

West Virginia Department of Health and Human Resources Grantee/Subrecipient Monitoring Evaluation Questionnaire

(Please read separate 14-page instructions prior to completing this form.)

1. GRANTEE/SUBRECIPIENT INFORMATION AND STATISTICS

A. General Information
Grantee Name:
Grantee Address:
Contact Person:
Telephone:
Fax:
Email:
Website:
FEIN:
Fiscal Year (mm/dd):
Date Organization Founded:

B. Funding Information
Please complete the following using the organization's last fiscal year ended:
Fiscal Year End (mm/dd/yyyy):
DHHR State Funds:
DHHR Federal Funds:
Non-WVDHHR Federal Funding:
Non-WVDHHR State Funding:
Other Revenues or Funding
Total Revenues for the Fiscal Year:

C. Internal Controls	Yes	No
1. Does the organization have policies, processes and procedures to ensure:		
a. That transactions are properly recorded and accounted for?		

b. That adequate documentation is maintained to support the organization's transactions?		
c. Reliable financial reports can be prepared from the organization's records?		
d. That the organization's compliance with its policies, processes and procedures is monitored?		
e. Are these procedures written?		
2. Does management and staff have an understanding of the various laws, regulations or other requirements in effect over the WVDHHR funding provided to the organization?		
3. Does the organization have policies, processes and procedures in place to ensure the organization complies with applicable laws, regulations and other requirements?		
a. Are those procedures written?		
4. Does the organization have an approved indirect cost plan?		
Additional Comments/Explanations:		

D. Financial Reporting	Yes	No
1. Does the organization prepare, maintain and follow a budget?		
2. Are budgets approved by the organization's oversight entity (i.e. board of directors, finance committee, etc.)?		
3. Does the organization's management and/or oversight entity periodically review the organization's results of operations and financial position?		
4. Does the organization have a periodic audit or review of its financial statements performed by an independent CPA?		
a. If yes, ENTER date of last report:		
b. If yes, ENTER period covered by last report:		
4. Has the organization been audited or reviewed by any funding agency within the last three years?		
a. If yes, ENTER agency/entity performing review:		
b. If yes, ENTER date of review:		
c. If yes, ENTER period covered by review:		
d. Did the organization receive a report or other communication documenting the results of this review received by the organization?		
Additional Comments/Explanations:		

2. COMPLIANCE REQUIREMENTS

A. Activities Allowed or Unallowed	Yes	No
B. Allowable Costs/Cost Principles		
See page 4 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that federal awards are expended only for allowable activities and that the cost of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles.		
Applicability: This section is applicable to all DHHR grant recipients.		
1. Does the organization’s management provide the personnel approving expenditures with a list of allowable and unallowable costs?		
2. Do the organization’s personnel have a sufficient understanding of the activities allowed under the WVDHHR grant?		
3. Does management have an understanding of the potential for unallowable costs to be charged to WVDHHR grant?		
4. Have procedures to mitigate the risk of unallowable costs being charged to WVDHHR grants been instituted?		
5. Does the organization’s accounting system adequately provide for the separation of costs between the WVDHHR grant and other organization programs?		
6. Is there appropriate segregation of duties between personnel incurring, approving and recording expenditures?		
7. Is there an adequate means of communication about questionable costs between staff and management?		
8. Is documentation reviewed prior to approval of expenditures charged to WVDHHR grants?		
Additional Comments/Explanations: -----		

C. Cash Management	Yes	No
See page 8 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that the draw down of federal cash is only for immediate needs, States comply with applicable Treasury agreements, and recipients limit payments to subrecipients to immediate cash needs.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If the organization receives its grant funds from WVDHHR on a reimbursement basis, this section may not apply.)		
1. Is management aware of the cash management requirements?		
2. Does the organization have policies or procedures in place to ensure that cash draw downs are consistent with realistic cash needs?		
3. Is there management review and approval of cash draw down activities and does it include processes to minimize the time lapsing between receipt of draw downs and cash outlay?		
Additional Comments/Explanations: -----		

--

D. Davis-Bacon Act	Yes	No
See page 8 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that contractors and subcontractors were properly notified of the Davis-Bacon Act requirements and the required certified payrolls were submitted to the non-Federal entity.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization’s grant from WVDHHR does not include activities related to construction costs, this section may not apply.)		
1. Does management have an understanding of the requirements related to the Davis-Bacon Act?		
2. Has management communicated the Davis-Bacon Act requirements to staff, contractors and subcontractors?		
3. Are there procedures in place to ensure the organization’s compliance with the provisions of the Davis-Bacon Act?		
Additional Comments/Explanations: -----		

E. Eligibility	Yes	No
See page 9 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that only eligible individuals and organizations receive assistance under Federal award programs, that subawards are made only to eligible subrecipients, and that amounts provided to or on behalf of eligible beneficiaries were calculated in accordance with program requirements.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization’s grant from WVDHHR does not include activities related to providing goods or services to others for whom eligibility requirements exist, this section may not apply.)		
1. Does the organization have clearly written guidelines to enable staff to make appropriate eligibility determinations?		
2. Are eligibility determinations adequately documented and approved by management (where deemed necessary)?		
3. Are there processes to periodically re-assess eligibility?		
4. Is information used to determine eligibility independently verified?		
5. Does the organization have a process whereby staff can report suspected eligibility improprieties?		
Additional Comments/Explanations: -----		

--

F. Equipment and Real Property Management	Yes	No
See page 9 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that proper records are maintained for equipment acquired with Federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrance of any equipment or real property is in accordance with Federal requirements, and the Federal awarding agency is appropriately compensated for its share of any property sold or converted to non-Federal use.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization’s grant from WVDHHR does not include activities related to acquiring or maintaining equipment or real property, this section may not apply.)		
1. Do the organization’s management and staff have a thorough understanding of the compliance requirements with respect to equipment and real property management?		
2. Does the organization maintain a written inventory of equipment or real property acquired with WVDHHR funding?		
3. Do the organization’s accounting records provide for adequate segregation of equipment and real property acquired with WVDHHR funding?		
4. Does the organization have procedures in place to identify misappropriation or improper disposition of equipment or real property acquired with WVDHHR funding?		
Additional Comments/Explanations: -----		

G. Matching, Level of Effort, Earmarking	Yes	No
See page 10 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that matching, level of effort, or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization’s grant from WVDHHR does not include matching, level of effort or earmarking provisions, this section may not apply.)		
1. Are the organization’s management and staff aware of the matching, level of effort or earmarking provisions in the organization’s grant from WVDHHR?		
2. Are there written policies, processes and/or procedures to address the matching, level of effort or earmarking requirements to ensure the organization meets its obligations in those areas?		
3. Does the organization’s accounting system adequately segregate the information related to matching, level of effort or earmarking in such a manner as to allow tracking and monitoring of the organization’s compliance with those provisions?		
4. Are the amounts claimed for matching, level of effort or earmarking adequately and appropriately documented and periodically reviewed by management?		

Additional Comments/Explanations: -----
--

H. Period of Availability of Funds	Yes	No
See page 11 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that Federal funds are used only during the authorized period of availability.		
Applicability: This section is applicable to all DHHR grant recipients.		
1. Are the organization’s management and staff aware of the period during which the WVDHHR funds are available?		
2. Does the organization have policies, processes and/or procedures in place to track and manage the use of WVDHHR funding throughout the grant period to ensure funds will not be remaining at the end of the grant period?		
3. Are there controls in place to ensure that expenditures that will be charged to the WVDHHR program stop at the end of the grant period?		
4. Does management periodically review expenditures before and after the cut-off date to ensure that only those incurred prior to the cut-off date are charged to WVDHHR grants?		
Additional Comments/Explanations: -----		

I. Procurement and Suspension Debarment	Yes	No
See page 11 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of the A-102 Common Rule or OMB Circular A-110, as applicable, and that no subaward, contract, or agreement for purchases of goods or services is made with any debarred or suspended party.		
Applicability: This section is applicable to all DHHR grant recipients.		
1. Does the organization have written policies, processes and/or procedures regarding procurement that address the Federal requirements?		
2. Does the organization’s oversight entity (i.e. board of directors) approve high dollar, lengthy or other sensitive procurement contracts?		
3. Does management have an adequate understanding of the requirements for procurement and suspension and debarment, and has this been communicated to the appropriate staff within the organization?		
4. Are there prohibitions against less than arms-length transactions, kick-backs, or other improper activities with respect to procurement practices?		
5. Does an appropriate level of segregation of duties exist among staff with procurement and cash disbursement responsibilities?		
6. Are procurement activities adequately and appropriately documented?		

Additional Comments/Explanations: -----
--

J. Program Income	Yes	No
See page 12 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization’s grant from WVDHHR does not fund a program that generates income, this section may not apply.)		
1. Does management have an understanding of the requirements governing program income and have these requirements been communicated to the appropriate staff?		
2. Have realistic performance targets been set for the generation of program income?		
3. Does the organization’s accounting system adequately track and segregate program income from other types of income collected by the organization?		
4. Are there adequate controls over the collection of program income to mitigate any risks of misappropriation or other improprieties occurring and not being detected in a timely manner?		
5. Does management periodically perform a comparison of actual program income collected to budgeted amounts and investigate any significant differences?		
Additional Comments/Explanations: -----		

K. Real Property Acquisition and Relocation Assistance	Yes	No
See page 12 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance of compliance with the real property acquisition, appraisal, negotiation, and relocation requirements.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization’s grant from WVDHHR does not fund a program that provides for relocation assistance or real property acquisition, this section may not apply.)		
1. Is management aware of the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA)?		
2. Does the organization have written policies addressing relocation assistance and real property acquisition?		
3. Has the staff working with relocation assistance and real property acquisition received adequate training to reduce the risk of non-compliance in these areas?		
4. Are all relocation assistance and real property acquisition activities adequately and appropriately documented?		
Additional Comments/Explanations: -----		

--

L. Reporting	Yes	No
See page 13 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.		
Applicability: This section is applicable to all DHHR grant recipients.		
1. Does the organization’s staff preparing, reviewing, and approving the reports possess the required knowledge, skills and abilities?		
2. Are the organizations accounting and other record-keeping systems adequate to allow the preparation of reliable reports?		
3. Does management and the organization’s oversight entity (i.e. board of directors) periodically review financial and other performance reports?		
4. Are there processes and procedures to ensure the accuracy and completeness of reports submitted to WVDHHR?		
5. Are there procedures in place to track the due dates of reports and ensure that all required reports are timely filed?		
Additional Comments/Explanations: -----		

M. Subrecipient Monitoring	Yes	No
See page 14 of 14 of the instructions.		
Control Objectives: To provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient non-compliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.		
Applicability: Indicate whether this compliance requirement is applicable to your organization; if not applicable please mark “no” and skip to the next section. (Note: If your organization has not received prior written approval to subgrant WVDHHR grant funds this section will not apply.)		
1. Does the organization have processes through which subrecipients are made aware of their responsibilities in accepting Federal grant funds?		
2. Does the organization’s management have a written subrecipient monitoring plan?		
3. Does follow-up of monitoring findings occur in a timely manner?		
4. Does the organization’s staff performing monitoring activities possess the knowledge, skills and abilities to adequately carry out those duties?		

Additional Comments/Explanations:

3. CERTIFICATION

As an authorized representative of the grantee/subrecipient organization, I certify that I have read the responses contained in this WVDHHR Monitoring Evaluation Questionnaire and they are true, complete and accurate to the best of my knowledge and understanding.

Name of Grantee Organization:

Name of Authorized Representative:

Title of Authorized Representative:

Signature of Authorized Representative:

Date:

GENERAL INFORMATION AND INSTRUCTIONS FOR COMPLETION OF THE WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES GRANTEE/SUBRECIPIENT MONITORING EVALUATION QUESTIONNAIRE

Purpose of the Grantee Monitoring Evaluation Questionnaire

The West Virginia Department of Health and Human Resources (DHHR) receives funds from the Federal government that are passed through to other entities (subrecipients) in the form of grants, contracts, cooperative agreements or other financial assistance. The Office of Management and Budget (OMB) Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations” states that pass-through entities (PTE), such as the DHHR, are responsible for monitoring these subrecipients to ensure that all applicable laws and regulations are followed in the expenditure of these funds.

The purpose of this DHHR Grantee/Monitoring Evaluation Questionnaire (Questionnaire) is to obtain information that will allow DHHR to determine the most appropriate types of monitoring activities for the grant funding that has been awarded to your organization. The responses will be used to develop a plan that will monitor the use of those funds. Additionally, these responses may be used as a basis for planning in the event that a site visit or other monitoring activity is deemed appropriate under the circumstances. Your cooperation in this effort is greatly appreciated, as it will allow the DHHR to efficiently address this monitoring responsibility consistently among its various grantee organizations. The completed Questionnaire will also help DHHR staff to identify areas in which they might be able to provide additional technical assistance to your organization, which could help strengthen overall internal controls over Federal funds.

The DHHR realizes that the burden of paperwork upon grantees is already cumbersome, and the intent of this Questionnaire is not to add to that burden. However, the current business environment in the United States is increasingly focused on accountability, and grants of Federal funding are no exception. This approach was developed as a means of addressing the accountability of both the DHHR to Federal agencies as well as subrecipients to the DHHR. Federal guidelines require that DHHR perform monitoring activities over the Federal funds provided to subrecipients, and by completing this Questionnaire, it may be possible for DHHR to assess the risk of non-compliance with Federal requirements for your organization at a level less than maximum.

Questions / Address for Submission of Questionnaire

The completed Questionnaire shall be submitted to the Office of Internal Control and Policy Development, Division of Compliance and Monitoring at the address noted below. Questions pertaining to this Questionnaire may be directed to the Office of Internal Control and Policy Development, Division of Compliance and Monitoring at the address, telephone, or facsimile number below.

WV Department of Health and Human Resources
Office of Internal Control and Policy Development
Division of Compliance and Monitoring
One Davis Square, Suite 401
Charleston, WV 25301
Telephone: (304) 558-9919 Fax: (304) 558-2269

General Instructions

The person within the organization having the most knowledge of the particular area(s) in question should complete each specific section and/or subsection of the Questionnaire. Please be as descriptive as possible in the responses submitted, answer all applicable questions, and include any additional information in the space provided at the end of each section or subsection. You may attach additional pages if necessary. The completed Questionnaire must be certified and signed by a responsible member of the organization’s management. Please note that, if your organization receives multiple grants from DHHR, only one completed Questionnaire is necessary. The DHHR will notify the grantee/subrecipient in the event that additional information or further explanations are necessary.

Format of the Questionnaire

The Questionnaire is divided into three main sections, which are discussed in specific detail throughout the remainder of these instructions and outlined in accordance with each section and subsection of the questionnaire.

1. The first section of the Questionnaire, titled GRANTEE/SUBRECIPIENT INFORMATION AND STATISTICS, includes subsections focusing on general information, funding information, internal controls, and financial reporting for the organization as a whole.
2. The second section of the Questionnaire, titled COMPLIANCE REQUIREMENTS, includes subsections designed to address each of the compliance requirements listed in the Compliance Supplement in Appendix B of OMB Circular A-133. The compliance requirements that OMB has identified as being of particular concern with respect to Federal funding are as follows: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension Debarment; Program Income; Real Property Acquisition and Relocation Assistance; Reporting; and Subrecipient Monitoring.
3. The third section of the Questionnaire, titled CERTIFICATION, must be completed and signed by an authorized representative of the grantee/subrecipient organization to certify that the Questionnaire and responses contained within are true and accurate.

Specific Instructions

The remaining instructions that follow are outlined in accordance with each section and subsection of the questionnaire.

1. GRANTEE/SUBRECIPIENT INFORMATION AND STATISTICS

The first section of the Questionnaire, Grantee/Subrecipient Information and Statistics, is divided into four subsections: A) General Information, B) Funding Information, C) Internal Controls, and D) Financial Reporting.

A. General Information

This subsection is designed to provide general demographic and contact information related to the grantee/subrecipient organization as a whole.

B. Funding Information

This subsection is designed to provide information regarding total funding by the grantee/subrecipient organization from all sources.

C. Internal Controls

As a general rule, DHHR grant agreements require grantees to obtain information about the Federal statutes and/or codified Federal program regulations that are applicable to their programs that receive DHHR funding. These are discussed in various sections of the standard DHHR Grant Agreement. Section IV “Authorizing Statutes and Regulations” and Exhibit C both contain information regarding these statutes and regulations, as well as possible sources for obtaining that information. They are OMB Circular A-102 and OMB Circular A-110. Section VI “Standards for Financial Management” gives information regarding financial management systems that DHHR expects its grantees to maintain. Cost principles are described in part 6.02 of that section.

Each Grantee should have adequate internal controls operating to ensure compliance with all of the above referenced requirements. OMB Circulars A-102 and A-110 require non-Federal recipients of Federal funds to “establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements” (OMB Circular A-133, Compliance Supplement, Part 6-Internal Control). These controls

should mitigate the risk that non-compliance with these requirements would occur and not be detected in a timely manner.

Management’s attitude toward internal control often sets the tone within an organization with respect to the effectiveness of internal controls. It is important for management to communicate to staff that internal controls are an integral part of the operating system of any organization. The Treadway Commission’s Committee of Sponsoring Organizations has produced a report titled *Internal Control-Integrated Framework* (also known as the “COSO Report”) which can be found at <http://www.coso.org> (“Publications” section). The COSO Report is a good resource for developing and implementing internal control that will help an organization stay in compliance with the requirements of Federal laws, regulations and program compliance requirements.

Sections IV and VI of the standard DHHR grant agreement discuss the OMB Circulars or other regulations governing each type organization. Those are as follows:

Grantee Organization Type	Uniform Administrative Requirements	Applicable Cost Principles	Audit Requirements
State, local or Indian tribal government	OMB Circular A-102	OMB Circular A-87	OMB Circular A-133
Private nonprofit organization other than an (1) institution of higher education, (2) hospital, or (3) organization named in OMB Circular A-122 as not subject to that circular	OMB Circular A-110	OMB Circular A-122	OMB Circular A-133
Educational Institution	OMB Circular A-110	OMB Circular A-21	OMB Circular A-133
Hospital	OMB Circular A-110	Appendix E of 45 C.F.R. § 74	OMB Circular A-133
For-profit organization other than a hospital and an organization named in OMB Circular A-122 as not subject to that circular	OMB Circular A-110	48 C.F.R. pt. 31 Contract Cost Principles and Procedures	Requirements established by the Pass-Through Entity (per OMB Circular A-133, § .210(e))

OMB Circulars can be found on the Internet at the following address:
http://www.whitehouse.gov/omb/grants/grants_circulars.html

The Code of Federal Regulations (C.F.R.) can be found on the Internet at the following address:
<http://www.gpoaccess.gov/cfr>

D. Financial Reporting

This subsection provides information pertaining to the grantee/subrecipient organization’s financial position, results of operations, and budgeting procedures and whether those results are periodically audited by an independent CPA or reviewed by the organization’s management, board of directors, finance committee, etc.

2. COMPLIANCE REQUIREMENTS

The second section of the Questionnaire, Compliance Requirements, is divided into twelve subsections designed to address the compliance requirements listed in the Compliance Supplement in Appendix B of OMB Circular A-133 that have been identified as being of particular concern with respect to Federal funding, which are as follows: A) Activities Allowed or Unallowed; B) Allowable Costs/Cost Principles; C) Cash Management; D) Davis-Bacon Act; E) Eligibility; F) Equipment and Real Property Management; G) Matching, Level of Effort, Earmarking; H) Period of Availability of Federal Funds; I) Procurement and Suspension Debarment; J) Program Income; K) Real Property Acquisition and Relocation Assistance; L) Reporting; and M) Subrecipient Monitoring.

Please note that some of the compliance requirements may not apply to all DHHR grant recipients or award programs; a section has been included under each compliance requirement that allows for this determination to be made. After reading the “Control Objective” of each particular compliance requirement, make a determination as to whether or not that particular compliance requirement applies to any of the organization’s programs that receive funding from DHHR. If that compliance requirement does not apply, check the appropriate box and continue to the next section. If it is determined that the compliance requirement is applicable, answer the questions and include any additional information in the space provided at the end of each compliance requirement subsection. Please attach additional pages if necessary.

Information regarding each of the following compliance requirements has been excerpted from Chapter 3 of the OMB Circular A-133 Compliance Supplement and is shown in italics following each compliance requirement. Following that information is a discussion of the particular compliance requirement in relation to DHHR funding.

A. Activities Allowed or Unallowed

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program.”

The organization should have processes in place to ensure that any activities for which costs are charged to DHHR funding are allowable in accordance with the grant contract. For example, if the grant in question were to provide meals to homeless persons, typical activities that might be allowable could be costs of activities related to purchasing or preparing food, serving of food, maintenance of equipment used in the food preparation, certain overhead costs, etc. Organization personnel incurring and approving costs charged to DHHR funding should have a thorough understanding of the activities that are allowable under each individual grant contract, and should regularly follow processes and procedures that would detect costs incurred for unallowable activities. Furthermore, the organization’s financial records must be adjusted as necessary to report the details surrounding any unallowable activities.

B. Allowable Costs/Cost Principles

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“The general criteria affecting allowability of costs under Federal awards are:

- **Reasonable and Necessary** - *Costs must be reasonable and necessary for the performance and administration of Federal awards.*
- **Allocable** - *Costs must be allocable to the Federal awards under the provisions of the cost principles or CASB [Cost Accounting Standards Board] Standards, as applicable. A cost is allocable to a particular cost objective (e.g., a specific function, program, project, department, or the like) if the goods or services involved are charged or assigned to such cost objective in accordance with relative benefits received.*
- **Consistency** - *Costs must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances was allocated to the Federal award as an indirect cost.*
- **Conformity to Laws, Regulations and Sponsored Agreements** - *Costs must conform to any limitations or exclusions set forth in the circulars, Federal laws, State or local laws, sponsored agreements or other governing regulations as to types or amounts of cost items.*
- **Transactions that Reduce or Offset Direct or Indirect Costs** - *Costs must be net of all applicable credits that result from transactions that reduce or offset direct or indirect costs. Examples of such transactions include purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments for overpayments or erroneous charges.*

- **Costs Documentation** - Costs must be documented in accordance with OMB Circular A-110 for non-profit organizations and Institutions of Higher Education or the A-102 Common Rule for State, local and Indian Tribal governments.

Indirect Costs

Indirect costs are those costs that benefit common activities and, therefore, cannot be readily assigned to a specific direct cost objective or project. Three different types of indirect cost rates that can be used by the cognizant agency for indirect cost negotiation: predetermined, fixed, and provisional/final.

- Predetermined rates are established for the current or multiple future period(s) based on current data (usually data from the most recently ended fiscal year, known as the base period). Predetermined rates are not subject to adjustment, except under very unusual circumstances.
- Fixed rates are based on current data in the same manner as predetermined rates, except that the difference between the costs of the base period used to establish the rate and the actual costs of the current period is carried forward as an adjustment to the rate computation for a subsequent period.
- Provisional rates are temporary rates used for funding and billing indirect costs, pending the establishment of a final rate for a period.

Award specific indirect cost rates are sometimes negotiated which are different than those set forth in negotiated rate agreements. Terms and conditions in an award specific to indirect cost rates take precedence over indirect cost rates set forth in negotiated agreements.”

Organization personnel incurring and approving costs charged to DHHR funding should have a thorough understanding of the budget included in the grant, as well as the particular cost principles applicable to the organization (i.e. OMB Circular A-87 or A-122 and/or 45 C.F.R. and 48 C.F.R). Additionally, there should be adequate procedures in place to detect costs charged to DHHR funding that are not allowable either in accordance with the grant or applicable cost principles.

Following is a section of a chart from OMB Circular A-133 Compliance Supplement, Chapter 3 that shows the treatment of selected items of cost under OMB Circulars A-87 and A-122. This is intended only as a summary; the actual OMB Circulars should be reviewed for a full explanation of each item of cost.

List of selected items of costs contained in OMB cost principles circulars

The following exhibit provides a listing of selected items of costs contained in each of the OMB cost principle circulars. The exhibit lists the selected items of costs along with a cursory description of its allowability. The reader is strongly cautioned not to rely exclusively on this summary exhibit but to place primary reliance on the referenced circular text.

Several cost items are unique to one type of entity and not to other entities (e.g., commencement & convocation costs are only applicable to universities). The numbers in parentheses refer to the cost item in the applicable circulars.

Selected Cost Items	OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov't	OMB Circular A-122, Attachment B Non Profit Organizations
Accounting	(1)-Allowable	Not specifically addressed
Advertising & Public Relations	(2)-Allowable with restrictions	(1)-Allowable with restrictions
Advisory Councils	(3)-Allowable with restrictions	Not specifically addressed
Alcoholic Beverages	(4)-Unallowable	(2)-Unallowable
Alumni/AE Activities	Not specifically addressed	Not specifically addressed
Audit Services	(5)-Allowable with restrictions and as addressed in OMB Circular A-133	Allowable with restrictions as addressed in OMB Circular A-133

Automatic electronic data processing	(6)-Allowable with restrictions	Not specifically addressed
Bad Debts	(7)-Unallowable unless provided in program regulations	(3)-Unallowable
Bonding Costs	(8)-Allowable	(5)-Allowable with restrictions
Budgeting	(9)-Allowable	Not specifically addressed
Civil Defense (local)	Not specifically addressed	Not specifically addressed
Commencement & Convocations	Not specifically addressed	Not specifically addressed
Communications	(15)-Allowable	(6)-Allowable
Compensation - Institution furnished Automobile	Not specifically addressed	(7.g)-Unallowable as overhead costs Unallowable that portion of costs attributed to personal use
Compensation for Personal Services	(11)-Unique criteria for support	(7)-Unique criteria for support
Contingencies	(12)-Unallowable with qualifiers	(8)-Unallowable with qualifiers
Deans of faculty and graduate schools	Not addressed	Not addressed
Defense & Prosecution of Criminal & Civil Proceedings	(14)-Allowable with restrictions	(10)-Allowable with restrictions
Depreciation and use allowances	(15)-Allowable with specifications	(11)-Allowable with specification
Disbursing Services	(16)-Allowable	Not specifically addressed
Donations & Contributions	(13)-Unallowable	(9,12)-Unallowable
Employee morale, health, and welfare costs	(17)-Allowable with restrictions	(13)-Allowable with restrictions
Entertainment	(18)-Unallowable	(14)-Unallowable with qualifier
Equipment and other capital expenditures	(19)-Allowability based on specific requirements	(15)-Allowability based on specific requirements
Fines and Penalties	(20)-Unallowable with exception	(16)-Unallowable with exception
Gains/Profits and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs	(22)-Allowable with restrictions	(40)-Allowable with restrictions
General Government Expenses	(23)-Unallowable with exceptions	Not specifically addressed
Goods or Services for Personal Use	Not specifically addressed	(18)-Unallowable
Housing & Personal Living Expenses	Not specifically addressed	(19)-Unallowable as overhead costs
Idle Facilities and Idle capacity	(24)-Allowable with restrictions	(20)-Facilities unallowable with exceptions; capacity allowable with restrictions
Insurance & Indemnification	(25)-Allowable with restrictions	(22)-Allowable with restrictions
Interest, Fund Raising & Investment	(21,26)-Allowable with restrictions	(23)-Allowable with restrictions
Labor relations costs	Not specifically addressed	(24)-Allowable
Lobbying/Executive	(27)-Unallowable (certain exceptions at	(21)-Unallowable

Lobbying Costs	State/Local level)	
Losses on Other Sponsored Programs/Under recovery of Costs on Federal Agreements	(42)-Unallowable	(26)-Unallowable
Maintenance, operations and repairs	(28)-Allowable with restrictions	(27)-Allowable with restrictions
Materials and supplies	(29)-Allowable	(28)-Allowable
Meetings and conferences	Not specifically addressed	(29)-Allowable
Memberships, Subscriptions, & Professional Activities	(30)-Allowable for civic, community & social organizations with Federal Approval	(30)-Unallowable for civic, community & social organizations
Motor Pools	(31)-Allowable	Not specifically addressed
Organizational Costs	Not specifically addressed	(31)-Allowable with prior approval
Overtime, extra-pay shift, and multi-shift premiums	Not specifically addressed	(32)-Allowable with prior approval of the awarding agency with exceptions for approval
Page charges in professional journals	Not specifically addressed	(33)-Allowable with restrictions
Participant support costs	Not specifically addressed	(34)-Allowable with prior approval of the awarding agency
Patents	Not specifically addressed	(35)-Allowable with restrictions
Pension plans	(11e)-Allowable with restrictions	(7h)-Allowable with restrictions
Plant Security Costs	Not specifically addressed	(37)-Allowable with restrictions
Pre-Agreement/Preaward Costs	(32)-Allowable with restrictions	(38)-Allowable with restrictions
Professional Services Costs	(33)-Allowable with restrictions	(39)-Allowable with restrictions
Proposal Costs	(34)-Allowable with restrictions	Not specifically addressed
Publication & Printing	(35)-Allowable	(41)-Allowable with restrictions
Rearrangements and alterations	(36)-Allowable (ordinary and normal); Allowable with prior approval (special)	(42)-Allowable (Ordinary and normal); Allowable with prior approval (special)
Reconversion Costs	(37)-Allowable with restrictions	(43)-Allowable with restrictions
Recruiting Costs	(2)-Allowable with restrictions	(44)-Allowable with restrictions
Relocation Costs	Not specifically addressed	(45)-Allowable with restrictions
Rental cost of buildings and equipment	(38)-Allowable with restrictions	(46)-Allowable with restrictions
Royalties and other costs for use of patents	Not specifically addressed	(47)-Allowable with restrictions
Sabbatical leave costs	Not specifically addressed	Not specifically addressed
Scholarship and Student Aid Costs	Not specifically addressed	Not specifically addressed
Selling & Marketing	Not specifically addressed	(48)-Unallowable
Severance Pay	(11.g)- Allowable with restrictions	(49)-Allowable with restrictions
Specialized Services Facilities	Not specifically addressed	(50)-Allowable with restrictions

Student Activity Costs	Not specifically addressed	Not specifically addressed
Substantial Relocation - Interest Provision	(26)-Possible adjustment if relocated within useful life	(23)-Possible adjustment if relocated within 20 years
Taxes	(39)-Allowable with restrictions	(51)-Allowable with restrictions
Termination costs	Not specifically addressed	(52)-Allowable with restrictions
Training and education costs	(40)-Allowable for employee development	(53)-Allowable with limitations
Transportation Costs	Not specifically addressed	(54)-Allowable
Travel Costs	(41)-Allowable with restrictions	(55)-Allowable with restrictions
Trustees (travel expense)	Not specifically addressed	(56)-Allowable with restrictions
Under recovery of Costs on Federal Agreements	(42)	(26)

C. Cash Management

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients.

Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to assure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.”

Organizations receiving DHHR funding should make every effort to ensure that the time elapsing between the drawdown of funds and their eventual expenditure is kept to a minimum. In the event that the grant is reimbursement based (i.e. the organization expends funds in accordance with grant objectives and then applies to DHHR for reimbursement of those costs), cash management will not be applicable. However, if the grant funds are received on an advance basis (i.e. organization receives funds from DHHR and then expends them in accordance with grant objectives) the organization has a duty to try to minimize the time between the receipt of the funds and their expenditure. Additionally, any such excess/unspent DHHR funds on hand with the organization should be kept in an interest bearing account. Any interest earned on those funds may be required to be returned to DHHR at the conclusion of the grant period.

D. Davis-Bacon Act

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“When required by the Davis-Bacon Act, the Department of Labor's (DOL) governmentwide implementation of the Davis-Bacon Act, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 276a to 276a-7).

Non-Federal entities shall include in their construction contracts subject to Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted

Construction"). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347 which includes the required statement of compliance (OMB No. 1215-0149).

The requirements for Davis-Bacon are also contained in the A-102 Common Rule (§ ___.36(i)(5) and OMB Circular A-110 (Appendix A Contract Provisions)."

The DHHR does not generally provide grant funds for construction projects, however since Davis-Bacon is a compliance requirement under OMB Circular A-133 it has been included in the Questionnaire. If the organization's grant contract does not include construction activities, the Davis-Bacon compliance requirement will not be applicable. If further assistance is needed with respect to this requirement, please contact the DHHR Office of Internal Control and Policy Development.

E. Eligibility

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

"The specific requirements for eligibility are unique to each Federal program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program."

Many DHHR grants contain eligibility provisions, which dictate the applicable criteria for persons or organizations that qualify to benefit from the program funded by DHHR. These generally vary from grant to grant. Organization personnel responsible for making eligibility determinations should be well versed in the grant contract and the qualification requirements for program participants. The organization should have internal control processes established to ensure that all participants benefiting from DHHR funded programs have been determined to be eligible under the specifications of the grant and this determination has been adequately documented. Further, there should be a method whereby ineligible participants will be prevented from participating or, if they have participated, detected and the costs of their participation removed from the costs charged to the DHHR grant.

F. Equipment and Real Property Management

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

"Equipment Management

Title to equipment acquired by a non-Federal entity with Federal awards vests with the non-Federal entity. Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5000 or more per unit. However, consistent with a non-Federal entity's policy, lower limits may be established."

"Local governments and Indian tribes shall follow the A-102 Common Rule for equipment acquired under Federal awards received directly from a Federal awarding agency. Institutions of higher education, hospitals, and other non-profit organizations shall follow the provisions of OMB Circular A-110. Basically the A-102 Common Rule and OMB Circular A-110 require that equipment be used in the program which acquired it or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value in excess of \$5000, is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return."

The requirements for equipment are contained in the A-102 Common Rule (§ ___.32), OMB Circular A-110 (§ ___.34), Federal awarding agency program regulations, and the terms and conditions of the award."

Real Property Management

Title to real property acquired by non-Federal entities with Federal awards vests with the non-Federal entity. Real property shall be used for the originally authorized purpose as long as needed for that purpose. For non-Federal entities covered by OMB Circular A-110 and with written approval from the Federal awarding agency, the real property may be used in other Federally-sponsored projects or programs that have purposes consistent with those authorized for support by the Federal awarding agency. The non-Federal entity may not dispose of or encumber the title to real property without the prior consent of the awarding agency.

When real property is no longer needed for the Federally-supported programs or projects, the non-Federal entity shall request disposition instructions from the awarding agency. (For purposes of this compliance requirement, the awarding agency for recipients under OMB Circular A-110 or the A-102 Common Rule and subrecipients under OMB Circular A-110 is the Federal agency providing the funding. The awarding agency for subrecipients under the A-102 Common Rule is the pass-through entity.) When real property is sold, sales procedures should provide for competition to the extent practicable and result in the highest possible return. If sold, non-Federal entities are normally required to remit to the awarding agency the Federal portion (based on the Federal participation in the project) of net sales proceeds. If retained, the non-Federal entity shall normally compensate the awarding agency for the Federal portion of the current fair market value of the property. Disposition instructions may also provide for transfer of title in which case, the non-Federal entity is entitled to compensation for its percentage share of the current fair market value.

The requirements for real property are contained in the A-102 Common Rule (§ ____.31), OMB Circular A-110 (§ ____.32), Federal awarding agency regulations, and the terms and conditions of the award.”

Equipment and/or real property purchased with DHHR grant funds shall be treated as described above. The organization should have in place adequate methods by which to document and track equipment and/or real property acquired with grant funds, and remains responsible for the equipment and/or real property until such time as the grant is terminated and a method for disposition is agreed to by DHHR and the organization.

G. Matching, Level of Effort, Earmarking

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“The specific requirements for matching, level of effort, and earmarking are unique to each Federal program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program.”

“However, for matching, the A-102 Common Rule (§ ____.24) and OMB Circular A-110 (§ ____.23) provide detailed criteria for acceptable costs and contributions. The following is a list of the basic criteria for acceptable matching:

- Are verifiable from the non-Federal entity's records.*
- Are not included as contributions for any other Federally-assisted project or program, unless specifically allowed by Federal program laws and regulations.*
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.*
- Are allowed under the applicable cost principles.*
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be allowable for cost sharing or matching.*
- Are provided for in the approved budget when required by the Federal awarding agency.*
- Conform to other applicable provisions of the A-102 Common Rule and OMB Circular A-110 and the laws, regulations, and provisions of contract or grant agreements applicable to the program.*

Matching, level of effort and earmarking are defined as follows:

(1) Matching or cost sharing includes requirements to provide contributions (usually non-Federal) of a specified amount or percentage to match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

(2) *Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.*
(3) *Earmarking includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities, including funds provided to subrecipients. Earmarking may also be specified in relation to the types of participants covered.*"

Many DHHR grants include matching, level or effort or earmarking provisions. The organization's personnel should be aware of any such provisions and the organization should have in place processes through which to track its performance with respect to any matching, level of effort or earmarking requirements of its DHHR grant.

H. Period of Availability of Federal Funds

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

"Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of the subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, § ____.23; OMB Circular A-110, § ____.28).

Non-Federal entities subject to the A-102 Common Rule shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status report (SF-269). The Federal agency may extend this deadline upon request (A-102 Common Rule, § ____.23)."

The DHHR grant funds are available only for the time period specified in the grant. The organization should have in place internal controls to track the expenditure of grant funds to ensure that expenditures under the grant stop at the end of the grant period. Organization personnel should be aware of the period covered by (each of) the organization's DHHR grants and should take steps to ensure that funds are not expended past the cutoff date of the grant.

I. Procurement and Suspension Debarment

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

Procurement

States, and governmental subrecipients of States, shall use the same State policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations."

"Institutions of higher education, hospitals, and other non-profit organizations shall use procurement procedures that conform to applicable Federal law and regulations and standards identified in OMB Circular A-110. All non-Federal entities shall follow Federal laws and implementing regulations applicable to procurements, as noted in Federal agency implementation of the A-102 Common Rule and OMB Circular A-110.

Requirements for procurement are contained in the A-102 Common Rule (§ ____.36), OMB Circular A-110 (§ ____.40 through § ____.48), Federal awarding agency regulations, and the terms of the award."

Suspension and Debarment

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions

include procurement contracts for goods or services equal to or in excess of \$100,000 and all nonprocurement transactions (e.g., subawards to subrecipients).

Contractors receiving individual awards for \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. The non-Federal entities may rely upon the certification unless it knows that the certification is erroneous. Non-Federal entities may, but are not required to, check for suspended and debarred parties which are listed in the List of Parties Excluded From Federal Procurement or Nonprocurement Programs, issued by the General Services Administration (GSA). The information contained on the list is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (<http://www.arnet.gov/epl>). Please note that the user will be required to record their name and organization for purposes of the Computer Matching and Privacy Act of 1988.

The organization's personnel should be aware of the Federal provisions regarding procurement and suspension and debarment applicable to grants provided by DHHR. The organization should have internal controls in place to ensure its compliance with these provisions.

J. Program Income

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“Program income is gross income received that is directly generated by the Federally-funded project during the grant period. If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income. Program income includes, but is not limited to, income from: fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. Except as otherwise provided in the Federal awarding agency regulations or terms and conditions of the award, program income does not include interest on grant funds (covered under Cash Management), rebates, credits, discounts, refunds, etc. (covered under Allowable Costs/Cost Principles), or interest earned on any of them (covered under Cash Management). Program income does not include the proceeds from the sale of equipment or real property (covered under Equipment and Real Property Management).

Program income may be used in one of three methods: deducted from outlays, added to the project budget, or used to meet matching requirements. Unless specified in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays. However, for research and development activities by institutions of higher education, hospitals, and other non-profit organizations, the default method is to add program income to the project budget. Unless Federal awarding agency regulations or the terms and conditions of the award specify otherwise, non-Federal entities have no obligation to the Federal Government regarding program income earned after the end of the grant period.

The requirements for program income are found in the A-102 Common Rule (§ ____.21(payment) and § ____.25), OMB Circular A-110 (§ ____.2 (program income definition), § ____.22(payment), and § ____.24), Federal awarding agency laws, program regulations, and the provisions of the contract or grant agreements pertaining to the program.”

The organization's personnel should be aware of the compliance requirements governing program income and whether they apply to the program funded by DHHR (i.e. whether the program funded by the DHHR grant generates income). In the event that the program in question does generate income, the organization should have in place a system to track that income and account for its use (or return to DHHR).

K. Real Property Acquisition and Relocation Assistance

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA) provides for uniform and equitable treatment of persons displaced by Federally-assisted programs from their homes, businesses, or farms. Property acquired must be appraised by qualified independent appraisers. All appraisals must be examined by a review appraiser to assure acceptability. After acceptance, the review appraiser certifies the recommended or approved value of the property for establishment of the offer of just compensation to the owner. Federal requirements govern the determination of payments for replacement housing assistance, rental assistance, and down payment assistance for individuals displaced by Federally-funded projects. The regulations also cover the payment of moving-related expenses and reestablishment expenses incurred by displaced businesses and farm operations.

Governmentwide requirements for real property acquisition and relocation assistance are contained in Department of Transportation's single governmentwide rule at 49 CFR part 24, Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally-Assisted Programs.”

The DHHR does not generally provide grant funds for real property acquisition and relocation assistance projects, however since this is a compliance requirement under OMB Circular A-133 it has been included here. If the organization’s grant contract does not include these types of activities, this compliance requirement will not be applicable. If further assistance is needed with respect to this requirement, please contact the DHHR Office of Internal Control and Policy Development.

L. Reporting

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“Financial Reporting

The reporting requirements for subrecipients are as specified by the pass-through entity. In many cases, these will be the same as or similar to the following requirements for recipients.”

“Performance Reporting

Recipients shall submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information on each of the following:

- 1. A comparison of actual accomplishments with the goals and objectives established for the period.*
- 2. Reasons why established goals were not met, if appropriate.*
- 3. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.*

Special Reporting

Non-Federal entities may be required to submit other reporting which may be used by the Federal agency for such purposes as allocating program funding.

Compliance testing of performance and special reporting are only required for data that are quantifiable and meet the following criteria:

- 1. Have a direct and material effect on the program.*
- 2. Are capable of evaluation against objective criteria stated in the laws, regulations, contract or grant agreements pertaining to the program.”*

“Reporting requirements are contained in the following documents:

- a. A-102 Common Rule -- Financial reporting, § _____.41; Performance reporting, § _____.40(b).*
- b. OMB Circular A-110 -- Financial reporting, § _____.52; Performance reporting, § _____.51.*
- c. The laws, regulations, and the provisions of contract or grant agreements pertaining to the program.”*

The DHHR provides a many different types of grants to many different types of organizations; as such, the reporting requirements can differ significantly from grant to grant or organization to organization. The specific reporting requirements applicable to each grant can be found in Exhibit G of the grant document. At a minimum, organization personnel should be aware of the requirements of (each of) the organization's DHHR grants and have internal controls in place to ensure that all required information can be adequately tracked in a manner that will allow it to be reliably reported to DHHR.

M. Subrecipient Monitoring

Per OMB Circular A-133 Compliance Supplement, Chapter 3:

“A pass-through entity is responsible for:

- *Award Identification - At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.*
- *During-the-Award Monitoring - Monitoring the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.*
- *Subrecipient Audits - Ensuring required audits are completed within nine months of the end of the subrecipient's audit period, issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.*
- *Pass-Through Entity Impact - Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.”*

“Source of Governing Requirements

The requirements for subrecipient monitoring are contained in the 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), OMB Circular A-133 (§ .225 and § .400(d)), A-102 Common Rule (§ .37 and § .40(a)), and OMB Circular A-110 (§ .51(a)), Federal awarding agency program regulations, and the terms and conditions of the award.”

The DHHR standard grant contract Section 9.05 specifies that subgranting is not allowed without the prior written approval of DHHR. If the organization receiving DHHR grant funds provides those funds to another organization (subrecipient), it must have processes in place to ensure both the organization's compliance with the pass-through entity requirements as well as the subrecipient's compliance with all applicable Federal regulations. If your organization has subgranted DHHR grant funds to another organization, contact the DHHR Office of Internal Control and Policy Development for technical assistance related to controls over this compliance requirement.

3. CERTIFICATION

An authorized member of the organization's management responsible for administration of the DHHR grant must certify the answers provided on this Questionnaire. Please include the grantee/subrecipient organization name, name and title of the person providing the certification, and sign and date the boxes where indicated.