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Understanding the Administrative Requirements of Grants Compliance

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Presenter



Rebecca Field is a principal at CliftonLarsonAllen and leads the Grant Compliance Services team. She has over sixteen years of public accounting experience. She specializes in grant compliance, including single audits, and has extensive knowledge in related regulations and requirements.

Rebecca also serves as a firm wide assurance resource where she oversees compliance with professional standards, provides technical assistance, and assists with training curriculum.

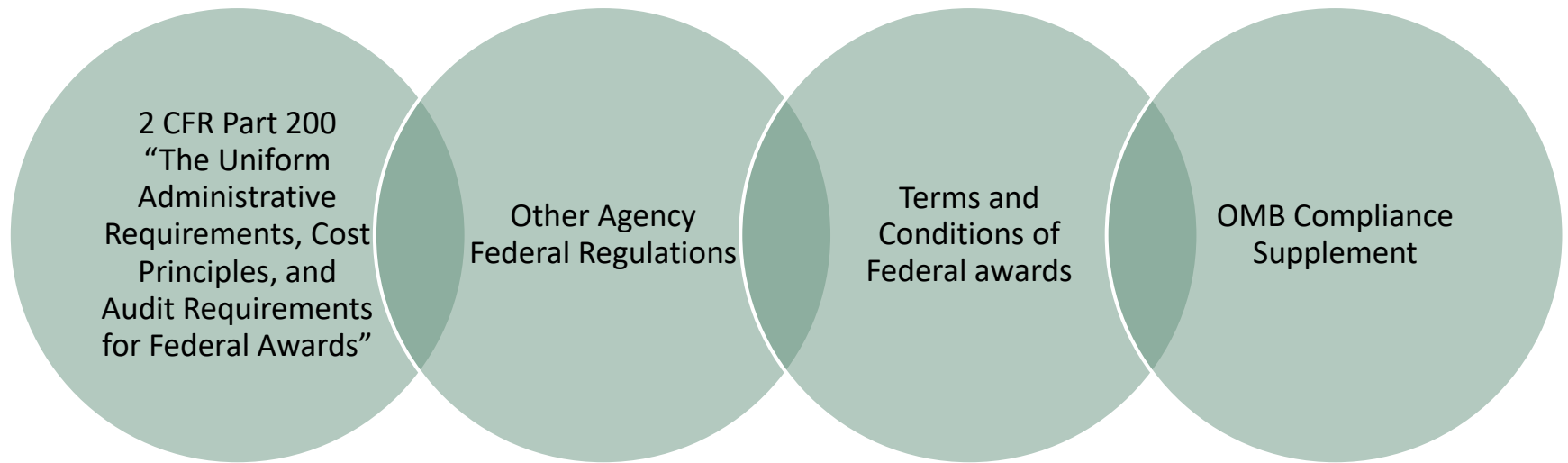


Agenda

Administrative Compliance Requirements:

- procurement
- reporting
- cash management
- cost sharing and matching
- program income

Sources of Grant Compliance Requirements



Uniform Guidance

Subpart A – Acronyms and Definitions

Subpart B – General Provisions

Subpart C - Pre Federal Award Requirements

Subpart D – Post Federal Award Requirements

Subpart E – Cost Principles

Subpart F – Audit Requirements



Uniform Guidance Administrative Requirements

§200.300 Statutory and national policy requirements

§200.301 Performance measurement

§200.302 Financial management

§200.303 Internal controls

§200.304 Bonds

§200.305 Payment

§200.306 Cost sharing or matching

§200.307 Program income

§200.308 Revision of budget and program plans

§200.309 Period of performance

§200.310-316 Property standards

§200.317-327 Procurement standards

§200.328-330 Performance and financial monitoring and reporting

§200.331-333 Subrecipient monitoring and management

§200.334-338 Record retention and access

§200.339-343 Remedies for noncompliance

§200.344 Closeout

§200.345 Post-Closeout adjustments and continuing responsibilities

§200.346 Collection of amounts due



Procurement

What do Uniform Guidance Procurement Requirements Apply to?

Goods and services charged to:

 Non-Federal program

 Indirect cost pool

 Federal award

Procurement (200.318(b))

Entities must maintain oversight to ensure that contractors perform in accordance with the

terms

conditions

and specifications

of their contracts or purchase orders

Procurement (200.318(d))



Procedures must avoid acquisition of unnecessary or duplicative items.

Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.

Procurement (200.318 (d))

Where appropriate, an analysis should be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

Procurement (200.318(h))

Organizations Must Award Contracts Only to Responsible Contractors:



Contractors must possess the ability to perform successfully under the terms and conditions of a proposed procurement.

Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Procurement (200.318(h))

Suspension and Debarment

Checks for contracts over \$25,000 should be made on the EPLS site – (www.sam.gov) and documentation kept

or add in the clause in the procurement contract

Best practice recommendation is to do this on every procurement with federal funds!

Procurement Records (200.318(i))

Records must be sufficiently maintained to detail the history of procurement:

- Detail history of the procurement [different for each procurement method]
- Rationale for method of procurement
- Selection of contract type
- Contractor selection or rejection
- Basis for contract price

Competition (200.319)

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section.

- In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Competition (200.319)

Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

(4) Noncompetitive contracts to consultants that are on retainer contracts;

(5) Organizational conflicts of interest;

(6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and

(7) Any arbitrary action in the procurement process.

Competition (200.319)

Must have
written
procedures for
procurement
transactions.

Procurement

- Question:

Can/should an organization have different procurement procedures for federal and nonfederal procurements?

- Answer:

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

Competition (200.319)

These procedures must ensure that all solicitations:

Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.

The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use.

Competition (200.319)

These procedures must ensure that all solicitations:

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement.

Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

Contracting with disadvantaged businesses (200.321)

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

Contracting (200.321)

Affirmative steps must include:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take affirmative steps

§200.321

Small Business Enterprises:

- Website: <http://dsbs.sba.gov>
- Search based on specific NAICS codes (<http://www.naics.com/search/>)

Minority Business Enterprises and Women's Business Enterprises:

- Website: <http://www.sba8a.com/>
- Search based on Industry code and/or state location

Labor Surplus Area Firms:

- Website: <https://www.doleta.gov/programs/lisa.cfm>
- Note that this list is updated on an annual basis and therefore look under "related links" box to find latest list issued by DOL

§200.322 Domestic preferences for procurements.

- (a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

Uniform Guidance allows
for 5 acceptable
procurement
methodologies

§200.320 Methods of Procurement

| Method | Dollar Threshold |
|---------------------------------------|--|
| Micro-purchase | Not to exceed micro-purchase threshold (\$0 - \$10,000) |
| Small purchase procedure | Greater than micro-purchase, not to exceed the Simplified Acquisition Threshold (\$10,001 - \$249,999) |
| Sealed bid | Greater than the Simplified Acquisition Threshold (\$250,000 and greater) |
| Competitive proposal | Greater than the Simplified Acquisition Threshold (\$250,000 and greater) |
| Noncompetitive proposal (Sole Source) | Greater than micro-purchase threshold (\$10,000 and greater) |

§200.320(a) Micro-Purchases

Characteristics

- Acquisitions that, in aggregate, do not exceed micro-purchase threshold
- Micro-purchase threshold set by Federal Acquisition Regulation (FAR) at 48 CFR, Subpart 2.1
 - Subject to change
 - Currently \$10,000

Requirements and Documentation

- No quotes required if price is reasonable
- **Must** distribute equitably among qualified suppliers
 - COFAR FAQ 200.320-1 provides an example of distributing micro-purchases
- **Must** document:
 - Evidence the price was considered reasonable
 - If documented procedures note that the reviewer/approver is to look at price reasonableness along with allowability, that would satisfy this documentation

§200.320(b) Small Purchases

Characteristics

- Acquisitions more than micro-purchases but not greater than simplified acquisition threshold
- Simplified Acquisition Threshold set by FAR at 48 CFR, Subpart 2.1
 - Subject to change
 - Currently \$250,000

Requirements and Documentation

- Price or rate quotations **must** be obtained from adequate number of sources (at least 2)
- Can be informal – phone call or web search
- All quotations, including phone calls, web searches, etc., **must** be documented and kept on file
- Price does not need to be deciding factor but all quotes need to be kept in procurement records

Sealed Bids

Characteristics

- Procurements more than simplified acquisition threshold
- The following should be present:
 - A complete, adequate, and realistic specification or description is available
 - Two or more bidders are willing and able to compete
 - Procurement lends itself to a firm fixed price contract and the selection can be made principally on basis of price

Requirements and Documentation

- Bids **must** be solicited from an adequate number of known suppliers, providing sufficient response time
- Local and tribal governments **must** be publicly advertised bids
- Invitation for bids **must** define the items or services in order for bidders to properly respond
- All bids will be opened at time and place prescribed in invitation – local and tribal governments **must** be opened publicly
- Firm fixed price contract made in writing to the lowest responsive and responsible bidder
- Any or all bids may be rejected if there is a sound documented reason



Competitive Proposals

Characteristics

- Procurements more than simplified acquisition threshold
- Normally conducted with more than one source submitting an offer
- Either a fixed price or cost-reimbursement type contract is awarded
- Generally used when conditions not appropriate for sealed bids

Requirements and Documentation

- **Must** be publicized and identify all evaluation factors and their relative importance.
- **Must** be solicited from an adequate number of qualified sources
- **Must** have a written method for conducting technical evaluations of the proposals and selecting recipients
- Contracts **must** be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered



Noncompetitive Procurements

Characteristics

- Procurement through the solicitation of a proposal from only one source
- May be used only when:
 - The item is available only from a single source
 - The public exigency or emergency will not permit a delay resulting from competitive solicitation
 - Federal awarding agency or pass-through entity expressly authorizes its use in response to a written request
 - After solicitation of a number of sources competition is determined inadequate

Requirements and Documentation

- Justification of the use of sole source needs to be documented
- Document any research on availability from multiple sources
- Retain documentation of authorization
- Document any initial solicitations from multiple sources which are concluded to be inadequate, and document why



PROCUREMENT CHECKLIST

To comply with CLIENT NAMESs Federal Procurement Standards Policy, 2 CFR 200 Uniform Guidance, and other contractual requirements, completion of this form is required.

This form must be retained by the Project Manager with all supporting documentation upon completion of the purchase. Failure to do so will result in noncompliance with Federal requirements.

Project Name and Code: _____

Describe the goods and services being procured:

SELECT WHICH METHOD OF PROCUREMENT YOU ARE FOLLOWING:

Small Purchase (\$10,001 - \$249,999)
 List the two quotations/proposals solicited and received.

| | <u>Vendor/Contractor Name</u> | <u>Item/Service</u> | <u>Total Cost</u> | <u>Other Consideration:</u> |
|---|-------------------------------|---------------------|-------------------|-----------------------------|
| 1 | _____ | _____ | _____ | _____ |
| 2 | _____ | _____ | _____ | _____ |

Simplified Acquisition (\$250,000 and above)
Reference: CRF 200.320 as your guide for additional procurement requirements

Competitive Proposal process used
 Sealed Bid process used

List the three bids/proposals solicited and received.

| | <u>Vendor/Contractor Name</u> | <u>Item/Service</u> | <u>Total Cost</u> | <u>Other Consideration:</u> |
|---|-------------------------------|---------------------|-------------------|-----------------------------|
| 1 | _____ | _____ | _____ | _____ |
| 2 | _____ | _____ | _____ | _____ |
| 3 | _____ | _____ | _____ | _____ |

Check the reason you chose this vendor/contractor for this purchase:

- Vendor/contractor was the lowest bidder.
- Vendor/contractor provided the best evaluated responsible offer (other than low bid).*
- Vendor/contractor establishes or maintains essential research, development, or technical capacity. *
- Compatibility with other components of a system already exist.*
- Only vendor/contract that meets pre-established performance characteristics.*
- Vendor/contractor specifically identified within award documentation.*
- Other. *



* REQUIRES EXPLANATION. Also, attach any/all supporting documentation.

Price/Cost Analysis based on:

- Adequate price competition
- Comparison to similar items *
- Catalog/market pricing
- Cost/benefit analysis *
- Historical pricing
- Award specifically identifies
- Other. *

* REQUIRES EXPLANATION. Also, attach any/all supporting documentation.

Sole Source (Noncompetitive Procurement)

- Item/service only available from this source.*
- An unusual and compelling urgency precludes full and open competition.*
- Approval from granting agency received.*
- Other. *

* REQUIRES EXPLANATION. Also, attach any/all supporting documentation.

2 CRF Part 200 requires that grantees take affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Were any of the following groups solicited for this purchase?

- Small
- Women-owned
- Minority
- Labor-surplus Area

If not solicited, explain why not:

If solicited and not selected, explain why not:

Suspension/Debarment checked online (<https://www.sam.gov>)

Name of vendor/contractor selected for work: _____

- Contract/agreement executed
- Form W-9 rec'd
- Insurance certificate rec'd

Date

Preparer Print & Sign: _____

Project Manager Print & Sign: _____



Reporting

Financial and Performance Reporting (200.328 - 329)

Federal awarding agency may solicit

only the standard, OMB-approved government-wide data elements for collection of financial and performance information

collected with the frequency required by the terms and conditions of the Federal award

Financial and Performance Reporting (200.328 - 329)

Monitoring by the non-Federal entity:

responsible for oversight of the operations of the Federal award supported activities

monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved

cover each program, function or activity



Performance Reporting (200.329)

Provide cost information to demonstrate cost-effective practices.

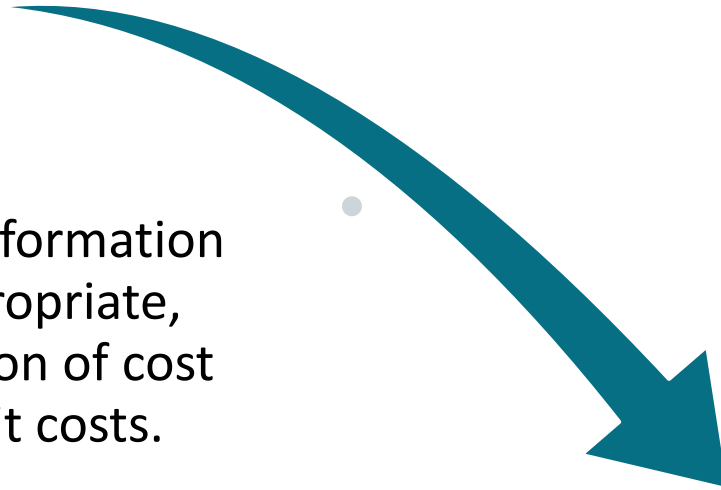


The intent is to help awarding agencies improve program outcomes, share lessons learned, and spread the adoption of best practices.

Performance Reporting (200.329)

A comparison of actual accomplishments to the objectives of the Federal award established for the period.

Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.



The reasons why established goals were not met, if appropriate

Example— Financial Reports

1. Federal Financial Report (SF-425) - (final report only)
 - a. A final comprehensive Federal Financial Report must be submitted, within 90 days after award expiration. The report shall cover the entire project period from the start date through the end date of the original award, or approved extended end date of the award, and must include the cumulative total of indirect costs charged to the award.

2. Federal Financial Report (SF-425) - Due semi-annually; reported under the —“Federal Cash” line of the report.
 - a. The SF-425 shall be submitted on a semi-annual basis. If the non-Federal entity is reporting on more than one NOAA grant and/or agreement, then the SF-425 attachment must be used.
 - b. Interim semi-annual Federal Financial Reports (SF-425) are due no later than 30 days after the semi-annual reporting periods ending March 31 and September 30 for the entire project period of the award.
 - c. A final Federal Financial Report (SF 425) is due within 90 days after award expiration. The report shall cover the last semi-annual reporting period ending on September 30 or March 31, or a portion thereof, based on the end date or approved extended end date of the award.
 - d. The SF-425 is due for the non-Federal entity using ASAP for payment. If converting to ASAP during the course of the Award, the SF-425 forms will be due as described above starting with the ASAP conversion date.

Example– Financial Reports

3. Request for Advance or Reimbursement (SF-270)
 - a. The SF-270 shall NOT be submitted by the non-Federal entity using the Department of Treasury ASAP system unless specifically directed by a specific condition.
 - b. The SF-270 shall be submitted using the NOAA Grants Online system, as reimbursements are necessary for the financial management of the award.
 - c. For non-Federal entities that must submit a SF-270 based on a Corrective Action Plan or Special Award Condition, the agency may require, along with the submission of each SF-270, expense reports showing a breakdown of costs for each payment request or an invoice. A request for payment may be submitted monthly and no less than quarterly, through the Grants Online system for Grants Officer review and approval. Upon approval of the request for payment, funds will be released in ASAP within 7 business days.
 - d. Semi-annual Federal Financial Reports (SF-425) are not required if the SF-270 is used; however, a Final SF-425 will be required.
 - e. Reimbursements will be made through ASAP.

Example– Performance Reports

B. Performance Reports

Performance Progress Reports, required by 2 C.F.R. §200.327-328 and Department of Commerce Financial Assistance Standard Terms and Conditions, are to be completed in NOAA's Grants Online System. The Grants Online System will notify your organization through email when your reports are available for completion and submission through NOAA Grants Online. Non-Federal entities are responsible for ensuring all personnel listed on an award have a current email address. The status of reports can be seen under Associated Documents under the Grant File.

Frequency: Performance reports are due on a semi-annual basis, unless otherwise specified in a specific condition, no later than 30 days following the end of each six (6) month period from the start date of the original award. The last semi-annual performance report is required. The final report, which summarizes activities conducted during the entire award must be submitted within 90 days following the end date of the project.



Example– Other Reports

C. Property Reports and Disposition

Property records, including any documentation relating to disposition of property, required by 2 C.F.R. §200.311-314, are to be submitted in NOAA's Grants Online System, if applicable. The Tangible Personal Property Report (SF-428) and the Real Property Status Report (SF-429) should be included in documentation, as applicable. At the end of the period of performance, but no later than the closeout period, the non-Federal entity must report on property using the property forms (SF-428/SF-429 forms) located at <https://www.grants.gov/web/grants/forms/post-award-reporting-forms.html#sortby=1>. These include real property (§200.311), Federally-owned and exempt property (§200.312), equipment acquired with grant funds (§200.313), and residual inventory of unused supplies exceeding \$5,000 in total aggregate value (§200.314). Disposition instructions should be requested by the non-Federal entity. In addition, non-Federal entities may be required to submit annual reports on real property, per §200.329. Research awards should also refer to the Federal-Wide Research Terms and Conditions at <http://www.nsf.gov/awards/managing/rtc.jsp>.

Example – Reporting Requirements

12) REPORTING AND MONITORING:

The Recipient is required to submit Quarterly performance and Quarterly financial reports. All reports must be signed and certified by an authorized representative of the Recipient organization. All performance progress reports must indicate the Federal Award Identifying Number (FAIN), period of performance, reporting period end date, reporting frequency (quarterly, interim, semi-annual, annual, final) and include a detailed description of program progress.

Reports are due 30 days after the end of a reporting period and in accordance with the schedule below. **A final program and financial report is due 90 calendar days after the period of performance end date.** Failure to comply with these reporting requirements may jeopardize the Recipient's eligibility for future awards and/or delays in payments.

Sample Summary of Reporting

REPORTS AND/OR MEETINGS REQUIRED BY THE FUNDER

| | | | |
|--|-----------------------------|-------------------------------|--|
| Type of Report or Meeting: Interim Report | Deadline: 10/30/2018 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 4/30/2019 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 10/30/2019 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 4/30/2020 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 10/30/2020 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 4/30/2021 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 10/30/2021 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 4/30/2022 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 10/30/2022 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Interim Report | Deadline: 4/30/2023 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |
| Type of Report or Meeting: Final Report | Deadline: 11/29/2023 | Type of Deadline: Firm | Financials Required? <input checked="" type="checkbox"/> |

Cash Management

Payments (200.305)

Payment can be received on an Advance basis if:

Recipient maintains or demonstrates the willingness to maintain written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity

Recipient has a financial management systems that meet the standards for fund control and accountability

Limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the subrecipient in carrying out the purpose of the approved program or project

The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the subrecipient for direct program or project costs and the proportionate share of any allowable indirect costs

Payments (200.305)

Payment on Reimbursement Request basis:

Preferred method when recipient does not have processes for minimizing the time lapsing between the transfer of funds and disbursement for program expenditures

When the non-Federal entity requests payment by reimbursement.

Awarding agency must make payment within 30 calendar days after receipt of the billing, unless the request is reasonably believed to be improper.

Payments (200.305(b)(7)(1))

The Federal awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the non-Federal entity.

However, the non-Federal entity must be able to account for the receipt, obligation and expenditure of funds.

Example – MN Department of Transportation

3.2.2. STATE FUNDING AND PAYMENT SCHEDULE

Payments will be made based on RECIPIENT's compliance of Clause 2.5.2 of this Grant Agreement. STATE will fund RECIPIENT on a quarterly basis. The payment schedule is attached and incorporated into the Grant Agreement as **Exhibit I, *Financial Assistance and Payment Schedule***.

3.2.3. PARTIAL PAYMENT

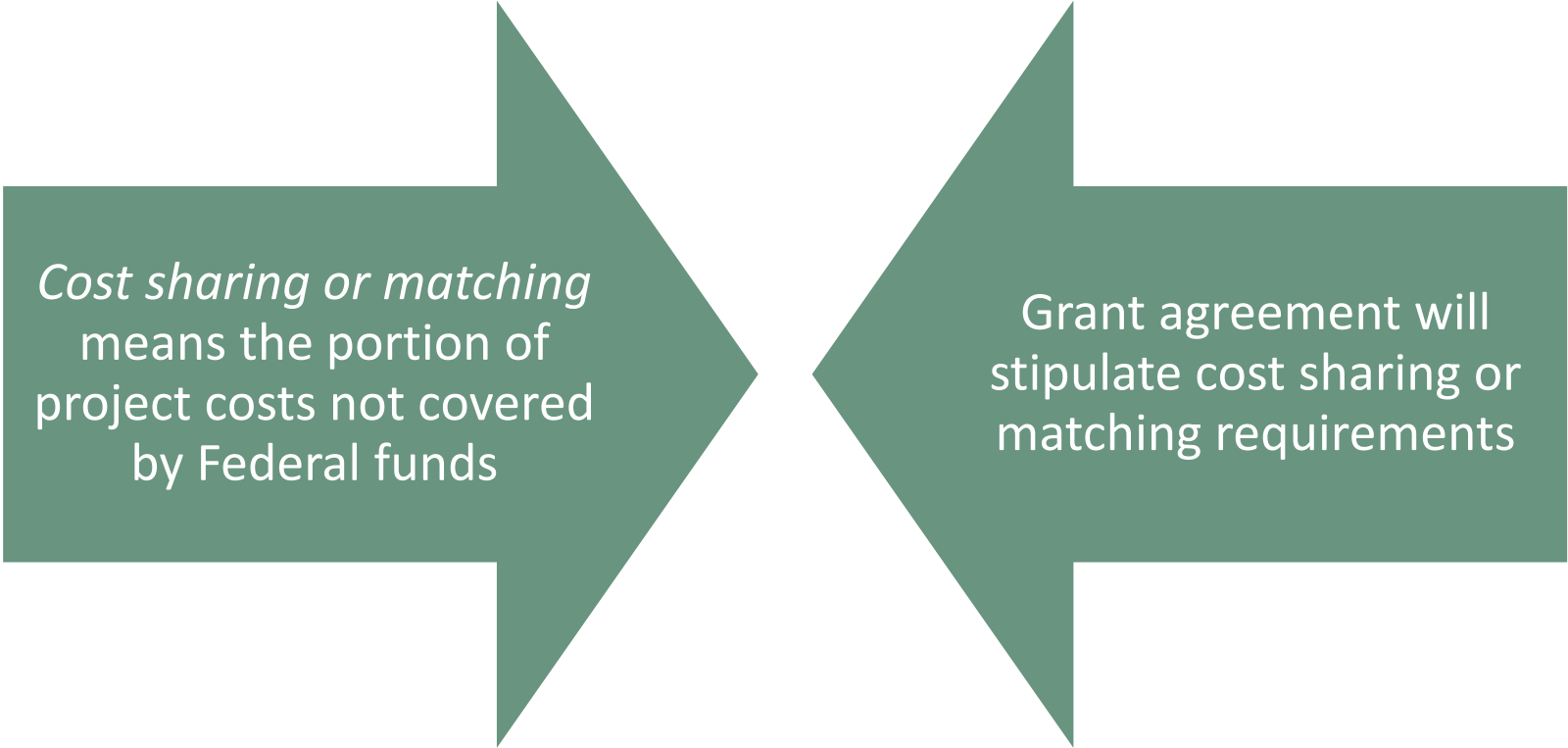
STATE may withhold a partial payment share if STATE determines that the cost is unallowable or that the payment is not necessary to operate the transit system according to RECIPIENT's *Management Plan*.

3.2.4. PAYMENT OF FEDERAL SHARE OF OPERATING COSTS

Payments will be made based on RECIPIENT's compliance with Clauses 2.5.2 and 2.6 of this Grant Agreement. STATE will pay RECIPIENT the federal share of operating costs based on the percentage of the operating deficit provided in **Exhibit I, *Financial Assistance and Payment Schedule***.

Cost Sharing and Matching

Cost Sharing and Matching (200.306)



Cost sharing or matching
means the portion of
project costs not covered
by Federal funds

Grant agreement will
stipulate cost sharing or
matching requirements

Cost Sharing and Matching (200.306)

- Are verifiable from the non-Federal entity's records
- Are not included as contributions for any other Federal award
- Are necessary and reasonable for accomplishment of program
- Are allowable under Subpart E—Cost Principles
- Are not paid by the Federal government under another federal award
- Are provided for in the approved budget when required by the Federal awarding agency

Cost Sharing and Matching (200.306)

- **Unrecovered indirect costs** —prior approval from the federal awarding agency been obtained to use unrecovered indirect costs as part of the cost sharing/matching requirement
- **Value of contribution of services or property** —value for this requirement been calculated as the lesser of: 1) value of remaining life, or 2) current fair market value
- **Volunteer services** —service considered an integral and necessary part of project/program and documented
- **Donated property from third parties** —amount can not exceed the fair market value of property at time of donation



Example Grant Specific Matching Requirements:

- Project Funds:
 - Federal Share: \$150,000
 - Organization Share: \$304,440
 - Total: \$454,440
- **1) MATCHING REQUIREMENT:** Since this award requires the Recipient to provide \$304,440.00 in project-related costs from non-Federal sources, the Recipient must maintain in its official accounting records an accounting of \$454,440.00.

Example Grant Specific Matching Requirements:

- Project Funds:
 - Federal Share: \$222,187
 - Organization Share: \$81,919.60
 - Total: \$304,106.60
- **9) COST SHARING:** It is understood and agreed that the Recipient must provide the minimum amount of cost sharing as stipulated in the Recipient's approved budget. Cost sharing may be in the form of allowable direct or indirect costs. The Recipient must maintain written records to support all allowable costs which are claimed as being its contribution. Such records are subject to audit. In the event the Recipient does not provide the minimum amount of cost sharing as stipulated in the Recipient's approved budget, the Department of State's contribution may be reduced in kind.

Tips for Ensuring Match is Met

Tips for Acquiring Match

The best strategy to acquire cash match is to seek specific grants and donations that are designated for that purpose

Cash match might also be acquired in the form of non-Federal governmental contracts

To acquire in-kind match (non-cash), one good strategy is to select the right partners in advance of obtaining Federal funding

Every item that is documented for the purpose of in-kind must have a defensible method for assigning a fair market value

Remember that it is not required, nor advisable, to over match

Program Income

Program Income (200.307)



Income received by a grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant

Program Income (200.307)

Costs of generating program income:

- If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.

Program Income (200.307)

Use of program income – Deduction Method:

- Deducted from total allowable costs to determine the net allowable costs.
- Must be used for current costs unless the Federal awarding agency authorizes otherwise.
- Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project
- If not specified in agreement, this method is to be used

Program Income (200.307)

Use of program income – Addition Method:

- With prior approval of the Federal awarding agency program income may be added to the Federal award by the Federal agency and the non-Federal entity.
- Must be used for the purposes and under the conditions of the Federal award.

Program Income (200.307)

Use of program income – Cost Sharing or Matching:

- With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award.
- Amount of the Federal award remains the same.

CLA Grant Compliance Resource Center

<http://www.claconnect.com/resources/tools/resources-to-ease-the-burden-of-grant-compliance>



QUESTIONS?



Thank you!

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