



Grants Management Guidance for Non-Profit Organizations:

**Helping to ensure your organization is
in compliance with applicable
Regulations and OMB Circulars**

Prepared by the Region 2 Grants and Audit Management Branch

As revised 9/2012

Table of Contents

A-133 Audit	5
Accounting Manual	5
Authorized Key Personnel	7
Cash Management	7
Closeout Procedures	8
Commingling of Project Funds	9
Code/Standards of Conduct	9
Consortium/Partner Projects	10
Consultants	11
Cost Share	11
Use of Disadvantaged Businesses (Good Faith Efforts)	12
Equipment Management	13
Fringe Benefits	15
Indirect Costs	16
Internal Controls	17
Personnel Policy/Employee Handbook	18
Personnel	19
Procurement Procedures	19
Program Income	23
Project Extensions	23
Records Retention	24
Revision of Budget and Program Plans	25
Subrecipient Monitoring	25
Travel Procedures	26
Requirement for Central Contractor Registration (CCR)	27
Costs for Food and Refreshments	27
References	28

Congratulations on your assistance agreement with the United States Environmental Protection Agency (EPA)! The goal of this document is to help your organization in developing a successful grants management system that:

- Has an accounting structure that provides accurate and complete information about all financial transactions related to each Federally-supported project;
- Has written policies and procedures that conform to federal requirements;
- Provides internal controls to ensure policies and procedures are followed;
- Identifies roles and responsibilities for the delegation of authority, to monitor progress and assess results;
- Has financial systems to document the source of funds and determine how funds are being used;
- Ensures costs are only incurred during the assistance agreement budget period.

Having a grants management system that covers all these areas will help to make sure that your organization remains in compliance with the Code of Federal Regulations (CFR), Office of Management and Budget (OMB) cost principles, and the terms and conditions of your assistance agreement. EPA is required to review the administrative and financial practices of a statistically selected number of grantees annually. If your organization has an adequate grants management system to effectively manage and administer assistance agreements, this will help to prevent significant findings resulting in questioned or disallowed costs from your assistance agreement(s). When post award reviews and audits reveal costs that are ultimately determined to be disallowed, they are considered improper payments made by the Agency to the recipient, and the improper payments must be recovered.

Please note that although EPA has approved your assistance agreement, this does not ensure that EPA will allow the cost of all activities or purchases you make under the agreement, even if the activities and purchases are identified in your application. If at any time EPA finds that an activity or purchase is not necessary, is not reasonable, or does not comply with EPA regulations, EPA may disallow the cost. For example, EPA can disallow the cost of a contractor, even if your approved workplan/budget indicated services of a contractor. This can happen if EPA determines that your organization did not obtain the contractor's services in accordance with EPA procurement regulations.

Please note that several websites such as CCR.gov and EPLS.gov have now been replaced by the the System for Award Management (SAM) as <http://www.SAM.gov>. SAM.gov is a Federal government web-based system that consolidates several databases used to manage information related to Federal funds. According to SAM.gov, "*The overarching benefits of SAM include streamlined and integrated processes, elimination of data redundancies, and reduced costs while providing improved capability.*"

SAM.gov became available online on July 30, 2012 and this first phase involved the migration of data from the Central Contractor Registration (CCR) system, the On-line Representations and

Certifications Application (ORCA), and the Excluded Parties List System (EPLS). Future phases of SAM will add the capabilities of other systems used in the procurement and assistance award processes. Consolidation of all of these systems into the SAM.gov central portal means that all entities seeking Federal funds through grants and contracts must register their organizations, maintain their registrations and report information through SAM.gov instead of the individual systems. It also means that EPA and other Federal government personnel responsible for reviewing, awarding and monitoring Federal funds must go to SAM.gov to verify information about grantees and contractors.

While this guide is not offered as a complete manual of procedures on grant administration, it is intended to provide practical information on what is expected from a recipient organization in terms of fiscal accountability. It is also a way to ensure that public funds are accounted for and expended properly. As different issues arise, we will continue to enhance this document to capture any further items of concern. We plan to maintain the most current version of this guidance document on the Region 2 Grants Internet page: <http://www.epa.gov/region2/grants/>. EPA will notify you once this document has been made available on our website.

If you have any questions regarding your policies and procedures, please contact Michele Junker, Grants Management Specialist, at (212) 637-3418.

Grants Management Guidance for Non-Profit Organizations:

Helping to ensure your organization is in compliance with applicable Regulations and OMB Circulars

A-133 Audit (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, Other and Indirect Charges) ([40 CFR 30.26\(a\)](#))

Recipients are expected to maintain a state of audit readiness meaning that records pertinent to the financial and programmatic aspects of grants must be readily accessible for audit. Failure to provide the auditor with reliable documentation could lead to questioned costs and possibly result in cost disallowances and the return of funds to EPA. This is an all too common occurrence that has led to many findings and questioned costs over the years.

Recipients expending \$500,000 or more in federal funds during a fiscal year must have an independent audit in accordance with [OMB Circular A-133](#). Your EPA agreement includes a condition which states that this must be done timely.

1 - A-133 audits are performed by independent public accounting firms employed by the grantee organizations.

2 - Costs for the A-133 audits are the responsibility of the recipient organization, but are allowable as charges to the grant project(s). The costs of the A-133 audit can be considered either direct costs OR allocated as part of the grantees indirect costs pool. The costs of the audit must be approved in the grant budget in order to be eligible. If audits are to be charged to the grant as an indirect cost, then the recipient's indirect cost rate must be approved by its Federal Cognizant Agency. A cognizant Federal Agency is generally the Federal Agency that provides the most Federal financial assistance to your organization. The recipient should provide copies of its negotiated indirect cost rate to EPA.

Please visit this page for more information on the A-133 circular:

http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

Accounting Manual (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, and Other) ([40 CFR 30.21 \(b\)](#) and [OMB Circular A-122, Attachment A, A \(2\) \(e\)](#))

The recipient must have written procedures and/or systems that meet the following financial management system requirements:

1 - Ability to provide accurate, current, and complete financial information about EPA awards. This requirement is necessary in order to properly report financial information on the recipient's annual/final Federal Financial Report (FFR) Form SF 425. You can

find this form and instructions on how to fill it out at:

<http://www.epa.gov/ogd/forms/adobe/SF425.pdf>

Your EPA assistance agreement includes a condition which requires that your organization submit an interim annual FFR to EPA no later than 90 calendar days following each anniversary of the start date of the agreement.

2 - Accounting records must:

- (a) identify the agreement number, which ultimately traces the costs back to the EPA grant/cooperative agreement;
- (b) identify the activity/tasks that have been approved in the original workplan, for which EPA funds are used;
- (c) identify other sources of funds, i.e. recipient matching share, in-kind services for the project.

3 - Include financial information about the EPA award and any subawards, including authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and any program income.

Obligation – An obligation is indebtedness or liability to pay for costs such as personnel, travel, equipment, and supplies and must be incurred during the budget period of the assistance agreement. Obligation is not to be confused with expenditure or cash disbursement.

Unliquidated obligation - An unliquidated obligation is an obligation that has been incurred but not yet paid.

Unliquidated balance - An unobligated balance is the difference between the total authorized grant amount and the total amount of obligations (outlays and unliquidated obligations) incurred by the recipient during the budget period of the assistance agreement.

4 - Include source documentation to support accounting records (e.g., invoices, cancelled checks, paid bills, personnel activity reports, in-kind contribution reports, signed authorizations and contracts, payroll registers, etc.). Note that the source documentation must show how all costs are first requested, approved, and then liquidated in order to support financial records. Transactions must be fully documented from beginning to end.

5 - Ability to compare actual expenditures or outlays with the approved budget on the EPA award(s).

6 - Ability to determine reasonableness, allocability, and allowability of costs under the applicable cost principles.

***Allowable** costs are those costs that have been approved in your grant budget. If you have any questions regarding the allowability of certain costs, please contact your EPA Project Officer or Grant Specialist.*

*A cost is **reasonable** if the nature of the goods or services to be acquired or applied, and the amount involved reflect the action that a prudent person would have taken under the prevailing circumstances when the decision to incur the cost was made.*

*A cost is **allocable** if there is a direct relationship between the cost and the project. Not every cost will be charged solely to one agreement. Shared costs such as rent, office telephone, etc. can be charged to the grant as a direct cost; however you will need an allocation methodology that has been approved by EPA or your federal cognizant agency. If you determine you will need an allocation methodology for direct costs, please contact your EPA Grant Specialist for assistance.*

7 - Minimize the time elapsing between drawdown of advance payments and disbursement for program purposes. Disbursement should take between 3-5 days.

8 - Ability to reconcile billings and charges at least quarterly.

Authorized Key Personnel

Those individuals listed as key personnel for an agreement (i.e. Project Manager, Authorized Representative who signs the Award Document, FFR, and Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) Utilization reports) must be employees of the recipient organization. These individuals have already been identified on the Key Contacts Form, which is part of the original grant application. It is your responsibility to let EPA know as soon as possible when there are changes to key personnel.

Only recipient organization personnel should contact EPA directly. Consultants and Contractors should only be in communication with EPA in the presence of an authorized representative of the recipient organization.

Cash Management (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, and Other) ([40 CFR 30.21 \(b\)](#))

The recipient must have written procedures and/or systems that meet the following financial management system requirements:

1 - Minimize the amount of time that elapses between the transfer of funds under advance payment procedures and disbursement for program purposes. Excess Federal cash on hand (including premature drawdown of funds for withheld contractor payments) should be disbursed in a reasonable period, which is generally 3-5 days.

2 - Timely payments should be made to subgrantees and contractors under the grant. Please note that late fees are never allowable charges under a federal grant; they are the sole responsibility of the recipient organization.

3 - Cash-on-hand (e.g., program income) should be used before requesting an advance payment from EPA. The recipient should limit cash advances to only amounts needed to pay bills pending disbursement within the next 3-5 days.

Closeout Procedures ([40 CFR 30.71](#))

Closeout is the systematic process by which EPA determines that all required technical work under a grant or cooperative agreement has been completed by the recipient and EPA, and all applicable administrative requirements have been met. Recipients should create and implement procedures for closing out assistance agreements in accordance with 40 CFR 30.71, which states:

Within 90 calendar days after the date of completion of the award, the recipient must submit all financial, performance, and other reports required by the terms and conditions of the award document. EPA may approve project and budget period extensions, as well as short term extensions to allow recipients to submit required closeout documentation, when requested by the recipient. Additionally, unless EPA authorizes an extension, the recipient must liquidate all obligations incurred within the approved budget and project period no later than 90 calendar days after the date of completion of the award. EPA shall make prompt payments to a recipient for allowable reimbursable costs under the award being closed out.

The recipient must promptly refund any balances of unobligated cash that EPA has advanced or paid and that is not authorized to be retained by the recipient for use in other projects. Also, if authorized by the terms and conditions of the award, EPA shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.

Recipients shall account for any real and personal property that was acquired with grant funds or received from the Federal government.

Typically, around 90 days prior to the project expiration date, EPA will send a notification to the recipient to remind them of the closeout documentation that needs to be submitted and to whom. The EPA Finance Office will also typically send a reminder to recipients after the project has actually expired. If 90 days has passed since the agreement has expired and there is closeout documentation missing, EPA will initiate the enforcement process. This involves a series of formal letters leading up to termination of the agreement and recovery of funds reimbursed to the recipient if the required reports are not received within the time frames specified in EPA's letters.

Please note that EPA will send a final letter to the recipient notifying them once their agreement has been closed out.

In the event audit has not been performed prior to the closeout of an award, EPA retains the right to recover ineligible costs after fully considering the recommendations on disallowed costs resulting from the audit. For this reason, grantees are required to retain all records pertaining to assistance agreements, for three years from the date of your final FFR per [40 CFR 31.53](#). Please see the subheading, “Records Retention,” for more information about these requirements.

Please visit this page to find links to EPA closeout forms:
<http://www.epa.gov/ogd/forms/forms.htm>

Commingling of Project Funds (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, and Other)

Commingling of funds is not allowed.

The recipient must have written procedures to maintain separate records on an agreement-by-agreement basis (including authorizations, credits, and expenditures of Federal funds, required cost sharing, program income, refunds and rebates) that distinguish one agreement from another agreement.

For example, salaries, travel expenses and contract invoices from one agreement cannot be deposited into a central funding account and then used to pay for expenditures associated with a different agreement.

Similarly, equipment and supplies purchased for one agreement cannot be used on another agreement unless costs are shared through an approved allocation methodology.

Code/Standards of Conduct (Travel, Equipment, Supplies, Contractual, and Other) ([40 CFR 30.42](#))

The recipient must have written procedures regarding the award and the administration of contracts for supplies, equipment, and services (including avoidance of actions that give even the appearance of bias or favoritism) and appropriate disciplinary actions/penalties for non-compliance. As appropriate, the code of conduct should address others involved in EPA awards even if they are not “employees” of the recipient, (e.g., Board members, members of an employee’s immediate family, etc.).

In addition, your organization’s procedures should detail how employees will be periodically trained on the code of conduct requirements.

The codes of conduct must ensure that:

- 1 - Employees, officers or agents do not participate in the selection, award, or administration of a contract under an EPA assistance agreement if the employee, any of the employee’s family members or partners, or an organization which employs or is about to employ any of these persons, has a financial or other interest in the organization

selected for the contract. You may, however, set standards for situations in which the financial interest is not substantial.

2 - Employees do not solicit or accept gratuities, favors, or anything of monetary value from your contractors or potential contractors. You may establish standards allowing a gift that is an unsolicited item of nominal value.

3 - If an employee violates the code, the employee is subject to disciplinary action. Please note EPA may disallow costs of purchases if you or your employees violate the Code of Conduct requirements.

Examples of conflicts of interest:

1 - If an employee in a position of responsibility for a recipient's accounting operations was employed by an independent audit firm within the year preceding an audit.

2 - Inappropriate communication between recipient management and independent auditors.

3 - A recipient employee involved in a transaction that may benefit a member of his or her immediate family.

4 - A recipient doing business with a company owned by a relative of a recipient employee with decision-making authority for purchasing.

5 - Contractor invoices lacking details on work completed, period billed or work described on invoice is inconsistent with work specified in the contract agreement.

6 - A contract awarded to a board member or family member where that individual has more than an incidental financial interest in the transaction.

Consortium/Partner Projects

Each EPA award agreement is awarded to one recipient who is legally responsible for the administration of that project. Therefore, for consortium projects, or projects being performed with partner organizations, the lead organization, which is the organization listed on the EPA award document, is legally, financially, administratively and programmatically responsible for all aspects of the award. The lead organization submits the payment requests, prepares the reports, and if need be, handles the request to amend the award.

If any federal funds are to be transferred to other organizations it has to be transferred through a formal, written subaward or contract agreement.

To read the EPA Subaward Policy, please visit this page:
<http://www.epa.gov/ogd/guide/subaward-policy-part-2.pdf>

Consultants (Contractual)

The recipient may not charge the EPA award for an individual consultant that exceeds the established ceiling determined by the Level IV Executive Schedule. As of January 1, 2012, the limit is \$596.00 per day and \$74.50 per hour. This amount refers to the base amount exclusive of fringe benefits and overhead. If the cost of the consultant exceeds the established cap, the recipient may not pay this difference with its cost share in the agreement; however the recipient may use its own funds to cover the difference.

A consultant subject to this limitation is an individual for whom the recipient determines the daily work schedule, directly assigns and evaluates work, and establishes other conditions of service (e.g., where and when work will be performed) (equivalent to a “personal services contract”).

Please note, the consultant cap will typically be included as a condition in the grant agreement. If you require prior year rates, or if the rate in this guidance is outdated, please contact your Grant Specialist.

“Consultant” for the purposes of this policy, is an individual with specialized skills who, although not on the recipient's payroll as an employee, provides personal services to the recipient under an agreement which essentially establishes an employer-employee relationship between the recipient and the individual providing the services. Consultants are typically individuals who are experts with excellent qualifications and are usually regarded as authorities or practitioners of unusual competence and skill by other individuals engaged in the same profession. An employer-employee relationship may be found to exist when the recipient selects the individual based on expertise in a particular field, directs the individual's work, and exercises day-to-day control of the individual's activities.

For further information, regarding the distinctions between subawards and contracts please refer to OMB Circular A-133, Section 210: <http://www.epa.gov/ogd/guide/subawards-appendix-b.pdf>

Cost Share (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, and Other) ([40 CFR 30.23](#))

Some agreements include a cost share requirement, which is identified in your award agreement. Recipient match and in-kind contributions count toward satisfying a cost sharing or matching requirement and must be documented in the recipient's records and, if applicable, in the records of a subgrantee or contractors.

Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. These costs should be tracked and accounted for in the same manner as federal funds.

An in-kind contribution is a voluntary contribution of goods or services that can be used to meet the cost sharing or matching requirement, and which can be assigned a monetary value.

A third party in-kind contribution can also be used to satisfy a cost sharing or matching requirement. Third party in-kind contributions should be accounted for and tracked as a separate account. These records should be signed by the individual or organization that donated the services or supplies and must show how the value placed on third-party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocation of regular personnel costs. (For special standards for third party in-kind contributions, see 40 CFR 30.23) For example, volunteer services can be used and priced at fair market value for services provided. Recipients should document their decision on how they arrived at the given amount for each person.

Please note that all funds, including the cost sharing or matching requirement, are treated the same, meaning that they are subject to the same federal requirements.

Although leveraged resources described in a recipient's grant proposal are not included in the award budget, it is expected that these resources will actually be provided for the proposed project. If the proposed leveraging does not materialize during the period of award performance, and the recipient does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the leveraged funding the recipient described in its proposal, EPA may take an enforcement action.

The recipient must maintain documentation that demonstrates contributions meet the following criteria:

- 1 – Are verifiable from the recipient's records.
- 2 – Are not included as contributions for any other federally-assisted project or program.
- 3 – Are necessary and reasonable for proper and efficient accomplishments of project or program objectives.
- 4 – Are allowable under the applicable cost principles.
- 5 – Generally are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching. This is not common and can be allowable under certain circumstances. Recipients need to document that the match from another federal agency is allowable.
- 6 – Are identified in the approved budget.

Use of Disadvantaged Businesses (Good Faith Efforts) (Equipment, Supplies, Contractual and Other) ([40 CFR 33.301](#))

Your organization must make good faith efforts to use disadvantaged businesses, including small businesses, minority-owned firms, women's business enterprises, and firms in labor surplus

areas, for procuring goods, services, and equipment, whenever possible. Below is a list of actions your organization should take to accomplish these efforts. Your written procurement procedures must explain how your organization will ensure and document these efforts.

- 1 - Ensuring that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
- 2 - Making information on future opportunities available and arrange time frames for purchases which encourage and facilitate participation by disadvantaged businesses. You should place qualified disadvantaged businesses on solicitation lists and ensure these firms are notified of opportunities.
- 3 - Encouraging firms competing for larger contracts and which intend to subcontract to consider ways to allow disadvantaged businesses to compete for the subcontracts by dividing contracts, when economically feasible, into smaller tasks or quantities.
- 4 - Encouraging contracting with consortiums of disadvantaged businesses when a contract is too large for one of these firms to handle individually.
- 5 - Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of disadvantaged businesses.
- 6 - Requiring your prime contractors who award subcontracts to take these steps.
- 7 -Your assistance agreement will include a condition requiring you to submit annually, by October 30, reports relating to certified Minority Business Enterprises (MBE) and Women Business Enterprises (WBE). The report must be prepared on EPA Form 5700-52A (see link to form below). Even if during a specific reporting period there are no procurements, your organization must still submit an annual MBE/WBE report, indicating zero dollars for procurement.

Please visit this page for EPA Form 5700-52A:

http://www.epa.gov/ogd/forms/adobe/5700_52a_new_sec.pdf

Instructions for filling out this report can be found on pages three to five.

Equipment Management (Equipment) ([40 CFR 30.34\(f\)](#))

Equipment is defined as 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, although a lower dollar amount threshold can be established by the applicant.

The title to equipment acquired by a recipient with Federal funds, or its own funds, vests in the recipient.

Use of Equipment

The recipient cannot use equipment paid for with Federal funds to provide services to non-Federal outside organizations for a fee less than fair market value, unless specifically authorized by Federal statute.

During the life of the agreement, the recipient can make equipment available for use on other projects, as long as this additional use will not interfere with the project for which the equipment was originally acquired. Preference should first be given to projects sponsored by EPA and then to projects sponsored by other Federal agencies. The recipient can use the equipment on other projects not sponsored by the Federal Government if authorized by EPA.

The recipient can continue to use the equipment, regardless of whether the project continues to be supported by Federal funds. When no longer needed for the original project, the recipient can use the equipment for its other federally-sponsored activities. Preference should first be given to projects sponsored by EPA and then to projects sponsored by other Federal agencies.

Management of Equipment

The recipient must properly manage equipment furnished directly by EPA or purchased by the recipient using EPA funds or as part of required matching or cost sharing. The recipient's property management procedures for equipment should include the following:

1- Equipment records must be maintained accurately and include the following information.

-A description of the equipment.

-Manufacturer's serial number, model number, Federal stock number (for federally owned equipment), national stock number, or other identification number.

-Source of the equipment, including the grant number.

-Whether title vests in the recipient or the Federal Government.

-Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

-Location and condition of the equipment and the date the information was reported.

-Unit acquisition cost.

-Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient

compensates EPA for its share. (For equipment that is no longer used and EPA does not allow the recipient to keep the equipment).

- 2 - Equipment owned by the Federal Government must be identified to indicate Federal ownership.
- 3 - A physical inventory of equipment must be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records must be investigated to determine the cause of the difference.
- 4 - A control system must be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment must be investigated and fully documented. (If the equipment was owned by the Federal Government, the recipient shall promptly notify EPA).
- 5 - Adequate maintenance procedures must be implemented to keep the equipment in good condition.
- 6 - Where the recipient is authorized or required to sell the equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

Disposition of Equipment

If there is any equipment with a residual value equal to or greater than \$5,000 at the end of a grant, the recipient should speak to their EPA Project Officer. The recipient should receive written instructions from the Project Officer on how to properly dispose of equipment.

Fringe Benefits (Fringe Benefits) ([OMB Circular A-122 Attachment B, Subsection 8\(g\)](#))

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to the cost of leave, employee insurance, pensions and unemployment benefit plans. Fringe benefit costs are allowable to the extent that the benefits are reasonable and are required by law, governmental unit employee agreement, or an established policy of the governmental unit. The budget narrative should identify the applicant's fringe benefit rate. In instances where the applicant has combined the Fringe Benefit costs with direct salaries and wages in the personnel category, the Grant Specialist should request the applicant to provide a breakout of the fringe benefit costs.

Please be aware that the costs included in the fringe benefits calculations cannot also be part of a recipient's indirect costs pool.

For more detailed and easy to read guidance on Fringe Benefits, please visit the Personnel and Fringe Benefits Module of the [“Guide to Good Management Practices for EPA Assistance Agreement Recipients that are Non-Profit Organizations Other than Colleges and Universities”](#)

Indirect Costs (Indirect Costs) ([OMB Circular A-122 Attachment A, Sections C and D](#))

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final costs objective without effort disproportionate to the results achieved. For example, the costs of operating and maintaining facilities, depreciation, and administrative salaries are generally treated as indirect costs. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost. For example, costs included in the budget as direct costs for fringe benefits cannot be treated as indirect costs as well.

Indirect costs charged must be covered by a valid and current negotiated rate agreement with the cognizant Federal agency, or otherwise allowable as a default rate by the cognizant Federal Agency (if applicable). A cognizant Federal Agency is generally the Federal Agency that provides the most Federal financial assistance to your organization.

If a recipient wishes to charge indirect costs for the life of the agreement, then the recipient must have a negotiated final rate agreement for the life of the grant. If the final rate is less than the provisional rate, the recipient may only charge the lower final rate to the agreement, regardless of what is budgeted in the award. If the final rate is higher than the provisional rate, the recipient may only request indirect costs up to the amount in the award budget. If a recipient exceeds the budgeted amount, it may request a rebudget, which is subject to EPA approval, or it may apply for additional supplemental funding for indirect costs. Please be aware that the indirect cost rate used to calculate the indirect costs within your approved budget may not necessarily remain the same throughout the life of the agreement

Types of Indirect Cost Rates

Non-Profit 10% Flat Rate: If a non-profit recipient does not have a current negotiated indirect cost rate or proposal, and if EPA is the recipient’s cognizant agency, EPA can allow the recipient to charge a flat indirect cost rate of 10% of salaries and wages (see 2 CFR Part 230, Appendix A). Please note that recipients that opt to use the 10% flat rate are required to use the flat rate for the life of the grant award. Please contact your EPA Grant Specialist for more information.

Provisional Rate: A temporary rate established for a planned period of time and based on estimated costs until a final rate can be determined.

Final Rate: This rate is negotiated after an organization’s actual costs for the operating period are known. Generally, the operating period is a fiscal year. A final rate is based on an organization’s audited financial statements. Please be aware that if the final rate is less than the provisional rate, the recipient will be required to pay back the difference to EPA (or if the recipient has over spent in another budget category, the recipient can request to rebudget). If the final rate is greater than the provisional rate and there are no funds available to cover the

additional indirect costs, the organization may not recover all indirect costs, unless they have underspent in another budget category, it can then ask to rebudget.

Predetermined Rate: Established rate for a specific period of time (generally one to three years) and is not subject to adjustment. This rate is best used when financial data demonstrate that a reimbursement rate is likely to remain stable based on the organization's actual costs, both previous and forecasted.

Fixed Rate with Carry-Forward: A permanent rate established for a future period of time. EPA will reimburse at this determined rate. Once actual costs have been determined according to the recipient's accounting system and audited reports, the difference between fixed and actual is carried forward to a future period in order to adjust the fixed rate for under- or over-recovery of indirect costs.

Types of Indirect Cost Rates

<http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/operations/Fiscal/Costs/Cost%20Principles/TypesofIndirect.htm>

Indirect Cost Proposal Format for Non-Profit Organizations

https://rates.psc.gov/fms/dca/np_exall2.html

General Questions

<https://rates.psc.gov/fms/dca/faq-general.pdf>

Please note, the type of rate that would work best for your organization is the rate you need to negotiate with your cognizant Federal Agency.

If the recipient does not have a final indirect cost rate covering the entire budget period at the close of the agreement, and does not anticipate a final rate within 90 days of the end date of the agreement, the recipient should request an extension to submit a Final Financial Report (FFR). In addition, the recipient must submit a new indirect cost proposal to the cognizant agency within six months after the close of each fiscal year. If the recipient does not submitted an indirect cost proposal within six months, indirect costs can be disallowed.

A non-profit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal within 90 days after the date of the award, otherwise indirect costs will likely be removed from the award agreement.

Internal Controls (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, and Other) (40 CFR 30.21(b) (3))

All recipients must have written operating procedures to ensure effective physical control over and accountability for all cash, funds, real and personal property, and other assets purchased, provided, or otherwise associated with the EPA award(s). The most effective procedures are those that clearly detail how your organization operates, including employee roles and responsibilities, as well as timeframes associated with each task. Your procedures should be

written in such a way that anyone new to your organization could follow them and successfully perform their job duties. Control will be enhanced if the duties of the members of the organization are separated so that no one person handles all aspects of a transaction from beginning to end.

These procedures must also include the training of management and employees on the importance of internal controls, as well as a timeframe in which all procedures will be reviewed. It is highly recommended that grantee organizations periodically perform self-assessments to evaluate how the organization is doing business, if the procedures are being followed correctly, and if any revisions or updates are necessary.

Some examples of providing internal controls are as follows:

- 1 – Bank accounts should be reconciled monthly by someone other than the person who signs the checks.
- 2 – Only one person should be responsible for disbursing petty cash. This individual should regularly report on the status of the petty cash account to another employee.
- 3 – Checks to vendors should only be processed once an invoice has been approved, and then the invoice should be noted that payment has been processed.
- 4 – The person responsible for the physical custody of equipment should not be responsible for keeping the records related to that piece of equipment.

Please visit the following website to view a copy of EPA's Administrative Capability Questionnaire: http://www.epa.gov/region02/grants/pdfs/omb_pre-awardform0412.pdf

Please note that if EPA randomly selects your organization for an advanced monitoring review, a similar questionnaire to the one above would need to be completed, and copies of your applicable procedures will need to be submitted for review.

Personnel Policy/Employee Handbook (OMB Circular A-122, Attachment B, Section 8)

Personnel policies should address hiring, position classification, duties, evaluations/raises/promotions, salaries, leave, fringe benefits, and equal employment opportunities. These are necessary to ensure:

- 1 - qualified individuals are working on the project;
- 2 - salaries and fringe benefits are reasonable;
- 3 – salaries and fringe are charged consistently and equitably to the project, as well as consistently to all individuals throughout the organization.

For more information on this topic, please see Attachment D of the [“Guide to Good Management Practices for EPA Assistance Agreement Recipients that are Non-Profit Organizations Other than Colleges and Universities”](#)

Personnel (Personnel and Fringe Benefits) ([OMB Circular A-122 Attachment B, Subsection 8\(m\)](#))

The Personnel category should only include direct costs for the salaries of employees of the recipient organization. Personnel costs DO NOT include:

- 1-costs for services of consultants, contractors, consortia members, or other partner organizations, that are procured through a formal contract, which must be included in the “Contractual” category;
- 2 -costs for employees of subrecipients under subawards, or partner organizations donating their time to the project, these costs belong in the “Other” category; or
- 3 -efforts that are not directly in support of the project, or are otherwise unallowable,
- 4-should not include ineligible costs associated with employees of the recipient organization.

For more detailed and easy to read guidance on Personnel and timekeeping, please visit the Personnel and Fringe Benefits Module of the [“Guide to Good Management Practices for EPA Assistance Agreement Recipients that are Non-Profit Organizations Other than Colleges and Universities”](#)

Procurement Procedures (Equipment, Supplies, Contractual and Other) ([40 CFR 30.43 and 30.44 \(a\)](#)) and [30.45](#), [30.46](#), [30.48](#))

EPA cannot emphasize enough the important of maintaining adequate records and documentation. Your documentation should tell a complete story of the procurement process, and your records should detail the history of each purchase.

The recipient must have written procurement procedures that meet the following procurement system requirements:

- 1 - Review of proposed procurements to avoid purchase of unnecessary items. Your records should show how the good(s) or service(s) are necessary for the project and how they relate to the workplan, as well as how long you need the good(s) or services(s) for.
- 2 - Analysis to determine whether lease or purchase is more economical. You should document how you came to this decision.

3 - Use of possible sources other than purchase, for example: can the necessary equipment be borrowed, rented, or can used or surplus items be obtained?

4 – Some form of cost or price analysis must be completed and documented in the procurement files in connection with every procurement action. Your cost or price analysis should show that your organization is acquiring the good(s) or service(s) at a fair price.

- a. **Cost /Price Analysis:** The recipient should have written procedures that detail how it will determine if a cost/price is fair and reasonable. Some form of cost or price analysis shall be made and documented in accordance with every procurement action. A cost analysis is the review and evaluation of each procurement element of cost to determine reasonableness, allocability, and allowability and is generally used when there are no multiple proposals under evaluation. Price analysis is a review that may be based on a comparison of price quotations submitted, catalog prices, or market prices (including any discounts), if available. For example, a cost/price analysis would be used to evaluate whether it is most economical to lease rather than purchase equipment.

Your organization must justify costs of a purchase or procurement as being reasonable based on a documented analysis of constituent costs or comparison of prices, especially for procurements greater than the Federal small purchase threshold of \$100,000. If this is not properly documented, these costs may be disallowed.

5 – Written procedures must, to the maximum extent practicable, ensure open and free competition. Recipients are required to consider more than one vendor when procuring goods or services.

- a. **Sole Source Procurements:** Procurement procedures should discuss the circumstances under which sole source procurement is allowed. Sole-source awards are permitted when there is written justification and where there is truly only one responsible source that can fulfill a procurement requirement. Your documentation must show how you arrived at this determination; however EPA strongly recommends that you discuss this with your EPA Project Officer before you enter into a sole source agreement.

Please note that the noncompetitive negotiation purchasing method is appropriate only when none of the other methods are appropriate based on the circumstances. This method should be used sparingly in unusual circumstances. Appropriate circumstances include if:

- In response to an advertisement for bids or proposals, only one bidder responds.

- You determine the item or service is available only from one source. The fact that you have a long-standing relationship with a contractor does not mean the item or service is available from only one source. This determination has to be well documented.
- You determine public exigency or emergency will not permit a delay resulting from competition. Note this is extraordinarily rare under any grant agreement and should be discussed with your EPA Grant Specialist and Project Officer.
- The contract amount exceeds \$100,000 and you request and obtain EPA approval to use the noncompetitive proposal method for some other reason.

You must conduct a cost analysis of noncompetitive proposals. In evaluating whether the cost of a sole source purchase is justified, your cost analysis should consider the contractor’s charges for similar work for customers who are not using Federal funds.

6 – Written procedures should establish dollar thresholds for different types of purchases (small purchases vs. large contracts) and who in the organization is responsible for approving at each dollar threshold level.

The table below gives an example of dollar threshold levels of purchases for EPA Technical Assistance Grant recipients. You may wish to take this table into consideration as you consider your organization’s own procurement procedures.

If the aggregate amount of the	Then your group
(1) purchase is \$1,000 or less	may make the purchase as long as you make sure the price is reasonable; no oral or written bids are necessary.
(2) proposed contract is over \$1,000 but less than \$25,000	must obtain and document oral or written bids from two or more qualified sources.
(3) proposed contract is \$25,000 to \$100,000	must:
	(i) Solicit written bids from three or more sources who are willing and able to do the work;
	(ii) Provide potential sources in the scope of work to be performed and

	the criteria your group will use to evaluate the bids;
	(iii) Objectively evaluate all bids; and
	(iv) Notify all unsuccessful bidders.
(4) proposed contract is greater than \$100,000	must follow the procurement regulations in 40 CFR part 30 (these regulations outline the standards for your group to use when contracting for services with Federal funds; they also contain provisions on: codes of conduct for the award and administration of contracts; competition; procurement procedures; cost and price analysis; procurement records; contract administration; and contracts generally).

Note: For purchases which exceed \$100,000, these records must include the rationale for the method of procurement, the reason you selected the contract type, your justification for lack of competition when competitive bids or offers are not obtained, the reasons for contractor selection or rejection, and the basis for the contract price, including documentation of required price and cost analyses.

7 - Solicitations for goods and services should provide for all of the following:

- a. clear description of the procured item or service,
- b. the requirements all bidders must fulfill for evaluation,
- c. a description of technical requirements or features needed,
- d. preferences for environmentally friendly and energy efficient products and services
- e. positive efforts to utilize MBE/WBE firms or companies.

8 - Ensuring contracting only with responsible parties. (As part of this effort, your organization must check the Excluded Parties List System at <http://www.SAM.gov> to help ensure the organization you're considering to do business with is not debarred or suspended.)

9 – Specific contract provisions found in Appendix A of OMB Circular A-110 should be included in all contracts. Please see here: http://www.whitehouse.gov/omb/circulars_a110

10 - A system for contract administration to ensure that progress is being made, payments are timely, and that the terms and conditions of the agreement are being met.

11 – Written procedures should also discuss conditions under which the contract may be terminated. All contracts in excess of the small purchase threshold must contain suitable provisions for termination by the recipient, including the manner by which termination should be effected and the basis for settlement.

Note, EPA Headquarters created a user-friendly procurement guide, which can be found below. EPA strongly encourages you to use this guide before conducting any purchases or procurement transactions: http://www.epa.gov/ogd/training/Procurement_Guidance_Part_30_Final.pdf

Program Income (Other) ([30.24](#), [2cfr 215.25](#))

Program income means gross income earned by a recipient that is directly generated by a grant-supported activity or earned as a result of the award during the project period. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. The recipient must:

- 1- Accurately assess the potential for the generation of program income;
- 2- Accurately categorize income as program income;
- 3- Account for program income in accordance with the terms and conditions of the award;
- 4- Maintain appropriate documentation on earning/use of program income;
- 5- Report on the SF-425 (FFR) Note: 10(L) to 10(O) discusses how to report program income.

The SF-425 can be found here: <http://www.epa.gov/ogd/forms/adobe/SF425.pdf>

If program income is included in the agreement, a specific condition should be included in the award to address how these funds should be used. Program income should only be used for the following purposes:

- a. added to funds committed to the project by the federal awarding agency and recipient can use to further eligible project or program objectives
- b. Used to finance the non federal share of the project or program
- c. deducted from the total project or program allowable costs in determining the net allowable costs on which the federal share of costs is based.

Please note, if the award agreement did not initially include program income, but it was later decided that program income would be generated, then the recipient must contact the EPA Grant Specialist and Project Officer to discuss how the program income will be applied to the grant.

Project Extensions ([40 CFR 30.25\(f\) \(2\)](#))

Under the Part 30 regulations and with notification to EPA, recipients are authorized, without a formal amendment, to extend the award one-time for up to 12 months, unless the:

- Terms and conditions of the award prohibit the extension
- Extension requires additional Federal funds
- Extension involves any change in the approved objectives or scope of the project
- Extension is merely for the purpose of using an unobligated balance
- Extension is precluded by a statute or regulation

The recipient must notify the EPA Grants and Audit Management Branch of the revised expiration date at least 10 days before the expiration date specified in the award and they must include a written justification for the extension. If the extension is not required prior to 10 days before the expiration date, EPA requires a formal amendment for your request to be issued.

Your extension request must be accompanied by an Interim FFR. This should be submitted to: Region2_GrantApplicationBox@epamail.epa.gov More information on this type of change can be found in the terms and conditions of your award document. Please visit this page for a blank FFR: <http://www.epa.gov/ogd/forms/adobe/SF425.pdf>

Records Retention (Personnel, Fringe Benefits, Travel, Supplies, Equipment, Contractual, and Other) ([40 CFR 30.53](#) &)

Recipients are required to be able to substantiate the performance of all parties involved and the outputs and outcomes achieved under any Federal grant. To be able to defend their position, certain documents have to be available to be reviewed and confirmed by EPA personnel.

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years (TAG recipients must retain records for ten years) from the date of the submission of the final FFR. Some exceptions are:

- If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- Records for real property and equipment acquired with grant funds shall be retained for three years after final disposition.
- When records are transferred and maintained by EPA, the retention requirement is not applicable to the recipient.

Also, it is important to note that the closeout of an award does not affect the right of EPA to disallow costs and recover funds on the basis of a later audit or other review.

It is strongly recommended that recipients create a grant file that will be used to document all major actions from the award of the grant through to its closeout. The official grantee file should contain the:

- award documents and acceptances;
- fiscal information, such as FFRs, procurement documentation, and payment requests;
- pre award documentation (i.e. application, intergovernmental review, etc.);
- post award documentation such as progress reports, correspondence with EPA;

- close out documents

If grant related documentation is located in various offices, then the grant file should include a table of contents that notes specifically where this information can be found.

Revision of Budget and Program Plans ([40 CFR 30.25](#))

As situations change, so might your budget and timelines, therefore recipients should discuss such changes with their EPA Grant Specialist and Project Officer.

You will need to seek approval from your EPA Project Officer for the following changes:

- Rebudgeting funds for indirect costs to absorb increases in direct costs
- The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
- Change in Key Personnel (person specified in the application or award document)
- Moving training funds to other categories
- Subaward, transfer, or contracting out of any work under the award, unless approved in the award. This does not apply to the purchase of supplies, material, equipment, or general support services.

You will need to seek approval from the EPA Grants and Audit Management Branch for the following changes (since these changes require a formal amendment to the award):

- Any revision resulting in the increase or decrease in funds
- Change in the scope or the objective of the project or program
- Inclusions of cost categories that were not originally budgeted in the agreement or costs that require prior approval under the cost principles (OMB Circular A-122), e.g., equipment.

Subrecipient Monitoring (Other - Subawards)

The recipient must have written procedures that:

1 –confirm and document whether a prospective subrecipient is suspended or debarred via <https://www.SAM.gov/> If the subrecipient is suspended or debarred you cannot use their goods or services;

2 -include appropriate provisions in subawards to comply with the requirements of the EPA award. These provisions are discussed in further detail in the “Overview of Subaward Policy Requirements” in the Reference section.

3 -address (a) submission/evaluation of reports on subgrantees' financial status in sufficient time to enable the recipient to prepare complete and accurate financial reports to EPA; (b) monitoring of cash drawdowns by subgrantees; (c) requirements for single

audits (when applicable); or (d) subgrant oversight that ensures that the subrecipient performs in accordance with its award and provides required effort/deliverables;

4 -the subrecipient will comply with federal requirements that are used for all procurements, regardless of the source of funds;

5-address the reporting of subawards to fsrs.gov. For additional information, please see the “Overview of Subaward Reporting” under the Reference section;

6 – written procedures should also discuss conditions under which the subaward may be terminated, as well as enforcement procedures for noncompliance.

Note, please review your EPA Award Agreement for any specific provisions listed in the Terms and Conditions that may apply to your subrecipients (i.e. ACORN, Sections 433 and 434 of the FY12 Appropriations Act).

A Data Universal Numbering System (DUNS) number is a nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>). If your organization is authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

For a reference document to help distinguish between Subawards and Contracts go to: <http://www.epa.gov/ogd/guide/subawards-appendix-b.pdf>

Travel Procedures (Travel) ([OMB Circular A-122, Attachment B, Subsection 51](#))

The recipient must have written procedures that address such areas as:

- a. How travel is necessary for successful completion of the project;
- b. travel authorization requirements;
- c. required documentation for pre-travel approval and post-travel claims for reimbursement;
- d. acceptable cost thresholds for various travel expenses i.e., amount that can be claimed for lodging, food, incidentals, etc.

Claimed costs for travel must be addressed in the award budget or the approved scope of work for the project/program, and have adequate approvals or supporting documentation. Foreign

travel must be identified in the budget and approved by EPA in advance in writing. Foreign travel may require State Department approval.

Requirement for Central Contractor Registration (CCR)

Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final FFR required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Additional information about registration procedures may be found at the CCR Internet site (currently at <http://www.SAM.gov>).

Costs for Food and Refreshments

If the costs for food and refreshments were not specified in the approved workplan, the recipient agrees to obtain prior approval from EPA for the use of grant funds for light refreshments and/or meals served at meetings, conferences, training workshops, and outreach activities (events). The recipient must send requests for approval to the EPA Project Officer and include:

- (1) An estimated budget and description for the light refreshments, meals, and/or beverages to be served at the event(s);
- (2) A description of the purpose, agenda, location, length and timing for the event.
- (3) An estimated number of participants in the event and a description of their roles.

Recipients may address questions about whether costs for light refreshments, and meals for events are allowable to the recipient's EPA Project Officer. However, the Agency Award Official or Grant Management Officer will make final determinations on allowability. The length or timing of the event must be such that light refreshments or meals are **necessary** for the effective and efficient achievement of its purpose. Please be sure that requests include a clear justification that establishes the need for refreshments and meals, otherwise such costs may not be approved by EPA.

Note: U.S. General Services Administration regulations define light refreshments for morning, afternoon or evening breaks to include, but not be limited to, coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. (41 CFR 301-74.11)

References

- **“Guide to Good Management Practices for EPA Assistance Agreement Recipients that are Non-Profit Organizations Other than Colleges and Universities”**
<http://www.epa.gov/region02/grants/pdfs/npo-guidetomanagement.pdf>
- **Guidance for Non-Profit Organizations for Purchasing Supplies, Equipment, and Services under EPA Grants**
http://www.epa.gov/ogd/training/Procurement_Guidance_Part_30_Final.pdf
- **Code of Federal Regulations - Title 40: Protection of Environment (Part 30)**
<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=0354b091fc98a6797b5cdc0fd41aaf35&rgn=div5&view=text&node=40:1.0.1.2.28&idno=40>
- **Office of Management and Budget (OMB) Circular No. A-122**
http://www.whitehouse.gov/omb/circulars_a122_2004
- **Selected Items of Cost – OMB Circular A122 Attachment B**
http://www.whitehouse.gov/omb/circulars_a122_2004#attb
- **OVERVIEW OF SUBAWARD POLICY REQUIREMENTS**

The recipient agrees to:

1. Establish all subaward agreements in writing;
 2. Maintain primary responsibility for ensuring successful completion of the EPA-approved project (this responsibility cannot be delegated or transferred to a subrecipient);
 3. Ensure that any subawards comply with the standards in Section 210(a)-(d) of OMB Circular A-133 and are not used to acquire commercial goods or services for the recipient;
 4. Ensure that any subawards are awarded to eligible subrecipients and that proposed subaward costs are necessary, reasonable, and allocable;
 5. Ensure that any subawards to 501(c) (4) organizations do not involve lobbying activities;
 6. Monitor the performance of their recipients and ensure that they comply with all applicable regulations, statutes, and terms and conditions which flow down in the subaward;
 7. Obtain EPA’s consent before making a subaward to a foreign or international organization, or a subaward to be performed in a foreign country; and
 8. Obtain approval from EPA for any new subaward work that is not outlined in the approved work plan in accordance with 40 CFR Parts 30.25 and 31.30, as applicable.
- b. Any questions about subrecipient eligibility or other issues pertaining to subawards should be addressed to the recipient’s EPA Project Officer. Additional information

regarding subawards may be found at <http://www.epa.gov/ogd/guide/subaward-policy-part-2.pdf> Guidance for distinguishing between vendor and subrecipient relationships and ensuring compliance with Section 210(a)-(d) of OMB Circular A-133 can be found at <http://www.epa.gov/ogd/guide/subawards-appendix-b.pdf> and http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.

d. The recipient is responsible for selecting its subrecipients and, if applicable, for conducting subaward competitions.

- **OVERVIEW OF SUBAWARD REPORTING**

Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

Applicability. Unless you are exempt, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e of this award term).

Your organization must report each obligating action to www.fsrc.gov. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

Your organization must report the information about each obligating action that the submission instructions posted at www.fsrc.gov specify.

Reporting Total Compensation of Recipient Executives.

Your organization must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if the total Federal funding authorized to date under this award is \$25,000 or more or if in the preceding fiscal year, your organization received:

(A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

You must report executive total compensation as part of your registration profile at www.SAM.gov, or by the end of the month following the month in which this award is made, and annually thereafter.

Reporting of Total Compensation of Subrecipient Executives.

Unless you are exempt, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if in the subrecipient's preceding fiscal year, the subrecipient received:

- (A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and,
- (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

You must report subrecipient executive total compensation to the recipient by the end of the month following the month during which you made the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

Exemptions: If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report subawards and the total compensation of the five most highly compensated executives of any subrecipient.

Disclaimer:

The purpose of this guidance is to provide support and assistance to the management and staff of EPA assistance agreement recipients that are non-profit organizations other than colleges and universities. Nothing contained herein is intended to create nor does it create any enforceable rights, remedies, entitlements or obligations. The EPA reserves its right to amend or rescind any or all parts of this guidance at any time.

If you decide to use any of this information, then you agree that these guidelines are designed and intended to provide you only with a general overview of payroll and timekeeping procedures. This information is provided with the understanding that the EPA does not engage in providing accounting, financial, tax, legal, or any other type of professional services. If your organization requires such professional services, competent professional advice should be obtained. The EPA makes no guarantees or warranties, express or implied, and shall have neither liability nor responsibility, even if advised of such possibility, for any loss or damage caused or alleged to be caused, directly or indirectly, by the use of this guidance.

This guidance is not intended to supersede your organization's own payroll or other procedures or any other requirements of your organization.

Furthermore, it is your organization's responsibility to ensure that your policies and procedures fully comply with all Federal grant requirements, as well as applicable Federal, state and local laws.