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# *I Received a Federal Award: Now What?*

**Diane E. Edelstein**

**December 16, 2025**

# MDCPA.CNF.IO

- Navigate to https://mdcpa.cnf.io and tap the session titled "I Received a Federal Award: Now What?"

- OR just point your phone’s camera at the QR code to join directly

# Diane E. Edelstein, CPA

Diane is a senior partner at Maher Duessel, a regional firm in Pennsylvania. Diane has over 35 years of experience with auditing of Not-for-Profit organizations, Governments and Single Audits.

She speaks often on the topic of Single Audits and is a prior member of the AICPA Governmental Audit Quality Center, Executive Committee and the AICPA NPO Conference Committee.

Diane served on the PICPA Peer Review Committee and on the PICPA Professional Ethics Committee.

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# I Received a Federal Award: Now What?

You are now

- A Recipient
- A Subrecipient
- Both of the above

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# Step One

- Read the award agreement
  - Which will say follow 2CFR Part200

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

(Original December 2013, updated 2020, updated 2024)

# What Will We Cover?

- Uniform Guidance: Subpart A-E
- Single Audit
- SEFA Preparation
- Subrecipient Monitoring

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# Uniform Guidance

# Uniform Guidance - UG

Uniform Administrative Requirements,

Cost Principles, and Audit Requirements

for Federal Awards

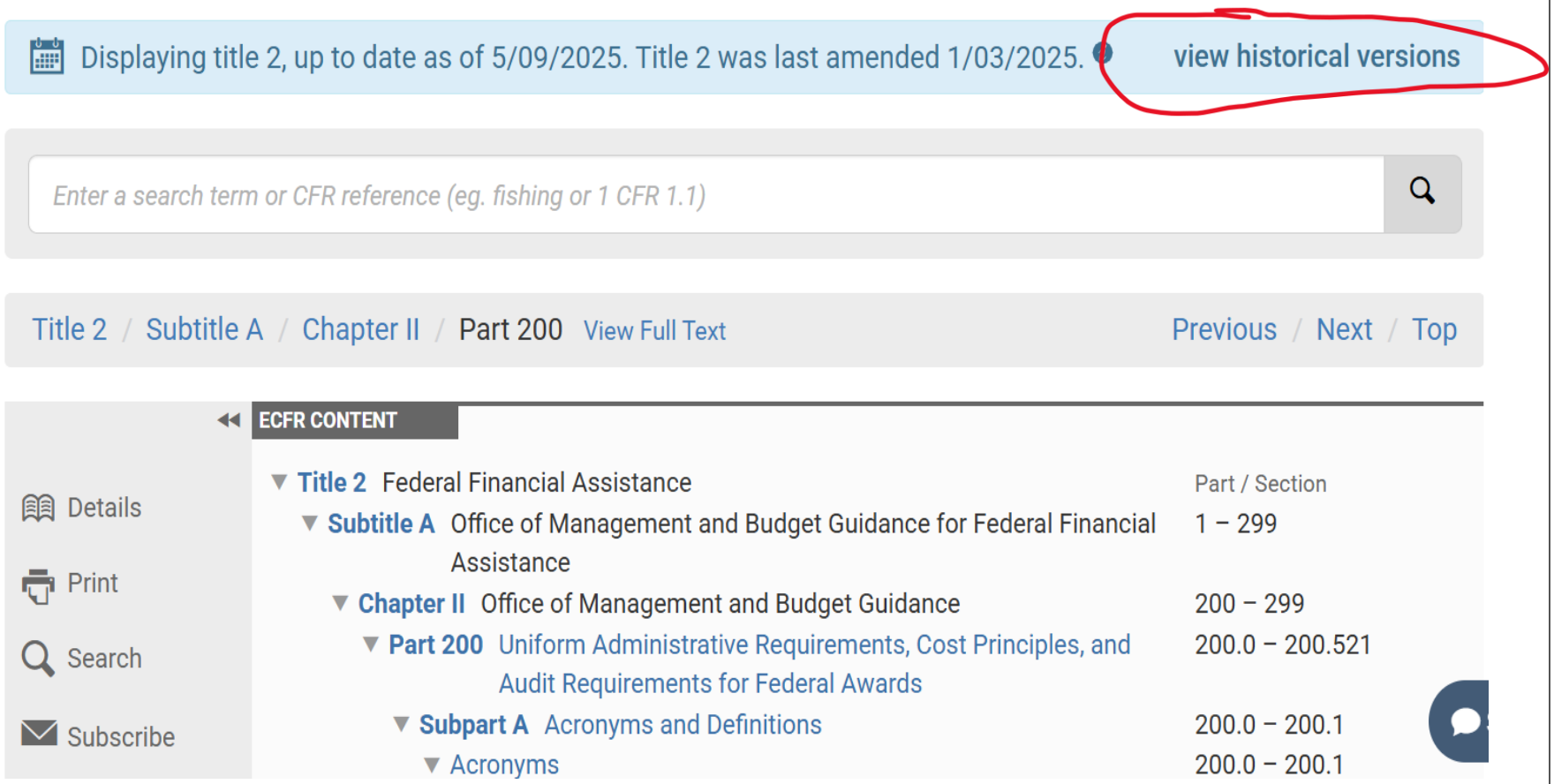
(Original December 2013, updated 2020, updated 2024)

# The 2024 Revision to the Uniform Guidance

- On April 22, 2024, the OMB issued final revisions to the Uniform Guidance for Federal Awards https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance

- M-24-11 issued April 4, 2024, states Federal agencies must make revisions effective for all Federal awards issued on or after October 1, 2024

# Electronic CFR- Title 2/Subtitle A/Chapter 200/ Part 200



# 2CFR 200 Frequently Asked Questions

- Publication: January 15, 2025
- Issued by COFFA
  - Council on Federal Financial Assistance
- 100 Questions and Answers

www.coffa.gov/assets/files/2%20CFR%20Revised%20FAQs.pdf

# Who Follows Uniform Guidance?

Recipients & Subrecipients

Auditors

Federal Agencies

# What Rules Do I Follow as a Non-federal Entity?

- Part D - Post Federal Award Requirements 200.3xx
- Part E – Cost Principles 200.4xx
- Appendix for cost allocation

- Part D - Post Federal Award Requirements 200.3xx
- Part E – Cost Principles 200.4xx
- Part F – Audit Requirements 200.5xx
- Appendixes
  - Cost allocation
  - Data Collection Form
  - Compliance Supplement

***Also follow award requirements***

# When Does Auditee Follow UG?

- All Programs
- All Compliance Areas

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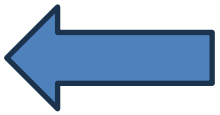
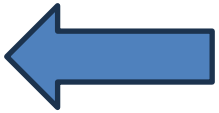
# Uniform Guidance Contents

- Subpart A - Acronyms and Definitions 200.xx
- Subpart B - General Provisions 200.1xx
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Award 200.2xx
- Subpart D – Post-Federal Award Requirements 200.3xx
- Subpart E - Cost Principles 200.4xx
- Subpart F - Audit Requirements 200.5xx
- Appendix I – XII Various Appendix

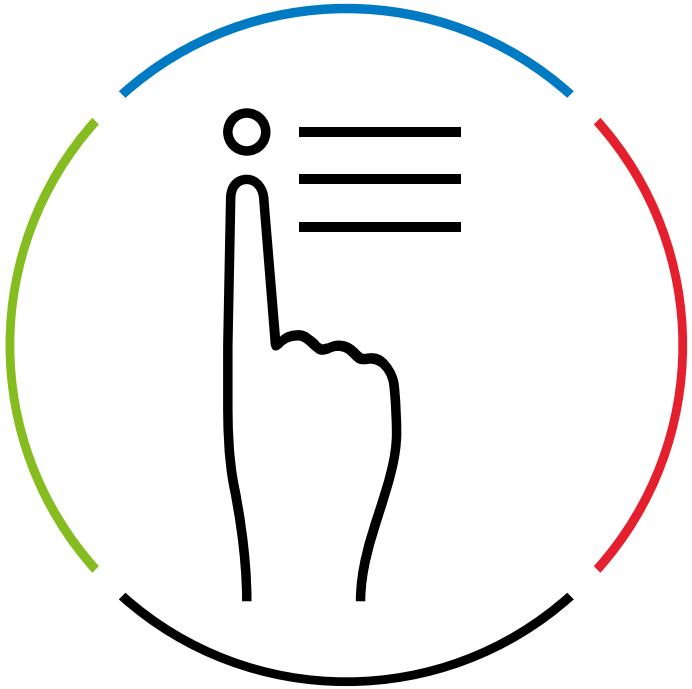
# Uniform Guidance Contents

- Appendix I - Notice of Funding Opportunity
- **Appendix II - Contract provisions for non-Federal entity contracts under Federal awards**
- Appendix III - Indirect (F&A) costs identification and assignment, and rate determination for Institutions of Higher Education (IHEs)
- Appendix IV - Indirect (F&A) costs identification and assignment, and rate determination for nonprofit organizations
- Appendix V - State/local government and Indian tribe-wide central service cost allocation plans
- Appendix VI - Public assistance cost allocation plans

# Uniform Guidance Contents

- Appendix VII - State and local government and Indian tribe indirect cost proposals
- Appendix VIII - Nonprofit organizations exempt from Cost Principles
- Appendix IX - Hospital Cost Principles
- Appendix X - Data Collection Form 
- Appendix XI - Compliance Supplement 
- Appendix XII- Award Term and Condition for Recipient Integrity and Performance Matters

# Acronyms & Definitions – Subpart A



# Definitions

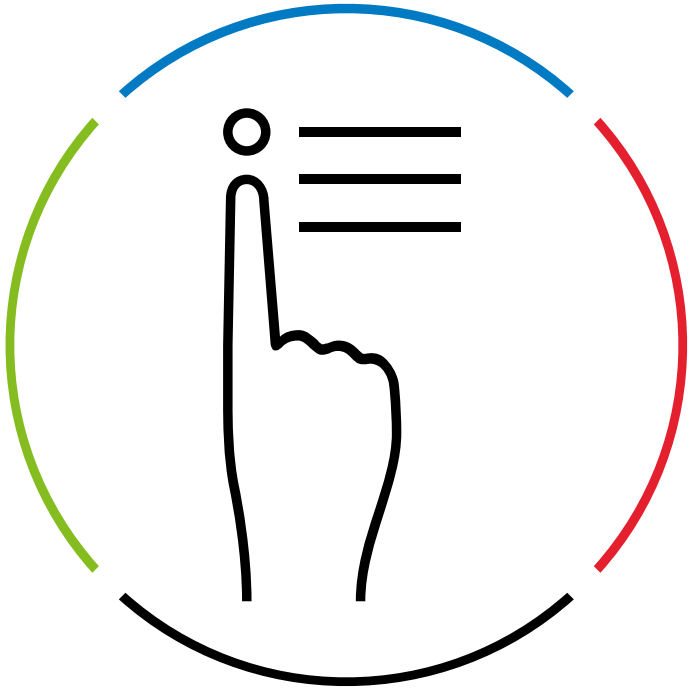
- Listed under §200.1
  - Listed alphabetically to facilitate addition of future definitions
  - Adds five new definitions
    - Continuation funding
    - For-Profit organization
    - Institution of Higher Education
    - Prior approval
  - Equipment: Increases the threshold for equipment from $5,000 to $10,000

# Definitions

- Listed under §200.1
  - Supplies: Increases the threshold for unused supplies from $5,000 to $10,000
  - Termination: Clarifies that termination does not include discontinuing a Federal award due to a lack of available funds

Definitions contain key information

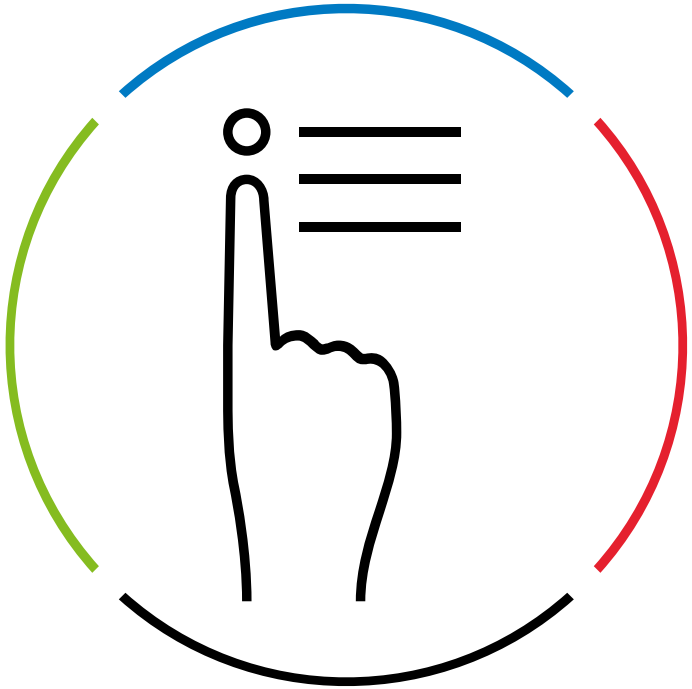
# General Provisions
## Subpart B



# Section 200.101 Must vs Should

- 200.101 (b), Throughout this part when the word “must” is used, it indicates a requirement. Whereas use of the word “should” or “may” indicates best practice

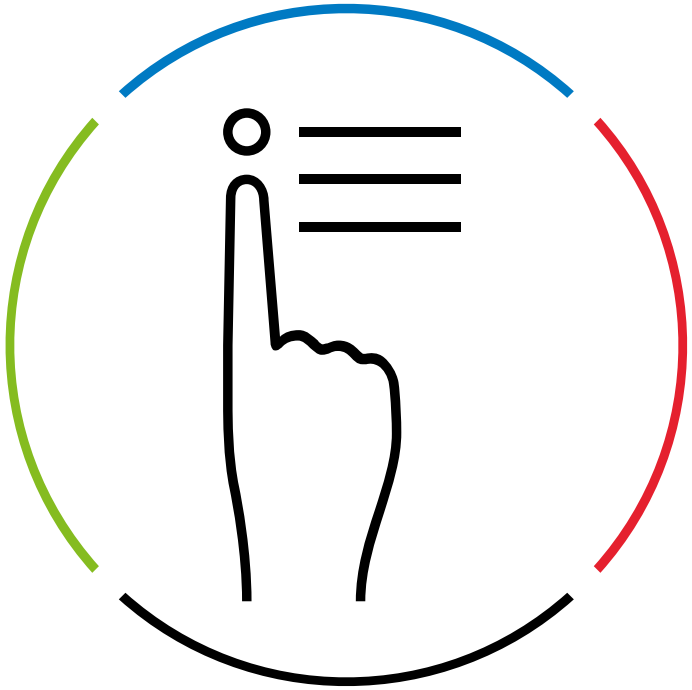
# Pre-Federal Award Requirements and Contents of Federal Awards - Subpart C



# Subpart C – Pre-Award

- Covers administrative requirements directed primarily at federal agencies including pre-award activities and requirements for the contents of federal awards
- References in subrecipient monitoring/sanctions will reference back to this section

# Post-Federal Award Requirements
# Subpart D



# Subpart D –
# *Post-Federal Award Requirements*

- Statutory and national policy
- Performance measurement
- Financial management
- **Internal controls**
- Bonds
- Federal payment
- Cost sharing
- Program income
- Revision of budget and program plans
- Modification to Period of Performance
- Property standards
- Procurement standards
- Performance and financial monitoring and reporting
- **Sub recipient monitoring and management**
- Record retention and access
- Remedies for noncompliance
- Closeout
- Post-Closeout adjustments
- Collection of amounts due

# Sample of Key Changes

§200.306 Cost Sharing: Removes the term "matching"

§200.307 Program Income: Clarifies each of the three methods for use of program income

§200.314 Supplies: Increases threshold from $5,000 to $10,000 **and** clarifies that the requirement for unused supplies apply to the aggregate value of all supply types, and not just like-item supplies

# Sample of Key Changes

§200.319 Competition: Removes the prohibition on using geographic preference requirements in the evaluation of procurement bids or proposals

§200.332 Requirements for pass-through entities: Clarifies that pass-through entities must confirm that potential subrecipients are not suspended, debarred, or otherwise excluded from receiving Federal funds

# Internal Control

# Internal Controls § 200.303

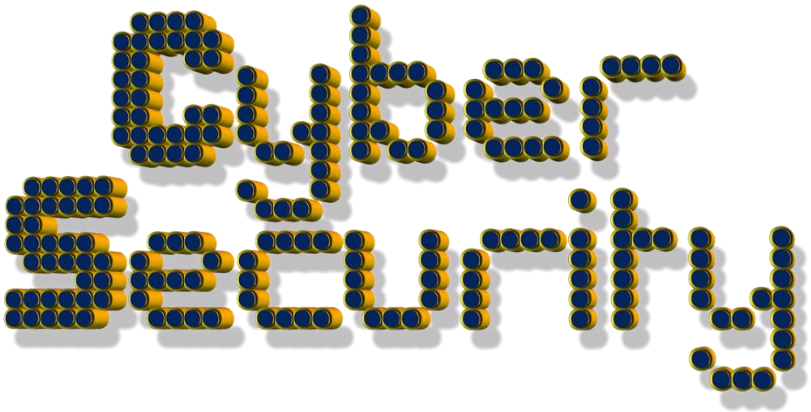
The non-federal entity must:

a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with guidance in "Standards for Internal Control in the Federal Government" [Green Book] issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

# Internal Controls § 200.303

**Added new section**

e) Take reasonable cyber security and other measures to safeguard information including protected personally identifiable information (PII) and other types of info



# Subrecipient Monitoring

# Subrecipient / Contractor Determinations 200.331

- A non-federal entity may concurrently receive federal awards as:
  - Recipient
  - Subrecipient
  - Contractor
- PTE must make case-by-case determination whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a:
  - Subrecipient or
  - Contractor

# Subrecipient Monitoring and Management

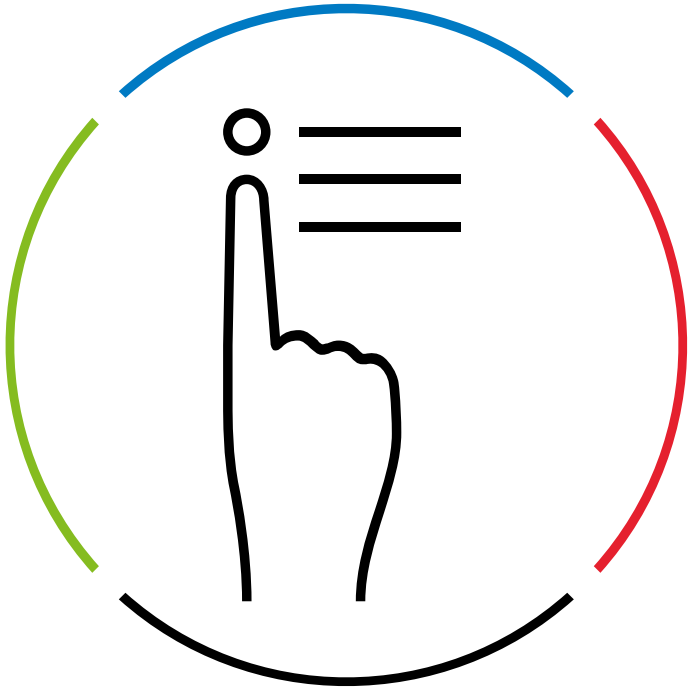
***Definitions in Subpart A  200.1 Definitions***

- Pass-through Entity (PTE) means a recipient or subrecipient that provides a sub-award to a subrecipient to carry out part of a Federal program

# Subrecipient Monitoring and Management

Deeper Dive to come

# Cost Principles
# Subpart E



# Key Definitions

- *Disallowed costs means those charges to a Federal award that the Federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal statues, regulations, or the terms and conditions of the Federal award*

# Key Definitions

- *Expenditures* means charges made by a recipient or subrecipient to a project or program for which a Federal award was received
  - The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied

# Key Definitions

- *Improper payment* means:
  - Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other *legally applicable* requirements

# Key Definitions

- *Questioned cost* means an amount, expended or received from a Federal award, that in the auditor's judgment:
  1) Is noncompliant or suspected noncompliant with Federal statutes, regulations, or the terms and conditions of the Federal award;
  2) At the time of the audit, lacked adequate documentation to support compliance; or
  3) Appeared unreasonable and do not reflect the actions a prudent person would take in the circumstances.

**Questioned costs are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular A–123 appendix C.**

# Part 200 – Uniform Guidance for Federal Awards

Subpart E - Cost Principles 400.xx

- General Provisions
- Basic Considerations
  - Composition of costs
  - **Factors affecting allowability of costs**
  - **Reasonable costs**
  - Allocable costs
  - Applicable credits
  - Prior written approval
  - Limitation on allowable costs
  - Special considerations
  - Collection of unallowable costs
  - Adjustment of previously negotiated ICR containing unallowable costs

# Part 200 –
# Uniform Guidance for Federal Awards

## Subpart E - Cost Principles 400.xx (cont)

- Direct and Indirect (F&A) Costs
  - Classification of costs
  - Direct costs
  - **Indirect (F&A) costs**
  - Required certifications
- Special Considerations for States, Local Governments, and Indian Tribes
- Special considerations for Institutions of Higher Education
- **General Provisions for Selected Items of Costs**

# Subpart E, Cost Principles - Basic

- **§200.403 Factors affecting allowability of costs**
  - Be necessary and reasonable
  - Conform to any limitations or exclusions
  - Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the recipient or subrecipient
  - Be accorded consistent treatment

# Subpart E, Cost Principles - Basic

- **§200.403 Factors affecting allowability of costs (cont)**
  - Be determined in accordance with GAAP, except, for state and local governments and Indian tribes only, as otherwise provided for in this part
  - Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period
  - Be adequately documented
  - Administrative closeout cost may be incurred until the due date of the final report(s)

# Subpart E, Cost Principles - Basic

- **§200.404 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

# Uniform Guidance for Federal Awards Appendix

- Appendix III – Indirect Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education
- Appendix IV – Indirect Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
- Appendix V – State/Local Governmentwide Central Service Cost Allocation Plans
- Appendix VI – Public Assistance Cost Allocation Plans
- Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals

# General Provisions for Selected Items of Cost

- **§200.420 Considerations for selected items of cost**
  - These principles apply, whether or not, a particular item of cost is properly treated as direct of indirect cost
  - Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable
  - In case of a discrepancy between the provisions of the specific Federal Award and UG provisions the Federal award governs

# General Provisions For Selected Items of Costs 200.4xx

- 421 Advertising and public relations
- 422 Advisory councils
- 423 Alcoholic beverages
- 424 Alumni(ae) activities
- 425 Audit services
- 426 Bad debts
- 427 Bonding costs
- 428 Collection of improper payments
- 429 Commencement and convocation costs
- 430 Compensation – personal services
- 431 Compensation – fringe benefits
- 432 Conferences
- 433 Contingency provisions
- 434 Contributions and donations
- 435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements

# General Provisions For Selected Items of Costs 200.4xx

- 436 Depreciation
- 437 Employee health and welfare costs
- 438 Entertainment and prizes
- 439 Equipment and other capital expenditures
- 440 Exchange rates
- 441 Fines, penalties, damages and other settlements
- 442 Fund raising and investment management costs
- 443 Gains and losses on disposition of depreciable assets
- 444 General costs of government
- 445 Goods and services for personal use
- 446 Idle facilities and idle capacity
- 447 Insurance and indemnification
- 448 Intellectual property
- 449 Interest
- 450 Lobbying
- 451 Losses on other awards or contracts
- 452 Maintenance and repair costs

# General Provisions For Selected Items of Costs 200.4xx

- 453 Materials and supplies costs, including costs of computing devices
- 454 Memberships, subscriptions, and professional activity costs
- 455 Organization costs
- 456 Participant support costs
- 457 Plant and security costs
- 458 Pre-award costs
- 459 Professional service costs
- 460 Proposal costs
- 461 Publication and printing costs
- 462 Rearrangement and reconversion costs
- 463 Recruiting costs
- 464 Relocation costs of employees
- 465 Rental costs of real property and equipment
- 466 Scholarships and student aid costs
- 467 Selling and marketing costs
- 468 Specialized service facilities
- 469 Student activity costs

# General Provisions For Selected Items of Costs 200.4xx

- 470 Taxes (including Value Added Taxes)
- 471 Telecommunication costs and video surveillance costs
- 472 Termination costs
- 473 Training and education costs
- 474 Transportation costs
- 475 Travel costs
- 476 Trustees

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# Single Audit

# Single Audit

- What is a Single Audit?
- Do I need a Single Audit?
- Where do I find Guidance for a Single Audit?

# Objectives of the Single Audit Act

- Improve financial management
- Provide uniform audit requirements
- Promote efficient and effective audit resource use
- Ensure reliance on and use of audit work performed under the single audit
- A single audit consists of an audit of a nonfederal entity's financial statements and a compliance audit of its federal awards

# When is a Single Required?

- When a non-federal entity expends federal awards (either direct or indirect awards) of $750,000 or more in their fiscal year

- Effective September 30, 2025 year-ends: expends federal awards (either direct or indirect awards) of **$1,000,000** or more in their fiscal year

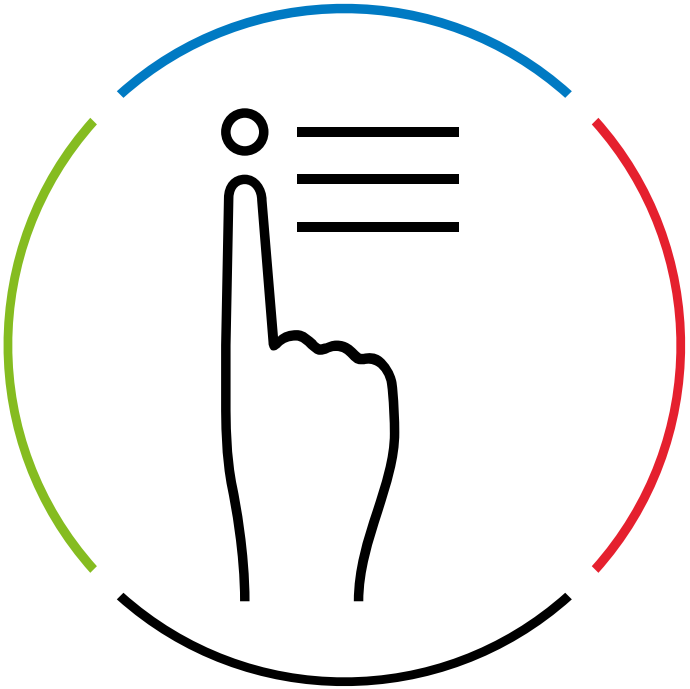
# Non-Federal Entity

- **A non-federal entity includes all of the following that carry out a Federal award as a recipient or subrecipient:**
  - States
  - Local governments
  - Indian tribes
  - Institutions of higher education (IHE)
  - Not-for-profit organizations

# Guidance for a Single Audit

Uniform Guidance

Subpart F



# Steps in a Single Audit

- Auditee hires the auditor
- The SEFA
- Major Program Determination
- Test Major Program
  - Direct and Material Compliance
  - Internal Control over Compliance
  - Testing auditee following of Admin Requirements and Cost Principles
- Reporting

# Subpart F –
# *Audit Requirements*

- Purpose
- Audits 200.501 – 507
- **Auditees 200.508-512**
- Federal Agencies 200.513
- **Auditors 200.514-.520**
- Management Decisions

# Auditee Responsibilities §200.508

- Arrange for single audit and ensure it is properly performed and submitted timely
- Financial statements
- **Schedule of expenditures of federal awards (also referred to as SEFA)**
- Promptly follow up and take corrective action on audit findings
- Summary schedule of prior audit findings
- Corrective action plan
- Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed

# Schedule of Expenditures of Federal Awards

Deeper Dive to come

# What Does the Auditor Test?

- Major Programs
- Direct and Material Compliance Areas
  - Uses the Compliance Supplement (Appendix of UG available annually)

# Appendix X –
# The Data Collection Form

- The audit must be completed, and the Data Collection Form (DCF) and reporting package must be submitted to the Federal Audit Clearinghouse (FAC) within the earlier of:
  - 30 calendar days after receipt of the auditor's report(s), or
  - Nine months after the end of the audit period.
- The auditee must electronically submit to the FAC, the DCF and the reporting package

# Appendix XI -The Compliance Supplement (CS)

- Issued every year – effective for June 30 and later audits
- 2025 CS was issued  xxxxx and was over 2,100 pages
- Auditors need to use all parts (2, 3, 4, 5, 6 and 7) for a correct single audit
    2. Matrix of Compliance Requirements
    3. Compliance Requirements
    4. Agency Program Requirements
    5. Clusters of Programs
    6. Internal Control
    7. Guidance for Auditing Programs not Included in the Compliance Supplement
- **Nonfederal Entities must use for clusters, may use for other purposes**

# The 2024 Revision to the Uniform Guidance

- Replaces “grants and agreements” with “Federal financial assistance”
- The structure of 2 CRF generally remains the same (parts, subparts and section numbering)
- Subpart A-E the term non-federal entity has been replaced with recipient or subrecipient
  - Subpart F retains the non-federal entity term to align with the Single Audit Act
- The single audit threshold is increasing from $750,000 to $1,000,000
- The de minimis indirect cost rate was changed to be up to 15 percent

# The 2024 Revision to the Uniform Guidance

- Raises equipment and supply thresholds from $5,000 to $10,000
- Removes prior written approval for 10 items of cost
- Modifies and expands many definitions
- Modifies the definition of “Modified Total Direct Costs” to exclude  costs above $50,000
- The sliding scale type A/type B dollar threshold used in major program determination is also increasing
  - For example, the type A/type B program threshold for entities expending $34 million or less will be $1,000,000
- Add more

www.coffa.gov/assets/files/Key%20Revisions%20to%20Title%202.pdf

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# Schedule of Expenditure of Federal Awards

# Steps in a Single Audit

1. ***The SEFA***
2. Major Program Determination
3. Test Major Program
   a. Direct and Material Compliance
   b. Internal Control over Compliance
   c. Testing auditee following of Admin Requirements and Cost Principles
4. Reporting

# Challenges for the SEFA

Is the SEFA complete?

Is the SEFA accurate?

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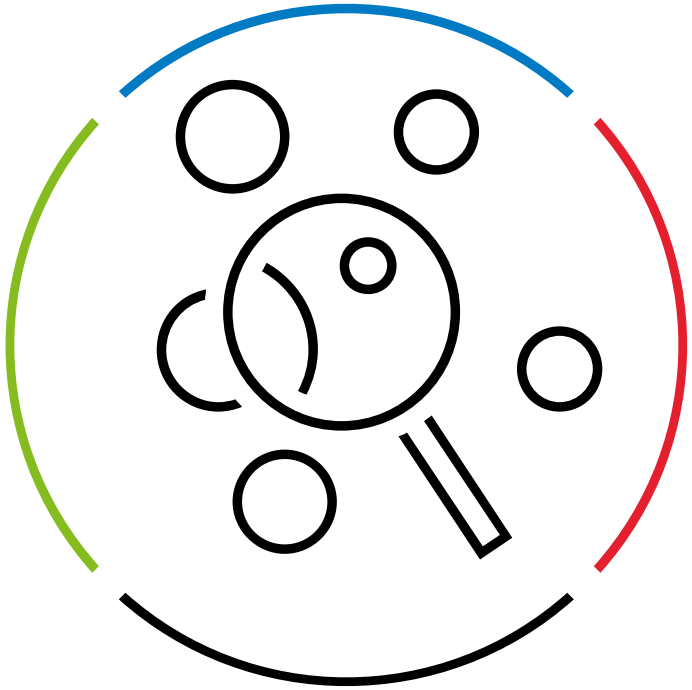
# Definitions
# 200.1

- **Federal Program means:**
  1) All Federal awards which are assigned a single Assistance Listing number
  2) When no Assistance Listings Number is assigned, all federal awards from the same agency made for the same purpose must be combined and considered one program
  3) Notwithstanding paragraphs (1) and (2) of this definition, a cluster of programs. The types of clusters of programs are:
     i. Research and development (R&D)
     ii. Student financial aid (SFA); and
     iii. "Other clusters", as described in the definition of cluster of programs in this section

# Sam.gov

- Sam.gov is where you go to find important program information www.sam.gov
- Includes:
  - Assistance Listings Numbers (previously CFDA numbers)
  - Entity registration
  - Exclusions (suspensions and debarments)

# The SEFA



# Responsibility for the SEFA

| Auditee | Auditor | Federal Agencies / Pass-Through Entities |
| --- | --- | --- |
| • Must prepare financial statements, including SEFA, in accordance with §200.510 Financial statements (§200.508(b))<br>• Include SEFA in the reporting package submitted to FAC (§200.512(c)) | • Determine and issue an opinion (or disclaimer) on whether SEFA is fairly stated in relation to the financial statements (§200.514(b), §200.515(a))<br>• Use the SEFA to determine major programs to audit | • Provide data about federal awards necessary to prepare an appropriate SEFA (§200.210)<br>• Use the SEFA for their oversight and monitoring purposes |

# Schedule of Expenditures of Federal Awards

- Required Elements (§200.510)
  - List individual Federal programs by Federal agency
    - For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name
    - For R&D, total Federal awards expended must be shown either by Federal award or by Federal agency and major subdivision within the Federal agency
  - For Federal awards received as a subrecipient, the name of the PTE and identifying number assigned by the PTE
  - **Total Federal awards expended for each individual Federal program** and the Assistance Listing Number (ALN) or other identifying number when ALN not available
  - **For a cluster of programs also provide the total for the cluster**
  - Include the total amount provided to subrecipients from each Federal program

# Schedule of Expenditures of Federal Awards

- Required Disclosures (§ 200.510)
  - For loan or loan guarantee programs, identify in the notes to the SEFA the balances outstanding at the end of the audit period
  - Notes that describe the significant accounting policies used in preparing the SEFA *
  - Note whether or not the auditee elected to use the 10% (15%) de minimis cost rate

# Separate Identification – 2024 CS Appendix VII

- Nonfederal entities should separately identify COVID-19 expenditures on the SEFA
  - New and existing programs

**SEFA Example:**

| | | |
|---|---|---|
| COVID-19 Temporary Assistance for Needy Families | 93.558 | $1,000,000 |
| Temporary Assistance for Needy Families | 93.558 | $3,000,000 |
| *Total – Temporary Assistance for Needy Families* | | $4,000,000 |

# Separate Identification – 2024 CS Appendix VII - Other Audit Advisories

- Nonfederal entities <u>should</u> separately identify COVID-19 expenditures on the DCF
  - New and existing programs

| | a | b | c | d | e | f | g |
|---|---|---|---|---|---|---|---|
| | Assistance Listing # | Assistance Listing # | | | | | |
| Row Number (auto-generated) | Federal Awarding Agency Prefix | Assistance Listing Three-Digit Extension | Additional Award Identification | Federal Program Name | Amount Expended | Cluster Name | Federal Program Total (auto-generated) |
| | | | | | ($) | | ($) |
| 1 | 93 | 558 | | TEMPORARY ASSISTANCE FOR NEEDY FAMILIES | $3,000,000.00 | | $4,000,000.00 |
| 2 | 93 | 558 | COVID-19 | COVID-19 - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES | $1,000,000.00 | | $4,000,000.00 |
| | | | | Total Federal Awards Expended = | $4,000,000.00 | | |

# Noncash Awards

- Loans and loan guarantees, insurance, endowment funds, free rent, food commodities, donated property, donated surplus property
- Important to identify: Noncash awards impact major program determination

# Loans

- There is a lot of confusion around how loans are to be reported on the face of the SEFA versus the notes to the SEFA
  - Value of new loans made or received during the audit period plus beginning of the audit period balance of loans from previous years for which the Federal government imposes continuing compliance requirements (200.502(b))
  - For loans and loan guarantees, identify in the notes to the SEFA loan balances outstanding at the end of the audit period

# Basic SEFA Example

**Entity Z**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended December 31, 2015**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed through to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| | | | | |
| *Department of Agriculture* | | | | |
| Rural Rental Housing Loans | 10.415 | | | $ 2,500,000 |
| Rural Rental Assistance Payments | 10.427 | | | 450,000 |
| Rural Rental Assistance Payments | 10.427 | Jefferson County JC-10-123 | | 140,000 |
| *Total Rural Rental Assistance Payments* | | | | 590,000 |
| Food Commodities | 10.UNKNOWN | Jefferson County | | 160,000 |

# Basic SEFA Example

| | | | | |
|---|---|---|---|---|
| *Department of Housing and Urban Development* | | | | |
| Housing Counseling Assistance Program | 14.169 | Jefferson County JC-10-123 | $ 80,000 | $ 230,000 |
| Housing Counseling Assistance Program | 14.169 | City of Anywhere 10-ABCDEF | | 75,000 |
| *Total Housing Counseling Assistance Program* | | | 80,000 | 305,000 |
| | | | | |
| *Department of Education Health and Human Services* | | | | |
| Child Care and Development Block Grant | 93.575 | City of Anywhere 10-JKLMNO | | $ 365,000 |
| *Total Child Care Development Funds Cluster* | | | 80,000 | 365,000 |
| | | | | |
| ***Total Expenditures of Federal Awards*** | | | $ 80,000 | $ 3,920,000 |

# Federal Awards

- What is a Federal Award and when is it expended?

# Federal Awards Definition (UG § 200.1)

- Federal financial assistance that a recipient receives directly from Federal awarding agencies or indirectly from pass-through entities (PTE)
- Cost-reimbursement contract under the Federal Acquisition Regulations (FAR) that a non-federal entity receives directly from a Federal awarding agency or indirectly from a PTE
  - Terms and conditions set forth in grant agreement, cooperative agreement, other agreement, or cost-reimbursement contracts
  - Does not include other contracts that a Federal agency uses to buy goods or services

# SEFA Must Include Federal Awards Expended as Determined in UG § 200.502 "Basis for determining Federal awards expended"

| Federal Awards | Basis for Determining When Expended |
|---|---|
| Grants, cost reimbursement, cooperative agreements, direct appropriations | When the expenditure/expense transaction occurs |
| Amounts passed-through to subrecipients | When the disbursement is made to subrecipient |
| Loan and loan guarantees | When the loan proceeds are used |
| Donated property, (including surplus) | When property is received |
| Food commodities | When distributed or used |
| Interest subsidies | When the amounts are disbursed entitling the entity to the subsidy |
| Insurance | When the insurance is in force |
| Endowment Funds | Balance of federally restricted amounts |
| Program income | When received or used |

# ALN – Assistance Listing Number

- Sometimes not provided by grantor
  - Be proactive and reach out
  - Set expectations upon contract signing
  - Look sam.gov
- Indicate not available and provide other identifying number

# Definitions 200.1 Clusters of Programs

- A grouping of closely related programs that share common compliance requirements
- Clusters include:
  - Research and Development (R&D)
  - Student Financial Assistance (SFA)
  - Other clusters (defined in OMB Compliance Supplement or as designated by a State for Federal Awards the State provides)
- Clusters are treated as one program for major program determination and testing

# Clusters

- Part 5 of the Compliance Supplement identifies each cluster (R&D, SFA, and “other clusters” and specific, unique requirements for each)
- R&D is the only cluster where specific ALN are not identified in Part 5
- For R&D, auditors look to the definition of R&D and apply judgment to determine inclusion in the cluster (National Institutes of Health (NIH) and National Science Foundation (NSF) are identified as R&D in Part 4 of the Compliance Supplement)

# The Matrix – 2024 CS

| Requirement | A | B | C | E | F | G | H | I | J | L | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Program Number | Activities Allowed or Unallowed | Allowable Costs/Cost Principles | Cash Management | Eligibility | Equipment Real Property Management | Matching, Level of Effort, Earmarking | Period of Performance | Procurement Suspension & Debarment | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| 10.665/10.666 (Forest Service Schools and Roads Cluster) | Y | Y | Y | N | N | Y | Y | N | N | Y | N | Y |
| 10.760 | Y | Y | N | N | Y | Y | N | Y | N | Y | N | N |
| 10.766 (delete 10.780/ cluster) | Y | Y | N | N | N | N | Y | N | N | N | N | Y |

# Pass-Through Awards and Subrecipients

- Many nonfederal entities receiving federal awards pass-through the federal awards to other entities that are considered “subrecipients”
- Examples:
  - State government (PTE) passes federal funds down to local governments (subrecipients) within the state
  - Local government (PTE) passes federal funds down to not-for-profit organizations (subrecipients)

# Definitions Relating to Pass-Through Funds

- Pass-through entity is a nonfederal entity that provides a federal award to a subrecipient to carry out a federal program
- Subrecipient is a nonfederal entity that receives a sub-award from a PTE to carry out part of a federal program
  - Does not include an individual that is a beneficiary of such program
  - A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency

# Definitions Relating to Pass-Through Funds (cont)

- Contractor is an entity that receives a contract
  - A contract is defined in § 200.1 as a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award

Funds received as a Contractor:
DO NOT
GO ON THE SEFA

# Schedule of Expenditures of Federal Awards – Section 200.510(b)(4)

- Total amount provided to subrecipients from each federal program:

| Federal Grantor/Pass Through Grantor/Program Title | Federal ALN | Pass Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|---|---|---|---|---|
| Department of Education Direct Program – Title I Grants to Local Educational Agencies | 84.010 | N/A | $1,000,000 | $800,000 |

# Minimum SEFA Requirements (200.510(b))

- List individual federal programs by federal agency
  - If a cluster:
    - List cluster name
    - List individual programs within cluster
    - Provide applicable federal agency name
  - For research & development (R&D):
    - List individual awards OR
    - List by federal agency and major subdivision within federal agency (Example: National Institutes of Health is a major subdivision in Department of Health and Human Services)

# Minimum SEFA Requirements (200.510(b))

- For federal awards received as a subrecipient
  - Name of pass-through entity
  - Identifying number assigned by pass-through entity
- Total federal awards expended for each individual federal program and the ALN
  - Use other identifying number when ALN information not available
  - For a cluster, also provide total for the cluster
- Total amount provided to subrecipients from each federal program

# SEFA

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Amounts Passed Through to Subrecipients |
|---|---|---|---|---|
| Title I Grants to Local Educational Agencies | 84.010 | 14329 | $ 52,137 | $ - |
| Supporting Effective Instruction State Grants - Teacher Quality | 84.367 | 14341 | 5,995 | - |
| Student Support and Academic Enrichment Program | 84.424 | 15396 | 10,000 | - |
| Total U.S. Department of Education | | | 974,420 | - |
| U.S. Federal Communications Commission | | | | |
| Passed through Universal Service Administration Company | | | | |
| COVID-19 Emergency Connectivity Fund Program | 32.009 | [1] | 329,849 | 329,849 |
| U.S. Department of Agriculture | | | | |
| Passed Through California Department of Education | | | | |
| Child Nutrition Cluster | | | | |
| National School Lunch Program | 10.555 | 13391 | 2,445,034 | - |
| School Breakfast Program - National School Breakfast | 10.553 | 13525 | 148,440 | - |
| School Breakfast Program - Especially Needy Breakfast | 10.553 | 13526 | 973,615 | |
| National School Lunch Program - Commodity Supplemental Food | 10.555 | 13391 | 76,272 | - |
| Total Child Nutrition Cluster | | | 3,643,361 | - |
| COVID-19 Pandemic EBT Local Administrative Grant | 10.649 | 15644 | 3,063 | - |
| Passed Through California Department of Social Services | | | | |
| Child and Adult Care Food Program | 10.558 | 13393 | 726,823 | - |
| Total U.S. Department of Agriculture | | | 4,373,247 | - |
| Total Financial Assistance | | | $ 5,677,516 | $ 329,849 |

See Notes to Supplementary Information 79

# Schedule of Expenditures of Federal Awards

- Required Disclosures (§ 200.510)
  - For loan or loan guarantee programs, identify in the notes to the SEFA the balances outstanding at the end of the audit period
  - Notes that describe the significant accounting policies used in the preparing the SEFA *
  - Note whether or not the auditee elected to use the 10% (15%) de minimis cost rate

*The Uniform Guidance does not specify a basis of accounting to be used

# SEFA Basis of Accounting

- The UG does not specifically prescribe the SEFA basis of accounting (i.e., the SEFA may be prepared on a different basis of accounting (e.g., cash basis) than the GAAP financial statements)
- Q&A section 9160.27, (AICPA, *Technical Questions and Answers*) addresses this
  - Auditor may provide an in-relation-to opinion on the SEFA as long as the schedule can be reconciled back to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves and as long as the other conditions and requirements of AU-C section 725 are met.

# Footnotes

**Example Entity**
**Notes to the Schedule of Expenditures of Federal Awards**
**for the Year Ended June 30, 20X1**

***Note 1. Basis of Presentation***[5]

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Example Entity under programs of the federal government for the year ended June 30, 20X1. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Example Entity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Example Entity.

***Note 2. Summary of Significant Accounting Policies***[6]

Expenditures reported on the Schedule are reported on the (*identify basis of accounting*) basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance,[7] wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

***Note 3. Indirect Cost Rate***[8]

Example Entity has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

# Inclusion of Nonfederal Awards

- To meet state or other requirements, auditees may decide to include such awards
- Other awards must be segregated and clearly designated as nonfederal
- Totals for federal awards must be shown separately
- Title should be modified to indicate that nonfederal awards are included

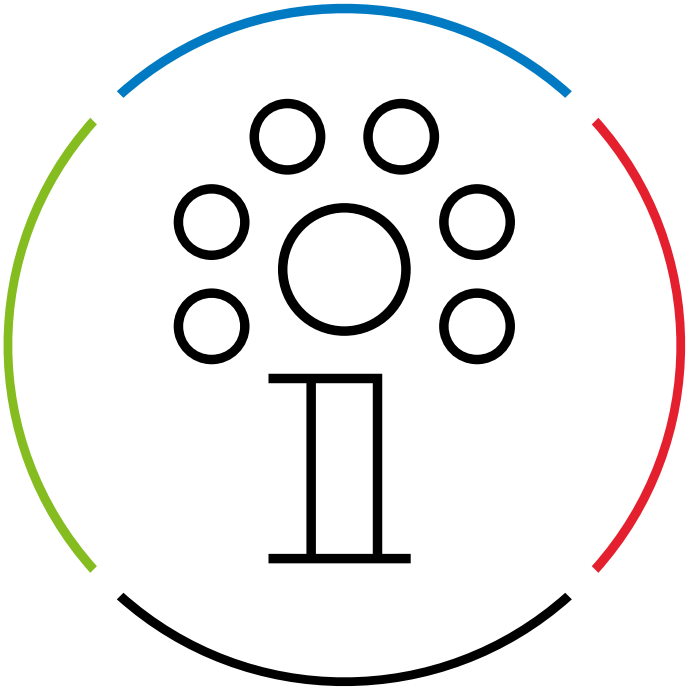
# Commingled Assistance

- Federal, state and local funds may not be separately identifiable because of commingled assistance
- Suggested that the total amount be included in the SEFA with a note to the schedule describing the commingled nature of the funds

# Schedule May Not Agree with Other Federal Award Reporting

- The information in the SEFA is related to the same period as the financial statements
- Federal award reports submitted directly to an awarding agency may be prepared for a different fiscal period and may include cumulative data rather than current year only

# SEFA Tidbits



# SEFA Inclusion

- General rule for SEFA inclusion
  - Underlying activity occurs
  - There is an award/terms of conditions
  - ***Not necessarily tied to GAAP recognition of revenue***

# SEFA Inclusion

- Program challenges, including “out of period” amounts
  - FEMA may replace certain expenditures in the year after those expenditures are already reported on the SEFA

# Historical SEFA Errors

- Incorrect or missing ALN
- Sub-grant award numbers not included
- Names of pass-through entities omitted
- Federal agency names missing
- Not including total federal expenditures for each federal program
- Clusters not shown as such
- Notes to SEFA missing or reference to SEFA notes is missing
- Non-cash awards missing
- Federal expenditures not totaled
- Missing Alpha notations for Education Stabilization Fund (ESF)
- Incomplete SEFA

# SEFA Corrections

- Found expenditures were incorrectly included in a program the prior year
- Some suggestions is negative in current year for prior program error

## AICPA guidance:

## Two wrongs don't make a right

# SEFA Corrections

- Found expenditures were incorrectly excluded in a program the prior year
- Some suggestions add to current year for missed in prior year

## AICPA guidance:

## Two wrongs don't make a right

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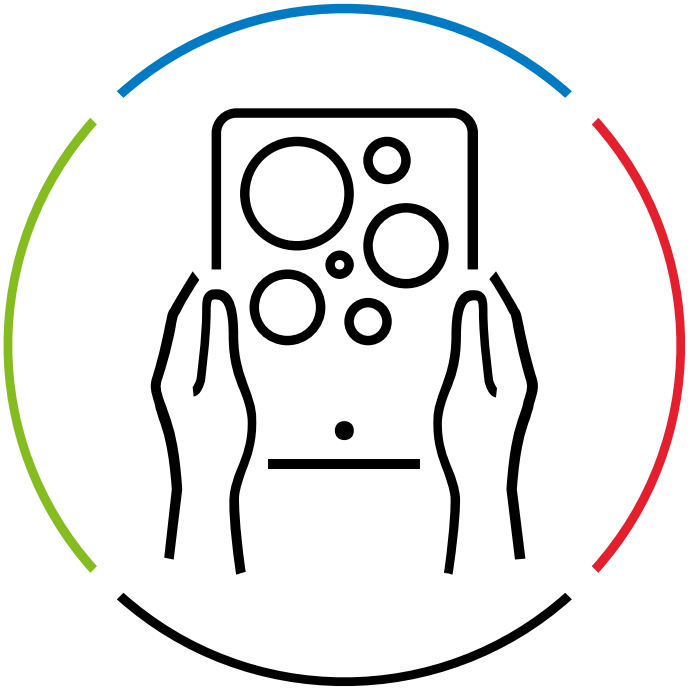
# Subrecipient Monitoring

# What is a Subrecipient?



# Subrecipient Monitoring and Management

***Definitions in Subpart A  200.1 Definitions***

- means an award provided by a PTE to a subrecipient for the subrecipient to carry out part of a Federal award received by the PTE
  - It does not include payments to a contractor, beneficiary, or a participant
  - A sub-award may be provided through any form of legal agreement, including an agreement that the PTE considers a contract

# Subrecipient Monitoring and Management

***Definitions in Subpart A  200.1 Definitions***

- Subrecipient means an entity that receives a from a pass-through entity to carry out part of a Federal award
  - The term subrecipient does not include a beneficiary or a participant
  - A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency

# Subrecipient Monitoring and Management

***Definitions in Subpart A 200.1 Definitions***

- Contract means, for purpose of Federal financial assistance, a legal instrument by which a recipient or subrecipient conducts procurement transactions under a Federal award
  - For additional information on subrecipient and contractor determinations, see 200.331. See also the definition or sub-award in this section.

# Subrecipient Monitoring and Management

***Definitions in Subpart A 200.1 Definitions***

- Contractor means an entity that receives a contract

# Subrecipient / Contractor Determination 200.331

- Determines who is eligible to receive what Federal assistance
- Has its performance measured in relation to whether the objectives of a Federal program were met
- Has responsibility for programmatic decision-making
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award
- Implements a program for a public purpose specified in authorizing stature, as opposed to providing goods or services for the benefit of the PTE

- Provides goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the implementation of a Federal program
- Is not subject to compliance requirements of a Federal program as a result of the agreement. However, similar requirements may apply for other reasons

# Subrecipient Responsibilities

- Non-federal entities must comply with requirements in Uniform Guidance for Federal Awards regardless of whether the non-federal entity is a recipient or subrecipient of a federal award

# Roles & Responsibilities of Pass-Through Entities

# Requirements for PTEs
## *Section 200.332*

New in 2024.

a) Verify that the subrecipient is not excluded or disqualified in accordance with 180.300. Verification methods are provided in 180.300, which include confirming in SAM.gov that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving Federal funds

# Requirements for PTEs

***Section 200.332***

b) Ensure that every  is clearly identified to the subrecipient as a sub-award

- Provide certain sub-award information at the time of the sub-award  (next slides) and if any of these data elements change, include the changes in subsequent sub-award modification

# Sub-award Requirements

- Federal Award Identification
  - Subrecipient name
  - Subrecipient's unique entity identifier
  - Federal award identification number (FAIN) and award date
  - Sub-award Period of Performance Start and End date
  - Sub-award Budget Period Start and End date
  - Amount of federal funds obligated by the action
  - Total amount of federal funds obligated to the subrecipient

# Sub-award Requirements

- Federal Award Identification (cont)
  - Total amount of the federal award committed to the subrecipient
  - Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)
  - Name of the federal awarding agency, PTE, and contact information for awarding official
  - Assistance Listing number and Title; the PTE must identify the dollar amount made available under each Federal Award and AL# at time of disbursement
  - Whether the award is R&D
  - Indirect cost rate for the federal award, including if de minimis rate is charged

# Sub-award Requirements

- All requirements imposed by the PTE
- Any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility to the federal awarding agency including identification of any required financial or performance reports
- An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government. If no approved rate exists,
  - either a rate negotiated between the PTE and the subrecipient or
  - the de minimis indirect cost rate
  - PTE must not require use of a de minimis indirect cost rate if the sub has a Federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with 200.405(d)

# Sub-award Requirements

- A requirement that the subrecipient permit the PTE and auditors to have access to the subrecipient's records and financial statements, as necessary for the PTE to meet its requirements

- Appropriate terms and conditions concerning the closeout of the sub-award

# Requirements for PTEs
## *Section 200.332*

c) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate subrecipient monitoring, based on provided criteria

d) Consider imposing specific sub-award conditions upon a subrecipient, if appropriate as described in 200.208

# Requirements for PTEs
## *Section 200.332*

e) Monitor activities of the subrecipient

f) Other potential PTE monitoring tools depending on risk

g) Verify every subrecipient is audited as required by subpart F of Uniform Guidance

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## Requirements for PTEs
***Section 200.332***

h) Consider whether the results of subrecipient audits, on-site reviews, or other monitoring activity indicate conditions that necessitate adjustment to the PTEs own records

i) Consider taking enforcement action against noncompliant subrecipients as described in section 200.339 (Has reference back to 200.208)

Thank
You