

Federal Awards Overview

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TENNESSEE COMPTROLLER OF THE TREASURY

Federal Awards

The Uniform Guidance defines a *federal award* as

- Federal financial assistance that a nonfederal entity receives directly from a federal awarding agency or indirectly from a pass-through entity.
- Cost-reimbursement contracts that a nonfederal entity receives directly from a federal awarding agency or indirectly from a pass-through entity.
- The instrument setting forth the terms and conditions of an award.



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Federal Awards

Examples of Federal Awards:

- Grants
- Loans
- Loan Guarantees
- Direct Appropriations
- Endowments
- Contracts
- Interest Subsidies
- Cooperative Agreements
- Insurance
- Donated Federal Property
- Other Noncash Assistance (Commodities, PPE, etc.)
- Transfers of federal funds from other entities



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Federal Awards

Federal Award vs Federal Expenditure

- Federal award is the federal amount received or promised.
- Federal expenditures are the use of federal awards on the activity related to the federal award to comply with the regulations, terms and conditions of the federal award.



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Federal Awards

Examples of Federal Award Expenditures

- Expenditures necessary and allowable to conduct an award activity (property, equipment, personnel costs, services, indirect costs, etc.)
- Use of federal loan proceeds or loan-guarantee programs
- Donated federal property – When placed in operation
- Commodities or PPE – When the use or distribution occurs
- Period in which federal insurance is in force
- Payments to Subrecipients



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Your Responsibilities

Uniform Guidance (UG)

- In Code of Federal Regulations – Title 2, Subtitle A, Chapter II, Part 200. Last Amended on 3/1/23.
- <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>



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Your Responsibilities – Uniform Guidance

- **200.100** - This part establishes uniform administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, as described in § 200.101.
- **200.101** - The requirements established in this part apply to federal agencies that make federal awards to non-federal entities. These requirements are applicable to all costs related to federal awards.



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Your Responsibilities – Uniform Guidance

200.302 Financial Management

- b. The financial management system of each non-federal entity **must** provide for the following (see also §§ 200.334, 200.335, 200.336, and 200.337):
- (1) Identification, **in its accounts**, of all federal awards received and expended and the federal programs under which they were received. Federal program and federal award identification **must include, as applicable**, the Assistance Listings title and number, federal award identification number and year, name of the federal agency, and name of the pass-through entity, if any.



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Your Responsibilities – Uniform Guidance

200.302 Financial Management (Continued)

- (2) **Accurate, current, and complete disclosure of the financial results of each federal award or program** in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. If a federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.



TENNESSEE COMPTROLLER OF THE TREASURY

Your Responsibilities – Uniform Guidance

200.302 Financial Management (Continued)

- (3) **Records** that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be **supported by source documentation**.
- (4) Effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See § 200.303.
- (5) Comparison of expenditures with budget amounts for each federal award.
- (6) **Written procedures** to implement the requirements of § 200.305. (Cash Management)
- (7) **Written procedures** for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the federal award.



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Your Responsibilities – Uniform Guidance

200.303 – Internal Controls

The non-federal entity **must**:

- (a) **Establish and maintain effective internal control over the federal award** that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with the U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal awards.



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Your Responsibilities – Uniform Guidance

200.303 – Internal Controls (Continued)

- (c) Evaluate and monitor the non-federal entity's compliance with statutes, regulations and the terms and conditions of federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to **safeguard protected personally identifiable information** and other information the federal awarding agency or pass-through entity designates as sensitive or the non-federal entity considers sensitive consistent with applicable federal, state, local, and tribal laws regarding privacy and responsibility over confidentiality.



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Your Responsibilities – Uniform Guidance

200.306 – Cost Sharing or Matching

- Please review if your grant has any such requirement.



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Your Responsibilities – Uniform Guidance

200.317 – 200.324 Procurement Standards

300.318 General Procurement Standards

- (a) The non-federal entity **must** have, and use documented (written) procurement procedures.
- (c)(1) The non-federal entity **must maintain written standards** of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.



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Your Responsibilities – Uniform Guidance

200.320 Methods of Procurement

The non-federal entity **must** have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a federal award or sub-award.

- **Five Methods**

- 1) Micro-purchase - Under \$10,000
- 2) Small Purchase
- 3) Sealed Bids
- 4) Competitive Proposals
- 5) Noncompetitive Proposals



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Your Responsibilities – Uniform Guidance

200.320 - Methods of Procurement (Continued)

- Make sure your local policies for purchasing, obtaining quotes, bidding, etc. do not exceed the federal limits of each type of federal methods of procurement. For instance, the current micro-purchase amount is \$10,000. There are exceptions, but a lot of hoops to jump through.

- You can have lower thresholds.



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Your Responsibilities – Uniform Guidance

200.331 Contractor (Vendor) vs Recipient/Subrecipient

- **Contractor** – provides a good or service necessary to carry out a federal program. (i.e. - equipment purchase, paving or construction contract (generally does not design the project))
 - Provides the goods and services within normal business operations.
 - Has no independent decision making.
 - Not subject to the federal compliance requirements.



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Your Responsibilities – Uniform Guidance

200.331 Contractor (Vendor) vs Recipient/Subrecipient (Continued)

- **Recipient/Subrecipient** – Receives federal funding in order to carry out a federal program (steps into the shoes of the federal government).
 - Determines how to comply with the program requirements.
 - Determines who is eligible to receive federal assistance.
 - Is responsible for the oversight and spending of the funds.
 - Must comply with all program requirements.



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Your Responsibilities – Uniform Guidance

200.332 Requirements for pass-through entities

- (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: (See UG listing)



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Your Responsibilities – Uniform Guidance

200.332 Requirements for pass-through entities (Continued)

- (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: (See UG listing)
- (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in [§ 200.208](#).



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Your Responsibilities – Uniform Guidance

200.332 Requirements for pass-through entities (Continued)

- (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: (See UG listing)



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Your Responsibilities – Uniform Guidance

200.332 Requirements for pass-through entities (Continued)

- (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: (See UG listing – training, on site reviews, agreed upon procedures)



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Your Responsibilities – Uniform Guidance

Personnel Costs

- **200.431 Direct Costs - (C) Salaries of Administrative and clerical staff should normally be treated as indirect costs.**
- **200.430 Compensation** – Records must (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity



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Single Audit

- The Uniform Guidance (200.501) requires a single audit if a non-federal entity expends **\$750,000 or more** in federal financial assistance during their fiscal year.



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Single Audit

Would be better called a dual audit because it encompasses both the financial statements and the federal awards.

The Auditor must:

- Determine whether the financial statements of the auditee are presented fairly in all material respects in accordance with generally accepted accounting principles.
- Determine whether the Schedule of Expenditures of Federal Awards (SEFA) is stated fairly in all material respects in relation to the auditee's financial statements as a whole.
- Comply with the requirements of GAGAS.



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Single Audit

The Auditor must: (continued)

- Perform procedures to obtain an understanding of **internal control** over federal programs sufficient to plan the audit to support a low assessed level of control risk of **noncompliance** for major programs.
- Plan the testing of **internal control** over compliance for major programs to support a **low assessed level** of control risk for the assertions relevant to the **compliance** requirements for each major program; and perform testing of internal control as planned.
- Follow-up on prior audit findings.



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Single Audit Process

- The auditor is required to perform a risk assessment of all the Type A (generally \$750,000 or more) and certain Type B federal programs.
- The auditor is required to audit all high-risk type A programs and identified Type B programs to meet the minimum audit threshold amount.
- **Each** of the identified federal programs are audited for compliance with the material compliance elements identified in the Office of Management and Budget Compliance Supplement.
- The 2023 Compliance Supplement can be found at:
<https://www.whitehouse.gov/wpcontent/uploads/2023/05/2023-Compliance-Supplement-%E2%80%93-2-CFR-Part-200-Appendix-XI.pdf>



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Single Audit Process

Compliance Requirements

- Activities Allowed or Unallowed
- Allowable Costs/Cost Principles
- Cash Management
- Eligibility
- Equipment/Real Property Management
- Matching, Level Of Effort, Earmarking



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Single Audit Process

Compliance Requirements (Continued)

- Period of Performance
- Procurement, Suspension and Debarment
- Program Income
- Reporting
- Subrecipient Monitoring
- Special Tests and Provisions (Catch All)



TENNESSEE COMPTROLLER OF THE TREASURY

Single Audit Process

Single Audit – Contents of the Single Audit Submission (also known as the “reporting package”)

- Financial Statements and Schedule of Expenditures of Federal Awards (SEFA)
- Summary of Prior Audit Findings
- Auditor’s report on the financial statements of the entity



TENNESSEE COMPTROLLER OF THE TREASURY

Single Audit Process

Reporting Package (Continued)

- Auditor's Report(s) on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
- Auditors Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of federal Awards Required by the Uniform Guidance
- Data Collection Form



TENNESSEE COMPTROLLER OF THE TREASURY

Single Audit Process

New for 2023

The Federal Reporting Submission will transition from the U.S. Census Bureau (Census) to the U.S. General Services Administration (GSA) on October 1, 2023.

All FY 23 reports will need to be filed with the GSA.

- All submissions must be electronic. There is both an auditee and auditor certification of the submission.
- Submissions are required to be filed within 30 days of the Audit Release Date or nine month after year end, whichever occurs first. However, early FY 23 reports will have to be held until October 1.



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New Federal Requirement - BABA

Build America, Buy America Act (BABA),

What are the requirements of Build America, Buy America?

- (1) All iron and steel items used in covered projects must be produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- (2) All manufactured products used in covered projects must be produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product.
- (3) All construction materials used in covered projects must be manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.



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New Federal Requirement - BABA

What types of infrastructure are covered by Build America, Buy America?

- Infrastructure includes projects with public functions, such as roads, highways, bridges, public transportation facilities, dams, ports, harbors, railroads, freight and intermodal facilities, airports, water systems, electrical transmission facilities and systems (including structures, facilities, and equipment that generate, transport, and distribute energy, including electric vehicle charging facilities), broadband infrastructure, and buildings.

How do I Know if BABA applies to my award.

- You must be notified in your award terms and conditions.



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