

This document is the first of a series of financial and compliance grant FAQs. For your convenience, our answers include the federal requirements, criteria and guidance found in the new super circular Title 2 Code of Federal Regulations (2 CFR) 200. The document, Title 2 Grant Agreements, is the basis for all federal grants and is adopted by each federal agency administering federal grant.

The document, Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Grants, is referred to as the new Uniform Grant Guidance (UGG). 2 CFR 200 combines all Office of Management and Budget (OMB) federal grant circulars. If you have any questions or would like to submit a financial and compliance grant FAQ, please contact Mark Hernandez at mhernandez@taasa.org.

Question #1

What documentation should a grantee maintain in order to comply with federal time sheets and activity reporting requirements to support the payroll charges for employees who are paid with grant funds?

Answer #1


Where employees are expected to work solely on a single federal award or cost objective, employees may use semi-annual certifications to support salaries and wages. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by Personnel Activity Report (PAR). A PAR should be monthly and should account for 100% of the time compensated. The PAR should include after the fact determination of the actual time worked and activity performed.

Example #1

Semiannual Certification

An example of semi-annual certifications to support salaries and wages for an employee working solely on a single federal award or cost objective should include the following statement in either Word or Excel format.

- “I, the name of the employee, certify that I worked 100% of my time on the following name of federal/state grant. My work was for the time period starting September 1, 2015 and ending on February 29, 2016. 

The semiannual certification should be signed and dated by the employee and supervisory official having firsthand knowledge of the work performed by the employee.

Personnel Activity Report (PAR)

An example of a PAR for an employee working on multiple activities or cost objectives should be in Excel format and have actual time worked and activity performed distributed to each funding source. The PAR should be signed and dated by the employee and supervisory official having firsthand knowledge of the work performed by the employee.

Requirement/Criteria/Guidance #1

- 2 CFR 200.430 Compensation – personal services
- 200.430(i) Standards for Documentation of Personnel Expenses

- 200.430(i)(1) Charges of federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - Be supported by a system of internal control, which provides assurance that the charges are accurate, allowable and properly allocated.
 - Be incorporated into the official records of the non-federal entity (grantee).
 - Reasonably reflect the total activity for which the employee is compensated by the grantee, not exceeding 100% of compensated activities.
 - Contains federally funded activities and all other funded activities compensated by the grantee on an integrated basis, but may include the use of subsidiary records, as defined in the grantee's written policy.
 - Comply with the established accounting policies and practices of the grantee.
 - Support the distribution of the employee's salary or wages among specific activities or cost objectives, if the employee works on at least one of the following:
 - more than one federal award.
 - an indirect cost activity and a direct cost activity.
 - two or more indirect activities which are allocated using different allocation bases.
 - an unallowable activity and a direct or indirect cost activity.

Question #2

Can a grantee have an audit or monitoring finding for not having written policies and procedures for credit card, employee travel, employee reimbursement, inventory control, or time and effort?

Answer #2

Yes, a grantee will sustain an audit or monitoring finding for not having written policies and procedures. Under the new Uniform Grant Guidance (UGG), policies, procedures, and internal controls are now more prominent federal compliance requirements.

Example #2

An example of a travel expenditure finding is the grantee did not have written policies and procedures to determine if the employee's travel was appropriate for the federal grant and the expenditures had adequate supporting documentation.

Requirement/Criteria/Guidance #2

- 2 CFR 200.302 Financial management
- 200.302(b)(7) The financial management system of each grantee must provide written procedures for determining the allowability of costs, in accordance with Subpart E, Cost Principles and the terms and conditions of the federal award.

Question #3

A grantee is cited for compliance and internal control issues, due to the grantee signing the Letter of Intent for contracted services prior to the submission of the grant application. How should the signature date of the Letter of Intent coincide with acceptable accounting practices?

Answer #3

Professional services contracts should be obligated within the grant funding period of the federal award. Obligation of federal awards, prior to the grant funding period, is unallowable.

Example #3

An example of a prior period finding was the grantee's federal grant started September 1st, but the grantee signed a contract and paid the independent counselor for counseling services prior to September 1st. In this situation, the grantee would have a monitoring or single audit finding for signing the contract before September 1st and also would have questioned costs for the amount paid to the independent counselor for services prior to September 1st.

If the grantee signs the contract prior to September 1st, but counseling services do not start until September 1st, the grantee would still have a monitoring or single audit finding for signing the contract before September 1st. Since the counseling services started on or after September 1st, the paid expenditures to the independent counselor would be allowable. The grantee should contact the granting agency for clarification regarding contracting services, because each granting agency may treat contracting services differently.

Requirement/Criteria/Guidance #3

The following provides additional federal grant information regarding professional services contracts.

- 2 CFR 200 Subpart D Post Federal Award Requirements
 - 2 CFR 200.309 Period of performance states that a grantee may charge to the federal award only allowable costs incurred during the period of performance.
- 2 CFR 200 Subpart E Cost Principles
 - 2 CFR 200.459 Professional service costs states that obligations for personal or consulting services by a contractor who is not an officer or employee of the grantee or subgrantee are made on the date on which the grantee or subgrantee makes a binding written commitment to obtain services.
 - The letter of intent for services that will be paid for using federal grant funds must be signed on or after the start date of the grant.
 - Grant writing services are not an allowable use of grant funds.
 - The grantee may pay for grant writing services using local funds under a separate letter of intent signed prior to the start date of the grant.
 - The grantee may be able to pay for other services using local funds under a separate letter of intent signed prior to the start date of the grant. But, the grantee must ensure that this does not lead to a supplanting of federal funds when they begin to pay for services using federal funds, under the letter of intent signed on or after the start date of the grant.

Question #4

What if the grantee did not budget for Professional and Contracted Services, but the grantee contracted for counseling services?

Answer #4

Professional and Contracted Services not budgeted are unallowable grant expenditures. The contractual services for counseling could be allowable, if an amendment is requested and approved by granting agency. An amendment is required in order to add a new line item on any of the supporting budget schedules.

Example #4

As an example of a negative impact to the grantee, the grantee requested but did not receive approval for a new line item for counseling services. This resulted in the grantee paying the granting agency for counseling services expenditures that were not allowable. The grantee

should consult with the granting agency, prior to requesting a budget amendment or budget adjustment, since granting agencies may have different approval processes.

Requirement/Criteria/Guidance #4

Please check with the granting agency for budget adjustments/amendment requirements for requesting counseling services or other professional and contracting services.

Question #5

What membership and subscription costs are allowable?

Answer #5

Grantee's membership fees in business, technical, and professional organizations are allowable. Also, subscription fees for business, professional and technical periodicals are allowable. General and social periodicals would not be allowable. With prior approval from the granting agency, membership in civic and community organizations might be allowable. Other membership fees are not allowable.

Example #5

Examples of allowable costs are a grantee's membership to National Association of Social Workers and/or a grantee's subscription to Social Work Today. A grantee's membership to the local chamber of commerce and subscription to People magazine would not be allowable.

Requirement/Criteria/Guidance #5

The following general provision of selective costs should be followed, but the grantee should consult with the granting agency for any limitations.

- 2 CFR 200.454 Membership, subscriptions and professional activity costs:
 - Costs of the grantee's membership in business, technical, and professional organizations are allowable.
 - Costs of the grantee's subscriptions to business, professional, and technical periodicals are allowable.
 - Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.
 - Costs of membership in any country club or social or dining club or organization are unallowable.
 - Costs of membership in organizations whose primary purpose is lobbying are unallowable. See also 200.450 Lobbying