



THE ROAD TO COMPLIANCE

OFFICE OF GRANTS AND DEPARTMENT

JUNE 6, 2023

AGENDA

GRANT ADMINISTRATION

- Recipient Responsibilities
- Uniform Grants Guidance
- Fraud, Waste, and Abuse
- Payment Method
- Drawdown

INTERNAL CONTROLS

- Policies and Procedures
- Segregation of Duties
- Travel
- Procurement
- Indirect Costs
- Unallowable Costs

RECIPIENT RESPONSIBILITIES

PLAN

- Read the requirements of the award
- Identify an authorized organizational official

ADMINISTER

- Agree to comply with the laws, regulations, policies, terms and conditions of the award
- Maintain separate financial and programmatic records

REPORT

- Submit timely cost reimbursement requests
- Submit progress reports
- Notify the EPA if any changes occur/issues arise

UNIFORM GRANTS GUIDANCE



Code of Federal Regulations

A point in time eCFR system



Title 2

Displaying title 2, up to date as of 11/30/2022. Title 2 was last amended 11/07/2022. [view historical versions](#)

Go to CFR Reference

Title 2 / Subtitle A / Chapter II / Part 200 [View Full Text](#) [Previous](#) / [Next](#) / [Top](#)

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The following regulations are applicable to all awards:

- Uniform Administrative Requirements: **2 CFR 200 and 1500**
- Cost Principles: **2 CFR 200 Subpart E**
- Federal Funding Accountability and Transparency Act (FFATA) reporting: **2 CFR Part 170**
- Disadvantaged Business Enterprises (DBE) Requirements: **40 CFR Part 33**
- Audit Requirements: **2 CFR 200 Subpart F** (\$750,000+ threshold)

Website: <https://www.ecfr.gov/>

FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

Fraud

An intentional deception designed to unlawfully deprive the government of something of value for an individual benefit, privilege, allowance, or consideration to which they are not entitled

Waste

Extravagant, careless or needless expenditure of government funds that results from deficient practices, systems, controls, of decisions

Abuse

An intentional and unacceptable use of grant funds or misuse of one's position

Mismanagement

Failure to appropriately manage budgets, expenditures, or documentation for grant funds



FRAUD, WASTE AND ABUSE

FRAUD
Any intentional deception designed to unlawfully deprive the government of something of value or to secure from the government for an individual benefit, privilege, allowance or consideration to which he or she is not entitled.

WASTE
The extravagant, careless or needless expenditure of government funds or the consumption of a government property that results from deficient practices, systems controls or decision. The term also includes improper practices not involving prosecutable fraud.

ABUSE
Intentional, wrongful or improper use of government resources.

The infographic includes three icons: a hand holding a coin with a slash through it (representing fraud), a scale of justice (representing waste), and a shield (representing abuse).

REPORTING

FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

DO's

- ✓ Contact the OIG Hotline
- ✓ Discuss your concerns with the OIG
- ✓ Seek answers to your questions in the normal course of business
- ✓ Cooperate with the OIG and expect to be contacted and involved

DON'T

- × “Tip off” subjects of actual or pending investigation
- × Feel compelled to “prove” a case or intent
- × “Stop” your normal course of business unless otherwise directed

EPA OIG Hotline Complaint Form

Anyone with knowledge of fraud, waste, abuse, misconduct, or mismanagement involving the U.S., Environmental Protection Agency should contact the Office of Inspector General's hotline.

Further details are provided on the [EPA OIG Hotline Information](#) webpage about:

- reporting to the Hotline
- understanding fraud, waste and abuse
- information about whistleblowing
- information about mandatory disclosures

The easiest way to submit a hotline complaint is to fill out and submit the following form.

General

I am providing my name and I agree that EPA OIG can disclose my name and other information I provide, if necessary, to ensure my issues are addressed.

Confidential

I wish to be confidential, meaning I am providing the OIG my name, but I request that the OIG not disclose my name outside the OIG. This option is appropriate for complainants who fear reprisal.

Anonymous

I wish to be anonymous, meaning the OIG will not know my name. If

PAYMENT METHOD

PRIOR APPROVAL

Prior approval of payments is required. Recipients submit EPA Payment Request Form to EPA for approval: <https://www.epa.gov/grants/epa-grantee-forms>.

REQUESTS

The requests will include cumulative expenditures (including federal and cost share) incurred under the grant.

REVIEW

After review and approval, the recipient will be able to draw down the approved amount of funds for the *federal share* of the *allowable costs* shown on the payment request.

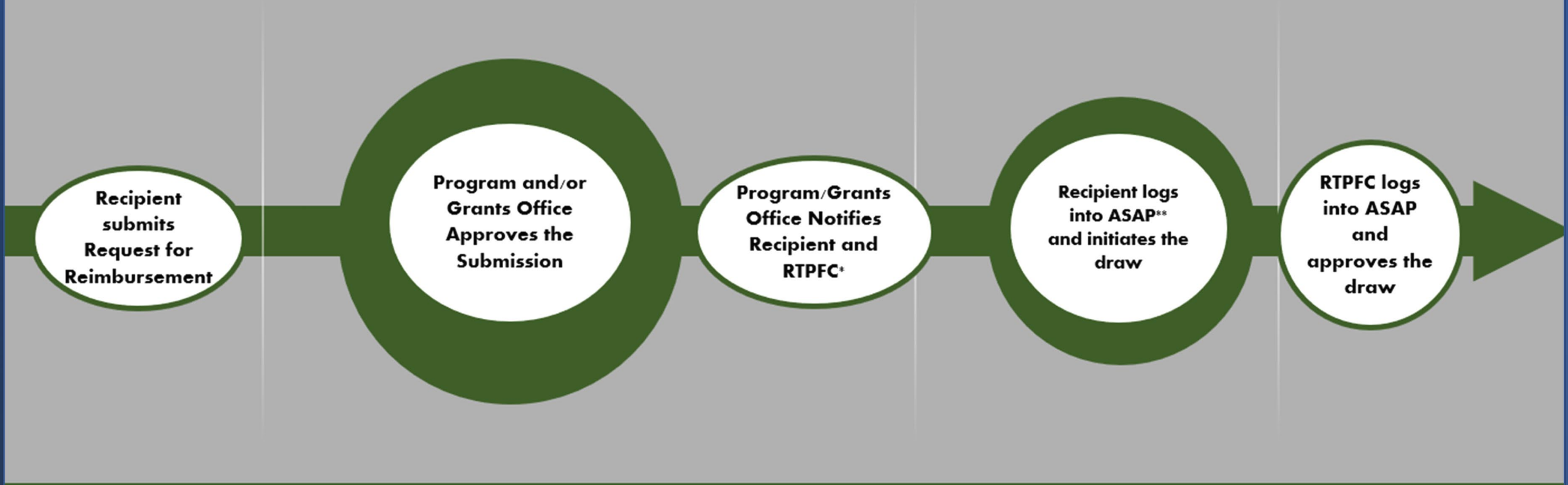
DOCUMENTATION

Documentation for amounts requested must be provided with each PR. Include: (1) description of services rendered, time, charges, and (2) Copies of bills (vouchers, invoices, etc.)

PRIOR PAYMENT

Recipients are not required to pay for costs incurred out of pocket prior to requesting payment.

APPROVAL FLOW



***Research Triangle Park Finance Center - The Office of Administration and Resources Management (OARM) in RTP provides diversified administrative support services to all EPA-RTP customers, including facilities management, information technology services, safety, health and security, and human resources services to various EPA customers.**

****The Automated Standard Application for Payments (ASAP) is an electronic system that federal agencies use to quickly and securely transfer money to recipient organizations.**

DRAWDOWNS

Your organization must have written procedures for drawing funds and issuing payments including:

Who is authorized to request payment from the Federal government and EPA?

What procedures are used to verify that the requests and payments are accurate?

What support documents are required for the draw of funds or for making payments?

Minimizing the time elapsed between receiving federal funds and disbursing them?

When will drawdown of funds occur?

- Should be based on immediate cash needs
- Cannot be based on estimates
- Cannot be drawn in whole dollars
- Must be expended within 3 to 5 business days, unless an exception is granted by EPA
- Regulations found at 2 CFR 200.305

DEVELOPING POLICIES AND PROCEDURES



- ❑ Recipients of federal funds must establish and maintain effective internal control over federal awards which includes implementing control activities
- ❑ An example of a control activity is the development of policies and procedures for the organization
- ❑ Policies and Procedures (P&P's) help ensure management directives are carried out and documented
- ❑ Ensure accountability, transparency, & awareness by **developing** written P&P's, **sharing** P&P's, and **training staff** on P&P's

DEFINING POLICIES AND PROCEDURES



POLICY

Clearly states what the management of your organization expects from its employees

PROCEDURE

A detailed description of how the instructions in your policy should be carried out

SAMPLE POLICY AND PROCEDURE

POLICY

- The recipient organization will minimize the time elapsing between draw down and disbursement of funds in accordance with CFR 200.305
-

PURPOSE

- To ensure that all expenses are reasonable, allowable, and being properly allocated to the grant prior to drawdown.

PROCEDURE

- On a monthly basis**, the **Senior Accountant** will log in to **the system** and **prepare an analysis of expenditures for the month** for approval by the CFO. **After expenses have been paid**, the Senior Accountant will **submit an EPA Payment Request Form to EPA for approval**. After approval, the Senior Accountant will submit a request to **draw down funds from ASAP**.

ACCOUNTING AND FINANCIAL MANAGEMENT

Uniform Guidance Subpart E: Cost Principles

Allowable §200.403

- Costs that are not specifically prohibited by federal regulations or the specific grant/contract

Reasonable §200.404

- Costs by their nature and amount support the research scope of work

Allocable §200.405

- Costs are charged to sponsored projects in proportion to the relative benefit received

Treated Consistently §200.419

- Costs in similar circumstances should be treated the same

Costs charged to EPA grants must be reasonable, allocable, allowable

Financial reports must be issued as required

SEGREGATION OF DUTIES

Segregation of duties

- is an [internal control](#) designed to prevent error and fraud
- ensures that at least two individuals are responsible for the separate parts of any task

To [mitigate risk](#) assign

- One employee responsible for ensuring allowability
- One person to perform the accounting function
- One person responsible for signing the checks

[Opportunity](#) for fraud exists when circumstances allow a person to commit fraud without someone else noticing ([detection](#)) or stopping them ([prevention](#))



SOURCE DOCUMENTATION

A source document is the original document that contains the details of a business transaction. A source document captures the key information about a transaction, such as the names of the parties involved, amounts paid, the date, and the substance of the transaction.

Examples of source documents are

- Invoices
- Receipts
- Check stubs
- Bank statements

Items that are Insufficient as Source Documentation include:

- General ledgers
- Journal vouchers
- Excel Spreadsheets
- Other Internally Created Files

Costs that are not adequately documented will be considered questionable

PERSONNEL

Source documentation for personnel costs must include:

- rate of pay
- verification of hours/time worked
- allocation plan
- documents that show that the employee worked for the EPA grant
- substantiation of time worked on the grant

The actual percentage of employees' time must be recorded and documented per funding source

- Not by estimates or budgets
- Total must not exceed 100%
- Documentation must be maintained to support allocations
- Salary rates should be consistent with the rates for similar work in the organization

TRAVEL

Recipients must provide the following information used in estimating the cost for travel:

- Destination, if known
- Purpose of the trip
- Number of Travelers
- Estimated Cost per Trip

Travel Procedures

- Travel must be included in the budget to be an allowable cost
- Travel approvals must be received and signed **in advance** by the recipient's authorized representative
- After the travel is completed, the traveler and an authorized representative must approve the travel voucher
- Travelers are required to **retain receipts** for travel prior to being reimbursed



PROCUREMENT

The process for obtaining :

- Supplies
- Expendable property
- Equipment
- Real property
- Services
 - Contracting
 - Consultant agreements
 - Sub-awards or Sub-grants
- Any other types of agreements

that transfer Federal funds outside of your organization

COMPLYING WITH PROCUREMENT GUIDELINES FOUND AT 2 CFR 200.318

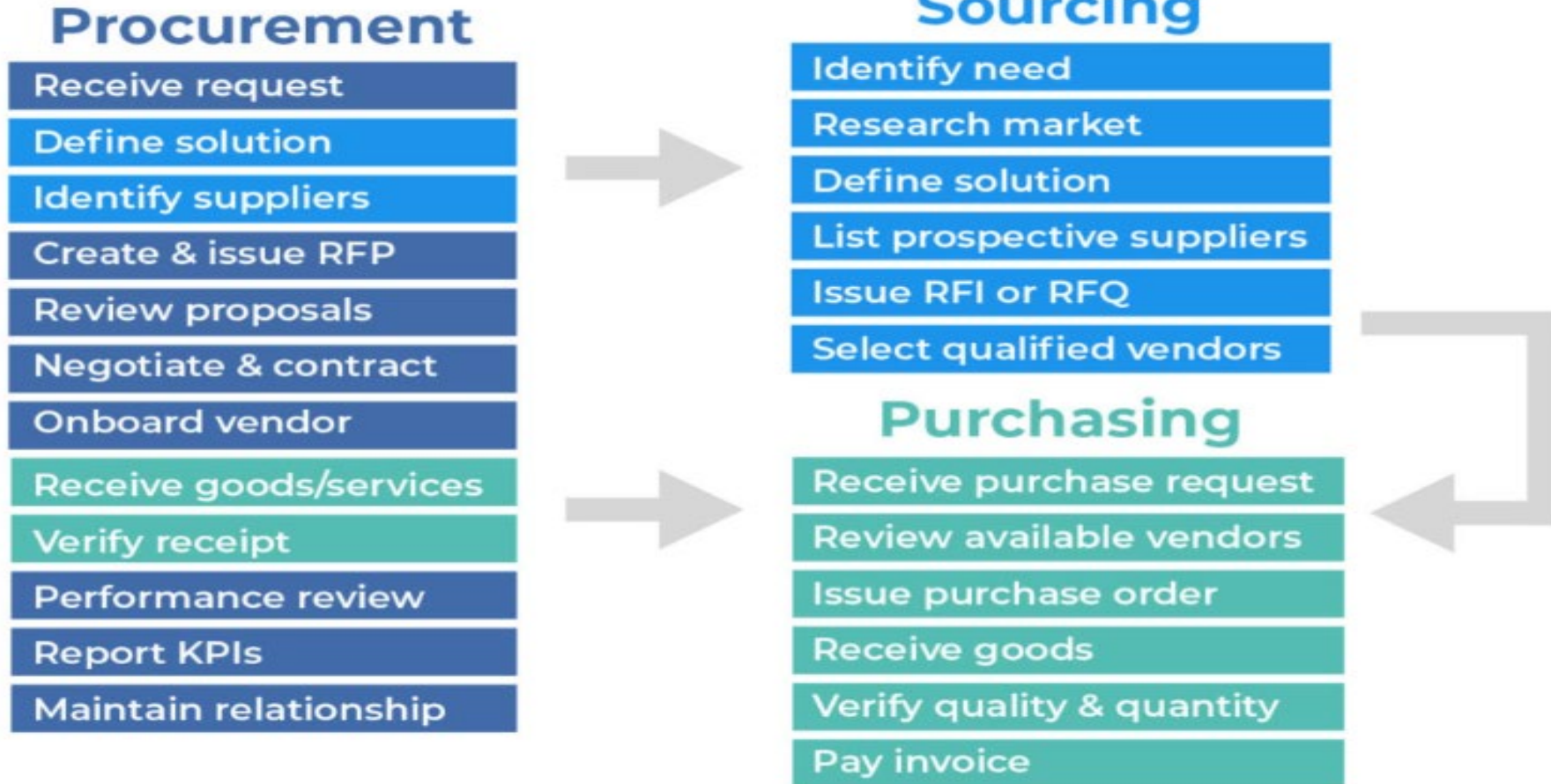
- Create procedures
- Maintain oversight of contractors
- Maintain written standards of conduct covering conflict of interest
- Avoid acquisition of unnecessary or duplicative items
- Award contracts to responsible contractors only
- Maintain records to detail the history of your procurement
- Ensure purchases made are in the approved budget



Is Procurement the same
as Purchasing?

PROCUREMENT

Purchasing vs. Procurement



EQUIPMENT

- Defined as tangible, non-expendable personal property with a useful life greater than one year and a per-unit cost greater than \$5,000.
- Your organization may define equipment differently as long as the dollar threshold is not greater than the Federal guideline

For equipment purchased with Federal funds recipients must have written procedures concerning property management and inventory control and maintain records tracking equipment. Records must include:

- Equipment Description
- Identification Number(s)
- Source of Equipment
- Acquisition Date
- Cost
- Location, Use and Condition

DISADVANTAGED BUSINESS ENTERPRISES

Grant recipients are required to take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used

Affirmative steps must include

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources
- Dividing total requirements, when economically feasible, into smaller quantities to permit maximum participation
- Using the services of organizations including the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring prime contractors, if subcontracts are to be let, to take the affirmative steps listed

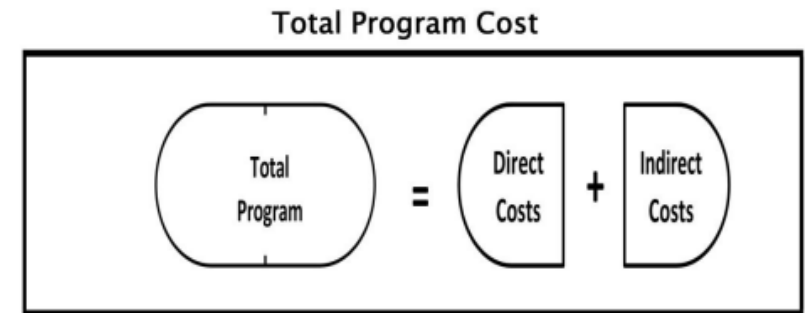
Regulations for DBE's are located at 2 CFR 200.321

INDIRECT COSTS

- Costs incurred for common/joint objectives
- Benefit the award and other work necessary for the overall operation of the organization
- Are not easily identifiable to a specific assistance agreement or particular cost objective

Examples include:

- Postage
- Rent
- Supplies



Applicants may use the flat IDC rate of 10% or a current rate from and existing grant with their Federal cognizant agency. The cognizant agency for negotiating indirect cost rates is the federal agency that provides the majority of federal funding.

UNALLOWABLE COSTS

- Advertising/Promotions
- Alcohol
- Entertainment
- Food that does not contribute towards mission/goals of project
- Fund Raising
- Bad Debts

REMEDIES FOR NON-COMPLIANCE

If a recipient fails to comply with the terms and conditions of their agreements, the EPA may:

- Withhold cash payments pending corrective action
- Disallow costs
- Suspend the current award (fully or in part)
- Withhold future awards

The EPA will always provide recipients ample opportunity to respond to requirements and appeal decisions

KEY TAKEAWAYS



FAMILIARIZE

Become familiar with the Uniform Grants Guidance

PROCESSES

Document internal processes in anticipation of your award

SUPPORT

Maintain supporting documentation for all expenses

TRAIN

Ensure staff at all levels are trained



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