

RAIN-2018-G03

Revision to EPA Financial Assistance Conflict of Interest Policy and EPA Subaward Policy

Notification Date: August 22, 2018

Related Resources:

[EPA Financial Assistance Conflict of Interest Policy](#)

[EPA Subaward Policy](#)

Purpose: This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants of EPA's revision to our EPA Financial Assistance Conflict of Interest and EPA Subaward Policies.

Policy Summary: EPA has revised sections 2.0 and 3.0 (Applicability and Definitions) of both policies to clarify that subawards may include loans, loan guarantees, interest subsidies and principal forgiveness, purchases of insurance or similar transactions entered into with borrowers by recipients of EPA Revolving Loan Fund (RLF) capitalization grants. However, neither policy applies to these transactions and any conflict of interest or subaward monitoring and management requirements for subawards with borrowers will be provided in the terms and conditions of RLF capitalization grants or program guidance.

Background: The prior versions of both policies indicated that transactions between borrowers and RLF recipients were not subawards for the purposes of EPA's policies on financial assistance conflict of interest and subaward monitoring and management. EPA's position was based on the express exclusion of these transactions from the definitions of "subgrant" and "subaward" in OMB Circular A-102 and A-110 coupled with an assumption that the Uniform Grant Guidance (UGG) would not include substantial changes to Federal financial assistance policy that were not highlighted in the Preamble to the UGG. The Office of Management and Budget, however, advised EPA that based on 2 CFR 200.101(b) that transactions with borrowers are subawards for the purposes of UGG requirements for internal controls (2 CFR 200.303) and subrecipient monitoring and management (2 CFR 200.330-332). OMB acknowledged that with the exception of the Audit Requirements in 2 CFR Part 200, Subpart F, other provisions of the UGG do not apply to borrowers.