



# New Uniform Grant Guidance

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Webinar

Presented in association with



# Presented by:



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# Outline

- Overview of grants management
- Introducing the Uniform Grant Guidance
- Pre-award requirements
- Post-award requirements
- Cost principles
- Single audit requirements (covered in July)

# Overview of Grants Management

## Federal

- Makes federal awards (grants/contracts)
- Catalog of Federal Domestic Assistance (CFDA)

## State

- Makes state grants (non-federal)
- Pass-through grants (federal)

## Local

- Recipient (direct) or subrecipient (pass-through)
- Contractor (no grant compliance requirements)

## 2 CFR 200

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

## 2 CFR 200

- The “Super Circular”
- The “Omni Circular”



## 2 CFR 200

- The “Uniform Guidance”
  - Not technically a circular (Federal regulations carry more weight of law)
  - That’s what the COFAR is calling it

# The COFAR

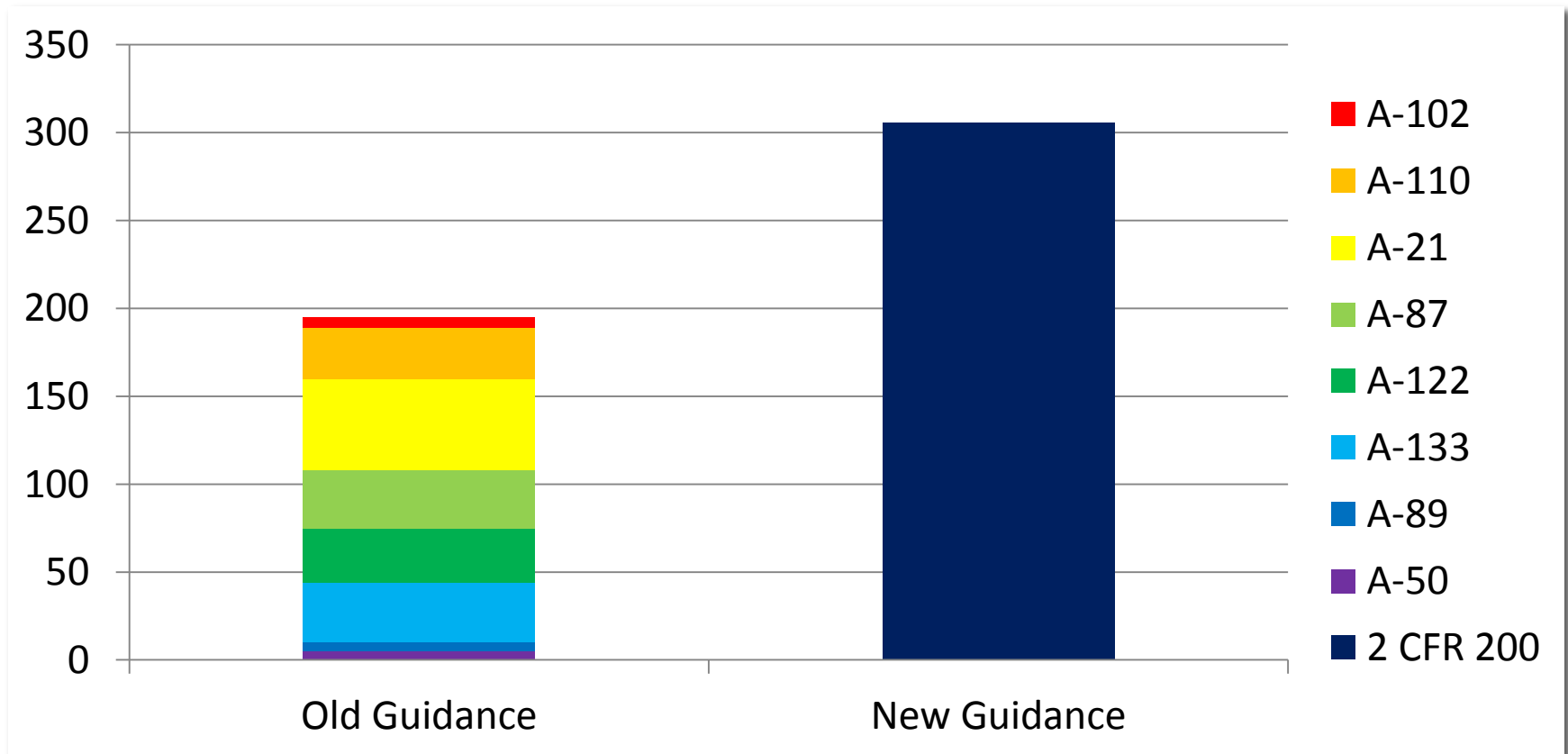
- Council on Financial Assistance Reform
  - Created in 2011 to improve delivery, management, coordination, and accountability of Federal grants
  - Led by OMB and 8 largest federal grant-making agencies
  - Responsible for the new Uniform Grant Guidance and FAQ documents
  - <https://cfo.gov/cofar/>



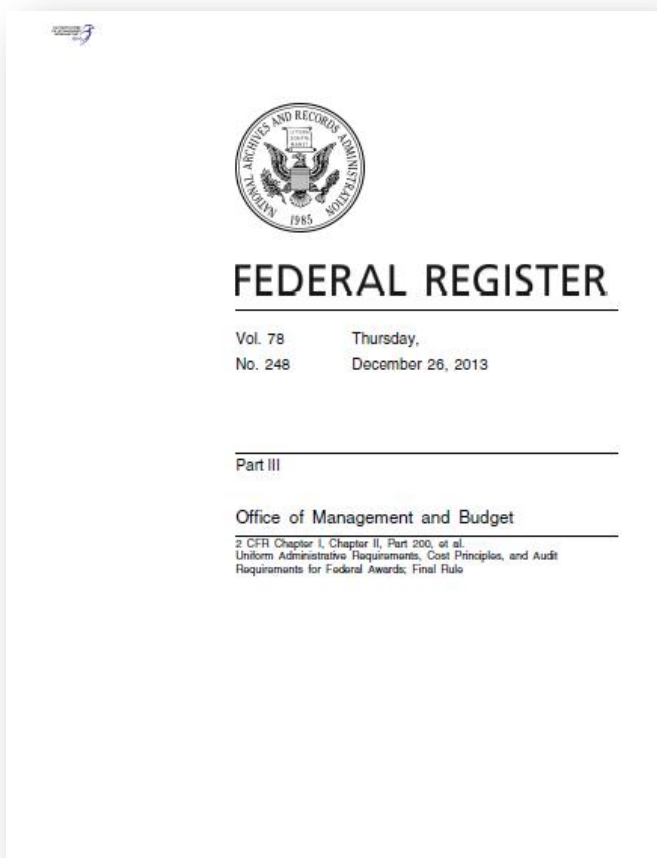
# Significant Changes

- Combined all related OMB guidance into one location (2 CFR 200)
  - Administrative requirements (A-102, A-110)
  - Federal cost principles (A-21, A-87, A-122)
  - Single audit (A-133, A-89, parts of A-50)
- According to the COFAR, this eliminated about 80 pages “of overlapping, duplicative, and conflicting provisions”

# “Eliminating” 80 Pages



# “Eliminating” 80 Pages



78590 Federal Register / Vol. 76, No. 248 / Thursday, December 26, 2011 / Rules and Regulations

**OFFICE OF MANAGEMENT AND BUDGET**  
2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230  
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

AGENCY: Executive Office of the President, Office of Management and Budget (OMB).  
ACTION: Final guidance.

**SUMMARY:** To deliver on the promise of a 21st-Century government that is more efficient, effective and transparent, the Office of Management and Budget (OMB) is streamlining the Federal government's guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards. These modifications are a key component of a larger Federal effort to more effectively focus Federal resources on improving performance and outcomes while ensuring the financial integrity of taxpayer dollars in partnership with non-Federal stakeholders. This guidance provides a governmentwide framework for grants management which will be complemented by additional efforts to strengthen program outcomes through innovative and effective use of grant-making models, performance metrics, and evaluation. This reform of OMB guidance will reduce administrative burden for non-Federal entities receiving Federal awards while reducing the risk of waste, fraud and abuse.

This final guidance supersedes and streamlines requirements from OMB Circulars A-21, A-47, A-116, and A-122 (which have been placed in OMB guidance); Circulars A-49, A-102, and A-132; and the guidance in Circular A-50 on Single Audit Act follow-up. Future reform efforts may eventually seek to incorporate the Cost Principles for Hospitals in Department of Health and Human Services regulations. Copies of the OMB Circulars that are superseded by this guidance are available on OMB's Web site at [http://www.whitehouse.gov/omb/circulars\\_defaul/](http://www.whitehouse.gov/omb/circulars_defaul/). The final guidance consolidates the guidance previously contained in the aforementioned citations into a streamlined format that aims to improve both the clarity and accessibility. This final guidance is located in Title 2 of the Code of Federal Regulations.

This final guidance does not broaden the scope of applicability from existing government-wide requirements,

collaboration with their non-Federal partners, in accordance with OMB guidance in M-13-17 "Next Steps in the Evidence and Innovation Agenda". This new guidance plays an important role in fostering those and other innovative models and cost-effective approaches by including many provisions that strengthen requirements for internal controls while providing administrative flexibility for non-Federal entities. These provisions include mechanisms such as "fixed amount awards" which rely more on performance than compliance requirements to ensure accountability, and allow Federal agencies some additional flexibility to waive some requirements (in addition to the longstanding option to apply to OMB to waive requirements) that impede their capacity to achieve better outcomes through Federal awards. This guidance will provide a backbone for sound financial management as Federal agencies and their partners continue to develop and advance innovative and effective practices.

This reform of OMB guidance will improve the integrity of the financial management and operation of Federal programs and strengthen accountability for Federal dollars by improving policies that protect against waste, fraud, and abuse. At the same time, this reform will increase the impact and accessibility of programs by minimizing time spent complying with unnecessarily burdensome administrative requirements, and so re-orient recipients toward achieving program objectives. Through close and sustained collaboration with Federal and non-Federal partners, OMB has developed ideas that will ensure that discretionary grants and cooperative agreements are awarded based on merit; that management increases focus on performance outcomes; that rules governing the allocation of Federal funds are streamlined; and that the Single Audit oversight tool is better focused to reduce waste, fraud, and abuse.

As set forth in Executive Order 13563 of January 18, 2011, on Improving Regulation and Regulatory Review (76 FR 3821; January 21, 2011; <http://www.gpo.gov/dsp/pjg/FR/2011-01-21/pdf/2011-1385.pdf>), each Federal agency must "tailor its regulations to impose the least burden on society, consistent with regulatory objectives, taking into account, among other things, and to the extent practicable, the costs of cumulative regulations." To that end, it is important that Federal agencies identify those "rules that may be outdated, ineffective, insufficient, or excessively burdensome," and "modify,

# Significant Changes

- Changes in organization/terminology
- Internal control requirements
- New procurement standards
- Subrecipient monitoring/management
- Minor changes to cost principles
- Numerous threshold changes to single audit

# Organization by Subpart

- A. Acronyms and Definitions
- B. General Provisions
- C. Pre-Award Requirements and Contents of Federal Awards
- D. Post-Award Requirements
- E. Cost Principles
- F. Audit Requirements

# Appendices

- I. Notice of funding opportunity
- II. Contract provisions
- III. Indirect costs – Higher Ed
- IV. Indirect costs – Nonprofits
- V. SLG-wide central service cost allocation plans
- VI. Public assistance cost allocation plans
- VII. SLG indirect cost proposals
- VIII. Nonprofits exempted from federal cost principles
- IX. Hospital cost principles
- X. Data Collection Form (SF-SAC)
- XI. Compliance Supplement

## Subpart A

# Acronyms and Definitions

- 98 terms defined
- Includes references to related guidance
- Many terms were previously only defined in context

# Applicability

- Federal agencies that make Federal awards to non-Federal entities
- Non-Federal entities that administer Federal awards
- Limited exceptions are noted at §200.102



# Effective/Applicability Date

- Technically:
  - Federal agencies by 12/26/2014
  - New grants awarded after 12/26/2014
  - Audits of years beginning on or after 12/26/2014
- Practically:
  - 01/01/2015 for grants management
  - 12/31/2015 for single audits

## Effective/Applicability Date

- Early implementation
  - Administrative requirements and cost principles may be applied to all grants effective 12/26/2014 without penalty
  - Single audits may not be early implemented

*(source: COFAR FAQ .110-12 and .110-13)*

# Contents of Federal Awards

- Federal agencies:
  - Select appropriate instrument (grant, cooperative agreement, or contract)
  - Required public notice for competitive grants and cooperative agreements
  - Evaluate merit of proposals
  - Review risk posed by applicants

# Contents of Federal Awards

- Specific conditions
  - Based on the risk assessment, federal agencies may impose specific requirements
  - Must notify the applicant of the special conditions, the reason they were imposed, and the action required to remove them
  - Must “promptly remove” special conditions once the underlying issue is corrected

# Contents of Federal Awards

- Required information in award documents:
  - General information:
    - Recipient name/DUNS number
    - Federal Award Identification Number (FAIN)
    - Award date/period of performance
    - CFDA number/name
    - Total award amount/budget
    - Indirect cost rate
  - Terms and conditions (general/specific)
  - Performance goals

# Standards for Financial Management

- Recipients:
  - Comply with all requirements of award
  - Performance measurement systems
  - Financial management systems
    - Separate identification of federal awards
    - Complete/accurate financial results
    - Support for federal draws
    - Effective control/accountability
    - Written procedures

# Standards for Financial Management

- Internal controls:
  - 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
  - “Should” be consistent with COSO

COSO

## Internal Control - Integrated Framework

- Defining Internal Control:
  - Internal control is 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



COSO

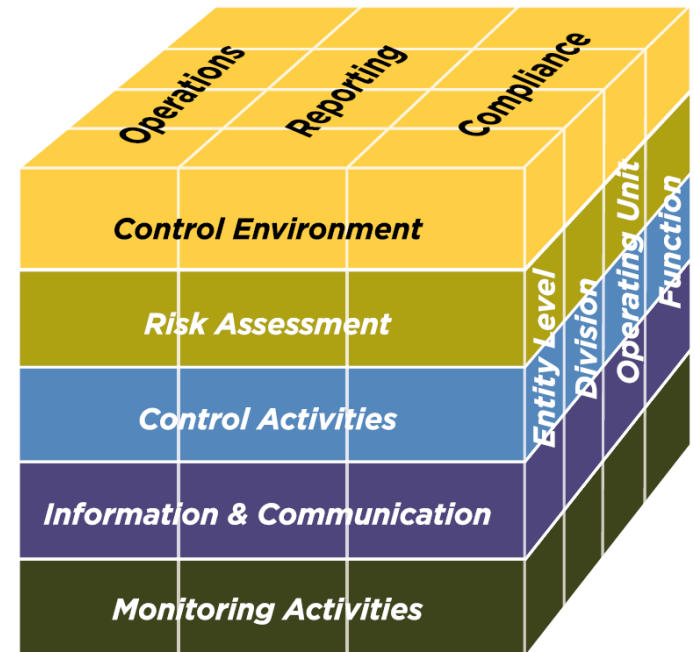
# Internal Control - Integrated Framework

- Objectives, Components, & Principles:
  - Objectives:
    - Operations, reporting, compliance
  - Components:
    - Control environment, risk assessment, control activities, information/communication, monitoring
  - Principles:
    - 17 concepts applicable to the 5 components

COSO

# Internal Control - Integrated Framework

- Objectives, Components, & Principles:
  - Each principle and component is applicable to each objective at each level of an organization



# Standards for Financial Management

- Payments:
  - States are governed by separate agreements
  - All others:
    - Advances are required if procedures exist to minimize time between receiving and disbursing federal funds
    - Reimbursement is preferred if this requirement cannot be met or if required by specific conditions
    - Working capital advances may be provided as needed

# Standards for Financial Management

- Cost sharing/matching:
  - Must be verifiable
  - Not included as contributions for another award
  - Reasonable/necessary
  - Allowable (see Subpart E)
  - Not paid by the Federal government under another award
  - Provided for in the budget

# Standards for Financial Management

- Program income:
  - Encouraged as a means of defraying program costs
  - Default treatment is to deduct from eligible expenditures

# Standards for Financial Management

- Budget revisions requiring prior approval:
  - Change in scope/objective of program
  - Change in key personnel listed in the application
  - Disengagement from project for more than 3 months
  - Inclusion of costs requiring prior approval
  - Transfer of “participant support costs” to other lines
  - Issuing subawards not in the application
  - Changes to cost-sharing/matching provided

# Standards for Financial Management

- Period of performance:
  - Allowable costs may only be charged to federal awards during the period specified in the grant agreement

# Standards for Financial Management

- Property standards:
  - Title to real property and equipment purchased with federal funds rests with the non-Federal entity
  - Must be insured like other property
  - Equipment must be used as long as needed for the original program
    - Then reassign to other programs
    - Physical inventory every two years



# Standards for Financial Management

- Disposition of real property:
  - Request instructions
  - Options:
    - Retain and compensate the federal agency
    - Sell and compensate the federal agency
    - Transfer title to the federal agency or designated third party

# Standards for Financial Management

- Disposition of equipment:
  - Under \$5,000, no requirements
  - Over \$5,000, request instructions
  - Options:
    - Retain/sell with no compensation
    - Sell and compensate the federal agency
    - Transfer title to the federal agency or designated third party

# Standards for Financial Management

- Procurement standards:
  - States may follow their own policies and procedures
  - All others must follow the general procurement standards
    - Use documented procurement procedures
    - No conflicts of interest
    - Consider most economical purchase option
    - *Grace period of one fiscal year*

# Standards for Financial Management

- Procurement standards:
  - All procurement transactions must be conducted in a manner providing full and open competition
  - Methods:
    - Micro purchases (<\$3,000)
    - Small purchases (<\$150,000)
    - Sealed bids/formal advertising (>\$150,000)
    - Competitive proposals
    - Noncompetitive proposals (sole source)

# Standards for Financial Management

- Subrecipient Monitoring/Management:
  - Non-Federal entities may be recipients, subrecipients, or contractors
  - Based on the substance of the agreement
  - Determining whether an agreement creates a subrecipient or contractor requires judgment

# Standards for Financial Management

- Subrecipient Monitoring/Management:
  - A “subaward” is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient
  - A “contract” is for the purpose of obtaining goods and services for the non-Federal entity’s own use and creates a procurement relationship with the contractor

# Standards for Financial Management

- Subrecipient Monitoring/Management:
  - Subrecipients:
    1. Determine who is eligible to receive what Federal assistance
    2. Have performance measured in relation to whether program objectives were met
    3. Have responsibility for programmatic decision making
    4. Are responsible for adherence to applicable Federal program requirements specified in the Federal award
    5. Use the Federal funds to carry out a program, as opposed to providing goods or services for the benefit of the pass-through entity

# Standards for Financial Management

- Subrecipient Monitoring/Management:
  - Contractors:
    1. Provide goods and services within normal business operations
    2. Provides similar goods or services to many different purchasers
    3. Normally operate in a competitive environment
    4. Provide goods or services that are ancillary to the operation of the Federal program
    5. Are not subject to compliance requirements of the Federal program as a result of the agreement



# Standards for Financial Management

- Pass-through entities must:
  - Clearly identify subaward information to subrecipients
  - Evaluate subrecipient risk
  - Consider imposing specific conditions on subrecipients based on risk
  - Monitor subrecipient activities in response to identified risks

# Standards for Financial Management

- Evaluating subrecipient risk:
  - Subrecipient's experience with similar awards
  - Results of prior audits (including major programs tested)
  - Extent of new personnel/systems
  - Results of any Federal agency monitoring

# Standards for Financial Management

- Subrecipient monitoring:
  - Review financial/programmatic reports
  - Verify that appropriate audits are conducted
  - Depending on assessed risks:
    - Provide training/technical assistance
    - Perform on-site reviews
    - Arrange for agreed-upon procedures engagements

continued...

# Standards for Financial Management

- Subrecipient monitoring:
  - Consider the results of audits, on-site reviews, and other monitoring
  - Follow-up on identified deficiencies
  - Issue a “management decision” on audit findings
  - Consider taking enforcement action for noncompliance

# Standards for Financial Management

- Records retention:
  - Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report

# Cost Principles

- Fundamental premises:
  - The non-Federal entity is responsible for effective/efficient administration of the federal award
  - The non-Federal entity must comply with agreements, objective, terms, and conditions of the federal award
  - The non-Federal entity has primary managerial responsibility

# Cost Principles

- Fundamental premises:
  - Applying these cost principles should require no significant changes to sound internal accounting policies/procedures
  - Indirect costs should be allocated consistently with the negotiated basis
  - The non-Federal entity may not earn or keep profit resulting from Federal awards

## Subpart E

# Cost Principles

- Composition of costs:
  - The “total cost” of a Federal award is the sum of the **allowable** direct and **allocable** indirect costs less any **applicable credits**



## Subpart E

# Cost Principles

- “Allowable” costs:
  - Necessary and reasonable for the performance of the Federal award
  - Conform to any limitations or exclusions set forth in these principles
  - Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity

# Cost Principles

- “Allowable” costs:
  - Accorded consistent treatment (direct vs. indirect)
  - Determined in accordance with generally accepted accounting principles
  - Not included as a cost or used to meet cost sharing or matching requirements of any other federally financed program
  - Adequately documented

# Cost Principles

- “Reasonable” costs:
  - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost

# Cost Principles

- “Reasonable” costs:
  - Ordinary and necessary for operations
  - Sound business practices/arm’s-length bargaining
  - Market prices for comparable goods/services for the geographic area
  - Individuals act with prudence
  - No significant deviation from established practices/policies to increase costs

## Subpart E

# Cost Principles

- “Allocable” costs:
  - Based on the relative benefits received:
    - Incurred specifically for federal award
    - Benefits both federal awards and other work (distribute proportionately)
    - Necessary for overall operation of the non-Federal entity
  - Allocable costs may not be charged to other Federal awards to overcome funding deficiencies

## Subpart E

# Cost Principles

- “Allocable” costs:
  - Use direct allocation if feasible without undue effort or cost
  - Otherwise, allocate on any reasonable documented basis

# Cost Principles

- “Applicable credits”:
  - Receipts or reduction-of-expenditure-type transactions that reduce expense items allocable to a Federal award as direct or indirect costs
  - Examples: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments

# Cost Principles

- Prior written approval:
  - Reasonableness and allocability can be difficult to determine
  - To avoid later disallowances or disputes, non-Federal entities may request prior written approval



# Cost Principles

- Direct and indirect costs:

§ 200.412 Classification of costs

*There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective.*

# Cost Principles

- Direct costs:
  - Can be identified specifically with a particular final cost objective
  - Minor items may be treated as indirect for reasons of practicality, if consistently applied
  - Unallowable costs may still be direct

# Cost Principles

- Indirect (F&A) costs:
  - Classified as “facilities” (space costs) or “administration” (overhead costs)
  - Cannot be identified specifically with a particular final cost objective

# Cost Principles

- Indirect (F&A) costs:
  - If there is a federally “negotiated rate”, it must be accepted by all federal agencies
  - Otherwise, use a 10% MTDC *de minimus* rate
  - Pass-through entities may, but are not required to, negotiate a rate with a proposed subrecipient who asks to do so (FAQ .331-6)

## Subpart E

# Cost Principles

- Modified Total Direct Costs (MTDC):
  - Excludes:
    - Equipment and capital expenditures
    - Rental costs
    - Charges for patient care
    - Tuition remission, scholarships, and fellowships
    - Participant support costs
    - Portion of each subaward and subcontract in excess of \$25,000

## Subpart E

# Cost Principles

- Indirect (F&A) costs:

§200.100(c)

*The principles are designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by statute.*

# Cost Principles

- Selected items of cost:
  - 55 specific items are included
  - Apply to both direct and indirect costs
  - Failure to mention a particular item of cost does not imply that it is either allowable or unallowable (apply general principles of allowability)
  - The provisions of a specific award always govern in the case of a discrepancy

## Subpart E

# Cost Principles

- § 200.421 Advertising and public relations
  - Only allowable for:
    - Recruiting personnel
    - Procuring goods/services
    - Disposal of scrap/surplus material
    - Program outreach/communicating accomplishments
  - Otherwise, unallowable



Subpart E

# Cost Principles

- § 200.422 Advisory councils
  - Generally unallowable

Subpart E

# Cost Principles

- § 200.423 Alcoholic beverages
  - Generally unallowable

Subpart E

# Cost Principles

- § 200.424 Alumni activities
  - Generally unallowable

## Subpart E

# Cost Principles

- § 200.425 Audit services
  - A “reasonably proportionate share” of the cost of a single audit is allowable
    - Cannot charge the cost of a single audit if one is not required by Subpart F
    - Pass-through entities may charge the cost of agreed-upon procedures engagements for subrecipient monitoring (following GAGAS)

Subpart E

# Cost Principles

- § 200.426 Bad debts
  - Generally unallowable

## Subpart E

# Cost Principles

- § 200.427 Bonding costs
  - Allowable:
    - Performance/bid bonds
    - Fidelity bonds for employees/officials
    - When required by federal award
    - As part of indirect costs for general conduct of operations (if coverage is reasonable)

## Subpart E

# Cost Principles

- § 200.428 Collections of improper payments
  - Generally allowable
  - Amounts collected may be used in accordance with cash management standards

Subpart E

# Cost Principles

- § 200.429 Commencement/convocation costs
  - Generally unallowable



## Subpart E

# Cost Principles

- § 200.430 Compensation—personal services
  - Allowable if:
    - Reasonable for services rendered
    - Follows local hiring policies
    - Determined and supported in accordance with “Standards for Documentation” of Personnel Expenses

## Subpart E

# Cost Principles

- § 200.430 Compensation—personal services
  - Standards for Documentation:
    - Records that accurately reflect the work performed
      - Supported by a system of internal control
      - Incorporated into the official records of the non-Federal entity
      - Reasonably reflect the total compensated activity (100%)
      - Encompass both federal and non-federal activity
      - Comply with established accounting policies/practices
      - Support the distribution of salaries/wages among activities

## Subpart E

# Cost Principles

- § 200.430 Compensation—personal services
  - Standards for Documentation:
    - Budget estimates (before the fact) alone are not sufficient, unless:
      - The system for budgeting produces a reasonable estimate
      - Significant changes in actual work are identified and corrected
      - Short-term fluctuations may be excluded, if the budget is reasonable over the longer term
      - Internal controls include an after-the-fact review of budgeted charges, and makes corrections as necessary

# Cost Principles

- § 200.430 Compensation—personal services
  - New guidance is much more principles-based

*The focus in this final guidance on overall internal controls mitigates the risk that a non-Federal entity or their auditor will focus solely on prescribed procedures such as reports, certifications, or certification time periods which alone may be ineffective in assuring full accountability.*

## Subpart E

# Cost Principles

- § 200.431 Compensation—fringe benefits
  - Generally allowable (if reasonable):
    - Leave
    - Payroll taxes / insurances
    - Pensions / OPEB
    - Severance pay

Subpart E

# Cost Principles

- § 200.432 Conferences
  - Allowable for dissemination of technical information

Subpart E

# Cost Principles

- § 200.433 Contingency provisions
  - Generally unallowable, unless pre-approved

## Subpart E

# Cost Principles

- § 200.434 Contributions and donations
  - Generally unallowable
  - Donations received may be used to meet matching requirements in limited circumstances



Subpart E

## Cost Principles

- § 200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements
  - Generally unallowable

# Cost Principles

- § 200.436 Depreciation
  - Used to allocate the cost of fixed assets to the periods benefitting from asset use
  - Allowable if calculated in accordance with GAAP
  - No depreciation is allowed for assets that have outlived their depreciable lives
  - Must be supported by adequate property records

## Subpart E

# Cost Principles

- § 200.437 Employee health and welfare costs
  - Costs incurred in accordance with the non-Federal entity's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable

# Cost Principles

- § 200.438 Entertainment costs
  - Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency

## Subpart E

# Cost Principles

- § 200.439 Equipment and other capital expenditures
  - Allowable:
    - Unit cost under \$5,000
    - Unit cost over \$5,000 (if approved in award budget)
  - Otherwise, see depreciation

Subpart E

# Cost Principles

- § 200.440 Exchange rates
  - Generally allowable where necessary

Subpart E

# Cost Principles

- § 200.441 Fines, penalties, damages and other settlements
  - Generally unallowable

## Subpart E

# Cost Principles

- § 200.442 Fund raising and investment management costs
  - Generally unallowable
  - Unallowable fundraising activities should still be allocated their proportionate share of indirect costs



Subpart E

# Cost Principles

- § 200.443 Gains and losses on disposition of depreciable assets
  - Include with depreciation

## Subpart E

# Cost Principles

- § 200.444 General costs of government
  - Generally unallowable:
    - Governor/chief executive
    - Legislative/judicial branches
    - Police/fire (unless provided as direct costs)

## Subpart E

# Cost Principles

- § 200.445 Goods or services for personal use
  - Unallowable (even if reported as taxable compensation)
  - Housing allowances may be allowable as a direct cost with advance approval

# Cost Principles

- § 200.446 Idle facilities and idle capacity
  - Idle facilities (not used at all) are generally unallowable unless necessary for workload fluctuations
  - Idle capacity (unused potential) are considered normal operating costs, and are generally allowable

# Cost Principles

- § 200.447 Insurance and indemnification
  - Specific insurance is allowable as a direct costs
  - Other insurances are generally allowable as an indirect cost
  - Contributions to a self-insurance pool must be based on sound actuarial principles

Subpart E

# Cost Principles

- § 200.448 Intellectual property
  - Allowable if required for an award

## Subpart E

# Cost Principles

- § 200.449 Interest
  - Allowable for financing fixed assets
    - If fixed assets are used to support federal awards
    - Only externally paid interest is allowable (internal borrowing costs are unallowable)

## Subpart E

# Cost Principles

- § 200.450 Lobbying
  - Generally unallowable
  - Giving testimony on grant activities is allowable



Subpart E

# Cost Principles

- § 200.451 Losses on other awards or contracts
  - Generally unallowable

## Subpart E

# Cost Principles

- § 200.452 Maintenance and repair costs
  - Generally allowable
  - Costs incurred for improvement of fixed assets should be capitalized/depreciated

## Subpart E

# Cost Principles

- § 200.453 Materials and supplies costs, including costs of computing devices
  - Generally allowable
  - May charge at cost for use of existing inventory

## Subpart E

# Cost Principles

- § 200.454 Memberships, subscriptions, and professional activity costs
  - Allowable for business, technical, and professional purposes
  - Allowable for civic/community groups with prior approval
  - Unallowable for country club/social memberships and lobbying organizations

Subpart E

# Cost Principles

- § 200.455 Organization costs
  - Generally unallowable

Subpart E

# Cost Principles

- § 200.456 Participant support costs
  - Allowable with prior approval

## Subpart E

# Cost Principles

- § 200.457 Plant and security costs
  - Generally allowable
  - Consider need to capitalize/depreciate larger expenditures

## Subpart E

# Cost Principles

- § 200.458 Pre-award costs
  - Only allowable if:
    - Pre-approved in writing
    - Otherwise allowable in nature



## Subpart E

# Cost Principles

- § 200.459 Professional service costs
  - Allowable if:
    - Reasonable/necessary
    - More economical than hiring internally
    - Contractor is adequately qualified
    - Appropriate contract is in place

Subpart E

# Cost Principles

- § 200.460 Proposal costs
  - Current period costs are allowable as an indirect cost

Subpart E

# Cost Principles

- § 200.461 Publication and printing costs
  - Generally allowable

Subpart E

# Cost Principles

- § 200.462 Rearrangement and reconversion costs
  - Generally allowable

Subpart E

# Cost Principles

- § 200.463 Recruiting costs
  - Generally allowable, if reasonable

## Subpart E

# Cost Principles

- § 200.464 Relocation costs of employees
  - Generally allowable
    - For the benefit of the employer
    - In accordance with written policy
    - Not exceed actual expenses
    - Limited to transportation, lodging, closing costs, maintenance of prior residence, and incidental costs
    - Repay if employment ends within 12 months

## Subpart E

# Cost Principles

- § 200.465 Rental costs of real property and equipment
  - Generally allowable
    - “Sale and lease back” arrangements and less-than-arms-length transactions are limited to otherwise allowable costs of ownership
    - Capital leases are limited to amount of GAAP-basis depreciation

## Subpart E

# Cost Principles

- § 200.466 Scholarships and student aid costs
  - Allowable as direct costs when that is the purpose of an award
  - Otherwise subject to rules for compensation and fringe benefits



Subpart E

# Cost Principles

- § 200.467 Selling and marketing costs
  - Unallowable without prior approval

Subpart E

# Cost Principles

- § 200.468 Specialized service facilities
  - Allowable as a direct cost based on actual usage

Subpart E

# Cost Principles

- § 200.469 Student activity costs
  - Generally unallowable

## Subpart E

# Cost Principles

- § 200.470 Taxes (including Value Added Tax)
  - Generally allowable if legally required to be paid
  - Generally unallowable if avoidable

Subpart E

# Cost Principles

- § 200.471 Termination costs
  - Generally allowable if unavoidable

Subpart E

# Cost Principles

- § 200.472 Training and education costs
  - Generally allowable

Subpart E

# Cost Principles

- § 200.473 Transportation costs
  - Generally allowable

Subpart E

# Cost Principles

- § 200.474 Travel costs
  - Generally allowable
    - Subject to local policies (or GSA limits)



Subpart E

# Cost Principles

- § 200.475 Trustees
  - Generally allowable (see also Travel costs)

## Subpart F

# Single Audit

- The overall approach for a single audit was largely left unchanged
- Various thresholds increased
- Will be covered in detail at the July 22, 2015 webinar

# Online Resources

- [www.whitehouse.gov/omb/grants](http://www.whitehouse.gov/omb/grants)
- <https://cfo.gov/cofar/>
- <http://www.aicpa.org/INTERESTAREAS/GOVERNMENTALAUDITQUALITY/RESOURCES/AUDITEERESOURCECENTER/Pages/AuditeeResourceCenter.aspx>

# Questions?



# For more information...



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