



2026 WINTER TRAINING CONFERENCE

"Rooted in Hope"



**Federal Grant Funding –
Part 1: Navigating
Compliance**

www.nascsp.org

Presenter



Rebecca Field is a principal at CliftonLarsonAllen and leads the Grant Compliance Services team. She has over twenty years of public accounting experience. She specializes in grant compliance, including single audits, and has extensive knowledge in related regulations and requirements.

Rebecca also serves as a firm wide assurance resource where she oversees compliance with professional standards, provides technical assistance, and assists with training curriculum.

Learning Objectives

At the end of the session, you will be able to:

Discuss Importance of Grant Compliance

Identify Grant Compliance Requirements


Distinguish recent changes to the Uniform Guidance

Understand some of the more complex administrative requirements of federal funding

Recognize importance of Internal Controls over Compliance

Identify Grants Management Best Practices

Pros and Cons of Receiving Grant Funding



Additional funding for programs that support your program and communities



Administrative work Record keeping Reporting Audits



What is Grant Compliance?

Ensuring that terms and conditions of grants are being met/followed:

Spending funds appropriately

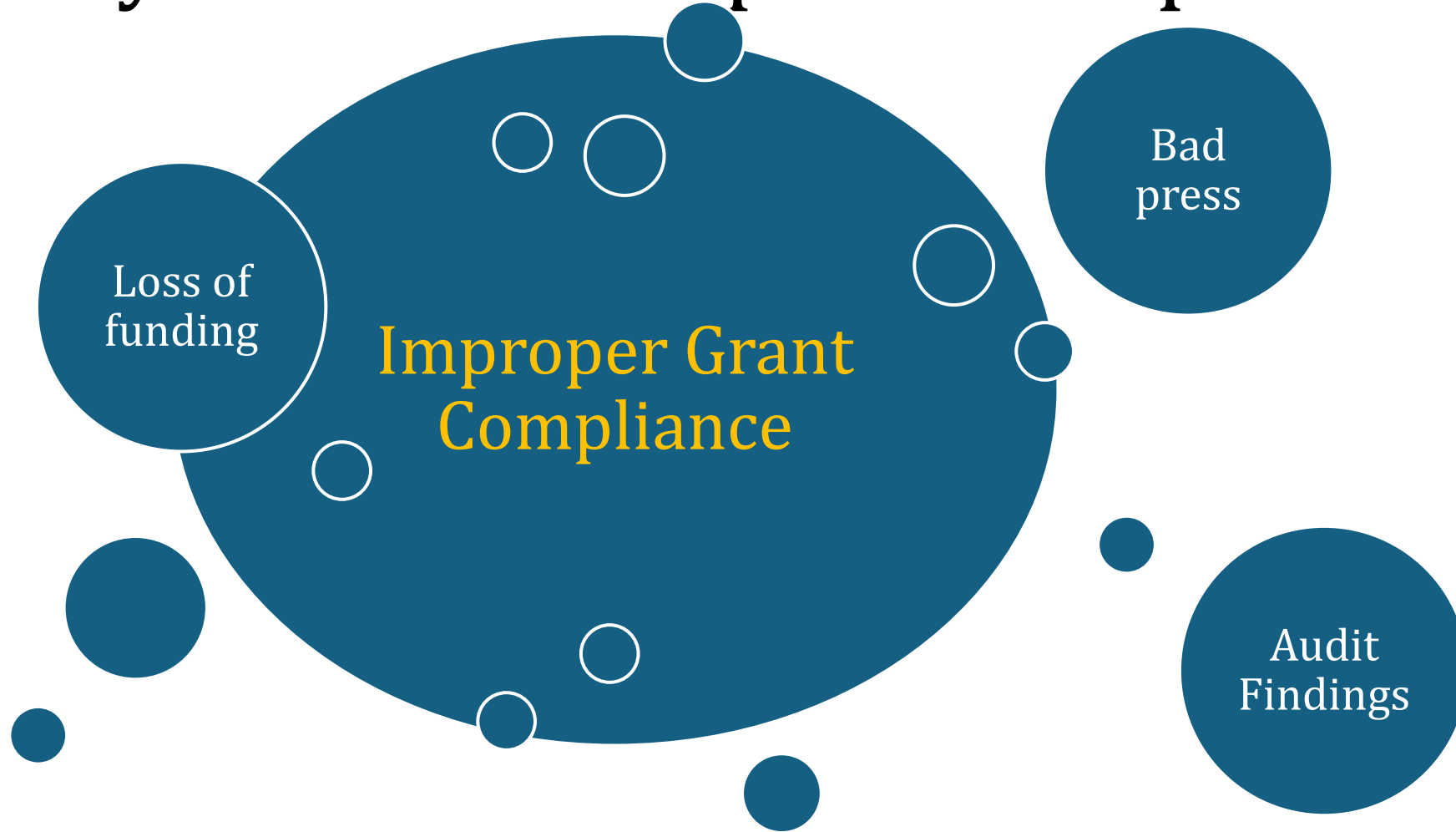
Timely and accurate reporting

Properly procuring goods and services

Meeting cost share requirements

Following participant eligibility requirements

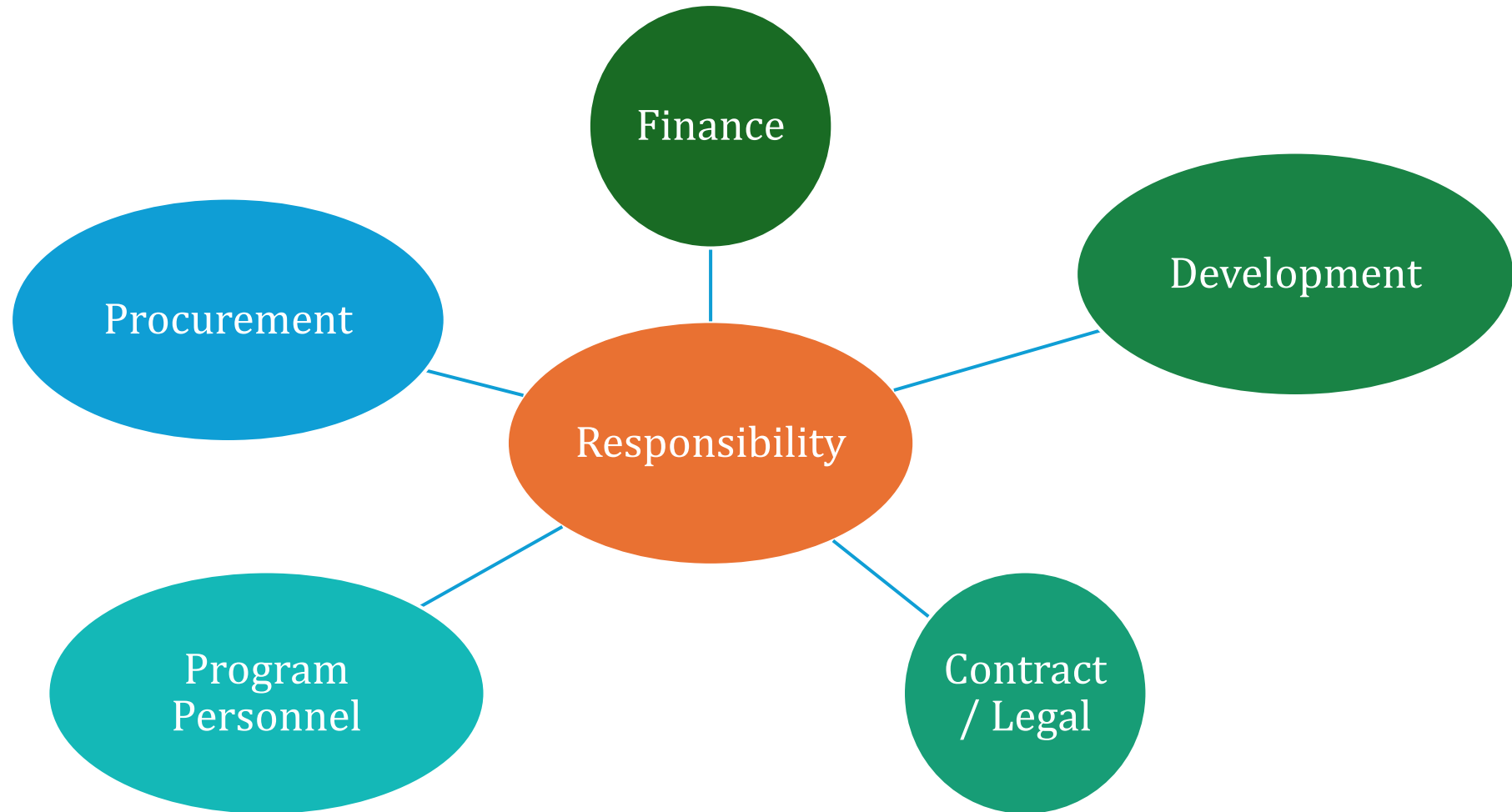
Why is Grant Compliance important?



When is Grant Compliance Important?



Who is Responsible for Grant Compliance?



How do you Achieve Effective Grant Compliance?

Effective grant compliance
relies on having:

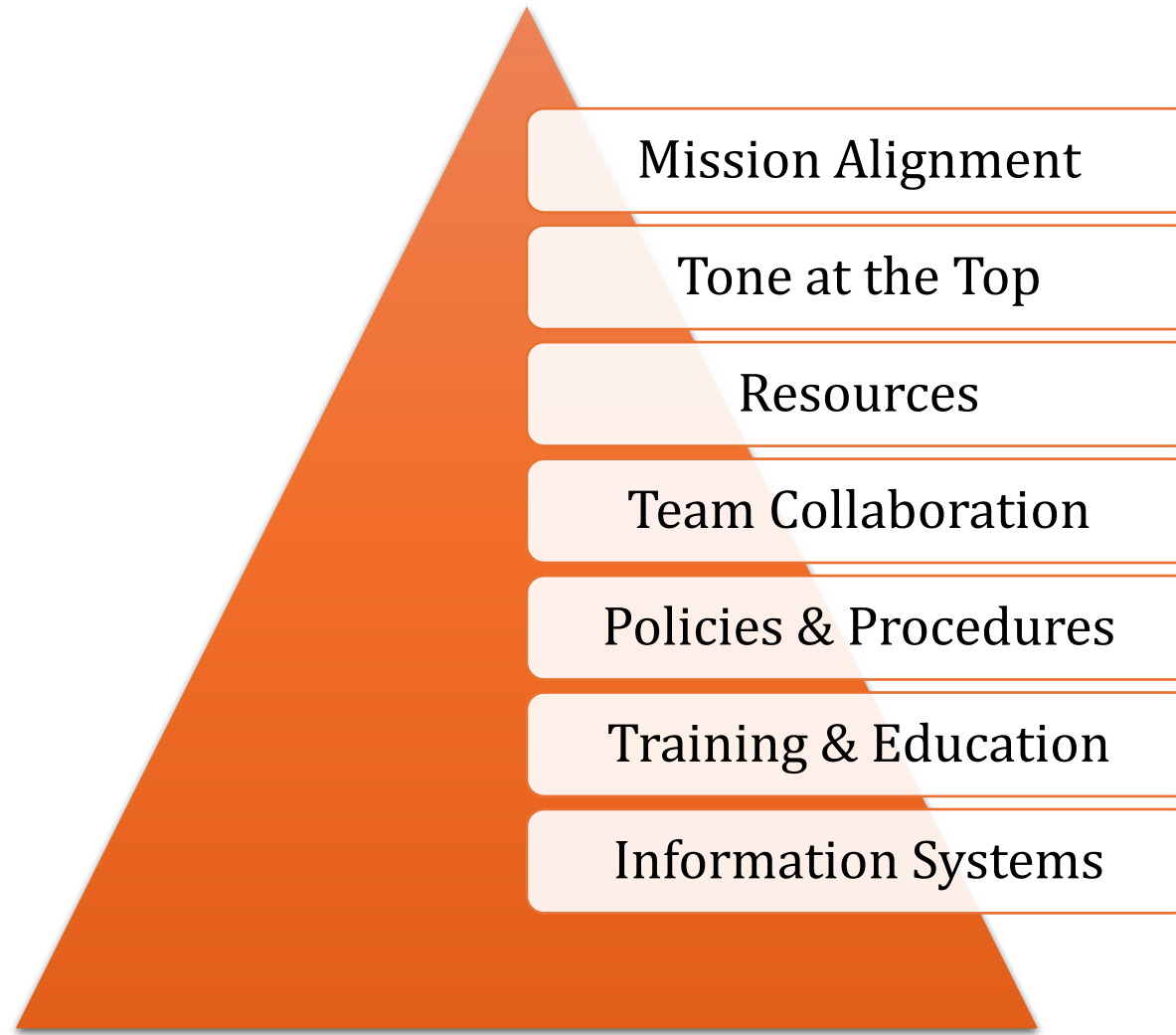
an in-depth
understanding
of the grant
requirements

proper policies
and
procedures in
place

strong internal
controls

resources and
personnel

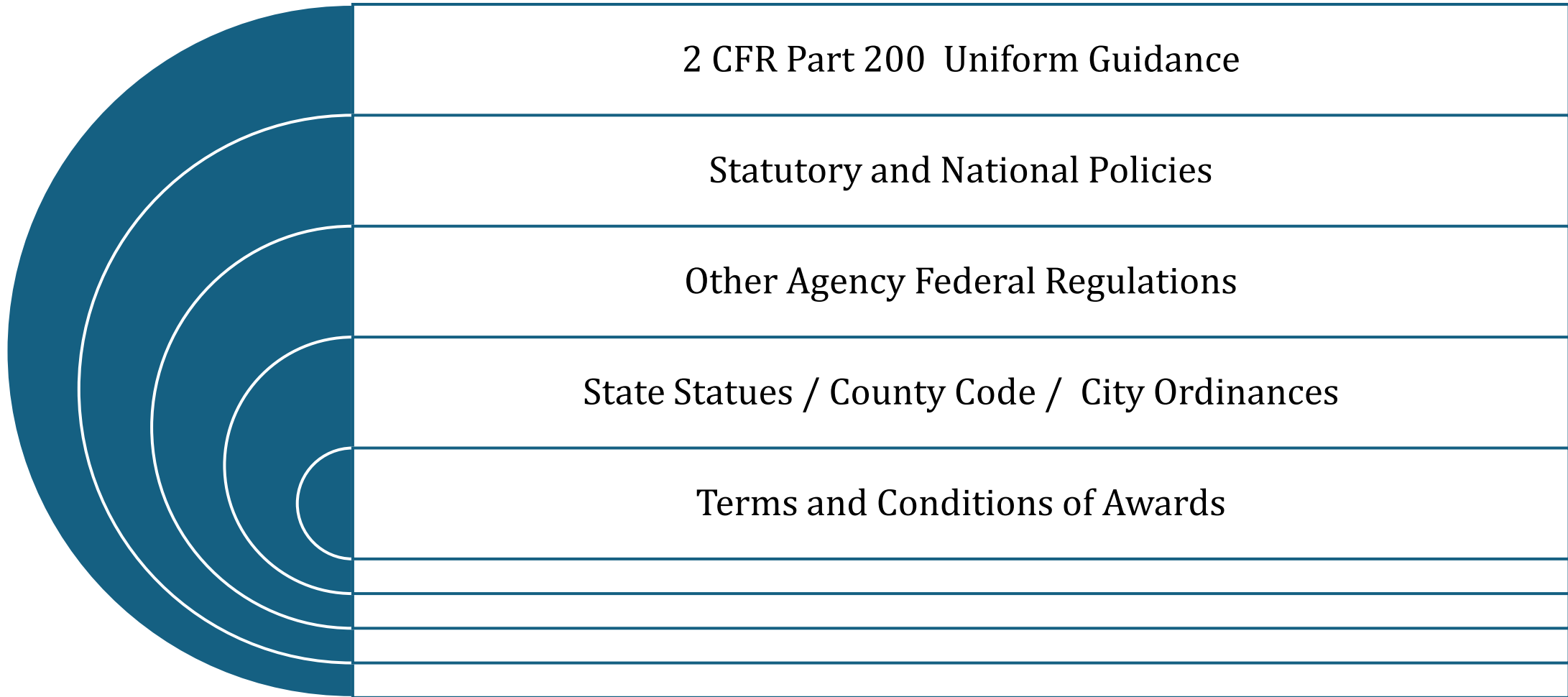
Considerations for Proper Grants Management





How to Identify Grant Compliance Requirements

Sources of Grant Compliance Requirements



Example of Multiple Requirement Sources

2. RESPONSIBILITIES OF RECIPIENT

2.1. PUBLIC TRANSIT OPERATIONS

RECIPIENT will operate a public transit system in accordance with all applicable federal, state, and local laws, rules and regulations, including:

- 2.1.1. Minnesota Statutes, Sections 174.21 to 174.24;
- 2.1.2. Minnesota Rules, Chapter 8835, *Public Transit*;
- 2.1.3. FTA Circular 9040 *Formula Grants for Rural Areas Program*, as amended;
- 2.1.4. FTA Circular 4220 *Third Party Contracting Guidance*, as amended;
- 2.1.5. 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as amended;

Example of Specific Grant Terms

2.3. RESERVE ACCOUNT

If a public transit system generates operating revenue in excess of RECIPIENT's local share amount, RECIPIENT will deposit the excess into a reserve account to be used for STATE approved operating expenses that are not covered by this Grant Agreement or for part of the local share of STATE approved capital expenses of the transit system. RECIPIENT will report this revenue and the expenses charged against it to STATE on the *Request for Funds* form prescribed by STATE.

Agency Regulation Example

U.S. Department of State Award Provisions



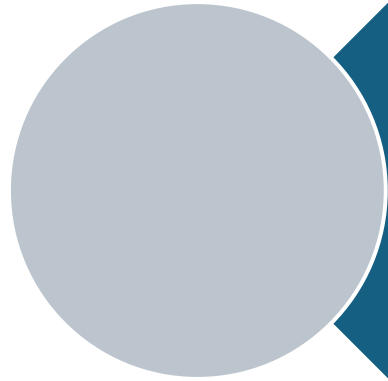
During the period of performance, the Recipient must comply with:

- The Award Provisions below;
- The Department of State Standard Terms and Conditions for Federal Awards, which are incorporated by reference and made part of this Federal Award. Electronic copies containing the complete text are available at: <https://www.state.gov/m/a/ope/index.htm>
- The applicable sections of [2 CFR §200](#) and [2 CFR §600](#); and
- All assurances and certifications made during the application process.

Statutory and National Policy Requirements Example

G. NATIONAL POLICY REQUIREMENTS.....	24		
.01 United States Laws and Regulations.....	24	j. The Safe Drinking Water Act of 1974, as amended, (42 U.S.C. §§ 300f <i>et seq.</i>).....	29
.02 Non-Discrimination Requirements	25	k. The Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 <i>et seq.</i>).....	29
a. Statutory Provisions	25	l. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, commonly known as Superfund) (42 U.S.C. §§ 9601 <i>et seq.</i>) and the Community Environmental Response Facilitation Act (42 U.S.C. § 9601 note <i>et seq.</i>).....	30
b. Other Provisions.....	26	m. Executive Order 12898 (“Environmental Justice in Minority Populations and Low Income Populations”).....	30
c. Title VII Exemption for Religious Organizations	26	n. The Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. § 1801 <i>et seq.</i>).....	30
.03 LOBBYING RESTRICTIONS.....	26	o. Clean Water Act (CWA) Section 404 (33 U.S.C. § 1344)	30
a. Statutory Provisions	26	p. Rivers and Harbors Act (33 U.S.C. § 407)	30
b. Disclosure of Lobbying Activities	27	q. The Migratory Bird Treaty Act (16 U.S.C. §§ 703-712), Bald and Golden Eagle Protection Act (16 U.S.C. § 668 <i>et seq.</i>), and Executive Order 13186 (Responsibilities of Federal Agencies to Protect Migratory Birds, January 10, 2001).....	31
.04 Environmental Requirements.....	27	r. Executive Order 13112 (Invasive Species, February 3, 1999)	31
a. The National Environmental Policy Act (42 U.S.C. §§ 4321 <i>et seq.</i>).....	27	s. Fish and Wildlife Coordination Act (16 U.S.C. § 661 <i>et seq.</i>).....	31
b. The National Historic Preservation Act (16 U.S.C. §§ 470 <i>et seq.</i>)	28	.05 OTHER NATIONAL POLICY REQUIREMENTS	31
c. Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands).....	28	a. Criminal and Prohibited Activities	31
d. Clean Air Act (42 U.S.C. §§ 7401 <i>et seq.</i>), Federal Water Pollution Control Act (33 U.S.C. §§ 1251 <i>et seq.</i>) (Clean Water Act), and Executive Order 11738 (“Providing for administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants or loans”).....	28	b. Drug-Free Workplace	32
e. The Flood Disaster Protection Act (42 U.S.C. §§ 4002 <i>et seq.</i>).....	29	c. Foreign Travel.....	33
f. The Endangered Species Act (16 U.S.C. §§ 1531 <i>et seq.</i>).....	29	d. Increasing Seat Belt Use in the United States.....	34
g. The Coastal Zone Management Act (16 U.S.C. §§ 1451 <i>et seq.</i>).....	29	e. Federal Employee Expenses and Subawards or Contracts Issued to Federal Employees or Agencies.....	34
h. The Coastal Barriers Resources Act (16 U.S.C. §§ 3501 <i>et seq.</i>).....	29	f. Minority Serving Institutions Initiative	34
i. The Wild and Scenic Rivers Act (16 U.S.C. §§ 1271 <i>et seq.</i>).....	29	g. Research Misconduct	34
		h. Research Involving Human Subjects	35

Uniform Guidance



Applicable to Federal Financial Assistance

- Grants
- Cooperative Agreements
- Other forms
- Subawards



The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – previously referred to as the “Omni Circular” or “Super Circular”

Uniform Guidance

Split into 6 Subparts:

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



Recent Changes to Uniform Guidance

Background



Every 5 years OMB reviews the Guidance for Federal Financial Assistance, located in title 2 of the Code of Federal Regulations (CFR)



Part 1, 25, 170, 180 182, 183, 184, Part 200 (Uniform Guidance)



In this update, there were significant changes made to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, commonly known as the “Uniform Guidance”

OMB's Revision Objectives

1

Incorporate statutory requirements and administrative priorities

2

Reduce agency and recipient burden

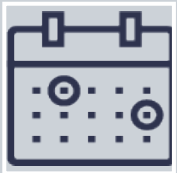
3

Clarify sections that have been interpreted differently

4

Use plain language, improving flow, and addressing inconsistent use of terms

Revised Guidance Is Effective For:



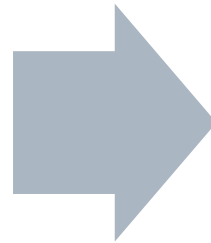
Subpart A – E: New awards issued on or after October 1, 2024.



Subpart F: – Fiscal years beginning after October 1, 2024

Subawards

If a Federal agency amends an existing award issued prior to October 1, 2024 to apply the 2024 Revisions, then the 2024 Revisions must apply to subawards issued under that award as well, the pass-through entity must also amend any subawards already issued under that award.



If a Federal agency has not applied the 2024 Revisions to an existing award, the pass-through entity must not apply the 2024 Revisions to a subaward issued under that Federal award—even if the subaward itself is executed on or after October 1, 2024

Modified Total Direct Costs

Updated definition of MTDC to include up to \$50,000
(previously \$25,000) of each subaward

Negotiated Indirect Cost Rate Agreements

Provisional Rates:

- Recipients with provisional rates in effect prior to October 1, 2024 must finalize those rates using the provisional rate's approved MTDC base.

Predetermined and Fixed Rates:

- Recipients with predetermined or fixed rates must use the new MTDC base beginning with the first proposal that is required on or after October 1, 2024.

Negotiating New Rates:

- Recipients preparing indirect cost rate proposals must apply the new MTDC base for proposals that are submitted to the cognizant agency for indirect costs on or after October 1, 2024.

De Minimus Rate Increase

Recipients and subrecipients that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15% of modified total direct costs (MTDC).

(Previously at 10%)

De Minimus Rate – New Awards



Recipients may elect to use the new 15% de minimis indirect cost rate for any award executed on or after October 1, 2024.



Awards issued before October 1, 2024 need to utilize the 10% unless they are amended.



All Federal agencies must honor the new de minimis rate after this date unless a different rate is required by law (such as Federal statute or regulation) or otherwise allowed by 2 CFR part 200.

Internal Controls – PII

200.303(e) added “cybersecurity” into the requirement that a recipient/subrecipient take “reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information”.

OMB did not provide a relevant framework for “cybersecurity and other measures” - indicated that they would consider the need to implement a government-wide specific framework in the future but in the interim, will leave it to the Federal agencies to consider providing more specific guidance on the topic, as appropriate.

Equipment and Unused Supplies Thresholds

Increased capitalization threshold from \$5,000 to \$10,000 minimum for Federally funded equipment.

Increased threshold from \$5,000 to \$10,000 regarding the requirement in 200.314(a) to remit unused supplies

NOTE: OMB is granting an exception allowing all recipients and subrecipients to use the revised equipment thresholds of \$10,000, even for awards otherwise operating under previous OMB guidance, if permitted by the federal agency that made the award.

Procurement Updates

Include “veteran-owned businesses” to the types of businesses that are encouraged to be considered

Updated “affirmative steps must be taken” to “when possible, the recipient or subrecipient should ensure” in relation to using small businesses, minority businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms (§ 200.321).

Change “small purchases” terminology to “simplified acquisitions” (§ 200.320(2)).

Remove restrictions related to geographic preference requirements and allow for scoring mechanisms to evaluate bidders committing to U.S. jobs and certain compensation and benefits (§ 200.319).

Prioritize environmentally sustainable products and services (§ 200.323(b)). This includes consideration of reused, refurbished, and recycled products; biobased or energy and water efficient acquisitions; and purchasing compostable items.

Increases to Thresholds

Starting October 1, 2025, the minimum purchase limits related to procurement with federal funds have gone up.

<https://www.federalregister.gov/documents/2025/08/27/2025-16412/federal-acquisition-regulation-inflation-adjustment-of-acquisition-related-thresholds>

Micro-purchase limit is now
\$15,000 (up from \$10,000)

Simplified acquisition threshold is
\$350,000 (up from \$250,000).

Subrecipient Monitoring

Added language to specifically require pass-through entities to verify subrecipients are not excluded or disqualified (suspended or debarred) in accordance with 2 CFR § 180.300.

Subrecipient Required Certifications

- 200.415(b) added requirements for subrecipients to certify to the pass-through entity whenever applying for funds, requesting payment, and submitting reports:
 - “I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812.” Applies to all tiers of subrecipients.

Administrative Closeout Costs

2 CFR 200.403(h) - Updated to state that administrative closeout costs may be incurred after the end of period of performance until the final report due dates.

Must be liquidated prior to the due date and charged to the final budget period.

Prior Approval

OMB removed the following areas as requiring prior written approval:

(a) § 200.201 — Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5)

(e) § 200.311 — Real property

(f) § 200.313 — Equipment

(h) § 200.413 — Direct costs, paragraph (c)

(k) § 200.438 — Entertainment costs

(r) § 200.454 — Memberships, subscriptions, and professional activity costs, paragraph (c)

(t) § 200.456 — Participant support costs

(w) § 200.467 — Selling and marketing costs

(x) § 200.470 — Taxes (including value added tax)

Audit Related Changes



Effective for FY **beginning** after 10/1/2024 (first ones being 9/30/2025)



Increase single audit threshold from \$750,000 to \$1,000,000



Increased the Type A threshold to \$1,000,000 while also increasing the amount of awards expended for which it applies (from \$25 million up to \$34 million).



Uniform Guidance Administrative Requirements

Uniform Guidance Administrative Requirements

§200.300 Statutory and national policy requirements

§200.301 Performance measurement

§200.302 Financial management

§200.303 Internal controls

§200.304 Bonds

§200.305 Payment

§200.306 Cost sharing or matching

§200.307 Program income

§200.308 Revision of budget and program plans

§200.309 Period of performance

§200.310-316 Property standards

§200.317-327 Procurement standards

§200.328-330 Performance and financial monitoring and reporting

§200.331-333 Subrecipient monitoring and management

§200.334-338 Record retention and access

§200.339-343 Remedies for noncompliance

§200.344 Closeout

§200.345 Post-Closeout adjustments and continuing responsibilities

§200.346 Collection of amounts due

Applicability of Compliance Requirements



Some compliance requirements are more general and same rules apply to all grants

- Cash Management
- Equipment Standards



Some compliance requirements are very grant specific

- Eligibility
- Special Tests and Provisions

Applicability of Compliance Requirements

Uniform Guidance (2 CFR Part 200) has overarching requirements

Grant agreement and documents will include specifics

Matching Requirement must be from verifiable source and valued correctly

Organization must contribute 100 volunteer hours for project



Time and Effort Reporting

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Time and Effort Reporting

Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable and properly allocated


Charges must be **based on records that accurately reflect the work performed** and must:

Reasonably reflect the total activity for which the employee is compensated

Comply with the established accounting policies and practices of the non-federal entity

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

Time and Effort Reporting



Ensure that the amount charged to the federal grant can trace back to payroll records for **proportionate** amount of total worked.

Hourly employees are straight forward and use hourly rate

Salaries employee you can not pre-calculate hourly rate!

Time and Effort Reporting

Example:

- employee works a 50 hour work week
- 10 hours spent on the grant
- 40 hour spent on admin
- payroll costs of \$1,000
 - 20% of payroll charges for that week should be charged = \$200
 - not 10 hr. x hourly rate of \$25 (based on 40hrs a week for 52 weeks / 2080 a year) = \$250

Timesheet Example

MONTHLY TIME DISTRIBUTION REPORT (HOURS)																																	
MONTH/YEAR																																	
May / 2022																																	
DAYS OF THE MONTH																																	
PROGRAMS	Acct. Code	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total Time
Administrative	100	2.00	2.00			2.00	2.00	2.00	2.00	2.00			2.00	2.00	2.00	2.00	2.00			2.00	2.00	2.00	2.00	2.00			2.00	2.00	2.00	2.00	2.00	44.00	
Right of Way Initiative	50	3.00	3.00			3.00	3.00	3.00	3.00	3.00			3.00	3.00	3.00	3.00	3.00			3.00	3.00	3.00	3.00	3.00			3.00	3.00	3.00	3.00	3.00	68.00	
Total Hours		5.00	5.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	110.00	
CERTIFICATION																																	
I CERTIFY THAT THIS IS A TRUE AND CORRECT REPORT OF THE ACTUAL HOURS I WORKED DURING THIS PERIOD.																I HEREBY CERTIFY THAT THE EMPLOYEE WAS PRESENT AND WORKING AS INDICATED BY THIS REPORT.																	
EMPLOYEE NAME																SUPERVISOR NAME																	
EMPLOYEE SIGNATURE																SUPERVISOR SIGNATURE																	
INSTRUCTIONS: List the actual hours you have worked under the Program Area that applies.																																	

Time and Effort Certification Example


ORGANIZATION NAME		
Effort of Certification Report		
Name:	Joe Smith	
Emplid:	22858	
Title:	Program Director	
Time Period:	May 2022	
Activity:	Project Code:	Effort (%) of Hours
Right of Way Initiative	50	75%
Administrative Work	100	25%
TOTAL (Must Equal 100%)		_____
<i>I certify that this a true and correct report of the actual hours I worked during this period.</i>		
Print Employee Name: _____		
Employee Signature: _____		Date: _____
<i>I certify that I have suitable means to verify all effort or time of this individual. I certify further that, to the best of my knowledge, the effort or time indicated on this report reasonably reflects the actual effort of this individual.</i>		
Print Supervisor Name: _____		
Supervisor Signature: _____		Date: _____

Time and Effort Reporting - alternative

Budget estimates may be used for interim accounting purposes, provided that:

- System for estimating must produce “reasonable approximations” of activity actually performed
- Significant changes in work activity (as defined in written policies) are identified and entered into records timely
- Must be a process to review the charges made based on budget and adjustments after the fact so that “the final amount charged to the Federal award is accurate, allowable, and properly allocated”

Time and Effort Reporting



When records do not meet the standards, federal government may require personnel activity reports, including prescribed certifications, or equivalent documentation

Need to determine what is appropriate for your employees working on federal awards – not all individuals working on federal grants have the same situation





Subrecipient Monitoring

Subrecipient Monitoring (200.331-333)



Subawarding: for the purpose of carrying out a portion of a federal award; creates a federal assistance relationship



Subrecipient Characteristics:

- Determines eligibility
- Has performance measured in relation to objectives of program
- Has responsibility for programmatic decision making
- Responsible for adherence to Federal program requirements
- Implements program for public purpose, as opposed to providing goods or service of the benefit of PTE

Subrecipient Monitoring (200.331-333)



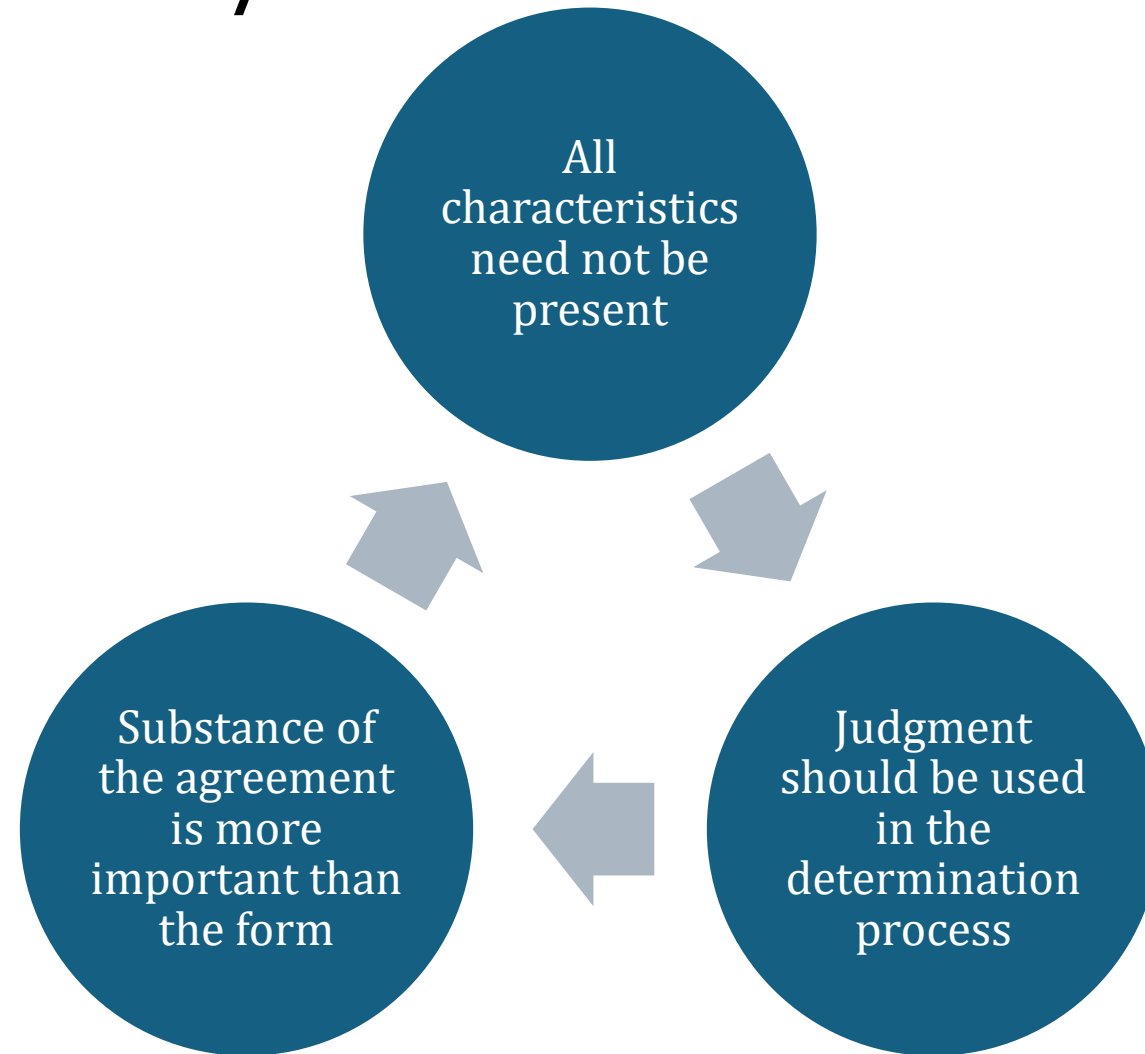
Contracting: for the purpose of obtaining goods and services (G&S) for the recipient's own use; creates a procurement relationship



Contractor Characteristics:

- Provides the G&S within normal business operations
- Provides similar G&S to many different purchasers
- Normally operates in a competitive environment
- Provides G&S that are ancillary to implementation of fed program
- Not subject to programmatic compliance requirements

Subrecipient / Contractor Determination



§ 200.332(a) Requirements for pass-through entities.

A pass-through entity must:

- Verify that the subrecipient is not excluded or disqualified in accordance with [§ 180.300](#).
- Verification methods are provided in [§ 180.300](#), which include confirming in *SAM.gov* that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving Federal funds.

§ 200.332(b) Requirements for pass-through entities.

A pass-through entity must:

- Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required information (see next slide).
- Provide the best available information when some of the information is unavailable
- Provide the unavailable information when it is obtained.

Subrecipient Monitoring (200.330-332)

Subaward must contain specific information as outlined in UG

Federal Award
identification
(see next slide)

Requirements
so that federal
award is used
in accordance
with terms
and conditions
of original
federal award

Description of
performance
or financial
reports due

Indirect cost
rate – either
an approved
rate,
negotiated
rate, or
deminimis
rate

Appropriate
terms and
conditions
concerning
closeout of the
subaward

Required Information for Subaward

- Subrecipient name and unique entity identifier
- Federal Award Identification Number (FAIN)
- Federal Award Date of award to the recipient by the Federal agency
- Subaward Period of Performance Start and End Date
- Amount of Federal Funds Obligated by this action by the pass-through entity
- Total Amount of Federal Funds Obligated by the pass-through entity, including the current obligation
- Total Amount of the Federal Award committed by the pass-through entity
- Federal award project description
- Name of Federal awarding agency, pass-through entity, and contact information for the awarding official of the Pass-through entity
- Assistance Listing Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the assistance listing number at the time of disbursement
- Identification of whether the award is R&D
- Indirect cost rate for the Federal award

Subrecipient Monitoring

Pass-through entities must evaluate each subrecipient's risk of noncompliance by performing a risk assessment

prior experience	results of previous audits	new personnel or new or substantially changed systems	extent and results of Federal awarding agency monitoring
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Subrecipient Monitoring

Under the UG, is the subrecipient risk assessment required for an existing subrecipient who is entering into a new UG funded award?

Yes, PTEs must evaluate each subrecipient's risk of noncompliance, but they can also consider the subrecipient's prior experience with the same or similar awards.

Subrecipient Monitoring

Risk Assessment should be documented.

Results of risk assessment determine what type of monitoring should be performed on sub-recipient

Subrecipient Risk Assessment Matrix:
<http://claconnect.com/Nonprofit/Uniform-Grant-Guidance-Workbook-Subrecipient-Risk-Assessment.aspx>

Subrecipient Risk Assessment Example

Subrecipient Monitoring - Risk Assessment Form					
Subrecipient Name:		Date of Risk Assessment:			
Total Subaward Amount	\$	-	Risk Assessment Completed by		
Assistance Listing #		0	Risk Assessment Approved by		
GRANTEE RISK ASSESSMENT:					
1. General Assessment					RISK SCORE
Risk Assessment Criteria	Low Risk (1)	Medium Risk (2)	High Risk (3)	SCORE	Comments
Maturity of the organization	Organization in business for over 10 years	Organization in business for over 5 years	New organization (less than five years in business)		
Grantee's prior experience with similar grants	Grantee is a past grantee or has had other federal grants and is familiar with requirements	Grantee doesn't have prior experience with same grant but does have or has had other Federal Grants	Grantee does not have prior experience with Federal Grants		
Control Policies/Procedures in place	Agency has appropriate policies and procedures in place	Not all policies and procedures in place/policies and procedures are outdated	No policies or procedures in place		
Financial Management System	Agency has an approved financial management system to track and record all the financial data	Systems less qualified to handle large amounts of federal money	Agency does not have a financial management system to track and record all the financial data		

Subrecipient Risk Assessment Example

2. Project assessment				RISK SCORE	
Risk Assessment Criteria	Low Risk (1)	Medium Risk (2)	High Risk (3)	SCORE	Comments
Dollar value of grant award	≤ \$100,000	Between \$100,000 and \$500,000	>\$500,000		
Project Complexity (considering applicable compliance requirements)	Minimal Complexity	Average Complexity	Significant Complexity		
3. Audit / Suspension				RISK SCORE	
Risk Assessment Criteria	Low Risk (1)	Medium Risk (2)	High Risk (3)	SCORE	Comments
Single Audit Performed	Agency is subjected to Single Audit	Agency may not be subject to Single Audit but has independent financial statement audit	Not subject Single Audit and no independent financial statement audit		
Single Audit Findings	No findings	Finding, but does not have any impact on program funding	Finding that could/does impact program funding		
Internal Control Findings	Recent audit shows no findings	Recent audit shows internal control deficiencies	Recent audit shows major internal control weaknesses/No independent audit conducted		

Subrecipient Risk Assessment Example

				independent audit conducted	
4. Mid-Project Updates (Complete during an updated assessment during grant period)					RISK SCORE
Risk Assessment Criteria	Low Risk (1)	Medium Risk (2)	High Risk (3)	SCORE	Comments
Cooperates with information requests	Provides information timely	Provides information, but not timely	Does not provide requested information		
Project workplan on schedule	Workplan on schedule or ahead of schedule	Workplan is behind, but there are plans to address	Workplan is very behind, no plans to address		
Complete and accurate disbursement requests	Requests are rarely inaccurate or late	Requests are mostly accurate and submitted on time.	Requests are not accurate or timely.		
RISK ASSESSMENT TOTAL SCORE:				0	Low
Risk Assessment Total Score	Low = 12 to 19	Medium = 20 to 28	High = 29 to 36		

Subrecipient Monitoring

Pass-through entities must monitor activities of the subrecipient:

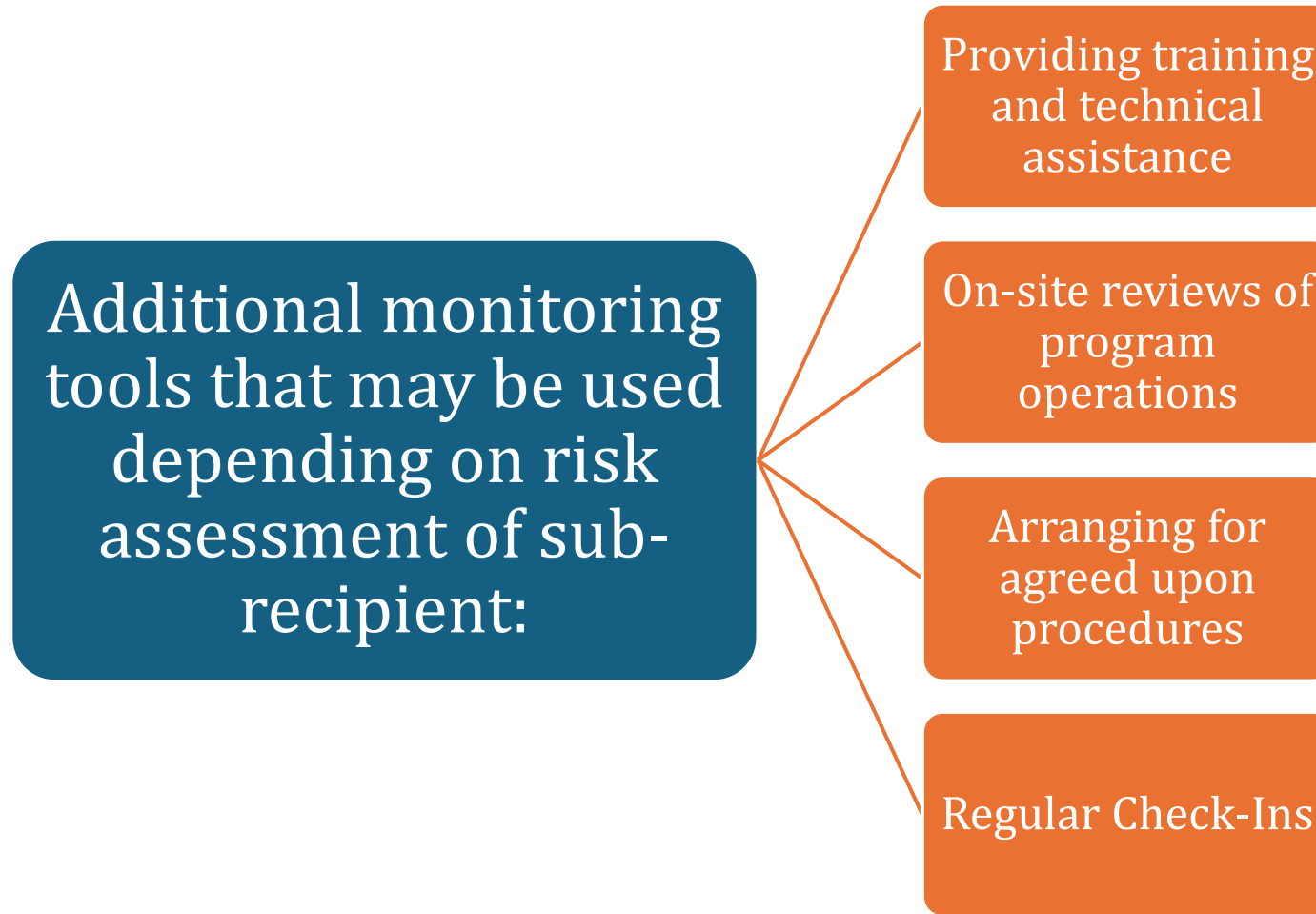
Review financial and programmatic reports

Verify that audit is being performed (if necessary) and following up on audit findings and deficiencies

Issuing management decision on audit findings

Resolve audit findings specifically related to subaward

Subrecipient Monitoring



Subrecipient Monitoring

Use checklist or matrix to ensure that all monitoring activities are being completed timely

Search for Single Audit reports in
Federal Audit Clearinghouse -
<https://harvester.census.gov/facweb/>

Subrecipient Risk Assessment Example

MONITORING PERFORMED:						
Description of Task to be Completed	Date Due	Date Completed	Completed By	Reviewed By	Date to Reperform (if applicable)	Comments
Review financial reports required						
Review performance reports required.						
Provide the subrecipient with training and technical assistance on program-related matters.						
Perform on-site review of the subrecipient's program operations.						
Arrange for agreed-upon-procedures engagements. (Note in comments the procedures performed)						

Subrecipient Risk Assessment Example

MONITORING PERFORMED:						
Description of Task to be Completed	Date Due	Date Completed	Completed By	Reviewed By	Date to Reperform (if applicable)	Comments
Verify that the subrecipient is audited as required by the Uniform Guidance Subpart F "Audit Requirements". Collect and review Single Audit Report.						
Follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from ORGNIZATION NAME detected through audits, on-site reviews, and other means. §200.332 (d) (2)						
Issue a management decision for audit findings pertaining to the Federal award provided to the subrecipient from ORGNIZATION NAME (See comment).						
Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to ORGNIZATION NAME's own records.						
Take enforcement action against noncompliant subrecipients. (See comment)						

Risk and Monitoring at Various Stages





Internal Controls over Compliance

Internal Controls (200.303)

Requirements are
highlighted in Uniform
Guidance as

extremely
important

Internal Controls

Organizations must **establish and maintain** effective internal controls over federal awards.

Internal Control Framework

It is crucial that organizations have the proper framework for internal control to ensure that:

Grant resources are being utilized effectively and efficiently;

Assets purchased or developed with grant funds are being safeguarded properly;

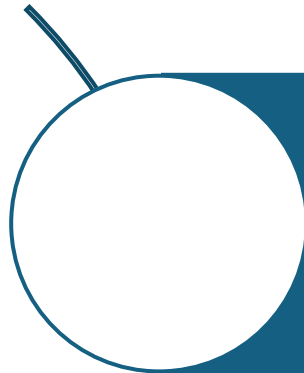
Financial reporting required by these grants is accurate and timely; and

Internal Controls



Recipients and Subrecipients will need to exercise judgment in determining the most appropriate and cost effective internal control in a given circumstance

Internal Controls (200.303)



UG Best Practice: *Internal Control Framework* issued by the *Committee on Sponsoring Organizations (COSO)*



The most widely recognized source of guidance on internal control. Major refresh in 2013. Issued supplemental guidance for sustainability reporting in 2023.

COSO Framework Image



Internal Control Questions

- Control Environment
 - What is management's attitude about internal control?
- Risk Assessment
 - How could we be out of compliance with (insert specific compliance requirement)?"
- Control Activities
 - How are you certain your organization is in compliance with (insert specific compliance requirement)?
- Monitoring
 - What is the process used to ensure the (control activity) is performed correctly and consistently?
 - Auditors cannot be part of the auditee's internal controls!
- Information and Communication
 - How and when do you notify people the (control activity) is required?

Internal Control Key Items



Segregation of Duties



Documentation

Internal Control Key Items

Reviewer/approver should be someone with knowledge of compliance requirements

Essentially would be able to catch non-compliance

Internal Control Examples

- Allowable Use of Funds and Period of Performance
 - Site coordinators purchase goods and services for grant purposes
 - Program Manager approves all purchases prior to being paid and recorded
- Cash Management:
 - Accounting specialist prepares the invoice for reimbursement request
 - Director of Finance reviews and approves

Internal Control Examples

- Eligibility:
 - Site coordinator completes participant intake form
 - Program Director reviews and signs form
- Property and Equipment:
 - Program Director takes annual inventory of property and equipment purchased with federal funds
 - Accounting Specialist reconciles with accounting records

Internal Control Examples

- Procurement:
 - Finance department solicits bids for service
 - Board reviews and approves bids over \$150,000
- Reporting:
 - Financial Reports: Accounting Specialist prepare monthly report based on G/L detail, Program Director and Director of Finance review and approve
 - Performance Reports: Program Director prepares quarterly report, Executive Director reviews and approves



Grants Management Best Practices

Grant Compliance Program

Read through grant agreement for terms and conditions



Identify compliance requirements



Ensure Proper Internal Controls over Compliance



Document Policies and Procedures



Utilize Tools and Checklists



Obtain Proper Training



Grants Compliance

Read through
grant agreement
for terms and
conditions

Reference
Uniform
Guidance &
Compliance
Supplement

Obtain Proper
Training

Documenting Policies

Key to an effective grants management program is ensuring that proper policies and procedures are in place and documented.



The reasons for this are twofold:

- Internally, they can provide clarity and instruction to those involved in grant management.
- Externally, they can show either current or potential funding agencies that your organization has a program in place to ensure full compliance.

Required Policies



Allowable Use of Funds Policy



Payment and Billing Policy



Procurements Standards Policy

Best Practice Policies

Financial
Management
Systems Policy

Internal Controls
over Compliance
Policy

Cost Sharing and
Matching Policy

Program Income
Policy

Budget and
Program Revisions
Policy

Property and
Equipment
Standards Policy

Monitoring and
Reporting

Subrecipient
Procedures Policy

Record Retention
Policy

Grant Proposal
Policy

Grant Award
Acceptance Policy

Grant Closeout
Policy

Policy Review and Revisions

Designate key individual or team to monitor your policies over federal programs.



Regularly review policies for compliance and educate employees on changes to policies.
Encourage open dialogue regarding questions and decision making.



Make sure policies are easily accessible for all employees involved and they know that they are responsible for reviewing these.

Checklists

Develop checklists for all aspects of the grant process, such as:

Grant application process

New Award acceptance

Subrecipient risk assessment and monitoring

Submission of financial and program reports

Procurement

Grant close-out

New Award Checklist

- Read your entire award package – Grant and Program Managers
- Award Notice - (It is important to review the details)
 - Grantor
 - Award Number
 - Amount Of This Award
 - Budget
 - Award Dates
 - Program Type
 - Program Manager

New Award Checklist, continued

➤ Agreement

- Budget Restrictions
- Project Requirements
- Federal Appropriations
- Cost Share Requirements - Set up and track
- Equipment - must be properly recorded as an asset.
- Costs Allowable/Not allowed - review with Program Manager
- Reporting Requirements (Labor hours, receipts, cost share, etc.)
 - Must submit any necessary back-up documentation to Fiscal Manager.
- Reporting Deadlines (Interim/Final Financial and Technical)
- Regulatory Compliance Issues
- Technical Tasks and Deliverables (must be within the project period)

Checklist for Uniform Guidance Requirements

<https://www.claconnect.com/resources/articles/clas-uniform-grant-guidance-checklist-streamlines-implementation>

Uniform Guidance Checklist



1		
2	Grant Reform and Uniform Guidance Planning and Implementation Checklist	
3	For those topics that have expanded information indicated, click on the hyperlink to the "Additional Guidance" tab.	
4	For those cell that have red triangles in the top right corner, hover over the cell to view the additional guidance in the comment.	
5	Action Item	Date Completed / Expected Completion Date
29	Subpart D — Post federal Award Requirements Note: This includes all requirements, not just those changes from old guidance	
30		
31		
32	<u>Standards for Financial and Program Management (Sections 200.300 - 309)</u>	
33	1) Performance measurement — Reports will now have a comparison of actual accomplishments to the objectives of the federal award, and if needed, include reasons why goals were not met. Also, nonfederal entities now must provide cost information to demonstrate cost-effective practices.	
34	a) Has your organization discussed with the federal awarding agency which performance goals, indicators and milestones will apply for your grants?	
35	b) Has performance reporting frequency and content been determined to ensure proper reporting?	
36		
37	2) Financial management — Does your organization's financial management system, including records documenting compliance:	
38	a) allow for the preparation of reports required by general and program-specific terms/conditions?	
39	b) allow for the tracing of funds to a level of expenditures to show that they have been used according to the terms/conditions/regulations?	
40	Link for the characteristics your financial system must have in order to meet the above requirements.	
41		
42	3) Internal controls	
43	a) Has your organization established and maintained the most appropriate and cost-effective internal controls over federal awards to ensure compliance with regulations and the terms/conditions of awards?	
44	b) Has your organization considered the <i>Internal Control Framework issued by the Committee on Sponsoring Organizations (COSO)</i> and the <i>Standards for Internal Control in the Federal Government (Green Book)</i> issued by the Comptroller General as best practice	
45	c) Do you have internal controls and procedures in place to take prompt action when noncompliance issues are identified, including noncompliance related to audit findings?	
46	d) Has your organization made reasonable measures to safeguard protected, personally identifiable information (PII) and other sensitive information?	
47	e) Has your organization had discussions, provided trainings, and had organization-wide considerations to verify that effective internal controls have been established and maintained over federal awards to provide reasonable assurance that awards are being managed in compliance with laws and regulations?	
48		

Documentation of Compliance



Document compliance requirements



Document proper internal controls over compliance

Documentation of Compliance

- **CLA's "Program Understanding and Internal Control Workbook"** for each grant agreement
- <https://www.claconnect.com/resources/tools/2017/grant-program-workbook-understanding-your-grant-compliance-and-internal>

Program Understanding and Internal Control Workbook

Grant Summary			
This tab should be completed for each grant within the program. If additional tabs are needed, copy into the worksheet.			
Grant information coversheet			
Program title		Passed through	
Contract number(s)		CFDA number	
Granting period		Revenue account	
Program managers			
Grant agreement understanding			
Instructions for additional grants			
	Date of agreement	Applicable regulation	Amount
Initial grant agreement:			\$ -
Amendment #1:			-
Amendment #2:			-
Amendment #3:			-
	Total amount of grant:		\$ -
Grant budget			
		Budget	Actual
Salaries and benefits	"ABH Allowable Costs Act, Avail" tab	\$ -	\$ -
General disbursements	"J. Procurement & Debarment" tab	-	-
Equipment purchases	"F. Equip & Prop Mgmt" tab	-	-
Loan distributions	"J. Program Income" tab	-	-
Payments to program participants	"E. Eligibility" tab	-	-
Subrecipient payments	"M. Subrecipient Monitoring" tab	-	-
Indirect costs	"A. Allowable Costs & Activities" tab	-	-
Total grant budget		\$ -	\$ -
<i>Check figure (should be zero)</i>			-
Other questions			
	Response	<i>If your response is "yes," then please click on the following:</i>	
1. Are grant funds received on an advance basis?		"C. Cash Management" tab	
2. Are grant funds received on a reimbursement basis?		"C. Cash Management" tab	
3. Is a match (cost sharing) required?		"G01. Matching" tab	
4. Are there specific earmarking requirements for this program? (i.e., no more than 10 percent of funds may be used to cover admin costs)		"G03. Earmarking" tab	
5. Is program income collected for the federal program (i.e., tenant rent, fees, donations)?		"J. Program Income" tab	
6. Are there specific financial/performance reporting requirements for the grant?		"L. Reporting" tab	
7. Are there additional special provisions applicable to the grant program?		"N. Special Provisions" tab	
8. Has the compliance supplement for this program been reviewed for additional requirements?			
Client Instructions	PUM	Grant Summary	COSO Framework
ABH. Allowable Costs Act, Perf	C. Cash Management	E. Eligibility	F. Equip & Real Prop Mgr

Program Understanding and Internal Control Workbook

C. Cash Management [Back to "Grant Summary" tab](#)

How often are funds requested? (weekly, monthly, quarterly, "as needed," etc.)

Are the requests done manually or electronically?

Please detail requests or advances below for the grant period:
(Note: Ensure that all grants in the major program are documented)

Date	Amount	For time period:

Control objectives. To provide reasonable assurance that the (1) drawdown of federal cash is only for immediate needs, (2) reimbursement is requested only after costs have been incurred, (3) states comply with applicable Treasury agreements, and (4) recipients limit payments to subrecipients for immediate cash needs.

Control activities

Provide a description of the policies and procedures in place to provide reasonable assurance that the draw down of federal cash is only for immediate needs and limits payments to subrecipients for immediate cash needs:

Considerations:

Program Understanding and Internal Control Workbook

A	B	C	D	E	F	G	H
L. Reporting							
Back to "Grant Summary" tab							
<p><i>What are the specific financial reporting requirements for the federal program? How often is the report required (monthly, quarterly, annually)?</i> <i>(Note: Ensure that all grants in the major program are documented)</i></p>							
	<i>Grant</i>	<i>Time interval</i>	<i>Type of report</i>	<i>Preparer</i>	<i>Reviewer</i>		
Financial reporting 1:							
Financial reporting 1:							
Financial reporting 1:							
<p><i>What are the specific performance reporting requirements for the federal program? How often is the report required (monthly, quarterly, annually)?</i> <i>(Note: Ensure that all grants in the major program are documented)</i></p>							
	<i>Grant</i>	<i>Time interval</i>	<i>Type of Report</i>	<i>Preparer</i>	<i>Reviewer</i>		
Performance reporting 1:							
Performance reporting 1:							
Performance reporting 1:							
<p>Control objectives. To provide reasonable assurance that reports of federal awards submitted to the federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.</p>							
Control activities							
<p>Provide a description of the policies and procedures in place to provide reasonable assurance that reports of federal awards submitted to the federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements:</p>							
<p><i>Considerations:</i></p>							
<p>G1. Matching G2. Level of Effort G3. Earmarking I. Procurement & Debarment J. Program Income L. Reporting M. Subrecipient Monitoring N. Special Provisions</p>							

CLA Grant Compliance Resource Center

<http://www.claconnect.com/resources/tools/resources-to-ease-the-burden-of-grant-compliance>

American Rescue Plan Act – Evaluating the Impact on States and Governments

Manage Your Federal Grant Costs During COVID-19

CARES Act Funding: Guidance for State and Local Governments

Clarity for Nonprofits: Stimulus Relief Funds and Single Audits

Grant Funding and Financial Help for Your Nonprofit in Response to COVID-19

FEMA Disaster Relief Grants: Know the Program Requirements

Four Key Considerations for Complying With Uniform Guidance Procurement Rules

Compliance and Documentation: Cornerstones of Effective Grants Management

Achieve Compliance with Proper Grant Management

CLA's Uniform Guidance Workbook Helps with Subrecipient Risk Assessment

CLA's Uniform Guidance Checklist Streamlines Implementation

Uniform Guidance Brings New Rules for International Entities

Uniform Guidance Changes: Personal Services and Fringe Benefits

How to Monitor Subrecipients of Higher Education Grants

How Uniform Guidance Will Impact Your Single Audit

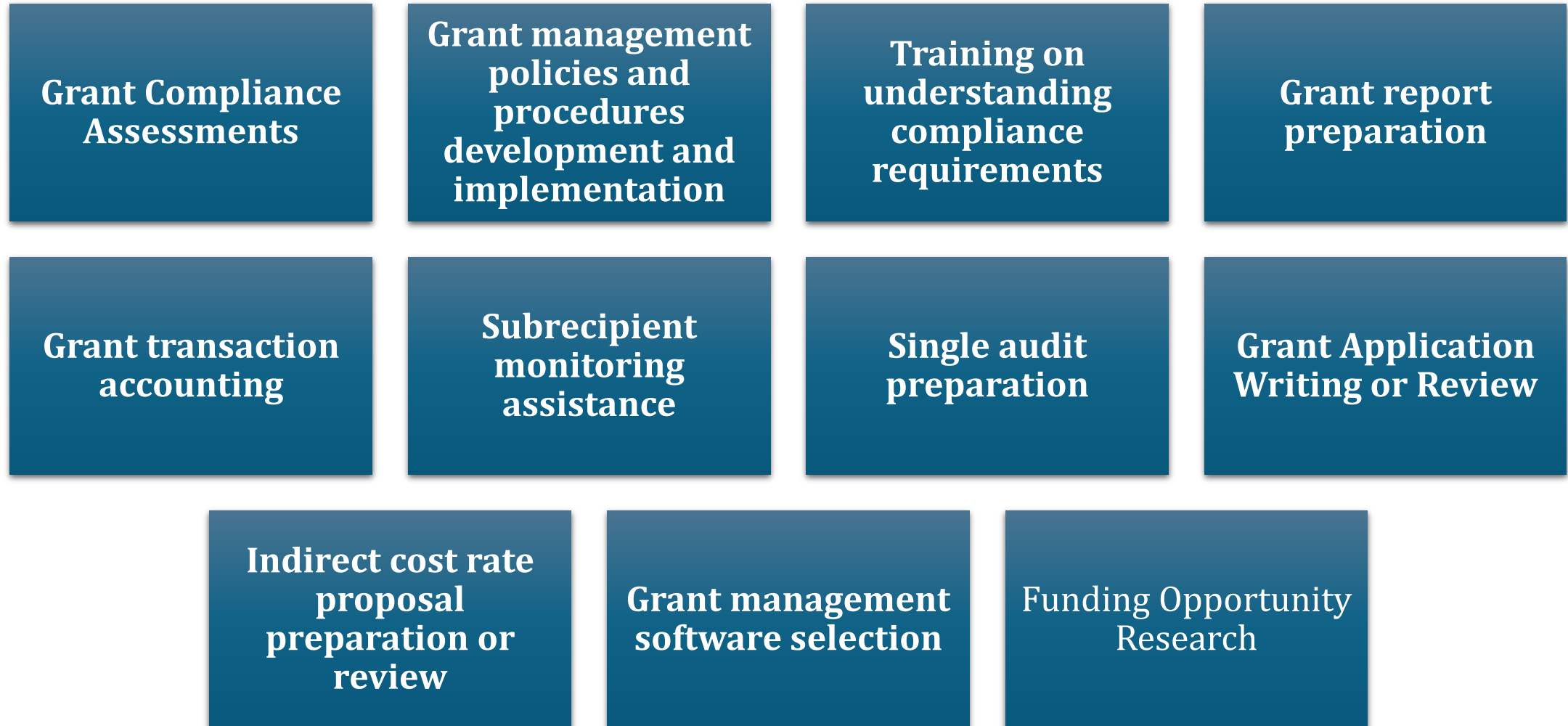
Preparing for a DOE Onsite Review of Your Federal Student Aid Program

OMB's Compliance Supplement Can Make Your Single Audit Easier

The Hidden Costs of Grant Noncompliance for Governments

Grant Compliance Services CLA Can Provide

<https://www.claconnect.com/en/services/outourcing/grant-compliance-services>



Session Evaluation

<https://www.surveymonkey.com/r/8JY7CJ5>





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CLA exists to
create opportunities —
for our clients, our people,
and our communities.