

# **Webb County**



## **American Rescue Plan Act Sub-Recipient Assistance Grant Program**

### **Sub-recipient Monitoring Policy, Goals and Procedures Handbook**

Prepared: November 1, 2021

## Policy Statement

The Director and staff of the *Webb County Economic Development Department* shall be responsible for monitoring the programmatic and financial activities of award sub-recipients to ensure proper stewardship of federal and state funds. The following policy, roles, and procedures address responsibilities and qualifications required to be potential sub-recipient of these funds. This policy and procedures handbook will assist administrators to ensure that, all sub-recipients achieve comply with and/or exceed performance goals, and to monitor all sub-recipients to make sure they comply with applicable federal and/or state laws and regulations, and with the provisions of grant award special conditions.

*\*The Webb County American Rescue Plan Act Committee* responsible for sub-recipient grant award and management is subject to Commissioner's Court action.

## Sub-recipient Monitoring Policy

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) Uniform Guidance (Attachment 4), specifically 200.332 (Attachment 5) , requires pass through entities to evaluate each sub-recipient's risk of noncompliance in order to determine the appropriate monitoring level, monitor the activities of sub-recipient organizations to ensure that the sub award is in compliance with applicable Federal statutes and regulations and terms of the sub award, and verify that sub-recipients are audited as required by Subpart F of the Uniform Guidance. Webb County as the direct recipient, of the federal award is required to provide evidence of due diligence in reviewing the ability of a sub-recipient to properly meet the objectives of the sub award and account for the use of the grantor's funds.

American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) recipients that are pass-through entities as defined under 2 CFR 200.1 are required to manage and monitor their sub recipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.

## Statutory Eligible Uses

Award funds must be used in ways that:

- 1) Respond to the COVID-19 public health emergency or its negative economic impacts;
- 2) Respond to workers performing essential work during COVID-19 public health emergency by providing premium pay to such eligible workers, by waiver of Commissioner's Court on August 9, 2021.
  - a. Proof of submitted payroll taxes to the IRS for all funds used for staff support must be submitted to grantor.

## ARPA Program Eligibility Requirements

Eligibility Any organization applying for funds must have and provide written proof of the following:

1. Tax exempt status under IRS Section 501 (c) (3); and/or
2. A Charter from the Texas and/or other (State) Office of Secretary of State; and;
3. A Certificate/Letter of Good Standing from the Office of the Texas and/or other Secretary of State, and;

4. A resolution from its Board of Directors or Governing Body defining its status and;
5. An accounting system that is in accordance with generally accepted accounting principles (GAAP) and;
6. Been in operation (providing services) for at least one year and;
7. Income expense report from the prior fiscal year and;
8. Single Audit Report and;
9. Active System of Award Management- (SAM) System of Award Management Registration.
10. DUNS Number – Sub-recipient shall first register and obtain a designated DUNS number (U.S. Data Universal Numbering DUNS System number) for its organization/entity.

## Roles and Responsibilities

### Research and Planning (R&P)

1. Pre-award - When applying for a federal or state grant where a sub-recipient is identified:

Sub-recipient must first apply for and register, obtain, ~~and provides~~ a U.S. Federal (Data Universal Numbering System) DUNS number in order to submit a Letter of Intent to apply for as sub-recipient in the ARPA program to the *\*Webb County Economic Development Department.*

- Sub-recipient must submit a Letter of Intent to the *\*Webb County Economic Development Department.*
- The *\*Webb County Economic Development Department* will perform a search on SAM.gov to determine if the sub-recipient/organization has been debarred or excluded from doing business with the federal government. A sub-recipient/Organization must have an active SAM registration. **Print the screen shot of the SAM.gov search for the grant/sub-recipient file and applicant must meet all other special condition requirements set by the American Rescue Plan Act State and Local Fiscal Recovery Fund.**
- Sub-recipient must submit a proposed budget.
- Sub-recipient must submit outline of organizational structure, with the names of its officers, and officer title-holder.
- Sub-recipient must submit all their policies and procedures in place.
- Complete the sub-recipient risk assessment, assign a risk rating (*Exhibit A*)
- Notify the sub-recipient if they will be invited to submit a full application.
- Webb County will notify all sub-recipients/organizations and the public what date the applications will be opened and awards will be announced.

2. Post award – after the Grantor has approved and awarded the grant:

- Participate in sub-recipient monitoring workshop.
- Submit the approved budget of the sub-recipient/organization, with a listing of all expenditures to the *\*Webb County Economic Development Department* for approval. All budgets and expenditures must be approved by the Webb County Economic Development Department.
- Collaborate with the sub-recipient regarding the sub-recipient’s application narrative, goals of the sub award, performance statement and the sub-recipient’s grant budget.

- Shall agree to execute a Memorandum of Understanding between Webb County and the sub-recipient in collaboration with the Webb County's Civil Legal Division to agree in writing to the terms of the MOU.
- Monitor and approve quarterly financial and performance statement reports and ability of the sub-recipient to meet performance statement of the sub award.
- Participate in annual sub-recipient monitoring site visits.

## Financial Management

### 1. Post award -

- Clearly identify the federal award information for the sub-recipient that includes the following:
  - Federal award number, SAMS & DUNS numbers and name of federal grant
  - Federal award date
  - Sub award period of performance start and end date
  - Amount of federal funds obligated to the sub-recipient
  - Federal award project description
  - Name of federal awarding agency, prime grant recipient, contact information of the awarding official
  - All requirements imposed by the prime grantee on the sub-recipient so that the federal award is used in accordance with federal and/or state statutes, regulations, and the terms and conditions of the grant award (*see Exhibit B*)
  - Access to the sub-recipient's financial records to meet the requirements of 2 CFR 200 (*see Exhibit B*)
  - Appropriate terms and conditions concerning closeout of the sub award.
- Review and approval of sub-recipient invoices.
- *\*Webb County Economic Development Department* coordinates quarterly financial and performance statement reports of sub-recipients.
- Coordinate and facilitate annual monitoring of sub-recipient.
- Participate in sub-recipient monitoring workshop, when available, in coordination with *\*Webb County Economic Development Department Personnel*.
- Update and revise sub-recipient policy, as needed.

## Sub-recipient Monitoring Procedures

### Annual Award Stage Risk Assessment

- ~ Review sub-recipient's single audit report (CAFR).
- ~ Review past and current performance as reported through the quarterly review process, both financial and performance statement.
- ~ Quarterly reports- By the 15<sup>th</sup> of each month, Sub recipient shall electronically submit to Department, Funding report of all expenditures of funds. These reports are due even if Sub recipient has no new activity to report during the month.
- ~ Ensure applicable federal special conditions of grant award are passed down to the sub-recipient by requesting sub-recipient sign a document formally acknowledging in writing the receipt of, and agreement to comply with, the any and all Federal/State and/or program grant award special conditions.
- ~ Provide to sub-recipient requirements of sub award documentation to be submitted by sub-recipient to the Prime Grantee during the grant periods. (*See Exhibit B*)

## Continuous analysis during grant award period

The *\*Webb County Economic Development Department* shall continuously analyze the administrative and programmatic performance of the sub-recipient through the following methods:

- Internal Controls (2CFR 200.303) – Ensure the sub-recipient provides reasonable assurance of sub-recipient compliance with federal statutes, regulations, and the terms and conditions of the federal award:
  - Sub-recipient must return signed acknowledgement of the terms and conditions of the sub-award to the prime grantee.
  - Sub-recipient must agree to evaluation and monitoring of their compliance with statutes, regulations, and terms and conditions of the sub award by allowing access to sub-recipient records and financial statements, and the performance of on-site reviews of the sub-recipient's program operations.
  - Sub-recipient must take prompt action when instances of noncompliance are identified.
  - Sub-recipient must take reasonable measures to safeguard sensitive information consistent with applicable federal state, and local laws.
- Regular communication with sub-recipient stakeholders.
- Submit listing of expenditures to the Webb County Economic Development for approval before expenses have been made.
- Invoice review – ensure invoices are timely, accurate, and contain the appropriate backup documentation to support the expense. **Make sure sales tax is not included in the invoice amount.** For any questionable expense(s), request additional backup from the sub-recipient specific to the charge(s) prior to payment.
- Request financial reports from the sub-recipient that shows: sub award amount, invoice(s) submitted for reimbursement by sub award budget category, and remaining sub award amount after expenses. Ensure cumulative expenses do not exceed the total approved sub award amount and ensure the rate of spend is consistent with the timeline of the project.
- Review of any other financial or non-financial reports required by the sub award such as sub-recipient list of supplies and equipment purchased with grant funds.
- Coordination of sub-recipient budget revision requests, process, submission, and grantor approval.
- Documentation supporting sub-recipient monitoring efforts: e-mail correspondence, invoices, deliverables such as relevant data for quarterly progress report(s) and other supporting documentation.
- Request quarterly reports from the sub-recipient; collaborate with *\*Webb County Economic Development Department* for review and approval.
- Follow up with sub-recipient regarding findings during annual sub-recipient site visit and request sub-recipient's resolution of site visit findings.
- For high risk sub awards, the following additional steps are and shall be mandatorily required:
  - Request additional supporting detail for all financial invoices and expenses in accordance with the sub award terms and conditions.
  - Document and retain communications regarding project performance.
  - Report any significant issues to Webb County Economic Development Department.
  - Further action could include: withholding payments, performing additional site visits, termination of the sub award.

## Annual Site Visit

As a best practice, the *\*Webb County Economic Development Department* shall conduct not less than one annual site visit of all sub-recipients, no matter their level of risk.

- Process for On-site Monitoring of Administrative, Financial, and Programmatic elements of the sub award:
  - *\*Webb County Economic Development Department* will contact sub-recipient via e-mail to coordinate a site-visit date on the sub-recipient's premises that is an acceptable time for both, *\*Webb County Economic Development Department* and sub-recipient.
  - After site visit date and time is established, *\*Webb County Economic Development Department* will send, on letterhead, details of what the site visit will focus on such as: gathering assurance that the sub-recipient is compliant with federal statutes, regulations, and the terms and conditions of the federal award; invoice(s) and a detailed list of expenditures made with grant funds that will be reviewed while on site. (*see Exhibit D for example of pre-site visit letter*)
  - Opening/Entrance conference: *\*Webb County Economic Development Department* staff will begin the site visit with a meeting that includes the sub-recipient personnel participating in the site visit. The meeting will describe the reason for the site visit, review items to be discussed and supplies and equipment purchased with grant funds that will be seen.
  - During the site visit, staff will follow the Monitoring Checklist that satisfies the administrative and financial elements of the sub award. (*see Exhibit C*)
  - Exit conference: *\*Webb County Economic Development Department* staff will end the site visit with a meeting that discusses the program and items purchased with grant funds. Any non-compliance issues will be brought to the attention of the sub-recipient.
  - After the site visit, *\*Webb County Economic Development Department* will send, on letterhead, explanation of the items reviewed and whether the sub-recipient procedures satisfy the compliance standards for applicable federal and/or state statutes, regulations, and conditions of the federal award, and explanation of all findings related to sub-recipient compliance. (*see Exhibit E for example of post-site visit letter*)
- Process for documenting Sub-recipient findings and procedures for follow-up on issues for resolution.
  - After the site visit, *\*Webb County Economic Development Department* staff will note findings and request sub-recipient provide the department with written documentation evidencing proof of the resolution of any issue(s) on the Sub-recipient Site Visit Evaluation Report (*see Attachment 3*) and on the Post-Site Visit letter (*see Exhibit E*). This report will be sent to the sub-recipient within one week of the site visit, the findings will be discussed during the Exit meeting.
  - Sub-recipient will have 30 days to respond in writing to the *\*Webb County Economic Development Department* with an acceptable plan for the successful resolution of issues/findings as a result of the site visit.
- *\*Webb County Economic Development Department* will review the sub-recipient resolution to the site visit findings, approve if adequate or require additional information if inadequate. All findings and resolutions will be filed in the grant/sub-recipient file.

## Process for closing out sub awards

- The sub-recipient will be notified via e-mail by the prime grantee at six months and at three months prior to the grant end date that the grant is ending. **{Grant End Date}**.
- On or before 120 days prior to the Grant End Date, the sub-recipient will be notified in writing and via e-mail that they have 90 days after the Grant End Date to liquidate their encumbrance(s). At 120 days prior to the Grant End Date, the sub-recipient will be requested to provide confirmation via e-mail that sub-recipient will spend the entire sub award and liquidate all encumbrance(s) within the 90 day period after the Grant End Date.
- All final invoices must be submitted to *\*Webb County Economic Development Department* along with a final financial report that shows sub award amount, all invoices reimbursed by the grant, and the amount remaining in sub-award. Final Reports –Sub-recipient shall electronically submit to Department, no later than forty-five (45) calendar days after the end of the Contract Term/**Grant End Date**, a final report of all expenditures of funds. Failure of Sub recipient to provide a full accounting of funds expended under the Contract may result in the termination of the Contract and ineligibility to receive additional funds. If Sub recipient fails to submit a final expenditure/performance report within forty-five (45) calendar days of the end of the Contract Term, Department will use the last report submitted by Sub recipient as the final report.
- DEFAULT. If Sub-recipient fails to submit within forty-five (45) calendar days of its due date, any report or response required by this Contract, including responses to monitoring reports, Department may, in its sole discretion, de-obligate, withhold, or suspend any or all payments otherwise due or requested by Sub recipient hereunder, and /or initiate proceedings to terminate the Contract.
- The following documents are typically required from the sub-recipient for close out by the date specified by the prime grantee:
  1. Final invoice(s)
  2. Final Financial Report
  3. Final expenditure report
- *\*Webb County Economic Development Department* performs a final desk audit of final invoices, final Financial Reports, and final Programmatic responses and, if necessary, may request additional supporting documentation.

**Exhibit A**

**Pre-Award Stage Risk Assessment for ARPA Sub-recipient Checklist**

- \_\_\_\_\_ Performed search of SAM.gov for debarment/exclusion
- \_\_\_\_\_ Reviewed single audit (CAFR) of sub-recipient organization
- \_\_\_\_\_ Reviewed sub-recipient single audit (CAFR) recommendations and findings to determine timely and effective resolutions and corrections by sub-recipient organization
- \_\_\_\_\_ Reviewed previous financial and programmatic performance of sub-recipient
- \_\_\_\_\_ Issued grant award special conditions to sub-recipient and received acknowledgement from the sub-recipient of receipt and agreement for compliance to grant special conditions

Based on my review and sub-recipient’s past performance, this sub-recipient is determined to be

_____	_____	_____
Low Risk	Medium Risk	High Risk
_____		_____
{ARPA Grants Supervisor}		Date

*Note: \*Webb County Economic Development Department shall perform an annual site visit to the sub-recipient’s location to perform annual site visit monitoring, regardless of the sub-recipient risk level, as a best practice.*



## Exhibit B

### **Requirements of Sub-Award documentation to be submitted by ARPA Sub-Recipient**

1. Copy of signed Memorandum of Understanding.
2. Signed acknowledgement of receipt of grant award special conditions and agreement to comply with grant award special conditions (*see Attachment 1*)
3. Sub-recipient will submit requests for payment for goods and services for approved budgeted expenses on a reimbursement basis only. Invoices for reimbursement must be accompanied by sufficient and accurate backup documentation that supports the expense. Expenses incurred prior to the grant begin date or after the grant end date will not be reimbursed.
4. List of expenditures purchased with grant funds. List should show description of supply/equipment, serial number if any, vendor name, date of purchase, amount of item, location where the items are kept, funding source, disposal date, and value at disposal date.
5. Sub-recipient financial report that shows: sub award amount, invoices paid by sub award budget category, remaining amount of sub award after invoices paid. Funds remaining unused after the end of the grant award will be returned to the prime grantee.
6. Response by sub-recipient (e-mail is acceptable) for information requested for the quarterly reports.
7. Response by sub-recipient (e-mail is acceptable) of agreement to cooperate during annual site visit for review of Sub-recipient Monitoring Policy & Procedures supporting compliance of federal statutes, regulations, and terms/conditions of award, and on-site reviews of the sub-recipient's program operations, and allow access to sub-recipient's financial records.
8. Budget modification requests, as needed, should be submitted by the sub-recipient, along with explanation of why a budget modification is needed and how the budget modification supports the goals and objectives of the grant application.
9. Change in Scope requests, as needed, should be submitted by the sub-recipient, along with explanation of why a change in scope is needed and how the change in scope supports a law enforcement initiative and/or additional goals and objectives of the grant application/solicitation.
10. Resolution of findings within 30 days, if any, after annual site visit.
11. For grant closeout, sub-recipient must submit the following within the time frame defined by the prime grantee:

- a. Final invoice(s)
- b. Final Financial Report
- c. Final Supplies and Equipment report

12. Present County Officials and Employees – Conflict of Interest (*See Exhibit F*)

- A. Subrecipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.
- B. No employee, officer, or agent of Sub-recipient shall participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict 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 the firm selected for an award.
- C. The officers, employees, and agents of the Sub-recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. **Subrecipient shall be required to follow existing Webb County Policy Procedures, requirements and standards for any situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.** The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Sub-recipient.
- D. Sub-recipient shall, in addition to the requirements of this Section 25, follow the requirements of Chapter 171 of the Local Government Code regarding conflicts of interest of officers of municipalities, counties, and certain other local governments.
- E. Failure to maintain written standards of conduct and to follow and enforce the written standards is a condition of default under this Contract and may result in termination of the Contract or de-obligation of funds.

13. Political Activity Prohibited

- A. None of the funds provided under the Contract shall be used for any type or form of the following; monetary and/or non-monetary funding, campaign contributions, political and/or campaign online and/or any other media format, or in person advertising, campaigning, supporting, lobbying, participating and/or influencing the outcome of any election, or the passage or defeat of any vote, ballot, constitutional and/or legislative measure(s). This prohibition shall not be construed to prevent any state official or employee from furnishing to any member of its governing body upon request, or to any other local or state official or employee, or to any citizen, information in the hands of the employee or official not considered under law to be confidential information.
- B. No funds provided under the Contract may be used directly or indirectly to hire employees or in any other way fund or support candidates for the legislative, executive, or judicial branches of government, the State of Texas, or the government of the United States.

C. None of the funds provided under this Contract shall be used to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award governed by the Byrd Anti-Lobbying Amendment (31 U.S.C. §1352) as the Development Owner and each of its tiers have certified by their execution of the "Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements"

By signing below, I agree to provide all documents listed above and additional documentation if needed, to Webb County via the *\*Webb County Economic Development Department* by the date requested.

\_\_\_\_\_  
Webb County Economic Development Dept. \_\_\_\_\_ Date  
Webb County, Texas  
A Political Subdivision of  
The State of Texas

\_\_\_\_\_  
Applicant \_\_\_\_\_ Date

## Exhibit C

### Monitoring Checklist that satisfies Administrative and Financial of Site Visit

- \_\_\_\_\_ Pre-site visit to sub-recipient on letterhead. *(See Exhibit D)*
- \_\_\_\_\_ Is prime grantee (Webb County) in receipt of signed Memorandum of Understanding (MOU), signed acknowledgement of grant special conditions, and signed 'Requirements of sub award documents to be submitted by sub-recipient'?
- \_\_\_\_\_ A copy of the sub-recipient's budget on file with the Webb Co. Economic Development Dept.
- \_\_\_\_\_ List of invoices paid under each federal grant and corresponding list of equipment/supplies to be reviewed during the annual site visit provided to sub-recipient.
- \_\_\_\_\_ Are invoices from sub-recipient delayed, inconsistent, failure to provide backup, improperly documented?
- \_\_\_\_\_ Do the sub-recipient's invoices support the goals and objectives of the grant?
- \_\_\_\_\_ Does sub-recipient submit information required for quarterly reports?
- \_\_\_\_\_ Is the sub-recipient's rate of spending appropriate for their progress?
- \_\_\_\_\_ Has the sub-recipient provided an inventory list of supplies and equipment purchased with grant funds?
- \_\_\_\_\_ Is performance progressing in an expected manner to support the goals and objectives of the grant?
- \_\_\_\_\_ Are there severe programmatic or administrative issues by the sub-recipient which may cause the sub award to be terminated?
- \_\_\_\_\_ Does the sub-recipient respond timely to requests for financial and budget/scope revision information?
- \_\_\_\_\_ Was Site Visit Evaluation report submitted to the sub-recipient, complete with findings and request for resolution to issues?
- \_\_\_\_\_ Post site-visit letter sent to sub-recipient on letterhead? *(see Exhibit E)*
- \_\_\_\_\_ Sub-recipient resolution of site visit findings and issues received by prime grantee?

## Exhibit D

{DATE}

*\*Webb County Economic Development Department*

Re: {YEAR} Site Visit, {Grant Title, Award #}

*Please see attached list of invoices to be reviewed and Supplies/Equipment to be viewed.*

Dear {\_\_\_\_\_},

On \_\_\_\_\_, 2021, *\*Webb County Economic Development Department* Grant Administrators will be visiting your site facilities at \_\_\_\_\_ for the purpose of reviewing financial, administrative, and compliance aspects of your sub award, and also viewing items purchased with grant funds awarded to your agency through the Webb County as funded by the American Recue Plan Act.

This visit is part of the monitoring policy that we have incorporated into our grant program as recommended by the Department of Justice. The focus of this visit is to assess deliverables like those listed on the attached document and review the financial process of paying grant related invoices. Our visit should be helpful to you in your grant program performance and we will try to respond to any questions or problems you may have at the time of the visit.

Please be sure that key staff is available for our review. I am hopeful that our meeting will be mutually beneficial. We will meet you at your office at \_\_\_\_\_ at XX:XX am, and then proceed with you to the locations where items are stored. We should be finished no later than XX:XX pm.

Sincerely,

{ARPA Grants Supervisor}

**Exhibit E**

{DATE}

Webb County Economic Development Department

Re: {YEAR} Site Visit, {Grant Title, Award #}

Dear {\_\_\_\_\_},

Thank you for the support and cooperation by you and your staff during our site visit on {DATE OF VISIT}. During our review, we examined your financial, administrative, and internal control procedures, and visually inspected the items purchased with federal funds awarded to your agency through Webb County as funded by the American Rescue Plan Act. The federal funding on this site visit involved the following grants:

{Grant Title, Award #}

{Grant Title, Award #}

{Grant Title, Award #}

The site visit is part of the monitoring policy that Webb County has incorporated into their grant program, which provides for at least one visit per year, per grant. As discussed during the exit conference, there were no findings or recommendations that need correction. {OR, describe here the recommendations/findings that need to be addressed. IF, A corrective action plan will be required, specify due date for the plan.}

Again, thank you for your cooperation. I look forward to working with you on future grant opportunities.

Sincerely,

{ARPA Grants Supervisor}

## Present County Officials and Employees

### Conflicts of Interest

**(a) General Rule.** To avoid the appearance and/or risk of impropriety, an official employee shall not take any action that he or she knows is likely to affect the economic interests of:

- (1) The official or employee;
- (2) His or her parent, child, spouse, or other family member within the second degree of affinity or within the fourth degree of consanguinity; (3) His or her outside client;
- (4) A member of his or her household;
- (5) Any outside employer of the official or employee or of his/her parent, child, spouse, or member of the household;
- (6) A business entity in which the official or employee knows that any of the persons listed in Subsections (a) (1) or (a) (2) of this Section holds an economic interest as that term;
- (7) A business entity which the official or employee knows is an affiliated business or partner of a business entity in which any of the persons listed in Subsection (a) (1) or (a) (2) of this Subsection holds an economic interest;
- (8) A business entity or nonprofit entity for which the county official or employee serves as an official or director or in any other policy making position; or
- (9) A person or business entity with whom, within the past twelve months:
  - (A) The official or employee, or his or her spouse, directly or indirectly has
    - (i) solicited an offer of employment for which the application is pending;
    - (ii) received an offer of employment which has not been rejected;
    - (iii) accepted an offer of employment, or
  - (B) The official or employee, or his or her spouse, directly or indirectly, engaged in negotiations pertaining to business opportunities, where negotiations are pending or not terminated.

**(b) Recusal and Disclosure.** A county official or employee whose conduct violated Subsection (a) must recuse him or herself, and from the time that the conflict is, or should have been recognized, if applicable, he or she shall:

- (1) Immediately refrain from further participation in the matter, including discussions with persons likely to consider or participate in the matter;
- (2) File the appropriate form with the external auditor within three (3) business days disclosing the nature and extend of the prohibited conduct;
- (3) Promptly bring the conflict to the attention of his or her supervisor who will then, if necessary, reassign responsibility for handling the matter to another employee; and
- (4) Promptly disclose the conflict to other members of the council, board or commission in which he or she serves and shall not be present during the board's discussion of, or voting on, the matter.

**(c)** For purposes of this section, any action is likely to affect the economic interest if it is likely to have an effect on that interest that is distinguishable from its effect on members of the public in general or any segment thereof.

## Unfair Advantage of Private Interests

**(a) General Rule.** A county official or employee shall not use his or her official position to unfairly advance or impede private interests, or to grant or secure, or attempt to grant or secure, for any person (including himself or herself) any form of special consideration, treatment, exemption, or advantage beyond that which is lawfully available to that person based on the official's or employee's violates this rule. **(b) Special Rules.** The following special rules additionally apply:

- (1) Acquisition of Interest in Impending Matters.** A county official or employee shall not acquire an interest in, or affected by, any contract, transaction, or other matter, if the official or employee knows or has reason to know, that the interest will be directly or indirectly affected by impending official action by the county.
- (2) Reciprocal Favors.** A county official or employee may not enter into an agreement or understanding with any other person wherein any official action or inaction by the official or employee will be rewarded or reciprocated by the other person, directly or indirectly.
- (3) Appointment of Relatives.** A county official shall not appoint any relative within the fourth degree of consanguinity or second degree of affinity to any office or position of employment within the county.
- (4) Supervision of Relatives.** No official or employee shall be permitted to be in the line of supervision of a relative within the fourth degree of consanguinity or second degree of affinity. Department Directors are responsible for enforcing this policy. If an employee, by reason of marriage, promotion, reorganization, or otherwise, is placed into the line of supervision of a relative, one of the employees will be reassigned or other appropriate arrangements will be made for supervision.

**(c) Recusal and Disclosure.** A county official or employee whose conduct violates this section shall adhere to the recusal and disclosure provisions provided in Section 2.01(b), (Recusal and Disclosure).

Acknowledge by: \_\_\_\_\_ Date: \_\_\_\_\_

Webb County Official/ Employee

\_\_\_\_\_  
Webb County Official/Employee Name

Printed



**WEBB COUNTY  
AMERICAN RESCUE PLAN ACT  
SUB-RECIPIENT MONITORING POLICY AND PROCEDURES  
ACKNOWLEDGMENT**

By signing this document, I acknowledge, that I have received a copy of the Webb County Sub-Recipient Monitoring Policy & Procedures Handbook. I recognize it contains important information on the Webb County Grant policies, procedures, rules and regulations. It is my responsibility to familiarize myself with the material in the handbook.

I understand that no statement contained in this handbook creates any guarantee of continued funding or creates any obligation, contractual or otherwise, on the part of the department.

I understand compliance with the policies and procedures is a condition for the department to continue to be eligible for grant awards from the American Rescue Plan Act and that any violations of the policies and procedures may result in corrective action, including the termination of any grant funds up to the obligation of returning funds to grantor.

{Grant Year}, {Grant Name}, {Grant No.}

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Webb County

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Grant Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Sub-Recipient

\_\_\_\_\_  
Date

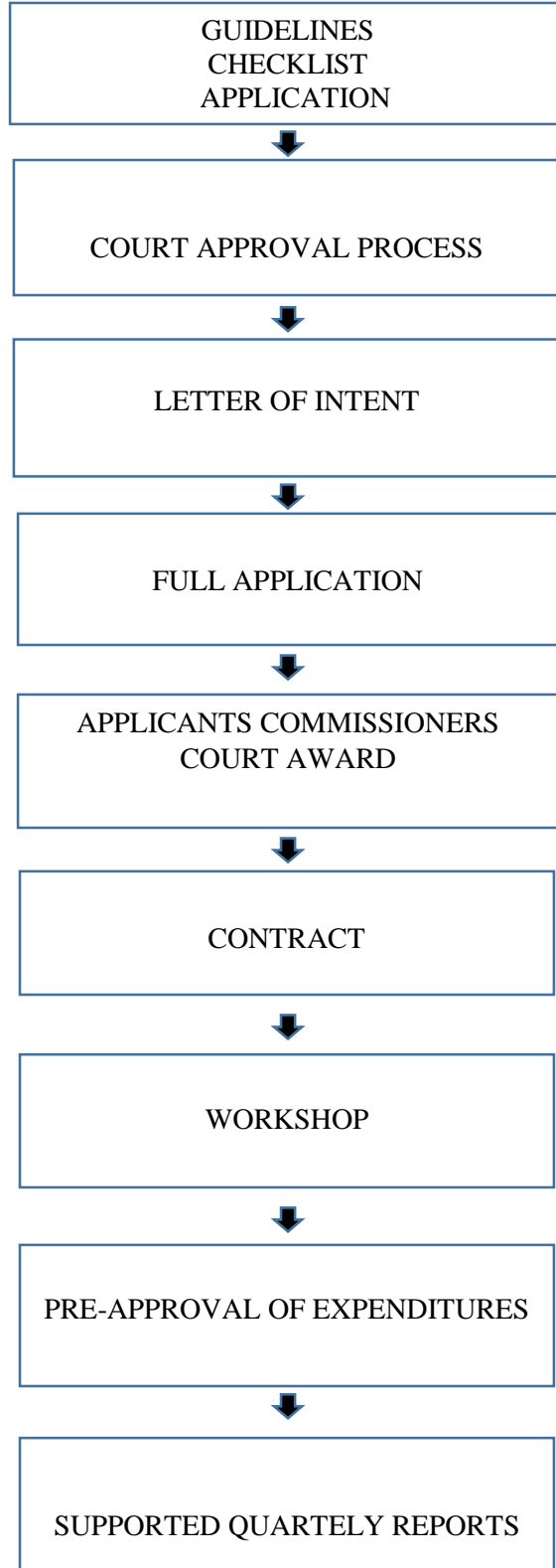
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Grant Fund Accountant

\_\_\_\_\_  
Date



## AMERICAN RESCUE PLAN ACT State and Local Fiscal Recovery Funds



**Sub-recipient Site Visit Evaluation Report**

Grant Award #(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Site Visit Evaluation Report Data \_\_\_\_\_

Date of Site Visit \_\_\_\_\_

Site Visit Evaluation Report prepared by \_\_\_\_\_

Sub-recipient Agency \_\_\_\_\_

Attendees \_\_\_\_\_  
\_\_\_\_\_

Site Visit Findings

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Site Visit Corrective action suggestions to Findings

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sub-recipient resolution(s) to findings

\_\_\_\_\_  
\_\_\_\_\_

## § 200.1 Definitions.

These are the definitions for terms used in this part. Different definitions may be found in Federal statutes or regulations that apply more specifically to particular programs or activities. These definitions could be supplemented by additional instructional information provided in government wide standard information collections. For purposes of this part, the following definitions apply:

*Acquisition cost* - means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.

*Advance payment* - means a payment that a Federal awarding agency or pass-through entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

*Allocation* - means the process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

*Assistance listings* - refers to the publicly available listing of Federal assistance programs managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).

*Assistance listing number* - means a unique number assigned to identify a Federal Assistance Listings, formerly known as the CFDA Number.

*Assistance listing program title* - means the title that corresponds to the Federal Assistance Listings Number, formerly known as the CFDA program title.

*Audit finding* - means deficiencies which the auditor is required by [§ 200.516\(a\)](#) to report in the schedule of findings and questioned costs.

*Auditee* - means any non-Federal entity that expends Federal awards which must be audited under [subpart F of this part](#).

*Auditor* - means an auditor who is a public accountant or a Federal, State, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors in generally accepted government auditing standards (GAGAS). The term auditor does not include internal auditors of nonprofit organizations.

*Budget-* means the financial plan for the Federal award that the Federal awarding agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award. It may include the Federal and non-Federal share or only the Federal share, as determined by the Federal awarding agency or pass-through entity.

*Budget period-* means the time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to § 200.308.

*Capital assets-* means:

- (1) Tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:
  - (i) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
  - (ii) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).
- (2) For purpose of this part, capital assets ***do not include intangible right-to-use assets*** (per GASB General Accounting Standards Board) and right-to-use operating lease assets (per FASB) For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a lease contract. See also § 200.465.

*Capital expenditures* means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

*Central service cost allocation plan* means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a State or local government or Indian tribe on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

*Claim* means - depending on the context, either:

- (1) A written demand or written assertion by one of the parties to a Federal award seeking as a matter of right:
  - (i) The payment of money in a sum certain;
  - (ii) The adjustment or interpretation of the terms and conditions of the Federal award; or
  - (iii) Other relief arising under or relating to a Federal award.
- (2) A request for payment that is not in dispute when submitted.

*Class of Federal awards* - means a group of Federal awards either awarded under a specific program or group of programs or to a specific type of non-Federal entity or group of non-Federal entities to which specific provisions or exceptions may apply.

*Closeout* means - the process by which the Federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions as described in § 200.344.

*Cluster of programs* means - a grouping of closely related programs that share common compliance requirements. The types of clusters of programs are research and development (R&D), student financial aid (SFA), and other clusters. "Other clusters" are as defined by OMB in the compliance supplement or as designated by a State for Federal awards the State provides to its subrecipients that meet the definition of a cluster of programs. When designating an "other cluster," a State must identify the Federal awards included in the cluster and advise the subrecipients of compliance requirements applicable to the cluster, consistent with § 200.332(a). A cluster of programs must be considered as one program for determining major programs, as described in § 200.518, and, with the exception of R&D as described in § 200.501(c), whether a program-specific audit may be elected.

*Cognizant agency for audit* - means the Federal agency designated to carry out the responsibilities described in § 200.513(a). The cognizant agency for audit is not necessarily the same as the cognizant agency for indirect costs. A list of cognizant agencies for audit can be found on the Federal Audit Clearinghouse (FAC) website.

*Cognizant agency for indirect costs* - means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit. For assignments of cognizant agencies see the following:

- (1) For Institutions of Higher Education (IHEs): Appendix III to this part, paragraph C.11.
- (2) For nonprofit organizations: Appendix IV to this part, paragraph C.2.a.
- (3) For State and local governments: Appendix V to this part, paragraph F.1.
- (4) For Indian tribes: Appendix VII to this part, paragraph D.1.

*Compliance supplement* means - an annually updated authoritative source for auditors that serves to identify existing important compliance requirements that the Federal Government expects to be considered as part of an audit. Auditors use it to understand the Federal program's objectives, procedures, and compliance requirements, as well as audit objectives and suggested audit procedures for determining compliance with the relevant Federal program.

*Computing devices* means - machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. See also the definitions of *supplies* and *information technology systems* in this section.

*Contract* means - for the purpose of Federal financial assistance, a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program

under a Federal award. For additional information on subrecipient and contractor determinations, see § 200.331. See also the definition of *subaward* in this section.

*Contractor*- means an entity that receives a contract as defined in this section.

*Cooperative agreement* - means a legal instrument of financial assistance between a Federal awarding agency and a recipient or a pass-through entity and a subrecipient that, consistent with 31 U.S.C. 6302-6305: and;

- (1) Is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)); and not to acquire property or services for the Federal Government or pass-through entity's direct benefit or use;
- (2) Is distinguished from a grant in that it provides for substantial involvement of the Federal awarding agency in carrying out the activity contemplated by the Federal award.
- (3) The term does not include:
  - (i) A cooperative research and development agreement as defined in 15 U.S.C. 3710a; or
  - (ii) An agreement that provides only:
    - (A) Direct United States Government cash assistance to an individual;
    - (B) A subsidy;
    - (C) A loan;
    - (D) A loan guarantee; or
    - (E) Insurance.

*Cooperative audit resolution* - means the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal agency and the non-Federal entity. This approach is based upon:

- (1) A strong commitment by Federal agency and non-Federal entity leadership to program integrity;
- (2) Federal agencies strengthening partnerships and working cooperatively with non-Federal entities and their auditors; and non-Federal entities and their auditors working cooperatively with Federal agencies;
- (3) A focus on current conditions and corrective action going forward;
- (4) Federal agencies offering appropriate relief for past noncompliance when audits show prompt corrective action has occurred; and

- (5) Federal agency leadership sending a clear message that continued failure to correct conditions identified by audits which are likely to cause improper payments, fraud, waste, or abuse is unacceptable and will result in sanctions.

*Corrective action* means - action taken by the auditee that:

- (1) Corrects identified deficiencies;
- (2) Produces recommended improvements; or
- (3) Demonstrates that audit findings are either invalid or do not warrant auditee action.

*Cost allocation plan* means - central service cost allocation plan or public assistance cost allocation plan.

*Cost objective* means - a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non-Federal entity, a particular service or project, a Federal award, or an indirect (Facilities & Administrative (F&A)) cost activity, as described in [subpart E of this part](#). See also the definitions of *final cost objective* and *intermediate cost objective* in this section.

*Cost sharing or matching* means - the portion of project costs not paid by Federal funds or contributions (unless otherwise authorized by Federal statute). See also [§ 200.306](#).

*Cross-cutting audit finding* means - an audit finding where the same underlying condition or issue affects all Federal awards (including Federal awards of more than one Federal awarding agency or pass-through entity).

*Disallowed costs* means - those charges to a Federal award that the Federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the Federal award.

*Discretionary award* means - an award in which the Federal awarding agency, in keeping with specific statutory authority that enables the agency to exercise judgment (“discretion”), selects the recipient and/or the amount of Federal funding awarded through a competitive process or based on merit of proposals. A discretionary award may be selected on a non-competitive basis, as appropriate.

*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 the definitions of *capital assets*, *computing devices*, *general purpose equipment*, *information technology systems*, *special purpose equipment*, and *supplies* in this section.

*Expenditures* means - charges made by a non-Federal entity to a project or program for which a Federal award was received.



- (1) The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.
- (2) For reports prepared on a cash basis, expenditures are the sum of:
  - (i) Cash disbursements for direct charges for property and services;
  - (ii) The amount of indirect expense charged;
  - (iii) The value of third-party in-kind contributions applied; and
  - (iv) The amount of cash advance payments and payments made to subrecipients.
- (3) For reports prepared on an accrual basis, expenditures are the sum of:
  - (i) Cash disbursements for direct charges for property and services;
  - (ii) The amount of indirect expense incurred;
  - (iii) The value of third-party in-kind contributions applied; and
  - (iv) The net increase or decrease in the amounts owed by the non-Federal entity for:
    - (A) Goods and other property received;
    - (B) Services performed by employees, contractors, subrecipients, and other payees; and
    - (C) Programs for which no current services or performance are required such as annuities, insurance claims, or other benefit payments.

*Federal agency* means - an “agency” as defined at [5 U.S.C. 551\(1\)](#) and further clarified by [5 U.S.C. 552\(f\)](#).

*Federal Audit Clearinghouse (FAC)* means - the clearinghouse designated by OMB as the repository of record where non-Federal entities are required to transmit the information required by [subpart F of this part](#).

*Federal award* has the meaning, depending on the context, in either paragraph (1) or (2) of this definition:

- (1)
  - (i) The Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in [§ 200.101](#); or
  - (ii) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in [§ 200.101](#).

- (2) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (2) of the definition of *Federal financial assistance* in this section, or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.
- (3) Federal award does not include other contracts that a Federal agency uses to buy goods or services from a contractor or a contract to operate Federal Government owned, contractor operated facilities (GOCOs).
- (4) See also definitions of Federal financial assistance, grant agreement, and cooperative agreement.

*Federal award date* means the date when the Federal award is signed by the authorized official of the Federal awarding agency.

*Federal awarding agency* means the Federal agency that provides a Federal award directly to a non-Federal entity.

*Federal financial assistance* means -

- (1) Assistance that non-Federal entities receive or administer in the form of:
  - (i) Grants;
  - (ii) Cooperative agreements;
  - (iii) Non-cash contributions or donations of property (including donated surplus property);
  - (iv) Direct appropriations;
  - (v) Food commodities; and
  - (vi) Other financial assistance (except assistance listed in paragraph (2) of this definition).
- (2) For [§ 200.203](#) and [subpart F of this part](#), *Federal financial assistance* also includes assistance that non-Federal entities receive or administer in the form of:
  - (i) Loans;
  - (ii) Loan Guarantees;
  - (iii) Interest subsidies; and
  - (iv) Insurance.
- (3) For [§ 200.216](#), Federal financial assistance includes assistance that non-Federal entities receive or administer in the form of:
  - (i) Grants;

(ii) Cooperative agreements;

(iii) Loans; and

(iv) Loan Guarantees.

(4) Federal financial assistance does not include amounts received as reimbursement for services rendered to individuals as described in § 200.502(h) and (i).

*Federal interest* means, for purposes of § 200.330 or when used in connection with the acquisition or improvement of real property, equipment, or supplies under a Federal award, the dollar amount that is the product of the:

(1) The percentage of Federal participation in the total cost of the real property, equipment, or supplies; and

(2) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.

*Federal program* means -:

(1) All Federal awards which are assigned a single Assistance Listings Number.

(2) When no Assistance Listings Number is assigned, all Federal awards from the same agency made for the same purpose must be combined and considered one program.

(3) Notwithstanding paragraphs (1) and (2) of this definition, a cluster of programs. The types of clusters of programs are:

(i) Research and development (R&D);

(ii) Student financial aid (SFA); and

(iii) "Other clusters," as described in the definition of *cluster of programs* in this section.

*Federal share* means - the portion of the Federal award costs that are paid using Federal funds.

*Final cost objective* means a cost objective which has allocated to it both direct and indirect costs and, in the non-Federal entity's accumulation system, is one of the final accumulation points, such as a particular award, internal project, or other direct activity of a non-Federal entity. See also the definitions of *cost objective* and *intermediate cost objective* in this section.

*Financial obligations*, when referencing a recipient's or subrecipient's use of funds under a Federal award, means orders placed for property and services, contracts and subawards made, and similar transactions that require payment.

*Fixed amount awards* means a type of grant or cooperative agreement under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and record-keeping requirements for both the non-Federal entity and Federal awarding agency or pass-through entity. Accountability is based primarily on performance and results. See §§ 200.102(c), 200.201(b), and 200.333.

*Foreign organization* means an entity that is:

- (1) A public or private organization located in a country other than the United States and its territories that is subject to the laws of the country in which it is located, irrespective of the citizenship of project staff or place of performance;
- (2) A private nongovernmental organization located in a country other than the United States that solicits and receives cash contributions from the general public;
- (3) A charitable organization located in a country other than the United States that is nonprofit and tax exempt under the laws of its country of domicile and operation, and is not a university, college, accredited degree-granting institution of education, private foundation, hospital, organization engaged exclusively in research or scientific activities, church, synagogue, mosque or other similar entities organized primarily for religious purposes; or
- (4) An organization located in a country other than the United States not recognized as a foreign public entity.

*Foreign public entity* means:

- (1) A foreign government or foreign governmental entity;
- (2) A public international organization, which is an organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (22 U.S.C. 288-288f);
- (3) An entity owned (in whole or in part) or controlled by a foreign government; or
- (4) Any other entity consisting wholly or partially of one or more foreign governments or foreign governmental entities.

*General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. See also the definitions of *equipment* and *special purpose equipment* in this section.

*Generally accepted accounting principles (GAAP)* has the meaning specified in accounting standards issued by the GASB and the FASB.

*Generally accepted government auditing standards (GAGAS)*, also known as the Yellow Book, means generally accepted government auditing standards issued by the Comptroller General of the United States, which are applicable to financial audits.

*Grant agreement* means a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with [31 U.S.C. 6302, 6304](#):

- (1) Is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see [31 U.S.C. 6101\(3\)](#)); and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use;
- (2) Is distinguished from a cooperative agreement in that it does not provide for substantial involvement of the Federal awarding agency in carrying out the activity contemplated by the Federal award.
- (3) Does not include an agreement that provides only:
  - (i) Direct United States Government cash assistance to an individual;
  - (ii) A subsidy;
  - (iii) A loan;
  - (vi) A loan guarantee; or
- (v) Insurance.

*Highest level owner* means the entity that owns or controls an immediate owner of the offeror, or that owns or controls one or more entities that control an immediate owner of the offeror. No entity owns or exercises control of the highest-level owner as defined in the Federal Acquisition Regulations (FAR) ([48 CFR 52.204-17](#)).

*Hospital* means a facility licensed as a hospital under the law of any state or a facility operated as a hospital by the United States, a state, or a subdivision of a state.

*Improper payment* means:

- (1) Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other *legally applicable* requirements.
  - (i) Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law).

*Note 1 to paragraph (1)(i) of this definition.* Applicable discounts are only those discounts where it is both advantageous and within the agency's control to claim them.

- (ii) When an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment should also be considered an improper payment. When establishing documentation requirements for payments, agencies should ensure that all documentation requirements are necessary and should refrain from imposing additional burdensome documentation requirements.
  - (iii) Interest or other fees that may result from an underpayment by an agency are not considered an improper payment if the interest was paid correctly. These payments are generally separate transactions and may be necessary under certain statutory, contractual, administrative, or other legally applicable requirements.
  - (iv) A "questioned cost" (as defined in this section) should not be considered an improper payment until the transaction has been completely reviewed and is confirmed to be improper.
  - (v) The term "payment" in this definition means any disbursement or transfer of Federal funds (including a commitment for future payment, such as cash, securities, loans, loan guarantees, and insurance subsidies) to any non-Federal person, non-Federal entity, or Federal employee, that is made by a Federal agency, a Federal contractor, a Federal grantee, or a governmental or other organization administering a Federal program or activity.
  - (vi) The term "payment" includes disbursements made pursuant to prime contracts awarded under the Federal Acquisition Regulation and Federal awards subject to this part that are expended by recipients.
- (2) See definition of improper payment in OMB Circular A-123 appendix C, part I A (1) "What is an improper payment?" Questioned costs, including those identified in audits, are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular A-123 appendix C.

*Indian tribe* means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. Chapter 33), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians (25 U.S.C. 450b(e)). See annually published Bureau of Indian Affairs list of Indian Entities Recognized and Eligible to Receive Services.

*Institutions of Higher Education (IHEs)* is defined at [20 U.S.C. 1001](#).

*Indirect (facilities & administrative (F&A)) costs* means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

*Indirect cost rate proposal* means the documentation prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost rate as described in appendices III through VII and appendix IX to this part.

*Information technology systems* means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. See also the definitions of *computing devices* and *equipment* in this section.

*Intangible property* means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

*Intermediate cost objective* means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools or final cost objectives. See also the definitions of *cost objective* and *final cost objective* in this section.

*Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; and
  - (iii) Compliance with applicable laws and regulations.
- (2) Federal awarding agencies are required to follow internal control compliance requirements in OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

*Loan* means a Federal loan or loan guarantee received or administered by a non-Federal entity, except as used in the definition of *program income* in this section.

- (1) The term "direct loan" means a disbursement of funds by the Federal Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender and financing arrangements that defer payment for more than 90 days, including the sale of a Federal Government asset on credit terms. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation.
- (2) The term "direct loan obligation" means a binding agreement by a Federal awarding agency to make a direct loan when specified conditions are fulfilled by the borrower.
- (3) The term "loan guarantee" means any Federal Government guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-

Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

- (4) The term “loan guarantee commitment” means a binding agreement by a Federal awarding agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

*Local government* means any unit of government within a state, including a:

- (1) County;
- (2) Borough;
- (3) Municipality;
- (4) City;
- (5) Town;
- (6) Township;
- (7) Parish;
- (8) Local public authority, including any public housing agency under the United States Housing Act of 1937;
- (9) Special district;
- (10) School district;
- (11) Intrastate district;
- (12) Council of governments, whether or not incorporated as a nonprofit corporation under State law; and
- (13) Any other agency or instrumentality of a multi-, regional, or intra-State or local government.

*Major program* means a Federal program determined by the auditor to be a major program in accordance with [§ 200.518](#) or a program identified as a major program by a Federal awarding agency or pass-through entity in accordance with [§ 200.503\(e\)](#).

*Management decision* means the Federal awarding agency's or pass-through entity's written determination, provided to the auditee, of the adequacy of the auditee's proposed corrective actions to address the findings, based on its evaluation of the audit findings and proposed corrective actions.

*Micro-purchase* means a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a non-Federal entity's small purchases as defined in [§ 200.320](#).



*Micro-purchase threshold* means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures (see § 200.320). Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR at 48 CFR part 2, subpart 2.1, unless a higher threshold is requested by the non-Federal entity and approved by the cognizant agency for indirect costs.

*Modified Total Direct Cost (MTDC)* means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

*Non-discretionary award* means an award made by the Federal awarding agency to specific recipients in accordance with statutory, eligibility and compliance requirements, such that in keeping with specific statutory authority the agency has no ability to exercise judgement (“discretion”). A non-discretionary award amount could be determined specifically or by formula.

*Non-Federal entity (NFE)* means a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

*Nonprofit organization* means any corporation, trust, association, cooperative, or other organization, not including IHEs, that:

- (1) Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
- (2) Is not organized primarily for profit; and
- (3) Uses net proceeds to maintain, improve, or expand the operations of the organization.

*Notice of funding opportunity* means a formal announcement of the availability of Federal funding through a financial assistance program from a Federal awarding agency. The notice of funding opportunity provides information on the award, who is eligible to apply, the evaluation criteria for selection of an awardee, required components of an application, and how to submit the application. The notice of funding opportunity is any paper or electronic issuance that an agency uses to announce a funding opportunity, whether it is called a “program announcement,” “notice of funding availability,” “broad agency announcement,” “research announcement,” “solicitation,” or some other term.

*Office of Management and Budget (OMB)* means the Executive Office of the President, Office of Management and Budget.

*Oversight agency for audit* means the Federal awarding agency that provides the predominant amount of funding directly (direct funding) (as listed on the schedule of expenditures of Federal awards, see § 200.510(b)) to a non-Federal entity unless OMB designates a specific cognizant

agency for audit. When the direct funding represents less than 25 percent of the total Federal expenditures (as direct and sub-awards) by the non-Federal entity, then the Federal agency with the predominant amount of total funding is the designated oversight agency for audit. When there is no direct funding, the Federal awarding agency which is the predominant source of pass-through funding must assume the oversight responsibilities. The duties of the oversight agency for audit and the process for any reassignments are described in [§ 200.513\(b\)](#).

*Participant support costs* means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

*Pass-through entity (PTE)* means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

*Performance goal* means a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. In some instances (e.g., discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with agency policy).

*Period of performance* means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. Identification of the period of performance in the Federal award per [§ 200.211\(b\)\(5\)](#) does not commit the awarding agency to fund the award beyond the currently approved budget period.

*Personal property* means property other than real property. It may be tangible, having physical existence, or intangible.

*Personally Identifiable Information (PII)* means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public websites, and university listings. This type of information is considered to be Public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual.

*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 except as provided in [§ 200.307\(f\)](#). (See the definition of *period of performance* in this section.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and

interest earned on any of them. See also [§ 200.407](#). See also [35 U.S.C. 200-212](#) “Disposition of Rights in Educational Awards” applies to inventions made under Federal awards.

*Project cost* means total allowable costs incurred under a Federal award and all required cost sharing and voluntary committed cost sharing, including third-party contributions.

*Property* means real property or personal property. See also the definitions of *real property* and *personal property* in this section.

*Protected Personally Identifiable Information (Protected PII)* means an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts. This does not include PII that is required by law to be disclosed. See also the definition of *Personally Identifiable Information (PII)* in this section.

*Questioned cost* means a cost that is questioned by the auditor because of an audit finding:

- (1) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;
- (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or
- (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.
- (4) Questioned costs are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular A-123 appendix C. (See also the definition of *Improper payment* in this section).

*Real property* means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

*Recipient* means an entity, usually but not limited to non-Federal entities that receives a Federal award directly from a Federal awarding agency. The term recipient does not include subrecipients or individuals that are beneficiaries of the award.

*Renewal award* means an award made subsequent to an expiring Federal award for which the start date is contiguous with, or closely follows, the end of the expiring Federal award. A renewal award's start date will begin a distinct period of performance.

*Research and Development (R&D)* means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. “Research” is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. “Development” is the systematic use of knowledge and understanding gained from research directed toward the production of useful

materials, devices, systems, or methods, including design and development of prototypes and processes.

*Simplified acquisition threshold* means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods (see § 200.320). Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items at or below the simplified acquisition threshold. The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR at 48 CFR part 2, subpart 2.1. The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. However, in no circumstances can this threshold exceed the dollar value established in the FAR (48 CFR part 2, subpart 2.1) for the simplified acquisition threshold. Recipients should determine if local government laws on purchasing apply.

*Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers. See also the definitions of *equipment* and *general purpose equipment* in this section.

*State* means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any agency or instrumentality thereof exclusive of local governments.

*Student Financial Aid (SFA)* means Federal awards under those programs of general student assistance, such as those authorized by Title IV of the Higher Education Act of 1965, as amended, (20 U.S.C. 1070-1099d), which are administered by the U.S. Department of Education, and similar programs provided by other Federal agencies. It does not include Federal awards under programs that provide fellowships or similar Federal awards to students on a competitive basis, or for specified studies or research.

*Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

*Subrecipient* means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

*Subsidiary* means an entity in which more than 50 percent of the entity is owned or controlled directly by a parent corporation or through another subsidiary of a parent corporation.

*Supplies* means all tangible personal property other than those described in the definition of *equipment* in this section. 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 the definitions of *computing devices* and *equipment* in this section.

*Telecommunications cost* means the cost of using communication and telephony technologies such as mobile phones, land lines, and internet.

*Termination* means the ending of a Federal award, in whole or in part at any time prior to the planned end of period of performance. A lack of available funds is not a termination.

*Third-party in-kind contributions* means the value of non-cash contributions (*i.e.*, property or services) that -

- (1) Benefit a federally-assisted project or program; and
- (2) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

*Unliquidated financial obligations* means, for financial reports prepared on a cash basis, financial obligations incurred by the non-Federal entity that have not been paid (liquidated). For reports prepared on an accrual expenditure basis, these are financial obligations incurred by the non-Federal entity for which an expenditure has not been recorded.

*Unobligated balance* means the amount of funds under a Federal award that the non-Federal entity has not obligated. The amount is computed by subtracting the cumulative amount of the non-Federal entity's unliquidated financial obligations and expenditures of funds under the Federal award from the cumulative amount of the funds that the Federal awarding agency or pass-through entity authorized the non-Federal entity to obligate.

*Voluntary committed cost sharing* means cost sharing specifically pledged on a voluntary basis in the proposal's budget on the part of the non-Federal entity and that becomes a binding requirement of Federal award. See also [§ 200.306](#).

[[85 FR 49529](#), Aug. 13, 2020, as amended at [86 FR 10439](#), Feb. 22, 2021]

CODE OF FEDERAL REGULATIONS § 200.332  
Requirements for pass-through entities.

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
  - (1) Federal award identification.
    - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
    - (ii) Subrecipient's unique entity identifier;
    - (iii) Federal Award Identification Number (FAIN);
    - (iv) Federal Award Date (see the definition of *Federal award date* in [§ 200.1 of this part](#)) of award to the recipient by the Federal agency;
    - (v) Subaward Period of Performance Start and End Date;
    - (vi) Subaward Budget Period Start and End Date;
    - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
    - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
    - (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
    - (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
    - (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
    - (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
    - (xiii) Identification of whether the award is R&D; and
    - (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per [§ 200.414](#).
  - (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4)
  - (i) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
    - (A) The negotiated indirect cost rate between the pass-through entity and the subrecipient; which can be based on a prior negotiated rate between a different PTE and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate, but may elect to do so;
    - (B) The de minimis indirect cost rate.
  - (ii) The pass-through entity must not require use of a de minimis indirect cost rate if the subrecipient has a Federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with [§ 200.405\(d\)](#).
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward.
  - (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in [paragraphs \(d\)](#) and [\(e\)](#) of this section, which may include consideration of such factors as:
    - (1) The subrecipient's prior experience with the same or similar subawards;
    - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with [Subpart F of this part](#), and the extent to which the same or similar subaward has been audited as a major program;
    - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
    - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
  - (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in [§ 200.208](#).
  - (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.
- (3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by [§ 200.521](#).
- (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section [§ 200.513\(a\)\(3\)\(vii\)](#). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in [paragraph \(b\)](#) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
  - (1) Providing subrecipients with training and technical assistance on program-related matters; and
  - (2) Performing on-site reviews of the subrecipient's program operations;
  - (3) Arranging for agreed-upon-procedures engagements as described in [§ 200.425](#).
- (f) Verify that every subrecipient is audited as required by [Subpart F of this part](#) when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in [§ 200.501](#).
- (g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
- (h) Consider taking enforcement action against noncompliant subrecipients as described in [§ 200.339 of this part](#) and in program regulations.

*[[85 FR 49543](#), Aug. 13, 2020, as amended at [86 FR 10440](#), Feb. 22, 2021]*