



Federal Grants Management Manual

05/12/2025

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Tiffin, Ohio 44883**

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I. INTRODUCTION

Heidelberg University to use this Grants Manual to support the administration of its federal grants. This Grants Manual establishes policies and procedures for application, receipt, management, and closeout of federal grant awards. Heidelberg University designates this grants manual as the prime resource for VP of Finance and Administration/CFO, Key Personnel, and Appointed Grant Champions in the administration and management of their respective grant programs. This Grants Manual lists and explains relevant federal laws and policies regarding grant administration and contains sample forms most commonly used throughout the grant life cycle. While this Grants Manual is intended as a primary resource, it is not intended to replace or supersede any federal guidance on grant administration.

The Grants Manual organizes information in the following manner:

- ✓ Background about the Business Office
- ✓ A glossary of terms related to federal grants.
- ✓ Rules concerning federal grant administration.
- ✓ Information on managing the grant through the lifecycle of the federal award.

Additionally, the Appendices include examples of a number of relevant forms and other documents commonly used for managing federal grants.

II. ABOUT THE OFFICE

A. OFFICE OF BUSINESS & ADMINISTRATIVE AFFAIRS

■ DESCRIPTION OF GRANTS ADMINISTRATION OFFICE

The Office of Business & Administrative Affairs, led by the VP for Finance and Administration/CFO, will oversee grant applications and grant management. The Business Office will coordinate with the Strategic Leadership Team listed below, as well as key support staff who regularly utilize grant funding.

■ OUR MISSION, VALUES, AND GOALS

Heidelberg University is a community of learning that promotes and nurtures intellectual, personal, and professional development, leading to a life of purpose with distinction.

■ HU 10-Year Strategic Mission Statement

Heidelberg will deliver student lives of purpose with distinction through community inclusiveness, integrated curricular and co-curricular programs, and global water education, research, and commercialization.

■ HU 10-Year Strategic Vision Statement

Heidelberg will be the top rated, ranked, and valued educational institution among our regional peers.

■ Strategic Goals, Objectives and Key Strategic Initiatives

Meeting consistently since November of 2020, the SGAP team created the enclosed plan to accomplish four overarching goals to help us achieve our Mission and approach our Vision. These goals and objectives will be updated in 2025, with updated strategic initiatives released.

Heidelberg Value - Gain Competitive Educational Market Advantages

Enrollment Growth - Expand Student Educational Opportunity

Financial Sustainability - Strengthen Resilience for University Sustainability

B. RESPONSIBILITIES

▪ OUR RESPONSIBILITIES

The Business Office will assist with processing new grant requests in planning phases as well as managing grant funds awarded to ensure compliance with grant agreements. The Business Office will also determine when funding is to be considered a federal grant versus a grant from other sources, or otherwise classify it as a gift, sponsorship, or contract.

C. KEY LEADERSHIP

▪ KEY LEADERSHIP

Strong leadership and visionary thinking help Heidelberg remain strong. The Strategic Leadership Team (SLT) and the Board of Trustees set strategic direction for the institution and support our passion for academic excellence and student success. Lead staff in the business offices are key contacts for all business affairs. President and VP of Finance and Administration/CFO are legally the only signatories for all business affairs. Their supporting staff are listed also.

Title	Phone
President	419.448.2202
VP of Finance and Administration/CFO	419.448.2517
Controller	419.448.2227
Business Manager	419.448.2183
Executive Assistant to President, Provost, & Board	419.448.2202
FOR NAMES AND EMAILS, PLEASE CONSULT THE ONLINE HEIDELBERG DIRECTORY	

III. GLOSSARY OF TERMS

Term	Definition
Administrative Requirements	Administrative requirements mean matters common to grants in general, such as financial management, types, and frequency of reports, procurement, and property management and retention of records.
Advance Payment	Advance payment means a payment that a federal agency or pass-through entity makes by any appropriate payment mechanism and payment method before the recipient or subrecipient disburses the funds for program purposes.
Award (also known as a Federal Award)	Award means financial assistance that provides support to accomplish a public purpose. Awards include grants and other agreements in the form of money or property instead of money, by the federal government to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.
Budget Period	Budget Period means the time interval from the start date of a funded portion of an award to the end date of that funded portion, during which recipients and subrecipients are authorized to incur financial obligations of the funds awarded, including any funds carried forward or other revisions pursuant to § 200.308.
Closeout	Closeout means the process by which the federal agency or pass-through entity determines that all applicable administrative actions and all required work of the federal award have been completed and takes actions as described in § 200.344. Closeout includes many actions, including final reporting for the award, disposition of property, and record retention requirements.
Computing Devices	Computing devices mean machines that acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. See also the definitions of supplies and information technology systems in 200.1.

Term	Definition
Contract	Contract means, for the purpose of federal financial assistance, a legal instrument by which a recipient or subrecipient conducts procurement transactions under a federal award. For additional information on subrecipient and contractor determinations, see § 200.331. See also the definition of subaward.
Cost sharing	Cost sharing means the portion of project costs not paid by Federal funds or contributions (unless authorized by Federal statute). This term includes matching, which refers to required levels of cost share that must be provided. See § 200.306.
Discretionary Awards	Discretionary award means an award in which the Federal agency, in keeping with specific statutory authority that enables the agency to exercise judgment (“discretion”), selects the recipient or the amount of Federal funding awarded through a competitive process or based on merit of proposals. A discretionary award may be selected on a non-competitive basis, as appropriate.
Equipment	Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$10,000. See the definitions of capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies in 200.1.

Term	Definition
Expenditures	<p>Expenditures means charges made by a recipient or, subrecipient to a project or program for which a federal award is received. The charges may be reported on a cash or accrual basis as long as the methodology is disclosed and consistently applied.</p> <p>For reports prepared on a cash basis, expenditures are the sum of: Cash disbursements for direct charges for property and services, the amount of indirect expense charged, the value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to subrecipients.</p> <p>For reports prepared on an accrual basis, expenditures are the sum of: Cash disbursements for direct charges for property and services, the amount of indirect expense incurred, the value of third-party in-kind contributions applied, and the net increase or decrease in the amounts owed by the recipient or subrecipient for goods and other property received, services performed by employees, contractors, subrecipients, and other payees, and programs for which no current services or performance are required, such as annuities, insurance claims, or other benefit payments.</p>
Fixed Amount Award	<p>Fixed amount awards mean a type of grant or cooperative agreement pursuant to which the Federal agency or pass-through entity provides a specific amount of funding without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and record-keeping requirements for both the recipient or subrecipient and the Federal agency or pass-through entity. Accountability is based primarily on performance and results. See §§ 200.102(c), 200.101(b), 200.201(b), and 200.333.</p>
Funding Opportunity	<p>An announcement of open awards. Funding opportunities typically describe the award, including the deadline date, funding amounts, award description, and other pertinent information.</p>
Grant	<p>Grant means an award of financial assistance where the principal purpose is to carry out a public purpose authorized by a law of the United States and not to procure property or services for the federal awarding agency or pass-through entity's direct benefit or use.</p>

Term	Definition
Grant Life Cycle	Grant life cycle means the entire process of grant administration: applying for a grant, receiving a grant, managing a grant, and closing out a grant.
Intangible Property	Intangible Property means property having no physical existence, such as trademarks, copyrights, data (including data licenses), websites, IP licenses, trade secrets, patents, patent applications, and property such as loans, notes and other debt instruments, lease agreements, stocks and other instruments of property ownership of either tangible or intangible property, such as intellectual property, software, or software subscriptions or licenses.
Internal Controls	Internal controls for recipients and subrecipients mean processes designed and implemented by recipients and subrecipients to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations, reliability of reporting for internal and external use; and compliance with applicable laws and regulations.
Local Government	Local government means any unit of government within a State, including a county, borough, municipality, city, town, township, parish, local public authority, including any public housing agency under the United States Housing Act of 1937, special district, school district, intrastate district, council of governments, whether or not incorporated as a nonprofit corporation under State law, and any other agency or instrumentality of a multi-regional, or intra-State or local government.
Non-Discretionary Awards	Non-discretionary award means an award made by the Federal agency to specific recipients in accordance with statutory, eligibility, and compliance requirements, such that in keeping with specific statutory authority, the Federal agency cannot exercise judgment (“discretion”). A non-discretionary award amount could be specifically determined or by formula.
Non-Federal Entity	Non-federal entity means a State, local government, Indian Tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient.

Term	Definition
Obligations	Obligations, now called financial obligations, means orders placed for property and services, contracts and subawards made, and similar transactions that require payment by a recipient or subrecipient under a federal award that will result in expenditures by a recipient or subrecipient under a federal award.
Pass-through Entity	Pass-through entity (PTE) means a recipient or subrecipient that provides a subaward to a subrecipient (including lower tier subrecipients) to carry out part of a federal program.
Period of Performance	Period of performance means the time interval between the start and end date of a federal award, which may include one or more budget periods. Identification of the period of performance in the Federal award consistent with § 200.211(b)(5) does not commit the Federal agency to fund the award beyond the currently approved budget period.
Personal Property	Property means property other than real property. It may be tangible or intangible.
Programmatic Requirements	Matters relevant on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.
Protected Personally Identifiable Information (Protected PII)	Protected Personally Identifiable Information (PII) means PII (see definition in 200.1, except for PII that must be disclosed by law. Examples of PII include, but are not limited to, social security number; passport number; credit card numbers; clearances, bank numbers; biometrics; date and place of birth; mother's maiden name; criminal, medical and financial records; and educational transcripts.
Recipient	Recipient means an entity that receives a federal award directly from a federal agency to carry out an activity under a federal program. The term recipient does not include subrecipients or individuals that are participants or beneficiaries of the award.
Real Property	Real property means land, including land improvements, structures, and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment.
Selected Items of Cost	Selected items of cost mean an itemized list of allowable costs contained 2 CFR Part 200 Subsections §200.420-200.476.

Term	Definition
State	State means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any agency or instrumentality thereof exclusive of local governments.
Subrecipient	Subrecipients means an entity that receives a subaward from a pass-through entity to carry out part of a federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a federal agency.
Supply	Supply means all tangible personal property other than those described in the equipment definition. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes or \$10,000, regardless of the length of its useful life.
Suspension	<p>Suspension means:</p> <p>(1) Temporary withdrawal of the authority to obligate grant funds pending corrective action by the recipient or subrecipient or a decision to terminate the grant.</p> <p>(2) An action taken by a suspending official in accordance with agency regulations implementing E.O. 12549 to immediately exclude a person from participating in grant transactions for a period, pending completion of an investigation and such legal or debarment proceedings as may ensue.</p> <p>(3) An action by a federal awarding agency that temporarily withdraws federal sponsorship under an award, pending corrective action by the recipient, or pending a decision to terminate the award by the federal awarding agency.</p>
Tribal Government	Tribal government means a governing body, recognized by the federal government, of a Native American or Alaska Native tribe, band, pueblo, community, village, or group.

IV. FEDERAL GRANT ADMINISTRATION RULES

The federal government provides rules for how all grant recipients must receive, spend, track, and report on federal funds. These rules are located in 2 CFR Chapter I, Part 200, titled the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This set of rules is also sometimes referred to as the “Uniform Guidance” or “Super Circular.” In this Grants Manual, the set of federal grant administration rules is divided into four major categories: federal administrative requirements, federal cost principles, audits, and other rules.

A. CONTROL SYSTEMS: FEDERAL ADMINISTRATIVE REQUIREMENTS

Federal administrative requirements for grant management can be found in 2 CFR Part 200, Subpart D and Subpart E, accessible online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-D> and <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-E>.

This guidance applies to all non-federal entities receiving federal grant awards and without regard to entity type. The federal government groups the administrative requirements into subparts that address the pre-award and post-award administration phases.

Pre-award Requirements:	Discusses grant eligibility, applying for federal assistance, and debarment/suspension. Appears online at https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-C
Post-award Requirements:	Discusses program management, payments, program income, budgeting, costs, cost sharing, and non-federal audits. It also discusses property and procurement guidelines, reporting and records retention, termination and enforcement, and closeout. Appears online at https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-D

B. EXPENDITURE CONTROLS: FEDERAL COST PRINCIPLES

Cost Principles govern how **Heidelberg University** can spend federal grant funding. federal cost principles can be found in 2 CFR Part 200 Subpart E, accessible online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-E>

These laws discuss allowable costs, direct and indirect costs, determining reasonable costs, and unallowable costs associated with grant administration. The Cost Principles reference specific items, such as compensation, equipment, or advertising, in the *Selected Items of Cost* sections. Guidance on timekeeping can be found in the *Standards for Documentation of Personnel Expenses* in §200.430 (g).

C. AUDITS

2 CFR Part 200 Subpart F appears online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-F>

The audit rules govern the audit of all federal grantees expending \$1,000,000 or more of federal awards during their own fiscal year. This subpart does not apply to for-profit subrecipients.

D. OTHER RULES

Other rules governing grant administration can be found in various sections of the federal code.

▪ LOBBYING RESTRICTIONS

Lobbying restrictions can be found in Section 200.450 of the federal administrative requirements. This section also identifies other agency regulations that discuss lobbying restrictions. Generally, federal grantees and subrecipients are prohibited from using federal funds to influence federal employees or members of Congress and their staff. If a federal grantee or subrecipient engages in lobbying activities, they must submit a form SF-LLL, Disclosure of Lobbying Activities, with their grant application.

▪ DEBARMENT AND SUSPENSION

2 CFR 180, *OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)* governs debarment and suspension of non-federal entities and other parties from receiving federal awards. Debarment and suspension can occur if covered parties use federal funds irresponsibly, wastefully, or fraudulently.

In order to ensure federal funds do not flow to excluded parties, non-federal entities and other parties are responsible for determining whether any of the principals of covered transactions are excluded or disqualified from participating in the transaction. Names of debarred or suspended parties can be found by searching the System for Award Management (SAM) for exclusion records, active or excluded at <https://sam.gov/content/exclusions> (Records that were contained in the Excluded Parties List System have been moved to SAM)

- **DRUG-FREE WORKPLACE**

2 CFR 182, *Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)*, requires federal grantees to agree to maintain a drug-free workplace. The rule appears online at <https://www.govinfo.gov/app/details/CFR-2011-title2-vol1/CFR-2011-title2-vol1-part182>

- **OTHER RULES**

Agency-specific rules for grant administration can be found under the agency's CFR title. For example, the administration of Head Start grants under the Department of Health and Human Services can be found under 45 CFR Part 1301. To find CFR titles for agency-specific grant administration rules, look for the grant administration manual or agency CFR title referenced in the award terms and conditions or search the CFR online at the US Government Printing Office (GPO) website at <https://www.govinfo.gov/app/collection/cfr/>.

In the past, OMB provided a chart of individual federal agencies. This chart is currently included in Part 8 - **APPENDIX II FEDERAL AGENCY CODIFICATION OF GOVERNMENT-WIDE REQUIREMENTS AND GUIDANCE FOR GRANTS AND COOPERATIVE AGREEMENTS** in the annual Compliance Supplement for the Single Audit. The current year Compliance Supplement is available at <https://www.whitehouse.gov/omb/office-federal-financial-management/current-compliance-supplement/>. Prior year's Compliance Supplements are available at <https://www.whitehouse.gov/omb/office-federal-financial-management/past-compliance-supplement/>.

Any guidance needed that is not covered in this manual, please refer to the Heidelberg University's Policies Handbook for All University Employees, Faculty Manual, or Hiring Toolkit.

V. GRANT LIFECYCLE

A. SEARCH FOR FEDERAL GRANTS

▪ GRANTS.GOV

The federal government requires federal agencies to post discretionary grant opportunities on Grants.gov, located at <https://www.grants.gov/>. This website offers a comprehensive search feature to locate federal grant opportunities for almost any federal government office.

Heidelberg University can conduct searches by funding opportunity number, the category of funding, agency, and other unique search criteria. Grants.gov also has an email alert service that will send notifications of new grant opportunities as they are posted. The email alert service can be accessed at <https://www.grants.gov/connect/manage-subscriptions/>

Individual Agency Websites

In some instances, federal grant opportunities may not appear on Grants.gov. Be sure to check individual federal agency websites for a comprehensive listing of grant opportunities.

B. APPLY FOR A GRANT

▪ PLAN THE GRANT APPLICATION

Note the Deadline

Preparing a federal grant proposal can be extremely labor-intensive. Establishing a plan to complete the individual parts of the grant application package will keep the effort organized and ensure completion by the grant deadline date. Federal grant deadlines are hard deadlines. In most cases, even an application submitted 1 minute after the deadline will not be considered.

Download the Grant Application Packet

Heidelberg University will apply for grants using federal Standard Form 424, Application for Federal Assistance at https://apply07.grants.gov/apply/forms/readonly/SF424_2_1-V2.1.pdf. This form has approximately 21 sections. Sample copies of forms appear in the Appendices. Generally, federal agencies expect online submission of federal grant applications either through Grants.gov or through a separate application system accessible from the agency's website. Be sure to review all the guidelines in the grant funding opportunity to confirm how to submit the application.

Identify the Project Administrator and Team

The **VP of Finance and Administration/CFO** will serve as the lead for completing and submitting the grant application packet. The **VP of Finance and Administration/CFO** will locate the key people providing information for or writing parts of the grant application packet; Establishing an initial team meeting to discuss roles and responsibilities will ensure organized and timely preparation of the grant application.

▪ **KEY GRANT PERSONNEL**

Title	Phone
President	419.448.2202
VP of Finance and Administration/CFO	419.448.2517
Controller	419.448.2227
Dean of Student Affairs	419.448.2062
Athletic Director	419.448.2009
Chief Human Resources Officer	419.448.2381
Associate VP for Advancement Alumni & Community Relations	419.448.2231
VP for Academic Affairs & Provost	419.448.2510
Interim Director of the National Center for Water Quality Research	419-448.2443
PLEASE CONSULT THE ONLINE HEIDELBERG DIRECTORY FOR THE NAMES AND EMAILS OF THE APPROPRIATE CONTACTS.	

▪ **PREPARE GRANT DOCUMENTS**

Each document in a federal grant application packet must be completed prior to submission. If you are applying for a grant in Grants.gov, please complete and submit your application using Grants.gov Workspace.

Most federal grant application packets contain some variation of the family of SF-424 forms listed on Grants.gov at <https://www.grants.gov/forms/forms-repository/sf-424-family>, as well as additional forms required by various federal agencies.

Note: The PDF forms shown are for sample purposes only and cannot be submitted with an application package. If you are applying for a grant, please complete and submit your application using Grants.gov Workspace.

Here are details on the commonly used forms:

SF-424: [Application for Federal Assistance](#)

- SF-424A: [Budget Information for Nonconstruction Programs](#) or SF424-C [Budget Information for Construction Programs](#)
- SF-424B: [Assurances for Nonconstruction Programs](#) or SF-424D [Assurances for Construction Programs](#)

The SF-424, Application for Federal Assistance, contains 21 sections requesting contact information, Heidelberg University background, demographical project information, total project funding, authorized representative information, and an explanation of any federal debt delinquencies.

The SF-424A/C, Budget information for Nonconstruction/Construction programs, contains two parts requesting detailed budget information divided by these class categories: personnel, fringe benefits, travel, equipment, supplies, contractual, construction, other costs, and indirect charges.

The SF-424B/D, Assurances for Nonconstruction/Construction programs, requires the authorized representative to certify compliance with a variety of federal laws, such as Title VI of the Civil Rights Act, the Davis-Bacon Act, and the Clean Air Act.

The individual parts of the grant application packet should be accurate, well-written, and informative. Federal overseers, such as auditors and grant monitors, will refer to the documents in the application packet during site visits to evaluate project performance and grant compliance. Grants.gov includes many form instructions along with other guidance on planning/writing federal grants as well at <https://www.grants.gov/forms>.

- **FINALIZE GRANT APPLICATION PACKET**

Internal Approval Process

HEIDELBERG UNIVERSITY SPECIFIC INTERNAL APPROVAL PROCESS:

STEP ONE - Filing a **Grant Intake Form** (see link to Adobe fillable PDF Form in the [Inside.Heidelberg.edu/docs/all](https://inside.heidelberg.edu/docs/all) website) includes contact information of grant team, grant funder information, short scope of work, and suggested budget with short budget narrative. Initially, the staff must:

- (a) Think the ideas through and give a short 300-word scope of work, with possible grant team members identified. Then, discuss those ideas with a potential Grant Champion (see the identified leadership that can serve as a Grant Champion on the bottom of the Grant Intake Form), so that together, they can work out an acceptable budget.
- (b) Then that identified Grant Champion must be identified on that cover page (via check box). A Grant Champion **MUST** be identified on the form before it can proceed further.

STEP TWO - Consult with [Chief of Human Resources](#) for calculations of any salaries/wages and for job descriptions used in grant proposals, [Assistant VP & Controller and/or Business Office](#)

Manager to assign a Pre-Fund Code (pending) and/or Fund Code(active), Associate VP for Advancement Alumni & Community Relations for any conflicts of interest/duplication when soliciting private funders/foundations/corporate funders, and VP of Finance and Administration/CFO for final sign off. All four positions/offices must sign off on the Grant Intake Form prior to a grant being submitted.

STEP THREE – (NEEDED ONLY IF GRANT FUNDS WILL EXCEED \$50,000 AND/OR IF HEIDELBERG UNIVERSITY IS PROVIDING MATCH FUNDS TO A GRANT). Grant form is presented by VP of Finance and Administration/CFO during Strategic Leadership Team meeting. This is especially important if a cash match is involved so that business approval can be sought where applicable. This is also important to approve the idea of hiring new staff, if a grant is awarded.

STEP FOUR – After approval from either STEP THREE above for Small Grants or from STEP FOUR for larger grants, then the grant team can proceed with submission to funding entities.

Authorized Signature Authority

The documents in the federal grant application packet will require the signature of an Authorized Organizational Representative (AOR) who has the power to bind the Heidelberg University to the terms and conditions of the federal award. This individual is typically a senior leader, such as an executive director, president, or senior government official.

In Grants.gov, AORs can have a standard or expanded role.

▪ **KEY GRANT SIGNATORY AUTHORITY FOR GRANT APPLICATION**

Title	Phone	Signatory Authority
President	419.448.2202	Primary Signatory
VP for Finance and Administration/CFO	419.448.2517	Primary Signatory

▪ **SUBMIT AND TRACK**

Once the grant application packet is completed offline, the **VP of Finance and Administration/CFO** will then submit it online. If applying online at an agency website or through Grants.gov, the sections of the completed grant application packet can be cut and pasted into an online submission program.

Grants.gov features a tracking mechanism that will give status reports on the processing of the grant application packet. The Grants.gov tracking feature can be found at <https://www.grants.gov/forms>.

C. RECEIVE THE GRANT

▪ SIGN THE AGREEMENT

Upon the award of grant funds, a key official in the **Heidelberg University** will need to sign the award document and return it to the federal awarding agency in order to receive the grant funds. The federal awarding agency will not release any grant funds without receiving the grant award document back with an authorized signature in the format (electronic vs. physical signature) required by the awarding agency.

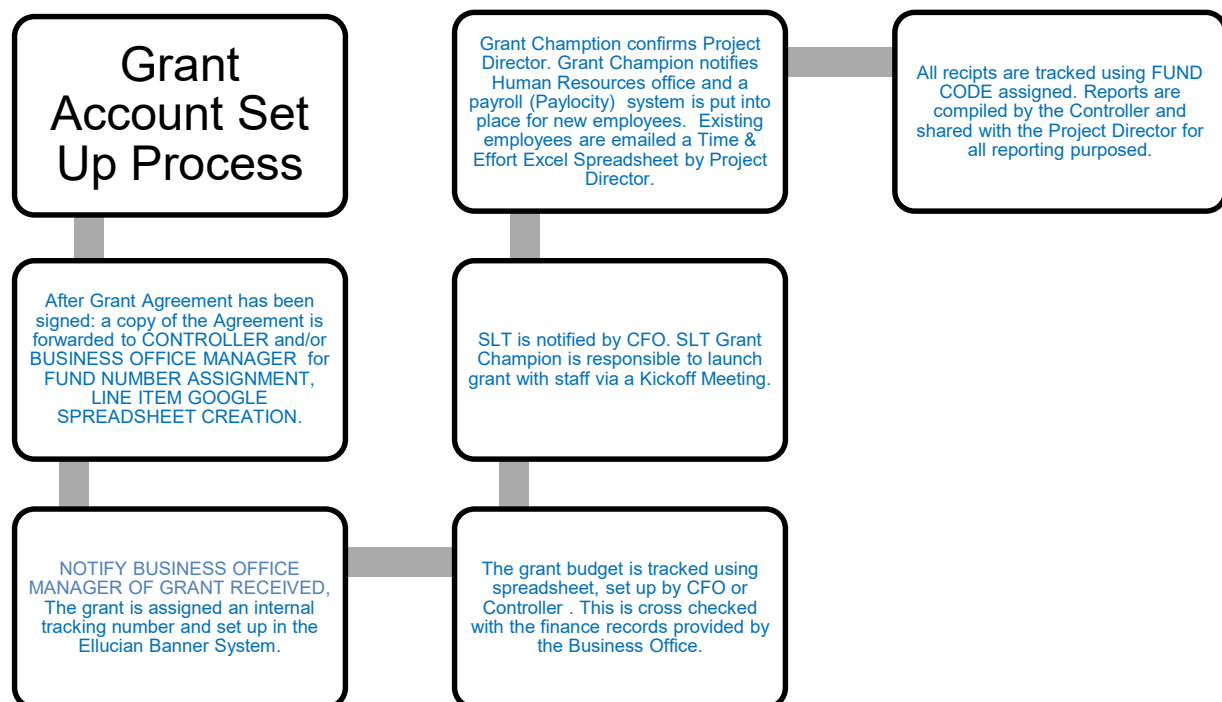
The authorized signer for **Heidelberg University** is typically a senior leader, such as an executive director, president, or senior government official. [See below for authorized signers.](#)

▪ KEY GRANT SIGNATORY AUTHORITY FOR A GRANT AGREEMENT

Title	Phone	Signatory Authority
President	419.448.2202	Primary Signatory
VP for Finance and Administration/CFO	419.448.2517	Primary Signatory

▪ GRANT ACCOUNT SET-UP

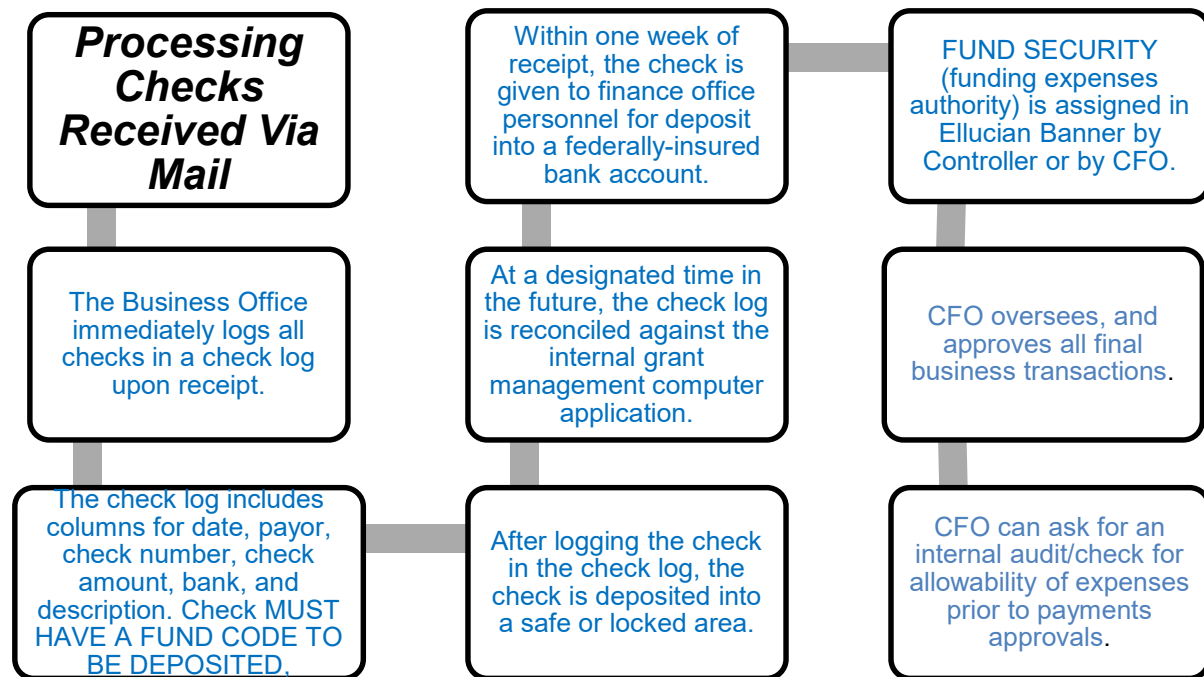
Heidelberg University uses the **Ellucian Banner Accounting System** to manage federal grant funding. Upon receipt of an award of federal grant funds, follow these instructions to set up a new account in the **Ellucian Banner Accounting System**:



▪ RECEIVE GRANT FUNDS

Grant recipients typically receive grant funds electronically or via check for an account from which they can draw down funds obligated under the grant.

Processing Checks Received Via Mail



All phases of processing a check – retrieving the check from the mail, logging the check, and delivering the check to the bank – should be separated and conducted by different people to prevent one person from having complete control over grant funds.

A review by the Controller on requests for spending that they review appropriate with grant is required, and the Controller should bring forward any discrepancy to leadership.

Names and Contact Information for Check Processing

Title	Phone
Business Manager	419.448.2183
Business Office Assistant	419.448.2001

Federal Funds Draw Down Account

Many federal agencies place grant awards in an account and allow the grantee to withdraw the funds as costs become obligated. If the grant award distributes grant funds in this manner, be sure to take note of any procedures listed in the grant terms and conditions for activating the drawdown account and drawing down funds.

D. SPEND GRANT FUNDS

▪ RETRIEVING GRANT FUNDS

Most government agencies deposit federal grant award funds into an account and allow federal grantees to draw down the funds as costs become obligated. Prior to drawing down funds, federal grantees are required to submit Form SF-270 Request for Advance or Reimbursement. This form indicates the amount of the drawdown request and confirms the amount of grant award funds remaining. A copy of SF-270 appears in Appendix G of this manual.

This form, as well as other commonly used post-award forms, can be found at <https://www.grants.gov/forms>.

Drawing Down Funds

Heidelberg University 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.

Heidelberg University Drawing Down Funds:

For an electronically accepted grant fund, the CFO and the Controller work with all grant team staff assigned monthly to follow allowability, accountability, and performance monitoring. The Project Director collaborates with Grant Champion to ensure all performance reports are submitted. When Project Director/Grant Champion are ready to file for a drawdown of electronic funds (per ACH drawdowns), then the Controller logs into the appropriate agency system (i.e. for DOJ grants – use ASAP drawdowns, for State of Ohio grants – CCIP drawdown system, for Title III/ TRIO/ RPED/ Upward Bound – G5 drawdown systems, for HRSA – use HRSA payment management systems, etc.) The Controller and/or CFO authorizes the drawdown of funds against an individual grant.

For NCWQR grants, Project Directors should ask for approval from Controller and/or CFO prior to billing grants or sending invoices to agencies.

For state of Ohio grants, a two-person drawdown system may be required. If this is the case, then the “input” person would be the Grant Champion and the “approval” person would be the CFO and/or Controller.

In the absence of a drawdown policy by the federal awarding agency, **Heidelberg University** draws down federal funds approximately once a month. The **VP of Finance and Administration/CFO** has the authority to draw down funds in the amount that they have been obligated under the grant. Prior to any drawdown of federal funding, the **VP of Finance and Administration/CFO** will confirm the cash balance of each federal grant. After the VP of Finance

and Administration/CFO draws down funds, he or she will document the drawdown with appropriate accounting personnel.

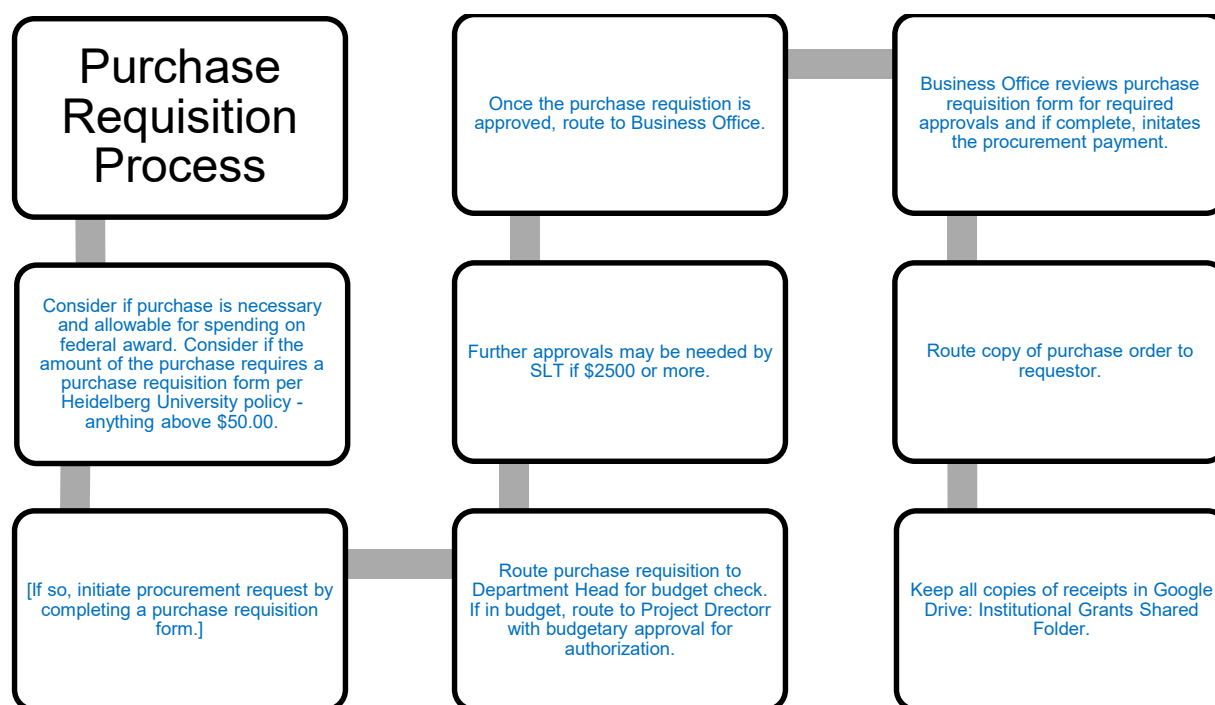
Once appropriate accounting personnel confirms receipt of the funds, a journal voucher is created to document the transfer and allocate the funds to appropriate accounts within the accounting system. The **VP of Finance and Administration/CFO** receives a notification of the journal voucher and confirms the proper allocation of grant funds.

If a drawdown is made in error, the **VP of Finance and Administration/CFO** will follow the policy of the federal awarding agency.

▪ PROCUREMENT PROCEDURES

Purchase Requisition Process

The purchase of goods typically starts with the receipt of an approved purchase requisition form.



General Standards

Heidelberg University must use documented procurement procedures that conform to applicable federal law and procurement standards covered in 2 CFR Part 200 Sections 200.317-200.327 and procedures that echo applicable state and local laws and regulations.

Heidelberg University procurement procedures for the solicitation of goods and services: Purchase Order is required for all spending over \$50. Employees can spend \$500 with Project Director approval as long as it is in the grant budget. The Project Director needs to ask a member of the Strategic Leadership Team (via an expense request form) if they will spend more than \$2,500.

2 CFR Part 200 Section 200.320 specifies five methods of procurements to be followed, as illustrated in the table below:

Method	Aggregate Dollar Amt.	Notes 1:	Notes 2:
1. Micro-Purchase	Determined based on internal controls, an evaluation of risk, and documented procurement procedures, which may be lower than, but must not exceed, the micro-purchase threshold requirements in 200.320.	No quotations are required if the price is considered reasonable based on research, experience, purchase history, or other information adequately documented	To the extent practicable, distribute equitably among qualified suppliers.

2. Small Purchase	Determined based on internal controls, an evaluation of risk, and documented procurement procedures, which may be lower than, but must not exceed, the simplified acquisition threshold established in the FAR. (Currently up to \$250,000)	Rate quotations from an adequate number of qualified sources.	No cost or price analysis is required.
3. Sealed Bid	Above the simplified acquisition threshold. (currently over \$250,000)	Primarily construction projects - Firm fixed-price contract.	Price is a major factor with a formal process for bidding.
4. Competitive Proposals	Above the simplified acquisition threshold. (currently over \$250,000)	Fixed price or cost reimbursement	RFP with evaluation methods for an adequate number of qualified sources.
5. Sole Source	Use only if one or more of the circumstances in 200.320 (c) (1)-(5) apply	Noncompetitive procurement can only be used in specific circumstances	Examples: <ul style="list-style-type: none"> • Only available from a single source • Unique or public emergency

[Note your policy can be more restrictive, but it can't be less restrictive than the Uniform Guidance procurement methods thresholds described above.]

The five specified procurement methods must comply with the following:

- The organization's documented procurement procedures
- The necessity of the purchase
- Open competition to the extent required.
- The organization's conflict of interest policy
- Sufficient and proper documentation of the purchase.

Unnecessary Purchases Prohibited

Heidelberg University shall avoid purchasing unnecessary or duplicative items. Every grant-funded purchase must meet the definition of an “allowable cost” per the federal administrative requirements. For a discussion of allowable costs, reference § 200.403 Factors affecting allowability of costs.

Non-Competitive Practices

Heidelberg University and their subrecipients shall avoid actual, or the appearance of, conflicts of interest or non-competitive practices that may restrict or eliminate competition or otherwise restrain trade.

To support objective contractor performance and eliminate an unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or Requests for Proposals (RFPs) for a proposed procurement must be excluded from competing for such procurements.

▪ CONTRACTOR MANAGEMENT

Heidelberg University must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. **Heidelberg University** must also maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

[Enter the contract administration policy for the Heidelberg University here in box below. This system ensures contractors adhere to terms, conditions, and specifications of contracts and purchase orders.]

Contract administration policy for the Heidelberg University:

This system ensures contractors adhere to terms, conditions, and specifications of contracts and purchase orders. Contracts are reviewed by VP for Finance and Administration/CFO or by President before signing for Heidelberg. Financial obligations are recorded at the Business Office. If any contract conditions are not being met, then VP of Finance and Administration/CFO would handle any legal breach of contract.

▪ AFFIRMATIVE STEPS

Heidelberg University takes all necessary affirmative steps to ensure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible.

▪ **FEDERALLY-MANDATED PROCUREMENT CONTRACT PROVISIONS**

All contracts awarded by **Heidelberg University** to subcontractors and involving a grant-funded purchase of goods or services, including small purchases, must include certain federally-mandated procurement contract provisions, including:

Provision	Citation
Remedies for Breach	41 USC 1908
Termination for Cause or Convenience	41 U.S.C. 1908
Equal Employment Opportunity	41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
Davis-Bacon Act	40 U.S.C. 3141-3148
Procurement of Recovered Materials	§ 200.323, Section 6002 of the Solid Waste Disposal Act, 40 CFR part 247
Davis-Bacon Act	40 U.S.C. 3141-3148
Contract Work Hours and Safety Standards Act	29 CFR Part 5, 40 U.S.C. 3701-3708, 40 U.S.C. 3702 and 3704
Copeland "Anti-Kickback" Act	40 U.S.C. 3145 and 29 CFR Part 3
Rights to Inventions Made Under a Contract or Agreement	37 CFR part 401
Clean Air Act	42 U.S.C. 7401-7671q
Federal Water Pollution Control Act	33 USC 1251-1387
Debarment and Suspension	Executive Orders 12549 and 12689
Byrd Anti-Lobbying Amendment	31 U.S.C. 1352
Procurement of Recovered Materials	§ 200.323, Section 6002 of the Solid Waste Disposal Act, 40 CFR part 247
Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment	§ 200.216, Public Law 115-232, section 889
Domestic Preferences for Procurements	§ 200.322

In addition to the contract provision listed in 2 CFR Part 200 Appendix II, contracts may also need to address additional contract clauses such as:

- Statutory and national policy requirements
- Federal agency-specific requirements for contractors
- 200.215 Never contract with the enemy, as applicable.
- Provisions for bid guarantees, performance bonds, and payment bonds
- Provisions allowing access to contractor records Federal awarding agency, Comptroller General of the United States, and any other duly authorized representative.

For an in-depth discussion of these contract provisions, reference 2 CFR Part 200 Appendix II, accessible online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#Appendix-II-to-Part-200>.

▪ CODE OF STANDARDS

The Code of Standards governs the performance of **Heidelberg University** employees in the award and administration of procurement contracts, including standards for addressing conflicts of interest between individuals and organization and prohibition of soliciting or accepting gratuities, favors, or items of monetary value.

CONFLICT OF INTEREST

(excerpted from page 16, Heidelberg University Policy Handbook for All University Employees)

A conflict of interest exists when any individual covered by this policy has a relationship or engages in an activity which impairs or adversely influences his or her judgment with respect to policy promoting the best interest of the University and the public good, or which impairs or adversely influences the performance of an employee's duties to the University.

Disclosure - *In any case where a conflict of interest exists, or may exist, or the appearance of a conflict of interest may exist, it shall be the duty of the employee to disclose any interest, including any interest in the organization or entity which may benefit from the person's association with the University and including any such beneficial interest a member of the person's immediate family may have because of the person's association with the University.*

Persons who perceive the existence of a conflict of interest shall not endeavor to resolve the conflict or determine that the external benefits will not adversely affect the University, but shall make a full disclosure of the facts, circumstances, relationships, and transaction(s) as follows:

1. Vice Presidents shall report to the President.

2. All employees shall report to their immediate supervisors, who shall keep the appropriate Vice Presidents of the University currently informed.

3. Reports shall be made promptly and at the discretion of the person receiving the report, shall be made in writing and signed by the person making the disclosure.

Restraint on Participation - *Persons covered by this policy are encouraged to avoid relationships and transactions that constitute a conflict of interest. When such situations cannot be avoided, the person(s)*

involved shall refrain from participating in consideration of the transaction affected by the conflict of interest, unless under special circumstances the University determines that their participation is imperative for the welfare of the University and the public good. If such a waiver is indicated, it shall be in writing and signed by the President or Board making the determination and a copy of the Waiver shall be provided to the Chairman of the Board and the University Attorney.

▪ LABOR REPORTING

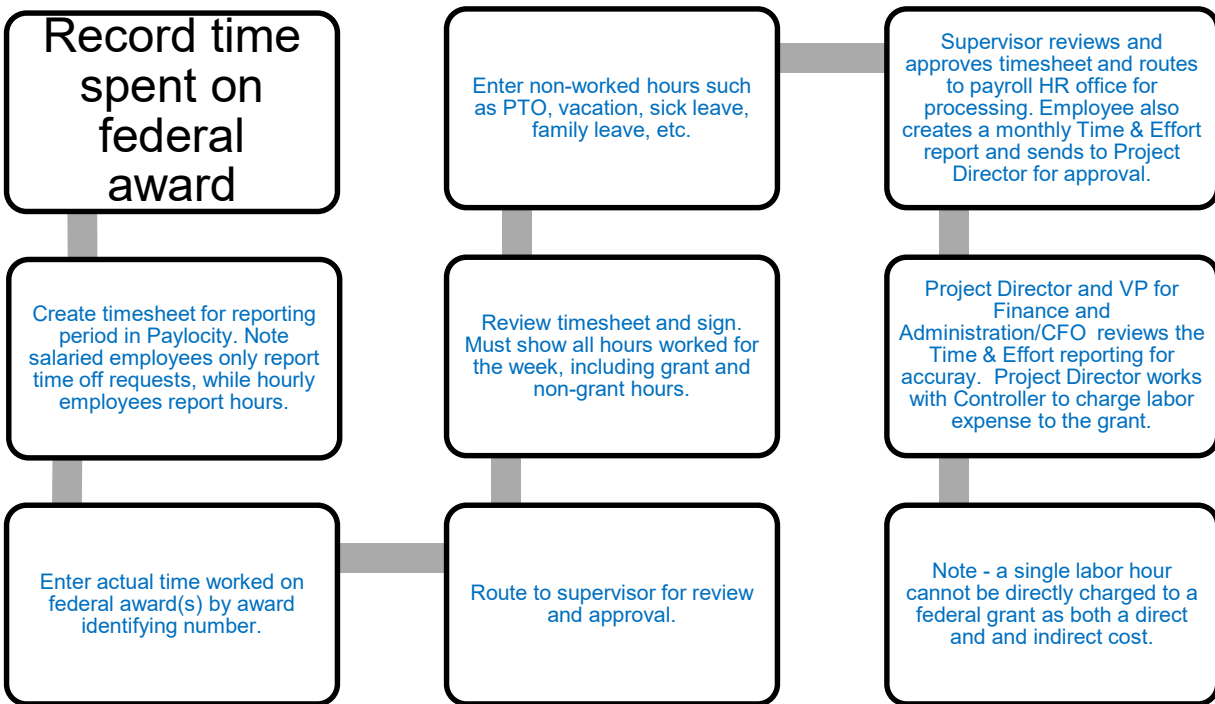
Heidelberg University must comply with labor reporting requirements when labor is charged to a federal award for salaries and wages - whether as part of direct costs or as part of an indirect cost pool consistent with §200.430 Compensation—personal services.

For labor costs to be allowable to charge to a federal award, they must follow §200.430 (g) Standards for Documentation of Personnel Expenses, which includes charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

Labor records must be:

- Supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Incorporated into the official records of the non-federal entity.
- Reasonably reflect the total activity for which the employee is compensated.
- Encompass federally-assisted and all other activities compensated by the non-federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-federal entity's written policy.
- Comply with the established accounting policies and practices of the non-federal entity.
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

[\[Enter the Heidelberg University's labor reporting procedures here or edit the flow chart below.\]](#)



See Appendix Q: Selected Areas of Cost Compensation for §200.430 (g) Standards for Documentation of Personnel Expenses for further information on the labor reporting requirements.

E. MANAGE GRANT AWARD

▪ COSTS

The **Heidelberg University** must spend federal grant funds in accordance with the terms and conditions of the grant award. Therefore, prior to making an expenditure, program personnel must be aware of what costs and activities are allowable and unallowable under the grant, as well as what costs are considered direct and indirect costs. A general discussion of costs follows.

Allowable and Unallowable Costs

In addition to specific restrictions in federal awards and the applicable cost principles, costs must meet the following general criteria in order to be allowable under federal awards:

- | | | |
|---|---|---|
| ✓ Allocable | ✓ Net of all applicable credits | ✓ Conforms to limits or exclusions on types or amounts of costs as stated in cost principles, federal laws, and terms and conditions of the award |
| ✓ Reasonable and necessary | ✓ Not included as a cost or used to meet the matching requirement for another federal grant | ✓ Consistent with policies, regulations, and procedures regarding federal awards |
| ✓ Treated consistently as a direct or indirect cost | ✓ Incurred during the approved budget period | ✓ Authorized or not prohibited by local laws |
| ✓ Determined in accordance with Generally Accepted Accounting Principles (GAAP) | ✓ Adequately-documented | |

A few key explanations of definitions are included below.

Allocable

A cost is allocable to a particular federal award or another cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received.

Reasonable and Necessary

The cost must be incurred specifically for the ordinary and necessary for the operation of the non-federal entity or the proper and efficient performance of the federal award.

Consistent Cost Treatment

Costs incurred for the same purpose and in like circumstances must all be treated the same. For example, an equipment cost cannot be treated as a direct cost in one instance and an indirect cost in another instance if it was incurred for the same reason and circumstances in both instances.

Net of Applicable Credits

A cost is “net of all applicable credits” if it takes into account any credits received toward the cost. For example, if program income was used toward a cost, that cost must be reduced by the amount of the program income in order to be allowable.

Selected Items of Cost

To view an itemized list of allowable costs, reference [Selected Items of Cost](#).

Any cost that is not allowable is unallowable. If a federal award recipient uses federal grant funding for unallowable costs, the federal award recipient will need to repay those funds to the federal government.

Direct and Indirect Costs

A direct cost is one that is specifically identified in the grant award. For example, the purchase of police equipment for a federal grant used to benefit local law enforcement is an example of a direct cost. Direct costs can be paid by the grant so long as they are allowable and consistent with award terms and conditions and federal regulations, including §200.403 Factors affecting allowability of costs.

An indirect cost is one that is shared with another objective, and that cannot be readily identified in the grant award. For example, the salary of accounting or procurement staff who support multiple programs would be considered an indirect cost. Likewise, electric service for the building housing administrative support departments would also be an indirect cost. Indirect costs are paid by the grant based on the ratio of indirect costs to direct costs.

This ratio is either the de minimis indirect cost rate or a rate negotiated by the cognizant federal agency. The cognizant federal agency for **Heidelberg University** is **Health and Human Services (HHS)**.

The de minimis indirect cost rate is up to 15% of modified total direct costs (MTDC). This rate requires no indirect cost proposal and is available to certain federal award recipients who do not have a current negotiated indirect cost rate in effect and elect to use the de minimis rate. The de minimis indirect cost rate can be used indefinitely or until such time as the federal award recipient decides to apply for a negotiated indirect cost rate (NICRA).

- **HEIDELBERG UNIVERSITY'S INDIRECT COST RATE FROM 07/01/2021 TO 06/30/2023 WAS 59.00% ON CAMPUS/25.00% OFF CAMPUS; DISTRIBUTION BASE IS FINAL.**
- **AFTER JULY 1, 2023, AND CONTINUING THROUGH 06/30/2027, THE INDIRECT RATES CHANGED TO 48.50% ON CAMPUS, AND 16.50% OFF-CAMPUS; DISTRIBUTION BASE IS PREDETERMINED.**
- **ANY INDIRECT FEES CHARGE AFTER 07/01/2027 CAN CONTINUE TO USE THIS SAME RATE, UNTIL AMENDED.**
- **TABLE BELOW EXCERPTED FROM SIGNED INDIRECT COST AGREEMENT.**

SECTION I: Facilities And Administrative Cost Rates					
RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)					
	EFFECTIVE PERIOD				
TYPE	FROM	TO	RATE(%)	LOCATION	APPLICABLE TO
FINAL	07/01/2021	06/30/2023	59.00	On Campus	All Programs
FINAL	07/01/2021	06/30/2023	25.00	Off Campus	All Programs
PRED.	07/01/2023	06/30/2027	48.50	On Campus	All Programs
PRED.	07/01/2023	06/30/2027	16.50	Off Campus	All Programs
PROV.	07/01/2027	Until Amended			Use same rates and conditions as those cited for fiscal year ending Jun 30, 2027

▪ BUDGETS

Heidelberg University uses the **Ellucian Banner Accounting System** to track and reconcile the budget. For example, the SF-424A, Budget Information for Non-construction Programs, categorizes costs into eight categories: personnel, fringe benefits, travel, equipment, supplies, contractual, construction, and other. The **Ellucian Banner Accounting System** should align with these categories for ease in tracking and reconciliation. Even though the federal government has noted these categories as comprising a grant award budget, the **Heidelberg University** must still ensure that costs falling under these categories are allowable expenses per the applicable cost principles. For example, travel costs are an allowable expense and appear on the SF-424A Budget forms. However, costs for a first-class ticket when coach tickets were available may be

disallowed as unreasonable. For construction programs, the form SF-424-C is Budget Information - Construction Programs, which is used with eleven categories related to construction activities.

▪ **COST TRANSFERS**

[If the Heidelberg University has a cost transfer policy in place, enter it here. Otherwise, consider adopting this policy.]

[Sample Cost Transfer Policy]

Appropriate transfers include those that:

- ✓ Record a change in the use of goods or services under the grant award.
- ✓ Correct an error.
- ✓ Re-allocate bulk charges billed to a central department for individual projects.

To initiate a cost transfer, the **Project Director working in conjunction with the Controller and/or the VP of Finance and Administration/CFO** must prepare a transfer request for submission to appropriate accounting personnel. All cost transfers must be in the same amount as the original charge unless the transfer is being divided among different departments. If divided, an explanation of the division must accompany the transfer request. The department requesting the cost transfer must have incurred the item of cost and must identify the goods and services and their quantities in the transfer request. All cost transfers must be for allowable costs and must be made within 90 days of the end of the month in which the original charge is posted to the ledger. **The Business Office Manager or Controller will make final notes to changes in the journal ledgers, as cost transfers are made.**

▪ **PROGRAM INCOME**

The Business Office must account for program income generated by grant activities according to the terms and conditions of the grant. Program income is gross income earned from grant activities that generate direct costs allocable to the grant award. For example, any fees earned from the sale of products or services under the grant would be considered program income since the creation of those products or services generates direct costs allocable to the grant. Any drawdowns of federal grant funds must take into account program income.

The SF-270 requires entry of any program income generated in the period of the request for advance or reimbursement. Not all program income requires reporting. Check the award terms and conditions as well as § 200.307 Program income to determine the types of program income that must be reported against drawdowns of grant funds and the property treatment of that income as an addition, deduction, or match.

▪ PROPERTY

The Property Standards section of 2 CFR Part 200 Subpart D governs the treatment of property acquired with federal grant funding. The property standards are accessible online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subject-group-ECFR8feb98c2e3e5ad2>.

The types of property discussed in the administrative requirements include real property, personal property, which includes both equipment and supplies, and intellectual property. Detailed instructions regarding the acquisition, titling, and disposition of property appear in the applicable administrative requirements. General guidelines governing the treatment of federally-funded property appear below.

Real Property

Heidelberg University will receive title to property purchased with federal grant funding subject to the condition that the real property is used in accordance with the purpose of the grant and not encumbered without prior approval from the federal awarding agency.

When real property is no longer needed for its original purpose, **Heidelberg University** must request disposition instructions from the federal awarding agency. **Heidelberg University** may retain title to real property purchased with federal funds after compensating the federal awarding agency that percentage of the fair market value of the property attributable to federal participation in the project funded by the grant award. If directed to sell real property acquired with federal grant funds, the federal awarding agency will give instructions for the sale.

Equipment and Supplies

Equipment means tangible personal property having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$10,000. Supplies mean all tangible personal property other than those that meet the definition of equipment.

[Heidelberg University has a more restrictive, lower capitalization limit of \$5,000 for all business tracking.]

As with real property, **Heidelberg University** may receive title to equipment or supplies purchased with federal grant funding so long as the property is used in accordance with the purpose of the grant and not encumbered without prior approval from the federal awarding agency. Individual awards and agency guidance may have further restrictions on the acquisition and use of equipment and supplies.

Equipment is further divided into “Special Purpose” equipment” and “General Purpose” equipment. “Special Purpose” equipment includes equipment that is used for research,

medical, scientific, and other similar technical activities. “General Purpose” equipment is defined as equipment whose use is not limited to “Special Purposes.”

“Special Purpose” equipment is generally allowable as a direct cost to the federal award. Normally, **Heidelberg University** must have the prior approval of the awarding agency to purchase equipment costing over \$10,000. “General Purpose” equipment should not be charged as a direct cost to the federal award without prior approval of the awarding agency.

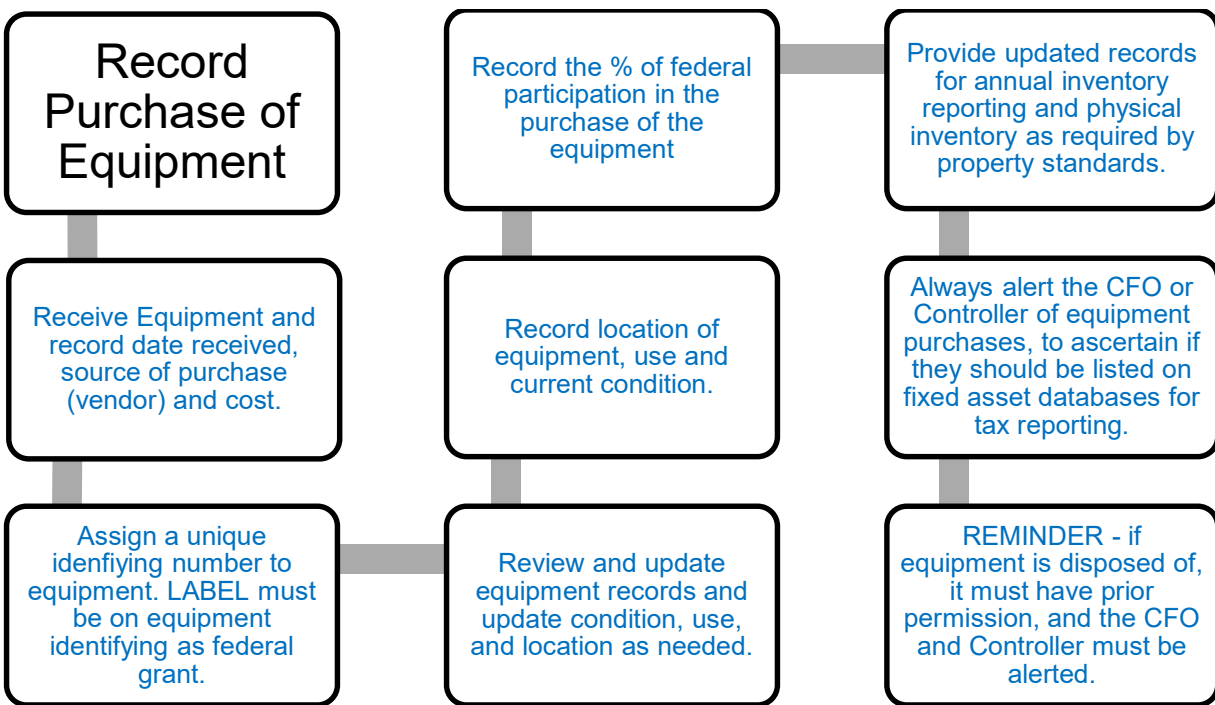
If **Heidelberg University** needs to replace equipment, it may trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment with prior approval from the federal awarding agency. For equipment valued at less than \$10,000, **Heidelberg University** may keep the equipment when it is no longer needed for its original purpose. For equipment valued at more than \$10,000, **Heidelberg University** must pay the federal awarding agency a portion of the market value or sale proceeds based on the percentage of the equipment funded by the federal awarding agency.

Equipment Records

Heidelberg University must maintain equipment records for all grant-funded equipment. Equipment records must indicate the following:

- A description of the equipment.
- Manufacturer’s serial number, model number, or other identification number.
- Source of the equipment, including the federal grant award number.
- Owner of the property (federal government or grant recipient).
- Acquisition date or date received.
- Cost of equipment.
- Details indicating the percentage of federal participation in the cost of the equipment.
- Location of equipment and date reported.
- Condition of equipment and date reported.
- Unit acquisition cost.
- Date of disposal (if applicable).
- Disposal price (if applicable).
- The method used to determine fair market value for disposal price (if applicable).

[\[Enter the Heidelberg University property records process or consider editing the flow chart below.\]](#)



Equipment Maintenance

Heidelberg University must have procedures in place to ensure that equipment purchased with federal funds is maintained to keep the equipment in good condition.

Property Controls

Property purchased with federal funds must be held in trust for the beneficiaries of the federal program or project. **Heidelberg University** must implement effective control measures to ensure the protection of grant-funded equipment from loss, damage, and theft. Any loss, damage, or theft discovered during a site visit will be investigated and documented.

If equipment titled to the federal government suffers loss, damage, or theft, **Heidelberg University** must notify the federal awarding agency immediately.

Inventory Reporting

Heidelberg University must inventory equipment (including replacement equipment) and reconcile the results with the property records at least once every two years, whether the equipment was acquired in whole or in part under a federal award, until disposition takes place. A control system must be developed and maintained to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

Intellectual Property

Heidelberg University may copyright any work that is subject to copyright and was developed or for which ownership was acquired under a federal award. The federal awarding agency, however, retains a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes and to authorize others to do so.

▪ **COST SHARING**

Generally, any contributions received under a grant-funded project, including cash and in-kind contributions, will be accepted as part of the **Heidelberg University** cost sharing or matching requirement so long as they:

- ✓ Are verifiable from the federal award recipient's records.
- ✓ Do not count as contributions for other federally-assisted projects.
- ✓ Are necessary and reasonable for the accomplishment of project or program objectives.
- ✓ Are allowable.
- ✓ Are not paid by the federal government under another award except where designated for cost sharing or matching.
- ✓ Are noted in the approved budget required by the federal awarding agency.

▪ **SITUATIONS REQUIRING PRIOR APPROVAL FROM THE FEDERAL AWARDING AGENCY**

Understanding those situations requiring prior approval from the federal awarding agency will save time and money. Costs incurred that required but did not receive prior approval from the federal awarding agency may not be reimbursed. § 200.407 Prior written approval (prior approval) contains references to a list of prior approval requirements where the organization may need to seek the prior written approval of the cognizant agency for indirect costs or the federal awarding agency.

2 CFR Part 200 Section 200.308 covers prior approvals in detail for revision of budget and program plans. Generally, prior approval from the federal awarding agency is required in the following situations:

- ✓ Revision of the scope or objective of the project.
- ✓ Changes in key personnel.
- ✓ Disengagement of the project director or principal investigator from a project for more than three months or a reduction of time devoted to the project by more than 25%
- ✓ To incur certain types of costs.
- ✓ Transfers among direct cost categories that exceed 10% of the total approved budget in instances where the agency's share exceeds the Simplified Acquisition Threshold (Currently set at \$250,000 at the time of this writing).
- ✓ Unless described in the application and funded in the approved federal awards, the subawarding, transferring, or contracting out of any work under a federal award,

including fixed amount subawards (This provision does not apply to the acquisition of supplies, material, equipment, or general support services.).

- ✓ Changes in the amount of approved cost sharing or matching provided by the federal award recipient.
- ✓ Budget revisions requiring the need for additional funds needed to complete the project.
- ✓ Transfer of participant support costs to other categories of expense.

▪ **REPORTING**

Award of federal grant funds requires a fair amount of reporting. Sections 200.328 and 200.329 under 2 CFR Part 200 give detailed guidance on federal reporting requirements for grant administration. Generally, the federal government requires two types of reports: performance reports and financial reports.

Performance Reports

Performance reports compare actual achievements with the goals stated for the reporting period, explain the reasons why goals may not have been met, and explain cost overruns or high unit costs, where necessary. Typically, performance reports can be submitted online.

Financial Status Reports

The SF-425 - Federal Financial Report serves as a financial status report. It reflects program spending and program income, as well as cash transactions at least annually, but no more than quarterly.

▪ FEDERAL OVERSIGHT IN GRANT ADMINISTRATION

Federal awarding agencies use two types of oversight to monitor grant compliance by federal award recipients: monitoring and audits.

Monitoring

The organization must monitor its activities under federal awards to ensure compliance with applicable federal requirements and that performance expectations are being achieved. Monitoring must cover each program, function, or activity and can include subrecipient monitoring as appropriate. See § 200.332 for additional pass-through entity requirements. Monitoring activities are discussed throughout the Performance and Financial Monitoring and Reporting section of 2 CFR Part 200 (Sections 200.328 through 200.343).

Some examples of monitoring include reviewing financial, personnel, procurement, property, and program activities. For instance, a grant monitor typically reviews records, interviews key personnel, views grant-funded purchases, and otherwise investigates how grant funds are managed. At the conclusion of monitoring activities, the grant monitor may prepare an in-depth report documenting the results. If the grant monitor discovers compliance issues, typically, they reach out to the organization in an attempt to resolve them.

Audits

Audits differ from monitoring visits in that they provide a comprehensive review of financial records. Auditors typically have training in generally accepted accounting principles and other audit practices. Like grant monitors, auditors investigate financial records to ensure compliance with the terms and conditions of the grant award. In the event they discover a compliance issue, they work with the award recipient to resolve the issue. Audits are governed by 2 CFR Part 200 Subpart F accessible online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#subpart-F>

The current year Compliance Supplement is available at <https://www.whitehouse.gov/omb/office-federal-financial-management/current-compliance-supplement/>. Prior year's Compliance Supplements are available at <https://www.whitehouse.gov/omb/office-federal-financial-management/past-compliance-supplement/>.

F. CLOSEOUT GRANT

▪ FINAL PHASE

The final stage in the grant lifecycle is grant closeout. This phase begins when either the grant award period has expired or Heidelberg University draws down its entire grant award. federal awarding agencies will notify Heidelberg University as it nears the end of its grant term to request final reports. If Heidelberg University is nearing the end of its grant term but has not yet completed the objectives of the award, and has not expended the entire award, a one-time extension of the period of performance by up to 12 months may be requested of the federal awarding agency.

2 CFR Part 200 Sections 200.344 through 200.346 give detailed guidance on grant closeout activities. Generally, the final performance report submitted by the non-federal entity and/or pass-through entity is due no later than 120 calendar days after the period of performance end date. A subrecipient must submit to the pass-through entity no later than 90 calendar days after the period of performance end date or as required by the terms and conditions of the federal award. The federal awarding agency will request and review various items such as:

- ✓ Work plan and progress reports.
- ✓ SF-269 Financial Status Reports.
- ✓ Requests for payments.
- ✓ Compliance with matching requirements.
- ✓ Federally owned property records.

As the federal awarding agency conducts its review, it can still discover and collect payments for disallowed costs and other deficits in the administration of the grant.

▪ RECORD RETENTION

Record retention requirements for federal award recipients appear in the Record Retention and Access section of 2 CFR Part 200 Sections 200.334 through 200.338. The general rule for record retention is that the records must be retained for three years from the date of submission of the final expenditure report.

Exceptions:

- For records related to litigation, claims, or audits started before the three-year period expires, the federal award recipient must retain records until all actions have been resolved and final action related to the litigation, claims, or audits has been taken.
- When notified in writing by the federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

- For real property and equipment, records must be retained for three years from the date of the final disposition of the property.
- When the federal awarding agency maintains the records, the three-year retention requirement does not apply to the federal award recipient.
- In some cases, program income must be reported after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-federal entity's fiscal year in which the program income is earned.

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APPENDICES

▪ APPENDIX A: SF-424 APPLICATION FOR FEDERAL ASSISTANCE

View Burden Statement		OMB Number 4040-0005 Expiration Date: 02/28/2026	
APPLICATION FOR FEDERAL ASSISTANCE SF 424 - INDIVIDUAL			
* 1. NAME OF FEDERAL AGENCY:			
2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:		CFDA TITLE:	
* 3. DATE RECEIVED:			
* 4. FUNDING OPPORTUNITY NUMBER:			
* TITLE:			
5. APPLICANT INFORMATION			
a. Name and Contact Information			
Prefix: * First Name:		Middle Name:	
* Last Name:		Suffix:	
* Telephone Number (Daytime):		Telephone Number (Evening):	
* Email:		Fax Number:	
b. Address			
* Street1:		Street2:	
* City:		County/Parish:	
* State:		Province:	
* Country:		* Zip/Postal Code:	
USA: UNITED STATES			

▪ **APPENDIX B: SF-424A, BUDGET INFORMATION FOR NONCONSTRUCTION PROGRAMS**

View Burden Statement

BUDGET INFORMATION - Non-Construction Programs

OMB Number: 4040-0006
 Expiration Date: 02/28/2025

SECTION A - BUDGET SUMMARY

1.	Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
			Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
			\$	\$	\$	\$	
5. Totals			\$	\$	\$	\$	

Standard Form 424A (Rev. 7- 97)
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▪ APPENDIX C: CHART OF ACCOUNTS EXAMPLE

Sample Chart of Accounts

<u>Account Category</u>	<u>Account Code</u>	<u>Account Title</u>
<i>Current Assets</i>	1000	Cash
	1020	Accounts Receivable
	1040	Inventory – Work in Progress
	1060	Prepayments
<i>Property, Plant & Equipment</i>	1100	Equipment – Lab
	1101	Accumulated Depreciation – Lab Equipment
	1110	Equipment – Office
	1111	Accumulated Depreciation – Office Equipment
	1200	Leasehold Improvements
	1201	Accumulated Amortization – Leasehold Improvements
<i>Other Assets</i>	1800	Deposits
<i>Current Liabilities</i>	2000	Current Notes Payable
	2010	Accounts Payable
	2030	Accrued Wages and Payroll Taxes Withheld
<i>Long Term Liabilities</i>	2100	Notes Payable
<i>Equity</i>	3000	Common Stock
	3001	Retained Earnings
<i>Revenue</i>	4000	Commercial Sales
	4010	Grant Revenue
	4020	Interest Income
<i>Direct Program Costs</i>	5000	Direct Labor
	5100	Consultants
	5200	Equipment
	5300	Materials and Supplies
	5400	Travel
	5500	Other/Miscellaneous
	5600	Consortium/Contractual
<i>Fringe Benefit Costs</i>	6010	Vacation
	6015	Holidays
	6020	Sick Leave
	6025	Payroll Taxes
	6030	401(k) Plan
	6035	Group Insurance

▪ **APPENDIX D: PURCHASE ORDER EXAMPLE**

SAMPLE PURCHASE ORDER FORM

ATTACHMENT #6

Insert Company Name

Purchase Order #: _____

Date: _____

Project Number: _____

Vendor: _____

Ship to:

Catalog #	Qty	Description	Unit Price
-----------	-----	-------------	------------

Compared and verified with packing slip and actual shipment received _____
Receiver's initials

Date: _____

■ APPENDIX E: FEDERAL FINANCIAL REPORT (SF-425)

View Burden Statement		Federal Financial Report (Follow form Instructions)		OMB Number: 4040-0014 Expiration Date: 02/28/2025
1. Federal Agency and Organizational Element to Which Report is Submitted <div style="border: 1px solid black; height: 30px; width: 100%;"></div>		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <div style="border: 1px solid black; height: 30px; width: 100%;"></div>		
3. Recipient Organization (Name and complete address including Zip code)				
Recipient Organization Name: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
Street1: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
Street2: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
City: County: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
State: Province: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
Country: USA: UNITED STATES ZIP / Postal Code: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
4a. UEI 4b. EIN 5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)				
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%; border: 1px solid black; height: 20px;"></div> <div style="width: 30%; border: 1px solid black; height: 20px;"></div> <div style="width: 50%; border: 1px solid black; height: 20px;"></div> </div>				
6. Report Type From: To:		7. Basis of Accounting		8. Project/Grant Period
<input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Final		<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		9. Reporting Period End Date <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
10. Transactions				Cumulative
(Use lines a-c for single or multiple grant reporting)				
Federal Cash (To report multiple grants, also use FFR attachment):				
a. Cash Receipts				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
b. Cash Disbursements				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
c. Cash on Hand (line a minus b)				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
(Use lines d-o for single grant reporting)				
Federal Expenditures and Unobligated Balance:				
d. Total Federal funds authorized				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
e. Federal share of expenditures				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
f. Federal share of unliquidated obligations				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
g. Total Federal share (sum of lines e and f)				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
h. Unobligated balance of Federal Funds (line d minus g)				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
Recipient Share:				
i. Total recipient share required				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
j. Recipient share of expenditures				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
k. Remaining recipient share to be provided (line i minus j)				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
Program Income:				
l. Total Federal program income earned				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
m. Program Income expended in accordance with the deduction				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
alternative n. Program Income expended in accordance with the addition				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
alternative				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
o. Unexpended program income (line l minus line m and line n)				<div style="border: 1px solid black; height: 20px; width: 100%;"></div>

■ **APPENDIX F: REQUEST FOR ADVANCE OR REIMBURSEMENT (SF-270)**

11.COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED				
PROGRAMS/FUNCTIONS/ (a) (b) ACTIVITIES			(c)	
TOTAL				
<i>(As of date)</i>				
a. Total program outlays to date \$				
b. Less: Cumulative program income				
c. Net program outlays (Line a minus line b)				
d. Estimated net cash outlays for advance period				
e. Total (Sum of lines c & d)				
f. Non-Federal share of amount on line e				
g. Federal share of amount on line e				
h. Federal payments previously requested				
i. Federal share now requested (Line g minus line h)				
j. Advances required by month, when 1st month requested by Federal grantor agency for 2nd month use in making prescheduled 3rd month advances				
12. ALTERNATE COMPUTATION FOR ADVANCES ONLY				
a. Estimated Federal cash outlays that will be made during period covered by the advance \$				
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period				
c. Amount requested (Line a minus line b) \$				
13. CERTIFICATION				
I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.				
SIGNATURE OR AUTHORIZED CERTIFYING OFFICIAL DATE REQUEST SUBMITTED				
TYPED OR PRINTED NAME AND TITLE				
Prefix: First Name:			Middle Name:	
Last Name:			Suffix:	
Title:				
TELEPHONE (AREA CODE, NUMBER, EXTENSION)				
This space for agency use				
<p>Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0004), Washington, DC 20503.</p> <p>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.</p>				

▪ **APPENDIX G: OUTLAY REPORT AND REQUEST FOR REIMBURSEMENT FOR CONSTRUCTION PROGRAMS (SF-271)**

11. STATUS OF FUNDS				
CLASSIFICATION	PROGRAMS	FUNCTIONS	ACTIVITIES	TOTAL
	(a) <input type="text"/>	(b) <input type="text"/>	(c) <input type="text"/>	
a. Administrative expense	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
b. Preliminary expense	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. Land, structures, right-of-way	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
d. Architectural engineering basic fees	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e. Other architectural engineering fees	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
f. Project inspection fees	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
g. Land development	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
h. Relocation expense	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
i. Relocation payments to individuals and businesses	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
j. Demolition and removal	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
k. Construction and project improvement cost	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
l. Equipment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
m. Miscellaneous cost	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
n. Total cumulative to date (<i>sum of lines a thru m</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
o. Deductions for program income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
p. Net cumulative to date (<i>line n minus line o</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
q. Federal share to date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
r. Rehabilitation grants (100% reimbursement)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
s. Total Federal share (<i>sum of lines q and r</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
t. Federal payments previously requested	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
u. Amount requested for reimbursement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
v. Percentage of physical completion of project	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

▪ APPENDIX H: SF-PPR PERFORMANCE PROGRESS REPORT

Individual awards and federal agencies will specify the PPR requirements. Here is a sample of a reporting format.

PERFORMANCE PROGRESS REPORT SF-PPR					
		Page of Pages 			
1. Federal Agency and Organization Element to Which Report is Submitted <div style="border: 1px solid black; height: 60px; margin-top: 5px;"></div>	2. Federal Grant or Other Identifying Number Assigned by Federal Agency <div style="border: 1px solid black; height: 60px; margin-top: 5px;"></div>	3a. DUNS <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>			
		3b. EIN <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>			
4. Recipient Organization (Name and complete address including zip code) <div style="border: 1px solid black; height: 60px; margin-top: 5px;"></div>		5. Recipient Identifying Number or Account Number <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>			
		8. Final Report? <input type="checkbox"/> Yes <input type="checkbox"/> No			
6. Project/Grant Period <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> Start Date: <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div> </td> <td style="width: 50%; padding: 5px;"> End Date: <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div> </td> </tr> </table>	Start Date: <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>	End Date: <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>	7. Reporting Period End Date <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>	9. Report Frequency <input type="checkbox"/> annual <input type="checkbox"/> semi-annual <input type="checkbox"/> quarterly <input type="checkbox"/> other <i>If other, describe:</i> <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>	
Start Date: <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>	End Date: <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>				
10. Performance Narrative (Attach performance narrative as instructed by the awarding Federal Agency)					
11. Other Attachments (Attach other documents as needed or as instructed by the awarding Federal Agency)					
12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.					
12a. Typed or Printed Name and Title of Authorized Certifying Official <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>		12c. Telephone (area code-number-extension) <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>			
12b. Signature of Authorized Certifying Official <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>		12d. Email Address <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>			
		12e. Date Report Submitted <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div>			
13. Agency use only					

OMB Approval Number: 0970-0334
Expiration Date: 10/31/2012

▪ **APPENDIX I: TANGIBLE PERSONAL PROPERTY REPORT (SF-428)**

**TANGIBLE PERSONAL PROPERTY REPORT
SF- 428**

OMB Number: 4040-0018
Expiration Date: 11/30/2024

1. Federal Agency and Organizational Element to Which Report is Submitted <div></div>		
2. Federal Grant or Other Identifying Number Assigned by 3a. UEI3b. EIN Federal Agency <div></div> <div></div> <div></div>		
4. Recipient Organization (Name and complete address including zip code) Recipient Organization Name: <div></div> Street1: <div></div> Street2: <div></div> City: County: <div></div> <div></div> State: Province: <div></div> <div></div> Country: <div></div> USA: UNITED STATESZIP / Postal Code: <div></div>		
5. Recipient Account or Identifying Number <div></div>	6. Attachment (Check applicable) Annual Report (SF-428-A) Yes <input type="checkbox"/> Final (Award Closeout) Report (SF-428-B) No <input type="checkbox"/> Disposition Report/Request (SF-428-C) <input type="checkbox"/>	7. Supplemental Sheet <div></div> <div></div>
8. Comments <div></div> <div>Add Attachment</div> <div>Delete Attachment</div> <div>View Attachment</div>		
9a. Typed or Printed Name and Title of Authorized Certifying Official Prefix: First Name: <div></div> Middle Name: <div></div> Last Name: <div></div> Suffix: <div></div> Title: <div></div>		
9b. Signature of Authorized Certifying Official <div></div>		
9c. Telephone (area code, number, extension) <div></div>		
9d. E-Mail Address <div></div>		
9e. Date report submitted (MM/DD/YYYY) <div></div>	10. Agency use only .	

▪ **APPENDIX J: PROPOSED REAL PROPERTY STATUS REPORT (SF-429)**

**REAL PROPERTY STATUS REPORT SF-429
(COVER PAGE)**

OMB Number: 4040-0016
Expiration Date: 02/28/2025

1. Federal Agency and Organizational Element to Which Report is Submitted: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	2. Federal Grant(s) or Other Identifying Number(s) Assigned by Federal Agency(ies): <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
3. Recipient Organization (name and complete address including zip Recipient Organization Name: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Street1: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Street2: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> City: County: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> State: Province: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Country: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> USA: UNITED STATES ZIP / Postal Code: <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	
4a. UFI: 4b. EIN: 5. Recipient Account or Identifying Number: <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	
6. Contact Person for this Report: Prefix: First Name: Middle Name: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Last Name: Suffix: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Email: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Phone: Fax: <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	
7. Report End Date: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> (MM/DD/YYYY)	
8. Real Property Status Report – Attachments: (check the applicable block(s)): <input type="checkbox"/> Attachment A (General Reporting) attached <input type="checkbox"/> Attachment B (Request to Acquire, Improve or Furnish) attached <input type="checkbox"/> Attachment C (Disposition Request) attached	
9. Comments: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
10. Certification: I certify to the best of my knowledge and belief that all information presented in this report is true, correct and complete and constitutes a material representation of fact upon which the Federal government may rely.	
11a. Typed or Printed Name and Title of Authorized Certifying Official: Prefix: First Name: Middle Name: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Last Name: Suffix: <div style="border: 1px solid black; width: 100%; height: 15px;"></div> Title: <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	
11b. Signature of Authorized Certifying Official: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
11c. Telephone (area code, number, extension): <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	
11d. Email Address: <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	
11e. Date Report Submitted (MM/DD/YYYY): <div style="border: 1px solid black; width: 100%; height: 15px;"></div>	12. Agency use only .

▪ **APPENDIX K: SIGNATORY AUTHORIZATION FORM**

Title	Accounts	Dollar Limit
President	All	Unlimited
VP of Finance and Administration	All	Unlimited
Provost	Limited	Up to \$2,500
Dean of Student Affairs	Limited	Up to \$2,500
Strategic Leadership Team		Up to \$5,000. One exception – no approval is required if the expense greater than \$5000 was already prior approved in the current annual operational budget.

▪ **APPENDIX L: PROCUREMENT RECORDS CHECKLIST**

Procurement Records Checklist

Items to include in the procurement records:

Description of goods and services

- ☐ A clear, accurate description that includes technical requirements
- ☐ Don't unduly restrict competition
- ☐ Requirements
 - ☐ Technical requirements in terms of the "functions to be performed"
 - ☐ What requirements is the bidder expected to fulfill?
 - ☐ What factors will be used to evaluate the bids?
- ☐ The selection basis for the contractor
- ☐ Cost or price basis for goods and services
- ☐ Cost or price analysis
- ☐ Review for parties listed in exclusions

If applicable, include:

- ☐ Lease vs. buy decision
 - ☐ Which option is the most economical and practical?
- ☐ Written justification for lack of competition, such as sole source
- ☐ Contract provisions
- ☐ Other compliance documentation
- ☐ Other _____
- ☐ Other _____

▪ **APPENDIX M: PROPERTY RECORDS CHECKLIST**

Asset Number	
Ownership (Feds or Grantee)	
Original Award Number	
Follow-on Award Number (If applicable)	
Description	
Source/Vendor	
Financial Transaction Number (if available)	
ID#	
Date Acquired	
Cost per Unit	
% of Federal Ownership	
Last Reported Location	
Last Reported Condition	
Last Reported Use	
Date of Last Report	
Disposed (Y/N)	
If Y, Date of Disposal	
Disposal Sales Price	

▪ **APPENDIX N: GRANT CLOSEOUT CHECKLIST**

Grant Closeout Checklist

Items to review for Grant Closeout:

Award # _____ Period of Performance _____

- ☐ All Allowable Costs Reimbursed?
- ☐ Final Drawdown of Grant Funds Received?
- ☐ Final Financial Status Report (FSR) Submitted
- ☐ Final Review of Grant
 - ☐ All Closeout Requirements Completed?
- ☐ Required Documentation Completed
 - ☐ Financial records, Including Budget vs. Actual Reports
 - ☐ Cost sharing or “Matching” Documentation
 - ☐ Reconciliation of Cash Drawdowns with the Financial Status Reports
 - ☐ Program Records Demonstrating Full Implementation of the Grant Objectives
- ☐ Record Retention Requirements
 - ☐ Financial Records and Supporting Documentation
 - ☐ Property and Equipment Records
 - ☐ Indirect Cost Proposals
 - ☐ Subrecipient Monitoring Documentation
 - ☐ Suspension and Debarment Compliance Documentation
- ☐ On-going Responsibilities:
 - ☐ Property Reporting
 - ☐ Indirect Cost Rates Finalized
- ☐ Other _____

▪ **APPENDIX O: AUDIT CHECKLIST**

Audit Checklist

Various Items which may be requested for Audit:

☐ **Contracts**

- ☐ **Purchase Orders/Authorizations**
- ☐ **List of Bidders and Individual Bid Packages**
- ☐ **Bid Recommendations by Reviewer**
- ☐ **Awarding of Bids Authorizations/Resolutions**
- ☐ **Contracts/Agreements/Change Orders**
- ☐ **Contractor Bonds**
- ☐ **Suspension and Debarment Review**
- ☐ **Payment Records**

☐ **Labor Records**

- ☐ **Work Authorization Identifying Award**
- ☐ **Time Sheets Signed by Employee and Supervisor**
- ☐ **Hourly Rate Support (Payroll Registers/Salary Schedules)**
- ☐ **Fringe Benefits (Provide Schedule)**

☐ **Property Records**

- ☐ **Cost Records**
- ☐ **Location, Condition, Use, and Disposal Records**

☐ **Other Records**

- ☐ **Board Minutes**
- ☐ **Indirect Cost Allocation Plans**
- ☐ **Subawards**

▪ **APPENDIX P: EXPENDITURE REQUEST FORM EXAMPLE**

	<Heidelberg University>
Requested by:	
Date:	
Description	
\$\$ Amount	
Reason for Purchase:	
Award #	
Account #	
Budget Review by:	
Date:	
In Budget? (Y/N)	
Purchase Authorized (Y/N)	
Authorizing Official Name	
Authorizing Official Title	
Date Authorized:	

▪ APPENDIX Q: SELECTED ITEMS OF COST

2 CFR Part 200 Sections 200.420 through 200.476 titled General Provisions for Selected Items of Cost provide principles to be applied in establishing the allowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost is not intended to imply that it is unallowable; rather, determination of allowability in each case should be based on the treatment standards provided for similar or related items of cost.

General Provisions for Selected Items of Cost

200.420 Considerations for selected items of cost.	200.449 Interest.
200.421 Advertising and public relations.	200.450 Lobbying.
200.422 Advisory Councils.	200.451 Losses on other awards or contracts.
200.423 Alcoholic beverages.	200.452 Maintenance and repair costs.
200.424 Alumni activities.	200.453 Materials and supplies costs, including costs of computing devices.
200.425 Audit services.	200.454 Memberships, subscriptions, and professional activity costs.
200.426 Bad debts.	200.455 Heidelberg University costs.
200.427 Bonding costs.	200.456 Participant support costs.
200.428 Collections of improper payments.	200.457 Plant and security costs.
200.429 Commencement and convocation costs.	200.458 Pre-award costs.
200.430 Compensation—personal services.	200.459 Professional service costs.
200.431 Compensation—fringe benefits.	200.460 Proposal costs.
200.432 Conferences.	200.461 Publication and printing costs.
200.433 Contingency provisions.	200.462 Rearrangement and reconversion costs.
200.434 Contributions and donations.	200.463 Recruiting costs.
200.435 Defense and prosecution of criminal and civil proceedings and claims, appeals and patent infringements.	200.464 Relocation costs of employees.
200.436 Depreciation.	200.465 Rental costs of real property and equipment.
200.437 Employee health and welfare costs.	200.466 Scholarships, student aid costs, and tuition remission.
200.438 Entertainment and prizes.	200.467 Selling and marketing costs.
200.439 Equipment and other capital expenditures.	200.468 Specialized service facilities.
200.440 Exchange rates.	200.469 Student activity costs.
200.441 Fines, penalties, damages, and other settlements.	200.470 Taxes (including Value Added Tax).
200.442 Fundraising and investment management costs.	200.471 Telecommunication costs and video surveillance costs.
200.443 Gains and losses on disposition of depreciable assets.	200.472 Termination and standard closeout costs.
200.444 General costs of government.	200.473 Training and education costs.
200.445 Goods or services for personal use.	200.474 Transportation costs.
200.446 Idle facilities and idle capacity.	200.475 Travel costs.
200.447 Insurance and indemnification.	200.476 Trustees.
200.448 Intellectual property.	

§ 200.420 Considerations for selected items of cost.

(a) This section provides principles to be applied in establishing the allowability of certain items involved in determining cost, in addition to other requirements of this subpart. These principles apply whether or not a particular cost item is properly treated as a direct or indirect cost.

(b) The following sections are not intended to be a comprehensive list of potential items of cost encountered under Federal awards. Failure to mention a particular item of cost, including as an example in certain sections, is not intended to imply that it is either allowable or unallowable. When determining the allowability for an item of cost, each case should be based on the treatment provided for similar or related items of cost and based on the principles described in §§ 200.402 through 200.411. In case of a discrepancy between the provisions of a specific Federal award and the provisions below, the Federal award governs. Criteria outlined in § 200.403 must be applied in determining allowability.

§ 200.421 Advertising and public relations.

(a) The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media includes, but is not limited to, magazines, newspapers, radio and television, direct mail, exhibits, and electronic or computer transmittals.

(b) The only allowable advertising costs are those which are solely for:

(1) The recruitment of personnel required by the recipient or subrecipient for the performance of a Federal award (See also § 200.463);

(2) The procurement of goods and services for the performance of a federal award;

(3) The disposal of scrap or surplus materials acquired in the performance of a federal award except when the recipient or subrecipient is reimbursed for disposal costs at a predetermined amount; or

(4) Program outreach (for example, recruiting project participants) and other specific purposes necessary to meet the Federal award requirements.

(c) The term “public relations” includes community relations and means those activities dedicated to maintaining the recipient's or subrecipient's image or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

(d) The only allowable public relations costs are:

(1) Costs specifically required by the Federal award;

(2) Costs of communicating with the public and press about specific activities or accomplishments which result from the performance of the Federal award (these costs are considered necessary as part of the outreach effort for the Federal award); or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities or financial matters.

(e) Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in paragraphs (b) and (d) of this section;

(2) Costs of meetings, conventions, conferences, or other events related to other activities of the entity (see also § 200.432), including:

(i) Costs of displays, demonstrations, and exhibits;

(ii) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(iii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia;

(4) Costs of advertising and public relations designed solely to promote the recipient or subrecipient.

§ 200.422 Advisory councils.

An advisory council or committee is a body that provides advice to the management of such entities as corporations, organizations, or foundations. Costs incurred by both internal and external advisory councils or committees are allowable if authorized by statute, the Federal agency, or as an indirect cost where allocable to Federal awards. See § 200.444, which applies to States, local governments, and Indian Tribes.

§ 200.423 Alcoholic beverages.

The cost of alcoholic beverages is unallowable.

§ 200.424 Alumni activities.

Costs incurred by IHEs for, or in support of, alumni activities are unallowable.

§ 200.425 Audit services.

(a) A reasonably proportionate share of the costs of audits required by and performed in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), and the requirements of this part are allowable. However, the following audit costs are unallowable:

- (1) Any costs when audits required by the Single Audit Act and subpart F of this part have not been conducted, or have been conducted but not in accordance with the requirements; and
- (2) Except as provided for in paragraph (c) of this section, any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and subpart F of this part because its expenditures under Federal awards are less than \$1,000,000 during its fiscal year.”

(b) The costs of a financial statement audit of a recipient or subrecipient that does not currently have a federal award may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.

(c) Pass-through entities may charge Federal awards for the cost of agreed-upon procedures engagements to monitor subrecipients (in accordance with §§ 200.331-333) exempt from having an audit conducted under the Single Audit Act and the requirements of this part. This cost is allowable only if the agreed-upon procedures engagements are:

- (1) Conducted in accordance with GAGAS or applicable international attestation standards, as appropriate;
- (2) Paid for and arranged by the pass-through entity; and
- (3) Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

§ 200.426 Bad debts.

Bad debts (debts determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts are also unallowable. See § 200.428.

§ 200.427 Bonding costs.

(a) Bonding costs arise when the Federal agency requires assurance against financial loss to itself or others because of an act or default of the recipient or subrecipient. They also arise when the recipient or subrecipient requires similar assurance, including bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds for employees and officials.

(b) Costs of bonding required under the Federal award's terms and conditions are allowable.

(c) Costs of bonding required by the recipient or subrecipient in the general conduct of its operations are allowable as an indirect cost to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

§ 200.428 Collections of improper payments.

The costs incurred by a recipient or subrecipient to recover improper payments, including improper overpayments, are allowable as either direct or indirect costs, as appropriate. The recipient or subrecipient may use the amounts collected in accordance with cash management standards described in § 200.305.

§ 200.429 Commencement and convocation costs.

For IHEs, costs incurred for commencements and convocations are unallowable, except as activity costs provided for in Appendix III, (B)(9) Student Administration and Services.

§ 200.430 Compensation—personal services.

(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits addressed in § 200.431. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established written policy of the recipient or subrecipient consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with the recipient's or subrecipient's laws, rules, or written policies and meets the requirements of Federal statute, where applicable; and
- (3) Is determined and supported as provided in paragraph (g) of this section, when applicable.

(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be reasonable to the extent that it is consistent with that paid for similar work in other activities of the recipient or subrecipient. In cases where the kinds of employees required for Federal awards are not found in the other activities of the recipient or subrecipient, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the recipient or subrecipient competes for the kind of employees involved.

(c) Professional activities outside the recipient or subrecipient. Unless the Federal agency expressly authorizes an arrangement, a recipient or subrecipient must follow its written policies and procedures concerning the permissible extent of professional services that can be provided outside the recipient or subrecipient for non-organizational compensation. Where the recipient or subrecipient does not have written policies or procedures, or they do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require the recipient or subrecipient to allocate the effort of professional staff working on Federal awards between:

(1) Recipient or subrecipient activities, and

(2) Non-organizational professional activities. Appropriate arrangements governing compensation must be negotiated on a case-by-case basis if the Federal agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award.

(d) Unallowable costs.

(1) Costs unallowable under other sections of these principles must not be allowable under this section solely because they constitute personnel compensation.

(2) The allowable compensation for certain employees is subject to a ceiling in accordance with Federal statute. See 10 U.S.C. 3744(a)(16), 41 U.S.C. 1127, and 41 U.S.C. 4304(a)(16) for the ceiling amount, covered compensation subject to the ceiling, covered employees, and other relevant provisions for cost-reimbursement contracts. For other types of Federal awards, other statutory ceilings may apply.

(e) Special considerations. Special considerations in determining the allowability of compensation will be given to any change in a recipient's or subrecipient's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.

(f) Incentive compensation. Incentive compensation to employees based on cost reduction, efficient performance, suggestion awards, or safety awards is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued according to an agreement entered into in good faith between the recipient or subrecipient and the employees before the services were rendered, or according to an established plan followed by the recipient or subrecipient so consistently as to imply, in effect, an agreement to make such payment.

(g) Standards for Documentation of Personnel Expenses.

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the recipient or subrecipient;

(iii) Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100 percent of compensated activities (for IHEs, this is the IBS);

(iv) Encompass federally-assisted and all other activities compensated by the recipient or subrecipient on an integrated basis but may include the use of subsidiary records as defined in the recipient's or subrecipient's written policy;

(v) Comply with the established accounting policies and procedures of the recipient or subrecipient (See paragraph (i)(1)(ii) of this section for treatment of incidental work for IHEs.); and

(vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(vii) Budget estimates (meaning, estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity performed;

(B) Significant changes in the related work activity (as defined by the recipient's or subrecipient's written policies) are promptly identified and entered into the records. Short-term (such as one or two months) fluctuations between workload categories do not need to be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The recipient's or subrecipient's system of internal controls includes processes to perform periodic after-the-fact reviews of interim charges made to a federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(viii) Because practices vary as to the activity constituting a full workload (for example, the Institutional Base Salary (IBS) for IHEs), records may reflect categories of activities expressed as a percentage distribution of total activities.

(ix) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. Therefore, a precise assessment of factors contributing to costs is not required when IHEs record salaries and wages charged to Federal awards.

(2) For records that meet the standards required in paragraph (g)(1) of this section, the recipient or subrecipient is not required to provide additional support or documentation for the work performed other than that referenced in paragraph (g)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) States, local governments, and Indian Tribes may use substitute processes or systems for allocating salaries and wages to Federal awards either in place of or in addition to the records described in paragraph (g)(1) of this section if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, "rolling" time studies, case counts, or other quantifiable measures of work performed.

(i) Substitute systems that use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards, including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (g)(5)(iii);

(B) The sample must cover the entire period involved; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors and clerical and support staff, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in paragraph (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts allocated to Federal awards will be minimal or if it concludes that the system proposed by the

recipient or subrecipient will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance when these are clearly documented. These plans are acceptable as an alternative to requirements in paragraph (g)(1) of this section when approved by the cognizant agency for indirect costs.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a recipient or subrecipient may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided the plans are approved in advance by all involved Federal agencies. In these instances, the recipient or subrecipient must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a recipient or subrecipient whose records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation supporting the records as required in this section.

(h) Nonprofit organizations. This paragraph (h) provides guidance specific to only nonprofit organizations. For compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof, a determination must be made that the compensation is reasonable for the actual personal services rendered rather than a distribution of earnings above actual costs. Compensation may include director's and executive committee member's fees, incentive awards, off-site or incentive pay, location allowances, hardship pay, and cost-of-living differentials.

(i) Institutions of Higher Education (IHEs). This paragraph provides guidance specific to only IHEs.

(1) Determining allowable personnel costs. Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards. Among such conditions are the following:

(i) Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etcetera), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.

(ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under the written institutional policy (at a rate not to exceed institutional base salary) do not need to be included in the records described in paragraph (g). To charge payments of incidental activities directly, such activities must either be expressly authorized in the federal award budget or receive prior written approval by the Federal agency.

(2) Salary basis. Charges for work performed on Federal awards by faculty members during the academic year are allowable at the institutional base salary (IBS) rate. Except as noted in paragraph (i)(1)(ii), in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of the faculty at an institution. IBS is the annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal agency, charges of a faculty member's salary to a federal award may not exceed the proportionate share of the IBS for the period during which the faculty member worked on the Federal award.

(3) Intra-Institution of Higher Education (IHE) consulting. Intra-IHE consulting by faculty should be undertaken as an IHE responsibility requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty members is in addition to their regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are expressly authorized in the Federal award or approved in writing by the Federal agency.

(4) Extra service pay. Extra service pay typically represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay results from Intra-IHE consulting, it is subject to the same requirements of paragraph (b) of this section. It is allowable if all of the following conditions are met:

(i) The IHE establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

(ii) The IHE establishes a consistent written definition of work covered by IBS, which is specific enough to determine conclusively when work beyond that level has occurred. This definition may be described in appointment letters or other documentation.

(iii) The supplementation amount paid is commensurate with the IBS pay rate and additional work performed. See paragraph (i)(2) of this section.

(iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the IHE.

(v) The total salaries charged to Federal awards, including extra service payments, are subject to the standards of documentation as described in paragraph (g).

(5) Periods outside the academic year.

(i) Except as specified for teaching activity in paragraph (i)(5)(ii) of this section, charges for work performed by faculty members on Federal awards during periods not included in the base salary period must be at a rate not more than the IBS.

(ii) Charges for teaching activities performed by faculty members on Federal awards during periods not included in IBS period must be based on the written policy of the IHE governing compensation to faculty members for teaching assignments during such periods.

(6) Part-time faculty. Charges for work performed on Federal awards by faculty members having only part-time appointments must be determined at a rate not more than that regularly paid for part-time assignments.

(7) Sabbatical leave costs. Rules for sabbatical leave are as follows:

(i) Costs of leaves of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable, provided the IHE has a uniform written policy on sabbatical leave for persons engaged in instruction and persons engaged in research. These costs must be allocated equitably among all related activities of the IHE.

(ii) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution during the base period must be reasonable in relation to the IHE's actual experience under its sabbatical leave policy.

(8) Salary rates for non-faculty members. Non-faculty full-time professional personnel may also earn "extra service pay" in accordance with the IHE's written policy and paragraph (i)(1)(i).

§ 200.431 Compensation—fringe benefits.

(a) General. Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, an organization-employee agreement, or an established policy of the recipient or subrecipient.

(b) Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

- (1) They are provided under established written leave policies;
 - (2) The costs are equitably allocated to all related activities, including Federal awards; and,
 - (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the recipient or subrecipient or a specified grouping of employees.
- (i) When a recipient or subrecipient uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment and should be allocated as a general administrative expense to all activities or included in the fringe benefit rate.
- (ii) The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a recipient or subrecipient uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.
- (c) Fringe benefits. The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in § 200.447); pension plan costs; and other similar benefits are allowable, provided such benefits are permitted under established written policies. The recipient or subrecipient must allocate fringe benefits to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs following the recipient's or subrecipient's accounting practices.
- (d) Cost objectives. The recipient or subrecipient may assign fringe benefits to cost objectives by identifying specific benefits to specific individual employees or by allocating them based on entity-wide salaries and wages of the employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees unless the recipient or subrecipient demonstrates that costs in relationship to salaries and wages do not differ significantly for different groups of employees.
- (e) Insurance. See also § 200.447(d)(1) and (2).
- (1) Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation and the types of coverage, the extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made must not exceed the present value of the liability.

(2) Insurance costs on the lives of trustees, officers, or other employees holding positions of similar responsibility are allowable only to the extent that the insurance represents additional compensation. The cost of such insurance is unallowable when the recipient or subrecipient is named as beneficiary.

(3) Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (for example, post-retirement health benefits) are allowable in the year of payment provided that the recipient or subrecipient follows a consistent costing policy.

(f) Automobiles. That portion of automobile costs furnished by the recipient or subrecipient that relates to personal use by employees (including transportation to and from work) is unallowable as a fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to the employees.

(g) Pension plan costs. Pension plan costs incurred in accordance with the established written policies of the recipient or subrecipient are allowable, provided that:

(1) Such policies meet the test of reasonableness.

(2) The methods of cost allocation are not discriminatory.

(3) The cost assigned to each fiscal year should be determined in accordance with GAAP, except for State and local governments.

(4) The costs assigned to a given fiscal year are funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 calendar days after each quarter of the year to which such costs are assignable are unallowable. The recipient or subrecipient may follow the "Cost Accounting Standard for Composition and Measurement of Pension Costs" (48 CFR 9904.412).

(5) Premiums for pension plan termination insurance that are paid according to the Employee Retirement Income Security Act (ERISA) of 1974 (29 U.S.C. 1301-1461) are allowable. Late payment charges on such premiums are unallowable. Excise taxes on accumulated funding deficiencies and other penalties imposed under ERISA are unallowable.

(6) Pension plan costs may be computed using a pay-as-you-go method or an actuarial cost method recognized by GAAP and following the recipient's or subrecipient's established written policies.

(i) For pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.

(ii) Pension costs calculated using an actuarial cost method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after six months (or a later period agreed to by the cognizant agency for indirect costs) are allowable in the year funded. The cognizant agency for indirect costs may agree to an extension if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursement and the recipient's or subrecipient's contribution to the pension fund. Adjustments may be made by cash refund or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the pension fund.

(iii) Amounts funded by the recipient or subrecipient in excess of the actuarially determined amount for a fiscal year may be used as the recipient's or subrecipient's contribution in future periods.

(iv) When a recipient or subrecipient establishes or converts to an acceptable actuarial cost method, as defined by GAAP, and funds pension costs in accordance with this method, the unfunded liability at the time of conversion is allowable if amortized over a period of years in accordance with GAAP.

(v) Payments for unfunded pension costs must be charged in accordance with the allocation principles of this subpart. Specifically, the recipient or subrecipient may not charge unfunded pension costs directly to a federal award if those unfunded pension costs are not allocable to that award.

(vi) The recipient or subrecipient must provide the Federal Government an equitable share of any previously allowed pension costs (including subsequent earnings) that revert or inure to the recipient or subrecipient through a refund, withdrawal, or other credit.

(h) Post-retirement health. A post-retirement health plan (PRHP) refers to the costs of health insurance or health services not included in a pension plan covered by paragraph (g) for retirees and their spouses, dependents, and survivors. PRHP costs may be computed using a pay-as-you-go method or an actuarial cost method recognized by GAAP and following the recipient's or subrecipient's established written policies.

(1) For PRHP financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.

(2) PRHP costs calculated using an actuarial cost method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after six months (or a later period agreed to by the cognizant agency for indirect costs) are allowable in the year funded. The cognizant agency for indirect costs may agree to an extension if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursement and the recipient's or subrecipient's contributions to the PRHP fund. Adjustments may be made by cash refund,

reduction in the current year's PRHP costs, or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the PRHP fund.

(3) Amounts funded by the recipient or subrecipient in excess of the actuarially determined amount for a fiscal year may be used as the recipient's or subrecipient's contribution in future periods.

(4) If a recipient or subrecipient establishes or converts to an actuarial cost method and funds PRHP costs in accordance with this method, the initial unfunded liability attributable to prior years is allowable if amortized over a period of years in accordance with GAAP, or, if no such GAAP period exists, over a period negotiated with the cognizant agency for indirect costs.

(5) Payments for unfunded PRHP costs must be charged in accordance with the allocation principles of this subpart. Specifically, the recipient or subrecipient may not charge unfunded PRHP costs directly to a federal award if those unfunded PRHP costs are not allocable to that award.

(6) To be allowable in the current year, the PRHP costs must be paid either to:

(i) An insurer or other benefit provider as current year costs or premiums; or

(ii) An insurer or trustee that will maintain a trust fund or reserve for the sole purpose of providing post-retirement benefits to retirees and other beneficiaries.

(7) The recipient or subrecipient must provide the Federal Government an equitable share of any previously allowed post-retirement benefit costs (including subsequent earnings) that revert or inure to the recipient or subrecipient through a refund, withdrawal, or other credit.

(i) Severance pay.

(1) Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by recipients and subrecipients to workers whose employment is being terminated. Severance pay is allowable only to the extent that, in each case, it is required by:

(i) Law;

(ii) Employer-employee agreement;

(iii) Established policy that constitutes, in effect, an implied agreement on the recipient's or subrecipient's part; or

(iv) Circumstances of the particular employment.

(2) Costs of severance payments are divided into two categories as follows:

(i) Actual severance payments for normal turnover must be allocated to all activities; or, where the recipient or subrecipient provides for a reserve for normal severances, such method is acceptable if the charge to current operations is reasonable in light of payments made for normal severances over a representative past period, and if amounts charged are allocated to all activities of the recipient or subrecipient.

(ii) Measuring the costs of abnormal or mass severance pay by means of an accrual method will not achieve equity for both parties. Therefore, accruals are not allowable. However, the Federal Government recognizes its responsibility to contribute its fair share toward a specific payment. Prior approval by the Federal agency or cognizant agency for indirect cost, as appropriate, is required.

(3) Costs incurred in severance pay packages that are in excess of the standard severance pay provided by the recipient or subrecipient to an employee upon termination of employment and that are paid to the employee contingent upon a change in management control over, or ownership of, the recipient's or subrecipient's assets, are unallowable.

(4) Severance payments to foreign nationals employed by the recipient or subrecipient outside the United States, to the extent that the amount exceeds the customary or prevailing practices for the recipient or subrecipient in the United States, are unallowable unless they are required by applicable foreign law or necessary for the performance of Federal programs and approved by the Federal agency.

(5) Severance payments to foreign nationals employed by the recipient or subrecipient outside the United States due to the termination of the foreign national as a result of the closing of, or curtailment of activities by, the recipient or subrecipient in that country, are unallowable unless they are either:

(i) Required by applicable foreign law; or

(ii) Necessary for the performance of Federal programs and approved by the Federal agency.

(j) For IHEs only.

(1) Fringe benefits in the form of undergraduate and graduate tuition or tuition remission for individual employees are allowable, provided such benefits are granted in accordance with established written policies of the IHE and are distributed to all IHE activities on an equitable basis. Tuition benefits for family members other than the employee are unallowable.

(2) Fringe benefits in the form of undergraduate and graduate tuition or tuition remission for individual employees not employed by the IHE are limited to the tax-free amount allowed by the Internal Revenue Code as amended (26 U.S.C. 127).

(3) IHEs may offer employees tuition waivers or reductions, provided that the benefit does not discriminate in favor of highly compensated employees. Employees can exercise these benefits at other institutions according to institutional policy. See § 200.466, for treatment of tuition remission provided to students.

(k) Fringe benefit programs and other benefit costs.

(1) For IHEs whose costs are paid by a State or local government, fringe benefit programs (such as pension costs and FICA) and any other benefits costs incurred specifically on behalf of, and in direct benefit to, the IHE, are allowable, subject to the following:

(i) The costs meet the requirements of Basic Considerations in §§ 200.402 through 200.411;

(ii) The costs are properly supported by approved cost allocation plans in accordance with applicable Federal cost accounting principles; and

(iii) The costs are not otherwise borne directly or indirectly by the Federal Government.

(2) The allowability of these costs for the IHE does not depend on whether they are recorded in the accounting records of the IHE.

[89 FR 30136, Apr. 22, 2024, as amended at 89 FR 79732, Oct. 1, 2024]

§ 200.432 Conferences.

A conference means an event whose primary purpose is to disseminate technical information beyond the recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed to minimize costs to the Federal award. The Federal agency may authorize exceptions for programs including Indian Tribes, children, and the elderly. See also §§ 200.438, 200.456, and 200.475.

§ 200.433 Contingency provisions.

(a) Contingency provisions are part of a budget estimate of future costs (typically of large construction projects, IT systems, or other items approved by the Federal agency) which are associated with possible events or conditions arising from causes for which the precise outcome is indeterminable at the time of estimate and that are likely to result, in the aggregate, in additional costs for the approved activity or project. Contingency amounts for

major project scope changes, unforeseen risks, or extraordinary events must not be included in the budget estimates for a federal award.

(b) It is permissible for contingency amounts other than those excluded in paragraph (a) of this section to be explicitly included in budget estimates to the extent necessary to improve their precision. Contingency amounts must be estimated using broadly-accepted cost estimating methodologies, specified in the budget documentation of the Federal award, and accepted by the Federal agency. As such, contingency amounts are to be included in the Federal award. In order for actual costs incurred to be allowable, they must comply with the cost principles and other requirements of this part (see §§ 200.300 and 200.403), be necessary and reasonable for proper and efficient accomplishment of project or program objectives, and be verifiable from the recipient's or subrecipient's records.

(c) Payments to a recipient's or subrecipient's "contingency reserve" or any similar payment made for events the occurrence of which cannot be foretold with certainty as to the time or intensity, or with an assurance of their happening, are unallowable, except as noted in §§ 200.431 and 200.447.

§ 200.434 Contributions and donations.

(a) Costs of contributions and donations, including cash, property, and services, from the recipient or subrecipient to other entities are unallowable.

(b) The value of services and property donated (that is, in-kind donations) to the recipient or subrecipient may not be charged to the Federal award either as a direct or indirect cost. The value of donated services and property may be used to meet cost sharing requirements (see § 200.306). Depreciation on donated assets is permitted so long as the donated property is not counted towards meeting cost sharing requirements (see § 200.436).

(c) Services donated or volunteered to the recipient or subrecipient may be provided by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services may not be charged to the Federal award as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing requirements in accordance with the provisions of § 200.306.

(d) To the extent feasible, services donated to the recipient or subrecipient will be supported by the same methods used to support the allocability of regular personnel services.

(e) The following provisions apply to nonprofit organizations. The value of services donated to a nonprofit Heidelberg University and used in the performance of a direct cost activity must be considered in the determination of the recipient's or subrecipient's indirect cost rate(s) and, accordingly, must be allocated a proportionate share of applicable indirect costs when the following circumstances exist:

(1) The aggregate value of the services is material;

(2) The services are supported by a significant amount of the indirect costs incurred by the recipient or subrecipient;

(i) In those instances where there is no basis for determining the fair market value of the services rendered, the recipient or subrecipient and the cognizant agency for indirect costs must negotiate an appropriate allocation of indirect cost to the services.

(ii) Where donated services directly benefit a project supported by the Federal award, the indirect costs allocated to the services will be considered as a part of the project's total costs. Such indirect costs may be reimbursed under the Federal award or used to meet cost sharing requirements.

(f) Fair market value of donated services must be computed as described in § 200.306.

(g) Personal property and use of space.

(1) Donated personal property and use of space may be furnished to a recipient or subrecipient. The value of the personal property and space may not be charged to the Federal award either as a direct or indirect cost.

(2) The value of the donations of personal property and use of space may be used to meet cost sharing requirements described in § 200.300. The recipient or subrecipient must value the donations in accordance with § 200.300. Where the recipient or subrecipient treats donations as indirect costs, indirect cost rates must separate the value of the donations so that reimbursement is not made.

§ 200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

(a) Definitions for this section —

(1) Conviction means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon verdict or a plea, including a conviction due to a plea of nolo contendere.

(2) Costs include the services that bear a direct relationship to a judicial or administrative proceeding and provided by in-house or private counsel, accountants, consultants, or others engaged to assist the recipient or subrecipient before, during, or after the commencement of that proceeding.

(3) Fraud means:

(i) Acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents,

(ii) Acts that constitute a cause for debarment or suspension (as specified in agency regulations), and

(iii) Acts that violate the False Claims Act (31 U.S.C. 3729-3732) or the Anti-kickback Act (42 U.S.C. 1320a-7b(b)).

(4) Penalty does not include restitution, reimbursement, or compensatory damages.

(5) Proceeding includes an investigation.

(b) Costs.

(1) Except as otherwise described herein, costs incurred in connection with any criminal, civil, or administrative proceeding (including the filing of a false certification) commenced by the Federal Government, a State, local government, or foreign government, or joined by the Federal Government (including a proceeding under the False Claims Act), against the recipient or subrecipient, (or commenced by third parties or a current or former employee of the recipient or subrecipient who submits a whistleblower complaint of reprisal in accordance with 10 U.S.C. 4701 or 41 U.S.C. 4712), are not allowable if the proceeding:

(i) Relates to a violation of, or failure to comply with, a Federal, State, local or foreign statute, regulation, or the terms and conditions of the Federal award by the recipient or subrecipient (including its agents and employees); and

(ii) Results in any of the following dispositions:

(A) In a criminal proceeding, a conviction.

(B) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of recipient or subrecipient liability.

(C) In the case of any civil or administrative proceeding, the disallowance of costs, the imposition of a monetary penalty, or an order issued by the Federal agency head or delegate to the recipient or subrecipient to take corrective action under 10 U.S.C. 4701 or 41 U.S.C. 4712.

(D) A final decision by an appropriate Federal official to debar or suspend the recipient or subrecipient, to rescind or void a federal award, or to terminate a federal award because of a violation or failure to comply with a statute, regulation, or the terms and conditions of the Federal award.

(E) A disposition by consent or compromise if the action could have resulted in any of the dispositions described in paragraphs (b)(1)(ii)(A) through (D) of this section.

(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings are unallowable if any results in one of the dispositions shown in paragraph (b) of this section.

(c) Allowability of costs for proceeding commenced by Federal Government. If a proceeding referred to in paragraph (b) of this section is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement by the recipient or subrecipient and the Federal Government, then the costs incurred may be allowed to the extent expressly authorized in the agreement.

(d) Allowability of costs for proceeding commenced by State, local, or foreign government. If a proceeding referred to in paragraph (b) of this section is commenced by a State, local or foreign government, then the costs incurred may be allowed if the authorized Federal official determines that the costs were incurred as a result of:

(1) A specific term or condition of the Federal award, or

(2) Specific written direction of an authorized official of the Federal agency.

(e) Allowability of costs in general. Costs incurred in connection with proceedings described in paragraph (b), and not made unallowable by that paragraph, may be allowed to the extent that:

(1) The costs are reasonable and necessary for the administration of the Federal award and activities required to deal with the proceeding and the underlying cause of action;

(2) Payment of the reasonable, necessary, allocable, and otherwise allowable costs incurred is not prohibited by any other provision(s) of the Federal award;

(3) The costs are not recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise; and,

(4) An authorized Federal official has determined the percentage of costs allowed considering the complexity of litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States, and other factors that may be appropriate. This percentage must not exceed 80 percent unless an agreement under paragraph (c) has explicitly considered this limitation and permitted a higher percentage. In that case, the total amount of costs incurred may be allowable.

(f) Major Fraud Act. Costs incurred by the recipient or subrecipient in connection with the defense of suits brought by its employees or ex-employees under section 2 of the Major Fraud Act of 1988 (18 U.S.C. 1031), including the cost of all relief necessary to make the employee whole, where the recipient or subrecipient was found liable or settled, are unallowable.

(g) Un-allowability of costs for prosecuting claims against Federal Government. Costs for prosecuting claims against the Federal Government, including appeals of final Federal agency decisions, are unallowable.

(h) Patent infringement litigation. Costs of legal, accounting, and consultant services, and related costs incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the Federal award.

(i) Potentially unallowable costs. Costs that may be unallowable under this section, including directly associated costs, must be segregated and accounted for separately. During the pendency of any proceeding covered by paragraphs (b) and (f) of this section, the Federal Government must generally withhold payment of such costs. However, if in its best interests, the Federal Government may provide for conditional payment upon provision of adequate security, or other adequate assurance, and agreement to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

§ 200.436 Depreciation.

(a) Depreciation is the method for allocating the cost of fixed assets to periods benefiting from asset use. The recipient or subrecipient may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with GAAP provided that they are needed and used in the recipient's or subrecipient's activities and correctly allocated to Federal awards. The compensation must be made by computing the proper depreciation.

(b) The allocation for depreciation must be made in accordance with Appendices III through IX of this part.

(c) Depreciation is computed applying the following rules. The computation of depreciation must be based on the acquisition cost of the assets involved. For an asset donated to the recipient or subrecipient by a third party, its fair market value at the time of the donation must be considered as the acquisition cost. Such assets may be depreciated or claimed as cost sharing but not both. When computing depreciation charges, the acquisition cost will exclude:

(1) The cost of land;

(2) Any portion of the cost of buildings and equipment borne by or donated by the Federal Government, irrespective of where the title was originally vested or is presently located;

(3) Any portion of the cost of buildings and equipment contributed by or for the recipient or subrecipient that is already claimed as cost sharing or where law or agreement prohibits recovery; and

(4) Any asset acquired solely for the performance of a non-Federal award.

(d) When computing depreciation charges, the following must be observed:

(1) The period of useful service or useful life established in each case for usable capital assets must take into consideration such factors as the type of construction, nature of the equipment, technological developments in the particular area, historical data, and the renewal and replacement policies followed for the individual items or classes of assets involved.

(2) The depreciation method used to charge the cost of an asset (or group of assets) to accounting periods must reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method must be presumed to be the appropriate method. Once used, depreciation methods may not be changed unless approved in advance by the cognizant agency for indirect costs. The depreciation methods used to calculate the depreciation amounts for indirect cost rate purposes must be the same methods used by the recipient or subrecipient for its financial statements.

(3) The entire building, including the shell and all components, may be treated as a single asset and depreciated over a single useful life. A building may also be divided into multiple components. Each component may be depreciated over its estimated useful life in this case. The building components must be grouped into three general components: building shell (including construction and design costs), building services systems (for example, elevators, HVAC, and plumbing system), and fixed equipment (for example, sterilizers, casework, fume hoods, cold rooms, and glassware/washers). A cognizant agency for indirect costs may authorize a recipient or subrecipient to use more than these three groupings in exceptional cases. When a recipient or subrecipient elects to depreciate its buildings by their components, the same depreciation method must be used for indirect and financial statements purposes, as described in paragraphs (d)(1) and (2).

(4) No depreciation may be allowed on assets that have outlived their depreciable lives.

(5) Where the depreciation method is introduced to replace the use allowance method, depreciation must be computed as if the asset had been depreciated over its entire life (meaning, from the date the asset was acquired and ready for use to the date of disposal or withdrawal from service). The total amount of use allowance and depreciation for an asset (including imputed depreciation applicable to periods before the conversion from the use allowance method and depreciation after the conversion) may not exceed the total acquisition cost of the asset.

(e) Adequate property records must support depreciation charges, and physical inventories must be taken at least once every two years to ensure that the assets exist and are usable, used, and needed. The recipient or subrecipient may use statistical sampling techniques when taking these inventories. In addition, the recipient or subrecipient must maintain adequate depreciation records showing the amount of depreciation.

§ 200.437 Employee health and welfare costs.

(a) Costs incurred in accordance with the recipient's or subrecipient's established written policies for improving working conditions, employer-employee relations, employee health, and employee performance are allowable.

(b) These costs must be equitably apportioned to all activities of the recipient or subrecipient. Income generated from these activities must be credited to the cost thereof unless such income has been irrevocably sent to employee welfare organizations.

(c) Losses resulting from operating food services are allowable only if the recipient's or subrecipient's objective is to operate food services on a break-even basis. Losses sustained because of operating objectives other than the above are allowable only when:

(1) The recipient or subrecipient can demonstrate unusual circumstances; and

(2) Approved by the cognizant agency for indirect costs.

§ 200.438 Entertainment and prizes.

(a) Entertainment costs. Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in a federal award.

(b) Prizes. Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the Federal award. Federal agencies should refer to OMB guidance in M-10-11 "Guidance on the Use of Challenges and Prizes to Promote Open Government," issued March 8, 2010, or its successor.

§ 200.439 Equipment and other capital expenditures.

(a) See § 200.1 for the definitions of capital expenditures, equipment, special purpose equipment, general purpose equipment, acquisition cost, and capital assets.

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are allowable as direct costs, but only with the prior written approval of the Federal agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$10,000 or more have the prior written approval of the Federal agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are allowable as a direct cost, but only with the prior written approval of the Federal agency or pass-through entity. See § 200.436 on the allowability of depreciation on buildings, capital improvements, and equipment. See § 200.465 on the allowability of real property and equipment rental costs.

(4) When approved as a direct cost in accordance with paragraphs (b)(1) through (3), capital expenditures must be charged in the period in which the expenditure is incurred or as otherwise determined appropriate and negotiated with the Federal agency.

(5) The recipient or subrecipient may claim the unamortized portion of any equipment written off as a result of a change in capitalization levels by continuing to claim the otherwise allowable depreciation on the equipment or by amortizing the amount to be written off over a period of years negotiated with the cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the Federal agency instructs the recipient or subrecipient to otherwise dispose of or transfer the equipment, the costs of disposal or transfer are allowable.

(7) Equipment and other capital expenditures are unallowable as indirect costs. See § 200.436.

§ 200.440 Exchange rates.

(a) Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding. Prior approval of exchange rate fluctuations is required only when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project. Before providing approval, the Federal agency must ensure that adequate funds are available to cover currency fluctuations in order to avoid a violation of the Antideficiency Act.

(b) The recipient or subrecipient is required to make reviews of local currency gains to determine the need for additional Federal funding before the expiration date of the Federal award. Subsequent adjustments for currency increases may be allowable only when the recipient or subrecipient provides the Federal agency with adequate source documentation from a commonly used source in effect at the time the expense was made, and to the extent that sufficient Federal funds are available.

§ 200.441 Fines, penalties, damages, and other settlements.

Costs resulting from recipient or subrecipient violations of, alleged violations of, or failure to comply with, Federal, State, local, tribal, or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with the prior written approval of the Federal agency. See § 200.435.

§ 200.442 Fundraising and investment management costs.

(a) Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, are unallowable. Fundraising costs for meeting the Federal program objectives are allowable with the prior written approval of the Federal agency.

(b) Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable except when associated with investments covering pension, self-insurance, or other funds, which include Federal participation allowed by this part.

(c) Costs related to the physical custody and control of monies and securities are allowable.

(d) Both allowable and unallowable fundraising and investment activities must be allocated an appropriate share of indirect costs in accordance with § 200.413.

§ 200.443 Gains and losses on the disposition of depreciable assets.

(a) The recipient or subrecipient must include gains and losses on the sale, retirement, or other disposition of depreciable property in the year they occur as credits or charges to the asset cost grouping(s) of the property. The amount of the gain or loss is the difference between the amount realized on the property and the undepreciated basis of the property.

(b) Gains and losses from the disposition of depreciable property must not be recognized as a separate credit or charge under the following conditions:

(1) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under §§ 200.436 and 200.439.

(2) The property is given in exchange as part of the purchase price of a similar item, and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(3) A loss results from failing to maintain proper insurance, except as provided in § 200.447.

(4) Compensation for the use of the property was provided through use allowances instead of depreciation.

(5) Gains and losses arising from extraordinary or bulk sales, retirements, or other dispositions must be considered on a case-by-case basis.

(c) Gains or losses of any nature arising from the sale or exchange of property other than the property covered in paragraph (a) of this section must be excluded in computing Federal award costs.

(d) When assets acquired with Federal funds, in part or wholly, are disposed of, the distribution of the proceeds must be made in accordance with §§ 200.310 through 200.316.

§ 200.444 General costs of government.

(a) For states, local governments, and Indian Tribes, the general costs of government are unallowable except as provided in § 200.475. Unallowable costs include:

- (1) Salaries and expenses of the Office of the Governor of a State or the chief executive of a local government or the chief executive of an Indian Tribe;
 - (2) Salaries and other expenses of a State legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, or school board, whether incurred for purposes of legislation or executive direction;
 - (3) Costs of the judicial branch of a government;
 - (4) Costs of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statute or regulation. However, this does not preclude the allowability of other legal activities of the Attorney General as described in § 200.435; and
 - (5) Costs of other general types of government services normally provided to the general public, such as fire and police, unless provided as a direct cost under a program statute or regulation.
- (b) Indian Tribes and Councils of Governments (COGs) (see definition for Local government in § 200.1) may include up to 50 percent of salaries and expenses directly attributable to managing and operating Federal programs by the chief executive and their staff in the indirect cost calculation without documentation.

§ 200.445 Goods or services for personal use.

- (a) Costs of goods or services for the personal use of the recipient's or subrecipient's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.
- (b) Housing costs (for example, depreciation, maintenance, utilities, furnishings, rent), housing allowances, and personal living expenses for the recipient's or subrecipient's employees are only allowable as direct costs and must be approved in advance by the Federal agency.

§ 200.446 Idle facilities and idle capacity.

(a) Definitions for the purpose of this section:

- (1) Facilities means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the recipient or subrecipient.

(2) Idle facilities mean completely unused facilities that exceed the recipient's or subrecipient's current needs.

(3) Idle capacity means the unused capacity of partially used facilities. It is the difference between:

(i) That which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays; and

(ii) The extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.

(4) Cost of idle facilities or idle capacity means maintenance, repair, housing, rent, and other related costs (for example, insurance, interest, and depreciation). These costs could include the costs of idle public safety emergency facilities, telecommunications, or information technology system capacity that is built to withstand major fluctuations in load (for example, consolidated data centers).

(b) The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet workload requirements which may fluctuate, and are allocated appropriately to all benefiting programs; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under this exception, costs of idle facilities are allowable for a reasonable period, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

(c) The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. These costs are allowable, provided that the capacity is reasonably anticipated to be necessary to carry out the purpose of the Federal award or was originally reasonable and is not subject to reduction or elimination by use on other Federal awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

§ 200.447 Insurance and indemnification.

(a) Costs of insurance required or approved and maintained by the terms and conditions of the Federal award are allowable.

(b) Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

(1) The types, extent, and cost of coverage are in accordance with the recipient's or subrecipient's established written policy and sound business practices.

(2) Costs of insurance or contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the Federal agency has approved the costs.

(3) Costs allowed for business interruption or other similar insurance must exclude coverage of management fees.

(4) Insurance costs on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only when the insurance represents additional compensation (see § 200.431). This insurance is unallowable when the recipient or subrecipient is identified as the beneficiary.

(5) Insurance costs to correct defects in the recipient's or subrecipient's materials or workmanship are unallowable.

(6) Medical liability (malpractice) insurance is an allowable cost of a federal research program only when the program involves human subjects or training of participants in research techniques. Medical liability insurance costs must be treated as a direct cost and assigned to individual projects based on how the insurer allocates the risk to the population covered by the insurance.

(c) Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable unless expressly authorized in the Federal award. However, costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

(d) Contributions to a reserve for a self-insurance program, including workers' compensation, unemployment compensation, and severance pay, are allowable subject to the following requirements:

(1) The type, extent, and cost of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, a provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, must not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by considering factors such as the recipient's or subrecipient's settlement rate for those liabilities and its investment rate of return.

(2) Earnings or investment income on reserves must be credited to those reserves.

(3)

(i) Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, and other relevant factors or information. Reserve levels related to employee-related coverages must normally be limited to the value of claims:

(A) Submitted and adjudicated but not paid;

(B) Submitted but not adjudicated; and

(C) Incurred but not submitted.

(ii) Reserve exceeding the levels described in paragraph (d)(3)(i) of this section must be identified and justified in the cost allocation plan or indirect cost rate proposal.

(4) Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to the types of insured risk and losses generated by the various insured activities or agencies of the recipient or subrecipient. If individual departments or agencies of the recipient or subrecipient experience significantly different levels of claims for a particular risk, those differences must be recognized by using separate allocations or other techniques resulting in an equitable allocation.

(5) Whenever funds are transferred from a self-insurance reserve to other accounts (for example, general fund or unrestricted account), refunds must be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer and debt interest, if applicable, chargeable in accordance with the claims collection regulations of the cognizant agency for indirect cost.

(e) Insurance refunds must be credited against insurance costs in the year the refund is received.

(f) Indemnification includes securing the recipient or subrecipient against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the recipient or subrecipient only to the extent expressly provided for in the Federal award, except as provided in paragraph (c).

§ 200.448 Intellectual property.

(a) Patent and copyright costs.

(1) The following costs related to securing patents and copyrights are allowable:

(i) Costs of preparing disclosures, reports, and other documents required by the Federal award and of searching the art to the extent necessary to make such disclosures;

(ii) Costs of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where the Federal Government requires that a title or a royalty-free license be conveyed to the Federal Government; and

(iii) General counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee intellectual property agreements (See § 200.459).

(2) The following costs related to securing patents and copyrights are unallowable:

(i) Costs of preparing disclosures, reports, and other documents and of searching the art to make disclosures not required by the Federal award;

(ii) Costs in connection with filing and prosecuting any foreign patent application, or any United States patent application, where the Federal award does not require conveying title or a royalty-free license to the Federal Government.

(b) Royalties and other costs for the use of patents and copyrights.

(1) Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, necessary for the proper performance of the Federal award are allowable unless:

(i) The Federal Government already has a license or the right to free use of the patent or copyright.

(ii) The patent or copyright has been adjudicated to be invalid or administratively determined to be invalid.

(iii) The patent or copyright is considered to be unenforceable.

(iv) The patent or copyright is expired.

(2) Special care should be exercised in determining reasonableness when the royalties may have been obtained as a result of less-than-arm's-length bargaining, such as:

(i) Royalties paid to persons, including corporations, affiliated with the recipient or subrecipient.

(ii) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a federal award would be made.

(iii) Royalties paid under an agreement entered into after a federal award is made to a recipient or subrecipient.

(3) In any case involving a patent or copyright formerly owned by the recipient or subrecipient, the amount of royalty allowed must not exceed the cost which would have been allowed had the recipient or subrecipient retained ownership.

§ 200.449 Interest.

(a) General. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the recipient's or subrecipient's own funds are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the requirements of this section.

(b) Capital assets.

(1) Capital assets are defined in § 200.1. An asset cost includes (as applicable) acquisition costs, construction costs, and other costs capitalized in accordance with GAAP.

(2) For recipient or subrecipient fiscal years beginning on or after January 1, 2016, intangible assets include patents and computer software. For software development projects, only interest attributable to the portion of the project costs capitalized in accordance with GAAP is allowable.

(c) Requirements for all recipients and subrecipients.

(1) The recipient or subrecipient uses the capital assets in support of Federal awards;

(2) The allowable asset costs to acquire facilities and equipment are limited to a fair market value available to the recipient or subrecipient from an unrelated (arm's length) third party.

(3) The recipient or subrecipient obtains the financing via an arm's-length transaction (meaning, a transaction with an unrelated third party); or claims reimbursement of actual interest cost at a rate available via such a transaction.

(4) The recipient or subrecipient limits claims for Federal reimbursement of interest costs to the least expensive alternative. For example, a lease contract that transfers ownership by the end of the contract may be determined less costly than purchasing through other types of debt financing, in which case reimbursement must be limited to the amount of interest determined if leasing had been used.

(5) The recipient or subrecipient expenses or capitalizes allowable interest cost in accordance with GAAP.

(6) Earnings generated by the investment of borrowed funds pending their disbursement for the asset costs are used to offset the current period's allowable interest cost, whether that cost is expensed or capitalized. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable.

(7) The following conditions must apply to debt arrangements over \$1 million to purchase or construct facilities unless the recipient or subrecipient makes an initial equity contribution to the purchase of 25 percent or more. For this purpose, "initial equity contribution" means the amount or value of contributions made by the recipient or subrecipient for the acquisition of facilities prior to occupancy.

(i) The recipient or subrecipient must reduce claims for reimbursement of interest cost by an amount equal to imputed interest earnings on excess cash flow attributable to the portion of the facility used for Federal awards.

(ii) The recipient or subrecipient must impute interest on excess cash flow as follows:

(A) Annually, the recipient or subrecipient must prepare a cumulative (from the project's inception) report of monthly cash inflows and outflows, regardless of the funding source. For this purpose, inflows consist of Federal reimbursement for depreciation, amortization of capitalized construction interest, and annual interest cost. Outflows consist of initial equity contributions, debt principal payments (less the pro-rata share attributable to the cost of land), and interest payments.

(B) To compute monthly cash inflows and outflows, the recipient or subrecipient must divide the above-mentioned annual amounts by the months in the year (usually 12) that the building is in service.

(C) For any month in which cumulative cash inflows exceed cumulative outflows, interest must be calculated on the excess inflows for that month and be treated as a reduction to allowable interest cost. The interest rate to be used must be the three-month Treasury bill closing rate as of the last business day of that month.

(8) Interest attributable to a fully depreciated asset is unallowable.

(d) Additional requirements for states, local governments, and Indian Tribes. For interest costs to be allowable for states, local governments, and Indian Tribes, the recipient or subrecipient must have incurred the interest costs for buildings after October 1, 1980, or after September 1, 1995, for land and equipment.

(1) The requirement to offset the interest earned on borrowed funds against allowable interest cost (paragraph (c)(5) of this section) also applies to earnings on debt service reserve funds.

(2) The recipient or subrecipient must negotiate the amount of allowable interest cost related to the acquisition of facilities with asset costs of \$1 million or more, as described in paragraph

(c)(7) of this section. For this purpose, a recipient or subrecipient must consider only cash inflows and outflows attributable to that portion of the real property used for Federal awards.

(e) Additional requirements for IHEs. For interest costs to be allowable, the IHE must have incurred the interest costs after July 1, 1982, in connection with acquisitions of capital assets that occurred after that date.

(f) Additional requirements for nonprofit organizations. For interest costs to be allowable, the nonprofit Heidelberg University must have incurred the interest costs after September 29, 1995, in connection with acquisitions of capital assets that occurred after that date.

(g) Requirements for nonprofit organizations subject to full coverage under CAS. The interest allowability provisions of this section do not apply to a nonprofit Heidelberg University subject to “full coverage” under the Cost Accounting Standards (CAS), as defined at 48 CFR 9903.201-2(a). The nonprofit Heidelberg University's Federal awards are instead subject to CAS 414 (48 CFR 9904.414), “Cost of Money as an Element of the Cost of Facilities Capital,” and CAS 417 (48 CFR 9904.417), “Cost of Money as an Element of the Cost of Capital Assets Under Construction.”

§ 200.450 Lobbying.

(a) Lobbying costs associated with obtaining Federal assistance awards. The costs of certain influencing activities associated with obtaining grants, cooperative agreements, contracts, or loans are unallowable. Lobbying with respect to certain grants, cooperative agreements, contracts, and loans is governed by relevant statutes, including the provisions of 31 U.S.C. 1352, as well as the common rule, “New Restrictions on Lobbying,” published on February 26, 1990, including definitions, and the Office of Management and Budget “Government-wide Guidance for New Restrictions on Lobbying” and notices published on December 20, 1989, June 15, 1990, January 15, 1992, and January 19, 1996.

(b) Executive lobbying costs. Costs incurred in attempting to improperly influence, either directly or indirectly, an employee or officer of the executive branch of the Federal Government to give consideration or to act regarding a federal award or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a federal employee or officer to give consideration or to act regarding a federal award or regulatory matter on any basis other than the merit.

(c) Restrictions on nonprofit organizations and IHEs. In addition, the following restrictions apply to nonprofit organizations and IHEs:

(1) Costs associated with the following activities are unallowable:

(i) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure through in-kind or cash contributions, endorsements, publicity, or similar activity;

(ii) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other Heidelberg University established to influence the outcomes of elections in the United States;

(iii) Any attempt to influence:

(A) The introduction of Federal or State legislation;

(B) The enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity);

(C) The enactment or modification of any pending Federal or State legislation by preparing, distributing, or using publicity or propaganda or by urging members of the general public, or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign; or

(D) Any government official or employee in connection with a decision to sign or veto enrolled legislation;

(iv) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

(2) The following activities are excepted from the coverage of paragraph (c)(1) of this section:

(i) Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement (through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient's or subrecipient's member of congress, legislative body, subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearings;

(ii) Any lobbying made unallowable by paragraph (c)(1)(iii) of this section to influence State legislation to directly reduce the cost, or to avoid material impairment of the recipient's or subrecipient's authority to perform the grant, contract, or other agreement;

(iii) Any activity specifically authorized by statute to be undertaken with funds from the Federal award; or

(iv) Any activity excepted from the definitions of “lobbying” or “influencing legislation” by the Internal Revenue Code provisions that require nonprofit organizations to limit their participation in direct and “grass roots” lobbying activities to retain their charitable deduction status and avoid punitive excise taxes, 26 U.S.C. (I.R.C.) 501(c)(3), 501(h), 4911(a), including:

(A) Nonpartisan analysis, study, or research reports;

(B) Examinations and discussions of broad social, economic, and similar problems; and

(C) Information provided upon request by a legislator for technical advice and assistance, as defined by I.R.C. 4911(d)(2) and 26 CFR 56.4911-2(c)(1) through (c)(3).

(3) When a recipient or subrecipient seeks reimbursement for indirect costs, total lobbying costs must be identified separately in the indirect cost rate proposal and thereafter be treated as other unallowable activity costs in accordance with § 200.413.

(4) The recipient or subrecipient must submit a certification that the requirements and standards of this section have been complied with as part of its annual indirect cost rate proposal. (See § 200.415.)

(5)

(i) Time logs, calendars, or similar records are not required to be created for purposes of complying with the record-keeping requirements in § 200.302 with respect to lobbying costs during a particular calendar month when:

(A) The employee engages in lobbying (as defined in paragraphs (c)(1) and (2) of this section) for 25 percent or less of the employee's compensated hours of employment during that calendar month; and

(B) Within the preceding five-year period, the recipient or subrecipient has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs.

(ii) When conditions in paragraph (c)(5)(i)(A) and (B) of this section are met, recipients and subrecipients are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions in paragraphs (c)(5)(i)(A) and (B) of this section are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

(iii) In consultation with OMB, the Federal agency must establish procedures for resolving, in advance, any significant questions or disagreements concerning the interpretation or application of this section. Any such advance resolutions must be binding in any subsequent settlements, audits, or investigations with respect to that grant or contract for purposes of

interpretation of this part, provided, however, that this must not be construed to prevent a contractor or recipient or subrecipient from contesting the lawfulness of such a determination.

§ 200.451 Losses on other awards or contracts.

Any excess costs over income under any other award or contract of any nature is unallowable. This includes, but is not limited to, the recipient's or subrecipient's contributed portion by reason of cost sharing agreements or any under-recoveries through negotiation of flat amounts for indirect costs. Also, any excess of costs over authorized funding levels transferred from any award or contract to another is unallowable. All losses are not allowable indirect costs and must be included in the appropriate indirect cost rate base for allocating indirect costs.

§ 200.452 Maintenance and repair costs.

Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements that add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures (see § 200.439). These costs are only allowable to the extent not paid through rental or other agreements.

§ 200.453 Materials and supplies costs, including costs of computing devices.

(a) Costs incurred for materials, supplies, and fabricated parts necessary for the performance of a federal award are allowable.

(b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are an allowable part of materials and supplies costs.

(c) Materials and supplies used for the performance of a federal award may be charged as direct costs. Charging computing devices as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.

(d) Where federally-donated or furnished materials are used in performing the Federal award, the materials will be used without charge.

§ 200.454 Memberships, subscriptions, and professional activity costs.

(a) Costs of the recipient's or subrecipient's membership in business, technical, and professional organizations are allowable.

(b) Costs of the recipient's or subrecipient's subscriptions to business, professional, and technical periodicals are allowable.

(c) Costs of membership in any civic or community organization are allowable.

(d) Costs of membership in any country club or social or dining club or organization are unallowable.

(e) Costs of membership in organizations whose primary purpose is lobbying are unallowable. See § 200.450.

§ 200.455 Heidelberg University costs.

(a) Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors, whether or not employees of the recipient or subrecipient in connection with the establishment or reorganization of an organization, are unallowable except with prior approval of the Federal agency.

(b) The costs of any of the following activities are unallowable: activities undertaken to persuade employees of the recipient or subrecipient, or any other entity, to exercise or not to exercise, or concerning the manner of exercising, the right to organize and bargain collectively through representatives of the employees' own choosing.

(c) The costs related to data and evaluation are allowable. Data costs include (but are not limited to) the expenditures needed to gather, store, track, manage, analyze, disaggregate, secure, share, publish, or otherwise use data to administer or improve the program, such as data systems, personnel, data dashboards, cybersecurity, and related items. Data costs may also include direct or indirect costs associated with building integrated data systems—data systems that link individual-level data from multiple State and local government agencies for purposes of management, research, and evaluation. Evaluation costs include (but are not limited to) evidence reviews, evaluation planning and feasibility assessment, conducting evaluations, sharing evaluation results, and other personnel or materials costs related to the effective building and use of evidence and evaluation for program design, administration, or improvement.

§ 200.456 Participant support costs.

Participant support costs are allowable (see § 200.1). The classification of items as participant support costs must be documented in the recipient's or subrecipient's written policies and procedures and treated consistently across all Federal awards.

§ 200.457 Plant and security costs.

Necessary and reasonable expenses incurred for the protection and security of facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants. Capital expenditures for plant security purposes are subject to § 200.439.

§ 200.458 Pre-award costs.

Pre-award costs are those incurred before the start date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. These costs are allowable only to the extent that they would have been allowed if incurred after the start date of the Federal award and only with the written approval of the Federal agency. If approved, these costs must be charged to the initial budget period of the Federal award unless otherwise specified by the Federal agency or pass-through entity.

§ 200.459 Professional service costs.

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the recipient or subrecipient are allowable, subject to paragraphs (b) and (c) of this section when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under § 200.435.

(b) In determining the allowability of costs in a particular case, no single factor or any combination of factors is necessarily determinative. However, the following factors are relevant:

- (1) The nature and scope of the service rendered in relation to the service required.
- (2) The necessity of contracting for the service, considering the recipient's or subrecipient's capability in the particular area.
- (3) The past pattern of such costs, particularly in the years prior to receiving a federal award(s).
- (4) The impact of Federal awards on the recipient's or subrecipient's business (meaning, what new problems have arisen).
- (5) Whether the proportion of Federal work to the recipient's or subrecipient's total business influences the recipient or subrecipient in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal awards.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or entity providing the service and the customary fees charged, especially on non-federally funded activities.

(8) Adequacy of the contractual agreement for the service (for example, description of the service, estimate of the time required, rate of compensation, and termination provisions).

(c) To be allowable, retainer fees must be supported by evidence of bona fide services available or rendered in addition to the factors in paragraph (b) of this section.

§ 200.460 Proposal costs.

Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including developing data necessary to support the recipient's or subrecipient's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated to all current activities of the recipient or subrecipient. No proposal costs of past accounting periods may be allocated to the current period.

§ 200.461 Publication and printing costs.

(a) Publication costs for electronic and print media, including distribution, promotion, and general handling, are allowable. These costs should be allocated as indirect costs to all benefiting activities of the recipient or subrecipient if they are not identifiable with a particular cost objective.

(b) Page charges, article processing charges (APCs), or similar fees such as open access fees for professional journal publications and other peer-reviewed publications resulting from a federal award are allowable where:

(1) The publications report work supported by the Federal Government; and

(2) The charges are levied impartially on all items published by the journal, whether or not under a federal award.

(3) The recipient or subrecipient may charge the Federal award during closeout for the costs of publication or sharing of research results if the costs were not incurred during the period of performance of the Federal award. These costs must be charged to the final budget period of the award unless otherwise specified by the Federal agency.

§ 200.462 Rearrangement and reconversion costs.

(a) Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable as indirect costs. Special arrangements and alterations are allowable as a direct cost if the costs are incurred specifically for a federal award and with the prior approval of the Federal agency or pass-through entity.

(b) Costs incurred in restoring or rehabilitating the recipient's or subrecipient's facilities to approximately the same condition existing immediately before the commencement of a federal award(s), less costs related to normal wear and tear, are allowable.

§ 200.463 Recruiting costs.

(a) Subject to paragraphs (b) and (c) of this section, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of “help wanted” advertising, operating costs of an employment office necessary to secure and maintain adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the recipient's or subrecipient's standard recruitment program. When the recipient or subrecipient uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

(b) Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the recipient or subrecipient, are unallowable.

(c) If relocation costs incurred incident to recruitment of a new employee have been funded in whole or in part by a federal award, and the newly hired employee resigns for reasons within the employee's control within 12 months after hire, the recipient or subrecipient must refund or credit the Federal Government for its share of those relocation costs. See § 200.464.

(d) Short-term visas (as opposed to longer-term immigration visas) are generally an allowable cost and they may be proposed as a direct cost because they are issued for a specific period and purpose and can be clearly identified as directly connected to work performed on a federal award. For these costs to be directly charged to a federal award, they must:

- (1) Be critical and necessary for the conduct of the project;
- (2) Be allowable under the applicable cost principles;
- (3) Be consistent with the recipient's or subrecipient's cost accounting practices and established written policy; and
- (4) Meet the definition of “direct cost” as described in the applicable cost principles.

§ 200.464 Relocation costs of employees.

(a) Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable, subject to the limitations described in paragraphs (b), (c), and (d) of this section, provided that:

- (1) The move is for the benefit of the employer.
- (2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.
- (3) The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.

(b) Allowable relocation costs for current employees are limited to the following:

- (1) The costs of transportation of the employee, members of their immediate family and their household, and personal effects to the new location.
- (2) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to a maximum period of 30 calendar days.
- (3) Closing costs, such as brokerage, legal, and appraisal fees, incidental to the disposition of the employee's former home. These costs, together with those described in paragraph (b)(4) of this section, are limited to eight percent of the sales price of the employee's former home.
- (4) The continuing costs of ownership (for up to six months) of the vacant former home after the settlement or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing-up expenses), utilities, taxes, and property insurance.
- (5) Other necessary and reasonable expenses normally incident to relocation, such as canceling an unexpired lease, transportation of personal property, and purchasing insurance against loss of or damages to personal property. The cost of canceling an unexpired lease is limited to three times the monthly rental.

(c) Allowable relocation costs for new employees are limited to those described in paragraphs (b)(1) and (2) of this section. If relocation costs incurred incident to the recruitment of a new employee have been funded in whole or in part by a federal award, and the newly hired employee resigns for reasons within the employee's control within 12 months after hire, the recipient or subrecipient must refund or credit the Federal Government for its share of the cost. If a new employee is relocating to an overseas location and dependents are not permitted for any reason, and the costs do not include transporting household goods, the costs must be considered travel costs in accordance with § 200.474, not relocation costs under this section.

(d) The following costs related to relocation are unallowable:

- (1) Fees and other costs associated with acquiring a new home.
- (2) A loss on the sale of a former home.
- (3) Continuing mortgage principal and interest payments on a home being sold.
- (4) Income taxes paid by an employee related to reimbursed relocation costs.

§ 200.465 Rental costs of real property and equipment.

(a) Subject to the limitations described in paragraphs (b) through (d) of this section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as costs of comparable rental properties; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and if other options are available.

(b) Rental costs under “sale and lease back” arrangements are allowable only up to the amount that would have been allowed if the recipient or subrecipient had continued to own the property. This amount would include expenses such as depreciation, maintenance, taxes, and insurance.

(c) Rental costs under “less-than-arm's-length” leases are allowable only up to the amount described in paragraph (b) of this section. For this purpose, a less-than-arm's-length lease is one under which one party to the lease agreement can control or substantially influence the actions of the other. Such leases include, but are not limited to, those between:

- (1) Divisions of the recipient or subrecipient;
- (2) The recipient or subrecipient and another entity under common control through common officers, directors, or members; and
- (3) The recipient or subrecipient and a director, trustee, officer, or key employee of the recipient or subrecipient or an immediate family member, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, the recipient or subrecipient may establish a separate corporation to own property and lease it back to the recipient or subrecipient.
- (4) Family members include one party with any of the following relationships to another party:
 - (i) Spouse and parents thereof;
 - (ii) Children and spouses thereof;

- (iii) Parents and spouses thereof;
- (iv) Siblings and spouses thereof;
- (v) Grandparents and grandchildren and spouses thereof;
- (vi) Domestic partner and parents thereof, including domestic partners of any individual in 2 through 5 of this definition; and
- (vii) Any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

(d) Rental costs under leases which are required to be accounted for as a financed purchase under GASB standards or a finance lease under FASB standards are allowable only up to the amount (described in paragraph (b) of this section) that would have been allowed if the recipient or subrecipient had purchased the property on the date the lease agreement was executed. Interest costs related to these leases are allowable if they meet the criteria in § 200.449. Unallowable costs include costs that would not have been incurred if the recipient or subrecipient had purchased the property, such as amounts paid for profit, management fees, and taxes.

(e) Rental or lease payments are allowable under lease contracts where the recipient or subrecipient is required to recognize an intangible right-to-use lease asset under GASB standards or right-of-use operating lease asset under FASB standards for purposes of financial reporting in accordance with GAAP.

(f) The rental of any property owned by any individuals or entities affiliated with the recipient or subrecipient, including commercial or residential real estate, for purposes such as the home office is unallowable.

§ 200.466 Scholarships, student aid costs, and tuition remission.

(a) Costs of scholarships, fellowships, and student aid programs at IHEs are allowable only when the purpose of the Federal award is to provide training to participants, and the Federal agency approves the cost.

(b) Tuition remission and other forms of compensation paid as, or instead of, wages to students performing necessary work are allowable provided that:

- (1) The individual is conducting activities necessary to the Federal award;
- (2) Tuition remission and other support are provided in accordance with the established written policy of the IHE and consistently provided in a like manner to students in return for similar activities conducted under Federal awards as well as other activities; and

(3) The student is enrolled in an advanced degree program at the IHE or an affiliated institution during the academic period and the student's activities under the Federal award are related to their degree program;

(4) The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and

(5) The IHE compensates students under Federal awards as well as other activities in similar manners.

(c) Charges for tuition remission and other forms of compensation paid to students as, or instead of, salaries and wages are subject to the reporting requirements in § 200.430. The charges must be treated as a direct or indirect cost in accordance with the actual work performed. Tuition remission may be charged on an average rate basis. See § 200.431.

§ 200.467 Selling and marketing costs.

Costs of selling and marketing any products or services of the recipient or subrecipient are unallowable unless they are allowed under § 200.421 and are necessary to meet the requirements of the Federal award.

§ 200.468 Specialized service facilities.

(a) The costs of services provided by highly complex or specialized facilities operated by the recipient or subrecipient are allowable provided the charges for the services meet the conditions of either paragraph (b) or (c) of this section and take into account any items of income or Federal financing that qualify as applicable credits under § 200.406. These costs include charges for facilities such as computing facilities, wind tunnels, and reactors.

(b) The costs of such services, when material, must be charged directly to the applicable Federal awards based on actual usage of the services on the basis of a schedule of rates or established methodology that:

(1) Does not discriminate between activities under Federal awards and other activities of the recipient or subrecipient, including usage by the recipient or subrecipient for internal purposes; and

(2) Is designed to recover only the aggregate costs of the services. Each service's costs must normally consist of its direct costs and an allocable share of all indirect costs. Rates must be adjusted at least biennially and must consider any over or under-applied costs of the previous period(s).

(c) Where the costs incurred for a service are not material, they may be allocated as indirect costs.

(d) Under extraordinary circumstances, the cognizant agency for indirect costs and the recipient or subrecipient may negotiate and establish an alternative costing arrangement if it is in the Federal Government's best interest.

§ 200.469 Student activity costs.

Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable unless expressly authorized in the Federal award.

§ 200.470 Taxes (including Value Added Tax).

(a) For States, local governments, and Indian Tribes.

(1) Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs.

(2) Gasoline taxes, motor vehicle fees, and other taxes that are, in effect, user fees for benefits provided to the Federal Government are allowable.

(3) This provision does not restrict the authority of the Federal agency to identify taxes where Federal participation is inappropriate. The cognizant agency for indirect costs may accept a reasonable approximation in circumstances where determining the amount of unallowable taxes would require an excessive amount of effort.

(b) For nonprofit organizations and IHEs.

(1) Taxes that the recipient or subrecipient is required to pay and which are paid or accrued in accordance with GAAP are generally allowable. These costs include payments made to local governments instead of taxes and that are commensurate with the local government services received. The following taxes are unallowable:

(i) Taxes for which exemptions are available to the recipient or subrecipient directly or which are available to the recipient or subrecipient based on an exemption afforded the Federal Government and, in the latter case, when the Federal agency makes available the necessary exemption certificates;

(ii) Special assessments on land which represent capital improvements; and

(iii) Federal income taxes.

(2) Any refund of taxes and interest thereon, which were allowed as Federal award costs, must be credited to the Federal Government as a cost reduction or cash refund, as appropriate. However, any interest paid or credited to a recipient or subrecipient incident to a refund of tax, interest, and penalty will be paid or credited to the Federal Government only to the extent that

such interest accrued over the period during which the Federal Government has reimbursed the recipient or subrecipient for the taxes, interest, and penalties.

(c) Value Added Tax (VAT). Foreign taxes charged for procurement transactions that a recipient or subrecipient is legally required to pay in a country are allowable. Foreign tax refunds or applicable credits under Federal awards refer to receipts or reduction of expenditures, which operate to offset or reduce expense items that are allocable to Federal awards as direct or indirect costs. To the extent that such credits accrued or received by the recipient or subrecipient relate to allowable cost, these costs must be credited to the Federal agency as a cost reduction or cash refunds, as appropriate. In cases where the costs are credited back to the Federal award, the recipient or subrecipient may reduce the Federal share of costs by the amount of the foreign tax reimbursement, or where Federal award has not expired, the Federal agency may allow the recipient or subrecipient to use the foreign government tax refund for approved activities under the Federal award.

§ 200.471 Telecommunication and video surveillance costs.

(a) Costs incurred for telecommunications and video surveillance services or equipment such as phones, internet, video surveillance, and cloud servers are allowable except for the following circumstances:

(b) Obligor or expending covered telecommunications and video surveillance services or equipment or services as described in § 200.216 to:

- (1) Procure or obtain, extend, or renew a contract to procure or obtain;
- (2) Enter into a contract (or extend or renew a contract) to procure; or
- (3) Obtain the equipment, services, or systems.

§ 200.472 Termination and standard closeout costs.

(a) Termination Costs. Termination of a Federal award generally gives rise to the incurrence of costs or the need for special treatment of costs, which would not have arisen had the Federal award not been terminated. Cost principles covering these items are set forth in this section. They must be used in conjunction with the other termination requirements of this part.

(1) The cost of items reasonably usable on the recipient's or subrecipient's other work is unallowable unless the recipient or subrecipient submits evidence that it would not retain such items without sustaining a loss. In deciding whether such items are reasonably usable on other work of the recipient or subrecipient, the Federal agency or pass-through entity should consider the recipient's or subrecipient's plans and orders for current and scheduled activity. Contemporaneous purchases of common items by the recipient or subrecipient must be considered evidence that the items are reasonably usable on the recipient's or subrecipient's other work. Any acceptance of common items as allocable to the terminated portion of the

Federal award must be limited to the extent that the quantities of such items on hand, in transit, and on order do not exceed the reasonable quantitative requirements of other work.

(2) If the recipient or subrecipient cannot discontinue certain costs immediately after the effective termination date, despite making all reasonable efforts, then the costs are generally allowable within the limitations of this part. Any costs continuing after termination due to the negligent or willful failure of the recipient or subrecipient to immediately discontinue the costs are unallowable.

(3) Loss of useful value of special tooling, machinery, and equipment is generally allowable if:

(i) Such special tooling, special machinery, or equipment is not reasonably capable of use in the other work of the recipient or subrecipient;

(ii) The interest of the Federal Government is protected by transfer of title or by other means deemed appropriate by the Federal agency (see § 200.313 (d)); and

(iii) The loss of useful value for any one terminated Federal award is limited to the portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the Federal award bears to the entire terminated Federal award and other Federal awards for which the special tooling, machinery, or equipment was acquired.

(4) If paragraph (a)(4)(i) and (ii) below are satisfied, rental costs under unexpired leases (less the residual value of such leases) are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated Federal award. These rental costs may include the cost of alterations of the leased property and the cost of reasonable restoration required by the lease, provided the alterations were necessary for the performance of the Federal award.

(i) The amount of claimed rental costs does not exceed the reasonable use value of the property leased for the period of the Federal award and a further period as may be reasonable; and

(ii) The recipient or subrecipient makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of the lease.

(5) The following settlement expenses are generally allowable.

(i) Accounting, legal, clerical, and similar costs that are reasonably necessary for:

(A) The preparation and presentation to the Federal agency or pass-through entity of settlement claims and supporting data with respect to the terminated portion of the Federal award, unless the termination is for cause (see §§ 200.339-200.343); and

(B) The termination and settlement of subawards.

(ii) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Federal Government or acquired or produced for the Federal award.

(6) Claims under subawards, including the allocable portion of claims common to the Federal award and other work of the recipient or subrecipient, are generally allowable. An appropriate share of the recipient's or subrecipient's indirect costs may be allocated to the amount of settlements with contractors and subrecipients, provided that the amount allocated is consistent with the requirements of § 200.414. These allocated indirect costs must exclude the same and similar costs claimed directly or indirectly as settlement expenses.

(b) Closeout Costs. Administrative costs associated with the closeout activities of a federal award are allowable. The recipient or subrecipient may charge the Federal award during the closeout for the necessary administrative costs of that Federal award (for example, salaries of personnel preparing final reports, publication and printing costs, costs associated with the disposition of equipment and property, and related indirect costs). These costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency.

§ 200.473 Training and education costs.

The cost of training and education provided for employee development is allowable.

§ 200.474 Transportation costs.

Costs incurred for freight, express, cartage, postage, and other transportation services relating to goods purchased, in process, or delivered, are allowable. When the costs can be readily identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. When identification with the materials received cannot be readily made, the inbound transportation cost may be charged to the appropriate indirect cost accounts if the recipient or subrecipient follows a consistent, equitable procedure in this respect. If reimbursable under the terms and conditions of the Federal award, outbound freight should be treated as a direct cost.

§ 200.475 Travel costs.

(a) General. Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the recipient or subrecipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the recipient's or subrecipient's other activities and in accordance with the recipient's or subrecipient's established written policies. Notwithstanding the provisions of § 200.444, travel costs of officials covered by that section are allowable with

the prior written approval of the Federal agency or pass-through entity when they are specifically related to the Federal award.

(b) Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the recipient or subrecipient in its regular operations as the result of the recipient's or subrecipient's established written policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

(1) Participation of the individual is necessary for the Federal award; and

(2) The costs are reasonable and consistent with the recipient's or subrecipient's established written policy.

(c) Dependents.

(1) Temporary dependent care costs (dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care are allowable provided that these costs:

(i) Are a direct result of the individual's travel to a conference for the Federal award;

(ii) Are consistent with the recipient's or subrecipient's established written policy for all travel; and

(iii) Are only temporary during the travel period.

(2) Travel costs for dependents are unallowable, except for travel of six months or more with prior approval of the Federal agency. See § 200.432.

(d) Establishing rates and amounts. In the absence of an established written policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11 ("Travel and Subsistence Expenses; Mileage Allowances"), by the Administrator of General Services, or by the President (or their designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

(e) Commercial air travel.

(1) Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

(i) Require circuitous routing;

(ii) Require travel during unreasonable hours;

(iii) Excessively prolong travel;

(iv) Result in additional costs that would offset the transportation savings; or

(v) Offer accommodations not reasonably adequate for the traveler's medical needs. The recipient or subrecipient must justify and document these conditions on a case-by-case basis for the use of first-class or business-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a recipient's or subrecipient's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the recipient or subrecipient can demonstrate that such airfare was not available in the specific case.

(f) Air travel by other than commercial carrier. Travel costs by recipient or subrecipient-owned, -leased, or -chartered aircraft include the cost of the lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of these costs that exceeds the cost of airfare, as provided for in paragraph (d), is unallowable.

§ 200.476 Trustees.

Travel and subsistence costs of trustees (or directors) at IHEs and nonprofit organizations are allowable. See § 200.475.

View the electronic version of the Selected Principles of Cost online at

<https://ecfr.federalregister.gov/current/title-2/subtitle-A/chapter-II/part-200#subject-group-ECFRed1f39f9b3d4e72>

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