

**City of Marianna**  
**Internal Controls**  
**Monitoring and Oversight of State and/or Federal Grant Awards**

The City is knowledgeable and aware of the requirements that are to be reported and utilizes accounting software which adequately allows the City to record grant expenditures separately by Fund for each grant awarded. The City acknowledges that it will follow all of the guidelines included in the Code of Federal Regulations — Title 2 — Grants and Agreements.

**Acceptance of the Award**

Upon receipt of the State/Federal grant award, the City Clerk/Deputy City Clerk reviews the agreement in order to determine the following:

- Is the funding federal, state or other?
- Identifying number CFDA, if Federal in origin? CSFA, if State in origin?
- Is there a pass-through entity?
- What fund will the transactions be recorded in?
- What function(s) will be permissible for grant expenditures?
- Who is the Project Manager with responsibility for the project?

This information is presented to the City Commission who will then either accept or deny approving the award/agreement. The City's Attorney receives a copy of the agenda item materials to make sure they comply with applicable law. Following legal approval and City Commission approval the authorized representative (per the approved resolution) signs the documents and submits to the granting agency for full execution. Upon receipt of the fully executed grant agreement, the original is retained in City Hall.

**Appropriation of Award**

Once acceptance of the award process takes place, the City Clerk/Deputy City Clerk will notify the City Manager and appropriate personnel which fund, department and account number(s) will be used for the grant within the accounting software to record all transactions related to the specific grant award. This information is then presented to the City Commission for concurrence.

**Maintaining Grant Files**

Upon receipt of the award, establish a unique grant file for each grant award. The following documents must be contained in the grant file:

- Grant proposal/application
- Grant award letter/executed agreement
- All modifications to the grant award, i.e., continuations, supplements, modifications
- Commission resolution(s) and any other agenda items associated with the award
- Subcontract(s)
- Reimbursement request packages
- Expenditure documentation
- All progress reports and final reports
- Any correspondence pertaining to the grant, including emails

## **§200.213 Suspension and Debarment.**

1. The City of Marianna and any of its subrecipients shall not award grant assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs.
2. It is the responsibility of the City to ensure that any potential contractor or subcontractor or sub awardee that will be funded through a grant award is not prohibited from receiving federal or state funds due to suspension or debarment. A person or entity debarred or suspended is excluded from federal financial and non-financial assistance and benefits under federal programs and activities. Debarment or suspension of a participant in a program by one agency has a government-wide, reciprocal effect.
3. The City will ensure that the Federal Excluded Parties List System (EPLS) site and the state Convicted/Suspended/Discriminatory/Complaints Contractor Lists are checked prior to entering any contractual relationship or use of services.

a. Excluded Parties List System (EPLS): The System for Award Management (SAM) is the official federal system that consolidated the capabilities of CCR/FedReg, ORCA, and EPLS. It is accessed at: <https://www.sam.gov> SAMs.

b. Convicted/Suspended/Discriminatory/Complaints Contractor Lists are accessed at: [https://www.dms.myflorida.com/business\\_operations/state\\_purchasing/state\\_agency\\_resources/vendor\\_registration\\_and\\_vendor\\_lists](https://www.dms.myflorida.com/business_operations/state_purchasing/state_agency_resources/vendor_registration_and_vendor_lists)

## **Reporting**

Every award has reporting requirements specified in the grant agreement. It is critical that all reports are complete, accurate, and submitted per the specified dates outlined in the agreement. Accurate and timely reporting is critical to maintaining a good relationship with the grantor. Requirements and procedures are established to ensure that grant funds are expended and accounted for in a method that provides accuracy, uniformity, and consistency.

**§200.301 Performance Measurement.** It is required that we relate financial data to performance accomplishments of the Federal awards. We must also provide cost information in order to demonstrate cost effective practices. These performance measures help to improve program outcomes, share lessons learned, and help to adopt promising practices.

## **Types of Reports**

Performance/Progress/Narrative/Status: The Grant Administrator, or in some cases the Project Engineer, is required to submit project progress updates at the request of the City in order to prepare and retain performance reports that reflect grant-funded operational progress as required by the grant agreement. Management possesses the required knowledge, skills and ability to complete the reports in an accurate and timely manner. All reports are reviewed for accuracy and completeness and approved by the Authorized Representative prior to being submitted to the grantor. The support documentation is attached to the report and are filed in the grant files.

- Financial: The City Clerk/Deputy City Clerk is required to regularly submit and retain financial reports that reflect a grants fiscal health as required by the grant agreement and supporting documents.
- Close-Out: Dependent upon the conditions of the grant contract, after the expiration or termination of the grant, the City is required to submit all financial, performance, and other reports required in the grant conditions.

## **Frequency of Reports**

- The frequency of the reports is specified in the grant agreement.
- The City is responsible for completing reports in a timely manner and for the report submission to the grantor by whatever means the grantor requires, electronically or by mail.

## **Expenditures and Collecting Revenue**

The grant agreement and grantor general policies establish the requirements for charging costs to the award, reporting those costs, and requesting reimbursement (i.e. no more than once monthly, at least once quarterly, etc.). Most grant awards are cost-reimbursable and therefore are generally supported by the City until revenues are collected. The City Clerk/Deputy City Clerk/Municipal Planning Director makes sure all reimbursement request packages are prepared with applicable expenditure backup documentation in order for the City to receive reimbursement for the grant expenditures, unless they are prepared by a contracted firm managing the grant. The supporting documentation is reviewed to make sure all invoices, cancelled checks, and any and all other required documentation is included to make sure it is in accordance with the grant requirements. At the point thoroughly reviewed, the reimbursement package is taken to the City Manager for his review and signature of approval. At this point the reimbursement package is submitted to the grantor.

## **Expenditure Monitoring**

It is critical to the overall success of a project that grant funds are expended properly and accurately. The City Clerk/Deputy City Clerk/Municipal Planning Director is familiar with budget and cost principles and reviews the requests to purchase and awards prior to payment. Both have the necessary skills to recognize allowable costs.

The process for approval and payment of grant expenditures is as follows:

- » The Grant Administrator receives the invoices and reviews prior to submittal to the City Manager/City Clerk/Deputy City Clerk.
- The City Clerk/Deputy City Clerk/Accounts Payable Clerk reviews the invoices and compares to the contracts for compliance with grant requirements and compliance with allowable costs approved in the professional services award and/or construction bid award, reviews for period of performance to ensure compliance with the terms of the agreement, applies the proper account coding to the expenditure and initials the invoice signifying his/her approval.
- The City Manager then reviews and approves the grant expenditure for payment by signature on the invoice, making him/her aware of all expenditures being charged to the grants at all times.
- The Accounts Department posts the expense to the general ledger and has the City Clerk review the expenditure edit for correctness.
- The expenditure edit is then given to the City Manager to verify correctness.
- Once approved, the City Clerk/Deputy City Clerk/Accounts Department updates the expenditure edit and processes the payment.
- A check stub is then attached to the invoice showing payment has been made. After

initial setup, grant awards should be reconciled on a monthly basis to ensure:

- Expenditures are allowable, allocable, necessary, and reasonable based on terms and

conditions of the grant award.

- Expenditures are adequately supported by documentation.
- Award spending is commensurate with the period of performance.
- Expenditures are recorded and charged to the correct project and/or general ledger account.

Reconciliation involves checking expenditures/revenues recorded in project accounting spreadsheets to those recorded in general ledger; and also checking revenues billed during a reporting/billing period against expenditures charged to the project during the same period. Budget to Actual reports are reviewed by the City Manager, City Clerk, and Deputy City Clerk.

Throughout the fiscal year, the Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared and updated by the City Clerk/Deputy City Clerk. The information is compiled with information from his/her monthly reconciliation of grant revenues/expenditures to date. The City Manager and the City Clerk/Deputy City Clerk review these Schedules together for accuracy prior to being submitted to the Auditors.

**§200.305 Payment.** When necessary due to funding levels that exceed available City funds, or when required by the grant agreement, the City must be paid in advance. When this happens, the City completes the appropriate funding agency documents and requests the advance funds. Prior to requesting the funds the City makes sure to minimize the time elapsing between the transfer of funds and the disbursement. In order to accomplish this requirement successfully, the City does not request the funds from the granting agency until all invoices for work completed have been received, reviewed for completeness, reviewed for allowable costs, and approved by the City Commission. The timing and the amount of the advance payment request must be as close as is administratively feasible to the actual disbursements by the City in order to carry out the purpose of the approved project. The City will always make timely payment to contractors in accordance with the contract provisions. The City will use all resources available prior to requesting cash advance payments. To the extent available, the City will disburse funds from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments. The City will be able to account for the receipt, obligation and expenditure of funds.

### **Matching, Level of Effort, Earmarking**

Any funds earmarked as match for grants is approved by the City Commission during the application and contract process with the granting agency.

**§200.306 Cost Sharing or Matching.** Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations, and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.

### **Equipment and Real Property Management**

1. Equipment purchased with grant funds shall be used exclusively during the life of the grant for the project or program for which it was acquired.
2. Equipment purchased with grant funds must be properly maintained and safeguarded, and equipment records must be maintained using the same procedure as if purchased with City funds through the City inventory policy and procedures.

## **Compliance Monitoring**

The post-award activity of an awarded grant is overseen by the City through regular communication with the Grant Administrator. The Grant Administrator will be responsible for:

- Monitoring activities under the grant scope of work to assure compliance with applicable requirements and to ensure that performance expectations are being achieved. Monitoring of the grant must cover each program, function or activity.
- Ensuring that activities comply with the terms and conditions of the grant agreement/contract and ensuring that required reports are submitted by or before the specified deadlines in the award agreement.
- The Grant Administrator is the liaison with the grantor regarding program performance, operational requirements and monitoring, and will supervise all programmatic (operational) aspects of the grant in accordance with the terms and conditions of the grant. The Grant Administrator is responsible for conducting or coordinating all internal program monitoring and ensuring preparation and submission of all required program reports by or before the specified deadlines in the award agreement.
- The Grant Administrator is responsible for ensuring that essential support and control is provided to the recipient so that the grant awarded ends successfully and in compliance with all budgetary policy and procedures.

## **Modifications, Extensions, or Cancellations**

- During the course of a grant's lifetime, there are times when changes are necessary to either the budget or the project scope-of-work. Most of these changes, typically called grant amendments, are allowable, but it is important to follow the procedures written in the grant agreement or in the guides provided by the grantor. These changes must be pre-approved by the grantor agency before they are considered eligible.
- Some grants allow for at least one no-cost time extension to complete a project, if necessary. These requests must be documented and written approval must be received from the grantor, usually in the form of a grant amendment/modification.
- In the event a grant must be terminated before the original completion date or returned to the grantor prior to project initiation, standard practices for closing out a grant will be completed. The City Manager will contact the granting agency to discuss the impact on future funding from the grantor agency.

## **Grant Close-Out**

The grant closeout is a critical piece in the life cycle of a grant. It is the process by which the City performs all necessary administrative and financial actions to satisfactorily complete all requirements set forth in the grant agreement. Preparation for closeout usually begins 60 to 90 days prior to the end date of the grant to accurately forecast expenditures and make any adjustments to accounting entries. Responsible staff are aware of the period-of-performance requirement identified in the grant agreement. A grant award is considered completed when: (1) all work funded by the award is completed, or (2) the award period-of-performance ends. The Administration Department has the prime responsibility of ensuring that a continuation, supplement, or no-cost time extension is requested in a timely manner to continue the project. The grant agreement identifies the grantor's process to close-out the award, including records retention requirements.

## **§200.333 Retention Requirements for Records.**

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

(a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

(e) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

(f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(2) *If not submitted for negotiation.* If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

## **Code of Federal Regulations — Subpart E — Cost Principles.**

### **§200.400 Policy Guide.**

The application of these cost principles is based on the fundamental premises that:

(a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.

(b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

(c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

(d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.

(e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered. See §200.56 Indirect (facilities & administrative (F&A)) costs.

(f) For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees (including pre- and post-doctoral staff) contributing to the completion of Federal awards for research must be recognized in the application of these principles.

(g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award. See also §200.307 Program income.

#### **§200.401 Application.**

(a) *General.* These principles must be used in determining the allowable costs of work performed by the non-Federal entity under Federal awards. These principles also must be used by the non-Federal entity as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price. The principles do not apply to:

(1) Arrangements under which Federal financing is in the form of loans, scholarships, fellowships, traineeships, or other fixed amounts based on such items as education allowance or published tuition rates and fees.

(2) For IHEs, capitation awards, which are awards based on case counts or number of beneficiaries according to the terms and conditions of the Federal award.

(3) Fixed amount awards. See also Subpart A Acronyms and Definitions, §§200.45 Fixed amount awards and 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.

(4) Federal awards to hospitals (see Appendix IX to Part 200—Hospital Cost Principles).

(5) Other awards under which the non-Federal entity is not required to account to the Federal Government for actual costs incurred.

(b) *Federal Contract.* Where a Federal contract awarded to a non-Federal entity is subject to the Cost Accounting Standards (CAS), it incorporates the applicable CAS clauses, Standards, and CAS administration requirements per the 48 CFR Chapter 99 and 48 CFR part 30 (FAR Part 30). CAS applies

directly to the CAS-covered contract and the Cost Accounting Standards at 48 CFR parts 9904 or 9905 takes precedence over the cost principles in this Subpart E---Cost Principles of this part with respect to the allocation of costs. When a contract with a non-Federal entity is subject to full CAS coverage, the allowability of certain costs under the cost principles will be affected by the allocation provisions of the Cost Accounting Standards (e.g., CAS 414---48 CFR 9904.414, Cost of Money as an Element of the Cost of Facilities Capital, and CAS 417---48 CFR 9904.417, Cost of Money as an Element of the Cost of Capital Assets Under Construction), apply rather the allowability provisions of §200.449 Interest. In complying with those requirements, the non-Federal entity's application of cost accounting practices for estimating, accumulating, and reporting costs for other Federal awards and other cost objectives under the CAS-covered contract still must be consistent with its cost accounting practices for the CAS-covered contracts. In all cases, only one set of accounting records needs to be maintained for the allocation of costs by the non-Federal entity.

(c) *Exemptions.* Some nonprofit organizations, because of their size and nature of operations, can be considered to be similar to for-profit entities for purpose of applicability of cost principles. Such nonprofit organizations must operate under Federal cost principles applicable to for-profit entities located at 48 CFR 31.2. A listing of these organizations is contained in Appendix VIII to Part 200—Nonprofit Organizations Exempted From Subpart E---Cost Principles of this part. Other organizations, as approved by the cognizant agency for indirect costs, may be added from time to time.

### **§200.402 Composition of Costs.**

*Total cost.* The total cost of a Federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

### **§200.403 Factors Affecting Allowability of Costs.**

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:



(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.

(c) Market prices for comparable goods or services for the geographic area.

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's Cost.

(f) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

#### **§200.405 Allocable Costs.**

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions

that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.

(e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

#### **§200.406 Applicable Credits.**

(a) Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

(b) In some instances, the amounts received from the Federal Government to finance activities or service operations of the non-Federal entity should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) must be recognized in determining the rates or amounts to be charged to the Federal award. (See §§200.436 Depreciation and 200.468 Specialized service facilities, for areas of potential application in the matter of Federal financing of activities.)

#### **§200.407 Prior Written Approval (Prior Approval).**

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part:

- (a) §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5);
- (b) §200.306 Cost sharing or matching;
- (c) §200.307 Program income;
- (d) §200.308 Revision of budget and program plans;
- (e) §200.311 Real property;
- (f) §200.313 Equipment;
- (g) §200.332 Fixed amount subawards;

- (h) §200.413 Direct costs, paragraph (c);
- (i) §200.430 Compensation—personal services, paragraph (h);
- (j) §200.431 Compensation—fringe benefits;
- (k) §200.438 Entertainment costs;
- (l) §200.439 Equipment and other capital expenditures;
- (m) §200.440 Exchange rates;
- (n) §200.441 Fines, penalties, damages and other settlements;
- (o) §200.442 Fund raising and investment management costs;
- (p) §200.445 Goods or services for personal use;
- (q) §200.447 Insurance and indemnification;
- (r) §200.454 Memberships, subscriptions, and professional activity costs, paragraph (c);
- (s) §200.455 Organization costs;
- (t) §200.456 Participant support costs;
- (u) §200.458 Pre-award costs;
- (v) §200.462 Rearrangement and reconversion costs;
- (w) §200.467 Selling and marketing costs;
- (x) §200.470 Taxes (including Value Added Tax); and
- (y) §200.474 Travel costs.

#### **§200.408 Limitation on Allowance of Costs.**

The Federal award may be subject to statutory requirements that limit the allowability of costs. When the maximum amount allowable under a limitation is less than the total amount determined in accordance with the principles in this part, the amount not recoverable under the Federal award may not be charged to the Federal award.

#### **§200.409 Special Considerations.**

In addition to the basic considerations regarding the allowability of costs highlighted in this subtitle, other subtitles in this part describe special considerations and requirements applicable to states, local governments, Indian tribes, and IHEs. In addition, certain provisions among the items of cost in this subpart, are only applicable to certain types of non-Federal entities, as specified in the following sections:

(a) Direct and Indirect (F&A) Costs (§§200.412 Classification of costs through 200.415 Required certifications) of this subpart;

(b) Special Considerations for States, Local Governments and Indian Tribes (§§200.416 Cost allocation plans and indirect cost proposals and 200.417 Interagency service) of this subpart; and

(c) Special Considerations for Institutions of Higher Education (§§200.418 Costs incurred by states and local governments and 200.419 Cost accounting standards and disclosure statement) of this subpart.

#### **§200.410 Collection of Unallowable Costs.**

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

#### **§200.411 Adjustment of Previously Negotiated Indirect (F&A) Cost Rates Containing Unallowable Costs.**

(a) Negotiated indirect (F&A) cost rates based on a proposal later found to have included costs that:

(1) Are unallowable as specified by Federal statutes, regulations or the terms and conditions of a Federal award; or

(2) Are unallowable because they are not allocable to the Federal award(s), must be adjusted, or a refund must be made, in accordance with the requirements of this section. These adjustments or refunds are designed to correct the proposals used to establish the rates and do not constitute a reopening of the rate negotiation. The adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

(b) For rates covering a future fiscal year of the non-Federal entity, the unallowable costs will be removed from the indirect (F&A) cost pools and the rates appropriately adjusted.

(c) For rates covering a past period, the Federal share of the unallowable costs will be computed for each year involved and a cash refund (including interest chargeable in accordance with applicable regulations) will be made to the Federal Government. If cash refunds are made for past periods covered by provisional or fixed rates, appropriate adjustments will be made when the rates are finalized to avoid duplicate recovery of the unallowable costs by the Federal Government.

(d) For rates covering the current period, either a rate adjustment or a refund, as described in paragraphs (b) and (c) of this section, must be required by the cognizant agency for indirect costs. The choice of method must be at the discretion of the cognizant agency for indirect costs, based on its judgment as to which method would be most practical.

(e) The amount or proportion of unallowable costs included in each year's rate will be assumed to be the same as the amount or proportion of unallowable costs included in the base year proposal used to establish the rate.

## **Duplication of Benefits**

The City will remain in a state of constant review during all grant projects to ensure that no Duplications of Benefits occur before, during, or after the life of the grant as per Federal law.

## **Federal Single Audit Act**

Federal audit and annual reporting requirements are contained in 2 CFR Part 200 Subpart F (200.5 Compliance and Audit Requirements.) Non-federal entities expending \$750,000 or more in a year in federal awards are required to have a single or program-specific audit conducted for that year, performed by an outside auditor. It is important that all grant activity and any changes to the grant are well documented to facilitate any audit. Audit findings made during the audit are provided to the grantor, which could prompt an audit by the grantor.

## **Florida Single Audit Act**

The Florida Single Audit Act establishes uniform audit requirements for state financial assistance and follows the same cost principles and requirements established in the Federal Single Audit Act, also with a \$750,000 threshold.

[https://www.dms.myflorida.com/business\\_operations/state\\_purchasing/state\\_agency\\_resources/vendor\\_registration\\_and\\_vendor\\_lists](https://www.dms.myflorida.com/business_operations/state_purchasing/state_agency_resources/vendor_registration_and_vendor_lists)

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, Mayor

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Date