



**FEDERAL REGULATIONS: What
You Need to Know
*For Non-Profit Providers (NPPs) and State
Procurement Buyers***



Learning Objectives

After this training, you should be able to:

- Understand and apply Federal Regulations applicable to your award (flow-down provisions)
- Identify and discuss applicable Federal cost principles related to your award
- Understand and apply best practices to the management of your award
- Understand the Single Audit and Uniform Grant Guidance requirement
- Understand your options related to indirect cost calculation

Presentation Outline

Today, we will review the following:

Federal Regulations

Federal Cost Principles

Indirect Costs

Audit Requirements

The slide features a light green background with faint, stylized illustrations of tropical leaves and palm fronds in the corners. A solid green vertical bar runs along the left and right edges of the slide.

FEDERAL REGULATIONS

< What are they and why do they matter? >

The Flow of Funding



Award Lifecycle



Your Award



Period of Performance



Budget/Budget Ceiling



Reporting Requirements



State Terms and Conditions



Award Specific Terms and Conditions

Regulation Building Blocks

Award Terms and Conditions

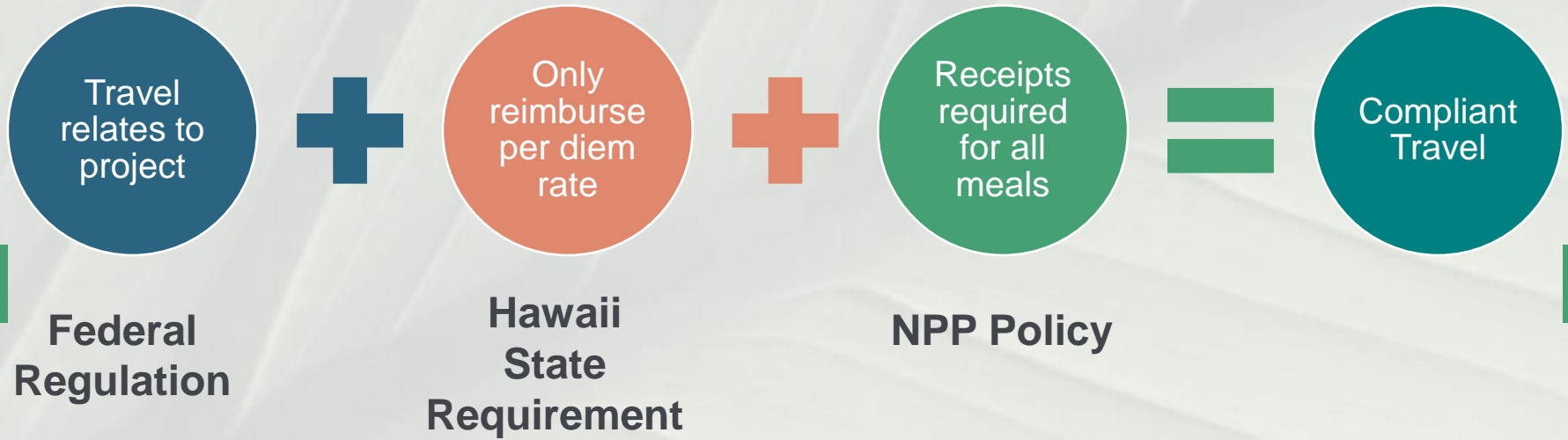
NPP Policies and
Procedures

State of Hawaii – Laws and
Regs

Agency/Sponsor Specific
Policies – Federal or State

Federal Guidelines (Uniform
Guidance, CAS)

How it Works – Travel Example



Federal Regulations - The Basics

Uniform Guidance (2 CFR 200)

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

<https://www.ecfr.gov/cgi-bin/text-idx?SID=9753a50d824a942cb367a62721b97431&mc=true&node=pt2.1.200&rgn=div5#sp2.1.200.b>

Uniform Guidance – Does it Apply?

	Are applicable to the following types of Federal Awards and Fixed-Price Contracts and Subcontracts (except as noted in paragraphs (d) and (e) below):	Are NOT applicable to the following types of Federal Awards and Fixed-Price Contracts and Subcontracts:
Subpart A - Acronyms and Definitions	- All	
Subpart B - General Provisions, except for §§ 200.111 English Language, 200.112 Conflict of Interest, 200.113 Mandatory Disclosures	- All	
§§ 200.111 English Language, 200.112 Conflict of Interest, 200.113 Mandatory Disclosures	- Grant Agreements and cooperative agreements	- Agreements for loans, loan guarantees, interest subsidies and insurance. - Procurement contracts awarded by Federal Agencies under the Federal Acquisition Regulation and subcontracts under those contracts.
Subparts C-D, except for §§ 200.202 Requirement to provide public notice of Federal financial assistance programs, 200.303 Internal controls, 200.330-332 Subrecipient Monitoring and Management	- Grant Agreements and cooperative agreements	- Agreements for loans, loan guarantees, interest subsidies and insurance. - Procurement contracts awarded by Federal Agencies under the Federal Acquisition Regulation and subcontracts under those contracts.
§ 200.202 Requirement to provide public notice of Federal financial assistance programs	- Grant Agreements and cooperative agreements - Agreements for loans, loan guarantees, interest subsidies and insurance	- Procurement contracts awarded by Federal Agencies under the Federal Acquisition Regulation and subcontracts under those contracts.
§§ 200.303 Internal controls, 200.330-332 Subrecipient Monitoring and Management	- All	
Subpart E - Cost Principles	- Grant Agreements and cooperative agreements, except those providing food commodities - All procurement contracts under the Federal Acquisition Regulations except those that are not negotiated	- Grant agreements and cooperative agreements providing foods commodities. - Fixed amount awards. - Agreements for loans, loans guarantees, interest subsidies and insurance. - Federal awards to hospitals (see Appendix IX Hospital Cost Principles).
Subpart F - Audit Requirements	- Grant Agreements and cooperative agreements - Contracts and subcontracts, except for fixed price contracts and subcontracts, awarded under the Federal Acquisition Regulation - Agreements for loans, loans guarantees, interest subsidies and insurance and other forms of Federal Financial Assistance as defined by the Single Audit Act Amendment of 1996	- Fixed-price contracts and subcontracts awarded under the Federal Acquisition Regulation.

Flow Down Requirements



Equal Employment Opportunity.



Davis–Bacon Act, as amended (40 U.S.C. 3141–3148)



Copeland “Anti–Kickback” Act (40 U.S.C. 3145)



Contract Work Hours and Safety Standards Act (40 U.S.C. 3701–3708)



Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387), as amended

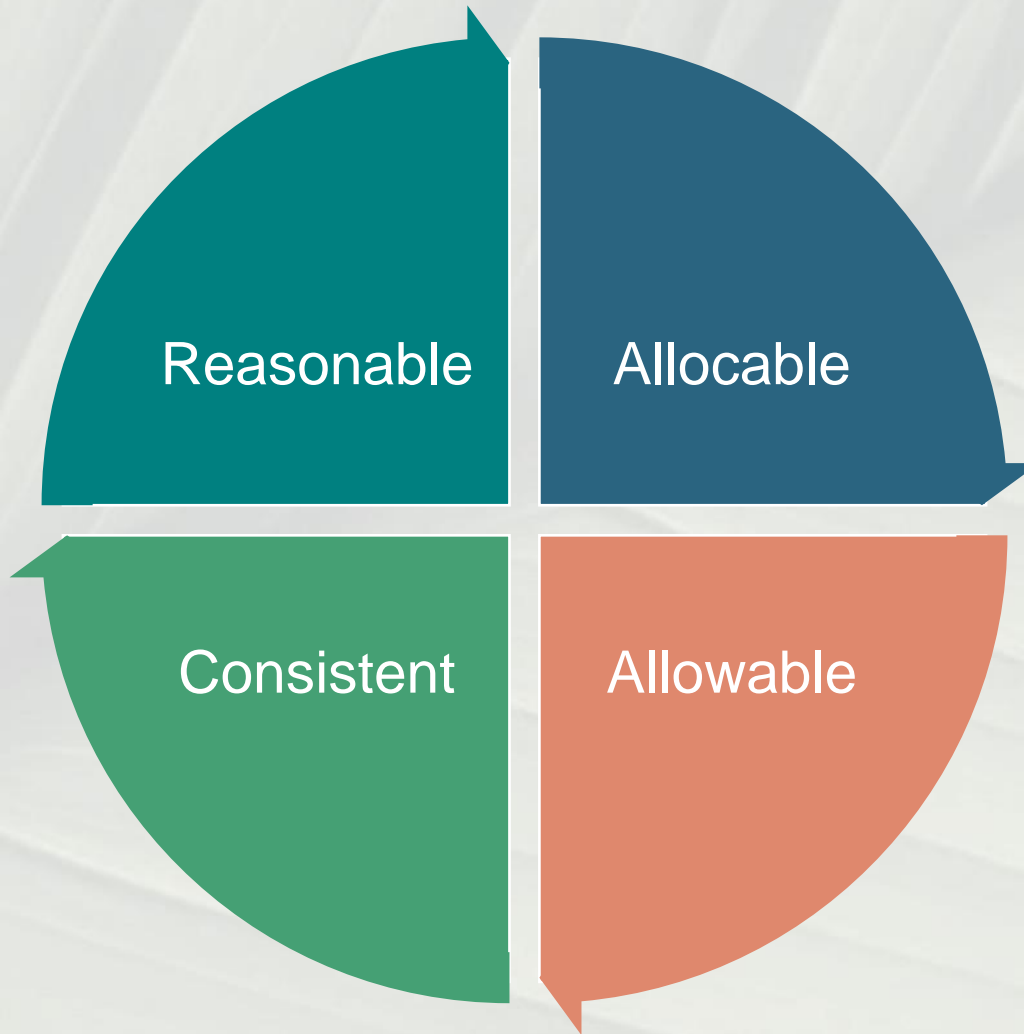


Debarment and Suspension (Executive Orders 12549 and 12689)

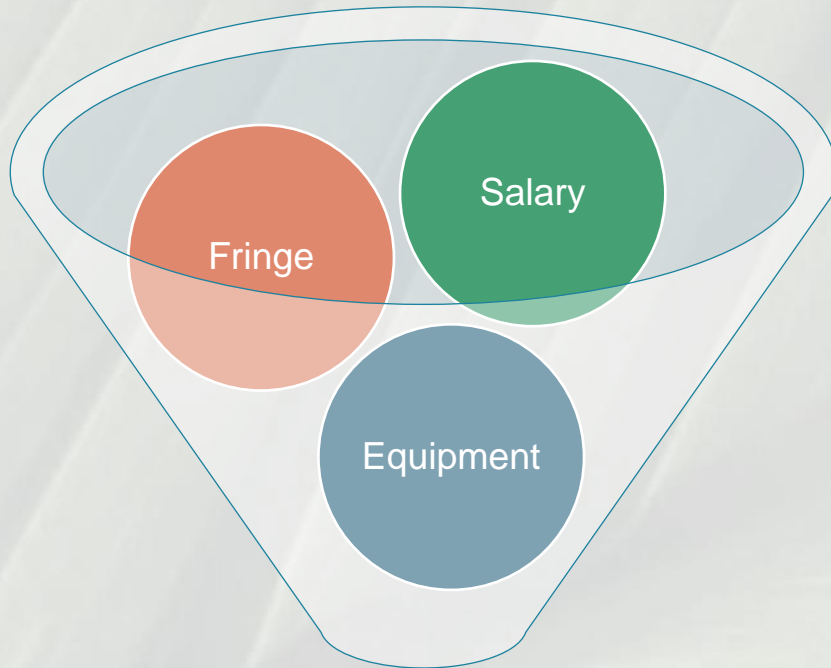


Byrd Anti–Lobbying Amendment (31 U.S.C. 1352)

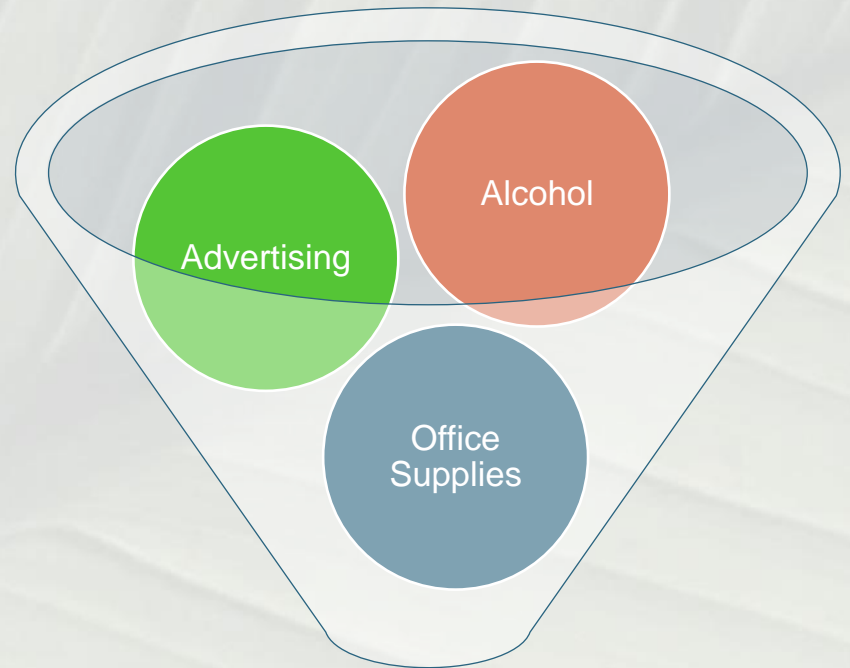
Federal Cost Principles



Allowable vs. Unallowable



Allowable



Unallowable

Reasonable

Would the cost be incurred by a prudent person under the prevailing circumstances?

Qualifications:

- Necessary
- Fall within restrictions (sound business, regulations, etc)
- Market Price
- Prudent
- Within established policies

Allocable

Are the costs assignable with relative benefit received?

Qualifications:

- Incurred for award
- Proportionately distributed
- Necessary for overall operation and is assignable

Front Page Test



Direct vs. Indirect

DIRECT COSTS

Expenses that directly go into producing goods or providing services



Direct labor



Direct materials



Manufacturing supplies

INDIRECT COSTS

General business expenses that keep you operating



Rent



Utilities



General office expenses

Indirect Cost Rate Calculation - What Are Your Options? - Subpart E: Section 200.414

Option A

- Federally Negotiated Rate
- Rate proposal required

Option B

- 10% De Minimis Rate
- Applies to all Federal Awards

Calculating Indirect Costs

To calculate costs when an award specifies indirect costs as a percentage of total direct costs, use the following example.

Example: Consider a sponsored project award with these instructions:

- The total award is \$100,000
- Equipment is budgeted at \$20,000
- The indirect cost rate is 10%, excluding equipment

1. Calculate the amount subject to indirect costs (IDC):

2. Divide the modified total costs by 1.X% (where X=IDC percentage). The result is the dollar amount of direct costs.

- In this example, \$80,000 divided by 1.10 equals \$72,727 in direct costs.

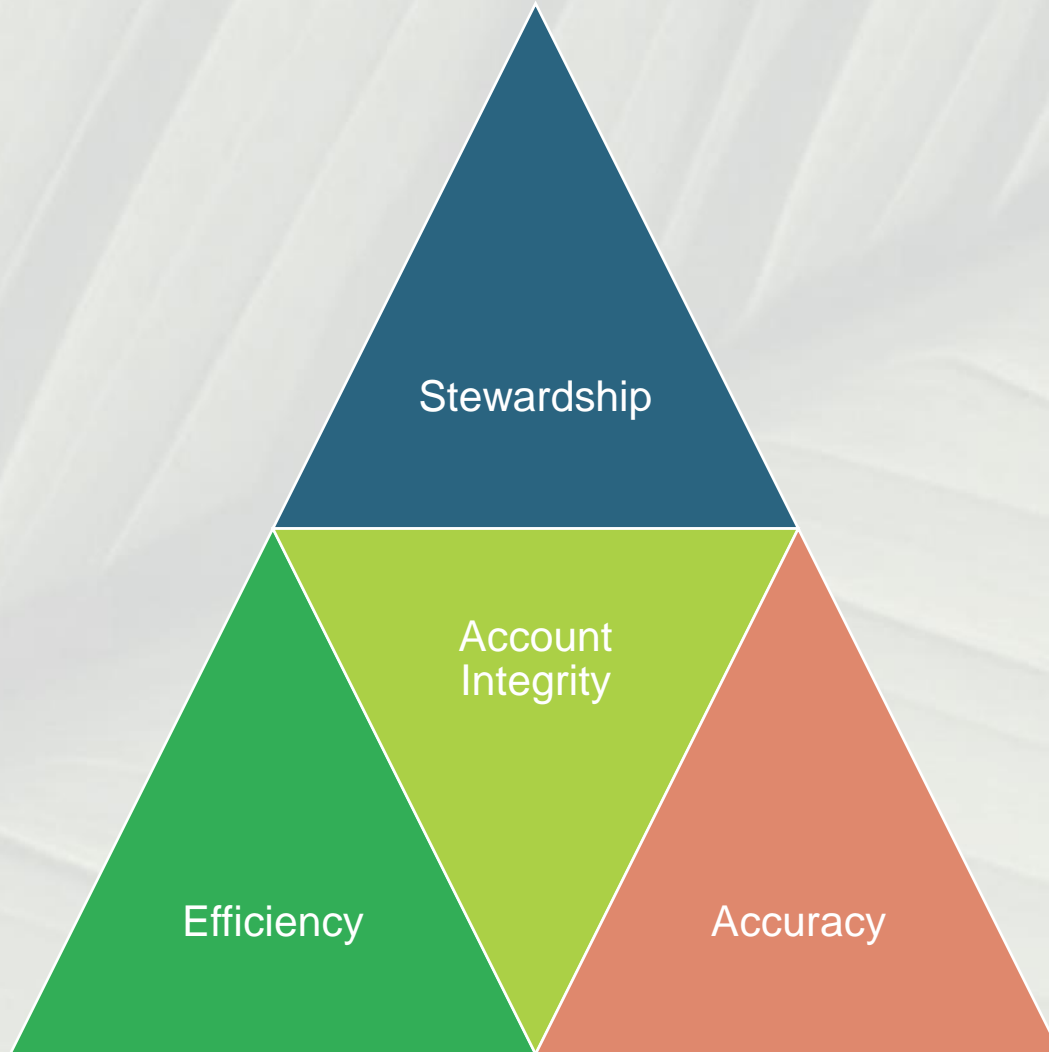
3. Subtract direct costs from the modified total costs amount. The result is the dollar amount of indirect costs.

- In this example, \$80,000 minus \$72,727 equals \$7,273 in indirect costs.

4. Allocate amounts and check your math. All allocations should add up to the total award amount.

- In this example, the three allocations add up to \$100,000:
 - \$20,000 to the equipment account
 - \$72,727 to the remaining expenditure accounts (**direct cost**)
 - \$7,273 to the **indirect cost** account

Financial Management



Procurement

Procurement "Claw" (Sections 200.317-326)



Procurement Requirements

- Micro Purchases (up to \$10k)
 - No Quotes
- Small Purchases (\$250k)
 - Quotes Required
- Sealed Bids (>\$250k)
 - Construction Projects
 - Price is important
- Competitive Proposals (>250k)
 - RFP with Evaluation
- Sole Source
 - Strong documentation required
 - No competition



Subrecipient Monitoring



Compliance and Best Practices

Policies

- Accounting
- FCOI
- Procurement
- Travel

Practices

- Internal Controls
- Consistent
- Documented
- Justified

Audits

- Single Audit required if:
 - Non-profit
 - Expenditures over \$750K per year

Closeout



Complexity: May depend on size/scope of award



Financial Considerations

Spending Rates/Available Funding
Subawards



Equipment/Property

Title is generally passed to the awardee, but not always



Final Reporting

Technical Report
Financial Report



Audit/Record Retention

What Happens if We Don't Comply with Fed Regs?

Risk of Non-Compliance...

Institution	Settlement Date/ Agency	Alleged Misconduct Issues	Settlement
Yale University	2007	Cost transfers; summer salary charges	\$7.6 million
University of Massachusetts Medical School	NIH	Cost transfer; unsupported labor charges	\$24K; triggered Yale & Roger Williams Hospital audits
California Institute of Technology	2006 pending NSF review/ NSF	Timeliness; NSF grants	N/A
Howard University	2006	Cost sharing on NSF grants	N/A
University of Pennsylvania	2006/ NSF	Timeliness; cost transfers	\$3.3 million
University of Alabama at Birmingham	2005	Research work overstated; Medicare billed for research	\$3.4 million
Harvard University	2004	Government billed for salaries & expenses unrelated to federal grants	\$2.4 million
Johns Hopkins University	2004/ NIH	Faculty time & effort overstated	\$2.6 million
Florida International U.	2004	Cost transfers and direct costs	\$11.5 million

Top 10 Audit Findings

- 10) Conflicts of Interest
- 9) Inaccurate Financial Status Reports
- 8) Inappropriate Changes
- 7) Inadequate Time and Effort Records
- 6) Unallowable Costs
- 5) Inadequate Submission of Reports
- 4) Excess Cash on Hand
- 3) Lack of Documentation
- 2) Commingling of Funds
- 1) Untimely submission of Reports



References



References

NSF- Grants Policy Manual:

https://www.nsf.gov/pubs/manuals/gpm05_131/index.jsp?org=BD

NIH Grants Policy Statement:

<https://grants.nih.gov/policy/nihgps/index.htm>

NASA Grants and Cooperative Agreement Manual;

<https://www.nssc.nasa.gov/grants>

DOE Grants Policy Guide:

<https://science.energy.gov/grants/policy-and-guidance/>

Uniform Guidance and its Appendices

<https://www.ecfr.gov/cgi-bin/text-idx?SID=9753a50d824a942cb367a62721b97431&mc=true&node=pt2.1.200&rgn=div5#sp2.1.200.b>

HUD Exchange – Trainings and Seminars

<https://www.hudexchange.info/>





Conclusion



Summary

- Don't hesitate to contact SPO!
- Be sure you know and understand the Federal Regulations applicable to your award (flow-down provisions)
- Be sure you have the appropriate policies and procedures in place to conform with the Uniform Guidance
- Understand and utilize the applicable Federal cost principles related to your award
- Apply best practices to the management of your award
- Decide on your indirect cost rate
- Know the Audit requirements!

The slide features a light green background with faint, stylized illustrations of tropical leaves and palm fronds in the corners. A solid green vertical bar runs along the left and right edges of the slide.

Questions?

