

Complying with EPA Grants Webinar May 21, 2025
Frequently Asked Questions (FAQ)

- Q1: What do we do when our Grant Manager doesn't respond to emails or phone calls?
- A1: Please reach out to the Award Official identified in your grant award document.
- Q2: How can I learn who my EPA contacts are for compliance?
- A2: Your EPA Project Officer should be your first point of contact. Your Grant Specialist is also a good point of contact. If your Grant Specialist or Project Officer is not available, they will coordinate with additional EPA staff on any compliance or legal concerns as needed.
- Q3: Can you please speak to the EPA terms and conditions effective as of October 1, 2024, including changes made in April which require EPA grant recipients to certify that they do not operate any Diversity, Equity, and Inclusion programs that violate federal law? Do you expect any changes to the terms and conditions relating to immigration enforcement?
- A3: Unfortunately, that particular change to the terms and conditions is outside of the scope of this training. We are unaware of any further potential changes.
- Q4: Will there be a future webinar to address recent changes to the EPA terms and conditions?
- A4: We can bring this back to management to see if that can be a topic for a future webinar.
- Q5: Will this presentation cover the changes to grant management and compliance given the requirements of the new administration?
- A5: Webinar content reflects EPA grants policy at the time of the webinar delivery.
- Q6: If our grant requires the use of reporting templates, will we be receiving new templates based on the updated language required by the current administration?
- A6: Please reach out to your EPA Project Officer. We are unaware of proposed changes to templates.
- Q7: How have Disadvantaged Business Enterprise (DBE) requirements changed with the recent administration?
- A7: This topic was covered in the second half of the webinar. The presentation from today's webinar is available for download from the [Complying with EPA Grants Webinar webpage](#).
- Q8: When are Fiscal Year (FY) 2025 grants going to be awarded?
- A8: Please contact the Program Office for the grant program for which you submitted an application.
- Q9: What sourcing documentation does EPA reference to audit costs?
- A9: We ask recipients to provide "source" documentation to substantiate costs. Examples of source documentation include invoices, contracts, cancelled checks, purchase orders, payroll documentation (pay stubs, electronic payroll reports, timecards), etc.

- Q10: Are there two separate deadlines: 1) for the financial statement audit and 2) for the Single Audit? Or only a reporting deadline for the Single Audit?
- A10: The deadline for financial statement audits is 6 months after the end of your fiscal year. The deadline for single audits is 9 months after the end of your fiscal year. The auditee must submit the full audit package (audit report and Data Collection Form) to the Federal Audit Clearinghouse within 30 days of receipt of the audit, or within 9 months of the end of their fiscal year; whichever is the earlier of the two. Recipients are not required to send their audits to the EPA unless special conditions have been imposed.
- Q11: Can grant dollars be used to cover the cost of single audits?
- A11: Yes.
- Q12: Do subrecipients need to conduct single audits if they expend \$1M+?
- A12: All recipients/subrecipients who expend more than \$1 million of federal funds in any given fiscal year must have a single audit.
- Q13: Very interested to know if there is any data clarifying the pervasiveness of fraud, waste, and abuse. Is there any publicly available resource that provides transparency about all the data that you all are citing?
- A13: Please refer to the [Federal Audit Clearinghouse](#) to review federal grant audits.
- Q14: If the grant award is over \$1 million, but you only spend \$500,000 in any one fiscal year, are single audits still required?
- A14: Single audits are required if the entity expends \$1 million+ of federal funds (not just grant funds) in their fiscal year. The update to [Section 2 CFR 200.501 – Audit Requirements](#) increased the single audit threshold from \$750,000 to \$1,000,000. Therefore, only entities that expend \$1 million or more of federal funds in their fiscal year will be subject to a single audit when this change goes into effect.
- Q15: Is that \$1M expended by Federal fiscal year, or recipient fiscal year (ours is different)?
- A15: The \$1 million of federal spending is within the recipient's fiscal year.
- Q16: Who orders the audit if you draw down more than \$1M? The EPA or the grantee?
- A16: The recipient should have an independent auditor perform the single audit.
- Q17: I am from Senegal, is there a possibility to apply for a grant? If yes, can you share the link?
- A17: Please refer to [Grants.gov](#) for current federal grant opportunities.
- Q18: The Federal Funding Accountability and Transparency Act (FFATA) reporting is not working on SAM.gov. We have opened a ticket but have been unable to report for over 1 month. Please advise how primary grantees should move forward.
- A18: We recommend sending an email to subawardreporting@gsa.gov for support. You might also contact the [Federal Service Desk](#).
- Q19: For payment purposes, must an invoice from a contract submitted for reimbursement be itemized or will a lump-sum invoice suffice?

- A19: To ensure payment, invoices should be as detailed as possible. Submitting an invoice with only the amount requested without details or itemization will not suffice.
- Q20: Terms and conditions change and update overtime. When award amendments state that all terms and conditions remain unchanged, does this refer to the original terms and conditions signed at the time of the initial award notice, or updated terms and conditions?
- A20: Recipients are required to follow the version of the terms and conditions that were applicable when the award was initially funded.
- Q21: Will the PowerPoint be available separate from the video recording?
- A21: The presentation from today's webinar is available for download from the [Complying with EPA Grants Webinar webpage](#).
- Q22: We are new to EPA grants. Is there a specific site we should use to submit Fuel and Fuel Additive Registrations (FFAR) reports? For example, we use the Payment and Reporting System (PARS) to submit reports for our Federal Emergency Management Agency (FEMA) grant.
- A22: Please refer to the [How to Report Annually for Fuel and Fuel Additive Registrations \(FFARs\) webpage](#).
- Q23: We are required to maintain documentation for three years. Should we pass that requirement down to our construction contractors or consultants funded with EPA funds in the contract for bid documents?
- A23: Yes, the Record Retention Requirements found in 2 CFR 200.334 flow down to subrecipients. [Information on Requirements that Pass-Through Entities must "Flow Down" to Subrecipients](#) provides more information.
- Q24: Other federal agencies are now requiring timesheets with very detailed explanations for grant activities. Do you anticipate EPA following suit?
- A24: It's better to err on the side of caution. Timesheets should be as detailed as possible and reflect actual hours worked by project or costs centers. The hours must also be charged to the correct grant.
- Q25: What is an allocation plan?
- A25: A cost allocation plan, as defined by 2 CFR 200, is a method for distributing shared costs across different programs or projects within an organization. It helps ensure that indirect costs are fairly and equitably allocated, particularly when benefiting multiple federal awards.
- Q26: Can we use percentage of benefits calculation for payroll costs? In other words, submitting payroll without the per employee per hour costs.
- A26: Timecards must reflect actual hours each employee worked on the grant. Estimates are not allowed nor accepted.
- Q27: So the fiscal audit would need to be a task in the workplan budget to be reimbursed, correct?
- A27: That is correct.
- Q28: Do subawardees also need to provide these payroll cost sources of documentation, or is an invoice from the subawardee for the total reimbursement amount sufficient?

- A28: Subrecipients must maintain source documentation. If requested, the subrecipient is responsible for providing detailed records to support costs submitted for reimbursement.
- Q29: How about internal control of a subrecipient? How do we ensure their internal control?
- A29: Recipients should provide the EPA Form 6600-01 to their subrecipients and encourage them to make sure all policies and procedures are in place. For more information, refer to our [Pass-Through Entities webinar](#) for more information.
- Q30: Do the same requirements apply if applicants are using force account labor for match (in terms of required payroll documentation)?
- A30: The payroll requirements of Davis-Bacon are only required when a contract involving construction of \$2,000 or more is in place.
- Q31: When determining if a contract is under the simplified acquisition threshold, are we looking at only the amount of the contract being charged to the grant (i.e. if it's only 50% of the total contract price) or the total amount of the contract even if there are other non-federal funding sources?
- A31: Because every project has specific factors, we recommend discussing with your Project Officer.
- Q32: Is there someone I can contact with civil rights compliance questions?
- A32: Questions about civil rights compliance can be submitted at [Contact Us About Civil Rights](#).
- Q33: Does the employee's pay stub need to show a separate code for time worked on the grant (like how vacation hours are coded differently and show up separately on a pay stub)?
- A33: Not necessarily, but you should be prepared to provide documentation to show how the hours were charged.
- Q34: Could you please give some more examples of equipment? We were asked by a Forest Service grant to report on equipment purchased with our grant funds. There are conversations going back and forth on whether the installed waterline pipe is considered equipment.
- A34: Equipment is any item purchased by the recipient that is \$10,000 or more and has a life span of 1 year or more. In this case, if the recipient directly purchased the waterline pipe, it would belong in the "Equipment" budget line item. The EPA terms and conditions should indicate that at the end of the grant, the recipient can keep the equipment for future use. If, however, the recipient enters into a contract, and the contractor will purchase the waterline pipe, the cost of the waterline pipe would likely be included in the "Construction" budget line item instead of the "Equipment" budget line item. If the recipient enters into a subaward and the subrecipient will purchase the waterline pipe, the cost of the waterline pipe would be included in the "Other" budget line item, as part of a subaward.
- Q35: Regarding equipment, if federal funds are used to purchase equipment, does that equipment have to be used towards 100% of the grant? I'm thinking about computers. For example, if someone works on the grant 50% of the time, then is only 50% of the cost of the computer

allowable? What if someone works 100% on the grant, but then the contract terminates within 2 years?

A35: If 100% of the grant funds are used to purchase equipment (regardless of whether it's all federal funding, or a mix of federal funds and cost share), the equipment must be used for the grant, and nothing else, during the life of the grant.

For example, if a grant staff member uses a computer to work on the grant 50% of the time, then only 50% of the cost of their computer is allowable (due to allocability) under the grant. If the grant ends in 2 years, the terms and conditions can be negotiated to determine whether the recipient can continue using the computer with no further obligation to the government, or whether the EPA would need to be reimbursed (proportionate to the amount that the EPA contributed toward the computer) if the recipient sells the computer.

Under rare circumstances, the EPA may require the recipient to return equipment to the EPA at the conclusion of the grant. The EPA will provide disposition instructions to the recipient. Equipment with a fair market value of \$10,000 or less (at the end of the grant) can be retained, sold, or disposed of without further obligation, except as provided in [2 CFR 200.312\(b\)](#).

Q36: Is there a clear resource on the EPA website regarding payroll costs and source documentation? Also, payroll costs and internal controls? I am internal at EPA and am not familiar with this kind of resource.

A36: Recipients must follow the guidance in [2 CFR 200.430 Compensation – personal services](#) and their own policies and procedures.

The guidance states that a recipient's accounting system must be able to provide for the following (2 CFR 200.430 (g)(1)):

- (1) Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the recipient or subrecipient;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100 percent of compensated activities;
 - (iv) Encompass federally assisted, and all other activities compensated by the recipient or subrecipient on an integrated basis but may include the use of subsidiary records as defined in the recipient's or subrecipient's written policy;
 - (v) Comply with the established accounting policies and procedures of the recipient, and

- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award.

Source documentation can be timesheets (or similar time recording mechanism), labor distribution or similar report, employee pay rate (for pay verification), etc.

Q37: What exactly does procurement mean?

A37: Procurement is the strategic process of acquiring goods and services that organizations need for their operations. It involves several steps, including identifying needs, sourcing suppliers, negotiating terms and managing contracts. Unlike simple purchasing, procurement encompasses a broader strategy aimed at optimizing costs, managing supplier relationships, and ensuring that the correct resources are available to meet business objectives.

Q38: We are establishing subrecipient agreements with two Federally Funded Research and Development Centers (FFRDCs) funded by the U.S. Department of Energy (DOE). These subrecipients are explicitly included in our EPA grant agreement. They are required to use DOE contract templates per their DOE funding. They have indicated they cannot accept the EPA flowdown requirements in those templates, citing their status as "federal agencies." Additionally, they are exempt from 2 CFR Part 200 Subpart E and do not collect or provide receipts or invoices. As the pass-through entity, would we be considered out of compliance if we were to proceed with working with these FFRDCs given they can't contractually accept the EPA grant terms and conditions and reporting requirements?

A38: Because every project has specific factors, we recommend discussing this with your Project Officer.

Q39: If the grant is an EPA grant administered by the state as the pass-through entity, which procurement is required? Federal or State?

A39: State procurement is required.

Q40: Do these procedures apply to international organizations of which the U.S. is a member that have their own audit systems and must remain independent?

A40: Please check with your Project Officer for this specific scenario.

Q41: If we are not a State or Indian Tribe, can we use EPA procurement rules for EPA money but use different rules if using state grants or foundation grants? These rules usually aren't significantly different but can be, for example, with different threshold dollar values for when micro-purchase is allowed, etc.

A41: Yes, you can use your own procedures; however, any funds, including cost share, which are spent under the EPA grant have to follow federal procurement requirements.

Q42: On the Equipment slide there is a sentence that says, "Your organization may define equipment as less than \$10,000, but it cannot be greater than \$10,000." The sentence right above that sentence, however, says that Equipment is defined as items that cost greater than \$10,000. These two statements seem to conflict with one another. Can you please explain?

- A42: The federal threshold for equipment is \$10,000; however, recipients are allowed to establish their own threshold for equipment as long as it does not exceed the federal threshold.
- Q43: Regarding the single audit - how is a subaward treated? Does the expenditure occur upon execution of a subaward agreement or when the subawardee spends the funds? Related to this, e.g., for equipment, does an expenditure occur when a purchase order is issued, or when actual purchase order payments against the are made (e.g., deposit, periodic payments, etc.)?
- A43: Expenditures are defined as funds expended from direct awards as well as funds passed through to subrecipients. The prime recipient must include awards made to subrecipients as expenditures on their Statement of Expenditures of Federal Awards (SEFA) even if the subrecipient has not yet spent the funds.
- Q44: To ensure policies and procedures are current and accurate, does the EPA require that they be documented in written form, or is it sufficient for an organization to rely on established customs or informal practices?
- A44: It is a best practice that recipients have written policies and procedures. This ensures the recipient has the proper administrative and financial management systems in place to effectively expend and document the use of federal funds. Written policies and procedures also help to ensure employees are performing functions properly.
- Q45: Do the October 1, 2024, changes allowing Tribes and States to follow their own procurement procedures apply to all grants, or just those awarded after October 1, 2024?
- A45: This applies to awards made on or after October 1, 2024.
- Q46: Will the Best Practice Guide for Procuring Services, Supplies, and Equipment be updated?
- A46: The Guide, which is currently being updated, will be shared and posted online once complete. The current version of the [Best Practices Guide](#) is available online.
- Q47: Can you please post the link to the guide in the chat?
- A47: The Guide, which is currently being updated, will be shared and posted online once complete. The current version of the [Best Practices Guide](#) is available online.
- Q49: Does EPA have a dollar number for Small Acquisition Threshold?
- A49: There's a \$10,000 Micro Purchase Threshold and a \$250,000 Simplified Acquisition Threshold. For more information on thresholds, please review EPA's Best Practices Guide for Procuring Services, Supplies, and Equipment. The Guide, which is currently being updated, will be shared and posted online once complete. The current version of the [Best Practices Guide](#) is available online.
- Q50: Can Clean Water Act (CWA) 319 funds for states be used to purchase vehicles?
- A50: Please check with your Project Officer.
- Q51: Do you include DBE in Request for Proposals (RFP)/ Request for Quotation (RFQ) based on RAIN 2025-002?
- A51: All recipients, subrecipients, and contractors should align with the Good Faith Efforts in [40 CFR Part 33 subpart C](#).

- Q52: Can you get into the weeds on the single audit if a grantee draws down \$1.5M in one draw down?
- A52: The current single audit threshold is \$1 million. If a recipient expends more than \$1 million of federal funds in a given fiscal year, a single audit from an independent auditor is required.
- Q53: With all the recent Federal action, is Minority-owned Business Enterprise (MBE)/ Women-owned Business Enterprise (WBE) procurement and reporting still a concern?
- A53: MBE/WBE reporting is no longer required; however, you are still required to follow the [Good Faith Efforts](#). Additionally refer to [RAIN-2025-G02](#) which details the recent changes.
- Q54: Can you clarify if BOTH the recipient and subrecipient need to conduct single audits? Isn't that duplicative and excessive use of federal funds? Can a recipient fulfill the audit requirement by performing a single audit across the funded project and this would also fulfill the subrecipient single audit requirement?
- A54: Both the recipient and subrecipient are required to conduct a single audit if either expends more than \$1 million in their fiscal year.
- Q55: What happens when you aim to order with two different vendors for the same equipment and they are the only eligible vendors for that clean equipment?
- A55: Follow the procurement guidance summarized within EPA's Best Practices Guide for Procuring Services, Supplies, and Equipment. The Guide, which is currently being updated, will be shared and posted online once complete. The current version of the [Best Practices Guide](#) is available online.
- Q56: If a subawardee is a for-profit entity, can they account for profit in their invoices or rates?
- A56: It is very rare for a subrecipient to be a for-profit organization. For-profit organizations are contractors rather than subrecipients. Refer to 2CFR 200.331. Contractors can account for-profit in their invoices and rates.
- Q57: If we hire a qualified contractor via the public bidding process, is the contractor required to provide procurement details for all the materials (e.g. pipelines, valves, fittings, etc.) that are needed to construct the project?
- A57: Under 2 CFR 200.317–200.327, federal grant recipients must follow specific procurement standards to ensure full and open competition, transparency, and cost reasonableness. If you hire a qualified contractor through a public bidding process, the contractor is not necessarily required to provide detailed procurement records for every material used (e.g., pipelines, valves, fittings, etc.), unless the terms of the contract or your procurement policy require it. However, the recipient must ensure that the contractor's costs are reasonable, allowable, and allocable under the award (§ 200.403–405).

The foundation for selecting a qualified contractor hinges on how well the RFP is drafted. According to § 200.319 (Competition) and § 200.320 (Methods of procurement), competitive proposals must be based on clear and accurate descriptions

of the technical requirements for the goods or services being procured. Therefore, the RFP should include material specifications and performance requirements necessary for constructing the project. Without these, you cannot effectively evaluate whether bidders are qualified or whether their proposals are responsive and cost-effective.

To address this challenge, it is common and advisable for recipients to hire a technical specialist or consultant (e.g., an engineer or subject matter expert) to help draft the RFP. Per § 200.319(b) (which prohibits unfair competitive advantage), this individual or firm must be excluded from bidding on the subsequent contract, since they were involved in the development of the specifications and would have a competitive edge.

In summary:

- Contractors selected via public bidding are not required by 2 CFR 200 to provide procurement details for each material unless required by the recipient's policies or contract terms.
- To ensure the contractor is qualified, the RFP must include clear technical specifications.
- A technical consultant may be hired to assist with drafting the RFP, but they would be ineligible to bid on the project to avoid conflicts of interest, per § 200.319(b).

Q58: Is there a threshold for vendors to need a Unique Entity Identifier (UEI) and be vetted through SAM.gov? For example, if I am using Qualifications-Based Selections (QBs) do I need to vet them in SAM.gov? I thought this was for contractors/ subawards?

A58: All subrecipients need to have a UEI. Recipients are responsible for checking SAM.gov to make sure that subrecipients, contractors, and others with whom they do business are not on the Excluded Parties List.

Q59: Do you have suggestions for soliciting DBE in rural areas? Often times, we are lucky to get ANY bids, let alone a DBE.

A59: We suggest that you review and follow the [Good Faith Efforts](#) described in 40 CFR 33.301 which describes processes for procurement activities.

Q60: Is #5 on the first DBE slide intended to refer to the Small Business Administration (as opposed to Association)?

A60: Yes, that was a typo.

Q61: How do the Good Faith efforts differ from the Fair Share Objectives?

A61: The Fair Share Objectives describe a percentage of MBE or WBE utilization expected absent the effects of discrimination; however, recipients are no longer required to follow Fair Share Objectives. The [Good Faith Efforts](#) describes processes that recipients, subrecipients, and contractors should follow when engaging in procurement activities.

Q62: How do we manage slow or no responses from our PO that may impact our program's performance and compliance?

- A62: Please reach out to your Grant Specialist, Award Official, and/or your Grants Management Officer (GMO).
- Q63: Where can I sign up for the listserv?
- A63: You can sign up for the [EPA Grants Update listserv](#) on the EPA Grants website.
- Q64: So, to be clear, the six good faith efforts are required, but no check exists on our compliance?
- A64: The Good Faith Efforts are required. The EPA is suspending all enforcement and compliance actions pursuant to 40 CFR Part 33.105.
- Q65: We have recently seen more subcontractors submitting receipts / costs for hoteling office space or daily office space rentals. Does the EPA consider these allowable costs? They are not accounted for under the awarded agency's indirect cost rate.
- A65: Recipients' indirect cost rates only cover recipients' overhead. To determine allowability of daily office space rental, check with your Project Officer and Grant Specialist.
- Q66: If the grant started prior to April 2025, I assume that the changes to the DBE reporting, etc. will still apply to that grant?
- A66: DBE reporting is no longer required for any EPA grants regardless of when the grant was awarded as described in [RAIN-2025-02](#).
- Q67: The EPA Form 5700-52A is no longer a condition of closeout, but is this form required annually?
- A67: No. The EPA has suspended DBE reporting requirements under 40 CFR 33.502. Please refer to [RAIN-2025-G02](#).
- Q68: Does the recipient decide what documentation will be required from subrecipients?
- A68: The recipient is responsible for providing oversight over its subrecipient. As such, the recipient should hold the subrecipient to the same standards that the EPA holds the recipient responsible. To ensure full payment of all invoices, etc., source documentation is needed to fully substantiate all payments and drawdowns. Please refer to your terms and conditions.
- Q69: Can you clarify that awardees can procure equipment or vehicles under their agreement looking at more than just cost? In other words, lowest bid doesn't have to be the selection procedure? Would an RFP that looks at both price AND technical evaluation criteria be a compliant procurement process for equipment/vehicles?
- A69: EPA grant recipients do not need to select the lowest priced item or service if it does not meet the requirements or if the recipient can demonstrate that the goods or services available at a higher price offer the best value. The recipient must justify a decision to purchase at the higher price and ensure that the vendor charges other customers the same price as it is offering to the recipient. The recipient must also document in the procurement file of the grant their decision to purchase at the higher price.
- Recipients should keep in mind that leasing equipment, including vehicles, may be more cost-effective than purchasing.
- Q70: Is it OK for an entity to hire a friend to do the engineering if they go through the proper procurement procedures?

A70: In accordance with 2 CFR 200.318(c):

(c) Conflicts of interest.

(1) The recipient or subrecipient must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. No employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the Federal award.

A conflict of interest includes when the employee, officer, agent, or board member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract. An employee, officer, agent, and board member of the recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. However, the recipient or subrecipient may set standards for situations where the financial interest is not substantial, or a gift is an unsolicited item of nominal value. The recipient's or subrecipient's standards of conduct must also provide for disciplinary actions to be applied for violations by its employees, officers, agents, or board members.

Q71: I have a stipend \$ number for a Section 319 CWA Nonpoint Source Grant, but it is not listed as available in Grants.gov for application in FY25. When will it be available for application? These dollars are critical as of 1 July 2025.

A71: Our office does not have information on when funds will be available for Section 319 grants. Please reach out to your Project Officer if you've had previous Section 319 grants.

Q72: There is a new justification requirement in Automated Standard Application for Payments (ASAP). Can you please clarify what is needed for this justification?

A72: The Treasury Department is offering training on this topic. In the meantime, there is a ["What's New in ASAP.gov: Payment Justification" training video](#) available on the Treasury website. Hopefully, we'll have more information soon.

Q73: Do you have a list of forms that EPA needs to apply for grants?

A73: Applicants can find the required forms by selecting "package" on a Notice of Funding Opportunity located at [Grants.gov](#). For all EPA grants related forms, please visit the [EPA Grantee Forms webpage](#).

Q74: Do you have a generic terms and conditions that can be incorporated into contract specifications for bid that takes into account Davis-Bacon, new DBE requirements, and other federal procurement laws and regulations? Currently we are compiling specifications from a number of different sources.

- A74: We do not have one source; however, the [Davis-Bacon and Related Acts webpage](#) and [40 CFR 33.301](#) provide some of the requirements. Refer to your grant terms and conditions for requirements that flow down.
- Q75: In addition to the 5-day disbursement rule, does the grantee have up to 15 days? Per <https://www.epa.gov/great-lakes-funding/how-would-principal-recipient-access-federal-funds-reimbursement>, any EPA funds subject to this paragraph that remain undisbursed after 5 business days must be fully disbursed within 15 business days of draw down or be returned to EPA.
- A75: Recipients are allowed to temporarily retain up to 5% of the funds drawn or \$1,000, whichever is less, past 5 business days. However, all retained funds must be fully disbursed within 15 days or returned to the agency. If a recipient does not expend funds within 5 days, that may raise a compliance concern.
- Q76: What if our policy has always been to round "down" when we make our draw? Isn't that typical accounting practice? We draw on reimbursement basis only.
- A76: Generally, the EPA expects exact dollar amounts when drawdowns are made; however, if a recipient chooses to be reimbursed for less than their actual costs, which is their choice. Recipients should never round up and request more than their actual expenses. That would be a compliance concern.
- Q77: When we received our award, we were told that we had to deposit ASAP funds into an interest-bearing account, which doesn't make sense if the funds must be spent within 5 days.
- A77: Interest-bearing accounts are required because occasionally funds may not always be disbursed within the required 5-day period. In cases where interest is earned, interest should be provided to the Department of Treasury. Please reach out to the Research Triangle Park Finance Center as provided in your terms and conditions and refer to the [Health and Human Service's webpage on returning funds](#) for more information.
- Q78: How are transactions tested?
- A78: The EPA performs a comprehensive assessment of all supporting documentation used to substantiate a drawdown. Per 2 CFR 200.302(b)(3), all recipients are required to maintain source documentation to ensure costs charged to the grant are reasonable, allocable, allowable, and necessary. During transaction testing, the reviewer may trace transactions through the recipient's financial management system (including reviewing general ledgers, journal entries, bank statements, etc.) and confirms all totals/calculations (i.e., indirect costs) are accurate.
- Q79: If a subrecipient is paying costs up front/out of pocket and the pass-through is requesting drawdowns to reimburse the subrecipient, does the 5-day rule to pay the subrecipient still apply?
- A79: The pass-through entity is required to pay the subrecipient within 5 days of drawing down the funds.
- Q80: Can you put money back into ASAP if you received a refund from a service, you already drew down and paid for?

- A80: The recipient must contact rtpfc-grants@epa.gov for instructions on whether to return the funds to the EPA. For more information, refer to the section on returning funds in the [March 2023 Financial Management Webinar](#).
- Q81: My municipality has a grant and only cuts checks one day per week. Can we have an extension on 5 days? It's possible we get the invoice, process it, upload it to ASAP on the wrong day, and have to wait a week.
- A81: If the recipient believes that there are extraordinary circumstances that prevent it from complying with the 5-business day disbursement requirement throughout the performance period of this agreement, recipients may request an exception to the requirement by following the procedures specified in [RAIN-2018-G06-R](#). The EPA will grant exceptions to the 5-business day disbursement requirement only if the recipient demonstrates that compliance places an undue administrative or financial management burden or the EPA determines that granting the exception is in public interest.
- Q82: Do subrecipients need to follow state procurement procedures if the state is the recipient of the grant and another entity is a subrecipient?
- A82: Subrecipients should follow the procurement terms and conditions for their grant agreement with their state.
- Q83: RAIN-2025-G02 states "All provisions of 40 CFR Part 33 not specifically listed in this class exception remain in effect. Recipients may continue to follow these provisions; however, EPA will not pursue any enforcement actions against a recipient for failure to comply with any parts of this regulation." Confirming that the six good faith efforts are the one area of 40 CFR Part 33 that will continue to be fully required?
- A83: That is correct.
- Q84: Could you please share the links for the ASAP trainings?
- A84: To register for the ASAP training opportunities, refer to the [ASAP homepage](#) and the [Treasury's "what's New in ASAP.gov" training webpage](#).
- Q85: Will there be any impact on the time taken to approve the ASAP requests, due to the new requirement for recipients to provide a justification with each drawdown request?
- A85: It's too soon to tell. There may be a short delay for approvals of justifications.
- Q86: I am running the lead service line (LSL) program, and we issued contracts competitively through New Jersey local public contract law. I handle the engineering, and a person in City Hall finance handles the invoices. I don't have access to ASAP. She does. Is that an ok situation?
- A86: It is common for a finance person to be in charge of drawdowns rather than engineers, planners, program managers, etc.
- Q87: For the ASAP trainings, they are asking for a Recipient Organization ID number. What is that?
- A87: We are unsure also we suggest trying your Employer Identification Number (EIN) or UEI.
- Q88: Can you clarify when grantees would use reimbursement versus advanced payments?

- A88: Most of the time, grant recipients will be on advanced payments, which means that the EPA will provide funding for recipients to pay for their allowable incurred costs. Occasionally, grant recipients may be required to pay for their incurred costs and submit documentation to the EPA (i.e., invoices, bills, receipts, payroll) for reimbursement). Usually, grant recipients are put on reimbursement when there are concerns about proper financial management.
- Q89: If an advance payment is requested from one of our subrecipients to us, is the 5-day requirement for the primary to pay the subrecipient and then they have 5 days from when they receive payment to pay or is the 5 days for disbursement to the end user (in this instance, the subrecipients vendors/contractors)?
- A89: Per the requirements of [2 CFR 200.305 Federal payment](#), the EPA grant recipient must disburse the funds to the subrecipient within 5 days; however, the subrecipient should not request funds from the EPA grant recipient unless they are required for allowable, immediate cash needs (e.g., to pay invoices, bills, etc.).
- Q90: If your payroll expenses don't change week to week, is it okay to make a scheduled regular drawdown of the same amount to pay out that payroll cost?
- A90: While this practice does not directly violate any federal rules, it is not considered a best practice. Regularly scheduled drawdowns of the same amount may result in drawing funds based on estimates rather than actual costs, which is discouraged.
- Per 2 CFR 200.305(b), federal funds must be drawn only to meet immediate cash needs for allowable costs incurred. Recipients should review payroll expenses regularly to ensure that drawdowns reflect actual and properly allocated payroll costs charged to the EPA grant. This helps avoid potential audit findings or compliance issues related to improper cash management.
- Q91: Are there any specific requirements for the justification languages? Are there any specific information that must be included in the justification statement?
- A91: The ASAP payment justification field is mandatory and limited to 300 characters. Special characters are not accepted, although these special characters are allowed: : _ ` ~ ! @ # \$ ^ () - + { } [] | ; , . ?
- To assist recipients with completing the payment justification field in ASAP, the EPA is providing the below example of a sufficient payment justification:
- The drawdown is for immediate cash needs in carrying out the approved project as required by 2 CFR 200.305. The funds will be used for costs consistent with the approved budget and the terms and conditions of the award and are necessary for [INSERT GENERAL DESCRIPTION OF COSTS TO BE PAID, SUCH AS SALARIES, EQUIPMENT, CONTRACTOR PAYMENTS].
- Q92: As a new person in this field, you have referred to a work plan several times, what is a “work plan?”
- A92: A work plan is a structured document that outlines the goals, tasks, timelines, and results for specific objectives in a project. The [EPA Grants Management Training for Applicants and Recipients](#) provides helpful information on work plans, and other aspects of the grant application process.

Q93: What if we were a new grantee and only had our grant for a limited time before it was terminated and didn't understand the advanced payments use/procedure. Now there is not an opportunity for technical assistance to understand what needs to be fixed for the next grant?

A93: Please refer to the [March 2023 Financial Management Webinar](#) for more information about advanced payments, setting up your ASAP account, drawing down funds, etc.

Q94: When EPA audits a fixed price contract under a grant award, does it require documentation of hourly pay/rates? I thought fixed price contracts were allowed up to \$500,000. The documentation would be evidence the milestone under the fixed contract is delivered. Correct?

A94: Costs for fixed-price contracts are not routinely monitored. However, recipients are still expected to adhere to the record retention requirements. If audited, recipients must be able to provide documentation to support salaries and the work performed.

Q95: A recommendation is that the drawdown is in whole dollars, however, the invoices must be exact amounts - that is more likely to have cents associated for exact amounts. Those two contradict each other - please provide clarification.

A95: We don't recommend drawing down whole dollar amounts as recipients must draw down exact amounts in dollars and cents for immediate cash needs.

Q96: What is the threshold distinction between minor noncompliance and serious noncompliance?

A96: Whenever there is noncompliance, the EPA will do an assessment to determine the seriousness of the noncompliance and the appropriate remedies. Every situation is different and will be addressed and resolved on a case-by-case basis.