PRE-AWARD CERTIFICATION AND TECHNICAL ASSISTANCE WORKSHOP

Compliance and Oversight Branch
National Policy, Training & Compliance Division (NPTCD)
Office of Grants and Debarment
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COMPLIANCE & OVERSIGHT BRANCH

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EPA'S MISSION

EPA's mission is to protect human health and the environment

EPA accomplishes its mission by awarding funds to organizations

transfers funds for a public purpose

through an assistance agreement

may be a grant or cooperative agreement

PROCESS DESCRIPTION

Non-Profit Organizations receiving a grant in excess of $200,000 are required to be pre-award certified

GRANTS OFFICE
The grant specialist submits a request to OGD Compliance Team for a Pre-Award Certification review

PROGRAM OFFICE
The program office decides to fund your award

1

2

3

OFFICE OF GRANTS AND DEBARMENT
OGD will send an e-mail with the Form 6600 and a request for copies of your policies and procedures

4 **TECHNICAL ASSISTANCE WORKSHOP**
OGD will send an invitation to the Technical Assistance Workshop. Workshops are held every other week. You can attend more than one workshop.

SPREAD THE WORD
It is important that every who will be processing payments on this grant understand federal requirements for managing the grant. Please invite as many members of your organization to attend as you like

5

DEADLINE

> **The Compliance Team does not issue a "deadline" for completion of the Pre-Award Certification; however, the Grants Office and Program Office have deadlines for awarding the funds**

- ✓ The initial review takes approximately 2 weeks
- ✓ The team will send comments and questions in response to the initial review
- ✓ The package will be returned if the Form 6600 is incomplete and/or if the policies and procedures do not address all of the questions on the form.
- ✓ If your package is returned as incomplete, it will have to be re-routed back through the process
- ✓ Please read your submission before you submit it

RECIPIENT RESPONSIBILITIES

1

PLAN

❑ Read the requirements of the award

❑ Identify an authorized organizational official

2

ADMINISTER

❑ Agree to comply with the laws, regulations, policies, terms and conditions of the award

❑ Maintain separate financial and programmatic records

3

REPORT

❑ Submit timely cost reimbursement requests

❑ Submit progress reports

❑ Notify the EPA if any changes occur/issues arise

DEFINING
FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

FRAUD	WASTE	ABUSE	MISMANAGEMENT
An *intentional deception* designed to unlawfully deprive the government of something of value for an individual benefit, privilege, allowance, or consideration to which they are not entitled	Extravagant, careless or needless expenditure of government funds that results from deficient practices, systems, controls, of decisions	An *intentional* and unacceptable use of grant funds or misuse of one's position	Failure to appropriately manage budgets, expenditures, or documentation for grant funds

REPORTING

Anyone with knowledge of fraud, waste, abuse, misconduct, or mismanagement involving the U.S. Environmental Protection Agency should contact the Office of Inspector General's hotline

WHISTLEBLOWERS

❑ Are an invaluable resource to the OIG

❑ Assist in ensuring that EPA programs and operations are efficient and effective

❑ Have the right to be supported and protected

FORM 6600-01

Limited Scope Administrative and Financial Review Questionnaire for EPA Assistance Agreement Desk Reviews

Tool utilized by the compliance team to conduct the Pre-Award Certification (PAC) and Technical Assistance Reviews	Pre-Award Certification's are applicable to not-for-profit organizations with a funding budget that exceeds $200,000; Technical Assistance Reviews are applicable to all recipient types	Completed Pre-Award Certifications are valid for 4 years	Recipients provide relevant copies of policies and procedures to the compliance team for review	Responses should primarily be answered "Yes" unless it is N/A. Form will be updated June 30, 2024

FORM CATEGORIES

Accounting & Financial Management	Payroll	Travel
Equipment	Procurement	Disadvantaged Business Enterprises
Recipient Match	Program Income	Transaction Testing

- ❑ Financial Management (#1-22)
- ❑ Payroll (#23-28)
- ❑ Travel (#29)
- ❑ Equipment (#30-32)
- ❑ Procurement (#33-45)
- ❑ DBE (#46-47)
- ❑ Recipient Match (#48-52)
- ❑ Program Income (#53-57)
- ❑ Transaction Testing (N/A)

POLICIES VS. PROCEDURES

What is a Policy?

A policy is a set of rules or guidelines for your organization and employees to follow in order to achieve a specific goal (i.e. compliance). Effective policies answer questions about what employees do and why they do it.

What is a Procedure?

A procedure is the counterpart to a policy; it is the instruction on how a policy is followed. It is the step-by-step instruction for how, when, and where the policies will be achieved.

DEVELOPING POLICIES AND PROCEDURES

❑ Recipients of federal funds must establish and maintain effective internal control over federal awards which includes implementing control activities

❑ The development of policies and procedures for the organization is an example of a <u>control activity</u>

<u>Policies and Procedures (P&P's) Ensure</u>
❑ Management directives are carried out and documented
❑ Accountability, Transparency, & Awareness

QUICK TIP #1

Remember to complete the responding individual(s) section and sign the form on page 1

ACCOUNTING & FINANCIAL MANAGEMENT (1-5)

APPROVALS (1)	MONITORING (2)	PROCEDURES (3)	GAAP (4)	FINANCIAL RESULTS (5)
Who reviews, approves and signs your EPA assistance agreement?	Who monitors, administers and oversees EPA assistance agreements?	Does your organization have written policies and procedures for managing finances?	Does your financial management system(s) follow Generally Accepted Accounting Principles?	Does your financial management system(s) track and provide financial results separately for each EPA agreement?

ACCOUNTING & FINANCIAL MANAGEMENT

Your **financial management system** must

Track
- ❑ revenues and expenditures
- ❑ each EPA project or program separately

Provide
- ❑ financial results separately

Identify
- ❑ source and application of funds

Maintain records
- ❑ tracking obligations, unobligated balances, assets, outlays, income and interest

A chart of accounts coding system may be designed in many ways. For example:

FUND	FY	DEPARTMENT	GRANT	GENERAL LEDGER ACCOUNT
10	23	15	07	61000

Where:

10 = Federal Grants

23 = Fiscal Year of the Award (e.g. 2023)

15 = Environmental Protection Agency

07 = Surface Soil Cleanup

61000 = Salary Expense

ACCOUNTING & FINANCIAL MANAGEMENT (6-10)

SOURCE OF FUNDS (6)	BUDGET TO ACTUAL (7)	SOURCE DOCUMENTATION (8)	DRAWDOWNS (9)	ALLOWABLE COSTS (10)
Does your financial management system(s) identify source and application of funds with records that show obligations?	Does your financial management system(s) report and allow budget to actual comparisons for each grant?	Does your organization maintain source documentation to support entries into your financial or accounting system?	Does your organization have written procedures for drawing funds and issuing payments?	Does your organization have written procedures to ensure that costs charged to EPA grants are reasonable, allocable, allowable and that financial reports are issued?

QUICK TIP #2

Monthly variance analyses helps identify incorrect coding of expenses, determine when budget revisions are needed, avoid overdrawing on grants

SOURCE DOCUMENTATION

Your organization must maintain source documentation to support entries into your financial or accounting system

A source document
❏ the original document
❏ contains the details of a business transaction
❏ captures the key information about a transaction

Examples of source documents are
❏ Invoices
❏ Receipts
❏ Check stubs
❏ Bank statements

Examples of insufficient source documentation:
❌ General ledgers
❌ Journal vouchers
❌ Excel Spreadsheets
❌ Other Internally Created Files

CASE EXAMPLE #1

Background
A recipient received a Federal award for specific purposes.

Possible Fraud Indicators
An inability to provide sufficient and verifiable supporting documentation concerning the actual use of those funds.

Scheme Identified
Recipient submitted false claims for reimbursement

Result
Recipient repaid over $300,000 to settle civil fraud allegations.

DRAWING FUNDS AND ISSUING PAYMENTS

Your organization must have written procedures for <u>drawing funds and issuing payments</u> including:

<u>Who is authorized</u> to request payment from the Federal government and EPA?	**<u>What procedures</u>** are used to verify that the requests and payments are accurate?
<u>What support documents are required</u> for the draw of funds or for making payments? |	**<u>Minimizing the time elapsed</u>** between receiving federal funds and disbursing them?	**<u>When</u>** will drawdown of funds occur?

Budgeted or estimated costs are not allowed as support for drawdowns

AUTOMATED STANDARD APPLICATION FOR PAYMENT

❑A free electronic system
❑Used by the federal government
❑Transfers money quickly and securely

Federal agencies
❑enroll recipient organizations
❑authorize their payments
❑manage their account

STEP 1:
Federal agency & recipient both enroll in ASAP.gov

STEP 2:
Agency adds money to recipient account & sets rules for payments

STEP 3:
Recipient requests payment via ASAP.gov

STEP 4:
Approved payments can settle as quickly as the same day.

REASONABLE, ALLOCABLE, AND ALLOWABLE COSTS

Your organization must have procedures for ensuring that

costs charged to EPA grants are reasonable, allocable, allowable

financial reports are issued as required

The person responsible for financial reporting should be identified on the form on page 1

Uniform Guidance Subpart E: Cost Principles

Allowable §200.403	• Costs that are not specifically prohibited by federal regulations or the specific grant/contract
Reasonable §200.404	• Costs by their nature and amount support the research scope of work
Allocable §200.405	• Costs are charged to sponsored projects in proportion to the relative benefit received
Treated Consistently §200.419	• Costs in similar circumstances should be treated the same

ACCOUNTING & FINANCIAL MANAGEMENT (11-14)

DOES YOUR ORGANIZATION:

ADVANCE PAYMENTS (11)	DISBURSING FUNDS (11)	SEPARATION OF DUTIES (12)	PROJECT/PROGRAM REPORTING (13)	REPORTING PROCEDURES (14)
Have procedures for receiving and depositing advanced payments/EPA funds into an interest-bearing account?	Have procedures for minimizing the time elapsing between receiving the advanced funds and disbursing them?	Have requirements for adequate separation of duties or internal controls?	Monitor and provide project, program and financial performance reports to EPA?	Have procedures for preparing and submitting Interim/Final Financial Status Reports (SF-425) ?

QUICK TIP #3

An advance payment is a payment that a Federal awarding agency makes by any appropriate payment mechanism before the non-Federal entity disburses the funds for program purposes.

§ 200.305 FEDERAL PAYMENTS

▶▶ ECFR CONTENT

⊙ § 200.305 Federal payment.

(a) For states, payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205 and Treasury Financial Manual (TFM) 4A–2000, "Overall Disbursing Rules for All Federal Agencies".

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also § 200.302(b)(6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved, governmentwide information collection requests to request payment.

(1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

(ii) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

(8) The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:

(i) The non-Federal entity receives less than $250,000 in Federal awards per year.

(ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on Federal cash balances.

(iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(iv) A foreign government or banking system prohibits or precludes interest-bearing accounts.

REPORT SUBMISSIONS – Sample Language

14. Does your organization have procedures for preparing and submitting Interim/Final Financial Status Reports (SF-425) as required at least annually by EPA?

SAMPLE LANGUAGE

Federally funded projects require the organization to prepare regular updates on the status of program implementation. Reporting requirements can usually be found in the award's terms and conditions. The <u>Executive Director (ED)</u> will review funder grant documentation to determine frequency and format of technical reports.

The <u>Director of Finance</u> will prepare and submit an Interim/Final Financial Status Report (SF-425) annually for all Federal grants. At the beginning the period that a programmatic report is due, the ED will send a reminder <u>Director of Finance</u>. When a programmatic report must be submitted with a financial statement of expenditures the ED will contact the <u>Director of Finance</u> to prepare the appropriate reports.

SEGREGATION OF DUTIES

Segregation of duties

❏ is an <u>internal control</u> designed to prevent error and fraud

❏ ensures that at least two individuals are responsible for the separate parts of any task

To <u>mitigate risk</u> assign

❏ One employee responsible for ensuring allowability
❏ One person to perform the accounting function
❏ One person responsible for signing the checks

Opportunity for fraud exists when circumstances allow a person to commit fraud without someone else noticing (detection) or stopping them (prevention)

ACCOUNTING & FINANCIAL MANAGEMENT (15-19)

RECORDS RETENTION (15)	EXPENDING FUNDS (16)	AUDITS (17)	INDIRECT COSTS (18)	INDIRECT COSTS (19)
Does your organization have a policy for retaining financial and supporting records for a minimum of 3 years after the award is closed?	Did your organization expend more than $750,000 of Federal funds in the most recent fiscal year? If No, skip to question 18.	Did your organization obtain an audit in accordance with 2 CFR 200 Subpart F?	Does your organization currently receive Federal funds for indirect costs under its active EPA assistance agreements?	What is your current approved indirect cost rate, time period covered by the agreement, and which Federal agency is your cognizant agency for approving the rate?

AUDITS

Organizations expending $750,000 or more in federal awards in a year must arrange a single audit.

Single Audits

- ❑ Are conducted by an audit firm
- ❑ Combine all of a grantee's federal grants
- ❑ Are performed in accordance with the Uniform Guidance, 2 CFR 200, Subpart F – Audit Requirements
- ❑ Include all expenditures of federal awards
  - ❑ Funds received *directly* from a federal agency and *indirectly* (pass-through) from a state agency, local government or other nongovernmental entity

CPA firms review the grantee's financial management processes, including its financial management system and its compliance with all of its federal grant requirements

Schedule of Expenditures of Federal Awards (SEFA)

Federal grants program title, assistance listing number	Federal expenditures
Research and Development Cluster	
National Science Foundation Biological Sciences, 47.074	$1,500,000
Department of Health and Human Services, National Institutes of Health Nursing Research, 93.361	$300,000
Total Research and Development Cluster	$1,800,000
Department of Health and Human Services COVID-19 HIV Emergency Project Grants, 93.914	$650,000
Department of the Treasury COVID-19 Coronavirus Relief Fund (CRF), 21.019	$800,000
Department of Housing and Urban Development Housing Counseling Assistance Program, 14.169	$500,000
Department of Housing and Urban Development Housing Opportunities for Persons With AIDS, 14.241	$150,000
Department of Agriculture Child and Adult Care Food Program, 10.558	$50,000
Department of Justice Violence Against Women Formula Grants, 16.588	$1,000,000
Total expenditures of federal awards	$4,950,000

ACCOUNTING & FINANCIAL MANAGEMENT (20-22)

INDIRECT COSTS (20)	AWARD MANAGEMENT (21)	SUBRECIPIENTS (22)
Does your organization have a procedure to record, track, evaluate and update your indirect cost rates?	Does your organization have procedures for registering and updating information in the System for Award Management?	Does your organization have procedures for reporting and updating information for sub-recipients receiving $25,000 or more in assistance in the FFATAS Reporting System?

INDIRECT COSTS

If your organization receives Federal funds for indirect costs under its active EPA assistance agreements

- ❑ Enter your current approved indirect cost rate
- ❑ Include the time period covered by the agreement
- ❑ List the name of the Federal cognizant agency responsible for approving the rate
- ❑ Provide procedures to record, track, evaluate and update your indirect cost rates for approval by your cognizant agency

The cognizant agency for non-profit organizations is determined by calculating which Federal agency provides the most grant funding.

INDIRECT COSTS

De Minimis rate Vs. Negotiated rates

De Minimis Rate	Negotiated rates
Decreases administrative burden	Increases administrative burden because of the costs associated with preparing IDC proposals and negotiating indirect cost rates.
Helps recipients reduce uncertainty in their indirect cost recovery	Negotiated rates can fluctuate so there can be more uncertainty regarding indirect cost recovery
Can be used indefinitely	Requires a current negotiated rate
No documentation is necessary to justify the rate	Indirect cost proposals must be prepared to support their negotiated rate
May cause the recipient to under recover indirect costs	Allow recipients to recover their actual indirect costs

INDIRECT COSTS

Indirect CostProposals, if EPA is cognizant

- New non-profit recipients should email their IDC proposals to EPA's IDC email box at OMS-OGD-IndirectCost@epa.gov, EPA will forward to DOI,IBC

- Non-profit Recipients that have already established an IDC review/approval relationship can send proposals directly to DOI, IBC.

- State and Local Recipients should email their IDC proposals to smith.jacqueline@epa.gov
  - Exempt governmental agencies are not required to submit their IDC proposal to EPA for approval.
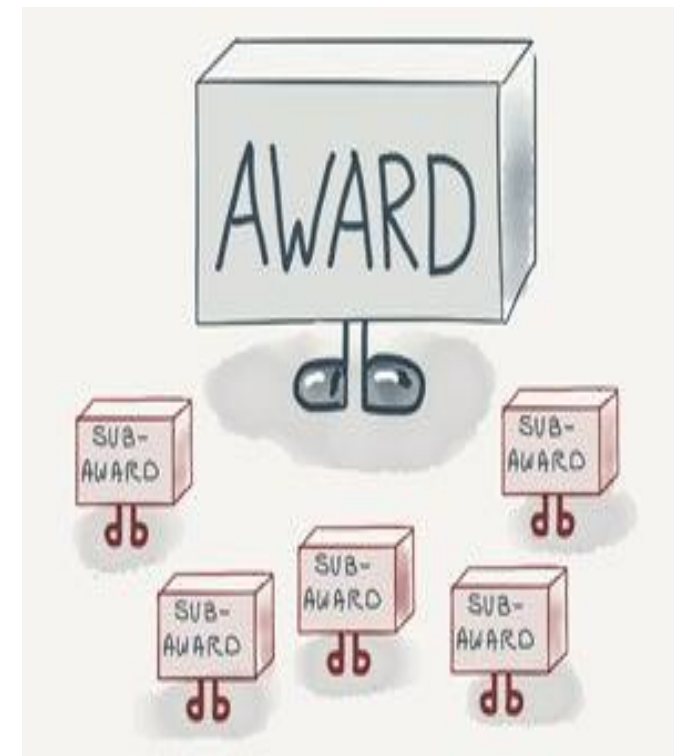
SUBAWARDS

Subawards are <u>financial assistance</u> transactions between the EPA grant recipient and an eligible subrecipient (or by a subrecipient to a lower subrecipient).

This does not include:

❑ Payments to a contractor.

❑ Payments to an individual that is a beneficiary or participant in a Federal program

NOTE: Subawards are the focus of increased scrutiny from agency inspectors general, auditors, and federal awarding offices.

EPA grantees must include a number of provisions in subaward agreements and implement systems to monitor and guide subrecipient performance.

PAYROLL (23-25)

FRINGE BENEFITS (23)	TIMEKEEPING (24)	TIMECARD APPROVAL (25)
Does your organization have written payroll policies and procedures including policies for fringe benefits paid to personnel	Does your organization require all employees to fill out timesheets at least monthly that coincide with one or more pay periods?	Are timesheets required to be signed by the employee, supervisor, or both?

FRINGE BENEFITS

Your organization must have written payroll policies and procedures including policies for fringe benefits paid to personnel.

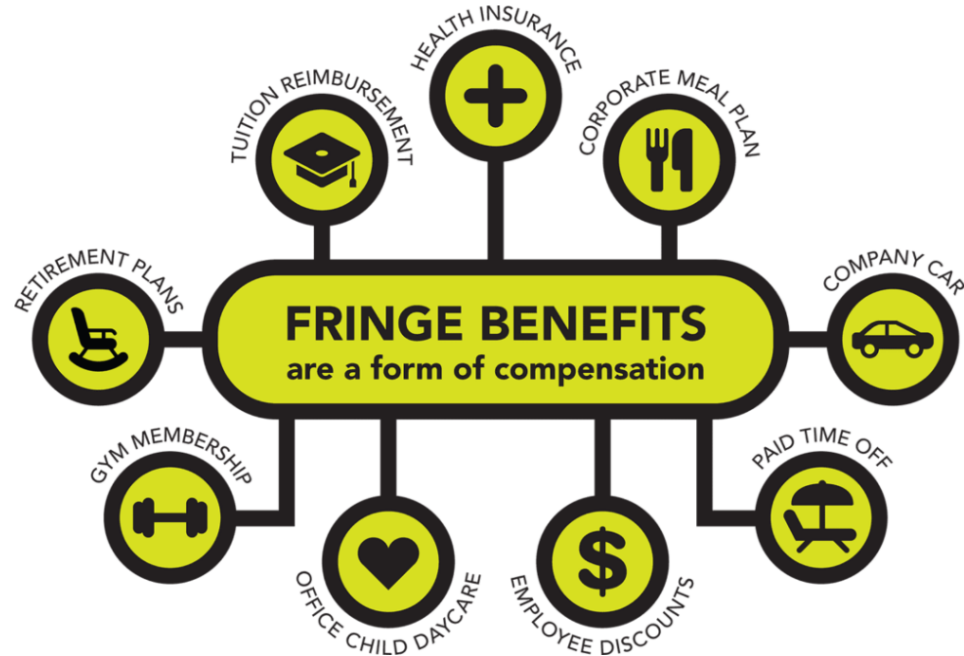Common examples of fringe benefits include:

❑Health insurance
❑Paid Vacation
❑Retirement Plans
❑Commuter Benefits

❑ Employees charged to more than one cost center must charge actual hours spent on each
❑ Employees cannot be paid based on a pre-determined allocation
❑ Non-working hours must be properly prorated among all cost centers
❑ Charges have to make sense. For example, you cannot charge an employee's travel to a different account than his/her payroll for the same day. The appropriate account should be charged for both.

PAYROLL (26-28)

RECORDING ACTUAL HOURS (26)	HOURS AWAY FROM OFFICE (27)	CONSISTENT APPLICATION (28)
Do your timesheets require employees to record actual hours worked on each project, whether federally funded or not?	Are actual hours worked away from the office (travel, teleworking or other special circumstances) identified on timesheets?	Does your organization apply salaries, wages and benefits consistently to both federally and non-federally funded projects for the same labor categories?

PAYROLL SOURCE DOCUMENTATION

Source documentation for payroll costs must include:

❑ rate of pay

❑ verification of hours/time worked

    ❑ *staff attest to their time at the end of each pay period*

    ❑ *supervisors verify the accuracy of the time and approve the hours for the staff that report to them*

❑ allocation plan

❑ documents that show that the employee worked for the EPA grant

❑ substantiation of time worked on the grant

The actual percentage of employees' time must be recorded and documented per funding source
❑ Not by estimates or budgets
❑ Total must not exceed 100%
❑ Documentation must be maintained to support allocations

TRAVEL (29)

TRAVEL POLICY (29)	AUTHORIZATIONS (A)	APPROVALS (B)	APPLICABLE (C)	ALLOWABLE (D)
Does your organization have written travel policies and procedures? If Yes, please provide a copy of the procedures for review.	Did your organization require travel authorizations and approvals prior to travel and vouchers to support actual costs after the trip?	Did your organization require separate levels of review prior to authorizing advances and payments?	Does your organization ensure that the travel costs claimed billed are associated with the specific federally funded project?	Does your organization ensure that travel costs are allowable, allocable and reasonable?

Business Travel

Prior to attending any grant funded travel, staff must ensure that adequate funds are in the grant budget. Travel expenses must be allocable to the grant project. Staff are required to obtain travel authorizations and approvals prior to travel.

All requests must be authorized in advance by the Director/Supervisor and/or the President/CEO, even if an advance of funds is not being requested. Receipts to support actual costs must be submitted after each trip. Receipts must be coded to allow identification of the specific federally funded project for which they were incurred.

Travel associated with a specific federally funded project will be billed to that grant only and reviewed to ensure that travel costs are allowable, allocable, and reasonable. Meals and Lodging will be covered with federal funds up to the current federally accepted rate. For current lodging rates, check the website for the [U.S. General Services Administration](#) found at https://www.gsa.gov/travel/plan-book/per-diem-rates.

EQUIPMENT (30-32)

EQUIPMENT (30)	INVENTORY (31)	RECORDS (32)
Does your organization have written procedures concerning property management and inventory control for items purchased with Federal funds?	Does your organization take a physical inventory of equipment and compare records at least once every two years?	Does your organization keep records for all equipment that includes the description, source, cost, location, use, and condition?

EQUIPMENT DEFINED

Defined as
- tangible, non-expendable personal property
- useful life greater than one year
- per-unit cost greater than $5,000

Your organization may define equipment differently as long as the dollar threshold is not greater than the Federal guideline. 2 CFR 200.313
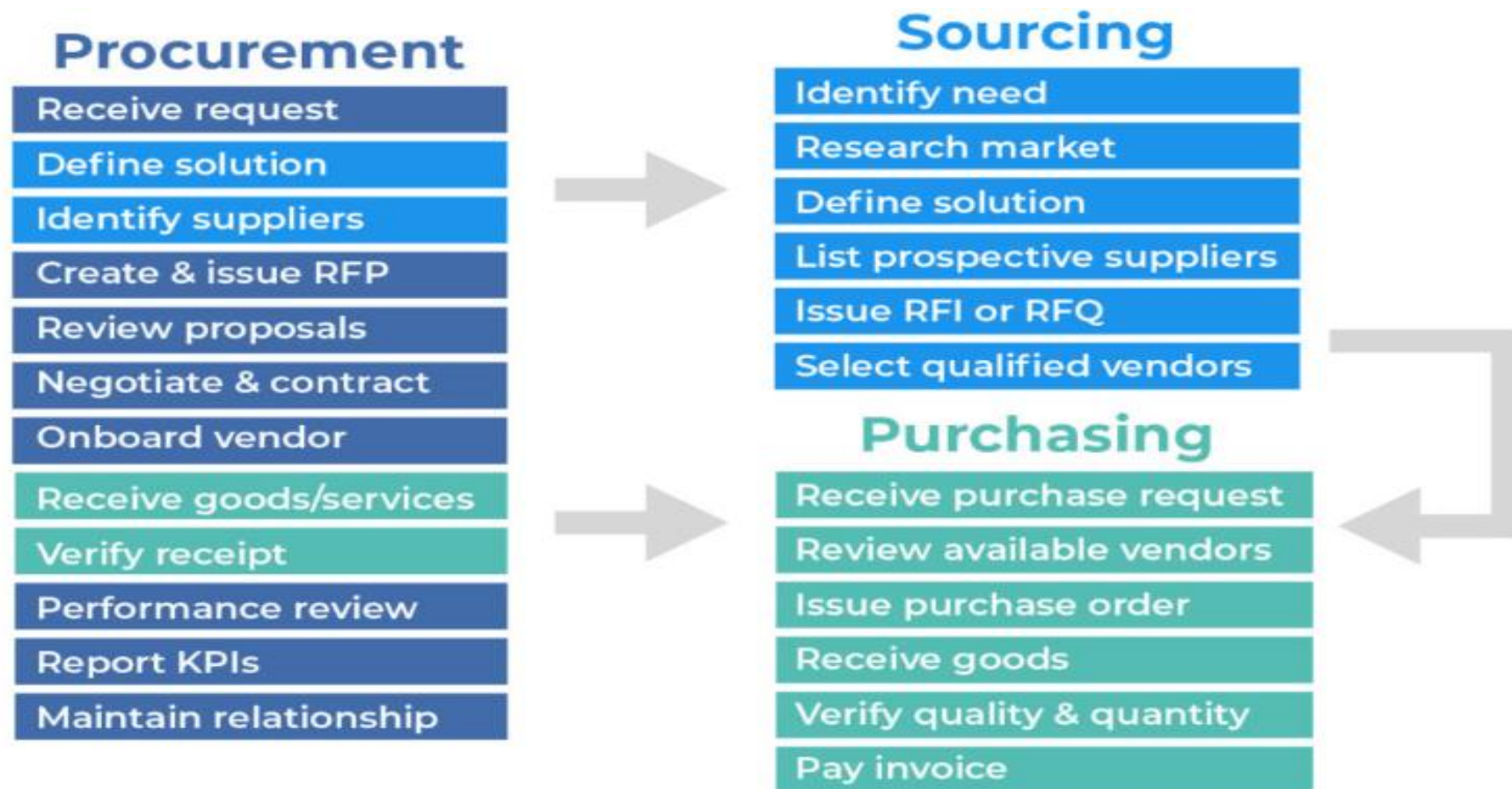
Procurement is…

the Process used to Obtain
❑ Supplies, Equipment, Real and Expendable property
❑ Services
    ❑ Contracting
    ❑ Consultant agreements
    ❑ Sub-awards or Sub-grants
❑ Any other types of agreements

that transfer Federal funds outside of your organization

Is Procurement the same
as Purchasing?

PROCUREMENT and PURCHASING

Procurement

Receive request

Define solution

Identify suppliers

Create & issue RFP

Review proposals

Negotiate & contract

Onboard vendor

Receive goods/services

Verify receipt

Performance review

Report KPIs

Maintain relationship

Sourcing

Identify need

Research market

Define solution

List prospective suppliers

Issue RFI or RFQ

Select qualified vendors

Purchasing

Receive purchase request

Review available vendors

Issue purchase order

Receive goods

Verify quality & quantity

Pay invoice

PROCUREMENT (33 A-D)

PROCUREMENT POLICY (33)	COST THRESHOLDS (A)	AVOID UNNECCESARY PURCHASES (B)	LEASE VS. PURCHASE(C)	COST OR PRICE ANALYSIS(D)
Does your organization have written procurement policies and procedures? If Yes, please provide a copy of the procedures for review.	Do your procedures include a discussion of cost thresholds and the procurement authorizations and approvals required?	Do your procedures include a written requirement to review to avoid unnecessary purchases and to limit purchases to necessary quantities?	Do your procedures include a written requirement to review lease vs. purchase alternatives (when appropriate)?	Do your procedures include a requirement to perform and document a cost or price analysis for all procurements?

PROCUREMENT

COST THRESHOLDS

Purchase Type	Threshold	Process
Micro Purchases	Purchases under $10,000	Purchase of goods, services or equipment with a total cost of $10,000 or less do not require quotes or offers from three sources but are to be distributed equitably among qualified suppliers. Avoid splitting purchases to remain under the $10,000 threshold. SAMPLE PROCEDURE: Purchases over $3,500 require purchase order.
Small Purchases	Purchases between $10,001 and $250,000	Written price comparisons required (collect 3 quotes, can be web clippings). Attach the price comparisons when submitting the requisition.
Major Purchases	Purchases exceeding $250,000	Consult with leadership prior to initiating the purchase process. Develop and publicize a formal RFP. Formally evaluate all proposals received. Award a contract with the required terms.

PROCUREMENT (33 E-I)

FREE AND OPEN COMPETITION (E)	SOLICITATIONS (F)	RFP DESIGN (G)	DISADVANTAGED BUSINESSES (H)	PROCUREMENT TYPE (I)
Do your procedures include a requirement that procurement transactions maximize open and free competition?	Do your procedures include written provisions for conducting solicitations?	Do your procedures include a written requirement that RFP's have a clear scope of work and requirements and features that prospective bidders must meet?	Do your procedures include a written requirement to maintain positive efforts to use small, disadvantaged and minority owned firms?	Do your procedures include a requirement to document the basis for the type of procurement being used?

PROCUREMENT (33 J-N)

CONSERVING NATURAL RESOURCES (J)	CONTRACTOR SELECTION (K)	LACK OF COMPETITION (L)	BASIS FOR AWARD PRICE (M)	DEBARRED PARTIES (N)
Do your procedures include a requirement to document the preference to conserving natural resources and the environment?	Do your procedures include written provisions for documenting the basis for contractor selection?	Do your procedures include a requirement to document the justification for lack of competition or sole-source procurement?	Do your procedures include a requirement to document the basis for award cost and price?	Do your procedures include provisions that no contract or sub-award will be entered into with parties that are debarred, suspended, or excluded from Federal assistance programs?

PROCUREMENT (33 O-S)

RECEIPT OF GOODS (O)	CONTRACT TERMINATION (P)	FEDERAL ACCESS TO RECORDS (Q)	CONTRACT FILES (R)	CONFLICT OF INTEREST (S)
Do your procedures include provisions that ensure that goods and services are received, approved and acceptable before payments are made?	Do your procedures include written provisions in the contract or agreement for termination?	Do your procedures include written provisions in the contract or agreement for Federal access to contract records?	Do your procedures include guidelines for documenting contract files?	Do your procedures include written standards of conduct that address potential conflict of interests?

CASE EXAMPLE #2

Background
An individual was assigned to purchase equipment using a Federal award.

Possible Fraud Indicators
Circumvention of the established procurement process; vendor complaints.

Scheme Identified
Individual stole over $100,000 by directing contracts to bogus companies that he had established.

Result
240-month prison sentence

CONTRACT FILES

The contract administration file contains information to demonstrate contractor performance.

The contract administration file should contain the following documentation:

- Executed contract and notice to proceed
- Copies of task orders issued
- Copies of insurance documentation
- All correspondence, including letters, emails, phone call notes, status reports, schedules, and any other communications
- Justification (notes to file) detailing decisions including stop work orders or claims
- Information on change orders or other modifications
- Copies of invoices
- Close-out related documents

PROCUREMENT (34-38)

AWARDING CONTRACTS (34)	WRITTEN AGREEMENTS (35)	EXCLUDED PARTIES (36)	EPA APPROVAL (38)
Has your organization awarded contracts or sub-agreements under any of your current EPA assistance agreements?	Does your organization have written agreements with contractors or sub-recipients?	Did your organization check SAM.gov to ensure the successful recipient is not suspended or debarred from Federal contracting or receiving Federal funds?	Was EPA review and approval required for the contract or agreement prior to your awarding it or did EPA provide written comments on the award?

"Current EPA Assistance" Agreement applies to the grant agreement under review.

PROCUREMENT (39-41)

CONTRACT TO CONSULTANTS (39)	CONSULTANT HOURLY RATES (40)	CONSULTING AGREEMENTS (41)
Has your organization awarded contracts to consultants under any of your current EPA assistance agreements? **If No, skip to question 42.**	Does your organization have controls to ensure that charges to EPA agreements do not exceed EPA's allowed direct hourly rate for consultants?	Do your consulting agreements specify the services to be provided, duration, and pay rates that include base rate, fringe benefits, and overhead?

CONSULTANT CAP

EPA participation in the salary paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited **to the maximum daily rate for a Level IV of the Executive Schedule.**

To determine the maximum daily rate, follow these steps:

Divide the Level IV salary *($183,500)* by 2087 to determine the hourly rate *($87.93)*

Round the rate to the nearest cent and multiply the hourly rate by 8 hours

The product is the maximum daily rate ($703.402)

Salary Table No. 2023-EX

Rates of Basic Pay for the Executive Schedule (EX)

Effective January 2023

Level	Rate
Level I	$235,600
Level II	$212,100
Level III	$195,000
Level IV	$183,500
Level V	$172,100

PROCUREMENT (42-45)

DAVIS-BACON ACT (42)	DBA WAGE RATES (43)	DBA PAYROLL (44)	DBA LABOR INTERVIEWS (45)
Does your organization have any agreements, sub-agreements, or loans that involve federally funded construction, alteration, or repair contracts over $2,000 that require compliance with the Davis-Bacon Act? **If No, skip to question 46.**	Did the contract or agreement contain the required clauses for complying with Davis-Bacon Act (DBA) wage rates, reporting requirements and include a wage rate determination from the Department of Labor? **If Yes, please provide a copy of the specific contract clauses for review.**	Did your organization, sub-recipients or borrowers receive and review certified weekly payroll records per Department of Labor form WH-347 for DBA projects? **If Yes, please provide a copy of page one and signature page of the completed WH-347 for review.**	Did your organization conduct labor interviews per DOL form SF-1445 (or equivalent) and/or require sub-recipients to do so for DBA projects? **If Yes, please provide an example with personal information removed for review.**

PROCUREMENT (end)

DISADVANTAGED

BUSINESS ENTERPRISES (46-47)

GOOD FAITH EFFORTS (46)

Does your organization have procedures to make good faith efforts to solicit and use Small Businesses, Minority Owned Firms, Women's Business Enterprises and Labor Surplus Areas when procuring construction, equipment, services and supplies? **If Yes, please provide a copy of the procedures for review.**

MBE/WBE UTILIZATION (47)

Does your organization submit the required MBE/WBE Utilization Form (at least annually) to EPA for any assistance agreement when: funds are budgeted for procuring construction, equipment, services and supplies (including funds budgeted for direct procurement by the recipient or procurement under sub-awards or loans in the "Other" category) with a cumulative total that exceed the Simplified Acquisition Threshold (SAT)

(currently, $250,000)

POSITIVE EFFORTS

| STATEWIDE DATABASES	MAILINGS	ATTEND CONFERENCES	SEARCH ONLINE	DOCUMENTATION
Search the State Directory of Minority and Women Owned Business Enterprises (M/WBE) to identify M/WBE firms that may be qualified to submit bids for contracts, subcontracts or supplies and materials	Send fliers and/or letters to the M/WBE firms identified to inform them of the opportunity to bid on the project	Provide handouts at conferences	Conduct other electronic searches	Document communications including email and phone logs

RECIPIENT MATCH

1 Determine total project cost

2 Determine Federal grant amount

3 Determine local cost share
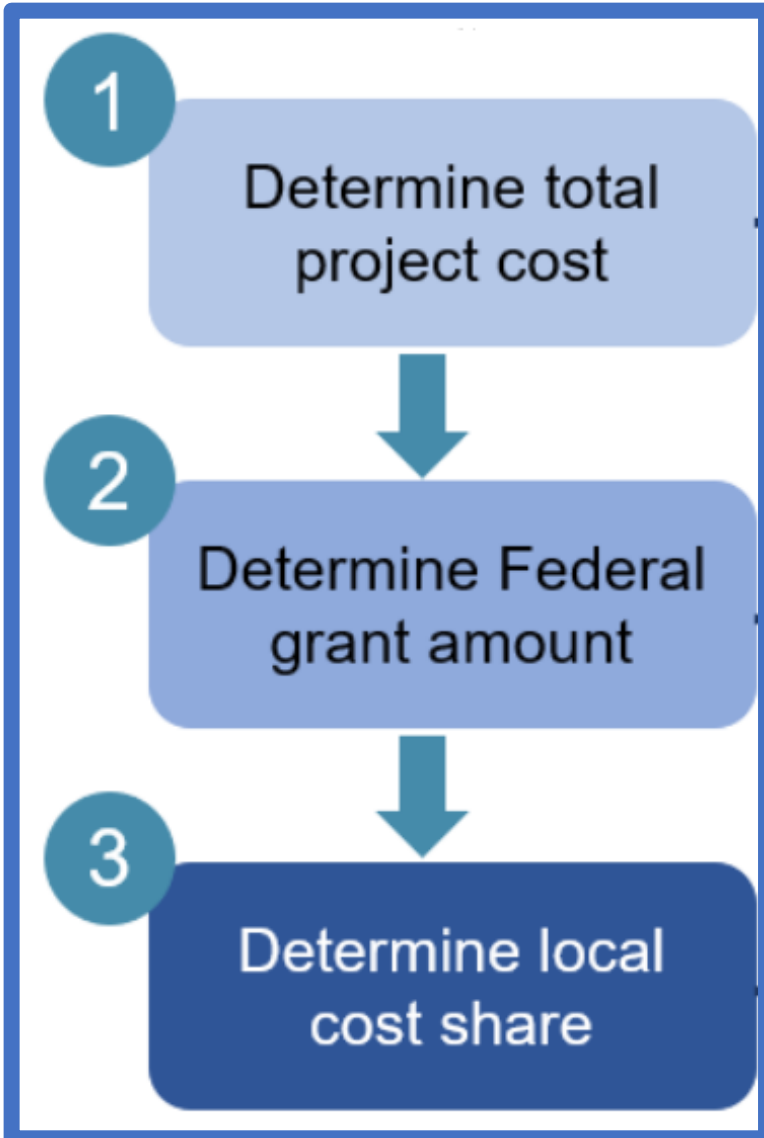
DEFINED

Matching or cost sharing means that a portion of the project's cost is not paid by federal funds. Grantees that have a matching requirement must follow the guidelines in their award in order to remain in compliance.

❑ Matching funds are stated as a % of the total amount of funds awarded.
❑ Matching requirements vary across EPA programs
❑ Grantees must thoroughly read their award announcement and award notice to understand every aspect of their grant's match requirement.

Grantees must:
❑ provide the correct amount of match funds,
❑ use the funds only on allowable expenses, and
❑ maintain records in case of an audit or site visit.

RECIPIENT MATCH (48-52)

MATCH - COST SHARING - IN-KIND (48)	MATCH REQUIREMENT (49)	VALUING CONTRIBUTIONS (50)	OTHER FEDERAL SOURCES (51)	BUDGETED COSTS (52)
Do any of your organization's active EPA assistance agreements include Matching, Cost Sharing and/or In-Kind costs? **If No, skip to Section VIII.**	How did your organization fulfill the matching requirement?	Does your organization have procedures for identifying, valuing, documenting and reporting cost sharing, matching and in-kind contributions for EPA projects?	Are any of these costs covered by funding from other Federal sources?	Are these costs identified in the approved project budgets for these EPA agreements?

PROGRAM INCOME

What is program income?

When appropriate, grantees are encouraged to earn program income to defray costs of Federally funded programs. Program income can only be used for allowable costs. Program income is required to be spent first and before drawing down funds from the Federal grant. Program income is money an entity earns:

♦ Through an activity funded by a Federal grant award, and

♦ During the period of performance for the Federal grant award

What is not program income?

♦ Rebates, credits, discounts, and interest earned on any of them

♦ Interest earned on advances of Federal funds

PROGRAM INCOME (53-57)

INCLUDED (53)	ACCOUNTING (54)	DISPOSITION (55)	APPLYING (56)	REPORTING (57)
Is program income being derived from and included in any of the EPA assistance agreements under review?	How is the program income being generated and reported, and how does your organization account for the program income in financial records?	Has the disposition of the program income been addressed by a term and condition in the assistance agreement?	How is the program income applied to the grant?	If there is no term and condition, is the program income being deducted from the total allowable project cost and is this shown on financial reports to EPA?

EXAMPLES OF PROGRAM INCOME

What are examples of entity program income?

◆ Use of Federal grant funds to host a conference. Conference participants pay a registration fee. The fees are considered program income.

◆ Charging clients a fee for services provided through a Federally funded program. The fees are considered program income.

◆ Producing an educational curriculum or pamphlets using Federal grant funds and selling the curriculum or pamphlets. The money from the sales is considered program income.

◆ Developing and delivering a training, using Federal grant funds, and participants pay a fee to attend the training. The fees are considered program income.

Can program income be used to purchase unallowable items using Federal grant funds?

No. Program income must be treated the same as Federal funds and must be spent on project-related activities approved in the Federal grant award. Program income cannot be used to purchase anything considered unallowable.

◆ Example - if food is an unallowable cost under the Federal grant, program income cannot be used to purchase food.

CASE EXAMPLE #3

Background
A nonprofit received $2.7 million in Federal award funds to assist underprivileged children.

Possible Fraud Indicators
Unsuccessful program, **lack of internal controls**, unexplained income.

Scheme Identified
Funds had been diverted to pay for a wedding reception, building construction, plasma TV, and personal credit card bills, with an estimated total loss of $450,000.

Result
36- and 66-month prison sentences and full restitution.

TRANSACTION TESTING

❑ Not Applicable at this time

The Compliance Team provides oversight by conducting:
  ❑Indirect Cost Rate Negotiations
  ❑Audit Resolutions
  ❑Technical Assistance Reviews
  ❑Pre-Award Certifications
  ❑Advanced Administrative Monitoring Reviews
  ❑Improper Payment Reviews

FOLLOWING THE POLICIES AND PROCEDURES

Organizations that don't have policies or whose policies are non-compliant with regulations place all of their Federal funding at risk.

You must have (and follow) written policies and procedures, so that your employees can determine what is required to fulfill the grant requirements.

1. Develop written policies and procedures
2. Apply the policies and procedures consistently
3. Remove barriers to compliance
4. Use training as a reinforcement
5. Remain up to date on laws and regulations
6. Conduct compliance audits regularly
7. Make sure the whole team is following procedures

TOOLKIT FORMS

❑Limited Scope Administrative & Financial Review Questionnaire for EPA Assistance Agreement Desk Reviews (Form 6600)

❑FY22 Notes for Grantees (PDF File)

❑Form 6600 with **Sample** Language (Word Document)

❑6600 Checklist (Excel)

❑Best Practice Guide for Procuring Services, Supplies, and Equipment (PDF File)

❑Workshop Slide Deck (Power Point)

V. PROCUREMENT Procurement is the process for obtaining supplies, expendable property, equipment, real property, and services, including contracting, consultant agreements, sub-awards or sub-grants, or any other types of agreements that transfer Federal funds outside of your organization. (2 CFR 200.317 – 200.326) (FFATA reporting – 2 CFR Part 170)	Y/N	Comments (Please use this section to crosscheck where we can find your answers in your manual)
33.Does your organization have written procurement policies and procedures that have:		
Written standards of conduct that address potential conflict of interests and have disciplinary actions for any individuals engaged in conducting and administering contractsor sub-awards?		
Discussion of cost thresholds (small purchases vs. major procurements) and the procurement authorizations and approvals required?		
A written requirement to review to avoid unnecessary purchases and to limit purchases to necessary quantities?		
A written requirement to review lease vs. purchase alternatives (when appropriate)?		
A requirement to perform and document a cost or price analysis for all procurements?		
A requirement that procurement transactions maximize open and free competition?		
Written provisions for conducting solicitations having: a clear scope of work, requirementsand features prospective bidders must meet, a preference to conserving natural resourcesand the environment, and positive efforts to use small, disadvantaged and minority owned firms when possible?		
Requirements to document: reasoning for the type of procurement being used, the basis for contractor selection, a justification for lack of competition or sole-source procurement, andthe basis for award cost and price?		
Provisions that ensure that goods and services are received, approved and acceptable before payments are made?		
Provisions that no contract or sub-award will be entered into with parties that are debarred, suspended, or excluded from Federal assistance programs?		
Provisions in the contract or agreement for termination and Federal access to contract records?		