



# (Re)Introducing EDGAR

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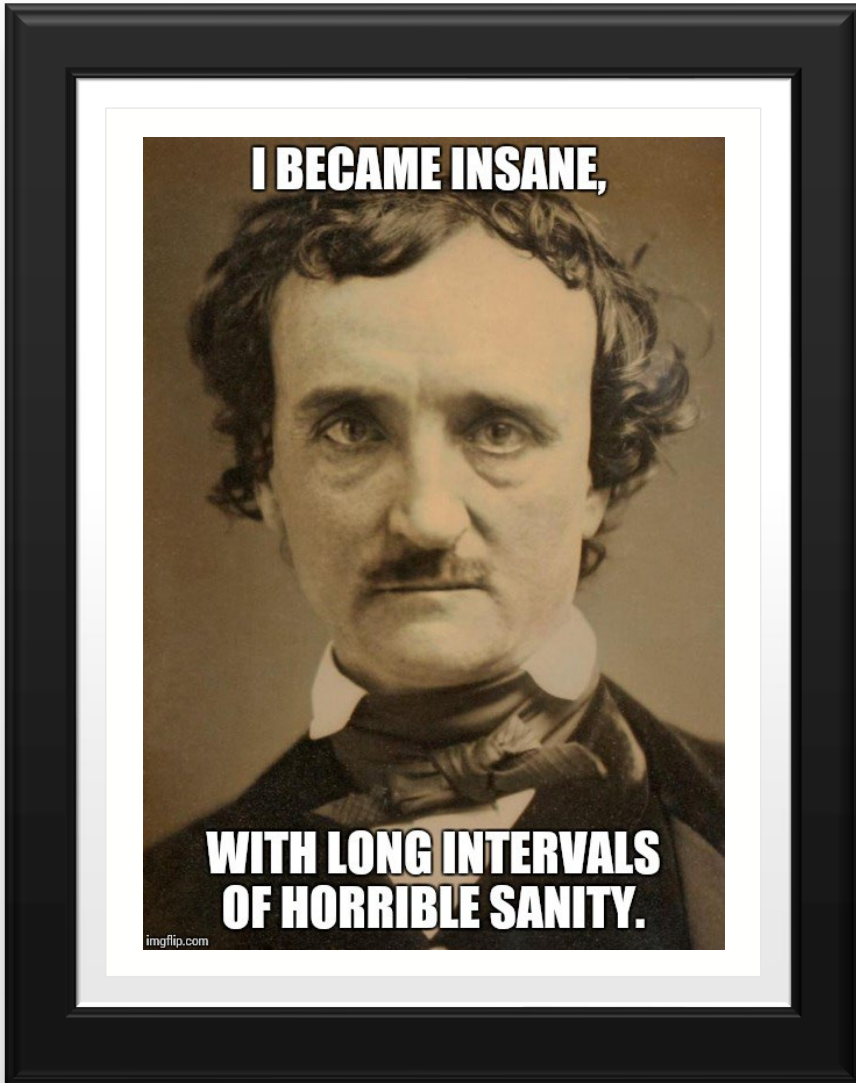
# Questions



# Agenda

1. Overview of the UGG/EDGAR
2. Financial and Program Management
3. Procurement
4. Timely Spending and Allowable Costs
5. Documentation
6. Subrecipient Monitoring
7. Audits





# Who Is EDGAR?

Education Department General Administrative  
Regulations

<https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>



## EDGAR and the UGG

- EDGAR includes various grants management rules applicable to all federal awards issued by the U.S. Department of Education (ED).
- The Uniform Grant Guidance (UGG) are federal grants management rules that apply to all awards issued by all federal awarding agencies.
  - Created and amended by the Office of Management and Budget (OMB)
- EDGAR incorporated the UGG in 2014
  - Parts 74 and 80 of EDGAR were replaced with 2 CFR Part 200

# Key Sections of EDGAR

- Excerpts from the General Education Provisions Act (GEPA)
- Title 34
  - Part 75 – Direct Grant Programs
  - Part 76 – State-Administered Programs
  - Part 77 – Definitions
  - Part 81 – Enforcement Regulations
- Title 2
  - Part 200 – Cost/Administrative/Audit Rules
  - Part 3485 – Non-procurement Debarment and Suspension
  - Incorporates 2 CFR Part 180, OMB's Guidelines on Debarment and Suspension





# Uniform Guidance Rules

2 CFR Part 200



Federal rules:

- Program statute
- Program Regulations
- 2 CFR Part 200
- Guidance Documents

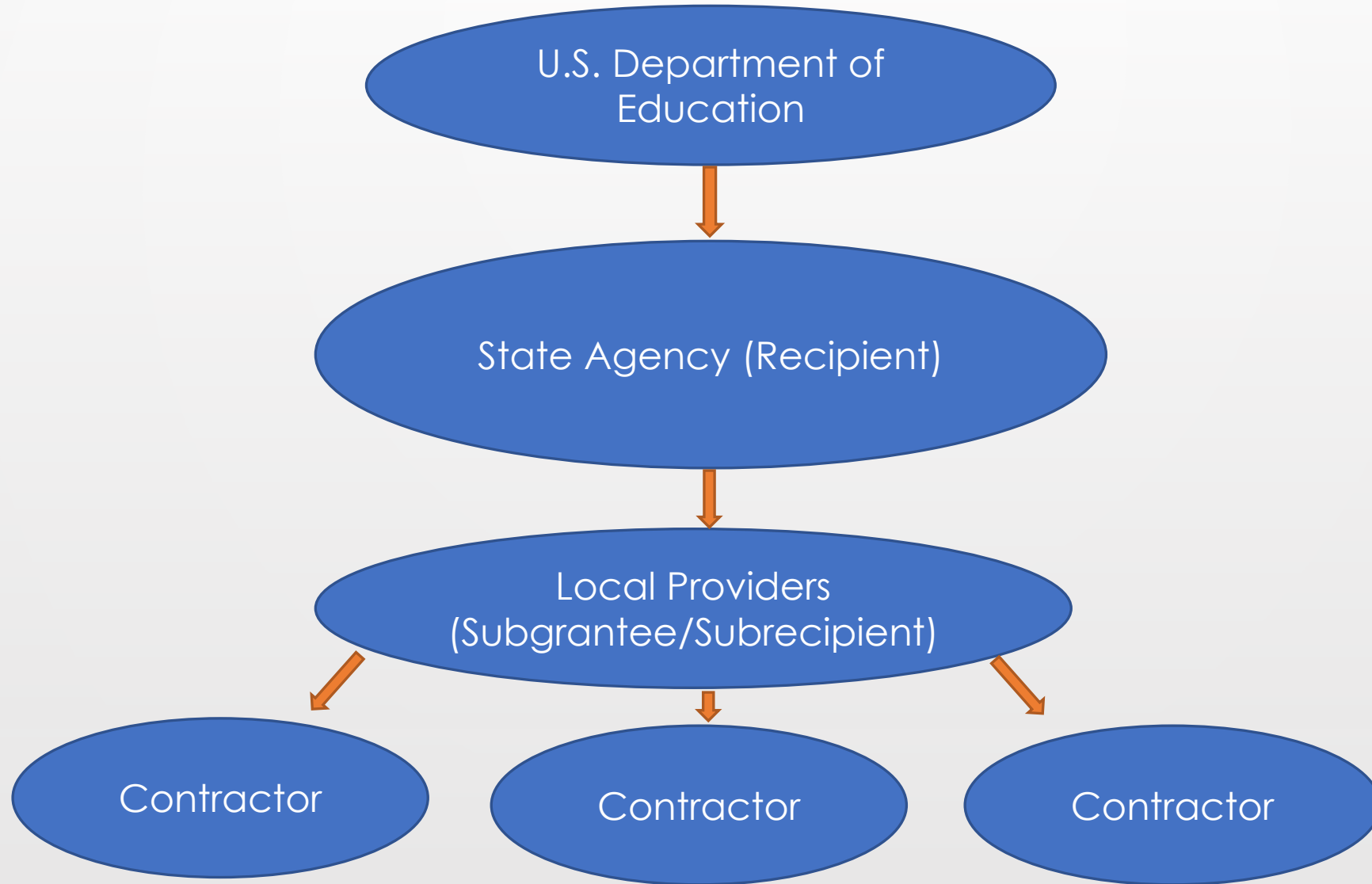
State and local rules:

- State statute
- State regulations
- State policies
- Local rules
- Policies and procedures



# Common terms

Term	Definition
Contractor	An entity that receives a contract to provide goods or services
Federal Agency	Any agency as defined in 5 USC 551(1)
Non-federal entity	<del>A state or local government, Indian tribe, institute of higher education, or nonprofit organization that carries out a federal award</del>
Pass-through entity	A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program
Recipient	An entity that received an award directly from a federal awarding agency
Subrecipient	An entity that receives a subaward from a pass-through entity



An entity that receives multiple grants may be a recipient, a subrecipient, and a contractor at the same time

## 2 CFR Part 200

- Subpart A – Definitions – 200.1
- Subpart B – General Provisions
- Subpart C – Pre- Federal Award Requirements
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements

# Conflict of Interest 200.112

## Mandatory Disclosures 200.113



- All non-federal entities must establish conflict of interest policies and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy.
- Must disclose to federal or pass-through agency “all violation of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award.”

## Specific Conditions – 200.208

- The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed
- Additional Federal award conditions may include items such as the following:
  1. Requiring payments as reimbursements rather than advance payments;
  2. Require evidence of acceptable performance within a given performance period before allowing the next phase to begin;
  3. Requiring additional, more detailed financial reports or project monitoring;
  4. Requiring the non-Federal entity to obtain technical or management assistance;
  5. Establishing additional prior approvals.

## Specific Conditions – 200.208

- If the Federal awarding agency or pass-through entity is imposing additional requirements, they must notify the applicant or non-Federal entity as to:
  1. The nature of the additional requirements;
  2. The reason why the additional requirements are being imposed;
  3. The nature of the action needed to remove the additional requirement, if applicable;
  4. The time allowed for completing the actions if applicable; and
  5. The method for requesting reconsideration of the additional requirements imposed.
- Any additional requirements must be promptly removed once the conditions that prompted them have been satisfied.



# Questions



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# Financial and Program Management

2 CFR 200.302(b)



# Financial Management 200.302(b)

Identification of awards

Financial reporting

Accounting records

Internal controls

Budget control

Written procedures for cash management

Written procedures for determining allowability

## Identification in Accounts – 200.302(b)(1)

- Federal award identification must include, as applicable:
  - Assistance Listings title and number
  - Federal award identification number and year
  - Name of the Federal agency
  - Name of the pass-through entity, if any

## Internal Controls 200.303

### MUST:

- Comply with requirements (**U.S. Constitution**)
- Evaluate and monitor compliance
- Take prompt action to correct noncompliance
- Safeguard personally identifiable information (PII)

## Internal Controls 200.303

- “Control activities are the **policies and procedures** that help ensure the management’s directives are carried out.”

OMB Compliance Supplement

## Program Income – 200.307

- **200.1:** Not an exhaustive list
  - Fees for services performed,
  - Fees for the use or rental of real or personal property acquired under federal awards,
  - Sale of commodities or items fabricated under a federal award,
  - License fees and royalties on patents and copyrights, and
  - Principal and interest on loans made with federal award funds

# Program Income – 200.307

## Deduction method

- Non-federal entity has \$100,000 available for obligation.
- Entity earns \$10,000 in program income
  - Must expend \$10,000 before requesting reimbursement
  - Now has \$90,000 available for obligation

## Addition method

- Non-federal entity has \$100,000 available for obligation.
- Entity earns \$10,000 in program income
  - Must still expend \$10,000 before requesting reimbursement
  - Still has \$100,000 available for obligation



# Questions





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# Procurement

2 CFR 200.317 – 200.327



# Procurement Standards 200.318

- All nonfederal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.
  - Open and Full Competition (Maximum Extent Possible)
  - Specific Thresholds for Purchasing
  - Prohibited In-State and Local Preferences
  - Contract Administration System
  - Conflict of Interest Rules
  - Mandatory Disclosures

# Competition 200.319

(a) All procurement transactions **for the acquisition of property or services required under a Federal award** must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320.

...

**(f) Noncompetitive procurement can only be awarded in accordance with 200.320(c).**

# Methods of Procurement 200.320

- Grantee **must have and use documented procurement procedures** for the following methods:
  - (a) **Informal procurement methods**
    - Micro-purchase
    - Small purchase procedures
  - (b) **Formal procurement methods**
    - Competitive sealed bids
    - Competitive proposals
  - (c) Noncompetitive proposals

**Formal** v. Informal

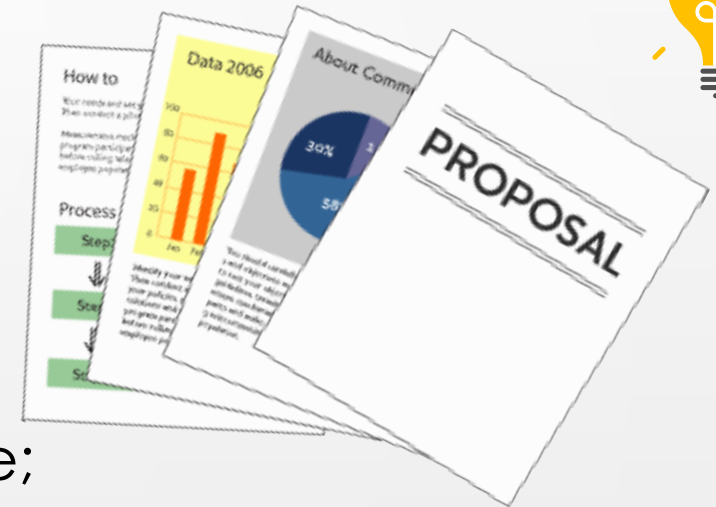




# Noncompetitive Proposals 200.320(c)

Appropriate only when:

- **Micro-purchases**
- The item is only available from a single source;
- There is a public emergency for the requirement that will not permit delay resulting from **publicizing** a competitive solicitation;
- The Federal awarding agency or pass-through expressly authorizes noncompetitive procurement in response to a written request from non-Federal entity; or
- After soliciting a number of sources, competition is determined inadequate.





# Suspension and Debarment 2 CFR 180.300

For contracts over \$25,000 (“covered transaction” 3485.220) you must verify that the person with whom you intend to do business is not excluded or disqualified.

- This *MUST* be done by either:
  - a. Checking SAM; or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.



# Questions



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# Inventory Management

2 CFR 200.313





## Definitions 200.1 (cont.)

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**Equipment:** tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.



**Supplies:** All tangible personal property other than equipment



**Computing Devices:** considered supplies if under \$5,000

# Use of Equipment – 200.313(c)



- Equipment must be used by the Non-Federal entity in the program or project for which it was acquired if needed, whether or not the project or program continues to be supported by the Federal award.
- When used it must be shared, provided such use will not interfere with work on the original projects/programs, and it follows this order of priority:
  - First by other programs from same agency
  - Then open to other federal programs
  - Non-federal programs



# Replacement Equipment 200.313(c)(4)



May use sale price of old equipment towards purchase price of replacement equipment

- Calculate new federal share!

# Disposition – 200.313(c)(1) & (e)

- When no longer needed, may be used in other activities with the following priority:
  - Projects supported by Federal awarding agency
  - Project funded by other Federal agencies
- When property is no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
  - Request disposition instructions from federal awarding agency
  - Fair market value > \$5,000 = pay federal share back to awarding agency
  - Fair market value of \$5,000 = no money owed back to feds
- Supplies (200.314): Depends on value of residual inventory of unused supplies



# Questions



# Timely Spending and Allowable Costs

# Period of Performance, Budget Period, Renewal (200.1)

New definitions!

- May have more than one budget period within period of performance; renewal starts a new period of performance (200.1).
- Period of Performance- The total estimated time interval between the start of an initial Federal award and the planned end date.
  - Does not commit the awarding agency to fund beyond the approved budget period.
- Modifications to Period of Performance (200.309)
  - Extension = Period of Performance will be extended.
  - Termination = Period of Performance will be amended to end upon termination date.
  - Renewal = A distinct Period of Performance will begin.

# When Obligations Are Made

## 34 CFR 76.707



<b>Type of Obligation</b>	<b>When Obligation Occurs</b>
Acquisition of Property	Date of binding written commitment
Personal Services by Employee	When services are performed
Personal Services by Contractor	Date of binding written commitment
Travel	When travel is taken
Approved Pre-Agreement Cost	On the first day of the grant or subgrant performance period.



# When Subgrantees may begin to Obligate funds 34 CFR 76.708

- Formula programs: Later of...
  - Date the state may begin to obligate; or
  - Submission of substantially approved application
    - **According to the State, this means all documents of the grant are in the system**
- Discretionary programs:
  - Once the subgrant is made





# Carryover (Tydings Amendment)

## GEPA Sec. 421 (b); 34 CFR 76.709; 76.710

- Program restrictions, ESSA Sec. 1126(c) (limits TI-A carryover to 15%); Perkins V, Sec. 133(b) (requires states to redistribute unobligated balances at the end of academic year; no carryover at local level)
- Tydings does not apply at local level if funding distributed by competition (1999 OGC Memo)
  - 21<sup>st</sup> CCLC; Adult Ed

## Pre-Award Costs 2 CFR 200.458

- Those costs incurred prior to the effective date of the Federal award directly in negotiation or anticipation of the award
- Costs must be necessary for efficient and timely performance of the scope of work
- Allowable to the extent they would have been allowable if incurred after the effective date and ONLY with written approval from the Federal awarding agency.

## Closeout 2 CFR 200.344 (formerly 200.343)

- Subrecipients must prepare closeout reports and final accounting within 90 days after period; pass-through entities have **120 days**
- Unless federal or pass-through gives extension, all financial obligations must be liquidated no later than **120 days** after period ends
  - Effectively limit subrecipient liquidation to 90 days??
- 2 CFR 200.343





## Factors Affecting Allowability

2 CFR 200.403

- ✓ **Necessary** and **reasonable** for the performance of the federal award
- ✓ **Allocable** to the federal award
- ✓ **Consistent with policies and procedures** that apply uniformly to both federally-financed and other activities of the District
- ✓ Conforms to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award
- ✓ Accorded consistent treatment as either a direct or indirect cost
- ✓ Adequately **documented**
- ✓ Determined in accordance with GAAP
- ✓ Not included as a match or cost-share, unless authorized by the federal program
- ✓ Net of applicable credits
- ✓ **Incurred during the approved budget period**

# Auditor's SNS Test: The Presumptions of Supplanting



## Presumptions of Supplanting

1. Required to be made available under other federal, state, or local laws
2. Provided with non-federal funds in prior year

## But ... Presumption Rebutted!

- These presumptions are rebuttable if the SEA or LEA can demonstrate that it would not have provided the services in question with non-federal funds had the federal funds not been available.



## Direct vs. Indirect 200.413(c)

- Salaries of administrative and clerical staff should be treated as “indirect” unless all of following are met:
  - Such services are integral to the activity
  - Individuals can be specifically identified with the activity
  - Such costs are explicitly included in the budget
  - Costs not also recovered as indirect



## What about administrative costs?

May be:

- Direct
- Indirect
- Some Combination

BUT – subject to any applicable caps (e.g. 5% admin cap in Perkins)



# Selected Items of Cost

## 56 Selected Items of Cost

- Allowable
  - E.g., collection of improper payments (200.428); training and education costs (200.473)
- Allowable with special conditions
  - E.g., only as an indirect charge (leave payout, 200.431; advisory councils, 200.422); only with necessary documentation (compensation – personal services, 200.430)
- Allowable with prior approval
  - E.g., equipment and capital expenditures (200.438); entertainment (200.439); participant support costs (200.456)
- Unallowable
  - E.g., alcohol (200.423); bad debts (200.426)



# Selected Items of Cost Examples

## Alcohol 200.423

- Not allowable

## Entertainment 200.438

- Not allowable UNLESS Prior Written Approval of Federal Awarding Agency.
- Field Trips & Holiday Parties are common examples
- Field trips may be allowed where:
  - They have a clear programmatic purpose
  - And are authorized by the federal awarding agency



# Advertising/Public Relations 200.421



## **Allowable for programmatic purposes including:**

- Recruitment
- Procurement of goods
- Disposal of materials
- Program outreach
- Public relations (in limited circumstances)

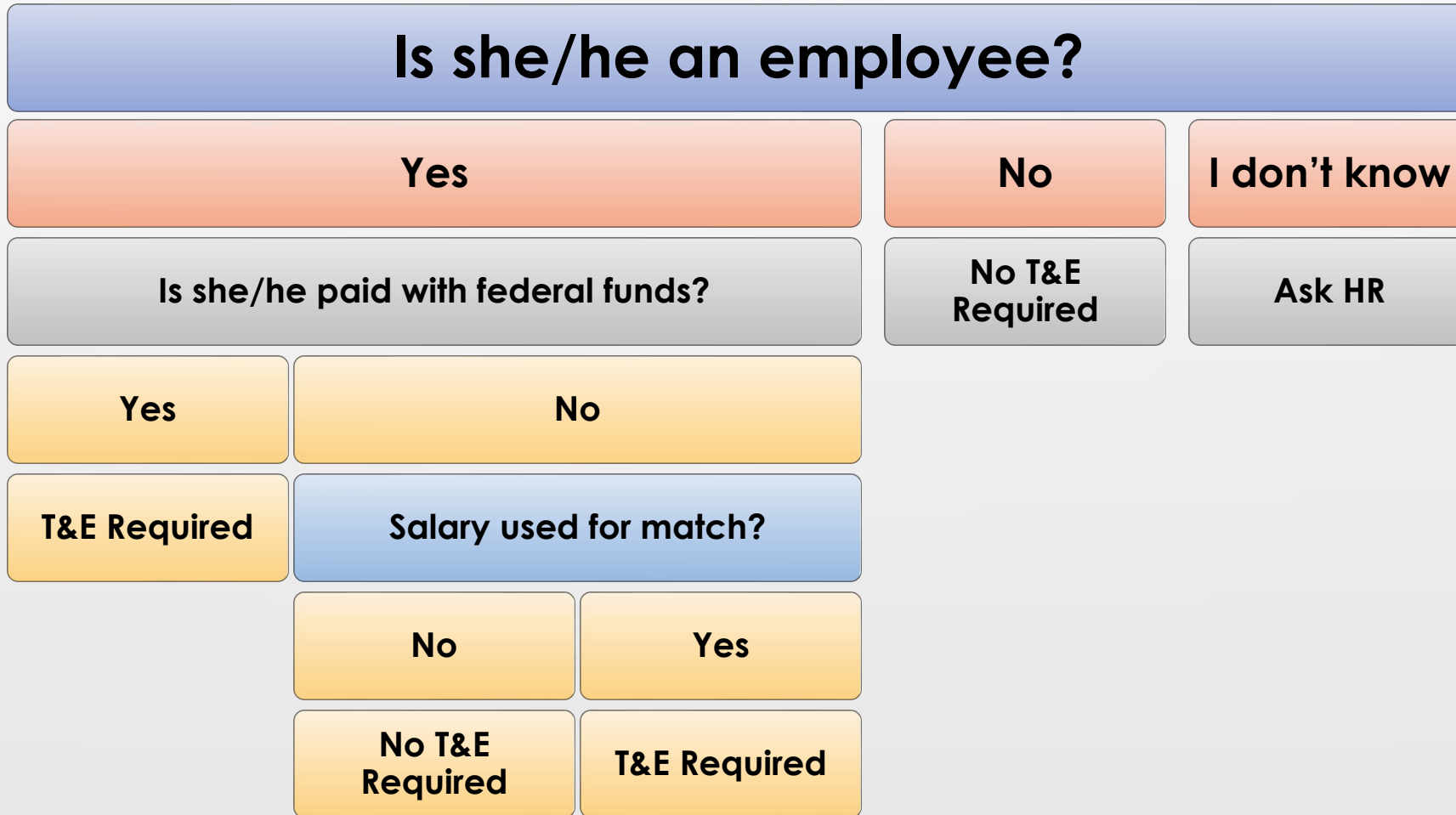
# Personnel Expenses

## Who? 200.430(i)(1) & (4)

- Time and effort must be collected for all employees (not contractors) whose salaries are:
  - Paid in whole or in part with federal funds ; and
  - Used to meet a match/cost share requirement.
- Includes:
  - Full time and part time employees;
  - Federal stipends that are considered salary expenses;



# Does “X” Employee have to keep time and effort records?



## Why? 200.403(a); 200.430(i)

- Any employee funded by federal grants must maintain documentation showing that their time is allocable to a federal program.
- That documentation must be based on records that **accurately reflect the work performed.**
  - Everything else feeds back into this standard





# Standards for Documentation of Personnel Expenses 200.430(i)(1)

Time and effort records MUST:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and allocable;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.



# Questions

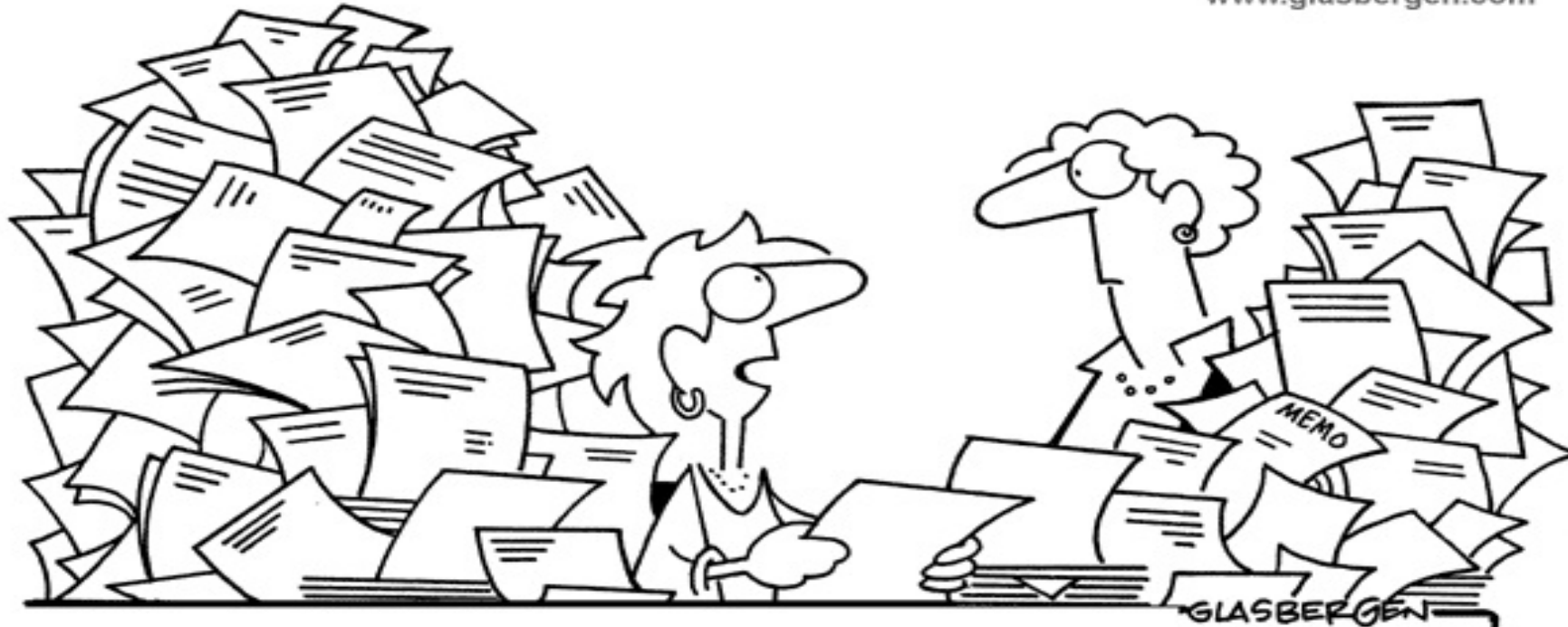


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Documentation

# Know Where your Documents Are!

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**“I am not disorganized — I know *exactly* where everything is!  
The newer stuff is on top and the older stuff is on the bottom.”**



# Allowability Documentation

Retention Requirements For Records – **2 CFR 200.334** (new citation!)

- Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a **period of three years** from the date of submission of the final expenditure report.
- BUT GEPA recovery provisions – ED has **five years** to recover misspent funds. 34 CFR 81.31.



## How to Maintain Documentation?

- When original records are electronic and cannot be altered, there is no need to create and retain paper copies. (UGG Section **200.336** (new citation))
- When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they:
  - Are subject to periodic quality control reviews;
  - Provide reasonable safeguards against alteration; and
  - Remain readable.



# Single Audit Requirements

Subpart F of Part 200

## Annual Single Audits

- Expending \$750,000 or more in federal funds in a year (200.501)
  - Must have single audit
  - Follow procurement rules in selecting auditor
  - Implement Corrective Action Plans
  - Major Programs (200.518)
- Report any material weaknesses in internal controls or questioned costs greater than \$25,000 (200.516)
- Cooperative Audit Resolution (200.1 & 200.513)
- Pass-Through Management Decisions (200.521)
  - Within six months of report being uploaded to FAC





# 2024 Compliance Supplement

# 2024 Compliance Supplement

- <https://www.whitehouse.gov/omb/office-federal-financial-management/current-compliance-supplement/>
- 2,000+ pages



- The Compliance Supplement is a document that identifies existing, important compliance requirements that the federal government expects to be considered as part of an annual Single Audit required by the 1996 Amendments of the Single Audit Act of 1984.



# Compliance Requirements

1. Activities Allowed/Unallowed
2. Allowable Costs/Cost Principles
3. Cash Management
4. Eligibility
5. Equipment & Real Property Management
6. Matching, Level of Effort, Earmarking
7. Period of Performance
8. Procurement and Suspension & Debarment
9. Program Income
10. Reporting
11. Subrecipient Monitoring
12. Special Tests & Provisions

Each federal program must select 6 requirements for auditors to focus on

Questions?



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