



# ***Administrative Rules for 21<sup>st</sup> CCLC Programs under EDGAR***

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# Agenda

- The Importance and Structure of EDGAR
- Admin Rules
  - Financial Management
  - Procurement
  - Inventory
  - Allowability
    - 21<sup>st</sup> CCLC Allowable Use
    - Selected Items of Cost
    - Time & Effort
  - Audit Requirements





# EDGAR



# Key Parts of the EDGAR

## ■ **Title 34**

- Part 75 – Direct Grant Programs
- Part 76 – State-Administered Programs
- Part 77 – Definitions
- Part 81 – General Education Provisions Act (GEPA)

## ■ **Title 2**

- Part 200 – Cost/Administrative/Audit Rules
- Part 3474 – USDE Exceptions – Adopts Part 200
- Part 3485 – Nonprocurement Debarment and Suspension
  - Incorporates 2 CFR Part 180, OMB's Guidelines on Debarment and Suspension

# Prior Rules (Incorporated Into the Updated EDGAR)

- A-21 – Cost Rules – Rules – IHEs
- A-87 – Cost Rules – State / Local Gov't
- A-122 – Cost Rules – Nonprofit
- A-102 – Administrative Rules State / Local Gov't
- A-110 – Administrative Rules IHEs
- A-133 – Audit Rules



# **Part 200 Uniform Administrative Req, Cost Principles, and Audits for Federal Awards**

**Formerly know as the “Uniform Grants  
Guidance”, the “Omni Circular” and the “Super  
Circular”**

# 2 CFR Part 200

- Subpart A – Definitions
- Subpart B – General Provisions
- Subpart C – Pre Award Requirements
- Subpart D – Post Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements



# Financial Management Controls



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# Financial Management Rules 200.302(b)

1. Identification of Awards
2. Financial Reporting
3. Accounting Records (Source Docs)
- 4. Internal Control**
5. Budget Control
- 6. Written Cash Management Procedures**
- 7. Written Allowability Procedures**

# 1) Identification of Awards

## 200.302(b)(1)

All federal “awards” received and expended

- The name of the federal “program”
- Identification # of award
  - CFDA Title and Number
  - Federal Award I.D. #
  - Fiscal Year of Award
  - Federal Agency
  - Pass-Through (If S/A)



## 2) Financial Reporting

### 200.302(b)(2)

- Accurate, current, complete disclosure of financial results of each award in accordance with 200.327 and 200.328.

# 21<sup>st</sup> Century: Performance Indicators

- Program success will be monitored according to State-defined performance indicators
- State Performance Indicators must (Sec. 4205(b)(1)(D)):
  - Be able to track student success and improvement over time;
  - Include State assessment results and other indicators of student success and improvement, such as improved attendance during the school day, better classroom grades, regular (or consistent) program attendance, and on-time advancement to the next grade level; and
  - For high school students, may include indicators such as:
    - Career competencies,
    - Successful completion of internships or apprenticeships, or
    - Work-based learning opportunities

# 3) Accounting Records

## 200.302(b)(3)

Combined 80.20(b)(2) and 80.20(b)(6):

■ Source Documentation Must Be Kept On:

1. Federal Awards
2. Authorizations
3. Obligations
4. Unobligated balances
5. Assets
6. Expenditures
7. Income
8. Interest

***(Eliminated liabilities)***

# Records

## 76.730 - 76.731



- A State and subgrantee shall keep records that fully show:
  - The amount of funds;
  - How funds were used;
  - Total cost of the project;
  - Share of the cost provided from other sources; and
  - Other records to facilitate an effective audit.

# 4) Internal Controls

## 200.302(b)(4)

Essentially same as prior 80.20(b)(3):

- Effective control over and accountability for:
  1. All funds
  2. Property
  3. Other assets
- Must adequately safeguard all assets
- Use assets solely for authorized purpose



# The Definition of Internal Controls 200.61-62

*Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- a. Effectiveness and efficiency of operations;
- b. Reliability of reporting for internal and external use; and
- c. Compliance with applicable laws and regulations.

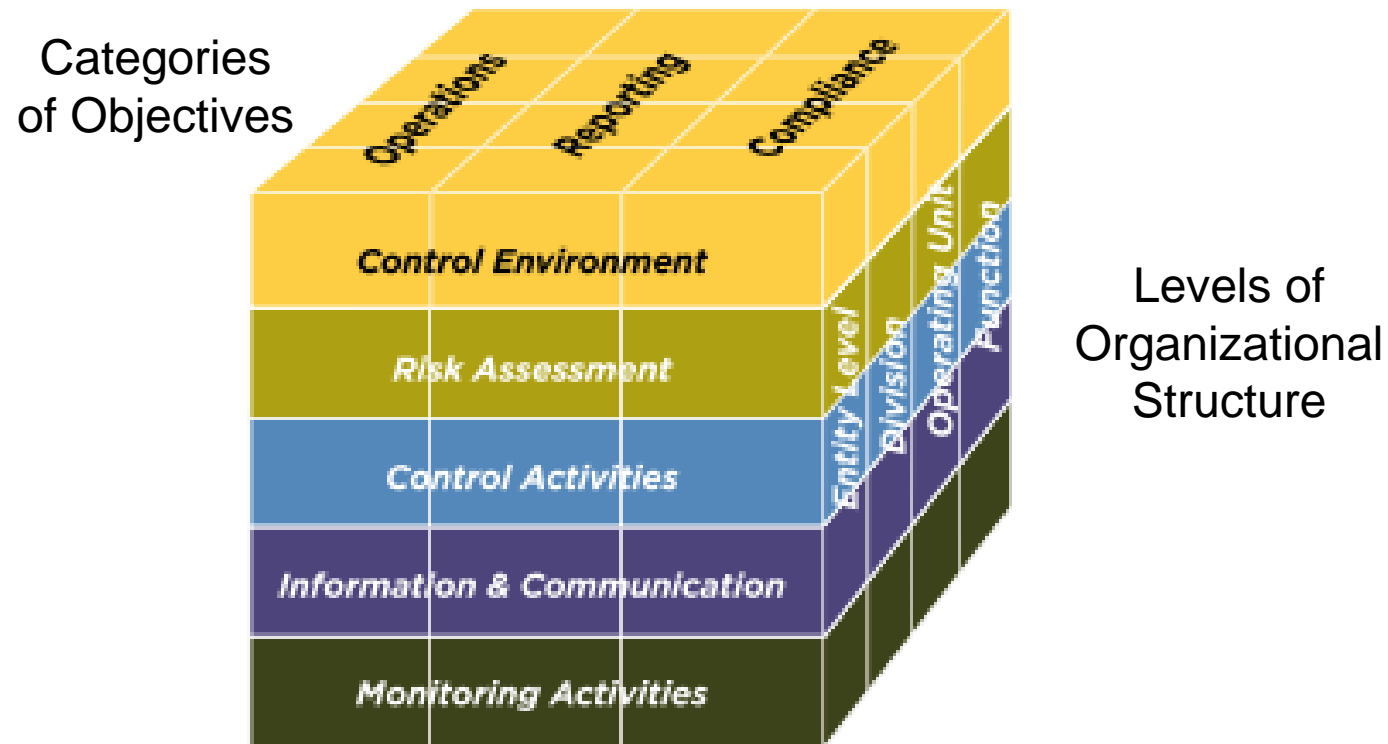
# Internal Controls

## 200.303

Internal controls “should” be in compliance with:

- The U.S. Comptroller General’s Standards for Internal Control in the Federal Government (Green Book); and
- Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

# The COSO “Cube”



Components of Internal Controls

# Required Certification

## 200.415 (pg 136)

- An official authorized to legally bind the non-federal entity must certify on annual and final fiscal reports or vouchers requesting payment:
  - “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise.”

# 5) Budget Control

## 200.302(5)

- Comparison of expenditures with budget amounts for each award
- If expenditures and budgeted amounts DO NOT match
  - Subrecipient must seek prior approval from SEA to amend approved budget to match expenditures

# **6) Written Cash Management Procedures 200.302(6)**

- Written Procedures to implement the requirements of 200.305

# Payment

## 200.305 (a) and (b)

- For states, payments are governed by Treasury – State CMIA agreements 31 CFR Part 205
  - No Change
- For all other non federal entities, payments must minimize time elapsing between draw from G-5 and disbursement (not obligation)
  - Must not seek reimbursement until costs have obligated **and** non-federal funds have been expended

# Obligations

## 200.71



- Obligation = Means orders placed for property and services, contracts and subawards made and similar transactions during a given period that require payment during the same or a future period.
- Reimbursement Process
  - Obligation
  - Liquidation
  - Payment
    - Request
  - Drawdown



This would be switched in a  
Advanced Payment Process.



# When Obligations Are Made

## 76.707

Type of Obligation	When Obligation Occurs
Acquisition of Property	Date of binding written commitment
Personal Services by Employee	When services are performed
Personal Services by Contractor	Date of binding written commitment
Travel	When travel is taken
Approved Pre- Agreement Cost	On the first day of the grant or subgrant performance period.

# Payment (cont.)

## 200.305(b)(1)-(4)

- Written procedures must describe whether non-federal entity uses:
  - 1) Advance Payments (preferred)
    - Limited to minimum amounts needed to meet immediate cash needs
  - 2) Reimbursement
    - Pass through must make payment within 30 calendar days after receipt of the billing
  - 3) Working Capital Advance
    - The pass through determines that the nonfederal entity lacks sufficient working capital. Allows advance payment to cover estimated disbursement needs for initial period

# Payment (cont.)

## 200.305(b)(7)-(8)

- Advances must be maintained in insured accounts
- Pass through cannot require separate depository accounts
- Accounts must be interest bearing unless:
  1. Aggregate federal awards under \$120,000
  2. Account not expected to earn in excess of \$500 per year
  3. Bank require minimum balance so high, that such account not feasible
  4. A foreign gov't or banking system prohibits or precludes interest bearing accounts.

# Payment (cont.)

## 200.305(b)(9)

- Interest amounts up to \$500 may be retained by non federal entity for administrative purposes
- Interest earned must be remitted annually to HHS Payment Management System.

# 7) Written Allowability Procedures 200.302(b)(7)

- Written procedures for determining allowability of costs in accordance with Subpart E – Cost Principles
  - Procedures can not simply restate the Uniform Guidance Subpart E
  - Should explain the process used throughout the grant development and budget process
    - Training tool and guide for employees
- More on this later!



# Procurement



# Procurement by States 200.317

- Still provides flexibility for States
- All other nonfederal entities follow policies and procedures under Section 200.318-200.326.

# General Procurement Standards

## 200.318(a)

- All nonfederal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.



# Contract Administration 200.318(b)

- Nonfederal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract

# Conflict of Interest

## 200.318(c)(1)

- Must maintain written standard of conduct, including conflict of interest policy.
- A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
  - Employee, officer or agent
  - Any member of that person's immediate family
  - That person's partner
  - An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award

# Conflict of Interest (cont.)

## 200.318(c)(1)

- Must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors/subcontractors.
- However, may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
- Standards of conduct must include disciplinary actions applies for violations.



# Conflict of Interest (cont.)

## 200.318(c)(2)

- If the non-federal entity has a parent, affiliate, or subsidiary organization that is not a state or local government the entity must also maintain written standards of conduct covering organization conflicts of interest

# Conflict of Interest (cont.)

## 200.112

- The Federal awarding agency must establish conflict of interest policies for Federal awards.
- All non federal entities must establish conflict of interest policies, and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy.

# Mandatory Disclosures

## 200.113

- Must disclose in writing, in a timely manner:
  - All violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.
  - Failure to make disclosures can result in remedies in 200.338 (remedies for noncompliance) including suspension and debarment.

# Vendor Selection Process

## 200.318(h)

- Must award contracts only to responsible contractors possessing the ability to perform successfully:
  - Contractor integrity
  - Compliance with public policy
  - Record of past performance
  - Financial and technical resources

# Competition

## 200.319(a)

- All procurement transactions must be conducted with full and open competition.
  - Must have protest procedures to handle disputes
- To eliminate unfair advantage, contractors that develop or draft specifications, requirements, statement of work, and invitations for bids or RFPs must be excluded from competing for such procurements.



# Competition (cont.)

## 200.319(a)

### ■ Situations that restrict competition:

1. Unreasonable requirements on firms to qualify to do business
2. Requiring unnecessary experience or excessive bonding
3. Noncompetitive pricing practices
4. Noncompetitive awards to consultants on retainer
5. Organizational conflicts of interest (see 200.318(c)(2))
6. Specifying a brand name instead of allowing “an equal”
7. Any arbitrary action in the procurement process

# Competition (cont.)

## 200.319(b)

- Must prohibit the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposal, except where applicable Federal statutes expressly mandate or encourage geographic preference.
- Does not preempt state licensing laws.
- Exception: architectural and engineering services (if provides appropriate number of qualified firms).

# Competition (cont.)

## 200.319(c)

- Written procedures for procurement must ensure all solicitations:
  - Incorporate a clear and accurate description of the technical requirements for materials, product or service to be procured; and
    - “Brand name or equivalent” may be used as needed, but the specific features of the named brand which must be met by the offers must be clearly states
  - Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

# Methods of Procurement 200.320

- Method of procurement:
  - Micro-purchase
  - Small purchase procedures
  - Competitive sealed bids
  - Competitive proposals
  - Noncompetitive proposals

# Micro-Purchase 200.320(a)

- Acquisition of supplies and services **under \$10,000** or less.
  - “supplies and services”
  - What about equipment?
- May be awarded without soliciting competitive quotations if nonfederal entity considers the cost reasonable.
- To the extent practicable must distribute micro-purchases equitably among qualified suppliers.

# Small Purchase Procedures

## 200.320(b)

- Good or service that costs **\$250,000** or less
  - (Simplified Acquisition Threshold was raised under NDAA 2018)
  - Organization may set lower threshold
- Must obtain price or rate quotes from an adequate number of qualified sources
- “Relatively simply and informal”

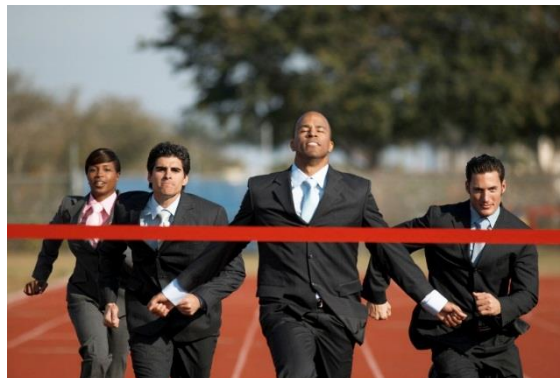
# Sealed Bids 200.320(c)



- Over \$250,000
  - Organization may set lower threshold
- Bids are publically solicited.
- Appropriate when:
  - A complete, adequate and realistic specification or description of good or service is available;
  - Two or more responsible bidders are willing and able to compete effectively for the business
  - Selection of vendor can be made principally based on price and it's a firm fixed price contract.

# Competitive Proposals 200.320(d)

- Over \$250,000
  - Organization may set lower threshold
- Award contract to responsible vendor whose proposal is most advantageous to the program, considering price and other factors.
- Generally used when sealed bid is not appropriate.





# Noncompetitive Proposals

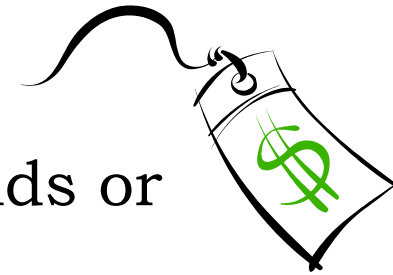
## 200.320(f)



- Appropriate only when:
  - The item is only available from a single source;
  - There is a public emergency that will not permit delay;
  - After soliciting a number of sources, competition is determined inadequate; or
  - The federal awarding agency or pass-through expressly authorizes noncompetitive proposals in response to a separate written request from non-federal entity;

# Contract Cost and Price 200.323

- Must perform a cost or price analysis in connection with every procurement action over \$250,000, including contract modifications
- Independent estimate before receiving bids or proposals.
  - Cost analysis generally means evaluating the separate cost elements that make up the total price (including profit)
  - Price analysis generally means evaluating the total price



# Suspension and Debarment

## Appendix II(H)

- Cannot contract with vendor who has been suspended or debarred
  - Excluded Parties List System in the System for Award Management (SAM)
  - 2 CFR Part 180 (OMB Debarment Suspension Rules) and 2 CFR 3485 (USDE Rules)

# Suspension and Debarment

## 2 CFR 180.300

- For contracts over \$25,000 you must verify that the person with whom you intend to do business is not excluded or disqualified.
- This MUST be done by either:
  - a. Checking SAM; or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.



# Property Management

# Equipment

## 200.33

- Equipment: tangible, nonexpendible, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- Grantee may also use its own definition of equipment as long as the definition would at least include all equipment defined above.

# Supplies

## 200.94

- All tangible personal property other than equipment
  - Computing devices are supplies is less than \$5,000
- Computing devices 200.20
  - Machines used to acquire, store, analyze, process, and publish data and other information electronically
  - Includes accessories for printing, transmitting and receiving or storing electronic information

# Internal Controls

## 200.302(b)(4)

- Regardless of cost, grantee must maintain effective control and “**safeguard all assets** and assure that they are used solely for authorized purposes.”



# Equipment

## 200.313(a) and (c)(4)

- Conditional Title vests with the non-Federal entity.
- Cannot encumber the property without approval of Federal agency or Pass-through agency

But

- When acquiring replacement equipment, 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.

# Use of Equipment

## 200.313(c)(1) and (2)

- Equipment must be used by the Non-Federal entity 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.
- When no longer needed, may be used in other activities with the following priority:
  1. Projects supported by Federal awarding agency
  2. Project funded by other Federal agencies
- When used it may be shared (according to the above priorities) provided such use will not interfere with work on the original projects/programs.
- Exception – Private Schools 76.661

# Equipment Procedures

## 200.313 (d)

Procedures for managing equipment must meet the following requirements:

1. Property records
  - Description, serial number or other ID, source of funding, title, acquisition date and cost, percent of federal participation, location, use and condition, and ultimate disposition date including sale price
2. Physical inventory at least every two years
3. Control system to prevent loss, damage, theft
  - All incident must be investigated
4. Adequate maintenance procedures
5. If authorized or required to sell property, proper sales procedures to ensure highest possible return.

# Disposition of Equipment 200.313(e)

- When property is no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
  - Nonfederal entity must request disposition instructions from the federal awarding agency if required by the terms of the grant.
  - Otherwise, may be retained, sold or otherwise disposed as follows:
    - Over \$5,000 – pay federal share
      - If equipment is sold: Federal awarding agency may permit non-Federal entity to deduct and retain \$500 or 10% of the proceeds for selling and handling instructions.
    - Under \$5,000 – no accountability (still must formally dispose)

# Disposition of Supplies

## 200.314

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, must compensate the federal government for its share.

# Subpart E – Cost Principles

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# Factors Affecting Allowability of Costs

## 200.403

All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law & grant terms
3. Consistent with state and local policies
4. Consistently treated
5. In accordance with GAAP
6. Not included as match
7. *Net of applicable credits (moved to 200.406)*
8. Adequately documented

# Reasonable 200.404

- Consideration must be given to:
  - a. Whether cost is a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award;
  - b. The restraints or requirements imposed such as:
    - Arms length bargaining (hint: procurement processes);
    - Federal, state and local laws; and
    - Terms of the grant award.
  - c. Market Prices for comparable goods or services in the geographical area;
  - d. Whether the individuals acted with prudence under the circumstances considering their responsibilities; and
  - e. No significant deviation from established prices.



# Reasonable

- Practical Questions
  - Do I really need this?
  - Is the expense targeted to valid programmatic/administrative need?
  - Is this the minimum amount I need to spend to meet my need?
  - Do I have the capacity to use what I am purchasing?
  - Did I pay a fair rate?
  - If I were asked to defend this purchase, would I be able to?

# Allocable 200.405

- A cost is allocable to a Federal award or cost objective if the goods or services involved are chargeable or assignable in accordance with relative benefits received.
  - Incurred specifically for the award;
  - Benefits both award and other work and can be distributed in proportions that may be approximated using reasonable methods; and
  - Necessary to the overall operation of the entity and assignable to the award in accordance with this Part.
- Can only charge in proportion to the value received by the program
  - Example: Agency purchases a computer to use 50% on the Federal grant program and 50% on a state program – can only charge half the cost to the grant.

# Factors Affecting Allowability of Costs (cont.) 200.403

- Be consistent with policies and procedures that apply uniformly to both federally- financed and other activities of the non-Federal entity.
- Be accorded consistent treatment
  - Can not charge cost as both direct and indirect
- Be determined in accordance with GAAP
- Not be included as a cost or used to meet cost sharing or matching

# Factors Affecting Allowability of Costs (cont.)

## 200.403(g)

### Adequately documented

- Amount of funds under grant
- How the funds are used
- Total cost of the project
- Share of costs provided by other sources
- Records that show compliance and performance
- Other records to facilitate an effective audit (see 76.730 and 76.731)



# Methods for Collection, Transmission and Storage of Information

## 200.333 and 200.335

- EDGAR says to keep records for 3 years (200.333)
- **BUT Keep records for 5 years** because... of Statute of Limitation under GEPA Section 81.31(c)
- When original records are electronic and cannot be altered, there is no need to create and retain paper copies.
- When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they:
  - Are subject to periodic quality control reviews,
  - Provide reasonable safeguards against alteration; and
  - Remain readable.

# Applicable Credits

## 200.406

- Those receipts or reduction-of-expenditure type transaction that offset or reduce expense items – must be credited to the Federal award as either cost reduction or cash refund, as appropriate.
  - Examples: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, adjustments of overpayments

# 21<sup>st</sup> Century: Uses of Funds

## ESSA Sec. 4205(a)

- Academic enrichment learning
- Mentoring
- Remedial Education
- Tutoring
- Well-rounded education activities
- Literacy education
- Programs supporting a health & active lifestyle
- Perkins/WIOA training
- Services for individuals with disabilities
- EL programs
- Cultural programs
- Telecommunication and tech programs
- Expanded library service hours
- Parenting skills
- Truancy programs
- STEM

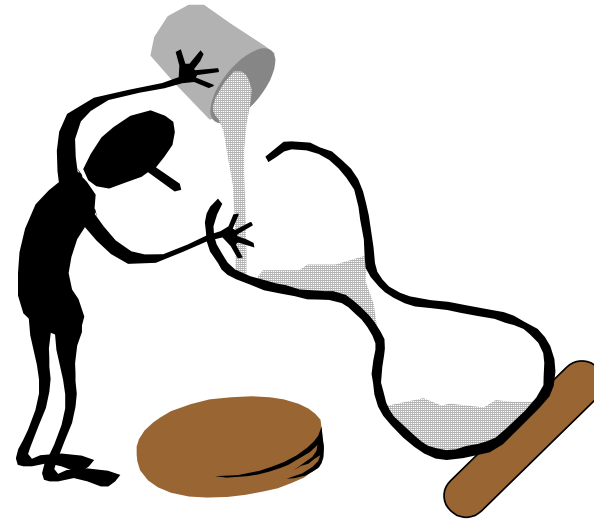
# Partnering with External Organizations

- What is an “external organization?” (Sec. 4201(b)(4))
  - a “nonprofit organization with a record of success in running or working with before and after school (or summer recess) programs and activities;” or
  - “a nonprofit organization in the community that enters into a written agreement or partnership with an organization described above to receive mentoring and guidance in running or working with before and after school (or summer recess) programs and activities”



# 21<sup>st</sup> CCLC Fiscal Rules: Supplement Not Supplant

- 21st CCLC funds can be used to supplement, but in no case supplant, Federal, State, local funds or other non-federal funds.
  - SEA - Sec. 4203(a)(9)
  - Subrecipient – Sec. 4204(b)(2)(G)
- Presumptions
  - Required to provide service/goods/activity under another federal, State, or local law
  - Provided with other federal, State, local, or other non-federal funds in the prior year.



# Presumption Rebutted!

- If entity can demonstrate it would not have provided services if the federal funds were not available
- NO non-federal resources available this year!



# 21<sup>st</sup> CCLC Fiscal Rules

- Indirect Costs
  - If you have an approved rate that can distinguish costs for each program
  - Restricted Indirect Cost Rate!
- Pre-award Costs (if have written approval)
  - If charged after award notice but before the effective date, costs may be charged to the extent they would have been allowable if incurred after the award date.
    - If, prior to receiving notice of the grant, the local organization incurring financial obligations is doing so at its own risk.

# Charge a Fee?

- Old 2003 Guidance: Must offer a “sliding scale” of fees and scholarships for those who cannot afford the program.
- June 2018 ED Presentation:
  - The fee should be the same for all students; and
  - No child can be excluded from the program even if the student’s family is incapable of paying the nominal fee.
- How to read these two pieces of guidance together?



# 21<sup>st</sup> CCLC Carryover

- SEA has discretion
  - If grantee making substantial progress:
    - SEA may not redistribute 21st CCLC funds that remain unobligated if doing so would reduce the total amount of funds available to the grantee from a given fiscal year's appropriation below \$50,000.
  - If grantee NOT making substantial progress:
    - SEA decides not to award a second or third year 21st CCLC grant continuation,
    - SEA may redistribute any unobligated funds, even if doing so would reduce the funds available below \$50,000.

# Program Income

- ED: For grantees and subgrantees that collect parent fees, they should understand that the income generated by the fees is considered **program income**.
  - Without prior approval, must use deduction method.
  - With prior approval: may use addition method
- 2 CFR § 200.307(e) governs the use of program income.



# Selected Items of Cost

**There are 55 specific items of cost!**  
**Starts at 200.420**

# Selected Items of Cost Examples

- **Advertising/PR 200.421**
  - Allowable for programmatic purposes including:
    - Recruitment
    - Procurement of goods
    - Disposal of materials
    - Program outreach
    - Public relations (in limited circumstances)



# Selected Items of Cost Examples (cont.)

## ■ **Conferences 200.432**

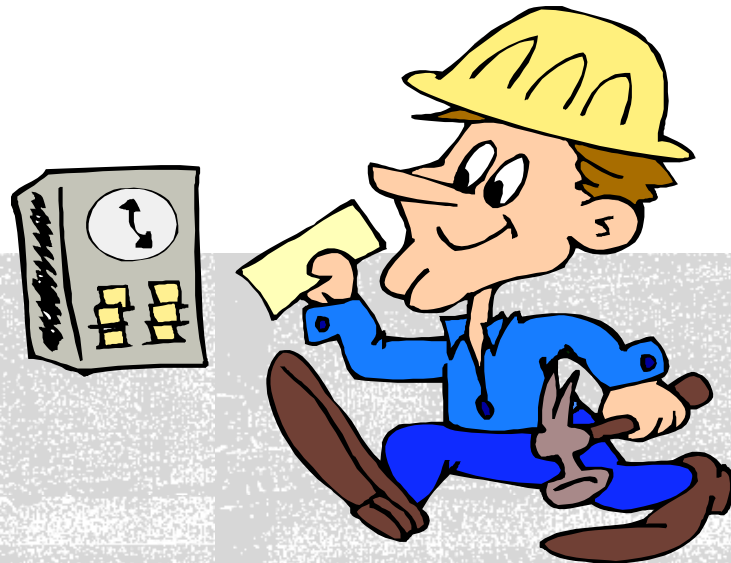
- Prior Rule: Generally allowable
  - Includes Meals / Conferences / Travel and Family Friendly Policies
  - Allowable conference costs include rental of facilities, costs of meals and refreshments, transportation, unless restricted by the federal award
  - Costs related to identifying, but not providing, locally available dependent-care resources
  - Conference hosts must exercise discretion in ensuring costs are appropriate, necessary and managed in manner than minimizes costs to federal award

# Selected Items of Cost (cont.)

## ■ **Travel Costs 200.474**

- Travel costs may be charged on actual, per diem, or mileage basis
- Travel charges must be consistent with entity's written travel reimbursement policies
- Allows costs for “above and beyond regular dependent care”
- Grantee must retain documentation that participation of individual in conference is necessary for the project

# Time and Effort Documentation



# Documentation for Personnel Expenses

## 200.430(i)

- Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.
- How staff demonstrate allocability
  - If employee paid with federal funds, then must show that the employee worked on that specific federal program cost objective 200.403(a)

# Who must participate?

- Must be maintained for all employees whose salaries are:
  - Paid in whole or in part with federal funds
  - Used to meet a match/cost share requirement
  - NOT contractors



# The Prior A-87 Rule (SEAs and LEAs)

## Semi-Annual Certifications

- If an employee works on a single cost objective:
  - After the fact
  - Account for the total activity
  - Signed by employee **or** supervisor
  - Every six months (at least twice a year)

## Personnel Activity Report (PAR)

- If an employee works on multiple cost objectives:
  - After the fact
  - Account for total activity
  - Signed by employee
  - Prepared at least monthly and coincide with one or more pay periods

# Documentation for Personnel Expenses (cont.)

## 200.430(i)(1)

These records MUST:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
  - Not to exceed 100%
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.

# Percentages

## 200.430(i)(1)(ix)

- Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities.



# Compliance

## 200.430(i)(2)

- For records which meet the standards, the non-federal entity will not be required to provide additional support or documentation for the work performed.
- DOL regulations for Fair Labor Standards Act must still be met (i.e. charges must be supported by records indicating the total number of hours worked each day).

# Noncompliance 200.430(i)(8)

- For a non-Federal entity where the records do not meet these standards:
  - USDE may require personnel activity reports (PARs), including prescribed certifications or equivalent documentation that support the records as required in this section.
    - PARs are not defined!!

# Reconciliation

## 200.430(i)(1)(viii)(C)

- All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

# AEFFA/BruMan Time and Effort Letter to USDE

## **Proposes Time and Effort Documentation Flexibility**

- Annual Certification for staff working on a single cost objective
- Quarterly or Semi-Annual Certification for staff working on multiple cost objectives
- Use of Employee Records to certify time work by employees
  - Example: Job Description clearly identifies cost objectives with recertification only if multiple cost objectives
- Use of Electronic submissions
  - Via Email or System
- Letter: <http://www.bruhuman.com/wp-content/uploads/2010/10/AEFFA-letter-to-Dept-of-Education-June-2016-Final.pdf>



# Audit Requirements



# Audit Requirements 200.501

- ❑ **NEW:** Threshold increased to \$750,000
- ❑ The federal agency, OIG, or GAO may arrange for audits in addition to single audit

# Federal Agency Responsibilities

## 200.513

- ❑ **NEW:** The federal awarding agency must use cooperative audit resolution to improve federal program outcomes
  - ❑ Cooperative Audit Resolution: means the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust and developing an understanding between the Federal agency and non-Federal entity 200.25.

# Audit Findings

## 200.516

- ❑ The auditor must report (for major programs):
  - ❑ Significant deficiencies and material weaknesses in internal controls
  - ❑ Significant instances of abuse
  - ❑ Material noncompliance
  - ❑ Known questioned costs > \$25,000
- ❑ Auditor will not normally find questioned costs for a program that is not audited as a “major program”
  - ❑ **NEW:** But if auditor becomes aware of questioned costs > \$25,000 for non-major program, must report



# QUESTIONS?



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# SAVE THE DATE!!!

## BRUSTEIN & MANASEVIT, PLLC FALL FORUM 2019



**DECEMBER 4-6, 2019**

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