



**WEATHERIZATION ASSISTANCE PROGRAM**  
**FINANCIAL MANAGEMENT**  
**2 CFR PART 200 AND PART 910**  
**KNOW YOUR REQUIREMENTS**

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**PARTICIPANT'S MANUAL**  
ONE DAY WORKSHOP

# Financial Management for Department of Energy Weatherization Assistance Grantees

## Learning Objectives

1. To provide participants with a working knowledge of the financial management regulations contained in 2 CFR Part 200 and 2 CFR Part 910.
2. To provide participants with the foundational knowledge to integrate the regulation requirements into program operations.

## Key Terminology

Cognizant Agency for Audit	Fixed Amount Awards
Cognizant Agency for Indirect Costs	Information Technology Systems
Contractor	Micro Purchases
Cost Allocation Plan	Procurement Standards
Cost Price Analysis	Program Income
Debarment and Suspension	Protected Personally Identifiable Information
Equipment	Simplified Acquisition Threshold
Financial Management Standards	Subaward

## Supplemental Materials

### Handouts & Resources

Financial Management Participant Manual

2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2 CFR Part 910: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Department of Energy Additions.

## I. 2 CFR Part 200 and Part 910: Know Your Requirements

Finance can be defined as the art and science of managing money. Virtually all individuals and organizations earn or raise money and spend or invest money. Finance is concerned with the process, institutions, markets and instruments involved in the transfer of money among and between individuals, businesses and governments. For those who work with federal funds, a deeper understanding of federal financial regulations will allow you to make better financial decisions. All organizations benefit when they have a financially knowledgeable staff involved in the day-to-day operations of the finance department. A knowledgeable staff will make better financial decisions when they are trained to see the total picture than those who do not understand the regulation requirements. In financial administration, “it’s not just how we do the job, but also why we do things that is important.”

Organizational success is often measured by the accomplishment of its goals. Successfully managing the financial resources of the organization maximizes the amount and availability of funds to accomplish these goals. These two perspectives are linked together.

A total financial management system is comprised of three major elements or functions.

- First is the budget process. Budgeting is the appropriating of fiscal resources to accomplish program goals within a single year’s period of time.
- Second is the accounting of the resources. The purpose for accounting is to identify and report all revenues and expenditures that occur during the current year and reporting this information to all interested parties.
- Third is auditing. An audit examines the year’s activities to ensure compliance to the regulations regarding how money was expended and if there were proper controls in operation to safeguard these assets.

Accountability for fiscal resources is a critical concern for all organizations. Both private and public organizations have audits; install internal controls and checks and balances to protect their organizations money. Accountability for all assets whether the asset is cash, materials, and fixed or movable assets must be accounted for and protected. The auditing process includes the evaluation of these internal controls as well as stating the financial position of the organization. The auditor’s opinion also displays a listing of any findings the auditor noted during the audit. The audit document is an important source of information to the organization’s strategic partners such as granting agencies, banking and financial communities, and potential funders.

The purpose of the Federal financial management regulations is to ensure that government funds are used by governments and organizations efficiently and effectively to provide the services and/or goods authorized by the Federal agency that awarded the funds. They also ensure that the governments and organizations financial management systems provide accurate, reliable, and timely financial information to the Federal government.

The management of a Department of Energy, Weatherization Assistance Program grant or subgrant requires a working knowledge of the financial assistance rules and regulations and basic cost principles of the Department of Energy. Department of Energy rules and regulations are contained in Title 2 of the Code of Federal Regulations (2 CFR) and 2 CFR Part 910.

2 CFR Part 200 establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities (NFE).

2 CFR Part 910 supplements the requirements of 2 CFR Part 200 with additions that include:

- Expanding the definition of non-Federal entity for the Department of Energy (DOE) to include For-profit entities,
- Adding back additional coverage from 10 CFR part 600 required by DOE statute, and
- Adding back coverage specific for For-Profit entities which existed in 10 CFR Part 600 which still applies.

Following is a summary of the financial management regulations. Specific questions should be researched in the complete 2 CFR Part 200 and 910.

#### Financial Assistance Rules

The guidance consolidates eight OMB Circulars. The objective of the reform is to reduce both administrative burden and risk of waste, fraud and abuse.

The circular is organized as follows:

- Part 200 – Subpart A: Acronyms and Definitions
- Part 200 – Subpart B: General Provisions
- Part 200 – Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards
- Part 200 – Subpart D: Post Federal Award Requirements
- Part 200 – Subpart E: Cost Principles
- Part 200 – Subpart F: Audit Requirements

## II. 2 CFR Part 200 – Subpart A – Acronyms And Definitions

Combines the definitions from the administrative requirements and cost principles circulars into a single list. There are 99 terms defined. Several of the key terms include:

- 200.45 **Fixed Amount Awards.** Is a type of grant agreement under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actuals costs incurred under the Federal award.
- 200.67 **Micro-purchase.** A purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold.
- 200.76 **Performance Goal.** A target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.
- 200.82 **Protected Personally Identifiable Information.** An individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts.
- 910.124 **Act** means the Energy Policy Act of 1992  
**Company** means any business entity other than an organization of the type described in section 501(c)(3)  
**Covered Program** means a program under Titles XX through XXIII of the Act

## III. 2 CFR Part 200 – Subpart B – General Provisions

- 200.100 Establishes the uniform administrative requirements, cost principles and audit requirements for Federal awards to non-Federal entities.
- It explains that in circumstances where the provisions of Federal statutes or regulations differ the Federal statutes or regulations govern and specifically references the Indian Self-Determination and Education and Assistance Act.
- 200.101 States the specific programs that the cost principles do not apply to.
- 200.102 Allows for exceptions in 200.102 if recommended by the Federal agency and approved by OMB.

- 200.110 The effective date for full implementation will be awards issued after December 26, 2014 and audits of fiscal years beginning on or after December 26, 2014.
- 200.113 Non-Federal agencies must disclose in writing any potential conflicts of interest. Also all violations of Federal criminal law involving: fraud, bribery, or gratuity violations potentially affecting the Federal award.
- 910.126 Competition
- DOE shall solicit applications for Federal financial assistance in a manner which provides for the maximum amount of competition feasible.
  - Restricted Eligibility. If DOE restricts eligibility, an explanation of why the restriction of eligibility is considered necessary.
- 910.130 Cost Sharing (EPACT)
- Cost sharing is required for most financial assistance awards for research, development, demonstration and commercial applications activities with certain exceptions.
  - A cost share of at least 20 percent of the cost of the activity is required for research and development with specific exceptions.

#### **IV. 2 CFR Part 200 – Subpart C – Pre-Federal Award Requirements And Contents of Federal Awards**

- 200.201 Use of Grant Agreements, Cooperative Agreements, and Contracts. Information on the award instrument - includes grant agreements, cooperative agreement, or contracts. It also allows for fixed amount awards. The Federal agency will determine the appropriate instrument.
- 200.202 Requirement to Provide Public Notice of Federal Financial Assistance Programs. Requires the Federal awarding agency to notify the public of Federal programs in the Catalog of Federal Domestic Assistance. Specific information must be provided to GSA about the Federal program.
- 200.203 Notices of Funding Opportunities. Requires a public notice of funding opportunities for competitive grants and cooperative agreements. Appendix I provides the full text of Notice of Funding Opportunity.
- 200.204 Federal Awarding Agency Review of Merit Proposals. Requires the Federal awarding agency to design and execute a merit review process for applications for competitive grants or cooperative agreements.

200.205 Federal Awarding Agency Review of Risk Posed by Applicants. Requires the Federal awarding agency to conduct a review of risk posed by applicants. The Federal agency may use a risk-based approach and may consider any items such as:

- Financial stability;
- Quality of management systems and ability to meet the management standards;
- History of performance;
- Reports and findings from audits; and
- Applicant's ability to effectively implement statutory, regulatory, or other requirements.

**PARTICIPANT ACTIVITY ONE  
REVIEW OF RISK**

**A. LIST THE INFORMATION YOU COULD COLLECT FOR EACH GRANT TO  
PREPARE FOR A FEDERAL RISK REVIEW**

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- 200.211: Implements the statutory requirement for Federal spending transparency which requires the Federal awarding agency to announce all Federal awards publicly and publish on the OMB designated website. Currently [www.USAspending.gov](http://www.USAspending.gov)
- 200.212: Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations. The regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended or otherwise excluded from participation in Federal assistance programs and activities.

## **V. 2 CFR Part 200 – Subpart D – Post Award Requirements**

- 200.301: Performance Measurement - The Federal awarding agency must require the recipient to relate financial data to performance accomplishments of the Federal award.

When applicable, recipients must also provide cost information to demonstrate cost effective practices.

The recipient's performance should be measured in a way that will help the Federal awarding agency and other non-Federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices.

- 200.302: Financial Management - The financial management system must provide for:

- Retention, methods of transfer, transmission and storage of information.
- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
- Accurate, current, and complete disclosure of financial results of each Federal award or program.
- Records that identify adequately the source and application of funds.
- Effective control over, and accountability for, all funds, property, and other assets.
- Comparison of expenditures with budget amounts.
- Written procedures to implement the payment requirements.
- Written procedures for determining the allowability of costs in accordance with the cost principles.

200.303: Internal Controls - The non-Federal entity must establish and maintain effective internal control over the Federal award which is in compliance with guidance in “Standards for Internal Control in the Federal Government”.

## PARTICIPANT ACTIVITY TWO FINANCIAL MANAGEMENT STANDARDS

**A. How will you relate financial data to performance data for your Department of Energy Weatherization award?** \_\_\_\_\_

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**B. List the eight financial management standards**

Financial Management Standard	List how you would monitor to ensure compliance with the standard
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<b>C. List the source documentation for each of the following expenses</b>	
<b>Expense</b>	<b>Source documentation (Accountant)</b>
Payroll	
Materials	
Travel	
Office Rent	
Supplies	
Health Insurance	
Professional Services (furnace work)	
Repairs to the Truck	
Printing of Energy Conservation Brochure	

200.305: Payments - Payments must minimize the time elapsing between the transfer of funds from the Federal government and the disbursement of funds.

Payments must be paid in advance, provided the non-Federal entity maintains written procedures that minimize the time elapsing between the transfer of funds and disbursement and systems that meet the standards for fund control and accountability.

Reimbursement is the preferred method when the requirements cannot be met.

If the non-Federal agency does not meet standards but cannot operate without an advance a working capital advance may be made available.

Rebates, refunds, contract settlements, audit recoveries, and interest must be used first before requesting an advance.

All advances must be placed in an interest bearing account unless the non-Federal agency receives less than \$120,000 in Federal awards, interest earned would not exceed \$500 per year, depository requires a high average or minimum balance, or a foreign government or banking system prohibits or precludes interest bearing accounts.

The first \$500 of interest earned may be retained for administrative expenses.

200.306 Cost Sharing or Matching - Cost sharing or matching must meet the following requirements:

- Verifiable from the non-Federal entity's records,
- Not included as contributions for any other Federal award,
- Necessary and reasonable for accomplishment of project objectives,
- Allowable under the cost principles,
- Not paid by the Federal government under another Federal award, except where the Federal statute authorizes use of funds for cost sharing or matching,
- Provided for in the approved budget,

The circular contains additional information on the valuation of donated services, property, indirect costs, land, and equipment.

200.307 Program Income - 200.80 defines program income as gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

Proceeds from the sale of real property or equipment are not program income; such proceeds will be handled in accordance with the post federal award requirements.

There are three methods for treatment of program income:

- Deduction
- Addition
- Cost sharing or matching

If the Federal award does not specify in its regulations or terms and conditions of the Federal award, the program income will be deduction.

For Institutions of Higher Education or non profit research institutions if not specified the program income will be addition.

If addition or cost sharing or matching methods are authorized any program income in excess of any amounts specified must also be deducted from expenditures.

There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise.

200.308 Revision of Budget and Program Plans - The budget must be related to performance for program evaluation purposes when appropriate. For non-construction Federal awards, recipients must request prior approvals for the following:

- Change in the scope or the objective of the project
- Change in key personnel
- Disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project by the approved project director or principal investigator
- Costs requiring prior approval as defined in the cost principles
- Transfer of funds budgeted for participant support costs. 200.75 defines participant support costs as direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees in connection with conferences, or training projects.

- Transfer or contracting out of any work under the Federal award unless described in the application and funded in the approved Federal award. This does not apply to acquisition of supplies, material, equipment or general support services
- Changes in the amount of approved cost-sharing or matching
- Federal awarding agencies may waive certain prior approvals
- Federal awarding agencies may restrict the transfer of funds among direct cost categories for awards in excess of the Simplified Acquisition Threshold and cumulative amount of such transfers that exceeds 10 percent of the total budget

200.309 Period of Performance - Costs may be charged only during the period of performance or 90 days prior to the period of performance if authorized by the Federal awarding agency.

200.310 Insurance - Must be the equivalent of coverage as provided to property owned by the non-Federal entity.

200.311 Real Property - Will be used be used for the originally authorized purpose. When no longer needed must secure disposition instructions from the Federal awarding agency.

200.312 Federally-owned and exempt property

200.313 Equipment - Title will vest with the non-Federal entity.

- Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed.
- When no longer needed by project or program it can be used in the following ways:
  - Activities under Federal award from the Federal awarding agency which funded the original project,
  - Activities under Federal awards from other Federal awarding agencies,
- The non-Federal entity must make the equipment available for use on other projects or programs provided that such use does not interfere with the work on the projects or program for which it was originally acquired.
- Equipment cannot be used to provide services for a fee that is less than private companies charge for equivalent services
- When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in
- There must be written procedures for managing and maintenance equipment

- Property records must include the following:
  - Description of property
  - Serial number
  - Source of funding
  - Who holds title
  - Acquisition date
  - Acquisition cost
  - Percentage of Federal participation
  - Location
  - Use and condition
  - Ultimate disposition
  
- A control system must be developed to safeguard the equipment
- Disposition of equipment:
  - Equipment with a current fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligations to the Federal awarding agency
  - Equipment with a fair market value of \$5,000 or more the non-Federal agency must secure disposition instructions. If instructions are not received in 120 days the regulations detail how to handle the disposition



## PARTICIPANT ACTIVITY THREE EQUIPMENT

LIST THE CONTROLS YOUR ORGANIZATION HAS IN PLACE FOR ALL EQUIPMENT
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200.314 Supplies - Title to supplies upon acquisition will vest with the non-Federal entity upon acquisition. If the residual inventory of unused supplies exceeds \$5,000 upon completion or termination of project and not needed for other Federal awards, the non-Federal entity must compensate the Federal government for its share.

If the Federal government retains an interest in the supplies, they cannot be used to provide services for a fee that is less than private companies charge for equivalent services.

200.315 Intangible Property - Intangible property is defined as property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership.

Title to intangible property acquired under a Federal award vests upon acquisition in the non-Federal entity.

*There are a number of conditions about use, please read the regulations if applicable.*

## **Procurement Standards**

### **200.318 General Procurement Standards**

- Non-Federal entity must use its own documented procurement procedures
- Must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders
- Must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts
- Must maintain written standards of conduct covering organizational conflicts of interest
- Procedures must avoid acquisition of unnecessary or duplicative items
- Non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where applicable
- Encouraged to use Federal excess and surplus property
- Encouraged to use value engineering clauses in contracts for construction projects
- Must award contracts only to responsible contractors possessing the ability to perform successfully

- Must maintain records sufficient to detail the history of the procurement
- Can only use time and materials contracts if no other contract is suitable

200.319 Competition - All procurement transactions must be conducted in a manner providing full and open competition.

200.320 Methods of Procurement to be followed:

- Micro-Purchases - Micro-purchases are the purchase of supplies which do not exceed \$3,000 in the aggregate. They may be awarded without soliciting competitive quotations if the price is reasonable.
- Small Purchase Procedures - Small purchase procedures cannot exceed the *Federal Simplified Acquisition Threshold*. Price or rate quotations must be obtained from an adequate number of qualified sources
- Sealed Bids - The following conditions must exist for sealed bids to be feasible:
  - A complete, adequate, and realistic specification is available
  - Two or more responsible bidders are able to compete
  - The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price

The following requirements apply:

- The invitation for bids (IFB) will be publicly advertised and solicited from an adequate number of suppliers
- The IFB will include any specifications and pertinent attachments
- All bids will be publicly opened
- A firm fixed price contract will be made in writing to the lowest responsive and responsible bidder
- Any or all bids may be rejected for documented reason
- Competitive Proposals - Competitive proposals are used when conditions are not appropriate for the use of sealed bids. The following conditions apply:
  - Must be publicized and identify all evaluation factors and their relative importance
  - Solicited from an adequate number of qualified sources
  - Must have a written method for conducting technical evaluations and selecting recipients

- Awarded to the firm whose proposal is most advantageous to the program, with price and other factors considered
- Non-Competitive Proposals - Solicitation through only one source. May be used only when the following circumstances apply:
  - Item is available only from a single source
  - Public exigency or emergency will not permit a delay
  - Authorized by the funder
  - After solicitation of a number of sources, competition is determined inadequate

200.321 Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms.

The non-Federal entity must take all necessary affirmative steps to assure that minority business, women’s business enterprises, and labor surplus area firms are used when possible.

200.323 Contract Cost and Price - The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold.

200.324 Federal Awarding Agency or Pass-Through Entity Review  
The non-Federal entity must make available upon request procurement documents when requested or when:

- The procurement procedures or operations fails to comply with procurement standards
- Is to be awarded without competition
- Specifies a “brand name”
- Is awarded to other than the apparent low bidder under a sealed bid procurement
- A proposed modification changes the scope of the contract amount

The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or the non-Federal entity may self certify its procurement system.

200.325 Bonding

## PARTICIPANT ACTIVITY FOUR METHODS OF PROCUREMENT

Select what method of procurement you would use for each of the following measures:

Measures	Micro Purchase	Small Purchase Procedures	Sealed Bid	Competitive Proposal	Non Competitive Proposal
Insulation					
Windows & Doors					
Solar Screens					
Plumbing Replacement Parts					
HVAC Repairs & Replacements					
Refrigerators					
Water Heaters					
Weatherization Materials					
Whole House Weatherization					

## PARTICIPANT ACTIVITY FIVE BID PACKAGE

**LIST THE CONTENTS OF THE BID PACKAGE**

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**PARTICIPANT ACTIVITY SIX  
INSULATION EVALUATION QUOTATION**

**Page 1 of 2**

**Offeror A** has 10 years experience, two references were excellent and one reference was good, and is not minority, women owned or reside in a labor surplus area.

**Offeror B** has 15 years experience, two references were excellent and one reference was good, and is not minority, women owned or reside in a labor surplus area.

**Offeror C** has 12 years experience, two references were excellent and one reference was good, and is not minority, women owned or reside in a labor surplus area.

**Offeror D** has 2 years experience, three references were excellent, and is not minority; women owned or reside in a labor surplus area.

**Offeror E** has 5 years experience, three references were excellent, and a women owned business.

**Determine who will win the solicitation. Multiple contractors will be selected so also determine the order of the priority.**

**Evaluation Criteria:**

1. Cost – 60 points
2. Background and Experience – 30 points
3. References – 7 points
4. Preference – 3 points

**PARTICIPANT ACTIVITY SIX – EVALUATION QUOTATION (Page 2 of 2)**

		Offeror	Offeror	Offeror	Offeror	Offeror
Sample House Measures	Quantity	A	B	C	D	E
Attic Insulation – Blown Cellulose, bring to R-50	1,500.00	879.50	870.99	856.00	1,085.95	851.55
Wall Insulation – Blown Cellulose, bring to R-13	1,200.00	910.00	879.50	988.00	915.55	890.75
Floor Insulation – Batt Fiberglass, bring to R-30	1,500.00	1,435.75	965.99	1,453.00	1,490.90	1,261.35
<b>Total Insulation Cost</b>		<b>\$3,225.25</b>	<b>\$2,716.48</b>	<b>\$3,297.00</b>	<b>\$3,492.40</b>	<b>\$3,003.65</b>

**Price includes all materials, labor, permits fees, sales taxes and LSW practices with wall insulation**

**Based on the information for each offeror assign points and select the winning contractor.**

	Offeror	Offeror	Offeror	Offeror	Offeror
	A	B	C	D	E
<b>Cost</b>					
<b>Experience</b>					
<b>Reference</b>					
<b>Preference</b>					
<b>Total Points</b>					

**List the contractors in order of priority:**

1. Offeror \_\_\_\_\_
2. Offeror \_\_\_\_\_
3. Offeror \_\_\_\_\_
4. Offeror \_\_\_\_\_
5. Offeror \_\_\_\_\_



- 200.327 Financial Reporting - The current OMB financial report is the Federal Financial Report or the SF 425. The report can be required no less frequently than annually and no more frequently than quarterly without OMB approval.
- 200.328 Monitoring and Reporting Program Performance - The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities to assure compliance with requirements and performance expectations are being achieved. This must cover each activity.
- The performance reports must have OMB approval. Performance reports will be required no less frequently than annually and no more frequently than quarterly without OMB approval. Annual reports will be due 90 calendar days after the reporting period and quarterly or semiannual reports will be due 30 calendar days after the reporting period.
- 200.330 Subrecipient and Contractor Determinations - A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor.
- 200.231 Requirements for Pass-Through Entities - Pass-Through Entities Must:
- Ensure that every subaward is clearly identified to the subrecipient as information at the time of the subaward and if any of the data elements change include the changes in subsequent subaward modification
    - Federal award identification
    - All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and terms and conditions
    - Any additional requirements that the pass-through entity imposes on the subrecipient
    - An approved federally recognized indirect cost rate, or if no rate exists, either a rate negotiated between the pass-through entity and the subrecipient or a de minimis indirect cost rate
    - A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements
    - Appropriate terms and conditions

- Evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward
  - Prior experience with the same or similar subawards
  - Results of previous audits
  - If the subrecipient has changed or new systems
  - Results of Federal awarding agency monitoring
- Consider imposing specific subaward conditions if appropriate
- Monitor the activities of the subrecipient
- Provides guidance on monitoring tools based on the subrecipient’s review of risk
- Verify that every subrecipient is audited as required by Subpart F of 2 CFR Part 200
- Consider whether the results of the subrecipient’s audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity’s own records
- Consider taking enforcement action against noncompliant recipients

200.333      Retention Requirements for Records - All records and supporting documents must be retained for three years from the date of submission of the final expenditure report or for awards that are renewed quarterly or annually from the date of the submission of the quarterly or annual financial report.

If any litigation, claim, or audit is started before the expiration of the three year period the records must be retained until resolved; also if the awarding agency notifies the non-Federal entity in writing to retain records.

Property and equipment records must be retained for three years after final disposition.

There are a number of requirements for records collection, transmission, storage, and access to records.

200.339      Termination

200.343      Closeout

- 910.350 The definition of Non Federal Entity was expanded to include for-profit organizations and a number of regulations address for-profit entities in 910.350 – 910.358.
- 910.360 Addresses Real Property and Equipment
- 910.362 Addresses Intellectual Property

## **Appendix A to Subpart D – Addresses Patent and Data Provisions**

### **VI. 2 CFR Part 200 – Subpart 3 – Cost Principles**

- 200.401 Application - The principles must be used in determining the allowable costs of work performed by the non-Federal entity under Federal awards.
- 200.402 Composition of Costs - The total cost of a Federal award is the sum of the allowable direct and indirect costs.
- 200.403 Factors Affecting Allowability of Costs
- Must be necessary and reasonable
  - Conform to any limitations or exclusions in the cost principles or the federal award
  - Be consistent with policies and procedures
  - Be accorded consistent treatment
  - Be determined in accordance with generally accepted accounting principles
  - Not included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program
  - Be adequately documented
- 200.404 Reasonable Costs - A cost is reasonable if it does not exceed that which would be incurred by a prudent person.
- The cost is of a type generally recognized as ordinary and necessary
  - Restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; and other laws and regulations
  - Market prices for comparable goods or services
  - The individual acted with prudence

200.405 Allocable Costs - A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

The regulations also address direct and indirect costs and cost allocation plans. 200.416 speaks to special considerations for States, Local Governments and Indian Tribes and discusses cost allocation plans and indirect cost proposals.

### **Selected Items of Cost**

The next two pages provide a graphic of the allowability of selected elements of cost detailed in the regulations. It is important to read the specific requirements located in sections 200.421 through 200.475 if you have questions about specific costs.

	Allowable	Prior Approval Required	Not Allowable
Advertising and Public Relations - <i>Read Regulations</i>			
Advisory Councils - <i>Read Regulations</i>			
Alcohol Beverages			X
Alumni/ae Activities			X
Audit Services	X (with restrictions)		
Bad Debts			X
Bonding Costs	X		
Collections of Improper Payments	X		
Commencement and Convocation Costs			X (with exception)
Compensation - Personal Services - <i>Read Regulations</i>	X		
Compensation - Fringe Benefits	X		
Conferences	X		
Contributions and Donations - <i>Read allowability of contributions to the Tribe or organization</i>			X
Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals and Patent Infringements - <i>Some exceptions</i>			X
Depreciation	X		
Employee Health and Welfare Costs	X		
Entertainment Costs			X
Equipment and Other Capital Expenditures		X	
Exchange Rates		X	
Fines, Penalties, Damages and Other Settlements - <i>Some exceptions</i>			X
Fund Raising and Investment Management Costs		X - <i>If to meet Federal program objectives</i>	

	Allowable	Prior Approval Required	Not Allowable
Gains and Losses on Disposition of Depreciable Assets - <i>read the regulations</i>			
General Costs of Government			X
Goods or Services for Personal Use			X
Idle Facilities and Idle Capacity			X - two exceptions
Insurance and Indemnification	X		
Intellectual Property	X		
Interest - <i>read the regulations</i>			
Lobbying			X
Losses on Other Awards or Contracts			X
Maintenance and Repair Costs	X		
Materials and Supplies Costs, including costs of Computing Devices	X		
Organization Costs		X	
Proposal Costs	X		
Publication and Printing Costs	X		
Rearrangement and Reconversion Costs - <i>read regulations</i>		X	
Recruiting Costs	X		
Relocation Costs of Employees	X - based on specific criteria		
Rental Costs of Real Property and Equipment - <i>read regulations</i>	X		
Selling and Marketing - <i>direct costs only</i>		X	
Specialized Service Facilities	X -specific conditions		
Student Activity Costs			X
Taxes	X		
Termination Costs	X		
Training and Education Costs	X		
Transportation Costs	X		
Travel Costs - <i>read regulations</i>	X		
Trustees Travel and Subsistence Costs	X		

910.401 Application to M&Os. A Federally funded research center which is also designated DOE Management and Operating (M&O) contract must follow the cost accounting standards contained in 48 CFR Part 30 and the appropriate Cost Principles contained in 48 CFR Part 31.

## **2 CFR Part 200 – Subpart F – Audit Requirements**

200.501 Audit Requirements - A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program specific audit conducted for that year.

200.504 Frequency of Audits - Audits required by this part must be conducted annually with the following exceptions:

- An Indian tribe that is required by constitution or statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits pursuant to this Part biennially.
- Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992 and January 1, 1995 is permitted to undergo its audits pursuant to this Part biennially.

200.512 Report Submission - The audit must be completed and the required data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

**Subpart F – Audit Requirements for For-Profit Entities.** The subpart addresses the audit requirements for for-profit entities that receive Department of Energy funding.

## VII. APPENDICES

Appendix I:	Full Text of Notice of Funding Opportunity
Appendix II:	Required Contract Provisions
Appendix III:	Indirect Cost Institutions of Higher Education
Appendix IV:	Indirect Cost Nonprofit Organizations
Appendix V:	Government Entities Cost Allocation Plans
Appendix VI:	Public Assistance Cost Allocation Plans
Appendix VII:	Indirect Cost for Government Entities
Appendix VIII:	Nonprofit Organizations exempted from Cost Principles
Appendix IX:	Hospital Cost Principles
Appendix X:	Data Collection Form
Appendix XI:	Compliance Supplement

Financial management is an important part of every successful organization. Proper financial management increases the success of every organization. While financial management may focus upon numbers, its outcome results in better services to individual community members.