadequate.

C. Purchase Cards

[If [Organizational name] uses purchase cards, insert purchase card policy here. Describe what positions are provided with a procurement card. Provide details on what types of purchases can be made (e.g., gas, hotels, or other travel expenses) and the maximum amount that can be charged. Describe the documentation that must be maintained for purchases made with purchase cards. Describe what controls are in place to ensure that procurements made with purchase cards are compliant with Federal cost principles. For example, are card statements reviewed by another individual? If this individual finds a suspicious purchase, what is the protocol? What is the mechanism to obtain refunds from individuals who do not use a purchase card correctly?]

D. Full and Open Competition

All procurement transactions for the acquisition of property or services required under the Federal award must be conducted in a manner that provides full and open competition consistent with 2 C.F.R. §§ 200.319 and 200.320. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing on those procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Prequalified lists must not preclude potential bidders from qualifying (200.319(e));
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
 - Detailed product specifications should be avoided, if at all possible (200.319(d))
- Any arbitrary action in the procurement process.

Contractor Preferences

[Organizational name] must award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract. Recipients and subrecipients must consider:

- Contractor integrity
- Public policy compliance
- Proper classification of employees (see FLSA)
- Past performance record
- Financial and technical resources

[Organizational name] may develop written procedures for procurement transactions that incorporate a scoring mechanism that rewards bidders that commit to specific numbers and types of U.S. jobs, minimum compensation, benefits, on-the-job-training for employees making work or products providing services on a contract, and other worker protections. Any scoring mechanism must be consistent with the U.S. Constitution, applicable Federal statutes and regulations, and the terms and conditions of the Federal award.

Domestic Preference for Procurement

[Organizational name] should, to the greatest extent practicable and consistent with law, provide a preference for the purchase, acquisition, or use of goods, products, and materials produced in the United States. [Organizational name] must include this preference in all subawards, contracts, and purchase orders under Federal awards.

Domestic Preference for Infrastructure Projects

The Build America, Buy America Act (BABA) imposes significant requirements for federally-funded infrastructure projects. Infrastructure projects include, but are not limited to, any alterations to, repairs to, or construction of buildings and real property, roads, utilities, or broadband infrastructure. 2 C.F.R. §§ 184.3 (Infrastructure project), 184.4(c) (examples of infrastructure), (d) (interpretation of infrastructure).

[Organizational name] will adhere to BABA’s Preference requirements for any infrastructure project that is funded (in whole or part) with a federal award, regardless of whether the primary purpose of the federal award is to affect infrastructure. 2 C.F.R. § 184.4(a). [Organizational name] will include this preference in all subawards, contracts, and purchase orders for the work performed, or products supplied. 2 C.F.R. § 184.4(b). The Preference requires that iron or steel products, manufactured products, and construction materials (except for cement or cementitious materials like stone and sand) be produced in the United States. 2 C.F.R. §§ 184.1(b), 184.4(e)(1). [Organizational name] will follow the standards set forth in 2 C.F.R. § 186(a) when making determinations of whether something is produced in the United States. If such materials cannot be procured, then a waiver must be requested by [Organizational name] from the awarding agency (or agencies) before non-domestically produced products are purchased. 2 C.F.R. § 184.7.

Contracting with Small, Minority, Women’s, or Veteran-Owned Businesses

When possible, should consider small businesses, minority businesses, women’s businesses, veteran-owned businesses, and labor surplus area firms. Consideration means:

- Including these businesses on solicitation lists
- Soliciting whenever deemed eligible as potential sources
- Dividing separate procurements and establishing delivery schedules to permit maximum participation
- Use organizations like the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring contractors under a Federal award to apply these conditions to subcontracts

[Insert ways in which [Organizational name] attempts to include small, minority, women’s veteran’s, and labor surplus firms in [Organizational name]’s procurement process.]

Prohibition on Certain Telecommunications Companies

[Organizational name] will not procure, enter into a contract to procure, or extend or renew a contract to procure covered telecommunications and video surveillance equipment or services described in Public Law 115-232, section 889. Covered telecommunications and video surveillance equipment or services are those produced by Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company, or any subsidiary or affiliate of such entities. 2 C.F.R. § 200.216. To meet this requirement, [insert position/office] will check www.sam.gov to ensure the vendor is not excluded for this reason. See OMB 2 C.F.R. *Frequently Asked Questions*, Q-47 https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.pdf

Never Contract with the Enemy

[Organizational name] complies with the regulations implementing Never Contract with the Enemy in 2 C.F.R. Part 183 prohibiting contracts, grants and cooperative agreements that exceed \$50,000, are performed outside the U.S. and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. 2 C.F.R. § 200.215.

Prequalified Lists

[Organizational name] must ensure that all prequalified lists of persons, firms, or products used in procurement transactions are current and include enough qualified sources to ensure maximum open competition. When establishing or amending prequalified lists, the recipient or subrecipient must consider objective factors that evaluate price and cost to maximize competition. Also, [Organizational name] must not preclude potential bidders from qualifying during the solicitation period. 2 C.F.R. § 200.319(e).

Recovered Materials

[Organizational name] will, to the greatest extent practicable and consistent with law, purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable. This may include purchasing compostable items and other products and services that reduce the use of single-use plastic products. 2 C.F.R. § 200.323.

Solicitation Language

[Organizational name] must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such descriptions must not, in competitive procurements, contain features which unduly restrict

competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description of features may be used to provide procurement requirements. The specific features of the named brand must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R. § 200.319(d)(1)-(2).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

[Organizational name] must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis should be made between leasing and purchasing property or equipment to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with Federal funds.

Value Engineering Clauses

[Organizational name] will use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. 2 C.F.R. § 200.318(g). Value engineering is a systematic analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

Use of Intergovernmental Agreements

When appropriate for the procurement or use of common or shared goods and services, [Organizational name] is encouraged to enter into State and local intergovernmental agreements for procurement transactions. These or similar procurement arrangements using strategic sourcing may foster greater economy and efficiency. Documented procurement actions of this type (using strategic sourcing, shared services, and other similar procurement arrangements) will meet the competition requirements of the UGG.

Use of Federal Excess and Surplus Property

[Organizational name] considers the use of excess and surplus Federal property instead of purchasing new equipment and property when it is feasible and reduces project costs.

Debarment and Suspension

[Organizational name] awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, public policy, compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. Ch. 8), past performance record, and financial and technical resources.

[Organizational name] may not contract/subcontract with or award subgrants to any person or company who is debarred or suspended.

Accordingly, for all contracts over \$25,000 [Insert position/office] will ensure this is met by either:

- a. Checking SAM at <http://www.sam.gov/>;
- b. Collecting a certification from that person; or
- c. Adding a clause or condition to the covered transaction with that person.

Maintenance of Procurement Records

[Organizational name] must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred. Records are maintained in accordance with this manual [and insert other policies and procedures as applicable.]

Time and Materials Contracts

[Organizational name] may use a time-and-materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to [Organizational name] is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, [Organizational name] must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Pre-Procurement Documents

In accordance with 2 C.F.R. § 200.325, [Organizational name] will make available upon request from [pass-through entity or Federal awarding agency] all procurement documents for pre-procurement review, such as requests for proposals or invitations for bids, or independent cost estimates. [Organizational name] must submit the technical specifications of proposed procurements when requested by the Federal agency or pass-through entity.

Settlements of Issues Arising Out of Procurements

[Organizational name] is responsible for the settlement of all contractual and administrative issues arising out of its procurement transactions. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve [Organizational name] of any contractual responsibilities under its contracts. [Organizational name] must report violations of law to the local, State, or Federal authority having proper jurisdiction.

Protest Procedures to Resolve Dispute

[Organizational name] maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

[Insert [Organizational name]'s protest procedures here. Protest procedures must be in accordance with State and local law. Issues that should be addressed include, but are not limited to, how potential vendors receive notice of ability to protest, what position/office receives the protest; what position/office reviews the protest; whether a report of the review is provided to the complainant; and timeframes for both making the protest and reviewing the protest. The position/office that reviews the protest should be different than the one that awarded the contract.]

Contract Provisions

In all Federally-funded contracts, [Organizational name] includes the required Federal, State, and local provisions including the applicable provisions described in Appendix II to 2 C.F.R. Part 200 – Contract Provisions for Non-Federal Entity Contracts under Federal Awards. 2 C.F.R. § 200.327.

F. Bonding Requirements

[Organizational name] should establish a bonding policy sufficient to protect the Federal interest before obligating funds for construction or facility improvement contracts exceeding the simplified acquisition threshold. The awarding federal agency may accept [Organizational name]'s policy if it adequately protects the federal interest. If the awarding agency does not

make such a determination, then it must require additional protections from [Organizational name]. 2 C.F.R. § 200.326. These protections include certain bid guarantees from bidders, performance bonds, and payment bonds. 2 C.F.R. § 200.326(a)-(c).

G. Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. § 200.318(c)(1), [Organizational name] maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.

No employee, officer, agent, or board member of [Organizational name] may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, board member, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, board members, and agents of [Organizational name] may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. [Include a description of a gift that is a nominal value. Ensure that this is compliant with State and local rules.]

[Insert definitions to terms in the above standards of conduct. For example, does “immediate family” mean a spouse and children or also parents? “Partner” and “Financial or other interest” should be defined as well. Additionally, describe the process for reporting conflicts of interest, both real and potential. Ensure that alternative methods are described in case the individual receiving the report is involved in the potential conflict. Describe the process to remove an employee from a procurement transaction if there is a conflict of interest, as well as the documentation required to show that the employee has properly recused him or herself. Detail what training is provided on conflict of interest policies and whether a signed certification is required from an employee acknowledging the policy. Name the positions/offices involved in these activities.]

[As always, review State and local conflict of interest laws to ensure that written standards of conduct are extensive enough.]

Whistleblower protections

An employee of a recipient or subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph

(a)(2) of 41 U.S.C. 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.

[Organizational name] must inform their employees in writing of employee whistleblower rights and protections under 41 U.S.C. § 4712. *See* statutory requirements for whistleblower protections at 10 U.S.C. §§ 4310, 4701; 41 U.S.C. §§ 4712, 4304. [Insert or cross-reference documentation that employees can access outlining whistleblower rights and protections under 41 U.S.C. 4712.]

Organizational Conflicts

[If [Organizational name] has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the District must include written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, [Organizational name] is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R. § 200.318(c)(2).]

Disciplinary Actions

[Insert description of disciplinary actions to be taken against an individual who violates the standards of conduct.]

Mandatory Disclosure

Per 2 C.F.R. § 200.318, [Organizational name] must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through in accordance with the Federal awarding agency's conflicts policies.

Also, [Organizational name] must promptly disclose whenever it has credible evidence of the commission a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations under Title 18 or Civil False Claims Act (31 U.S.C. 3729–3733). Failure to report can result in remedies for noncompliance per 2 C.F.R. § 200.339.

- Includes both criminal and civil false claims actions
- Must be made in writing to the Federal agency, the agency's Office of Inspector General, and the pass-through entity (if applicable)
- Also required to report matters to recipient integrity and performance (i.e., SAM and FAPIIS)
- Includes any activities or subawards in connection with the Federal award.

[The (sub)recipient should include a specific time frame. Although the Uniform Grants Guidance does not specify a minimum time frame for disclosure, it is considered a best practice to disclose potential conflicts or violations of law within 72 hours or less.]

H. Contract Administration

[Organizational name] maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

[Insert the organizational procedures to ensure contracts are completed and fulfilled prior to payment whether its delivery of good or performance of services. etc.]

IV. Property Management Systems

A. Property Classifications

[The following property classifications are found in Federal law. [Organizational name] should include all relevant property definitions and revise to ensure property classifications are also in accordance with State and local law. For example, recipients and subrecipients are authorized to alter the definition of equipment as long as the revised definition includes all of the property included with the Federal definition.]

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 [Organizational name] for financial statement purposes, or \$10,000. 2 C.F.R. § 200.1 (*Equipment*).

Supplies means all tangible personal property other than Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by [Organizational name] for financial statement purposes or \$10,000, regardless of the length of its useful life. 2 C.F.R. § 200.1 (*Supplies*).

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. § 200.1 (*Computing devices*). Most computing devices are supplies.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or a lease accounted for as a financed purchase under Government Accounting Standards

Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and

- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life.

B. Inventory Procedure

[In this section, describe the process that is performed when inventory is received. Where is new inventory received? What position inspects the property to make sure it's in good condition and that it matches what is listed on the purchase order and invoice. Is a receiving report produced? What information is included? Who logs into the property management system? Where is the receiving report kept and with what other documentation?]

Next, describe what type of property is tagged and what position/office performs the tagging. All equipment must be tagged and computing devices, such as laptops, smartphones, and tablets should also be tagged. Describe what positions are responsible for configuring or installing certain types of equipment and/or computing devices.]

C. Inventory Records

For equipment purchased with Federal funds (in part or in whole), the following information is maintained:

- Serial number or other identification number
- Source of funding for the property
- Who holds title
- Acquisition date and cost of the property
- Percentage of Federal contribution towards the original purchase
- Location, use and condition of the property
- Any ultimate disposition data including the date of disposal and sale price of the property

[Insert how it is maintained]

[Organizational name] is responsible for maintaining and *updating* property records when there is a change in the status of the property. [Include any additional organizational procedures for inventory including whether supplies or computing devices are included in the inventory requirements. Describe the process to adjust the inventory records in the event the property is sold, lost, or stolen, or cannot be repaired.]

D. Physical Inventory

A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years. [Often State or local laws require a more frequent physical inventory. Revise if State or local laws require a more frequent physical inventory.]

[Describe the process that is performed when inventory is received. Where is new inventory received? What position inspects the property to make sure it's in good condition and that it matches what is listed on the purchase order and invoice? Is a receiving report produced? What information is included? Who logs into the property management system? Where is the receiving report kept and with what other documentation?]

[Next, describe what type of property is tagged and what position/office performs the tagging. Describe how the physical inventory is performed. What position/office performs the physical inventory? Is there a specific time period when the inventory is performed? Describe how the reconciliation is performed between the physical inventory and the property records. Describe any State requirements.]

E. Maintenance

In accordance with 2 C.F.R. § 200.313(d)(4), [Organizational name] maintains regular adequate maintenance procedures to ensure that property is kept in good and proper working condition. [Insert procedures to ensure that property is maintained in good condition. For example, what restrictions are placed on the use of equipment and/or computing devices? What position and/or office is contacted if it appears an item is broken?]

F. Lost or Stolen Items

[Organizational name] maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft of equipment must be investigated. [Organizational name] must notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

[Insert description of what safeguards are in place to ensure property is safeguarded. Is property allowed to be taken off-site? Are there any sign-in, sign-out procedures for computing devices? Are computing devices and other applicable equipment marked as property of [Organizational name]? If the equipment is lost or suspected to be stolen, what are the procedures? Are interviews conducted and a police report filed? How long is the property listed in the inventory after the property is lost/stolen? What position and/or office does this get reported to? Who reports to the Federal awarding agency?]

G. Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and [Organizational name] will not encumber the property without prior approval of the Federal awarding agency and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority: (1) activities under a Federal award from the Federal awarding agency which funded the original program or project; then (2) activities under Federal awards from other Federal awarding agencies.

[Insert any procedures for the transfer of equipment between programs or projects. For example, if a school no longer needs a computing device, how are other schools alerted to the possibility that this equipment is available?]

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment. Second preference is given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-Federally funded programs or projects is also permissible, provided such use will not interfere with the purpose for which it was originally acquired.

H. Disposal of Equipment

When it is determined that 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, [insert name of position/office responsible] will contact the awarding agency or pass-through entity for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$10,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the Federal awarding agency. If the item has a current FMV of more than \$10,000, the Federal awarding agency or pass-through entity is entitled to the Federal share of the current market value or sales proceeds. [Organizational name] may retain \$1,000 to cover expenses associated with the selling and handling of the equipment.

If acquiring replacement equipment, [Organizational name] may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

[The Uniform Grants Guidance requires recipients to establish sales procedures to ensure the highest possible return. Insert description of sales procedures, including what position/office handles the sale of unneeded equipment and the number of offers that must be received.]

Equipment retention

When included in the terms and conditions of the Federal award, the Federal agency may permit the recipient to retain equipment with no further obligation to the Federal Government unless prohibited by Federal statute or regulation.

I. Disposal of Supplies

Supplies are an allowable direct charge (2 C.F.R. § 200.453). Title to supplies acquired under the Federal award will vest upon acquisition in the recipient or subrecipient. If there is a residual inventory of unused supplies at the end of the period of performance exceeding \$10,000 in total aggregate value, and the supplies are not needed for any other Federal award, [Organizational name] may retain or sell the supplies. The Federal agency or pass-through entity is entitled to compensation in an amount calculated by multiplying the percentage of the Federal agency's or pass-through entity's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale. [Organizational name] may retain \$1,000 to cover expenses associated with the selling and handling of the equipment if permitted by the federal awarding agency.

- Unused supplies means supplies that are in new condition, not having been used or opened before.
- The aggregate value of unused supplies consists of all supply types, not just like-item supplies.

V. Written Compensation Policies

A. Time and Effort

Time and Effort Standards

All employees who are paid in full or in part with Federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with State or local funds but is used to meet a required "match" in a Federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to Federal grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both Federally assisted and all other activities compensated by [Organizational name] on an integrated basis;
- Comply with the established accounting policies and practices of [Organizational name]; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives.

Time and Effort Procedures

[In this section, describe time and effort procedures. What type of documentation is maintained and what are the requirements of the documentation? For example, who has to sign the documentation? How often must the certifications be completed? Are the certifications completed on paper or electronically? Does a supervisor review the certification? What is the timeframe for reviewing the certification? Are the certifications required to be sent to the pass-through? If so, what program/office sends the certifications? Sample certifications should be included as appendices.]

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

[If using budget estimates for interim accounting purposes, the Uniform Grants Guidance requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. Additionally, the recipient must have a system of internal controls to review *periodic* after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated. Therefore, please include in this section a description of the periodic process to reconcile actual costs to budgeted distributions. Also, include a description of any close-out procedures at the end of the fiscal year. Are all the time and effort certifications collected and reviewed for accuracy and appropriate signatures and dates? Is the appropriate documentation for locally-funded salaries used to meet a matching requirement collected and maintained? What positions/offices perform these tasks?]

VI. Record Keeping

A. Record Retention

[Organizational name] maintains all award records for three years from the date of submission of their final financial report, at a minimum. 2 C.F.R. § 200.334. Records to be retained include but are not limited to, financial records, supporting documentation, and statistical records. The requirement to retain records may be extended in several circumstances, including:

- 1) Litigation, audits, or claims involving the records. In the event of such circumstances, [Organizational name] shall retain the award's records until the end of the matter.
- 2) More stringent requirements imposed by the awarding agency, either through specific conditions or their underlying program regulations.

[How are the records destroyed? Is there a records inventory that gets updated?]

B. Collection and Transmission of Records

When practicable, [Organizational name] must collect, transmit, and store Federal award information in an open and machine-readable formats. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a computer system. [Organizational name] may substitute electronic versions of original paper records through duplication or other forms of electronic conversion, provided that the procedures are subject to quality control reviews. Quality control reviews must ensure that electronic conversion procedures provide safeguards against the alteration of records and assurance that records remain in a format readable by a computer system.

[Insert description of how records are maintained. Are all records kept electronically? Are they also kept as paper copies? If so, are they kept on-site or off-site? How are records provided to awarding agencies to meet reporting requirements and to auditors and monitors? If the records are kept electronically, 2 C.F.R. § 200.336 allows recipients to transmit them electronically, meaning there's no need to make paper copies.]

C. Access to Records

[Organizational name] provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of [Organizational name] which are pertinent to the Federal award to perform audits, execute visits, examinations, excerpts, other official use, and transcripts. 2 C.F.R. § 200.337. The right also includes timely

and reasonable access to [Organizational name]'s personnel for the purpose of interview and discussion related to such documents or the Federal award in general.

VII. Audits

A. Annual Single Audit

If [Organizational name] expends \$1,000,000 or more in federal funding during a fiscal year then it must have a single audit or a program-specific audit conducted for that year. 2 C.F.R. § 200.501. The audit must be conducted in accordance with the provisions in 2 C.F.R. §§ 200.501-502 and outlined below. Audits may not be paid for with federal funds if the amount of federal award expenditures is less than the audit threshold for that year. 2 C.F.R. § 200.425(a)(2). When conducting audits, [Organizational name] will perform the following:

- 1) Arrange for the audit required by this part in accordance with 2 C.F.R § 200.509, and ensure it is properly performed and submitted in accordance with § 200.512 and as outlined below:
 - a. When procuring audit services [Organizational name] will adhere to the procurement standards outlined in the Procurement section above.
 - b. When requesting proposals for audit services, the objectives and scope of the audit will be made clear, and [Organizational name] will request a copy of the audit organization's peer review report, which the auditor must provide under Generally Accepted Government Auditing Standards (GAGAS).
 - c. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price.
 - d. The audit, a data collection form, and the reporting package will be submitted to the Federal Audit Clearinghouse (FAC) within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier).
- 2) Prepare financial statements, including the schedule of expenditures of Federal awards in accordance with 2 C.F.R. § 200.510 as outlined below:
 - a. The financial statements prepared by [Organizational name] will reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.
 - b. [Organizational name] will also prepare a schedule of expenditures of Federal awards for the period covered by [Organizational name]'s financial statements. The schedule

must include the total Federal awards expended as determined in accordance with § 200.502.

3) Promptly follow up and take corrective action on audit findings. This includes preparing a summary schedule of prior audit findings and the associated corrective action plan. 2 C.F.R. § 200.511.

a. The summary schedule of prior audit findings will report the status of all audit findings included in the prior audit's schedule of findings and questioned costs.

b. At the completion of the audit, [Organizational name] must prepare a corrective action plan to address each audit finding included in the auditor's report for the current year. The corrective action plan will also provide the name(s) of the contact person(s) responsible for the corrective action, the corrective action to be taken, and the anticipated completion date. When [Organizational name] does not agree with the audit findings or believes corrective action is not required, the corrective action plan must include a detailed explanation of the reasons.

4) Provide the auditor access to personnel, accounts, books, records, supporting documentation, and any other information needed for the auditor to perform the audit required by this part. A federal agency may conduct or arrange for additional audits. 2 C.F.R. § 200.503(c).

5) Submit the report within 30 calendar days after [Organizational name] receives the auditor's report, or within nine months after the end of the audit period, whichever is earlier. 2 C.F.R. § 200.512(a)(1). Pursuant to § 200.512, the reporting package must include:

a. The financial statements and schedule of expenditures listed under § 200.510(a) and (b), and

b. The summary schedule of prior audit findings required by § 200.511(b), and

c. The auditor's report required under § 200.515, and

d. The corrective action plan, if applicable, required by § 200.511(c).

VIII. Subrecipient Monitoring

[If the organization awards subgrants, it must have subrecipient monitoring policies and procedures to ensure compliance with the terms and conditions of the Federal award. These procedures must not only address how the subrecipient monitoring process works but also how the organization ensures that findings are corrected. Please include those procedures here, if applicable.]