

## COMPTON COMMUNITY COLLEGE DISTRICT

### STANDARDS FOR FINANCIAL AND PROGRAM MANAGEMENT

#### Financial Management (§200.302)

The Compton Community College District (the District) using an enterprise resource planning (ERP) system which is business process management software that allows the District to use a system of integrated applications to manage the business and automate functions related to technology, procurement, budget and human resources. The District's ERP system is sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracking of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. The District established a chart of accounts in accordance with the Budget and Accounting Manual (BAM) and Board Policy [BP 6300](#) Fiscal Management.

The District's ERP system and financial reporting system provides the following:

1. Identification, in its chart of accounts, of all Federal awards received and expended and the Federal programs under which they were received. The District's chart of accounts identifies Federal awards uses a four digit "department code." Revenues can be identified between current year and prior year award used a two digit "program code." The District prepares a Schedule of Expenditures of Federal Awards (SEFA) using the department code to identify the specific Federal Award. The SEFA includes the CFDA title and number, Federal award identification number and year, name of the Federal agency and the name of the pass-through entity, if applicable.
2. The District's ERP system provides for accurate, current, and complete disclosure of the financial results of each Federal award or program identified on the SEFA in accordance with the reporting requirements set forth in Financial reporting §200.327 and Monitoring and reporting program performance §200.328 within this document.
3. The District's ERP system provides records that identify adequately the source of application of funds for federally-funded activities. These records comply of Administrative Regulations [AR 6552](#) Records Retention and Destruction.
4. The District's ERP system and financial management establishes effective controls over and accountability for all funds, property and other assets Board Policy [BP 6300](#) Fiscal Management and established written procedures.
5. The District's ERP system provides comparison of expenditures with budget amounts for each Federal award.
6. The District has established written procedures to implement the requirements of §200.305 Payment (see cash management).
7. The District has established written procedures for determining the allowability of cost in accordance with Subpart E – Cost Principles (see Subpart E within this document)

#### Internal Controls (§200.303)

The District establishing and maintain effective internal controls over the Federal awards that provides reasonable assurance that the District is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award through written policies and procedures, evaluating, monitoring, reviewing, and when needed, revising policies and procedures.

When instances of noncompliance are identified including identified in audit findings, taking prompt actions by establishing an implementation plan that identifies the instance of noncompliance, identifying the appropriate individual assigned to correct the instance, and monitoring the plan to ensure appropriate corrective action has taken place.

Period of Performance (§200.308)

The District may charge to the Federal award only allowable costs incurred during the period of performance and any cost incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Insurance (§200.310)

The District provides the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the District.

Federal Awarding Agency or Pass-Through Entity Review (§200.324)

The District will make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurement where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition.

The District will make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents

Retention Requirements for Records (§200.333)

Financial records, supporting documents, statistical records, and all other District records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. These records comply of Administrative Regulations [AR 6552](#) Records Retention and Destruction.

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## CASH MANAGEMENT

### Payment (§200.305)

1. The requirements for cash management are contained in the Uniform Grant Guidance under 2 CFR Section 200.305 where payment methods must minimize the time elapsing between the transfer of funds from the granting agency and the disbursement of funds by the District.
2. In order to comply with these requirements, the District has implemented the following procedures:
  - 2.1. All of the District's federal grants are awarded on a reimbursement basis, with the exception of the **Student Financial Assistance Cluster** and funds passed through from the California Community College Chancellor's Office (e.g. TANF, FKCE, and Transitions) and the California Department of Education (CCDF Cluster).
  - 2.2. Cash draws will be initiated by the Director of Accounting Services or designee, who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated. The drawdown total is calculated based on the actual expenditures identified in PeopleSoft. The Director of Accounting or designee will review the support for cash reimbursement to ensure the accuracy of calculation, completeness, and general adherence to award terms and conditions.
  - 2.3. Upon satisfactory review, the request for reimbursement is submitted via the appropriate drawdown system. The physical draw of cash will be processed in G5 for grants from the United States of America Department of Education or through the means prescribed in the Grant Award Notification.
  - 2.4. Supporting documentation from G5 or a copy of the cash draw paperwork will be filed along with the approved paperwork described above and retained for audit purposes.
  - 2.5. For grants within the Student Financial Assistance Cluster, the Director of Accounting or designee will draw down from G5 no earlier than 3 business days from the disbursement of financial aid funds to students. For example, if the disbursement to students is on Friday, the drawdown from G5 will be no earlier than Tuesday.
  - 2.6. Grants awarded on a reimbursement basis will be invoiced to the granting agency by the Contracts and Grants Department no more than monthly and no less than annually.
  - 2.7. Costs may be directly charged to a federal grant only when the cost is allowable, allocable, and reasonable to the award. See "Determining Allowability of Costs."
  - 2.8. Expenditures will follow the approval queues in DataTel and PeopleSoft.
  - 2.9. Grant funds are coded to unique chart of accounts that specify the relevant Fund, Department, Account, and Program. Grant funds are separate from other funds.
  - 2.10. The District will use existing resources before requesting an advance; e.g., program income, refunds, rebates, or interest earned.
  - 2.11. The District will minimize the time elapsing between the transfer of funds and the disbursement of those funds for grant-related expenditures. The timing and amount of advance payments will be as close as is administratively feasible.
  - 2.12. The District will maintain all Federal funds in insured accounts.
  - 2.13. The District will deposit all Federal funds into interest-bearing accounts unless:
    - 2.13.1. Aggregate federal awards are under \$120,000
    - 2.13.2. Account is not expected to earn in excess of \$500 per year
    - 2.13.3. Bank requires minimum balance so high that such an account is not feasible
    - 2.13.4. A foreign government or banking system prohibits or precludes interest bearing accounts

2.14. The District will retain interest amounts up to \$500 for administrative purposes. Annual interest on Federal grants in excess of \$500 will be returned to the Department of Health and Human Services.

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## PROCUREMENT

1. When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered materials and ensure that every purchase order or other contract includes any clauses required by section §200.326 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow §200.318 General procurement standards through 200.326 Contract provisions.
2. General procurement standards (§200.318). The District uses its own documented procurement [procedures](#) which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in §200.318.
3. The District awards contracts only to responsible contractors possessing the ability to perform successfully under the [terms and conditions](#) of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.213 Suspension and debarment
4. The District are subject to and complies with the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The District requires all vendors, consultants, and contractors to certify that they are not debarred, suspended, or otherwise excluded from or ineligible by requiring vendors to acknowledge receipt of all purchase orders including the under the [terms and conditions](#) . Failure to object in writing constitutes agreement to these terms and conditions and to the Purchase Order. All contractors and consultants are requirement to executed contracts which contain provisions that the contractors and/or consultant comply with all applicable provisions of the contracts.
5. Competition §200.319. All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
6. Methods of procurement to be followed. The District uses one of the following methods of procurement
  - 6.1. Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold up to \$3,000 (§200.67 Micro-purchase). To the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the District considers the price to be reasonable
  - 6.2. Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (up to \$150,000). If small

purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. However, all purchases

- 6.3. Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is used on all procedures in excess of \$50,000, adjusted for inflation in accordance with the District's Administrative Regulation [AR 6341](#) Contracts.
- 6.4. Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.
- 6.5. Each of the above methods of procurement are in line with District Board Policy [BP 6330](#) Procurement, Board Policy [BP 6340](#) Contracts, Administrative Regulation [AR 6331](#), and Administrative Regulation [AR 6341](#) Contracts.

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## PERFORMANCE AND FINANCIAL REPORTING

1. Financial reporting §200.327. Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.
2. Monitoring and reporting §200.328. The District has oversight of the operations of the Federal award supported activities. The District monitors its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the District covers each program. See also §200.331 Requirements for pass-through entities.
3. The District uses standard, OMB-approved data elements for collection of performance information or other standards reports required by the awarding agency (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site)
4. The District requires all performance and financial reports submitted to grantors or any other agencies be reviewed by the Business Office prior to submission. Any report submitted without review is in violation of policy and procedures. All reports must have adequate support (e.g. PeopleSoft financial reports, attention reports, or other documents).

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## SUBRECIPIENT MONITORING AND MANAGEMENT

1. Subrecipient and contractor determinations §200.330. The District may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.
  
2. Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See §200.92 Subaward. Characteristics which support the classification of the District as a subrecipient include when the District:
  - 2.1. Determines who is eligible to receive what Federal assistance;
  - 2.2. Has its performance measured in relation to whether objectives of a Federal program were met;
  - 2.3. Has responsibility for programmatic decision making
  - 2.4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
  - 2.5. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.
  
3. Contractors. A contract is for the purpose of obtaining goods and services for the District's own use and creates a procurement relationship with the contractor. See §200.22 Contract. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:
  - 3.1. Provides the goods and services within normal business operations;
  - 3.2. Provides similar goods or services to many different purchasers;
  - 3.3. Normally operates in a competitive environment;
  - 3.4. Provides goods or services that are ancillary to the operation of the Federal program; and
  - 3.5. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.
  
4. Requirements for pass-through entities §200.331. All pass-through entities must:
  - 4.1. Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
    - 4.1.1. Federal Award Identification.
      - 4.1.1.1. Subrecipient name (which must match the name associated with its unique entity identifier);
      - 4.1.1.2. Subrecipient's unique entity identifier;
      - 4.1.1.3. Federal Award Identification Number (FAIN);
      - 4.1.1.4. Federal Award Date (see §200.39 Federal award date) of award to the recipient by the Federal agency;
      - 4.1.1.5. Subaward Period of Performance Start and End Date;

- 4.1.1.6. Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- 4.1.1.7. Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
- 4.1.1.8. Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- 4.1.1.9. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- 4.1.1.10. Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- 4.1.1.11. CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- 4.1.1.12. Identification of whether the award is R&D; and
- 4.1.1.13. Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).
- 4.1.2. All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
- 4.1.3. Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- 4.1.4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f);
- 4.1.5. A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- 4.1.6. Appropriate terms and conditions concerning closeout of the subaward
- 4.2. Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
  - 4.2.1. The subrecipient's prior experience with the same or similar subawards;
  - 4.2.2. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
  - 4.2.3. Whether the subrecipient has new personnel or new or substantially changed systems; and
  - 4.2.4. The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
- 4.3. Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.
- 4.4. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. The District (pass-through entity) monitoring of the subrecipient must include:
  - 4.4.1. Reviewing financial and performance reports required by the pass-through entity.

- 4.4.2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- 4.4.3. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision
- 4.5. Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
  - 4.5.1. Providing subrecipients with training and technical assistance on program-related matters; and
  - 4.5.2. Performing on-site reviews of the subrecipient's program operations;
  - 4.5.3. Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.
- 4.6. Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.
- 4.7. Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
- 4.8. Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

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## RECORD RETENTION AND ACCESS

### Retention Requirements for Records (§200.333)

Financial records, supporting documents, statistical records, and all other District records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. These records comply of Administrative Regulations [AR 6552](#) Records Retention and Destruction.

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## REMEDIES FOR NONCOMPLIANCE

### Remedies for Noncompliance (§200.338)

1. The District establishing and maintain effective internal controls over the Federal awards that provides reasonable assurance that the District is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award through written policies and procedures, evaluating, monitoring, reviewing, and when needed, revising policies and procedures.
2. When instances of noncompliance are identified including identified in audit findings, the District will take prompt actions by establishing an implementation plan that identifies the instance of noncompliance, identifying the appropriate individual assigned to correct the instance, and monitoring the plan to ensure appropriate corrective action has taken place in order to avoid remedies for noncompliance.

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## ALLOWABLE COSTS

### Determining Allowability of Costs

The concepts of allowability, allocability, and reasonableness of costs directly address the legitimacy of a cost charged against a specific contract or grant. Determination of allowability, allocability, and reasonableness of a given expense is based on specific guidelines of the granting agency and federal cost principles.

Allowability, allocability and reasonableness are defined and determined by the Office of Management and Budget (“OMB”), the granting agency's requirements and/or District policy. 2 CFR 200, Subpart E, covers this topic by defining what these areas truly constitute. Each financial transaction charged against a contract or grant should be evaluated against these three concepts.

### Allowability

Expenses charged to a contract or grant must meet the following allowability criteria:

1. The costs must be treated consistently through application of appropriate generally accepted accounting principles appropriate to the circumstances.
2. The costs must conform to any limitations or exclusions set forth in the grant agreement or in Federal Cost Principles (2 CFR 200, Subpart E).

### Reasonableness – 200.404

The cost must be able to withstand public scrutiny, i.e. objective individuals not affiliated with the institution would agree that a cost is appropriate on a contract or grant or as a component in its indirect cost rate.

Once a determination of allowability, allocability and reasonableness has been made, it is important that all grant expenses be charged to the appropriate Banner account code. Budget and expenditure information recorded in the accounting system serves as the basis for: (a) project/account specific planning and reporting; (b) internal reviews and external audits; (c) the preparation of annual financial statements for the District; (d) Facilities and Administration Cost proposal preparation and rate calculation; and (e) departmental-level planning and reporting and many other uses.

Please use the following as a quick reference guide as it pertains to these topics:

1. For a charge to be allowable, consideration should be given to these:
  - 1.1. Terms and conditions of the contract, grant, or program
  - 1.2. Terms and conditions of the granting agency
  - 1.3. Federal cost principles (2 CFR 200.403)

In addition to the guidance offered in the documents listed above, public law and District policy also provide a framework for allowability decisions. On occasion, costs may be allowable to a granting agency, but not allowable under District policy. Therefore, it is imperative to consult with your campus fiscal team on any allowability concerns.

2. For a charge to be allocable, consideration should be given to:
  - 2.1. Consistency
  - 2.2. Sound allocation methodology
  - 2.3. Appropriate documentation

3. For a charge to be reasonable, consideration should be given to:

- 3.1. Necessity of expenditure
- 3.2. Advancement of scope
- 3.3. Consistency with established District policies and practices
- 3.4. The evaluation by prudent individuals during audits

#### Allocable Costs – 200.405

Once allowability criteria have been met, the cost must be evaluated against the criterion of allocability. That is, has the cost been incurred solely to support or advance the work of a specific contract or grant? It also means the process of assigning a cost, or a group of costs, to one or more cost objectives, in realistic proportion to the benefit provided or other equitable relationship. A cost objective may be a major function of the institution, a particular service or project, a grant agreement, or overhead (e.g. facilities & administrative costs (F&A)) activity.

#### Unallowable Costs on all Federal Awards

Federal regulations identify specific costs and categories of costs that cannot be charged, directly or indirectly, to federally funded agreements. These costs are never allowed on federally funded awards nor can they be charged to funds that will be treated as a part of indirect cost pools. Unallowable costs are generally defined by the federal government in 2 CFR 200, General Provisions for Selected Items of Cost. 2 CFR 200.420-200.475 addresses certain cost categories and defines whether they are allowable as charges on grants.

1. Unallowable Costs include, but are not limited to:
  - 1.1. Advertising and public relations
    - 1.1.1. Expenditures to promote the institution are not allowable.
    - 1.1.2. Advertising costs for recruitment of personnel, program outreach and other specific purposes (i.e. human subjects) necessary to meet the requirements of the Federal award are allowable.
  - 1.2. Alcoholic beverages
  - 1.3. Alumni/ae activities
  - 1.4. Bad debts
  - 1.5. Commencement or convocation costs
  - 1.6. Charitable contributions and donations - However the value of donated services may be used to meet cost sharing or matching obligations
  - 1.7. Commercial air travel costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines
  - 1.8. Development/fundraising costs
    - 1.8.1. Entertainment costs: Costs of entertainment, including amusement, diversion, social activities and any costs directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities)
  - 1.9. Fines, penalties, damages and other settlements
  - 1.10. Goods or services for personal use of employees (including gifts)
  - 1.11. Investment management costs
  - 1.12. Lobbying
  - 1.13. Losses on other contracts or grants (cost overruns)
    - 1.13.1. Any excess of costs over income under any contract or grant of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for indirect costs.
  - 1.14. Pre-award costs, unless approved by the awarding agency or permitted under expanded authorities
  - 1.15. Selling and marketing costs of any products or services of the institution
  - 1.16. Student activity costs incurred for intramural activities, student publications, student clubs, etc. – unless specifically provided for in the Federal award.

- 1.17. Interest expense – however, interest paid to external parties that is associated with the acquisition of equipment or other capital assets is generally allowable.

#### Unallowable Costs on Federal Awards issued prior to Uniform Guidance

In addition to the costs in 1, above, the following costs are also unallowable for awards governed by 2 CFR 220 (formerly known as OMB Circular A-21):

1. Computers not solely designated for research purposes
2. Contingency provisions

#### Unallowable Directly Associated Costs

In addition to unallowable costs, charges to federally funded agreements must also exclude costs that are directly associated with the unallowable costs. A directly associated cost is defined in federal regulations as any cost which is generated solely as a result of the incidence of another cost, and which would not have been incurred had the other cost not been incurred. An example of a cost that is directly associated with an unallowable cost is the cost of airfare to go to another city for the purpose of entertaining business associates or for fundraising. Since entertainment and fundraising costs are expressly unallowable under 2 CFR 200, Subpart E, and the airfare would not have been incurred had the unallowable costs not been incurred, the airfare is an unallowable directly associated cost.

While this policy addresses specific unallowable costs, the following practices would generally result in charges being disallowed:

1. Rotating charges among contracts or grants by month without establishing that the rotation schedule reflects the relative benefit to each grant.
2. Assigning charges to the contract or grant with the largest remaining balance.
3. Charging an amount based on the approved project budget versus the actual costs.
4. Assigning charges to contracts or grants before the cost is incurred.
5. Charging expenses exclusively to contracts or grants when the expense also has supported non-sponsored project activities.
6. Assigning charges that are part of the normal administrative support for contracts and grants which are included in indirect costs (e.g., proposal preparation, accounting, payroll, etc.).
7. Charging costs to substantially complete contract or grant to expend remaining funds, without regard to the appropriateness of the costs.

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## TIME & EFFORT

As a recipient of federal funding, the District is required to comply with the Office of Management and Budget Uniform Grant Guidance for certifying personnel costs charged to federally funded grants. The Uniform Grant Guidance Subpart E Section 200.430 contains the federal regulatory requirements for internal controls over certifying time expended on federal grants.

Payroll distribution serves as the initial data points for the District's effort reporting system. However, payroll distributions and effort reports are not the same thing. Payroll distributions are the distribution of an individual's salary, while effort reports describe the allocation of an individual's actual time and effort spent for specific projects, whether or not reimbursed by the granting agency. Thus, effort reporting is separate from and can be independent of salary charges. It is based on individual effort during the reporting period.

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a grant in which salary is directly charged. Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, administration, clerical, etc.) for which the District compensates an individual. District faculty and staff are expected to charge their time to federal grants commensurate with the committed effort expended on all activities they perform.

The District's practice is to utilize an after-the-fact effort reporting system to certify that salaries charged to federal grants are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities. Actual effort expended on each project is certified by a responsible person with suitable means of verification that the work was performed, generally the employee's supervisor, at the end of the specified reporting periods.

The effort certification should be a reasonable estimate of how time was expended. Time & Effort Reports are the primary means for complying with the federal regulations relating to effort certification. After the month's payroll has posted, the Fiscal Services department at the District Office will generate and distribute Time & Effort reports to all employees paid from federal contracts or grants or non-federal grants where the non-federal sponsor requires effort reporting. The employee will estimate the effort expended on those programs for the reporting period and complete the form with their signature. The activity director or supervisor will also review, verify, and sign the form. Any corrections to effort should be reported immediately to the Accounting Services department at the Business Office.

The Accounting Services department will review the completed Time & Effort report and request revisions to posted payroll as appropriate from the college fiscal team.

**[END OF SECTION]**

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## TIME & EFFORT WORKSHEETS

1. A new provision in the uniform guidance requires that all time, both grant and non-grant, totals no more than 100 percent (§200.430).
2. The uniform guidance does not include specific language about correct or incorrect documentation for use in time and effort reporting. Instead, the uniform guidance focuses on strengthening a system of internal control (§200.303). Federal agencies can accept alternate methods for time and effort reporting; however, nonfederal entities must maintain internal control over their records to justify costs for salaries and wages. The intent is for nonfederal entities to be more accountable for costs. Policies and procedures should be updated.
3. Because time and effort reporting is tied to payroll systems that are varied across nonfederal entities, it is difficult to develop a formal template for time and effort reporting. There the District offers an informal worksheet that can be used to support the local payroll system. The worksheet can be varied for weekly or monthly inputs. It is important that the total of all time reflects 100 percent effort, whether the time is recorded in hours or in percentages.
4. District approved templates on pages 23 through 26 of this document.

DO NOT COPY

## Time & Effort Worksheet

Employee: \_\_\_\_\_

Position: \_\_\_\_\_

Period: \_\_\_\_\_ to \_\_\_\_\_

| Day of Week  | Date   | Grant-Funded Time               |                                 |                   | Nongrant Time | TOTAL       |
|--------------|--------|---------------------------------|---------------------------------|-------------------|---------------|-------------|
|              |        | Proj or cost obj:<br><b>103</b> | Proj or cost obj:<br><b>455</b> | Proj or cost obj: |               |             |
| Mon          | 050415 | 50%                             | 25%                             |                   | 25%           | 100%        |
| Tue          | 050515 | 50%                             | 25%                             |                   | 25%           | 100%        |
| Wed          | 050615 | 50%                             | 25%                             |                   | 25%           | 100%        |
| Thu          | 050715 | 50%                             | 25%                             |                   | 25%           | 100%        |
| Fri          | 050815 | 50%                             | 25%                             |                   | 25%           | 100%        |
| Sat          | 050915 |                                 |                                 |                   |               |             |
| Sun          | 051015 |                                 |                                 |                   |               |             |
| Mon          | 051115 | 50%                             | 25%                             |                   | 25%           | 100%        |
| Tue          | 051215 | 50%                             | 40%                             |                   | 10%           | 100%        |
| Wed          | 051315 | 50%                             | 40%                             |                   | 10%           | 100%        |
| Thu          | 051415 | 50%                             | 40%                             |                   | 10%           | 100%        |
| Fri          | 051515 | 50%                             | 30%                             |                   | 20%           | 100%        |
| Sat          | 051615 |                                 |                                 |                   |               |             |
| Sun          | 051715 |                                 |                                 |                   |               |             |
| <b>TOTAL</b> |        | <b>50%</b>                      | <b>30%</b>                      |                   | <b>20%</b>    | <b>100%</b> |

**NOTE:**

This worksheet can be totaled by hours or percentage, but must be consistent. Hours or percentages must total and not exceed 100 percent effort. The worksheet can be modified for local use, and should be used in conjunction with official payroll recordkeeping.

Hours worksheet, next page.

## Time & Effort Worksheet

Employee: \_\_\_\_\_

Position: \_\_\_\_\_

Period: \_\_\_\_\_ to \_\_\_\_\_

| Day of Week  | Date   | Grant-Funded Time        |                          |                   | Nongrant Time | TOTAL        |
|--------------|--------|--------------------------|--------------------------|-------------------|---------------|--------------|
|              |        | Proj or cost obj:<br>103 | Proj or cost obj:<br>455 | Proj or cost obj: |               |              |
| Mon          | 050415 | 4.0 hr                   | 2.0 hr                   |                   | 2.0 hr        | 8.0 hr       |
| Tue          | 050515 | 4.0 hr                   | 2.0 hr                   |                   | 2.0 hr        | 8.0 hr       |
| Wed          | 050615 | 4.0 hr                   | 2.0 hr                   |                   | 2.0 hr        | 8.0 hr       |
| Thu          | 050715 | 4.0 hr                   | 2.0 hr                   |                   | 2.0 hr        | 8.0 hr       |
| Fri          | 050815 | 4.0 hr                   | 2.0 hr                   |                   | 2.0 hr        | 8.0 hr       |
| Sat          | 050915 |                          |                          |                   |               |              |
| Sun          | 051015 |                          |                          |                   |               |              |
| Mon          | 051115 | 4.0 hr                   | 2.0 hr                   |                   | 2.0 hr        | 8.0 hr       |
| Tue          | 051215 | 4.0 hr                   | 3.2 hr                   |                   | 0.8 hr        | 8.0 hr       |
| Wed          | 051315 | 4.0 hr                   | 3.2 hr                   |                   | 0.8 hr        | 8.0 hr       |
| Thu          | 051415 | 4.0 hr                   | 3.2 hr                   |                   | 0.8 hr        | 8.0 hr       |
| Fri          | 051515 | 4.0 hr                   | 2.4 hr                   |                   | 1.6 hr        | 8.0 hr       |
| Sat          | 051615 |                          |                          |                   |               |              |
| Sun          | 051715 |                          |                          |                   |               |              |
| <b>TOTAL</b> |        | <b>40 hr</b>             | <b>24 hr</b>             |                   | <b>16 hr</b>  | <b>80 hr</b> |

**NOTE:**

This worksheet can be totaled by hours or percentage, but must be consistent. Hours or percentages must total and not exceed 100 percent effort. The worksheet can be modified for local use, and should be used in conjunction with official payroll recordkeeping.

Blank worksheet, next page.



## Time & Effort Worksheet

Employee: \_\_\_\_\_

Position: \_\_\_\_\_

Period: \_\_\_\_\_ to \_\_\_\_\_

| Day of Week  | Date | Grant-Funded Time |                   |                   | Nongrant Time | TOTAL |
|--------------|------|-------------------|-------------------|-------------------|---------------|-------|
|              |      | Proj or cost obj: | Proj or cost obj: | Proj or cost obj: |               |       |
| Mon          |      |                   |                   |                   |               |       |
| Tue          |      |                   |                   |                   |               |       |
| Wed          |      |                   |                   |                   |               |       |
| Thu          |      |                   |                   |                   |               |       |
| Fri          |      |                   |                   |                   |               |       |
| Sat          |      |                   |                   |                   |               |       |
| Sun          |      |                   |                   |                   |               |       |
| Mon          |      |                   |                   |                   |               |       |
| Tue          |      |                   |                   |                   |               |       |
| Wed          |      |                   |                   |                   |               |       |
| Thu          |      |                   |                   |                   |               |       |
| Fri          |      |                   |                   |                   |               |       |
| Sat          |      |                   |                   |                   |               |       |
| Sun          |      |                   |                   |                   |               |       |
| <b>TOTAL</b> |      |                   |                   |                   |               |       |

**NOTE:**

This worksheet can be totaled by hours or percentage, but must be consistent. Hours or percentages must total and not exceed 100 percent effort. The worksheet can be modified for local use, and should be used in conjunction with official payroll recordkeeping.

**Semi-Annual Certification Form  
Single Federal or State Categorical Program or Cost Objective**

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Hours per day: \_\_\_\_\_

Single Federal Assistance or State Categorical Program Funding: \_\_\_\_\_

For Single Cost Objective, complete the following:

Job Function: \_\_\_\_\_

List programs and percent of time:

| Program Description | Fund | Object Code | Activity | Location Code | Percent |
|---------------------|------|-------------|----------|---------------|---------|
|                     |      |             |          |               |         |
|                     |      |             |          |               |         |
|                     |      |             |          |               |         |
|                     |      |             |          |               |         |

I certify that 100% of my duties were related to a single Cost Objective or Federal Assistance Program or State Categorical Program and that these duties were in compliance with and funded by the above mentioned program(s) during the periods indicated below:

July 1, \_\_\_\_\_ to December 31, \_\_\_\_\_       January 1, \_\_\_\_\_ to June 30, \_\_\_\_\_

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Supervisor Signature

**District Approval:**

\_\_\_\_\_  
Office of Business Services

\_\_\_\_\_  
Date

**[END OF SECTION]**

## DIRECT AND INDIRECT COSTS

### Direct Costs (§200.413)

1. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award.
2. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the cost of materials and other items of expense incurred for the Federal award.
3. If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also include extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations.
4. Salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these cost may be appropriate only if all of the following conditions are met:
  - 4.1. Administrative or clerical services are integral to a project or activity;
  - 4.2. Individuals involved can be specifically identified with the project or activity;
  - 4.3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
  - 4.4. The costs are not also recovered as indirect costs.

### Indirect Costs (§200.414)

5. The District has elected to charge a de minimis rate of 10% of modified total direct costs to all Federal awards as specified in the section which states - any non-Federal entity that has never received a negotiated indirect cost rate never received a negotiated indirect cost rate, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in §200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

**[END OF SECTION]**

## GENERAL PROVISIONS FOR SELECTED ITEMS OF COSTS

This section provides principles to be applied in establishing the allowability of certain items involved in determining cost.

### Advertising and Public Relations (§200.421)

1. The only allowable advertising costs are those which are solely for:
  - 1.1. The recruitment of personnel required by the non-Federal entity for performance of a Federal award (See also §200.463 Recruiting costs);
  - 1.2. The procurement of goods and services for the performance of a Federal award;
  - 1.3. The disposal of scrap or surplus materials acquired in the performance of a Federal award except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or
  - 1.4. Program outreach and other specific purposes necessary to meet the requirements of the Federal award.

### Alcoholic beverages (§200.423)

2. Costs of alcoholic beverages are unallowable.

### Alumni/ae activities. (§200.424)

3. Costs incurred by IHEs for, or in support of, alumni/ae activities are unallowable.

### Audit services. (§200.425)

4. A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirements of this part, are allowable. However, the following audit costs are unallowable:
  - 4.1. Any costs when audits required by the Single Audit Act and Subpart F—Audit Requirements of this part have not been conducted or have been conducted but not in accordance therewith; and
  - 4.2. Any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and Subpart F—Audit Requirements of this part because its expenditures under Federal awards are less than \$750,000 during the non-Federal entity's fiscal year.
5. The costs of a financial statement audit of the District that does not currently have a Federal award may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.
6. Pass-through entities may charge Federal awards for the cost of agreed-upon-procedures engagements to monitor subrecipients (in accordance with Subpart D—Post Federal Award Requirements of this part, §§200.330 Subrecipient and contractor determinations through 200.332 Fixed Amount Subawards) who are exempted from the requirements of the Single Audit Act and Subpart F—Audit Requirements of this part. This cost is allowable only if the agreed-upon-procedures engagements are:
  - 6.1. Conducted in accordance with GAGAS attestation standards;
  - 6.2. Paid for and arranged by the pass-through entity; and
  - 6.3. Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

### Bad debts. (§200.426)

7. Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable.

Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable.

Compensation—personal services. (§200.430)

8. General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:
  - 8.1. Is reasonable for the services rendered and conforms to the established written policy of the District consistently applied to both Federal and non-Federal activities;
  - 8.2. Follows an appointment made in accordance with the District's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
  - 8.3. Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.
  
9. Reasonableness. Compensation for District employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the District. In cases where the kinds of employees required for Federal awards are not found in the other activities of the District, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the District competes for the kind of employees involved.
  
10. Unallowable costs.
  - 10.1. Costs which are unallowable under other sections of these principles must not be allowable under this section solely on the basis that they constitute personnel compensation.
  - 10.2. The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply
  
11. Special considerations. Special considerations in determining allowability of compensation will be given to any change in the District's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy. An example is compensation increases due to the implementation of collective bargaining agreements.
  
12. Incentive compensation. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the District so consistently as to imply, in effect, an agreement to make such payment.
  
13. Institutions of higher education (IHEs).
  - 13.1. Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards. Among such conditions are the following:
    - 13.1.1. *Allowable activities.* Charges to Federal awards may include reasonable amounts for

activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.

- 13.1.2. *Incidental activities.* Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency. Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.

14. Part-time faculty. Charges for work performed on Federal awards by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.
15. Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
- 15.1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
  - 15.2. Be incorporated into the official records of the District;
  - 15.3. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
  - 15.4. Encompass both federally assisted and all other activities compensated by the District on an integrated basis, but may include the use of subsidiary records as defined in the District's written policy;
  - 15.5. Comply with the established accounting policies and practices of the District; and
  - 15.6. 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; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
  - 15.7. Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes.
  - 15.8. The District has elected to use time and effort worksheets as a standard of documentation of personnel expenses as noted in Subpart E – Cost Principles, Compensation, Time & Effort; Section 02 of this document.

Compensation—fringe benefits. (§200.431)

16. Fringe benefits are allowances and services provided by the District to employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions,

and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, District collective bargaining employee agreements, and established policy of the District.

17. Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:
- 17.1. They are provided under established written leave policies (collective bargaining employee agreements);
  - 17.2. The costs are equitably allocated to all related activities, including Federal awards; and,
  - 17.3. The accounting basis (*cash or accrual*) selected for costing each type of leave is consistently followed by the District
    - 17.3.1. When the District uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.
    - 17.3.2. The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When the District uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

Conferences. (§200.432)

18. Allowable conference costs paid by the District as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportations, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the District and is necessary and reasonable are allowable.

Employee health and welfare. (§200.437)

19. Costs incurred in accordance with the District's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable. Such costs will be equitably apportioned to all activities of the District.

Entertainment Costs. (§200.438)

20. Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

Equipment and other capital expenditures. (§200.439)

21. The following rules of allowability must apply to equipment and other capital expenditures:
- 21.1. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.
  - 21.2. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.
  - 21.3. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity.

Goods or services for personal use. (§200.445)

22. Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees

Maintenance and repair costs. (§200.452)

23. Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures. These costs are only allowable to the extent not paid through rental or other agreements.

Materials and supplies costs. (§200.453)

24. Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

Memberships, subscriptions, and professional activity costs. (§200.454)

25. Costs of the District's membership in business, technical, and professional organizations are allowable.  
Costs of the District's subscriptions to business, professional, and technical periodicals are allowable.  
Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.  
Costs of membership in any country club or social or dining club or organization are unallowable.  
Costs of membership in organizations whose primary purpose is lobbying are unallowable

Professional service costs. (§200.459)

26. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the District, are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

Publication and printing cost. (§200.461)

27. Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable.

Travel costs. (§200.461)

28. *General.* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the District. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the District's non-federally-funded activities and in accordance with District's written travel reimbursement policies. Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

**[END OF SECTION]**



## AUDIT REQUIREMENTS

This section provides standards for obtaining consistency and uniformity among Federal agencies for the audit of the District expending Federal awards.

### Audit Requirements (§200.501)

1. *Audit required.* District that expends \$750,000 or more during the District's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.
2. *Single audit.* District that expends \$750,000 or more during the District's fiscal year in Federal awards must have a single audit conducted in accordance with §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.
3. *Program-specific audit election.* When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with §200.507 Program-specific audits. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.
4. *Exemption when Federal awards expended are less than \$750,000.* If the District that expends less than \$750,000 during the District's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503 Relation to other audit requirements, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO)