

UGG/EDGAR: Basic Grants Management

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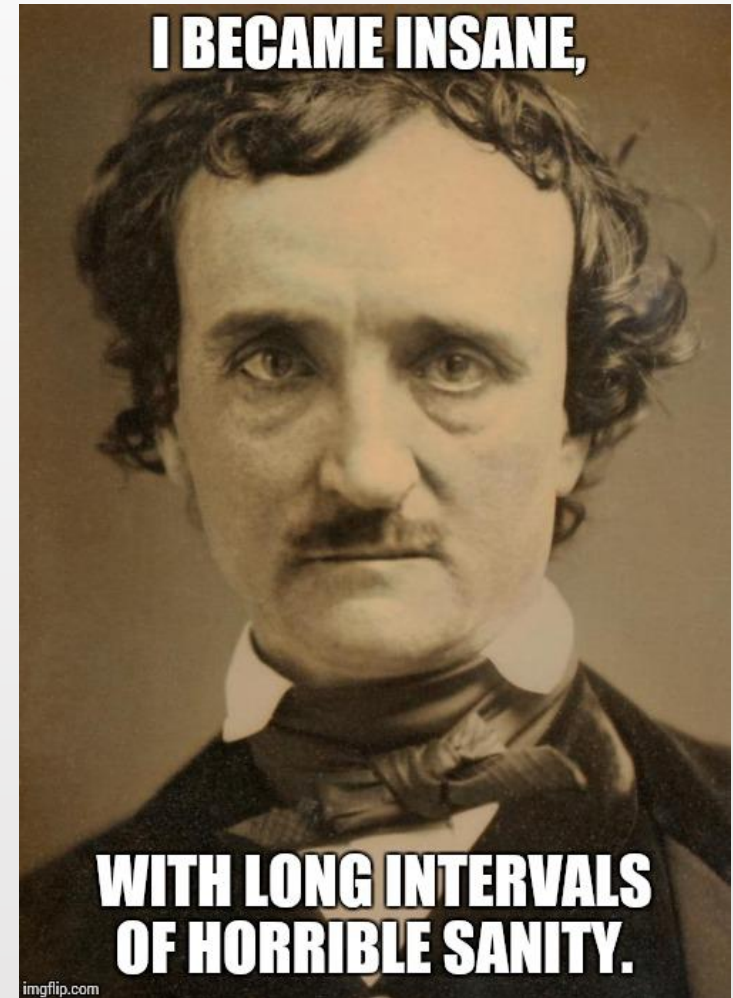
September 2022





What Is EDGAR?

**Education Department General
Administrative Regulations**





Key Sections of EDGAR

- Excerpts from the General Education Provisions Act (GEPA)
- Title 34
 - Part 75 – Direct Grant Programs
 - Part 76 – State-Administered Programs
 - Part 77 – Definitions
 - Part 81 – Enforcement Regulations
- Title 2
 - Part 200 – Cost/Administrative/Audit Rules
 - Part 3485 – Non-procurement Debarment and Suspension
 - Incorporates 2 CFR Part 180, OMB's Guidelines on Debarment and Suspension

Uniform Grant Guidance

2 CFR Part 200



2 CFR Part 200

- Subpart A – Definitions – **Section Numbers Removed!**
- Subpart B – General Provisions
- Subpart C – Pre- Federal Award Requirements
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements

The UGG'ly Truth About Allowability





Basic Factors of Allowability 200.403 (pg 154)

To be allowable, a cost *must*:

- Be **necessary, reasonable** and **allocable**
- Comply with the cost principles and federal award
- Be consistent with policies and procedures applying uniformly to federal and non-federal activities and costs
- Be consistently treated as either direct or indirect costs
- Be determined in accordance with GAAP
- Not be included or used to meet cost sharing / match requirements
- Be adequately **documented**
- **Be incurred during approved budget period (NEW)**

21st 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.



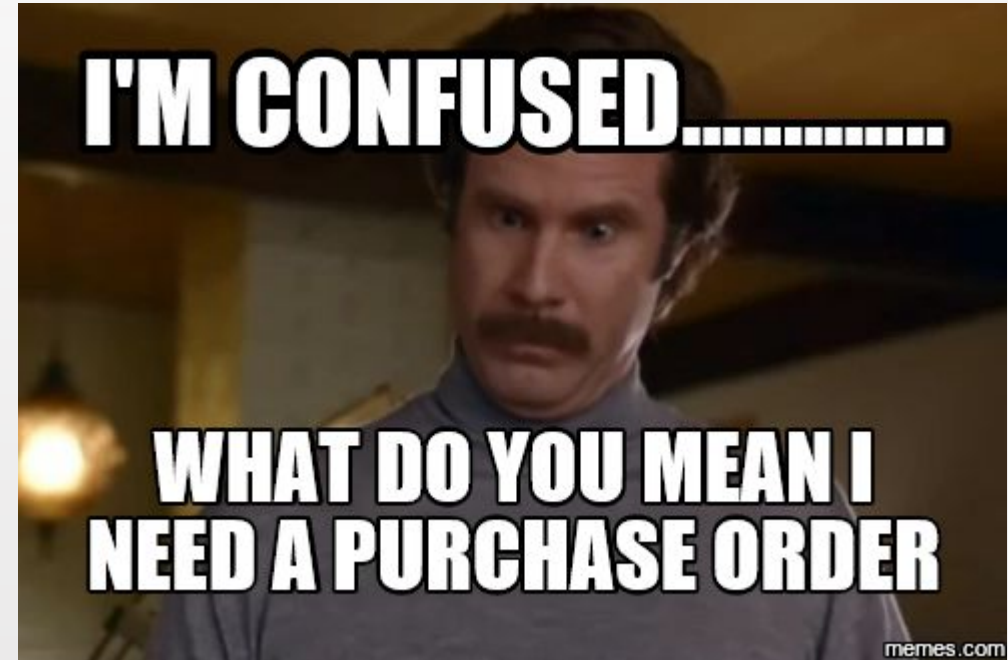
Presumption Rebutted!



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

Procurement

2 CFR 200.317 – 200.327





Procurement Standards 200.318 (pg 140)

- All non-federal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.
 - Open and Full Competition (Maximum Extent Possible)
 - Specific Thresholds for Purchasing
 - Prohibited In-State and Local Preferences
 - Contract Administration System
 - Conflict of Interest Rules
 - Mandatory Disclosures



Conflict of Interest 200.318(c)(1) (pg 140)

- 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
- Organizational Conflict (applies to non-gov entities)

Conflict of Interest 200.318(c)(1) (cont.) (pg 140)

- 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 200.112 (pg 123) Mandatory Disclosures 200.113 (pg 123)

- 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.
- Must disclose to federal or pass-through agency “all violation of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award.”

Competition 200.319 (pg 141)

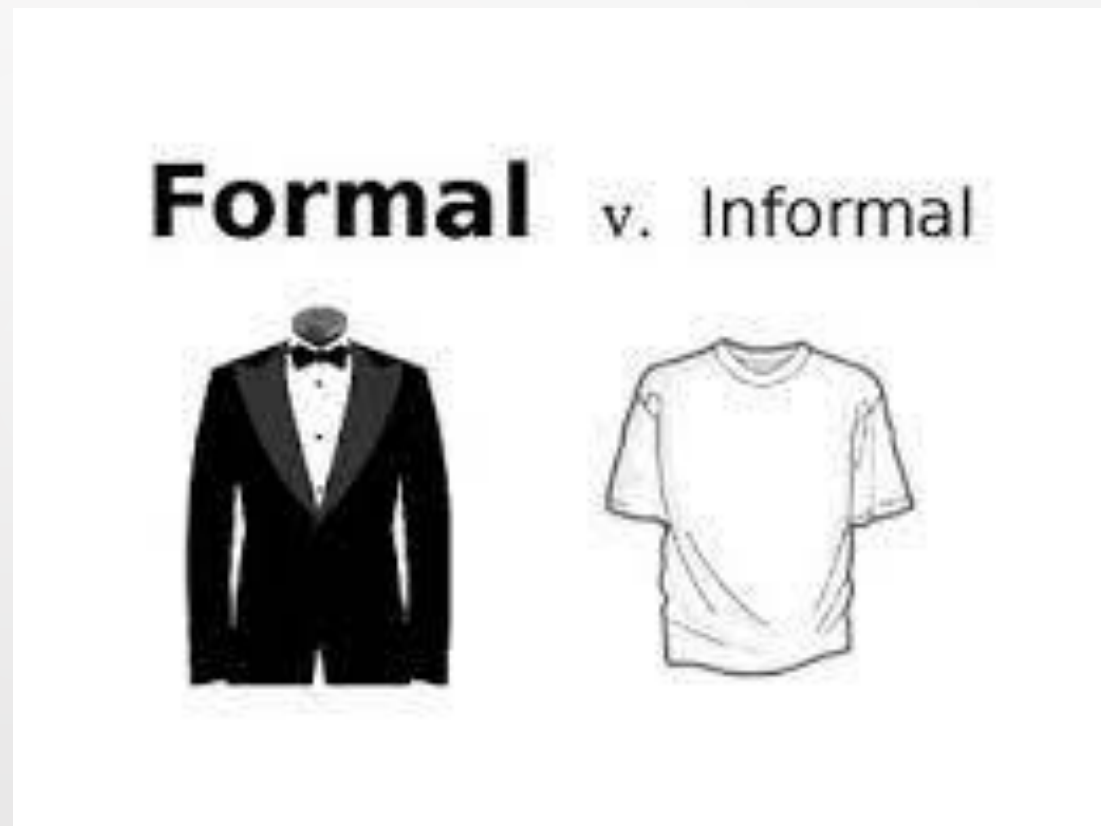
(a) All procurement transactions **for the acquisition of property or services required under a Federal award** must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320.

...

(f) Noncompetitive procurement can only be awarded in accordance with 200.320(c).

Methods of Procurement 200.320 (pg 142)

- Grantee must have and use documented procurement procedures for the following **methods**:
 - a) **Informal procurement methods**
 - Micro-purchase
 - Small purchase procedures
 - b) **Formal procurement methods**
 - Competitive sealed bids
 - Competitive proposals
 - c) Noncompetitive proposals



Noncompetitive Proposals; 200.320(c) (pg 143)

- Appropriate only when:
 - **Micro-purchases**
 - The item is only available from a single source;
 - **There is a public emergency for the requirement that will not permit delay resulting from publicizing a competitive solicitation;**
 - The Federal awarding agency or pass-through expressly authorizes noncompetitive procurement in response to a written request from non-Federal entity; or
 - After soliciting a number of sources, competition is determined inadequate.



Domestic Preferences for Procurements 200.322 (pg 144)



- “To the greatest extent practicable” must provide a preference for the purchase of goods and materials produced in the U.S.

What does produced in the United States mean?

- Iron/Steel—initial melting stage through application of coatings
- Manufactured products— items and materials composed in whole or in part of non-ferrous metals (aluminum, plastics, polymer products)
- Must include this section in all subawards, contracts and purchase orders



Suspension and Debarment, 200.214 (pg 129); 2 CFR 180.300

- For contracts over \$25,000 (“covered transaction” 3485.220) 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.

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Inventory Management

2 CFR 200.313

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Definitions 200.1 (cont.)



Equipment: Tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.



Supplies: All tangible personal property other than equipment



Computing Devices: Under \$5,000 per unit, defined as supplies

Inventory Procedures – 200.313(d)

- 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
- Physical inventory at least every two years
- Control system to prevent loss, damage, theft – Must safeguard all assets!
 - All incidents must be investigated
- Adequate maintenance procedures
- If authorized or required to sell property, proper sales procedures to ensure highest possible return.

Use of Equipment – 200.313(c)

- Equipment must be used by the Non-Federal entity in the program or project for which it was acquired if needed, whether or not the project or program continues to be supported by the Federal award.
- When used it must be shared, provided such use will not interfere with work on the original projects/programs, and it follows this order of priority:
 - First by other programs from same agency
 - Then open to other federal programs
 - Non-federal programs



Replacement Equipment 200.313(c)(4)

May use sale price of old equipment towards purchase price of replacement equipment

- Calculate new federal share!

Disposition – 200.313(c)(1) & (e)

- When no longer needed, may be used in other activities with the following priority:
 - Projects supported by Federal awarding agency
 - Project funded by other Federal agencies
- When property is no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
 - Request disposition instructions from federal awarding agency
 - Fair market value > \$5,000 = pay federal share back to awarding agency
 - Fair market value of \$5,000 = no money owed back to feds
- Supplies (200.314): Depends on value of residual inventory of unused supplies

Selected Items of Cost

56 Selected Items of Cost

- ❖ Allowable
 - E.g., collection of improper payments (200.428; pg 162)); training and education costs (200.473; pg 183)
- ❖ Allowable with special conditions
 - E.g., only as an indirect charge (leave payout, 200.431 (pg 165); advisory councils, 200.422 (pg 161); only with necessary documentation (compensation – personal services, 200.430; pg 162))
- ❖ Allowable with prior approval
 - E.g., equipment and capital expenditures (200.438; pg 171)); entertainment (200.439; pg 171)); participant support costs (200.456; pg 178)
- ❖ Unallowable
 - E.g., alcohol (200.423); bad debts (200.426; pg 162))

Travel 200.475 (new citation) (pg 183)

- ❖ 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 is necessary for the project




Telecommunication costs and video surveillance costs 200.471 (pg 182)

- Telecommunication and video surveillance services or equipment are allowable, *except*:
 - “Covered” telecommunications and surveillance under 200.216
 - Applies to new contracts, services, equipment, and any renewals or extensions



Time and Effort





Why? 2 CFR 200.403(a) (pg 154); 2 CFR 200.430(i) (pg 164)

- Any employee funded by federal grants must maintain documentation showing that their time is allocable to a federal program.
- That documentation must be based on records that **accurately reflect the work performed.**
 - Everything else feeds back into this standard



Personnel Documentation 200.430(i)(1) (pg 164)

Time and effort records must accurately reflect the work performed and:

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.

Noncompliance 2 CFR 200.430(i) (8) (pg 165)

- ED may require **personnel activity reports (PARs)**, including prescribed certifications or equivalent documentation that support the records as required in this section (200.430(i)).



Financial Management

2 CFR 200.302(b)

Pg 130-131

Financial Management 200.302 (pg 130-131)

(a) States – follow their own rules!

(b) Everyone else – seven standards.

1. Identification in accounts
2. Financial reporting
3. Accounting records (**financial** obligations)
4. Internal controls, internal controls, internal controls
5. Budget control
6. Written procedures for cash management
7. Written procedures for determining allowability

Timely Spending



The Requirements

- Definitions: 2 CFR 200.1 (pg 109-118)
- Obligations: 34 CFR 76.707 (pg 83); 76.708 (pg 84)
- Modifications to Period of Performance: 2 CFR 200.309 (pg 137)
- Pre-award Costs: 2 CFR 200.458 (pg 178)
- Carryover (Tydings): GEPA Sec. 421 (b); 34 CFR 76.709 (pg 84); 76.710 (p 84)
 - Program restrictions, ESSA Sec. 1126(c) (limits TI-A carryover to 15%); Perkins V, Sec. 133(b) (requires states to redistribute unobligated balances at the end of academic year; no carryover at local level)
 - Tydings does not apply at local level if funding distributed by competition
 - 21st CCLC; Adult Ed
- Liquidation: 2 CFR 200.344(b) (pg 152)

When Obligations Are Made

34 CFR 76.707 (pg 83)

| 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. |

When Subgrantees may begin to Obligate funds 34 CFR 76.708 (pg 84)

- Formula programs: Later of...
 - Date the state may begin to obligate; or
 - Submission of substantially approved application
- Discretionary programs:
 - Once the subgrant is made





Closeout Liquidation



Closeout 2 CFR 200.344 (formerly 200.343) (pg 152)

- Subrecipients must prepare closeout reports and final accounting within 90 days after period; pass-through entities have **120 days**
- Unless federal or pass-through gives extension, all financial obligations must be liquidated no later than **120 days** after period ends
 - Effectively limit subrecipient liquidation to 90 days? YES!



Documentation & Internal Controls



Internal Controls 200.303 (pg 131)

MUST:

- Comply with requirements (**U.S. Constitution**)
- Evaluate and monitor compliance
- Take prompt action to correct noncompliance
- Safeguard personally identifiable information (PII)
- Compliance Supplement, Internal Controls: “Control activities are the policies and procedures that help ensure the management’s directives are carried out.”
 - Clearly written and clearly communicated



Written Procedures: Must or Should?

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">▪ Cash Management Procedures - 200.302(b)(6) & 200.305 (pg 131)▪ Allowability Procedures - 200.302(b)(7) (pg 131)▪ Managing Equipment – 200.313(d) (pg 138)▪ Conflicts of Interest Policy - 200.318(c) (pg 140)▪ Procurement Procedures - 200.320 (pg 140)▪ Travel Policy - 200.475(b) (new citation) (pg 183) | <ul style="list-style-type: none">▪ Time and Effort Procedures - “essential” ED, Cost Allocation Guide (agency specific) (pg 265)▪ Subrecipient Monitoring Procedures – required by Compliance Supplement▪ Grant Application Procedures▪ Record Retention Procedures▪ Audit Resolution Procedures▪ Program-specific Procedures |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Allowability Documentation

- ❖ Retention Requirements For Records – **2 CFR 200.334** (new citation!)
 - 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.
 - Watch Statute of Limitations! (Example, USDE = 5 years under the General Education Provisions Act)

How to Maintain Documentation?

- ❖ When original records are electronic and cannot be altered, there is no need to create and retain paper copies. (UGG Section **200.336** (**new citation**); pg 149)
- ❖ 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.



Single Audit Requirements

Subpart F of Part 200

2022 OMB Compliance Supplement:

[https://www.whitehouse.gov/wp-content/uploads/2022/05/2022-Compliance-Supplement PDF Rev 05.11.22.pdf](https://www.whitehouse.gov/wp-content/uploads/2022/05/2022-Compliance-Supplement%20PDF%20Rev%2005.11.22.pdf)

Annual Single Audits

- Expending \$750,000 or more in federal funds in a year (200.501)
 - Must have single audit
 - Follow procurement rules in selecting auditor
 - Implement Corrective Action Plans
 - Major Programs (200.518)
- Report any material weaknesses in internal controls or questioned costs greater than \$25,000 (200.516)
- Cooperative Audit Resolution (200.1 & 200.513)
- Pass-Through Management Decisions (200.521)
 - Within six months of report being uploaded to FAC





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