



[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:

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

### 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:

**Contractor**

An entity providing goods and services for the funding recipients own use and creating a procurement relationship

or to a

**Subrecipient**

An entity receiving a subaward for the purpose of carrying out a portion of a federal award creating an assistance relationship



## 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.