



[2 CFR 200](#), is Uniform Guidance which establishes standardized administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, including recipients of infrastructure grant funds. 2 CFR 200 applies to all federal awards.

Subpart D: Post-Federal Award Requirements

INTERNAL CONTROLS

The funding recipient must establish and maintain reasonable assurance over a federal award and ensure such award is in compliance with federal statutes. To do so, the funding recipient must:

- Establish and maintain effective internal control and accountability for all funds, properties, and other assets
- Adequately safeguard all assets and ensure such assets are used for authorized purposes
- Take measures to ensure information privacy
- Comply with the terms and conditions of the award
- Evaluate and monitor compliance
- Take prompt action against noncompliant activities

PROPERTY AND PROCUREMENT STANDARDS

The funding recipient must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds. 2 CFR 200 defines four types of property:

<p>Real Property</p> <p>Land, including land improvements, structures and appurtenances; excludes moveable machinery and equipment.</p>	<p>Equipment</p> <p>Tangible personal property with useful life of more than 1 year and per-unit acquisition cost of at least \$5,000.</p>	<p>Supplies</p> <p>Tangible personal property other than equipment. A computing device is considered a supply if the acquisition cost is less than \$5,000.</p>	<p>Intangible Property</p> <p>Property with no physical existence, such as trademarks, copyrights, patents and patent applications, and property and other instruments of property ownership.</p>

MONITORING AND REPORTING

Funding recipients are:

- Responsible for overseeing the use of federal funds to ensure federal award **requirements are met**.
- Required to submit **non-construction, construction, and significant development performance reports** at the interval required by the federal awarding agency.
- Responsible for making case-by-case **determinations** on whether a disbursement of federal funds is made to a:

<u>Contractor</u>	or to a	<u>Subrecipient</u>
An entity providing goods and services for the funding recipients own use and creating a procurement relationship		An entity receiving a subaward for the purpose of carrying out a portion of a federal award creating an assistance relationship

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Subpart E: Cost Principles

The following cost principles must be **used in determining allowable costs** of work performed by the funding recipient under federal awards. Subpart E also contains guidance on how funding recipients should account for specific cost types. Costs pertaining to **federal awards should be:**

1. Allowable

- Except as authorized by statute, costs must be:
- a) Necessary, reasonable, and allocable;
 - b) Consistent with cost principles of federal award;
 - c) Consistent with policies and procedures;
 - d) Consistently treated as direct or indirect costs;
 - e) In accordance with GAAP;
 - f) Not included as cost sharing requirements of any other federally-financed program;
 - g) Adequately documented; and,
 - h) Incurred during the approved budget period.

2. Reasonable

A cost is reasonable if, in nature and amount, it does not exceed what would be incurred by a prudent person under the circumstances prevailing at the time of the decision to incur the cost.

3. Allocable

Costs are allocable if:

- a) They are incurred specifically for the federal award;
- b) Benefit both the award and funding recipient and can be disbursed using reasonable methods; and
- c) They are necessary to the overall operation of the funding recipient and are assignable to the federal award.

4. Consistently Treated

It is essential that each item of cost incurred for the same purpose be treated consistently, as a direct or indirect cost, in like circumstances to avoid possible double-charging of federal awards.

Subpart F: Audit Requirements

Audits are performed to ensure federal awards are expended in compliance with conditions set forth in 2 CFR 200 and the terms and conditions of the federal award. Audits are required for funding recipients that expend **\$750,000 or more in federal awards** during the funding recipient's fiscal year. The two types of audits are **single audits**, used generally, and **program-specific audits**, which can be used by recipients who expend funding from only one federal award program.

AUDITEE RESPONSIBILITIES



Procure the auditor, arrange for the audit to be performed, ensure the audit is performed properly, and submit the audit as required by Subpart F – Audits.



Prepare financial statements and a schedule of federal award expenditures in accordance with [2 CFR 200 §200.510](#).



Promptly take corrective action required by audit findings.



Provide the auditor access to the information and supporting documentation needed to complete the audit.

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