

# **Uniform Guidance Reference Guide: Guiding Questions/Considerations**

## **2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

### **Initial Implementation/Planning (Subrecipients)**

1. New awards or additional funding received after December 26, 2014, are subject to new regulations. There may be overlap with some grants subject to previous circulars while others are subject to the new guidance.
2. Has your organization identified grants that will be subject to newer guidance?
3. Have proper individuals attended training to understand new changes?
4. Have you discussed the impact to audits beginning in the fiscal year ending June 30, 2016, with your auditors?

### **Subpart A – Acronyms and Definitions**

1. Different definitions may be found in Federal statutes or regulations that apply, specifically to particular programs or activities.
2. If you have a question about word usage, have you looked in the acronym or definition section?

### **Subpart B – General Provisions**

#### **Conflict of Interest - Section §200.112**

1. Have you established conflict of interest policies for Federal awards?
2. Have you disclosed in writing any potential conflicts of interest to the Michigan Department of Education (MDE) in accordance with the applicable federal awarding agency policy?

#### **Mandatory Disclosures - Section §200.113**

1. Have you disclosed, in writing to the MDE, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award?

### **Subpart D – Post Federal Award Requirements**

#### **Standards for Financial and Program Management - Section §200.300-309**

##### **Financial Management - Section §200.302**

1. Does your organization's financial management system, including records documentation compliance, allow for the:
  - a. Preparation of reports required by general and program-specific terms/conditions?
  - b. Tracing of funds to a level of expenditures to show that they have been used according to the terms/conditions/regulations of the Federal awards?

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2. Does your financial system meet requirement characteristics?
  - a. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
  - b. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in § 200.327 Financial reporting and §200.328 Monitoring and reporting program performance.
  - c. Records that adequately identify the source and application of funds for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.
  - d. Effective control over, and accountability for, all funds, property, and other assets. The nonfederal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls.
  - e. Comparison of expenditures with budget amounts for each Federal award.
  - f. Written procedures to minimize the time elapsing between the disbursement of funds from the Federal agency or pass-through entity and the disbursement of funds whether the payment is made. See §200.305 Payment.
  - g. Written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and term and conditions of the Federal award.

#### **Internal Controls - Section §200.303**

1. Has your organization established and maintained effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulation and the terms/conditions of awards?
2. Has your organization considered the Internal Control Framework issued by the Committee on Sponsoring Organizations (COSO) and the Standards for Internal Control in the Federal Government (Green Book) issued by the Comptroller General as best practice examples?
3. Do you have internal controls and procedures in place to take prompt action when noncompliance issues are identified, including noncompliance related to audit findings?
4. Has your organization made reasonable measures to safeguard protected personally identifiable information and other sensitive information?
5. Has your organization had discussions, provided trainings, and had organization-wide considerations to verify that effective internal controls have been established

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and maintained over Federal awards to provide reasonable assurance that awards are being managed in compliance with laws and regulations?

#### **Payment - Section §200.305**

1. Does your organization have written procedures that minimize the time between the transfer of funds from the U.S. Treasury or the pass-through entity and the disbursement by your organization?
2. Has your organization established banking procedures so that you can account for the receipt, obligation, and expenditure of funds for specific federal awards?

#### **Cost Sharing or Matching - Section §200.306**

1. If your organization has grants where cost sharing or matching requirements are in place, do they meet all of the following required criteria?
  - a. Verifiable from the non-Federal entity's records.
  - b. Not included as contributions for any other Federal award.
  - c. Necessary and reasonable for accomplishment of project or program objectives.
  - d. Allowable under Subpart E – Cost Principles of this Part.
  - e. Not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs.
  - f. Provided for in the approved budget when required by the Federal awarding agency.
  - g. Conform to other provisions of this Part, as applicable.

#### **Property Standards - Section §200.310-316**

##### **Insurance Coverage - Section §200.310**

1. Does your organization have the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds (but not Federally owned) as provided to property owned by the non-Federal entity?

##### **Real Property - Section §200.311**

1. Does your organization have the proper procedures in place regarding real property to meet the requirements for title, use, and disposition? Real property requirements include:
  - a. Title. Subject to the obligations and conditions set forth in this section, title to real property acquired or improved under a federal award will vest upon acquisition in the non-Federal entity.
  - b. Use. Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

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- c. Disposition. When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity. The instructions must provide for one of the following alternatives:
- 1) Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where a non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
  - 2) Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When a non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
  - 3) Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

### **Equipment - Section §200.313**

1. Do you have equipment procedures in place to meet the requirements for title, use, and disposition?
  - a. Title. Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:
    - 1) Use the equipment for the authorized purposes of the project until funding for the project ceases, or until the property is no longer needed for the purposes of the project.
    - 2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.

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- 3) Use and dispose of the property in accordance with disposition section of guidance. A state must use, manage, and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c)Use, (d)Management requirements, and (e)Disposition sections of §200.313 Equipment.
  - b. Use.
    - 1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:
      - a. Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
      - b. Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.
    - 2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-Federally funded programs or projects is also permissible. User fees should be considered if appropriate.
    - 3) Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal government retains an interest in the equipment.
    - 4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.
  - c. Disposition. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition

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instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- 1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
  - 2) Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
  - 3) The non-Federal entity may transfer title to the property to the Federal government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
  - 4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.
2. Does your organization have the proper procedures in place to meet the requirements for management equipment (including replacement equipment) whether acquired in whole or in part under a federal award?
- a. Do property records include the required information?
    - 1) Description of the property,
    - 2) Serial number or other identification number,
    - 3) Source of funding for the property (including the FAIN),
    - 4) Who holds title?
    - 5) Acquisition date and cost of the property,
    - 6) Percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
    - 7) Location of property,
    - 8) Use and condition of the property, and
    - 9) Any ultimate disposition data, including the date of disposal and sale price of the property.
  - b. Is a physical inventory of the property taken and the results reconciled with the property records at least once every two years?
  - c. Is a control system developed to ensure adequate safeguards to prevent loss, damage, or theft of the property?
  - d. Is there adequate maintenance procedures developed to keep the property in good condition?

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- e. If your organization is authorized or required to sell the property, are there proper sales procedures established to ensure the highest possible return?

#### **Supplies - Section §200.314**

1. Do you have a procedure in place (whether the supplies are sold or retained) to compensate the federal government for its share?
  - a. Supplies exceeding \$5,000. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of a project or program, and the supplies are not needed for any other Federal award, the amount of compensation must be computed in the same manner as for equipment, see §200.313(e)(2).

#### **Intangible Property - Section §200.315**

1. Do you have the proper procedures in place to meet the requirements regarding intangible property?
2. The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award.
3. The non-Federal entity is subject to applicable regulations governing patents and inventions, including governmental regulations issued by the Department of Commerce at 37 CFR Part 401.
4. The Federal government has the right to:
  - a. Obtain, reproduce, publish, or otherwise use the data produced under a Federal award
  - b. Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes
5. Freedom of Information Act (FOIA). The Federal awarding agency must request, and the non-Federal entity must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under FOIA.
6. Research data:
  - a. Trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information which is protected under law
  - b. Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study

#### **Procurement Standards - Section §200.317-326**

1. Does your organization have a conflict of interest policy in place? If your organization has a parent, affiliate, or subsidiary organization that is not a state or local government or Indian tribe, does your conflict of interest policy also include organizational conflicts of interest?

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2. Does your organization have written procurement procedures and policies in place to meet requirements? Do the policies and procedures:
  - a. Ensure that the acquisition of duplicate or unnecessary items is avoided?
  - b. Ensure that state and local government intergovernmental agreements are considered where appropriate?
  - c. Ensure contracts are awarded only to responsible contractors with the ability to perform contract terms successfully?
  - d. Ensure all procurement transactions are conducted in a manner providing full and open competition? Situations considered to be restrictive of open competition:
    - 1) Placing unreasonable requirements on firms in order for them to qualify to do business.
    - 2) Requiring unnecessary experience and excessive bonding.
    - 3) Noncompetitive pricing practices between firms or between affiliated companies.
    - 4) Noncompetitive contracts to consultants that are on retainer contracts.
    - 5) Organizational conflicts of interest.
    - 6) Specifying only a "brand name" product instead of allowing "an equal" product to be offered.
    - 7) Any arbitrary action in the procurement process.
    - 8) Not include state or local geographical preferences (except where federal statutes mandate or encourage geographic preference).
  - e. Ensure all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured?
  - f. Require cost or price analysis, including independent estimates, for all purchases over \$150,000?
  - g. Include affirmative steps to assure that minority business, women's business enterprises, and labor surplus area firms are used when possible?
    - 1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
    - 2) Assuring that small and minority business and women's business enterprises are solicited whenever they are potential sources.
    - 3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business and women's business enterprises.
    - 4) Establishing delivery schedules where the requirement permits, which encourage participation by small and minority business and women's business enterprises.
    - 5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
    - 6) Requiring the prime contractor, if subcontractors are to be let, to take the affirmative steps listed here.

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3. Do your procurement policies include guidelines for the following purchase thresholds?
  - a. Micro-purchase (<\$3,500, no quotations, equitable distributions)
  - b. Small purchase (\$3,500-\$150,000, rate quotations, and no cost or price analysis)
  - c. Sealed bids (\$150,000, formal advertising, price is a major factor). Requirements for sealed bids:
    - 1) The invitation for bids will be publicly advertised and bids must be selected from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids.
    - 2) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
    - 3) All bids will be publicly opened at the time and place prescribed in the invitation for bid.
    - 4) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder.
    - 5) Any or all bids may be rejected if there is a sound documented reason.
  - d. Competitive proposal (> \$150,000, fixed price or cost reimbursement, request for proposal (RFP) with evaluation methods). Requirement for competitive proposal procedures:
    - 1) Requests for proposals must be publicized requests and identify all evaluation factors and their relative importance.
    - 2) Proposals must be solicited from an adequate number of qualified sources.
    - 3) The organization must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
    - 4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program.
    - 5) The organization may only use qualification-based methods, whereby competitors' qualifications are evaluated and the most qualified competitor is selected, in the procurement of architectural/engineering professional services.
  - e. Noncompetitive proposal (solicitation of a proposal from only one source, unique product/service). Non-competitive proposals can be utilized only in one or more of the following situations:
    - 1) The item is available only from a single source.
    - 2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitations.
    - 3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity.
    - 4) After the solicitation of a number of sources, competition is determined inadequate.
4. If time and material type contracts are used, has your organization used these only after determination that no other contract is suitable and does the contract include a ceiling price that the contractor exceeds at its own risk?

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5. Are all prequalified lists of persons, vendors, or products current and include enough qualified sources to ensure maximum free and open competition, and is there a process to ensure this list is kept up to date?
6. Do your procurement processes include keeping records that detail history of ALL procurements and at the minimum include the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract?
7. Do procurement policies for construction or facility improvement contracts, or subcontracts exceeding \$150,000, include a bid guarantee equivalent to 5% of the bid price from each bidder (such as bid bond or certified check), a performance bond on the part of the contractor for 100 percent of the contract price, and a payment bond on the part of the contractor for 100 percent of the contract price?

### **Performance and Financial Monitoring and Reporting - Sections 300.327-329**

#### **Monitoring and Reporting program performance- Section §200.328**

1. Have you developed a timeline to ensure that annual performance reports are done and submitted within the 90-day calendar window after the reporting period? For quarterly or semiannual submissions, within 30 calendar days after the reporting period? For the final performance report, within 90 calendar days after the period of performance end date?

#### **Reporting on real property- Section §200.329**

1. Do you have a process in place to ensure that reports are submitted at least annually on the status of real property if the Federal government retains an interest?

#### **Record Retention and Access - Section §200.333-337**

1. Do you have a policy in place to verify that financial records, supporting documents, statistical records, etc., are retained for at least three years from the date of submission of the final expenditure report, or for ongoing grants, the date of submission of the quarterly or annual financial report? (Note: If any litigation/claim/audit starts before the three-year period, retain records until completed or resolved.)

#### **Closeout - Section §200.343**

1. Have you developed procedures to meet the following requirements for closing out grants at the end of the period of performance?
  - a. Must submit no later than 90 calendar days after the end of period of performance all financial, performance, and other reports required by terms and conditions
  - b. Must liquidate all obligations incurred no later than 90 calendar days per terms/conditions
  - c. Must promptly refund any balances of unobligated cash that the Federal agency or pass-through entity paid in advance or paid that isn't authorized to be retained for use in other projects

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- d. Must account for any real and personal property acquired with Federal funds or received from the Federal government

#### **Subpart E - Cost Principles**

##### **Direct Costs - Section §200.413**

1. Has organization considered direct charging of administrative and clerical staff salaries if certain criteria have been met (i.e. services integral to project, costs included in budget, not recovered as indirect, etc.)? Is your decision process documented?

##### **Indirect Costs - Section §200.414**

1. Has a previously negotiated indirect cost rate been established with a Federal agency? If so, the agency must accept it unless an exception is required by statute or regulation, or approved by a Federal awarding agency head or delegate based on publicly documented justification.
2. If there is an approved, Federally-negotiated indirect cost rate, has your organization considered whether it wants to apply for a one-time extension of up to four years?
3. If your organization does not have a negotiated indirect cost rate, has consideration been given for use of the de minimus rate of 10 percent of modified total direct costs? (Note: This must be used consistently on all awards until a rate is negotiated, which may be done at any time.)
4. Have you implemented the requirement that, for annual and final fiscal reports or vouchers requesting payment under an agreement, that includes a certification that is signed by an official who can legally bind the organization?

##### **Required Certification - Section §200.415**

1. Have you decided which official can legally bind the organization and will sign the certification for annual and final fiscal reports or vouchers requesting payment under an agreement?

##### **Compensation-Personal Services - Section §200.430**

1. Does your organization have records that accurately reflect the work performed? Standards for Documentation of Personnel Expenses must:
  - a. Be supported by a system of internal control systems that provide reasonable assurance that charges are accurate, allowable, and properly allocated
  - b. Be incorporated into the official records of the non-Federal entity
  - c. Reasonably reflect total activity for employee, not exceeding 100% of compensated activities
  - d. Encompass both Federally assisted and all other activities compensated by the non-Federal entity on an integrated basis
  - e. Comply with established accounting policies and practices of organization

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- f. Support the distribution of employee's salary or wages between specific activities/cost objectives if the employee worked on more than one grant
- 2. If your organization is going to use budget estimates for interim accounting purposes, have procedures been implemented that meet the following requirements?  
Budget estimates 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 approximation of the activity actually performed
  - b. Significant changes in the corresponding work activity are identified and entered into the records in a timely manner. Short-term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term
  - c. The organization's system of internal controls include processes to review after-the-fact interim charges made to Federal awards based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated
- 3. If the organization uses a substitute process or system for allocating salaries and wages to Federal awards, is the system approved? Substitute systems which use sampling methods 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
  - b. The entire time period involved must be covered by the sample
  - c. The results must be statistically valid and applied to the period being sampled
- 4. Are salaries and wages of employees used in meeting the cost sharing or matching requirement on Federal awards supported in the same manner as salaries and wages claimed for reimbursement from Federal awards?

### **Materials and Supplies - Section §200.453**

- 1. Has the cost of computer equipment, if lesser than the capitalization policy or \$5,000, been classified as supplies?
- 2. Has consideration been given for computer equipment being charged as a direct cost if they are essential and allocable, but not solely dedicated, to the performance of a Federal award?