



POST-AWARD TOOLKIT

TIPS AND RESOURCES FOR NAVIGATING FEDERAL AWARDS

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accounting, and grant administration:

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ABOUT NEVADA GRANTLAB

Federal grants are vital to funding community assets and services.

But here in Nevada we secure among the lowest amounts of funding despite having among the highest needs in income security and social services, community and regional development, health, and education. Nevadans are shortchanged nearly \$800 per person per year compared to the national average and more than \$500 million per year compared with neighboring states.

Nevada GrantLab Helps Bridge the Gap

We are on a mission to connect nonprofits and their government partners with historically underutilized federal grant resources they can use to do their best work. We build Nevada's capacity and competitiveness for winning and managing federal grants through our four key program areas:



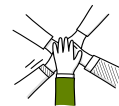
CAPACITY BUILDING

Helping partners discover and build the capabilities and skills needed to improve grant competitiveness, enhance operations and grow impact.



GRANT SERVICES

Assisting partners to identify federal grant funding that is a good fit and submit competitive applications.



BUILDING THE MOVEMENT

Connecting agencies and stakeholders with the data, ideas, and partners they need to maximize federal grants for lasting progress.



TECHNICAL ASSISTANCE

Providing partners with targeted, hands-on support to address specific organizational or programmatic needs and strengthening opportunities.

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POST-AWARD CHECKLIST

Congratulations on your federal award! As you navigate the Post-Award Phase, Nevada GrantLab has created this checklist and corresponding toolkit to provide you with helpful resources. These lists and resources are not intended to be all inclusive but rather to help you with the next steps of your federal award journey.

Documents to Maintain in Your Grant File:

- Grant application
- Grant award letter
- Grant budget and any amendments
- All correspondence from grantor
- Procurement policies
- Procurement evidence for major contracts
- Subrecipient grant applications and approvals
- Requests for Advance Funding and/or Requests for Reimbursement
- Program outcomes, performance measures, and/or periodic reports submitted to the grantor

Helpful Resources

Grants.gov - A centralized location for federal agencies to post discretionary funding opportunities and for grantees to find and apply to them. <https://www.grants.gov>

Code of Federal Regulations Uniform Guidance (2 C.F.R. Part 200) – Administrative requirements, cost principles, and audit requirements for federal awards. Your comprehensive guide to federal award requirements. <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

Nevada GrantLab – Supports Nevada nonprofits and their government partners with grant resources and expert-led guidance. <https://nevadagrantslab.org/>

Nevada Governor’s Office of Federal Assistance - Provides resources, advocacy, and coordination among federal grant applicants across the state. <https://ofa.nv.gov/>



GATHER THE TEAM

The following is a list of roles and responsibilities of each member of the grant team. Each role does not have to be a unique person within your organization or contractors, but each role needs to be filled by someone.

Authorized Organization Representatives

are typically authorized by the organization's Nonprofit Executive or Financial Executive. This representative is authorized to submit federal grant applications on behalf of the organization, sign notices of award, and legally bind the organization to grant activities.

Consultants can be construction contractors, project managers, accountants, or anyone outside of the organization needed to provide specific resources. Make sure to check your grant award to ensure consultants are allowable under your federal funding.

External Auditors should be qualified to perform an external audit in accordance with Uniform Guidance for entities with federal award expenditures of \$750,000 or more in a fiscal year. Ensure your current and/or future auditor is qualified to perform these specialized audits.

Financial Executives are typically Controllers or Chief Financial Officers. They are responsible for upholding the internal control environment, including tracking federal award receipts and expenditures, approving expenditures within allowable costs, maintaining accounting general ledger software to segregate and report on federal awards, preparing the schedule of expenditures of federal awards, and maintaining point of contact for financial and grant award audits.

Grant Managers are responsible for grant record maintenance and retention, compliance with grant-specific requirements, programmatic accomplishments, gathering and assembling grant reimbursement support, and filing timely grant reports and requests for reimbursement.

Program Managers are responsible for the day-to-day management of the program in which federal awards are expended.

Nonprofit Executives are typically Executive Directors or Chief Executive Officers. They are responsible for meeting the organization's overall programmatic and fiscal responsibilities.

As it relates to federal awards, this executive should have a thorough understanding of the federal awards granted to the nonprofit and the resources needed to ensure compliant federal expenditures.

Subrecipients are federal or nonprofit entities to which you grant "subawards" of your federal funding. They are subject to the same federal requirements as your federal award, and you are responsible for monitoring their compliance.



AWARD DOCUMENT CHECKLIST

The award document is often overlooked in the excitement of receiving a new federal grant. Far from being unimportant, it contains a lot of information that your nonprofit will need to perform well, and to help you be first in line for grants in future years. We have provided the checklist below to guide your review of the award document.

- Ensure organization's UEI / SAM registrations are up to date
- Performance goals, indicators, targets and [baseline data](#)
- Performance report [due dates](#)
- Performance [reporting period\(s\)](#)
- The recipient's name on the award document matches your organization's name
- The EIN on the award document matches your organization's EIN
- The Federal Award Identification Number (FAIN)
- The period of performance start and end date
- The budget period start and end date (reimbursements may not be allowable before this date)
- The date of the award
- Amount of federal funds awarded by this award document
- Cost sharing or matching requirements (and total), if applicable
- The grant budget (this may differ from the one in your application)
- Name of federal awarding agency
- Contact information for awarding official
- Assistance [Listing Number and Title](#) (this replaced the older CFDA number)
- Indirect cost rate for the award
- Award terms and conditions you are required to follow
- Rules on delegation of duties
- Insurance requirements
- Notification of [required audits](#)
- Rules about financial [management practices](#)

NEXT STEPS

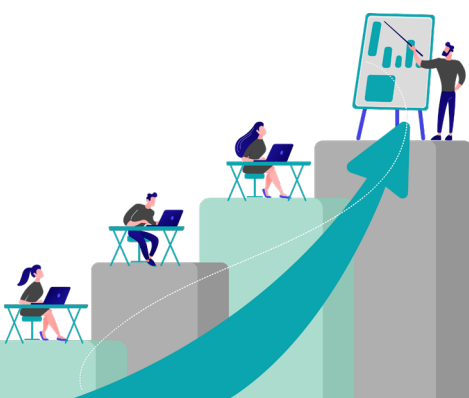
- 1 Gather the team.** Do you need outside partners to accomplish your federal award program objectives? Do you have the necessary accounting policies and procedures to ensure segregation of federal funding, matching requirements, and/or grant reporting?
- 2 Re-read your grant award!** Disseminate relevant budget and program accomplishment information to your team.
- 3 Notify and report!** State agencies are required to report federal grant awards received to the Governor's Office of Federal Assistance by submitting a Federal Assistance Notification Form: <https://grant.nv.gov/>. Additionally, prime grant recipients are required to use the Federal Funding Accountability and Transparency Act Subaward Reporting System to capture and report subaward data regarding their subrecipients: <https://www.fsr.gov/>
- 4 Set and follow a procurement policy** in line with federal guidelines.¹
- 5 Check the suspension and debarment list** for all contractors and subawardees paid using greater than \$25,000 of federal award funds <https://sam.gov/content/exclusions>.
- 6 Track your expenditures each month** and ensure you have appropriate documentation (invoices, payroll reports, etc) to support your request for reimbursement from the awarding agency. Submit your reimbursement requests timely!
- 7 Track all federal expenditures** from all sources and track them by (1) Assistance Listing Number (formerly Catalog of Federal Domestic Assistance Number); (2) Awarding agency; (3) total expended in each fiscal year.
- 8 Meet all reporting deadlines** of program accomplishments, statistics, etc. required of your federal award.
- 9 Audit your grant funds.** Do you plan on spending \$750,000 in federal awards this fiscal year?² If so, you will need an audit of your grant funds from all federal sources, not just this one grant! You can find a qualified firm here: www.singleaudit.org/firms/

¹ Procurement policies are part of a larger Grant Policy that establishes your universe of internal controls. Things like subrecipient policies, allowable use of funds, and audit policies are part of a solid internal control environment.

² Consider the sum of all federal sources.

Need help?

Nevada GrantLab offers Capacity Building workshops and resources to set you up for federal award success <https://nevadagrantslab.org/capacity-building>



APPENDICES

Supplemental resources can be found on the following pages:

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NOTE: The following procurement policy example is only a guide. It is not intended to provide a safe harbor that your organization is following the terms of your specific grant agreement(s) and/or all federal procurement guidelines. Additionally, each entity will have their own procurement policies unique to the size, scope, and complexity of their organization.

PROCUREMENT AND PURCHASING POLICY

I. Purpose

The purpose of this policy is to establish the procedures necessary to ensure all procurement measures undertaken by **Nonprofit Name** are completed in a full, fair and open market. The goal of this policy is to ensure goods and services are purchased in accordance to federal procurement regulations as federal award recipients/ **Nonprofit Name** attests that the policies and procedures eliminate and avoid acquisition of unnecessary and duplicative items.

II. Conflict of Interest

No employee, officer, or agent may participate in the selection, award, or administration of a contract with federal funds if a conflict of interest, real or apparent is present. Conflict of interest, real and/or apparent is present if the transaction is not at arms-length or one or more of the parties below has any financial gain, favor or personal tangible interest as a result of the award:

- o Officer, Agent or Employee
- o Any member of the immediate family
- o Spouse, Partner, Significant Other, etc.
- o The organization employs or is entering into a compensation agreement with awarded vendor.

III. Code of Conduct

Nonprofit Name's employees, agents and officers are prohibited from accepting gifts and/or gratuities of any kind in exchange for a contractual award. However, **Nonprofit Name** may set reasonable standards for the acceptance of gifts and gratuities which are not substantial in nature or an unsolicited item of nominal value.

Nonprofit Name agrees no employee, officer, or agent may participate in the selection, award, or administration of a contract with federal funds.

Violation of this code of conduct may result in the following:

- o Reprimand by **Nonprofit Name**
- o Dismissal by **Nonprofit Name**
- o Any necessary legal action

IV. Procurement Method

The methods for procuring goods and services as outlined in this policy must be approved by **Insert Program/Principal Contact Name** and/or **Insert Authorized Representative Name** responsible for purchasing activity. **Nonprofit Name** shall choose the procurement method most aligned with how goods

and/or services are purchased according to the expected fiscal year budget for each federal award. The following are acceptable procurement methods and thresholds:

Informal procurement methods. When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)* formal procurement methods are not required. The informal methods used for procurement of property or services at or below the SAT include:

- **Micro-purchases -**
 - **Distribution.** The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold of **insert dollar threshold¹**. To the maximum extent practicable, we will distribute micro-purchases equitably among qualified suppliers.
 - **Micro-purchase awards.** Micro-purchases may be awarded without soliciting competitive price or rate quotations if we consider the price to be reasonable based on research, experience, purchase history or other information and this consideration is documented.
 - **Micro-purchase thresholds.** We are responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and documented procurement procedures. The micro-purchase threshold used by us must be authorized or not prohibited under State, local, or tribal laws or regulations.
- **Small purchases -**
 - **Small purchase procedures.** The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed \$250,000. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by **Nonprofit Name**.
 - **Simplified acquisition thresholds.** We are responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and documented procurement procedures which must not exceed the threshold established in the FAR.
- **Formal procurement methods.** When the value of the procurement for property or services under a Federal financial assistance award exceeds \$250,000, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used. The following formal

¹ **Non-Federal entity increase to the micro-purchase threshold up to \$50,000.** Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with [§ 200.334](#). The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- A qualification as a low-risk auditee, in accordance with the criteria in [§ 200.520](#) for the most recent audit;
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
- For public institutions, a higher threshold consistent with State law.

Non-Federal entity increase to the micro-purchase threshold over \$50,000. Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in [paragraph \(a\)\(1\)\(iv\)](#) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

methods of procurement are used for procurement of property or services above \$250,000 or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

- o **Sealed bids.** A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
 - In order for sealed bidding to be feasible, the following conditions should be present:
 - A complete, adequate, and realistic specification or purchase description is available;
 - Two or more responsible bidders are willing and able to compete effectively for the business; and
 - 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.
 - If sealed bids are used, the following requirements apply:
 - Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
 - The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - All bids will be opened at the time and place prescribed in the invitation for bids;
 - A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - Any or all bids may be rejected if there is a sound documented reason.
- o **Proposals.** A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:
 - Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - For each proposal, we will have a written method for conducting technical evaluations of the proposals received and making selections;
 - Contracts must be awarded to the responsible offeror whose proposal is most advantageous to us, with price and other factors considered; and
 - We may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby

offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms that are a potential source to perform the proposed effort.

- **Noncompetitive procurement.** There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:
 - The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold
 - The item is available only from a single source;
 - The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
 - The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from us; or
 - After solicitation of a number of sources, competition is determined inadequate.

IV. Bid/Proposal Evaluation

Bidders must acquire a bid/proposal package from **Nonprofit Name** **Enter Location Address** Bid/Proposal packages must be submitted by the date and time specified in the Request for Proposal (RFP) or Invitation for Bid (IFB). Any response submitted after this date will be deemed unresponsive and will not be considered. Bid/proposal responses missing required information will also be deemed unresponsive. Bids/proposals will be evaluated based upon criteria established in the RFP/IFB and weighted and scored accordingly.

V. Bond Requirements

For construction or facility improvement contracts or subcontracts exceeding \$150,000, the, the minimum bonding requirements are as follows:

- A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.
- A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

VI. Record Keeping

Nonprofit Name agrees to ensure all goods and services are properly procured and maintain all records relating to the purchase of goods and services and the procurement process for a minimum of three years from the date of submission of the final claim for reimbursement, or until the final resolution of any audits or inspections by local, state, or federal agencies.

VII. Small Business/Minority, Women Owned Business

Affirmative steps shall be taken to ensure Small, Minority and Women Owned Businesses/Enterprises are utilized when possible. Affirmative actions include but are not limited to:

- o Including qualified small, minority and women owned businesses on solicitation lists.
- o When economically feasible, dividing total costs into smaller amounts to allow participation among small, minority and women owned businesses.
- o Utilizing the assistance of the Small Business Administration and Minority Business Enterprise of Department of Commerce to publicize and solicit bid/proposal opportunities.

Sample Schedule of Expenditures of Federal Awards (SEFA)

Grantor and Program Title	Federal CFDA Number	Pass Through Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed Through the Nevada Department of Agriculture:				
Child Nutrition Cluster				
Summer Food Service Program	10.559	S0298	\$ 1,004,884	\$ -
Total Child Nutrition Cluster			1,004,884	-
Child and Adult Care Food Program	10.558	C1353	4,540,358	-
Food Distribution Cluster				
The Emergency Food Assistance Program - Administrative Costs	10.568	D130	439,502	-
The Emergency Food Assistance Program - Food Commodities	10.569	D130	14,420,563	14,420,563
Total Food Distribution Cluster			14,860,065	14,420,563
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	Agreement	203,761	-
Passed through the Nevada Department of Health and Human Services:				
SNAP Cluster				
Supplemental Nutrition Assistance Program - Outreach	10.561	OUT1811	312,743	-
Supplemental Nutrition Assistance Program - Education	10.561	ED1819	84,379	-
Total SNAP Cluster			397,122	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			21,006,190	14,420,563

Helpful Resource

Auditee Practice Aids: The Schedule of Expenditures of Federal Awards - Developed by the Association of International Certified Professional Accountants's Governmental Audit Quality Center to assist auditees in preparing a schedule of expenditures of federal awards (SEFA) that includes all required elements to comply with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

https://www.aicpa.org/interestareas/governmentalauditquality/resources/singleaudit/uniformguidanceforfederalrewards/downloadabledocuments/auditee_practice_aids_sefa_uniform_guidance.pdf

	SAMPLE AUDIT REQUEST LIST	DUE
	SINGLE AUDIT	
1	Names and addresses for all bank accounts and investment accounts, to include authorized signers (including those closed during the year)	FYE Date
2	Names and addresses for all loans/lines of credit (including those closed during the year)	FYE Date
3	Names and addresses, to include email addresses, for all government grantors transacted with during the year	FYE Date
4	Names and address of all attorneys used during the audit year	FYE Date
5	Copies of all minutes from the board of directors/trustees and all committees for the audit year	4 Weeks Prior
6	Copies of bylaws, articles of incorporation, tax exempt determination letter, and any amendments made	4 Weeks Prior
7	Board of directors listing at year-end, to include contact information	4 Weeks Prior
8	Copy of all written internal controls.	4 Weeks Prior
9	IT Access - A report detailing all employees and their access rights to accounting software	4 Weeks Prior
10	Copy of all policies and procedures.	4 Weeks Prior
11	Copy of written investment policy, if applicable	4 Weeks Prior
12	Copies of all contracts in effect during the audit year	4 Weeks Prior
13	Copies of all grant award agreements for GOVERNMENT grants entered into during the audit year	4 Weeks Prior
14	Copies of any IRS correspondence received in the fiscal year. If none, please confirm.	4 Weeks Prior
15	Copies of all lease agreements	4 Weeks Prior
16	Copies of all loans/lines of credit entered into during the fiscal year (including PPP or other, recent COVID-19 related loan programs). If none, please confirm.	4 Weeks Prior
17	If applicable, copies of endowment agreements (all pages)	4 Weeks Prior
18	Trial balance as of the end of the fiscal year with all year-end adjustments (depreciation, receivables allowance, etc) posted prior to audit	2 Weeks Prior
19	Balance sheet and income statement as of and for the year ended	2 Weeks Prior
20	General ledger detail for ALL accounts for the ENTIRE year (Excel format, if possible).	2 Weeks Prior
21	Please provide a listing of all journal entries made during the audit year	2 Weeks Prior
22	Budget for the audit year (Excel format, if possible)	2 Weeks Prior
23	Copies of bank reconciliations for the last month of the audit year (additional bank reconciliations may be requested during fieldwork)	2 Weeks Prior
24	Access to original bank statements including the cleared check copies/microfiche pages for the entire audit year	Fieldwork
25	Schedule of investment activity for the year (all accounts) including beginning cost balance at the beginning of the audit year, any purchases and/or sales made during the audit year, and the ending cost balance at the end of the audit year; market value at year-end; realized gains and investment interest/dividend income earned during the audit year; and unrealized gain (loss) activity during the audit year. Please include support for each calculation.	2 Weeks Prior
26	Access to original investment statements (all months) (all pages) for the audit year through end of fieldwork.	Fieldwork
27	Schedule for each type of accounts receivable as of year-end.	2 Weeks Prior
28	Schedule for allowance for doubtful accounts receivable as of year-end	2 Weeks Prior

29	Grant schedule to include: grants receivable/deferred as of year-end, cash received during the audit year, direct expenses incurred during the audit year, indirect expenses incurred during the audit year, program income earned during the year, fixed purchased under the grant during the audit year, grants receivable/deferred as of year-end, grant cost center(s), CFDA or other grant agreement number, budget year, and authorized amount.	2 Weeks Prior
30	Schedule of pledges receivable detailing donor-imposed restrictions, if any. Please provide donor name, date of the pledge, original amount of the pledge, amount of the pledge remaining at year end, and a schedule of expected collectability.	2 Weeks Prior
31	Support for all pledges receivable outstanding at year-end (i.e. donor letter, pledge card, or equivalent)	2 Weeks Prior
32	Schedule for pledge discount as of year-end.	2 Weeks Prior
33	Schedule of allowance for doubtful pledges receivable as of year-end.	2 Weeks Prior
34	Inventory schedules for any inventory held for sale at year-end. Please provide all schedules necessary to tie-out to the inventory rollforward(s). Please include the price per item, the number of items, and the extended cost.	2 Weeks Prior
35	Schedule of prepaid expenses and advances as of year-end.	2 Weeks Prior
36	Fixed assets rollforward schedule to include the following: description of the asset, acquisition date, useful life of each asset, value of the asset, current year depreciation, accumulated depreciation, and any assets or disposals for the audit year. If necessary, please provide support for any calculations of gain (loss) in disposals. If any changes in depreciation methods, please let us know.	2 Weeks Prior
37	If applicable, a schedule supporting any Construction in Progress (CIP).	2 Weeks Prior
38	Schedule of any other assets as of year-end.	2 Weeks Prior
39	Schedule of accounts payable as of year-end to include vendor name and dollar amounts owed. If any balance is > 30 days past due, please provide an aging report.	2 Weeks Prior
40	Access to vendor support packages for ALL checks/disbursements issued for the audit year and through the date of fieldwork (subsequent disbursements); for all disbursement streams (e.g. each bank or investment account)	
41	Schedule of accrued leave and accrued salaries as of year-end to include the following: employee name, amount of accrued leave in hours, employee's hourly pay rate, and the total accrued leave in dollars.	2 Weeks Prior
42	Schedule of other accrued liabilities as of year-end.	2 Weeks Prior
43	Access to payroll registers (all pay periods) reflecting year-to-date pay for the audit year and/or online access to 3rd party payroll system	2 Weeks Prior
44	Access to payroll registers for all pay periods in the month after your year-end.	2 Weeks Prior
45	Evidence of pay rate approval (e.g. BOD approval or personnel action form) for employees to be selected during fieldwork.	2 Weeks Prior
46	Schedule of any other liabilities as of year-end.	2 Weeks Prior
47	Schedule of any deferred revenue/refundable advances as of year-end.	2 Weeks Prior
48	Schedule of capital leases as of year-end.	2 Weeks Prior
49	Schedule to support any other debt (loans, lines of credit, etc.)	2 Weeks Prior
50	Debt covenants - For all debt that has financial or other covenants, please provide your assessment of the adherence to said covenants	2 Weeks Prior
51	Restricted Net Assets Schedule - Schedule of any temporarily and/or permanently restricted net assets ("with donor restrictions") as of year-end. Please include a rollforward showing the beginning balance(s) as of the beginning of the year, contributions received, expenses incurred that relate to the restrictions, and the ending balance at year-end.	2 Weeks Prior

52	Schedule of contributions and grants received during the audit year detailing donor imposed restrictions and/or Board designations, if any	2 Weeks Prior
53	In-Kind - Listing of all donated services, materials, equipment, or facilities received during the audit year. Include the description of the item and the value, and whether it is a "good" or a "service".	2 Weeks Prior
54	In-Kind Revenue - Detailed breakdown on goods vs. services. Include whether the in-kind revenue is related to a special event.	2 Weeks Prior
55	Reconciliation of salary expense per the GL to Form 941s during the audit year.	2 Weeks Prior
56	Functional Expense Statement - To include the allocation of expenses between program, management and general, and fundraising. a. Schedule of salaries and the allocation for each person. b. If square footage is used, an explanation on how it the % are computed	2 Weeks Prior
57	Related Parties - Detail of any related-party transactions that occurred during the audit year a. Listing of donations given by Board members and their related companies (if they own/control the company) b. Listing of transactions/contracts entered into with Board members and their related companies (if they own/control the company)	2 Weeks Prior
58	Schedule of all Federal grant expenditures incurred during the fiscal year (SEFA) with total Federal grant expenditures for the entire audit year (includes non-cash Federal awards expended - e.g. commodities, loan guarantees, etc.)	2 Weeks Prior
59	Access to all documentation supporting request for reimbursement and/or use of Federal grant award funding.	Fieldwork
60	Detailed expense listing of all the expenses reimbursed/drawn down under the GOVERNMENT grants. This will need to be available for each grant separately, and will need to agree to the amount of GOVERNMENT grant revenues reimbursed.	2 Weeks Prior
61	Written procedures detailing the policies and procedures over the Federal Grants. (How are the records being maintained? What are review procedures to ensure compliance? What are your procurement policies?)	2 Weeks Prior

****Additional items will be requested as items are received and fieldwork progresses. Additional items will also be required for Form 990 preparation.**

FYE: Fiscal year-end date

4 Weeks Prior: Four weeks prior to fieldwork start date

2 Weeks Prior: Two weeks prior to fieldwork start date

Fieldwork: On-site testing by auditors

Sample Compliance Matrix

Compliance Category	Compliance Requirements and Aspects	Gap Assessment (Are requirements being met?)	Recommendation (If not, what steps should be taken to meet them?)
Conflict of Interest (2 CFR §200.112)	The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.		
Mandatory Disclosure (2 CFR §200.113)	Applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.		
Financial Management (2 CFR §200.302)	<p>Financial management system must provide for the following:</p> <ol style="list-style-type: none"> 1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. 2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements. 3. Records that identify adequately the source and application of funds for federally-funded activities. These records will contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. 4. Effective control over, and accountability for, all funds, property, and other assets, and adequately safeguard all assets and assure that they are used solely for authorized purposes. 5. Ability to compare expenditures with budget amounts for each award to ensure total costs do not exceed the amounts budgeted for the grant period. 6. Written procedures to implement the requirements of §200.305 Federal Payment. 7. Written procedures for determining the allowability of costs in accordance with 2 CFR Subpart E—Cost Principles and the terms and conditions of the Federal award. 		

<p>Internal Controls (2 CFR §200.303)</p>	<p>(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p> <p>(b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.</p> <p>(c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.</p> <p>(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.</p> <p>(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.</p>		
<p>Federal Payment (2 CFR §200.305)</p>	<p>Payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.</p> <ol style="list-style-type: none"> 1. Advance funds must be maintained appropriately. 2. Reimbursement requests / drawdown procedures must ensure that the funds are used in a timely manner. 		
<p>Program Income (2 CFR §200.307)</p>	<p>Program income is gross income earned that is directly generated by a supported activity or earned as a result of the federal award during the period of performance. Program income must be:</p> <ol style="list-style-type: none"> 1) properly determined or calculated in accordance with stated criteria, 2) collected from allowable sources, 3) properly recorded in the accounting records; 4) used in accordance with 2 CFR section 200.307(e) and the program requirements set by the federal awarding agency in its regulations and the terms and conditions of the award. 		

<p>Cost Sharing or Matching (2 CFR §200.306)</p>	<p>Any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must meet all of the following criteria:</p> <ol style="list-style-type: none"> 1. They are verifiable from records; 2. They are not included as contributions for any other Federal award; 3. They are necessary and reasonable for accomplishment of project or program objectives; 4. They are allowable under 2 CFR Part 200 Subpart E – Cost Principles; 5. They are not paid by the Federal government under another Federal award, except where authorized by Federal statute to be used for cost sharing or matching; 6. They are provided for in the approved budget when required by the Federal awarding agency. 7. They conform to all other provisions 2 CFR Part 200, including proper valuation. 		
<p>Revision of Budget and Program Plans (2 CFR §200.308)</p>	<p>Deviations from budget or project scope or objective are required to be reported. Additionally, prior approval must be requested from the Federal awarding agency for any of the following program or budget revisions:</p> <ol style="list-style-type: none"> 1. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval). 2. Change in a key person specified in the application or the Federal award. 3. The 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. 4. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles. 5. The transfer of funds budgeted for participant support costs to other categories of expense. 6. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award. This does not apply to the acquisition of supplies, material, equipment or general support services. 7. Changes in the amount of approved cost-sharing or matching. 8. The need arises for additional Federal funds to complete the project 		

<p>Modifications to Period of Performance (2 CFR §200.309)</p>	<p>Only allowable costs incurred during the period of performance and any pre-award costs incurred before the federal awarding agency made the federal award that were authorized by the federal awarding agency may be charged to the federal award.</p> <p>If a Federal awarding agency or pass-through entity approves an extension, or if a recipient extends under §200.308(e)(2), the Period of Performance will be amended to end at the completion of the extension. If a termination occurs, the Period of Performance will be amended to end upon the effective date of termination. If a renewal award is issued, a distinct Period of Performance will begin.</p>		
<p>Property and Equipment Standards (2 CFR §200.310 -316)</p>	<p>Requirements Include:</p> <ol style="list-style-type: none"> 1. Equipment, including replacement equipment, be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award or, when appropriate, under other federal awards; however, the non-federal entity must not encumber the equipment without prior approval of the federal awarding agency. 2. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property. 3. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. 4. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. 5. Adequate maintenance procedures must be developed to keep the property in good condition. 6. Proper sales procedures must be established to ensure the highest possible return. 		

	<p>7. Disposition instructions must be requested from the federal awarding agency if required by the terms and conditions of the award when original or replacement equipment acquired under a federal award is no longer needed for a federal program.</p>		
<p>Procurement Standards (2 CFR §200.317 -327)</p>	<p>Requirements include:</p> <ol style="list-style-type: none"> 1) Maintaining written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. 2) Maintain documented procurement procedures, which reflect applicable state and local laws and regulations, and the requirements identified in 2 CFR part 200. 3) Conduct all procurement transactions in a manner providing full and open competition. 4) Solicitations must incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. All solicitations will also identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 5) Use the appropriate procurement methodology: <ul style="list-style-type: none"> -Micro-purchases(< \$10,000) no price quotations are necessary, but the price needs to be reasonable. -Small purchases (\$10,000 - \$250,000) price or rate quotations must be obtained from an adequate number of qualified sources. -Sealed Bids / Competitive Proposals (> \$250,000), formal bidding or RFP process is used. -Noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, and properly justified. 6) Maintain records to document history of all procurements. 7) Include domestic preferences for procurements 8) Take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. 9) Verify that all vendors with a contract of \$25,000 or greater, and all subrecipients are not suspended or debarred by the U.S. Government. 		

	<p>Non-Federal entity increase to the micro-purchase threshold up to \$50,000. Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with §200.334.</p>		
<p>Monitoring and Reporting (2 CFR §200.328 -330)</p>	<p>Activities under Federal awards are required to be monitored to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring must cover each program, function or activity. Performance reports will be submitted at the interval required by the Federal awarding agency to best inform improvements in program outcomes and productivity. Timely and accurate financial reports will need to be submitted as required by terms and conditions of federal awards.</p>		
<p>Subrecipient Monitoring and Management (2 CFR §200.331 -333)</p>	<p>A pass-through entity (PTE) must: Identify the Award and Applicable Requirements – Clearly identify to the subrecipient: (1) the award as a subaward at the time of subaward (or subsequent subaward modification); (2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports). Evaluate Risk – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)). This evaluation of risk must be documented and describe appropriate monitoring steps. Monitor – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.</p>		

	<p>In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:</p> <ol style="list-style-type: none"> 1. Reviewing financial and programmatic (performance and special reports) required by the PTE. 2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means. 3. Issuing a management decision for audit findings pertaining to the federal award provided to the subrecipient from the PTE. 		
<p>Retention requirements for Records (2 CFR §200.334)</p>	<p>Financial records, supporting documents, statistical records, etc., must be retained for at least three years from the date of submission of the final expenditure report, or for ongoing grants, the date of submission of the quarterly or annual financial report. (Note: If any litigation/claim/audit is started before the three- year time frame, records must be retained until completed or resolved</p>		
<p>Cost Principles (2 CFR §200 Subpart E)</p>	<p>Costs must meet the following general criteria in order to be allowable under Federal awards:</p> <ol style="list-style-type: none"> (a) Be necessary and reasonable for the performance of the Federal award and be allocable. (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities. (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. (e) Be determined in accordance with generally accepted accounting principles (GAAP). (f) 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. (g) Be adequately documented. 		

<p>Audits and Auditees (2 CFR §200.501 -512)</p>	<p>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 in accordance with the provisions of this part.</p> <p>The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502. At a minimum, the schedule must include the elements listed in §200.510(b) Financial statement.</p>		
<p>Closeout (2 CFR §200.344)</p>	<p>Required closeout procedures include:</p> <ol style="list-style-type: none"> 1. The recipient must submit, no later than 120 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. A subrecipient must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and subrecipient) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable. 2. Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. 3. Any balances of unobligated cash that the Federal awarding agency paid in advance or paid and that is not authorized to be retained for use in other projects must be returned. 4. Any real and personal property acquired with Federal funds or received from the Federal government must be accounted for. 		
<p>Indirect (F&A) Costs (2 CFR §200.414)</p>	<p>Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Indirect costs may be charged to a federal grants in two manners:</p>		

	<p>1) Based on a rate that is negotiated with a cognizant agency (the awarding agency with the most direct funding);</p> <p>2) De Minimis rate of 10%</p> <p>Indirect cost rate calculations and negotiations can be done internally or with the help of a consultant, and can take months to reach a final negotiation, however could result in a more advantageous rate than 10%. Additionally, current federally negotiated indirect cost rates may be granted a one-time extension of the rates in that agreement for a period of up to four years if the organization does not want to submit for a new rate on an annual basis. This extension will be subject to the review and approval of the cognizant agency for indirect costs. If an extension is granted a rate review can not be requested. until the extension period ends.</p> <p>A de Minimis rate of 10% of modified total direct costs (MTDC) can be elected which may be used indefinitely. Costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.</p>		
<p>Compensation Costs / Time and Effort Reporting (2 CFR §200.430 -431)</p>	<p>Charges to Federal awards for salaries and wages will based on records that accurately reflect the work performed. These records:</p> <ol style="list-style-type: none"> 1. Are supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; 2. Are incorporated into the official records; 3. Reasonably reflect the total activity for which the employee is compensated, not exceeding 100% of compensated activities; 4. Encompass both federally assisted and all other activities compensated 5. Comply with other established accounting policies and practices 6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. 		

	<p>7. May reflect categories of activities expressed as a percentage distribution of total activities</p> <p>This requirement can be met by two ways:</p> <p>1) Time sheets or personnel activity reports that reflect employees' work and which programs directly benefited from their effort.</p> <p>2) Budget estimates for time spent on Federal Awards, which may be used for interim accounting purposes. These estimates produce reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified and entered into the records in a timely manner. After-the-fact interim charges made to a Federal awards based on budget estimates need to be reviewed. All necessary adjustment will be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated. At the end of the estimated time period, the employees will certify that the estimates were accurate, or will report that adjustments need to be made based on actual time spent.</p>		
<p>Travel Costs (2 CFR §200.475)</p>	<p>Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-funded activities and in accordance with the written travel reimbursement policies.</p> <p>The requirements of the Fly America Act (49 U.S.C. 40118) which generally provides that foreign air travel funded by Federal funds may only be conducted on U.S. flag air carriers and under applicable Open Skies Agreements.</p>		



An Auditor's Perspective: Quick Guide to Being an Excellent Federal Grant Manager

4 Major Post-Award Compliance Requirements



About Nevada GrantLab

Nevada GrantLab supports nonprofit organizations and their government partners to access and administer federal grants that benefit Nevadans. Our work is backed by a network of passionate experts who provide guidance and technical assistance, and is made possible by generous philanthropic support.

In addition to helping your organization grow and sustain, obtaining a federal grant can also provide much-needed funding for community programs and services that benefit Nevadans. Securing and managing a federal grant comes with significant responsibilities. **All organizations applying for and managing federal grants should be aware of the following four major post-award compliance requirements:**

1 Single Audit

An organization expending \$750,000 or more in federal funds during a fiscal year must conduct a rigorous organization-wide audit.

2 Overall Compliance

Adhering to federal award requirements involves a blend of financial management and programmatic reporting.

3 Internal Controls

A high-functioning internal controls environment ensures efficient operations, transparent reporting, and good overall compliance.

4 Financial Management

A robust financial management system ensures accurate and timely dissemination of information related to federal grant expenditures

About the Experts

Prepared by: Houldsworth, Russo & Company, P.C. (HRC)

At HRC, we have served the nonprofit community for over 20 years. We believe in sharing our expertise and partnering with our nonprofit clients to ensure financial and programmatic success. Contact us at admin@trustrhc.com or 702-269-9992.

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Single Audit

Grantees expending \$750,000 or more in federal dollars during a single fiscal year are required to conduct and submit a Single Audit. A Single Audit is an independent examination to determine if the organization used all funds in compliance with federal rules and regulations.

The Single Audit includes a comprehensive review of the organization's financial statements and records, expenditures, and internal controls, along with various tests designed and conducted to verify that policies and procedures are in place and functioning adequately. In addition to standard financial records, the audit reviews programmatic records, such as:

- **Documented minutes of federally funded program team meetings about risk assessment**
- **Intake forms to document eligibility of program participants**
- **Checklists documenting proper paperwork filing and maintenance**
- **Notes, authorizations, and activities undertaken by individuals who prepare, review, and monitor programs and files**

The auditor may correspond with the funding agency and your personnel, as well as review other grant-related documents to collect information. If the auditor determines that you are out of compliance with requirements or identifies deficiencies in your internal controls, the deficiencies may be documented as "findings" in your Single Audit Report. Organizations that have documented findings may be required to prepare a corrective action plan that details their response to the findings. Moreover, audit findings can harm an organization's eligibility and competitiveness for future awards.

The Single Audit Report must be submitted to the Federal Audit Clearinghouse annually, no later than 30-days after receipt of the Single Audit Report (or 9-months after the entity's year-end).

For more information, visit www.singleaudit.org.



Is Your Organization Prepared for Post-Award Management?

Prior to applying or accepting a federal grant, organizations must be prepared for all required auditing, overall compliance, internal controls, and financial management responsibilities. Organizations should ask:

Single Audit

- Have we conducted a Single Audit recently? Do we know what that entails?
- As a result of a new award, will we expend \$750,000 or more in federal funds (including all grants, not just the new award) in a single fiscal year?
- Have we budgeted for the cost of a Single Audit, or did we request full funding for it in the grant budget?

Overall Compliance

- Have all appropriate personnel been trained on federal grant compliance?
- Have we carefully reviewed the applicable federal grant agreement(s) and understand the compliance requirements for each specific award?
- Do we have policies and procedures, technology, and personnel in place to support ongoing compliance?

Internal Controls

- Are current processes and procedures sufficient to ensure compliance with reporting and record keeping?
- Have we had internal control deficiencies reported in previous audits?

Financial Management

- Do we have accounting personnel and processes in place for tracking federal award expenditures?

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Overall Compliance

As a condition of accepting and expending federal dollars, grantees must comply with strict rules and regulations and maintain internal controls that provide reasonable assurance of compliance.

There are 12 areas of required compliance and assurances, including: activities and costs that are allowed or unallowed, cash management, procurement, beneficiary eligibility, reporting, and subrecipient monitoring.

There is no one-size-fits-all approach to planning for and maintaining overall federal grant compliance, so it is critical that your organization:

1. **Review and understand** the Federal Government's Uniform Guidance, located in title 3 of the Code of Federal Regulations (2 CFR 200), prior to applying for and accepting a grant.
2. **Plan and test** policies, procedures, and internal controls that will ensure compliance in all required areas.
3. **Train** all personnel involved in grant-funded programs so they understand and can perform their role(s).

For more information on overall compliance, visit the Compliance Supplement:

https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf

¹ Awards from certain Federal agencies (e.g. HHS) are regulated under different sections of the CFR. 2 CFR Part 200 is the most common and, therefore, will be the focus of this practice aid.

Internal Controls are defined as “a process, effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.” Efficient internal controls ensure an organization’s assets are safeguarded, and that its reporting is reliable.

Federal grant recipients must maintain an appropriately designed, high-functioning, and continuously monitored internal control environment to ensure compliance with federal grant regulations.

Best practices include:

1. **Control Environment (aka the “Tone at the Top”)** – leaders at all levels modeling positive attitudes, actions, standards, and processes.
2. **Risk Assessment** – continuous monitoring of risks to internal controls and compliance.
3. **Control Activities** – proactive efforts to eliminate or mitigate identified risks.
4. **Information and Communication** – reliable internal and external reporting of financials, internal controls, and other compliance information.
5. **Monitoring Activities** – periodic or ongoing reviews of each of the components above, modifying as needed.

For more information about internal controls, view the COSO Internal Control-Integrated Framework at <https://www.coso.org/pages/ic.aspx>

Your organization must have a financial management system capable of providing accurate and timely information on federal grant expenditures. An organization's financial management system typically consists of general ledger software (e.g. QuickBooks), spreadsheets (e.g. Excel), and grant reports.

3 best practices for setting up an efficient financial management system:

1. Use classifications within your software to track federal grant expenditures.
2. Ensure federal grant expenditures are only allocated to one program/grant award to avoid "double dipping" expenditures.
3. Utilize a consistent methodology for allocating indirect program costs, such as calculating the percentage of a facility that is being utilized for the federal program.

Key Terms

2 CFR Part 200 (aka “Uniform Guidance”) – comprehensive regulatory guide for receipt and use Federal awards.

Assistance Listing Number – unique federal award number assigned to each program.

Direct Cost – an allowable cost that is directly tied to the execution of a federal award program.

Federal Award – award of federal financial assistance to a non-federal entity, often in the form of a cost-reimbursement arrangement.

Federal Award Recipient Requirements – located in 2 CFR 200 Subpart D are the requirements for recipients of federal awards. These include details about appropriate financial management, internal controls, compliance requirements, and other important guidelines for managing federal grants.

Federal Grant – a grant sourced from federal funds; an entity may receive multiple grants under one federal award.

Indirect Cost – allowable costs that benefit more than one cost objective, such as facilities and administrative costs.

Office of Management and Budget (OMB) Compliance Supplement – an annual guide that provides guidance to auditors on the relevant compliance and auditing requirements of federal awards.

Pass-through Entity – a non-federal “pass-through” entity that passes federal award funding to a subrecipient.

Reimbursable Grants (aka “Drawdown” Grants) - grants in which the recipient must make expenditures in line with allowable costs of the grant award, then submit evidence of these expenditures for reimbursement.

Schedule of Expenditures of Federal Awards (SEFA) – a schedule prepared by a federal award recipient in accordance with 2 CFR 200.510.

Single Audit – type of audit required when federal award expenditures exceed \$750,000 in any given year. A Single Audit is comprised of both a financial statement audit and a Uniform Guidance audit.

Subrecipient – a non-federal entity that receives federal award funding through a pass-through entity.

Vendor/Contractor - an entity that receives a contract to provide goods and services ancillary to the goals of the federal award, usually through a procurement process.