

# 2 CFR 200 Fact Sheet

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



Comply with the terms and conditions of the award

Adequately safeguard all **[\$**] assets and ensure such assets are used for authorized purposes



Evaluate and monitor compliance



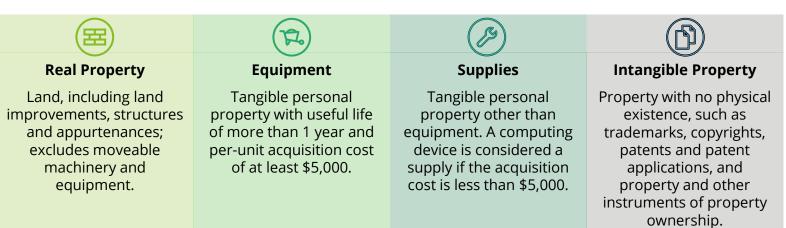
Take measures to ensure information privacy



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:



### **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		An entity receiving a subaward for the purpose of
funding recipients own use and creating a		carrying out a portion of a federal award creating
procurement relationship		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	2. Reasonable
Except as authorized by statute, costs must be: a) Necessary, reasonable, and allocable;	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.
<ul> <li>b) Consistent with cost principles of federal award;</li> </ul>	3. Allocable
<ul> <li>c) Consistent with policies and procedures;</li> <li>d) Consistently treated as direct or indirect costs;</li> <li>e) In accordance with GAAP;</li> <li>f) Not included as cost sharing requirements of</li> </ul>	<ul> <li>Costs are allocable if:</li> <li>a) They are incurred specifically for the federal award;</li> <li>b) Benefit both the award and funding recipient and can be disbursed using reasonable methods; and</li> <li>c) They are necessary to the overall operation of the funding recipient and are assignable to the federal award.</li> </ul>
any other federally- financed program;	4. Consistently Treated
<ul><li>g) Adequately documented; and,</li><li>h) Incurred during the</li></ul>	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

approved budget period.

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

Prepare financial Promptly take corrective Provide the auditor Procure the auditor, arrange for the audit to be statements and a action required by audit access to the information performed, ensure the schedule of federal findings. and supporting audit is performed award expenditures in documentation needed properly, and submit the accordance with 2 CFR to complete the audit. audit as required by 200 §200.510. Subpart F – Audits.

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