



VERMONT

STATE OF VERMONT

DEPARTMENT OF PUBLIC SAFETY

FINANCIAL COMPLIANCE GUIDE

For Subrecipient Award Funding



Vermont Department of Public Safety Financial Monitoring Report

Award Compliance Guide

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Purpose

The Vermont Department of Public Safety (DPS) Auditing Office has created this guide, which contains Federal and State compliance rules and standards, to assist your organization with best practices for award administration.

Please note that the regulation should be reviewed in its entirety to ensure a complete understanding of all requirements, and that your organization can meet them.

As best practice for grant administration, we recommend including these requirements within your Organization's policies, procedures, and internal controls wherever applicable.

Requirements may vary depending on the funding source. Review your *Vermont Department of Public Safety Grant Agreement* for all compliance requirements prior to signing, and use it as a future reference to ensure complete award administration.

This Guide is designed to provide assistance for financial compliance responsibilities when stewarding Federal awards. It should be used as a reference source to direct you to the full regulation's requirements. Links are provided when regulations are referenced as well as sources for additional guidance.

A review of each of the following sections of the Federal Uniform Guidance or 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is advised:

[2 CFR PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#)

- [Subpart A - Acronyms and Definitions](#)
- [Subpart B - General Provisions](#)
- [Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards](#)
- [Subpart D - Post Federal Award Requirements](#)
- [Subpart E - Cost Principles](#)
- [Subpart F - Audit Requirements](#)

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References & Resources

- *Vermont Department of Public Safety (DPS) Grant Agreement* for terms and conditions
- Federal award funding Notice of Funding Opportunity (NOFO), [Federal Assistance Listings \(CFDA\)](#), and *Award Compliance Guidance* terms and conditions
- The Federal *Uniform Guidance*, [2 CFR 200](#) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
 - [Uniform Guidance Frequently Asked Questions](#)
 - Council on Financial Assistance Reform's (COFAR) website [Grants Training page](#)
 - [2 CFR 200, Appendix XI — Compliance Supplement](#)
- Vermont Department of Finance and Management [Grants FAQ](#)



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- Vermont Department of Finance and Management [Common Subrecipient Annual Report \(SAR\) Questions](#).
- System for Award Management ([SAM](#)), registry for doing business with the U.S. government
- [Department of Justice Grant Funding website](#)
 - Department of Justice Programs, [Office for Civil Rights](#), [Equal Employment Opportunity Plans](#), [EEOP Frequently Asked Questions](#)
 - [Department of Justice Grants Financial Guide](#)
- FEMA Funding:
 - [FEMA Emergency Management Performance Grant Program \(EMPG\)](#)
 - [FEMA Hazard Mitigation Grant Funding \(HMGP\)](#)
 - [FEMA Homeland Security Grant Funding \(HSGP\)](#)
 - [FEMA Public Assistance Grant Funding \(PA\)](#)

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Grants Administration

Best Practice

- [Review Agreement](#) - Before signing a grant agreement have all administrative personnel and those who are responsible for compliance requirements review the agreement and ensure that the terms and conditions can be met.
- [Maintain Agreement](#) - All Finance and Program staff administering and maintaining records for the award funding should maintain a copy of the *Vermont Department of Public Safety Grant Agreement* to ensure compliance with all requirements.
- [Review Federal Uniform Guidance](#) - see References & Resources above.
- [Inquiries](#) – For any questions seek clarification from the Pass-Through Entity (Vermont Department of Public Safety) or Awarding Agency.

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Mandatory Disclosure

[Conflict of Interest](#) - Disclose in writing any conflicts of interest or potential conflicts of interest per [2 CFR §200.112 Conflict of Interest](#) and *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 23*.

[Disclosures](#) - Provide in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award per [2 CFR §200.113 Mandatory disclosures](#) and *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 31. C*.



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Department of Justice Awards - Submit to the Office for Civil Rights any findings of discrimination from a court or administrative agency within the previous three years per. See the DPS website for the [Department of Justice Equal Employment Opportunity Training for Sub-Recipients PowerPoint Presentation](#).

Exclusions - Notify the Department of Public Safety (DPS) (awarding agency) if your organization or any principals (officers, directors, owners, or partners) are presently excluded or disqualified from participation in programs supported in whole or in part by Federal funds. Reference:

- [2 CFR §200.213 Reporting a determination that a non-Federal entity is not qualified for a Federal award](#)
- [2 CFR §180.355 What information must I provide to a higher tier participant before entering into a covered transaction with that participant?](#)
- *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 22, and Attachment D – Other Grant Agreement Provisions, 2.*

Lobbying Activities - Submit SF-LLL, [Disclosure of Lobbying Activities](#) if funds have been paid or will be paid for influencing or attempting to influence in connection with a Federal contract, grant, loan, or cooperative agreement per [2 CFR §200.450 Lobbying](#) and the *Vermont Department of Public Safety Grant Agreement, Attachment D – Other Grant Agreement Provisions, 1.*

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Record Standards

2 CFR Uniform Guidance:

Subpart B – General Provisions

- [§200.113 Mandatory disclosures](#) “The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award including the term and condition outlined in appendix XII to this part are required to report certain civil, criminal, or administrative proceedings to SAM (currently FAPIIS). Failure to make required disclosures can result in any of the remedies described in §200.339...”

Subpart D Post Federal Award Requirements

- [§200.302 Financial management \(b\)\(3\)](#) “Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.”
- [§200.318 General procurement standards](#)
 - (a) “The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327.”
 - (c)(1) “The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No



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employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.”

(i) “The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.”

Please note that all documentation acquired for compliance with the Federal procurement requirements must be retained.

- [§200.319 Competition \(d\)](#) “The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:
 - (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
 - (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.”
- [§200.320 Methods of procurement to be followed](#) – maintain all documentation required for the method of procurement followed.
- [§200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms](#) Maintain documentation to support affirmative steps. See [Procurement & Contracting](#) section Affirmative Steps for additional information on this regulation and steps that can be taken to meet compliance.
- [§200.324 Contract cost and price \(a\)](#) “The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.”
- [§200.327 Contract provisions](#) “The non-Federal entity's contracts must contain the applicable provisions described in appendix II to this part.”

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Record Retention

2 CFR Uniform Guidance:

Subpart D Post Federal Award Requirements

- [§200.334 Retention requirements for records](#) – “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report 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...The only exceptions are the following:
(a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
(b) When the non-Federal entity is notified in writing ... to extend the retention period.
(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.
(d) When records are transferred...
(e) Records for program income transactions...
(f) Indirect cost rate proposals and cost allocations plans...”
- [§200.336 Methods for collection, transmission, and storage of information](#)
- [§200.337 Access to records](#)
- [§200.338 Restrictions on public access to records](#)

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Pre-Approval

Vermont Department of Public Safety Grant Agreement:

- [Part 2 - Grant Agreement](#) - Amendment: “No changes, modifications, or amendments in the terms and conditions of this Agreement shall be effective unless reduced to writing, numbered, and signed by the duly authorized representative of the State and Subrecipient. An amendment is a request to make a programmatic, administrative, or substantial financial change to this Agreement (refer to Attachment B, Payment Provisions). Examples include changes in scope of work, budget modification, and change in Subgrant term (period of performance).”
- [Attachment B – Payment Provisions:](#)
 - Budget Detail: “During the performance of this Agreement, any of the cost categories may be increased or decreased by up to 10% of the total award with prior written approval... Approval will be given provided:
1. It is within the Total Award Amount in effect at the time of the adjustment
2. It does not change the Scope of Work in Attachment A”
 - Programmatic Reporting Requirements: “Changes in principal personnel or scope of effort must receive the prior written approval of DPS.”
- [Attachment C - Standard State Provisions for Contracts and Grants](#) – 19. Sub-Agreements: “Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the State.”



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2 CFR 200 Uniform Guidance:

Subpart E - Cost Principles

- [§200.407 Prior written approval \(prior approval\)](#) “Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part...” See full regulation for items of cost details.
- [§200.458 Pre-award costs](#) – “Pre-award costs are those incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency. If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency or pass-through entity.”
- [Subawarding](#) – see [Subawarding of Federal Awards](#) section.

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Procurement & Contracting

Affirmative Steps - The organization must comply with [2 CFR §200.321 Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms](#) (in addition to [2 CFR §200.319 Competition](#)):

- (b)(1) Place qualified socio-economic firms on organization’s solicitation lists.
- (b)(2) Assure that small and minority businesses are solicited whenever they are potential sources.
- (b)(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities.
- (b)(4) Establishing delivery schedules, where the requirement permits, which encourage participation by socio-economic firms.
- (b)(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration ([search tool](#)) and the Minority Business Development Agency of the Department of Commerce ([mbda.gov](#)). You may also consider using System for Award Management (SAM) Advanced Search - Entity ([sam.gov](#)), Association of Women’s Business Centers ([awbc.org](#)), and Amazon Business.
- (b)(6) Requiring prime contractors to take steps listed if they use subcontractors.

Code of Standards - Maintain written standards of conduct regarding real or apparent conflicts of interest for employees, officers, and agents who participate in the selection, award and administration of a contract supported by a Federal award per [2 CFR §200.318 General procurement standards \(c\)\(1\)](#).

Competition - All procurement transactions must provide for full and open competition per [2 CFR §200.319 Competition \(a\)](#).



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Contractor Exclusion - 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 per [2 CFR §200.319 Competition \(b\)](#).

Contract Provisions:

- Contracts must include applicable Federal [Appendix II](#) contract provisions per [2 CFR §200.327 Contract provisions](#).
- Contracts shall include State contract provisions per *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 19*.

Cost and Price Analysis - Cost and price analysis required for procurement beyond the simplified acquisition threshold of \$250,000 per [§200.324 Contract cost and price](#).

Geographic Preferences - Conduct procurements in a manner to prohibit statutorily or administratively imposed State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference per [2 CFR §200.319 Competition \(c\)](#).

Method of Procurement - Organizations must use one of the following methods of procurement per [2 CFR §200.320 Methods of procurement to be followed](#):

- (a)(1) Micro-purchase – currently \$50,000
- (a)(2) Small purchase – the simplified acquisition threshold currently \$250,000
- (b)(1) Sealed bid
- (b)(2) Proposal
- (c) Non-competitive procurement
 - (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
 - (2) The Item available only from a single source.
 - (3) Public exigency or emergency will not permit a delay resulting from publicizing a competitive solicitation.
 - (4) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request.
 - (5) After solicitation of a number of sources, competition is determined inadequate.

Oversight - Organization must maintain oversight to ensure that contractors perform in accordance with their contracts ([2 CFR §200.318 General procurement standards \(b\)](#)).

Pre-Award Costs – “Pre-award costs are those incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency. If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency or pass-through entity.” See [§200.458 Pre-award costs](#)

Procurement Procedures - **All procurement requires documented procurement procedures and records maintenance:**

- [2 CFR §200.318 General procurement standards \(a\) & \(i\)](#)
- [2 CFR §200.319 Competition \(d\)](#) – for what your solicitations must include



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- Also covered within the [Grant Administration](#) section of this guide under Records Standards.
- These requirements are included in the *Vermont Department of Public Safety Grant Agreement, Attachment D - Other Grant Agreement Provisions, 6.*

Subcontracting and Subawarding – requires written approval from the State per *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 19.*

Subrecipient and contractor determinations – see [Subawarding of Federal Funds](#) section.

Suspended and Debarred Parties - No contracting with suspended or debarred parties per [2 CFR §200.213 Reporting a determination that a non-Federal entity is not qualified for a Federal award](#) and *Vermont Department of Public Safety Grant Agreement, Attachment D – Other Grant Agreement Provisions, 2.*

Unnecessary and Duplicative Purchases – “The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items.” See [§200.318 General procurement standards \(d\)](#).

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Property, Equipment, and Supplies

2 CFR 200 Uniform Guidance:

[Subpart A - Acronyms and Definitions](#)

- [§200.33 Equipment](#) - “*Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. See also §§200.12 Capital assets, 200.20 Computing devices, 200.48 General purpose equipment, 200.58 Information technology systems, 200.89 Special purpose equipment, and 200.94 Supplies.”
- [§200.85 Real property](#) – “*Real property* means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.”
- [§200.94 Supplies](#) – “*Supplies* means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also §§200.20 Computing devices and 200.33 Equipment.”

[Subpart D - Post Federal Award Requirements](#)

- [§200.310 Insurance coverage](#)
- [§200.311 Real property](#)
- [§200.312 Federally-owned and exempt property](#)
- [§200.313 Equipment](#)
 - (a) Title
 - (c) Use
 - (d) management requirements – including
 - (1) property records must report the following:



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- Description of property
- Serial number or other identification number
- Source of funding for property
- Acquisition date
- Percent of Federal participation
- Location of property
- Use and condition of property
- Who holds title
- The cost of the property
- Any disposition data including method to determine fair market disposal

(2) physical inventory - Must be taken, and the results reconciled with the property records, at least once every two years.

(3) control system – Must be developed for safeguarding assets & assuring their use for the intended program.

(4) maintenance - Equipment maintenance procedures must be in place to keep the property in good condition.

(e) Disposition – “When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further responsibility to the Federal awarding agency.

(2) Except as provided in §200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.”

- [§200.314 Supplies](#) - With a residual Inventory value of \$5,000 or greater in conformance with.
- [§200.334 Retention requirements for records \(c\)](#) - Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition per.

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Additional Compliance

Department of Justice Funding - Office of Civil Rights (OCR) & Equal Employment Opportunity Plan (EEO) requirements must be met per [28 CFR §42.301-308 Subpart E – Equal Employment Opportunity Program Guidelines](#) and *Vermont Department of Public Safety Grant Agreement*.

Insurance - A certificates of insurance **must** be provided before commencing work to show that certain minimum coverages are in effect per [2 CFR §200.310 Insurance Coverage](#) and *Vermont Department of Public Safety Grant Agreement*, Attachment C - Standard State Provisions for Contracts and Grants, 8.

No Supplanting - State or Federal funds are generally awarded based on financial need and are not intended to supplant (replace) local funds. Supporting budget documentation must be maintained to demonstrate that there is no budget available for the expenses when this rule is applicable. See the *Vermont Department of Public Safety Grant Agreement* and Federal funding source guidance for information regarding whether this requirement is applicable to the award funding.

Remediation - Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings per [2 CFR §200.303 Internal controls \(d\)](#).

Safeguarding Personally Identifiable Information (PII) – The subrecipient must take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity (organization) considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and obligations of confidentiality per [2 CFR §200.303 \(d\) Internal controls](#).

Single Audit Requirements - A subrecipient must have a single audit (or program-specific audit if approved as an alternative) conducted for a year in which \$750,000 or more of Federal award funds were expended per [2 CFR §200.501 Audit Requirements](#).

State Subrecipient Annual Report (SAR) - sent annually from the Vermont Department of Finance & Management. Complete and submit within 45 days of your organization’s fiscal year end. This report determines whether a single audit is required for the prior fiscal year per *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 31.A.*, and [Subrecipient Annual Report \(SAR\) form & Common Subrecipient Annual Report \(SAR\) Questions](#)).

Failure to submit this report in a timely manner can restrict future payments and funding opportunities.

Suspended or Debarred Parties - Subawarding or contracting with organizations that are debarred, suspended, or otherwise excluded from, or ineligible for participation in Federal assistance programs or activities is restricted. Go to the System for Award Management [SAM](#) website to verify potential vendors have not been suspended or debarred prior to purchasing:

- [2 CFR §200.213 Reporting a determination that a non-Federal entity is not qualified for a Federal award](#)
- [2 CFR §200.343 Effects of suspension and termination](#)
- *Vermont Department of Public Safety Grant Agreement, Attachment D – Other Grant Agreement Provisions, 2*



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Tax Free - Vermont State purchases **must** be invoiced tax free per *Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 17.*

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Closeout

Vermont Department of Public Safety Grant Agreement:

Attachment B - Payment Provisions:

- Closeout:
Award Extensions - must be requested with enough time to allow for the Vermont Department of Public Safety to review and approve prior to the end of the current award term.

2 CFR 200 Uniform Guidance:

§200.344 Closeout “The Federal awarding agency or pass-through entity will close out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity. If the non-Federal entity fails to complete the requirements, the Federal awarding agency or pass-through entity will proceed to close out the Federal award with the information available. This section specifies the actions the non-Federal entity and Federal awarding agency or pass-through entity must take to complete this process at the end of the period of performance.

(a) ...A subrecipient must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and subrecipient) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable.

(d) The non-Federal entity must promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the non-Federal entity for use in other projects. See OMB Circular A-129 and see §200.346, for requirements regarding unreturned amounts that become delinquent debts.

(f) The non-Federal entity must account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with §§200.310 through 200.316 and 200.330.

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Subawarding of Federal Funds

Typically, your organization as a subrecipient of Federal pass-through funding would not further subaward funding. Generally, a subrecipient purchases goods or services to administer award funded projects. If your organization chose to subaward funding, you would become the pass-through, and be required to obtain pre-approval for doing so, along with taking on the responsibilities of a pass-through. Please see requirements for subrecipient and contractor determination, and pass-through requirements below.



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Approval to Subgrant - Will not assign, subcontract or subgrant the performance of the State Agreement *without the prior written approval of the State per Vermont Department of Public Safety Grant Agreement, Attachment C - Standard State Provisions for Contracts and Grants, 19.*

2 CFR 200 Uniform Guidance:

Subpart D - Post Federal Award Requirements

- [§200.303 Internal controls](#)
 - (c) Evaluation and Monitor - Must evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards per.
 - (d) Noncompliance Remediation - Must take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings per.
- [§200.331 Subrecipient and contractor determinations](#) - Must make case-by-case determination whether disbursement of Federal program funds casts party receiving funds as a subrecipient versus a contractor per
 - (a) Subrecipients
 - (1) Determines who is eligible to receive Federal assistance.
 - (2) Has its performance measured in relation to whether objectives of the Federal program were met.
 - (3) Has responsibility for programmatic decision making.
 - (4) Is responsible for adhering to applicable Federal program requirements specified in the award.
 - (5) Uses the Federal funds to carry out the specified program, as opposed to providing goods or services for the benefit of the pass-through entity.
 - (b) Contractors
 - (1) Provides goods and services within normal business operations.
 - (2) Provides similar goods or services to many different purchasers.
 - (3) Normally operates in a competitive environment.
 - (4) Provides goods or services that are ancillary to the operations of the Federal program.
 - (5) Is not subject to Federal program compliance requirements as a result of the agreement, though similar requirements may apply for other reasons
- [§200.332 Requirements for pass-through entities](#) the pass-through agency is required to monitor based on assessment of subrecipient risk.
 - (a) Must ensure that every subaward is clearly identified as a subaward and includes Federal award identification, pass-through and additional requirements, indirect cost rate (as applicable), access to subrecipient's records and financial statements, terms and conditions concerning closeout per [2 CFR §200.331 Subrecipient and contractor determinations \(a\)](#).
 - (b) Must evaluate each subrecipient's risk.
 - (c) Must consider imposing specific subaward conditions.
 - (d) Must monitor the activities of the subrecipient.
 - (f) Must verify that subrecipient is audited when Federal awards expended equaled or exceeded threshold.
 - (g) Must consider conditions that necessitate adjustments to the pass-through entity's own records.
 - (h) Must consider taking enforcement action against noncompliant subrecipients.
- [§200.344 Closeout](#) – see this regulation for closeout requirements for subawarding federal funds.

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Financial Management & Reporting

Financial Management Standards

Vermont Department of Public Safety Grant Agreement:

Attachment D – Other Grant Agreement Provisions:

5. Organizational and Financial Requirements:

1. “All Subrecipients are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. Determining allowability of costs claimed will be consistent with the requirements of the grant award and its applicable regulations.”
 - a. “Subrecipients have the responsibility to employ the organizational and management techniques necessary to assure proper administration and cost allocation, including accounting, budgeting, reporting, auditing and other review controls.”
 - b. “All Subrecipients will accept responsibility for expending and accounting for funds in a manner consistent with an approved project, plan and or program as evidenced by their acceptance of an Agreement award by the Department of Public Safety; Policies, procedures, reporting requirements or other special conditions established by the appropriate Federal agency, if applicable, and the Department of Public Safety.
2. “Subrecipients must have an adequate system of internal controls which:”
 - a. “Presents, classifies and retains all detailed financial records related to the Agreement award. Financial records must be retained by the Subrecipient and be available for review for a period of three (3) years after the expiration of the grant period except that records must be retained until completion or resolution of all issues arising from audit, litigation or claims started before the expiration of the three year period, whichever is later.”
 - b. “Provides reasonable assurance that Federal awards are managed in compliance with Federal statutes, regulations, and the terms and conditions. These internal controls should be in compliance with the guidance in ‘Standards for Internal Control in the Federal Government’ issued by the Comptroller General of the United States and the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”
 - c. “Provides information for planning, control and evaluation of direct and indirect costs;”
 - d. “Provides cost and property control to ensure optimal use of the grant funds; Controls funds and other resources to ensure that the expenditure of grant funds and use of any property acquired under the grant are in conformance with established guidelines and policies.”

6. Following Subrecipient Procedures: “The undersigned certifies that the Subrecipient organization has in place standard policies and procedures that govern the Subrecipient’s:

- Payroll
- Purchasing
- Contracting
- Inventory Control

2 CFR 200 Uniform Requirements:

[Subpart D - Post Federal Award Requirements](#)

- [§200.302 Financial management](#) - An organization’s financial management system must:



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(a) "...must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes, regulations, and the terms and conditions of the Federal award..."

(b) "The financial management system of each non-Federal entity must provide for the following (see also §§200.334, 200.335, 200.336, and 200.337):"

(1) "Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received...must include, as applicable":

- the Assistance Listings (CFDA) title and number
- Federal award identification number and year
- name of the Federal agency
- name of the pass-through entity

(2) "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements..."

(3) An organization's accounting system must maintain records which adequately identify the source of funds, i.e., recorded transactions associated with the Federal award. This will prevent the commingling of funds and inaccurate reporting of each separate award.

(4) "Effective control over, and accountability for, all funds, property, and other assets..."

(5) "Comparison of expenditures with budget amounts for each Federal award."

(7) "Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award."

- [§200.306 Cost sharing or matching \(b\)\(1\)](#) - For all Federal awards, any cost sharing or matching funds must be verifiable from the non-Federal entity's records per.

Subpart E – Cost Principles

- [§200.400 Policy guide \(d\)](#) – "The application of these cost principles is based on the fundamental premises that:
 - (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
 - (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
 - (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.
 - (d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.
 - (e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered. See the definition of *indirect (facilities & administrative (F&A)) costs* in §200.1 of this part."
- [§200.414 Indirect \(F&A\) costs](#)
 - (c) *Federal Agency Acceptance of Negotiated Indirect Cost Rates*
 - (1) "The negotiated rates must be accepted by all Federal awarding agencies..."



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- [§200.420 Considerations for selected items of cost](#) - “In case of a discrepancy between the provisions of a specific Federal award and the provisions below, the Federal award governs.”
- [§200.458 Pre-award costs](#) – see [Pre-Approval](#) section.

Here are some costs to review, however all costs applied to Federal awards should be reviewed.

- [§200.430 Compensation personal services \(i\)](#) - Standards for documentation of personnel expenses charged to Federal awards for salaries and wages must be based on records that accurately reflect the work performed per:
(i) *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:”
 - (i) “Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;”
 - (ii) “Be incorporated into the official records of the non-federal entity;”
 - (iii) “Reasonably reflect the total activity for which the employee is compensated by the organization, not exceeding 100% of compensated activities...”
 - (iv) “Encompass both Federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the organization's written policy;”
 - (v) “Comply with the established accounting policies and practices of the non-Federal entity...”
 - (vii) “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.”
 - (viii) “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...”
 - (ix) “Because practices vary as to the activity constituting a full workload..., records may reflect categories of activities expressed as a percentage distribution of total activities.”
 - (3) “...charges for the salaries and wages of nonexempt employees...must also be supported by records indicating the total number of hours worked each day.”
 - (4) “Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.”
- [§200.431 Compensation-fringe benefits](#) - see regulation for fringe benefit allocation requirements.
- [§200.432 Conferences](#) – “A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The Federal awarding agency may authorize exceptions where appropriate ... See also §§200.438, 200.456, and 200.475.”



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- [§200.438 Entertainment costs](#) – “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.”
- [§200.445 Good and services for personal use \(a\)](#) – “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.”
- [§200.475 Travel costs](#) - 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 non-Federal entity. 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 non-Federal entity's non-Federally-funded activities and in accordance with non-Federal entity'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.

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Financial Reporting

Vermont Department of Public Safety Grant Agreement:

Attachment B - Payment Provisions:

- Budget Detail:
 - Indirect Cost Rate: The current indirect cost rate approval letter must be on file with DPS.
 - Indirect rates may be subject to statutory caps of the Federal program.
- Financial Reporting Requirements/Payment Requests:
Reimbursement Requests:
 - The Vermont Department of Public Safety *Financial Report Form* (DPS Form ADM-116a) must be submitted with detailed documentation of paid expenses to receive payment.
 - Submitted to the Vermont Department of Public Safety, Financial Office, no later than the end of the month following the month in which the expenses were incurred.

Attachment D – Other Grant Agreement Provisions:

5. Organizational and Financial Requirements: 3. “Notification of Organizational Changes Required:
 - a. The recipient shall provide DPS written notification within 30 days should any of the following events occur:
 - i. having new or substantially changed systems
 - ii. having new compliance personnel
 - iii. loss of license or accreditation to operate program
 - iv. organizational restructuring.”

2 CFR 200 Uniform Guidance:

Subpart A - Acronyms and Definitions

- [§200.80 Program income](#) “Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance...”



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- [§200.85 Real Property](#) “Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.”

Subpart D - Post Federal Award Requirements

- [§200.305 Federal payment](#)
(b)(5) “To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.”
(b)(9) “Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS)...”
- [§200.328 Financial report](#) “This information must be collected with the frequency required with the terms and conditions of the Federal award...”
- [§200.329 Monitoring and reporting program performance](#)
(a) *Monitoring by the non-Federal entity* “...The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved...”
(b) *Reporting program performance* “...the Federal awarding agency must require the recipient to relate financial data and accomplishments to performance goals and objectives of the Federal award...and when required by the terms and conditions of the Federal award, recipients must provide cost information to demonstrate cost effective practices (e.g., through unit cost data).
- [§200.330 Reporting on real property](#) – “The Federal awarding agency or pass-through entity must require a non-Federal entity to submit reports at least annually on the status of real property in which the Federal Government retains an interest, unless the Federal interest in the real property extends 15 years or longer...”

Subpart F – Audit Requirements - Subrecipient requirements for single audits

- [General](#) §200.500 Purpose
- [Audits](#) §200.501 Audit requirements – §200.507 Program-specific audits
- [Auditees](#) §200.508 Auditee responsibilities - §200.512 Report submission

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Policy & Procedure Implementation

This section includes best practices, internal controls, and requirements which must be in writing. We have also included links below to other sections of this guide which should be reviewed for standards and requirements which must be implemented by your organization. Review these sections with this in mind, and incorporate them within your own policies and procedures as a best practice for grant administration.

Best Practices

- [Accountability](#) - Staff know they are responsible for reviewing and following policies and procedures.
- [Accessibility](#) - Policies are easily accessible for all staff involved in grant management.



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- Communication - Dialogue between organization’s program and finance staff regarding grant management, grant compliance, individual staff accountability (who has been assigned to each task), as well as questions that need to be addressed. Also, ensure that your staff is trained to communicate noncompliances to management.
- Review - Regular review of policies to ensure compliance with Federal and State programs and to educate staff on any changes to policies.
- Segregation of Duties - To ensure adequate controls are in place reference the [Segregation of Duties](#) resource tool on the Vermont State Auditor’s website (located under Other Resources on the [Local Government](#) page).

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Internal Controls

2 CFR 200 Uniform Guidance:

[Subpart A - Acronyms and Definitions](#)

- [§200.61 Internal controls](#) – “Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (a) Effectiveness and efficiency of operations;
 - (b) Reliability of reporting for internal and external use; and
 - (c) Compliance with applicable laws and regulations.”
- [§200.62 Internal control over compliance requirements for Federal awards](#)- “...provide reasonable assurance regarding the achievement of the following objectives for Federal awards:”
 - (a) Transactions are properly recorded and accounted for, in order to:
 - (1) Permit the preparation of reliable financial statements and Federal reports;
 - (2) Maintain accountability over assets; and
 - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
 - (b) Transactions are executed in compliance with
 - (1) Federal statutes, regulations, and the terms and conditions of the Federal Award that could have a material effect on a Federal program;
 - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
 - (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

[Subpart D - Post Federal Award Requirements](#)

- [§200.303 Internal Controls](#)
 - (a) The subrecipient must establish and maintain effective internal control that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award per.
 - (b) The subrecipient must comply with Federal statutes, regulations, and the terms and conditions of Federal awards.

Additional Internal Control Guidance:

- *Internal Control Integrated Framework* issued by the Committee on Sponsoring Organizations ([COSO](#)).



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Award Compliance Guide

- *Standards for Internal Control in the Federal Government* ([Green Book](#)) issued by the Comptroller General of the United States

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Requirements Which Must be in Writing

Allowability of Cost - Written procedures for determining the allowability of costs must be maintained per [2 CFR §200.302 Financial management \(b\)\(7\)](#).

Procurement Procedure – “The non-Federal entity must have and use documented procurement procedures, consistent with State, local...and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327.” See [2 CFR §200.318 General procurement standards \(a\)](#) and *Vermont Department of Public Safety Grant Agreement, Attachment D – Other Grant Agreement Provisions, 6*.

Please note that a Federal award cannot be granted to an applicant unless they have a written procurement policy.

Procurement Solicitations - Procedures must be maintained for procurement transactions with descriptions of all technical requirements. See [2 CFR §200.319 Competition \(d\)](#) and the [Grant Management](#) section for more detail on these written requirements.

Standards of Conduct - Written standards of conduct covering conflicts of interest is required per [2 CFR §200.318 General procurement standards \(c\)\(1\)](#).

Please note that a Federal award cannot be granted to an applicant unless they have a written policy which meets all the compliance requirements.

Written Notification See Financial Management & Reporting section, [Financial Reporting](#), for written notification regarding subrecipient organizational changes which must be reported to the Vermont Department of Public Safety.

Links to Relevant Sections for Policy & Procedure Additions:

- [Financial Management and Reporting](#)
- [Grants Administration](#)
- [Mandatory Disclosure](#)
- [Procurement & Contracting](#)
- [Property, Equipment, and Supplies](#)
- [Requirements Which Must be in Writing](#)
- [Subawarding of Federal Funds](#)

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