SAMPLE HANDBOOK

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Policies and Procedures

[Your organization's name]

Written from 2 CFR Part 200, checked November 11, 2026.

How to use this sample

Replace the bracketed name with your organization's. Change the job titles to the ones you use. Have the people who do the work read each section and correct anything that does not match how you operate. Then have your director or board approve it and sign the last page.

This is a sample, not legal advice. It follows the federal regulation. Your grant agreement and your funder's manual can add or tighten requirements, and they control where they differ.

Introduction

This handbook explains the policies and procedures our organization uses to manage federal awards. It applies to every grant and cooperative agreement we receive from a federal agency, and to every subaward of federal funds we receive from a state, a local government or another pass-through entity. The rules come from 2 CFR Part 200 and from 2 CFR Part 180 on suspension and debarment, and each award and program adds its own terms. Where an award, a program rule or the awarding agency sets a different or stricter requirement, we follow it. Each section states our policy, lists the steps we follow and who is responsible, and names the rules the section rests on. The job titles are examples. A local government would name its own finance director, department head and governing body. The executive director reviews this handbook once a year and whenever the rules or our awards change.

What the program expects in writing

- Written procedures for requesting and handling federal payments (2 CFR 200.302(b)(6); 2 CFR 200.305(b)(1))
- Written procedures for deciding whether a cost is allowable (2 CFR 200.302(b)(7))
- Documented internal controls over federal awards (2 CFR 200.303(a))
- Accounting records that identify each federal award, show the source and use of its funds, compare spending to budget, and are backed by source documents (2 CFR 200.302(b)(1), (b)(3) and (b)(5))
- Records of the work actually performed by every employee whose pay is charged to a federal award (2 CFR 200.430(g)(1))
- Documented procurement procedures, and a file for each purchase that shows how the contractor and the price were chosen (2 CFR 200.318(a) and (i); 2 CFR 200.319(d))
- Written standards of conduct covering conflicts of interest and gifts from contractors (2 CFR 200.318(c)(1))
- Proof that contractors and subrecipients were checked for suspension and debarment before the agreement was signed (2 CFR 200.214; 2 CFR 180.300)
- Property records for equipment bought with federal funds, and a physical inventory reconciled to them at least once every two years (2 CFR 200.313(d)(1) and (d)(2))
- The basis for your indirect cost charges: a current negotiated rate agreement, or a record that you chose the de minimis rate and how you apply it (2 CFR 200.414(c) and (f))
- If you pass federal funds to other organizations: subaward agreements with the required award information, a risk evaluation for each subrecipient, and monitoring records (2 CFR 200.332(b), (c) and (e))
- A schedule of expenditures of federal awards each year and, when a Single Audit is required, the reporting package and corrective action plan (2 CFR 200.501(a); 2 CFR 200.510(b); 2 CFR 200.512)

1. Financial management and internal controls

OUR POLICY

We keep an accounting system that identifies every federal award we receive and spend, shows where the money came from and what it paid for, and compares spending with the approved budget for each award. Every entry is supported by a source document. We set up, write down and maintain internal controls that give reasonable assurance we are managing each award in line with federal law and the award terms. We check our own compliance, act promptly when we find a problem, and protect personal information and other sensitive data.

WHAT WE DO

1. The finance manager sets up each federal award under its own fund or grant code and records the Assistance Listings title and number, the federal award identification number, the year of the award and the name of the federal agency or pass-through entity.
2. The finance manager files a source document, such as an invoice, a contract or a payroll record, for every transaction charged to a federal award.
3. The finance manager compares actual spending with the budget for each award every month and gives the report to the executive director and the program director.
4. The executive director keeps a written description of our internal controls that names who approves a payment, who records it, who reconciles the bank account and who reviews the reconciliation, using the federal internal control standards or the COSO framework as a guide.
5. The executive director reviews our compliance with each award at least once a year, records any noncompliance found, and confirms that it was corrected promptly.
6. The finance manager limits access to files and systems that hold personal information to staff who need it, and keeps reasonable cybersecurity measures in place.
7. The executive director discloses promptly and in writing to the federal agency, its Office of Inspector General and any pass-through entity when we have credible evidence, in connection with an award, of a federal crime involving fraud, conflict of interest, bribery or gratuities, or of a civil False Claims Act violation.
8. The executive director gives every employee written notice of the whistleblower rights and protections that apply under federal awards.

Rules this covers: 2 CFR 200.302(a); 2 CFR 200.302(b)(1); 2 CFR 200.302(b)(3); 2 CFR 200.302(b)(4); 2 CFR 200.302(b)(5); 2 CFR 200.303; 2 CFR 200.113; 2 CFR 200.217

2. Allowable costs and indirect costs

OUR POLICY

We follow written procedures to decide whether a cost can be charged to a federal award. A cost is allowable only when it is necessary and reasonable for the award, is allocable to it, stays within any limit in the cost principles or the award, is treated the same way as our non-federal costs, follows generally accepted accounting principles, is not charged or counted as cost sharing on another federal program, and is adequately documented. We do not charge costs the cost principles make unallowable, such as alcoholic beverages, bad debts, donations we make to others, fines and penalties, organized fundraising, goods or services for personal use, and lobbying. We charge indirect costs using a federally negotiated rate or, if we have none, a de minimis rate of up to 15 percent of modified total direct costs.

WHAT WE DO

1. The finance manager keeps a written allowability checklist based on the cost principles and tests each cost against it and against the award terms before posting the cost to a federal award.
2. The finance manager checks that the amount is what a prudent person would pay in the circumstances, looking at market prices in our area and at our own written policies.
3. The finance manager splits a cost that benefits more than one program in proportion to the benefit each receives, using a written method, and keeps the calculation.
4. The finance manager does not move a cost that belongs to one federal award onto another to cover a shortfall or to get around a restriction.
5. The finance manager credits purchase discounts, rebates, refunds and insurance recoveries to the award that was charged the original cost.
6. The finance manager treats each type of cost the same way every time, as either direct or indirect, and charges administrative or clerical salaries directly only when the work is integral to the award, the person can be specifically identified with it, and the cost is not also recovered as an indirect cost.
7. The finance manager applies the de minimis rate to modified total direct costs only: salaries and wages, fringe benefits, materials and supplies, services, travel, and up to the first $50,000 of each subaward. The base leaves out equipment, capital expenditures, rental costs, participant support costs and the other items the definition excludes.
8. The executive director confirms, once we choose the de minimis rate, that it is used on all of our federal awards until we choose to negotiate a rate, and checks each award for a statute or program rule that caps administrative or indirect costs.
9. The finance manager refunds any cost the federal agency or the pass-through entity finds unallowable, with interest, following the instructions of the office that made the decision.

Rules this covers: 2 CFR 200.302(b)(7); 2 CFR 200.403; 2 CFR 200.404; 2 CFR 200.405; 2 CFR 200.406; 2 CFR 200.408; 2 CFR 200.410; 2 CFR 200.412; 2 CFR 200.413(c); 2 CFR 200.414(f); 2 CFR 200.1 (definition of modified total direct cost); 2 CFR 200.423; 2 CFR 200.426; 2 CFR 200.434(a); 2 CFR 200.441; 2 CFR 200.442(a); 2 CFR 200.445(a); 2 CFR 200.450

3. Compensation, time records and travel

OUR POLICY

We charge salaries and wages to a federal award only when the pay is reasonable for the work and follows our written compensation policy, which we apply the same way to federal and non-federal activities. Salary charges are based on records that accurately reflect the work each employee performed. Budget estimates alone are not support for a charge. We charge travel costs under our written travel policy, which applies in the same way to all travel. Without a written travel policy, the federal travel rates would apply to travel under our awards.

WHAT WE DO

1. The executive director keeps a written compensation policy and pay scale that the board of directors has approved and applies it to all staff, whatever the funding source.
2. Each employee whose pay is charged in whole or in part to a federal award records the time worked on every activity, federal and non-federal, each pay period, so that the record accounts for all of the work the employee is paid for.
3. The supervisor reviews and signs each time record after the work is done and before payroll is charged to an award.
4. The finance manager distributes each employee's pay among awards and other activities according to the approved time record, and uses the same records to support salaries counted as cost sharing.
5. The finance manager, where payroll is first charged using budgeted percentages, compares those charges with the time records at least quarterly and adjusts them so the final amount charged matches the work performed.
6. The finance manager keeps a record of the total hours worked each day for each employee who is not exempt from the federal wage and hour law.
7. The program director approves each trip in writing before it is taken and notes why the traveler's participation is necessary for the award.
8. The finance manager reimburses travel under our travel policy, applies one method (actual cost, per diem or mileage) to the whole trip, and pays no more than the least expensive unrestricted airfare class unless an exception in the rule applies and is documented for that trip.

Rules this covers: 2 CFR 200.430(a); 2 CFR 200.430(b); 2 CFR 200.430(g)(1); 2 CFR 200.430(g)(3); 2 CFR 200.430(g)(4); 2 CFR 200.475(a); 2 CFR 200.475(b); 2 CFR 200.475(d); 2 CFR 200.475(e)

4. Cash management, payment requests and certifications

OUR POLICY

We follow written procedures that keep the time between receiving federal money and paying it out as short as possible. When an award pays in advance, we ask only for the minimum we need for immediate costs. When an award pays by reimbursement, we ask only for costs we have already paid and recorded. We keep advance payments in insured, interest-bearing accounts unless an exception in the rule applies. We may keep up to $500 a year of interest earned on federal funds for administrative costs and return the rest. An authorized official certifies every financial report and, when we are a subrecipient, every payment request.

WHAT WE DO

1. The executive director confirms from each award whether it pays by advance or by reimbursement and which form or system the federal agency or pass-through entity requires for payment requests.
2. The finance manager prepares each payment request from the accounting records and attaches the support the award requires.
3. The finance manager times each advance request to our actual, immediate cash needs and pays the costs it covers as soon as is administratively feasible after the money arrives.
4. The finance manager subtracts available program income, rebates, refunds, contract settlements, audit recoveries and interest on federal funds from the amount requested.
5. The finance manager does not request money for amounts we are holding back from a contractor to assure satisfactory completion of work until we pay those amounts out.
6. The finance manager deposits advance payments in insured accounts whenever possible. The account is interest-bearing unless we receive less than $250,000 in federal funding a year, the best available account would not be expected to earn more than $500 a year on federal cash, or the bank would require a balance too high to be feasible.
7. The finance manager tracks interest earned on federal advances and returns any amount over $500 a year, once a year, to the Department of Health and Human Services Payment Management System, whether or not the award was paid through that system.
8. The executive director, or another official authorized to bind the organization, signs the certification the rule prescribes on each financial report and, for subawards, on each application for funds and payment request. The finance manager keeps each signed certification with the award records.

Rules this covers: 2 CFR 200.302(b)(6); 2 CFR 200.305(b)(1); 2 CFR 200.305(b)(3); 2 CFR 200.305(b)(5); 2 CFR 200.305(b)(8); 2 CFR 200.305(b)(10); 2 CFR 200.305(b)(11); 2 CFR 200.305(b)(12); 2 CFR 200.415(a); 2 CFR 200.415(b)

5. Cost sharing and program income

OUR POLICY

When an award requires cost sharing or match, we count only contributions that can be verified in our records, are not counted toward any other federal award, are necessary and reasonable for the award, would be allowable if charged to it, and are not paid with other federal funds unless a federal statute allows that. We use program income for the original purpose of the award, only for costs within the period of performance or allowable closeout costs, and we spend it before we ask for more federal funds. We apply program income by the method the award names. If the award names none, the rule's default is to deduct the income from total allowable costs, with an exception for colleges, universities and nonprofit research institutions, and we need prior approval to use another method.

WHAT WE DO

1. The finance manager records each cash and in-kind contribution counted as cost sharing in the accounting records, under the award it supports, with the document that proves it.
2. The finance manager values volunteer services at rates consistent with what we pay for similar work, or with rates in the local labor market when we have no similar position, and keeps signed records of the hours given.
3. The finance manager values donated supplies and equipment at no more than fair market value at the time of the donation, and donated space at no more than the fair rental value of comparable space, supported by an independent appraisal.
4. The executive director asks the federal agency or the pass-through entity for prior approval before counting unrecovered indirect costs as cost sharing or changing the total approved cost sharing amount.
5. The program director reads each award to find which income counts as program income and which method applies, and gives the finance manager a written summary.
6. The finance manager records program income under the award that produced it and applies it to allowable costs of that award before requesting more federal funds.
7. The finance manager subtracts the cost of earning the income from gross income only when the award or the program rule allows it and the cost was not also charged to the award.
8. The finance manager handles proceeds from selling equipment or supplies under the property rules, not as program income, unless the award says otherwise.

Rules this covers: 2 CFR 200.306(b); 2 CFR 200.306(c); 2 CFR 200.306(e); 2 CFR 200.306(g); 2 CFR 200.306(i); 2 CFR 200.306(j); 2 CFR 200.307(a); 2 CFR 200.307(b); 2 CFR 200.307(d); 2 CFR 200.307(e); 2 CFR 200.308(f)(7)

6. Budget revisions, prior approvals, period of performance and closeout

OUR POLICY

We ask the federal agency or the pass-through entity for prior written approval before we make a change the rule or the award says needs it. Those changes include a change in the scope or objective of the project, a change in a key person named in the award, a cost that needs prior approval under the cost principles, moving funds out of participant support costs, subawarding work that was not in the approved application, a change in the total approved cost sharing, a need for more federal funds, and a no-cost extension. We charge only costs incurred during the approved budget period, apart from approved pre-award costs and administrative closeout costs. At the end of an award we pay what we owe, send the final reports and return unspent cash by the deadlines.

WHAT WE DO

1. The executive director keeps, for each award, a list of the changes and costs that need prior approval, taken from the rule and the award terms, including any limit the agency has placed on moving money between budget categories.
2. The executive director sends each request for a budget or program change in writing, in the budget format used in the application unless the agency has approved another, follows up if no answer arrives within 30 days, and files the written approval before the change is made.
3. The executive director gets written approval before we buy general purpose equipment as a direct cost, buy special purpose equipment with a unit cost of $10,000 or more, or charge any other cost the cost principles allow only with prior approval.
4. The executive director gets written approval before any cost incurred before the start date is charged to an award, unless the award terms waive that approval, and treats pre-award spending as being at our own risk.
5. The executive director requests a no-cost extension at least 10 calendar days before the period of performance ends. Where the award terms let us start a one-time extension of up to 12 months ourselves, the executive director sends the agency written notice, with the reasons and the new end date, by the same deadline.
6. The finance manager stops charging new costs to an award when its period of performance ends, apart from administrative closeout costs incurred and paid before the final reports are due.
7. The finance manager pays all obligations under a direct federal award and sends all final reports no later than 120 calendar days after the period of performance ends. For a subaward, the deadline for both is 90 calendar days, or an earlier date set in the subaward.
8. The finance manager promptly refunds any federal cash that was not obligated and that we are not authorized to keep, and accounts for property bought with award funds. Audits, cost disallowances, property rules and record retention continue after closeout.

Rules this covers: 2 CFR 200.308(c); 2 CFR 200.308(d); 2 CFR 200.308(f); 2 CFR 200.308(g); 2 CFR 200.308(i); 2 CFR 200.407; 2 CFR 200.439(b); 2 CFR 200.458; 2 CFR 200.309; 2 CFR 200.403(h); 2 CFR 200.344(b); 2 CFR 200.344(c); 2 CFR 200.344(e); 2 CFR 200.344(g); 2 CFR 200.345(a)

7. Procurement, conflicts of interest, and suspension and debarment

OUR POLICY

We buy goods and services under federal awards by following documented procurement procedures that meet state, local and tribal law and the federal procurement standards. Purchases are made with full and open competition, using the method that fits their size. The methods are micro-purchases, simplified acquisitions with price or rate quotes, and sealed bids or competitive proposals with public notice. We set the dollar thresholds between them in our written procedures, within the federal limits. We buy without competition only in the circumstances the rule lists. No employee, officer, agent or board member with a real or apparent conflict of interest takes part in selecting, awarding or administering a contract, and none of them asks for or accepts gifts or favors from contractors. We do not contract with or make subawards to excluded parties.

WHAT WE DO

1. The board of directors adopts written procurement procedures that state our micro-purchase threshold and our simplified acquisition threshold, and the executive director confirms that both are allowed by state and local law and by the current federal limits.
2. The executive director, if we set a micro-purchase threshold above the federal level, signs a self-certification each year with the threshold (no more than $50,000 without approval from the cognizant agency for indirect costs), the justification and the support the rule asks for.
3. The finance manager notes in the file why the price of a micro-purchase is reasonable and, as far as practical, spreads these purchases among qualified suppliers.
4. The finance manager gets price or rate quotes from the number of qualified sources our procedures set for purchases between the two thresholds, and keeps the quotes.
5. The executive director, for purchases above the simplified acquisition threshold, prepares an independent cost estimate before bids or proposals arrive, gives public notice, and awards a sealed bid to the lowest responsive and responsible bidder or a proposal to the offeror that is most advantageous considering price and the other published factors. A local government advertises its invitation for bids publicly and opens the bids in public.
6. The executive director approves a purchase without competition only after recording which of the five circumstances in the rule applies, such as a single source, an emergency that will not allow the delay, or written approval from the federal agency or pass-through entity.
7. The finance manager checks SAM.gov exclusions, collects a certification or adds a contract clause before we sign any contract expected to equal or exceed $25,000, any contract for federally required audit services and any subaward, and keeps dated proof in the file.
8. The finance manager keeps a file for each purchase with the reason for the method used, the type of contract, why the contractor was chosen or others rejected, and the basis for the price, and includes in each contract the federal provisions that apply to it.
9. Each employee, officer and board member signs our written standards of conduct each year, discloses any financial or other interest in a firm being considered, and steps out of that decision. The standards state the discipline that applies to a violation.
10. The program director oversees each contractor's work against the contract terms and approves invoices only for work that meets them.

Rules this covers: 2 CFR 200.318(a); 2 CFR 200.318(b); 2 CFR 200.318(c)(1); 2 CFR 200.318(h); 2 CFR 200.318(i); 2 CFR 200.319(a); 2 CFR 200.319(d); 2 CFR 200.320(a); 2 CFR 200.320(b); 2 CFR 200.320(c); 2 CFR 200.324(a); 2 CFR 200.327; 2 CFR 200.214; 2 CFR 180.220(b); 2 CFR 180.300

8. Equipment, supplies and other property

OUR POLICY

We treat an item as equipment when it is tangible personal property with a useful life of more than one year and a cost per unit at or above the lower of our own capitalization level or $10,000. We use equipment bought with federal funds for the project it was bought for, for as long as it is needed, and we do not pledge it as security or give up title without approval from the federal agency or the pass-through entity. We keep a property record for each item, count the equipment and reconcile the count to the records at least once every two years, protect it from loss, damage and theft, and keep it maintained. When equipment is no longer needed, we follow the disposition rules and any instructions in the award.

WHAT WE DO

1. The finance manager records each item of equipment when it is bought: a description, the serial or other identification number, the funding source including the federal award identification number, who holds title, the purchase date, the cost, the percentage paid by the federal agency, and the location, use and condition. The finance manager updates the record when an item's status changes or it is disposed of.
2. The program director counts the equipment at least once every two years, and the finance manager reconciles the count to the property records and looks into any difference.
3. The program director keeps equipment secured and maintained, investigates any loss, damage or theft, and the executive director tells the federal agency or the pass-through entity about any that will affect the program.
4. The program director, when equipment is no longer needed for the original project, offers it first to our other activities funded by the same federal agency and then to activities funded by other federal agencies.
5. The executive director asks the federal agency or the pass-through entity for disposition instructions when the award requires it, before any equipment is sold, traded or discarded.
6. The finance manager documents the current fair market value of each item at disposition. An item worth $10,000 or less may be kept, sold or disposed of with nothing more owed. For an item worth more, we pay the federal agency its share, which is its percentage of the original purchase multiplied by the current market value or the sale proceeds, unless the award lets us keep the item with no further obligation.
7. The finance manager totals unused supplies at the end of each award and, if they are worth more than $10,000 in total and are not needed for another federal award, pays the federal share of their value as the rule requires.
8. The finance manager keeps property records for three years after final disposition of the item.

Rules this covers: 2 CFR 200.1 (definition of equipment); 2 CFR 200.313(a); 2 CFR 200.313(c); 2 CFR 200.313(d); 2 CFR 200.313(e); 2 CFR 200.313(f); 2 CFR 200.314(a); 2 CFR 200.334(c)

9. Subawards and subrecipient monitoring

OUR POLICY

This section applies when we pass federal funds to another organization to carry out part of an award. We decide case by case whether each agreement creates a subrecipient or a contractor, looking at the substance of the relationship more than the form of the agreement. For every subaward we confirm that the subrecipient is not excluded, give it the award information and requirements the rule lists, evaluate its risk of fraud and of noncompliance, and monitor it as that risk requires.

WHAT WE DO

1. The program director records, for each agreement, the characteristics that make it a subaward or a contract, and the executive director approves the decision before the agreement is signed.
2. The executive director gets prior written approval from the federal agency or the pass-through entity before making a subaward for work that was not in the approved application, and from the federal agency before making a fixed amount subaward, which the rule caps at $500,000.
3. The finance manager confirms in SAM.gov that the organization is not suspended, debarred or otherwise excluded before the subaward is signed.
4. The executive director makes sure each subaward is clearly identified as a subaward and states the federal award identification the rule lists, such as the federal award number, the amount, the period of performance, the Assistance Listings number and the indirect cost rate, with all requirements that flow down, a right of access to records for us and for auditors, and closeout terms.
5. The finance manager accepts a subrecipient's federally negotiated indirect cost rate. Where it has none, the finance manager agrees a rate with the subrecipient or applies the de minimis rate.
6. The program director completes a written risk evaluation for each subrecipient that considers its experience with similar subawards, its past audit results, any new staff or changed systems, and the results of any federal monitoring.
7. The program director and the finance manager review each subrecipient's financial and performance reports as they arrive, collect the certification the rule requires with each payment request, and add training, site visits or agreed-upon procedures engagements where the risk evaluation calls for them.
8. The program director follows up in writing until the subrecipient has corrected each problem found through audits, site visits or its own notices, and the executive director considers a specific condition or another remedy the rule allows when it does not.
9. The finance manager verifies each year that every subrecipient required to have a Single Audit had one, and the executive director issues a written management decision on audit findings that relate to our subaward.

Rules this covers: 2 CFR 200.331; 2 CFR 200.332(a); 2 CFR 200.332(b); 2 CFR 200.332(c); 2 CFR 200.332(d); 2 CFR 200.332(e); 2 CFR 200.332(f); 2 CFR 200.332(g); 2 CFR 200.332(i); 2 CFR 200.333; 2 CFR 200.308(f)(6); 2 CFR 200.415(b)

10. Reports, records and access

OUR POLICY

We send the financial and performance reports each award requires, on the schedule and in the form the award sets. Under the rule, annual reports are due no later than 90 calendar days after the reporting period and quarterly or semiannual reports no later than 30 calendar days after it. We keep all records of a federal award for three years from the date we submit the final financial report, or, for an award renewed quarterly or annually, three years from the date we submit the quarterly or annual financial report. We keep records longer when a lawsuit, claim or audit begins before the three years end, when we are told in writing to extend the period, and in the other cases the rule lists.

WHAT WE DO

1. The executive director keeps a calendar of every report due under every award and assigns each report to a named person.
2. The finance manager prepares each financial report from the accounting records, on the form the award names, and reconciles it to the general ledger before it is signed.
3. The program director prepares each performance report, compares what was accomplished with the objectives for the period, and explains any goal that was not met and any cost overrun.
4. The executive director notifies the federal agency or the pass-through entity when a problem, a delay or another significant development will affect our ability to meet the award's objectives, and includes our plan for corrective action.
5. The finance manager writes down the date each final financial report was submitted and the date the retention period for that award ends, and checks the award and the program rules for any different retention period.
6. The executive director stops any destruction of records for an award when a lawsuit, a claim or an audit involving them has started, until it is resolved and final action is taken.
7. The finance manager keeps electronic originals in a form that cannot be altered and, when paper records are scanned, checks samples of the scans from time to time to confirm they are complete and readable.
8. The executive director gives the federal agency, the pass-through entity, inspectors general, the Comptroller General and their representatives timely access to award records and to staff, for as long as we hold the records.

Rules this covers: 2 CFR 200.328(c); 2 CFR 200.329(c); 2 CFR 200.329(e); 2 CFR 200.334; 2 CFR 200.336; 2 CFR 200.337(a); 2 CFR 200.337(c)

11. Single Audit

OUR POLICY

In any fiscal year in which we spend $1,000,000 or more in federal awards from all sources, direct and passed through, we have a Single Audit for that year, or a program-specific audit when the rule allows one. In a year below that amount we are exempt from the federal audit requirement, but our records stay open to review by the federal agency, the pass-through entity and the Government Accountability Office. We submit the audit to the Federal Audit Clearinghouse within 30 calendar days after we receive the auditor's report or nine months after the end of the fiscal year audited, whichever comes first.

WHAT WE DO

1. The finance manager totals federal awards expended from all sources at the end of each fiscal year and tells the executive director and the board whether the total reached the audit threshold.
2. The finance manager prepares the schedule of expenditures of federal awards. It lists each program by federal agency with its Assistance Listing number, names the pass-through entity and its identifying number for each subaward we received, shows the total spent for each program and the amount passed to subrecipients, and has notes on our accounting policies and on whether we chose the de minimis indirect cost rate.
3. The executive director hires the auditor using our procurement procedures, gives the auditor access to staff and records, states the objectives and scope of the audit in the request for proposals, and asks each firm for a copy of its peer review report.
4. The finance manager reads the sections of OMB's Compliance Supplement that cover our programs before the audit starts, because it describes the compliance requirements auditors are expected to consider.
5. The executive director prepares a corrective action plan for each finding in the current audit, separate from the auditor's findings, that names the person responsible, the action to be taken and the expected completion date, or explains in detail why we disagree. The finance manager prepares the summary schedule of prior audit findings.
6. The executive director or the finance manager signs the statement on the data collection form, and the finance manager submits the form and the reporting package electronically to the Federal Audit Clearinghouse by the deadline.
7. The finance manager keeps a copy of the form and the reporting package for three years from the date of submission and sends the auditor's management letter to a federal agency or pass-through entity that asks for it.
8. The finance manager charges a reasonably proportionate share of the audit cost to federal awards only for a year in which the Single Audit was required and was done in line with the rule.

Rules this covers: 2 CFR 200.501(a); 2 CFR 200.501(c); 2 CFR 200.501(e); 2 CFR 200.508; 2 CFR 200.509(a); 2 CFR 200.510; 2 CFR 200.511; 2 CFR 200.512(a)(1); 2 CFR 200.512(b); 2 CFR 200.512(d); 2 CFR 200.512(e); 2 CFR 200.512(f); 2 CFR 200.425(a); 2 CFR 200.1 (definition of compliance supplement)

Adoption

This handbook was reviewed and adopted by our organization on the date below. We review it once a year and whenever the grant agreement or the regulation changes.

Adopted by: _____ Title: _____

Signature: _____ Date: _____

Sources

- 2 CFR Part 200: The federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D covers post-award requirements, subpart E the cost principles and subpart F audits. https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200
- 2 CFR 200.302: What a financial management system has to provide, including the two sets of written procedures. Section 200.303 on internal controls follows it. https://www.ecfr.gov/current/title-2/section-200.302
- 2 CFR 200.305: Federal payment: advances, reimbursement, interest-bearing accounts and returning interest. https://www.ecfr.gov/current/title-2/section-200.305
- 2 CFR 200.313: Equipment: title, use, property records, inventory and disposition. https://www.ecfr.gov/current/title-2/section-200.313
- 2 CFR 200.318: The general procurement standards. Sections 200.319 and 200.320 on competition and procurement methods follow it. https://www.ecfr.gov/current/title-2/section-200.318
- 2 CFR 200.332: What a pass-through entity has to do for each subaward and subrecipient. https://www.ecfr.gov/current/title-2/section-200.332
- 2 CFR 200.334: The record retention requirement and its exceptions. https://www.ecfr.gov/current/title-2/section-200.334
- 2 CFR Part 200, Subpart E: The cost principles, including allowability (200.403 to 200.405), indirect costs (200.414), certifications (200.415), compensation (200.430) and travel (200.475). https://www.ecfr.gov/current/title-2/part-200/subpart-E
- 2 CFR Part 200, Subpart F: The audit requirements, including the Single Audit threshold (200.501), auditee responsibilities (200.508) and report submission (200.512). https://www.ecfr.gov/current/title-2/part-200/subpart-F
- 2 CFR Part 180: The governmentwide suspension and debarment rules, including which contracts are covered (180.220) and how to verify that a party is not excluded (180.300). https://www.ecfr.gov/current/title-2/part-180
- OMB Compliance Supplement: OMB's yearly guide for Single Audit auditors, which lists the compliance requirements they are expected to consider for each program. https://www.whitehouse.gov/omb/information-resources/guidance/compliance-supplement/