



# EDGAR – TOP HITS

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# Agenda

- Written Policies & Procedures
- Financial Management
- Procurement
- Inventory Management

# The Law

- **Title 34**

- Part 75 – Direct Grant Programs
- Part 76 – State-Administered Programs
- Part 77 – Definitions
- Part 81 – General Education Provisions Act (GEPA)

- **Title 2**

- Part 200 – Cost/Administrative/Audit Rules





# Compliant Written Policies and Procedures

- Written policies and procedures are required!
  - Written Cash Management Procedure - § 200.302(b)(6) & § 200.305
  - Written Allowability Procedures - § 200.302(b)(7)
  - Written Conflicts of Interest Policy - § 200.318(c)
  - Written Procurement Procedures - § 200.319(c)
  - Written Method for Conducting Technical Evaluations of Proposals and Selecting Recipients - § 200.320(d)(3)
  - Written Travel Policy - § 200.474(b)
  - \*\*Procedures for managing equipment - § 200.313(d)
  - \*\*Time & Effort Policies & Procedures – CAG; § 200.430(i)



# Financial Management

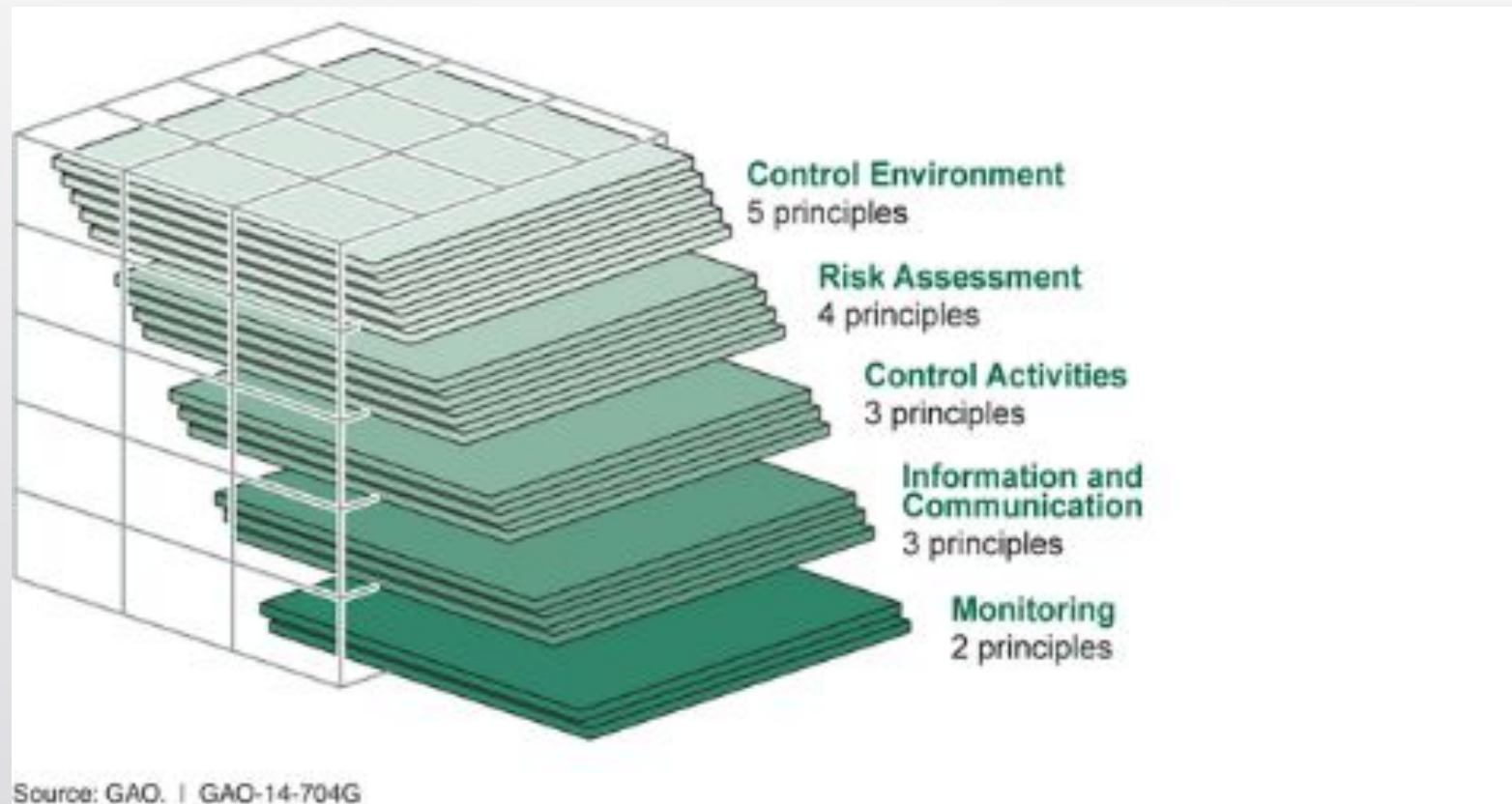
## Prior Rule 80.20(b)

1. Financial Reporting
2. Accounting Records
3. Internal Control
4. Budget Control
5. Allowable Cost
6. Source Documentation
7. Cash Management

## 2 CFR 200.302(b)

1. Identification of Awards (NEW)
2. Financial Reporting
3. Accounting Records (Source Docs)
- 4. Internal Control**
5. Budget Control
- 6. Written Cash Management Procedures (NEW)**
- 7. Written Allowability Procedures (NEW)**

# Components of Internal Controls





## Cash Management - 200.305

- For states, payments are governed by Treasury – State CMIA agreements 31 CFR Part 205
  - No Change
  
- For all other non federal entities, payments must minimize time elapsing between draw from G-5 and disbursement (not obligation)



# When Obligations Are Made

## 34 CFR 76.707

<b>Type of Obligation</b>	<b>When Obligation Occurs</b>
Acquisition of Property	Date of binding written commitment
Personal Services by Employee	When services are performed
Personal Services by Contractor	Date of binding written commitment
Travel	When travel is taken
Approved Pre-Agreement Cost	On the first day of the grant or subgrant performance period.





# Written Allowability Procedures 200.302(b)(7)

- Written procedures for determining allowability of costs in accordance with Subpart E – Cost Principles
  - Procedures can not simply restate the Uniform Guidance Subpart E
  - Should explain the process used throughout the grant development and budget process
    - Training tool and guide for employees



# Factors Affecting Allowability of Costs

## 200.403

### All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law & grant terms
3. Consistent with state and local policies
4. Consistently treated
5. In accordance with GAAP
6. Not included as match
7. Adequately documented



## Direct v. Indirect Costs 200.413(c)

- Salaries of administrative and clerical staff should be treated as “indirect” unless all of following are met:
  1. Such services are integral to the activity
  2. Individuals can be specifically identified with the activity
  3. Such costs are explicitly included in the budget
  4. Costs not also recovered as indirect



# Record Retention

## 200.333 and GEPA 81.31(c)

- EDGAR notes 3 year record retention period
- GEPA
  - Recovery may be for 5 years after the date of obligation.

Therefore, record retention recommended at least 5 years!



# Methods for Collection, Transmission and Storage of Information

## 200.335

- When original records are electronic and cannot be altered, there is no need to create and retain paper copies.
- When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they:
  - Are subject to periodic quality control reviews,
  - Provide reasonable safeguards against alteration; and
  - Remain readable.



# Procurement by States 200.317

- Still provides flexibility for States
- All other nonfederal entities follow policies and procedures under Section 200.318-200.326.



# General Procurement Standards

## 200.318(a)

- All nonfederal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.



## Contract Administration 200.318(b)

- Nonfederal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract





# Conflict of Interest

## 200.318(c)(1)

- Must maintain written standard of conduct, including conflict of interest policy.
- A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
  - Employee, officer or agent
  - Any member of that person's immediate family
  - That person's partner
  - An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award

# Conflict of Interest (cont.)

## 200.318(c)(1)

- Must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors/ subcontractors.
- However, may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
- Standards of conduct must include disciplinary actions applies for violations.





# Conflict of Interest (cont.)

## 200.112


- The Federal awarding agency must establish conflict of interest policies for Federal awards.
- **NEW:** All non federal entities must establish conflict of interest policies, and disclose in writing any potential conflict to the federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.



# Methods of Procurement

## 200.320

- Method of procurement:
  - **NEW:** Micro-purchase
  - Small purchase procedures
  - Competitive sealed bids
  - Competitive proposals
  - Noncompetitive proposals



# Micro-Purchase 300.320(a)

- **NEW:** Acquisition of supplies and services under \$10,000 or less.
- May be awarded without soliciting competitive quotations if nonfederal entity considers the cost reasonable.
- To the extent practicable must distribute micro-purchases equitably among qualified suppliers.



# Small Purchase Procedures

## 300.320(b)

- Good or service that costs \$250,000 or less
  - (NEW: Simplified Acquisition Threshold was raised under NDAA 2018)
  - Organization may set lower threshold
- Must obtain price or rate quotes from an adequate number of qualified sources
- “Relatively simple and informal”

## Sealed Bids - 300.320(c)



- Over \$250,000
  - Organization may set lower threshold
- Bids are publically solicited.
- Appropriate when:
  - A complete, adequate and realistic specification or description of good or service is available;
  - Two or more responsible bidders are willing and able to compete effectively for the business
  - Selection of vendor can be made principally based on price and it's a firm fixed price contract.



# Competitive Proposals - 300.320(d)

- Over \$250,000
  - Organization may set lower threshold
- Award contract to responsible vendor whose proposal is most advantageous to the program, considering price and other factors.
- Generally used when sealed bid is not appropriate.



# Noncompetitive Proposals

## 200.320(f)




- Appropriate only when:
  - The item is only available from a single source;
  - There is a public emergency that will not permit delay;
  - **NEW:** The Federal awarding agency or pass-through expressly authorizes noncompetitive proposals in response to a written request from non-Federal entity; or
  - After soliciting a number of sources, competition is determined inadequate.

# Contract Cost and Price

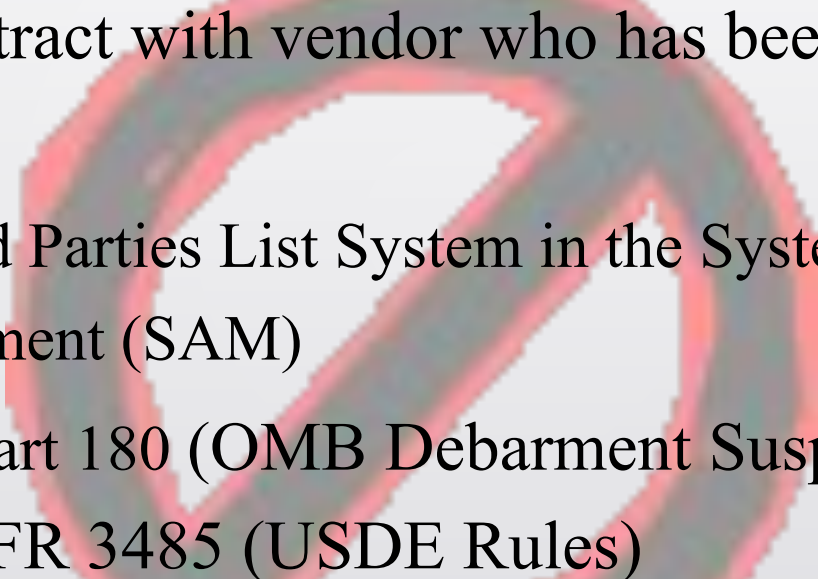
## 200.323



- **NEW:** Must perform a cost or price analysis in connection with every procurement action over \$250,000, including contract modifications
- Independent estimate before receiving bids or proposals.
  - Cost analysis generally means evaluating the separate cost elements that make up the total price (including profit)
  - Price analysis generally means evaluating the total price



# Suspension and Debarment Appendix II(H)

- Cannot contract with vendor who has been suspended or debarred
    - Excluded Parties List System in the System for Award Management (SAM)
    - 2 CFR Part 180 (OMB Debarment Suspension Rules) and 2 CFR 3485 (USDE Rules)
- 



# Suspension and Debarment

## 2 CFR 180.300

- For contracts over \$25,000 you must verify that the person with whom you intend to do business is not excluded or disqualified.
- This **MUST** be done by either:
  - a. Checking SAM; or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.



# Equipment

## 200.33

- Equipment: tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- Grantee may also use its own definition of equipment as long as the definition would at least include all equipment defined above.



# Supplies

## 200.94


- All tangible personal property other than equipment
  - **NEW:** Computing devices are supplies is less than \$5,000
- **NEW:** Computing devices 200.20
  - Machines used to acquire, store, analyze, process, publish data and other information electronically
  - Includes accessories for printing, transmitting and receiving or storing electronic information



# Internal Controls

## 200.302(b)(4)

- Regardless of cost, grantee must maintain effective control and “**safeguard all assets** and assure that they are used solely for authorized purposes.”



# Equipment

## 200.313(a) and (c)(4)

- **NEW:** Conditional Title vests with the non-Federal entity.
- **NEW:** Cannot encumber the property without approval of Federal agency or Pass-through agency

But

- **NEW:** When acquiring replacement equipment, may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.





# Disposition of Equipment 200.313(e)

- When no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
  - **NEW:** Nonfederal entity must request disposition instructions from the federal awarding agency if required by the terms of the grant.
  - Otherwise, may be retained, sold or otherwise disposed as follows:
    - Over \$5,000 – pay federal share
      - If equipment is sold: Federal awarding agency may permit non-Federal entity to deduct and retain \$500 or 10% of the proceeds for selling and handling instructions.
    - Under \$5,000 – no accountability (still must formally dispose)



# Disposition of Supplies

## 200.314

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, must compensate the federal government for its share.



# Questions?





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