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| **Guide for Review of Cost Allowability** | | | |
| **Name of Recipient:** | | | |
| **Name of Subrecipient (if applicable):** | | | |
| **Name of Program(s) Monitored:** | | | |
| **Staff Consulted:** | | | |
| **Name(s) of Reviewer(s)** |  | **Date** |  |

**NOTE:** All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, DOH must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the recipient's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a **"finding.**"

**Instructions:** The Exhibit is designed to monitor cost allowability requirements for CPD programs which are subject to 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The DOH reviewer should use this Exhibit to verify that costs charged to the DOH awards comply with the Subpart E, Cost Principles, of 2 CFR part 200. The Exhibit focuses on basic principles, including adequacy of documentation for costs charged to DOH awards. It does not address in detail the procedures for developing indirect cost allocation plans and indirect cost proposals. If time permits, an additional sample, beyond the selected items of cost identified in Question 1, should be reviewed to assess compliance with the cost allowability requirements (see Question 7).

**Exhibit Structure**: This Exhibit is divided into 5 sections: Basic Considerations; Sample; Direct Costs; Indirect Costs; and De Minimis Rate.

**Questions:**

A. BASIC CONSIDERATIONS.

To answer these questions in this exhibit, you will need the following with respect to the grant(s) under review:

1. A list of expenditure transactions by amount and description (i.e., identification of object of expenditure) from the Subrecipient’s financial management system/accounting system of record. The list should include expenditures incurred during the identified timeframe and from the identified random case sampling. DOH Grant Managers will send this to the Subrecipient with a week of receiving the Official ESG Monitoring Letter.
2. Supporting documents for each item in sample (described below), such as invoices, contracts, purchase orders, journal vouchers (for non-cash expenditures) and time and attendance records, which will be pulled from Neighborly.
3. The chart of accounts used by the Subrecipient to classify accounting transactions.
4. The Subrecipient’s written policies and procedures for authorizing and documenting expenditures.

1.

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| Does the Subrecipient have written procedures for determining the allowability of costs in accordance with the Cost Principles in 2 CFR part 200, subpart E, and the terms and conditions of the grant (or subward, if the Subrecipient is a Fiscal Agent)?  [For all programs except State CDBG: 2 CFR 200.302(b)(7); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(d)(1); HOME: 24 CFR 92.504(a) and 24 CFR 92.505; ESG: 24 CFR 576.407(c) and 24 CFR 576.500(a); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

B. SAMPLE.

**Step One:** Using the list of expenditure transactions for the grant(s) under review, determine the population (total number of expenditures) and enter this number in the “Sample Method” table below.

Next, decide on an appropriate sample method and size, based on the monitoring strategy and time and resource constraints. If time and resource constraints permit and the monitoring strategy is to make a statistically confident judgment of compliance across all expenditures in the review timeframe, either: a) review every expenditure or b) choose your sample using random sample methodology including review of at least the number of instances shown in the table below.

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| **Random Sample Methodology** | |
| **POPULATION SIZE** | **MINIMUM SAMPLE SIZE** |
| 1 | 1 |
| 2 - 4 | 2 |
| 5 - 12 | 3 |
| 13 - 52 | 10 |
| 53 - 250 | 30 |
| 250+ | 45 |

If time and resources are constraints, you may randomly select a lesser number of expenditures as your sample and note this in the “Sample Method” table below. You may also choose a non-random sample, as discussed in Chapter 2-7 C.1. Again, if you select a non-random sample, note this in the “Sample Method” table below.

**Your sample method affects the conclusions you may make. If you do not undertake a review of every expenditure in the timeframe or do not randomly select a sufficiently large sample, any findings of noncompliance should apply only to the instances you actually reviewed. The presence of such a case-specific finding(s) may, however, form the basis for a concern(s) about the overall universe.**

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| **Sample Method** | | | |
| **Planned Review Method**  (check only one) | **Population**  (total # of expenditures under grant(s) reviewed) | **Planned Sample Size/ Number to Review** | **Actual Number Reviewed** |
| Review ALL expenditures in timeframe  Review random sample with sufficient sample size (see “Random Sample Methodology” table above)  Review random sample with smaller sample size  Review non-random sample (state reason or purpose in space below) |  |  |  |

**Step Two:** Select your sample from the population in accordance with your chosen sample method. One way to randomly select a sample is by completing the following steps: The items in the population would be sequentially numbered. If the desired sample size is 30 and the population is 150, 30 random numbers between 1 and 150 would be generated. (The random numbers could be selected by using the random number function in Excel (randbetween(bottom,top)). The 30 random numbers would be used to select a sample consisting of the corresponding numbered items in the population.

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| **Describe how you made your selection:** |

**Step Three:** Input sample items, by unique identifier and Subpart E cost category, in the table, “Expenditures Selected for Review.”

2.

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| **Expenditures Selected for Review** | | | | |
|  | **Cost Item Category** | **UniQue COST IdenTIFIER  OR  detailed Description of sampled Cost Item** | **AMOUNT** | **DATE RECORDED[[1]](#footnote-2)** |
|  | Example: Compensation – personal services  [2 CFR 200.430] |  |  |  |
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**Step Four:** For each of the selected expenditures, obtain the Subrecipient’s supporting documentation.

**Step Five:** Answer questions 3 through 6, based on the expenditures selected for review. When finished answering these questions, note the number of expenditures actually reviewed in the “Sample Method” table above.

3.

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| As explained in 2 CFR 200.420, principles for determining the allowability of *Selected Items of Cost* are provided by2 CFR 200.421 through 200.475. **Note** that the general factors in question 3 below must also be applied in determining allowability. Further, the Federal award governs in the case of any discrepancy between the terms and conditions of a specific Federal award and the selected items of cost provisions in 2 CFR 200.421 through 200.475. | |
| Is each of the cost items in the Sample in Section A above consistent with the limitations under the applicable regulatory provision in 2 CFR 200.421 through 200.475?  [2 CFR 200.403(b); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
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4.

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| This question entails an evaluation of the sample cost items for compliance with the general factors affecting allowability at 2 CFR 200.403. (The general factors do not have to be applied if the cost item is determined unallowable based on the review under question 2.) When compliance with any of the criteria is not ascertainable due to time constraints or for other reasons (e.g., lack of expertise to determine Generally Accepted Accounting Principles (GAAP) compliance), the answers to the questions should be based on the best information available. | |
| Based on the review of the selected items, are the costs: | |
| a. Necessary and reasonable for the performance of the DOH award and allocable to that award?  [2 CFR 200.403(a); 2 CFR 200.404; and 2 CFR 200.405; CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)]  For example: | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** |  | |
| 1. Does the invoice or other source document for the expenditure show the cost was incurred within the period of performance or, if applicable, the period for which DOH approved pre-award costs?   [For all programs except State CDBG: 2 CFR 200.309; CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(d)(1); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.407(c) and 24 CFR 576.500(u); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. For each contract that is a “covered transaction” and for each subaward, is there documentation showing the Subrecipient took the required steps to determine that the contractor or subrecipient was not debarred, suspended, or otherwise excluded from, or ineligible for, participation in Federal programs or activities?   **NOTE:** A contract is a “covered transaction” if it   1. is expected to equal or exceed $25,000; 2. requires the consent of an official of a Federal agency; or 3. is for Federally-required audit services.   [For all programs except State CDBG: 2 CFR 200.213; For all programs: 2 CFR 180.300, 2 CFR 2424.300; CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(l); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.407(c) and 24 CFR 576.500(u); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Consistent with the cost type and amount limitations and exclusions set forth in the award terms and conditions and 2 CFR part 200, subpart E?   [2 CFR 200.403(b); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** |  | |  |  |  | |
| 1. Consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the Subrecipient?   [2 CFR 200.403(c); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  | | --- | --- | |  |  | | **Yes** | **No** | |
| 1. For example, when the costs are incurred in connection with the procurement of goods or services, do the source documents and other records confirm the following, if and as required by the Subrecipient’s written policies and procedures?   [For all programs except State CDBG: 2 CFR 200.302(b)(3) and 2 CFR 200.302(b)(4); CDBG Entitlement: 24 CFR 570.502(a); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.407(c) and 24 CFR 576.500(u); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| * The amount on each invoice document is consistent with the amount on the purchase order or contract | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| * The amount on each invoice document is within the available funds amount for the contract at the time of payment | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| * Each invoice includes signature/marking of the technical reviewer/program manager | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| * Signature dates on each invoice are on or before the payment date | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| * Contractor is not included on the Treasury’s Do Not Pay List | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| d. Accorded consistent treatment (i.e., a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost)?  [2 CFR 200.403(d); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.109; 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  | | --- | --- | |  |  | | **Yes** | **No** | |
| e. Determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in 2 CFR part 200?  [2 CFR 200.403(e); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  | | --- | --- | |  |  | | **Yes** | **No** | |
| f. Excluded from the costs and sources of match/cost-sharing for other Federally-financed programs, except as expressly authorized by Federal statute?  [2 CFR 200.403(f); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  | | --- | --- | |  |  | | **Yes** | **No** | |
| g. Adequately documented?  [For all programs: 2 CFR 200.403(g); For all programs except State CDBG: 2 CFR 200.302(b)(3); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.407(c) and 24 CFR 576.500(u); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)]  For example: | |  |  | | --- | --- | |  |  | | **Yes** | **No** | |
| 1. Are there supporting documents for each expenditure in the sample? | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| 1. Do the expenditure amounts in the system of record match the amounts on the invoices and other source documents? | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| 1. Is the total calculation amount on each invoice accurate? | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| 1. Are invoice line items supported by documentation that the work was performed? | |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | |  | | | **Yes** | **No** | **N/A** | | |
| **Describe Basis for Conclusion:** | |

5.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the review of source documentation for the sample expenditures indicate the Subrecipient is following its written procedures for determining the allowability of costs?  [2 CFR 200.303(a), 200.403(g); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.407(c) and 24 CFR 576.500(u); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
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6.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Are all applicable credits (e.g., purchase discounts) credited to the Federal award either as cost reductions or cash refunds, as provided under 2 CFR 200.406?  [2 CFR 200.402 and 2 CFR 200.406; CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

7. ADDITIONAL SAMPLE.

If appropriate and time permitting, select an additional sample of costs for review, using 2 CFR 200.403 and 2 CFR 200.421 – 200.475 as a basis for reviewing and assessing compliance with cost allowability requirements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **List Cost Item Category & Citation from 2 CFR part 200** | **detailed Description of sampled Cost Item** | **AMOUNT** | **DATE RECORDED[[2]](#footnote-3)** |
| 1. |  |  |  |  |
| 2. |  |  |  |  |
| 3. |  |  |  |  |
| 4. |  |  |  |  |
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8.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Is each of the selected items of cost in the Additional Sample in question 7 above consistent with the guidance under the applicable regulatory provision?  [Citation to be selected from Cost Item Category in 2 CFR part 200 above] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

C. DIRECT COSTS.

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a HUD award, or other internally- or externally-funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. Typical costs charged directly to a HUD award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award.

9.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Can the Subrecipient support the amount of an employee’s salary or wages charged directly to a HUD award if that employee works on:   * the HUD award and another Federal award; * the HUD award and a non-Federal award; * the HUD award and an indirect cost activity; or * the HUD award and an unallowable activity?   (Describe the methodology for distributing the cost among the benefiting cost objectives below.)  **NOTE:** This question is not applicable to the HOME Program.  [2 CFR 200.430(i); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); ESG: 24 CFR 576.407(c) and 24 CFR 576.500(u); CoC: 24 CFR 578.99(e) and 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Has the Subrecipient received HUD approval for those items of cost requiring prior approval and charged directly to a HUD award?  (Describe circumstances below.)  **NOTE:** Items of cost requiring prior HUD approval may vary by program.  State CDBG: When answering this question, refer to the Chapter 4 introductory text for information regarding which cost items require prior approval of HUD. Additionally, if reviewing the allocation of administrative costs, refer to the Chapter 4 introductory text for further instruction.  [2 CFR 200.407; CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c); CoC: 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

D. INDIRECT COSTS.

An indirect cost is a cost that is incurred for a common or joint purpose benefitting more than one cost objective (such as a HUD award) and cannot be readily assigned to cost objective specifically benefitted without effort disproportionate to the results achieved. Indirect costs allocable to HUD awards may be recovered by means of the de minimis rate of 10% of modified total direct costs as provided at 2 CFR 200.414(f) or indirect cost rates developed in accordance with the requirements in 2 CFR part 200.

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| If indirect costs are charged to the grant program and the Subrecipient is **not** using the de minimis rate of 10%: | |
| a. Are the indirect costs charged by a nonprofit organization supported by a negotiated rate (i.e., the rate approved by its cognizant agency pursuant to the submission of an indirect cost proposal)?  [2 CFR 200.414(e); Appendix IV to Part 200, Section C.2; CDBG Entitlement: 24 CFR 570.206(e) and 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.109, 24 CFR 576.407(c), 24 CFR 576.500(u); CoC: 24 CFR 578.63, 24 CFR 578.99(e), 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Are the indirect costs charged by a governmental unit (State, local, or Indian tribal government) supported by an indirect cost proposal on file?  **NOTE:** A governmental unit might not be required to submit an indirect cost proposal to its cognizant agency.  [2 CFR 200.414(e); Appendix VII to Part 200, Section D.1; CDBG Entitlement: 24 CFR 570.206(e) and 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.109, 24 CFR 576.407(c), 24 CFR 576.500(u); CoC: 24 CFR 578.63, 24 CFR 578.99(e), 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| c. Are the indirect costs charged by a governmental unit supported by a negotiated rate when such rate is required (i.e., indirect cost proposal required to be submitted to cognizant agency)?  [2 CFR 200.414(e); Appendix VII to Part 200, Section D.1; CDBG Entitlement: 24 CFR 570.206(e) and 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.109, 24 CFR 576.407(c), 24 CFR 576.500(u); CoC: 24 CFR 578.63, 24 CFR 578.99(e), 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Is the indirect cost proposal certified by a Certificate of Indirect Costs as described in the applicable Appendix to Part 200?   [2 CFR 200.414(e); 2 CFR 200.415(b)(1); CDBG Entitlement: 24 CFR 570.206(e) and 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.109, 24 CFR 576.407(c), 24 CFR 576.500(u); CoC: 24 CFR 578.63, 24 CFR 578.99(e), 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Is the Certificate of Indirect Costs signed on behalf of the Subrecipient by an individual at a level no lower than vice president or chief financial officer of the Subrecipient?   [2 CFR 200.415(b)(1); CDBG Entitlement: 24 CFR 570.206(e) and 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.109, 24 CFR 576.407(c); CoC: 24 CFR 578.63, 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Are the charges for indirect costs consistent with the terms of the indirect cost proposal (e.g., was the correct rate used)?   [2 CFR 200.403(b); 2 CFR 200.403(g); and 2 CFR 200.405(b); CDBG Entitlement: 24 CFR 570.206(e) and 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.109, 24 CFR 576.407(c); CoC: 24 CFR 578.63, 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

E. DE MINIMIS RATE.

A Subrecipient may elect to use the de minimis rate of 10% of Modified Total Direct Costs (MTDC), if it has never received a negotiated indirect cost rate and is not a state/local government department or agency unit that receives more than $35 million in direct federal funding per year. As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. Once elected, the de minimis rate must be applied consistently for all Federal awards until the respective government unit or organization chooses to negotiate for a rate, which it may apply to do at any time. Documentation of the decision to use the de minimis rate must be retained on file for audit.

11.

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| --- | --- |
| For Subrecipients that have elected to use the de minimis rate: | |
| a. Does a review of available information indicate the Subrecipient never received a negotiated rate in the past?  [2 CFR 200.414(f); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.109, 24 CFR 576.407(c); CoC: 24 CFR 578.63, 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. If the Subrecipient is a department or agency unit of a state or local government, does the department or agency unit receive $35 million or less in direct Federal funding per year?  [2 CFR 200.414(f); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.109, 24 CFR 576.407(c); CoC: 24 CFR 578.63, 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| c. Does the Subrecipient use the de minimis rate when recovering indirect costs under other Federal awards?  [2 CFR 200.414(f); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505; ESG: 24 CFR 576.109, 24 CFR 576.407(c); CoC: 24 CFR 578.63, 24 CFR 578.99(e)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| d. Is the Subrecipient able to document the calculation of the MTDC base (see the definition of modified total direct costs at 2 CFR 200.68)?    [2 CFR 200.414(f); 2 CFR 200.403(g); CDBG Entitlement: 24 CFR 570.502(a); State CDBG: 24 CFR 570.489(p); HOME: 24 CFR 92.505 and 24 CFR 92.508; ESG: 24 CFR 576.109, 24 CFR 576.407(c), 24 CFR 576.500(u); CoC: 24 CFR 578.63, 24 CFR 578.99(e), 24 CFR 578.103(a)(15) (for grants awarded under the FY 2015 NOFA) or 578.103(a)(16) (for grants awarded under the FY 2016 NOFA or later)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

1. This is the date the cost (expenditure or expense) is recorded in the recipient or subrecipient’s accounting records in accordance with the basis of accounting (cash or accrual) used by that entity. [↑](#footnote-ref-2)
2. This is the date the cost (expenditure or expense) is recorded in the recipient or subrecipient’s accounting records in accordance with the basis of accounting (cash or accrual) used by that entity. [↑](#footnote-ref-3)