Uniform Guidance Training Part 2

Learning Objectives -

- Recognize best practices for UG grant management and compliance.

- Have a basic understanding of allowable costs under the UG.

- Know where to go for grant compliance answers at NNMC.
How may I use Federal funds?

Federal funds must be used as specified - - -

| In the Grant Award Notification (GAN) | According to the approved budget justification | In support of the approved project’s goals and objectives |
2 CFR 200.403 Basic standards for allowability:

✓ The cost must be **necessary**.

✓ The cost must be **reasonable**.

✓ The cost must be **allocable**.

✓ The cost must be **documented**.
In addition - to be allowable costs must:

✓ Conform to any limitations or exclusions set forth in the UG or in the Federal award GAN and special conditions.

✓ Be consistently allocated and treated according to NNMC policies and procedures.

✓ Be determined in accordance with generally accepted accounting principles (GAAP).

✓ **Not** be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
2 CFR 200.403 (g) Documentation:

Documentation is required on all expenditures - there is no threshold amount.

- Detailed documentation, especially for major expenditures, contracts, “exceptional” circumstances, and travel.
- Receipts with enough detail to support the charge
- Written explanation of how the expense benefited the project(s)
- If you leave the university or department is there sufficient detail that the documentation can speak for itself?
2 CFR 200.333 Retention of Records

All Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report.

Exception: If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
2 CFR 200.404  Reasonable Costs

A cost is reasonable if 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 cost.

Was the cost:

✓ Ordinary and necessary?

✓ Obtained following sound business practices, following Federal, state and other laws and regulation, and terms and conditions of the Federal award?

✓ Obtained for the fair market value/price for comparable goods or services for the geographic area?

✓ Procured following the institution’s established policies and procedures?
200.405 Allocable Costs

A cost is allocable to a Federal award if the goods or services involved are costs relate to the specific objectives of that grant project.

This standard is met if the cost:

- Is incurred specifically for the Federal award.
- Cost can be distributed in proportions and relative to the benefits received.
- Is necessary to the overall operation of Federally funded project award in accordance with the principles in this subpart.
2 CFR 200. 407 Prior Approval

Certain budgetary situations require prior written approval before they will be allowed.

Prior-approval* cost types include, but is not limited to:

- Cost sharing or matching
- Revision of budget or program plans
- Procurement of contracts over $150,000
- Equipment & other capital expenditures
- Travel costs
- Membership subscriptions and professional activity costs
- Participant Support costs
- Pre-award costs

Approved budgets & budget justifications do not necessarily cover the compliance of this requirement!
2 CFR 200.420-200.475 Unallowable costs:

Unallowable Costs include, but are not limited to:

- Alcoholic beverages
- Commencement or convocation costs
- Charitable contributions, donation, remembrances
- Commercial air travel costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines
- Costs of entertainment and social activities and any costs directly associated with such costs
- Goods or services for personal use of employees
- Lobbying
- Pre-award costs, unless approved by the sponsoring agency
- 12th hour purchases to exhaust unobligated balances.
CFR 2 Part 200.318 Procurement:

The nonfederal entity must use its own documented procurement procedures that reflect applicable State and local regulations, provided that the procedures conform to applicable federal law and the Uniform Guidance.

- Procedures must avoid acquisition of unnecessary or duplicative items.
- For all procurements the institution must maintain all related records for all procurements – there is no threshold.
Procurement - Common Compliance issues:

- Lack of adequate, written procurement procedures that address all UG ‘musts’
- Lack of documentation, including cost/price analysis (bid and/or quote process)
- Lack of adherence to noncompetitive and sole source procurements procedures
- Lack of procurement monitoring & staff training
Conflict of Interest CFR 2 Part 200.318 (c)(1)

No employee, officer, or agent 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, or agent, or any member of his/her immediate family, his/her partner, or an organization which employs (or is about to employ) any of the parties above, has a financial or other interest in, or a tangible personal benefit from, a firm considered for a contract.
2 CFR 200.474 Travel Costs-

Documentation of travel costs charged to a Federal award, must justify that:

- Participation of the individual is necessary to the Federal award, and
- Costs are reasonable and consistent with the nonFederal entity’s established travel policy.

If documentation is not submitted, the costs may be found unallowable - indeed lack of justification and documentation for travel expenditures is a common audit finding.

Sample of a Federal Finding:

We are recommending a downward financial adjustment of $51,385 for travel costs. A cost is allocable to a sponsored agreement if it is incurred solely to advance the work under the sponsored agreement (2 CFR part 220, App. A § C.4). According to the travel vouchers, these costs did not appear to benefit the award.
2 CFR 200.430 Salaries:

Charges to Federal awards for salaries and wages **must** be based on records that accurately reflect the work performed and are supported by a system of internal controls that provides reasonable assurance that the changes are accurate, allowable, and properly allocated.

- NNMC policies and procedures must be followed uniformly for grant funded, general funded, and match positions.
- Documentation for grant funded & match positions must include the specific grant activities that are being performed by the employee.
2 CFR 200.331 Subrecipient Monitoring:
The UG requires enhanced oversight requirements of subrecipients to ensure compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

- Subrecipients **must** follow all the same requirements under the UG as the pass through entity, including single audit, procurement, allowable costs, documentation.

- Pass-through entities **must**:
  - Perform a risk assessment of the subrecipient to determine the level of monitoring needed.
  - Verify that every subrecipient is audited (as required by the Single Audit Act)
  - Perform periodic reviews of the subrecipient’s financial and programmatic performance.
RESOURCES

- Further Information • Text of “2 CFR 200 Uniform Guidance” available online at the Federal Register on www.ecfr.gov.

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