



State Council for Developmental Disabilities (SCDD) Formula Grant Program Fiscal Training

Office of Fiscal Operations (OFO)

Center for Management and Budget (CMB)

March 27, 2025 – 2:30 PM EST

Presenters



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Image Caption: Slide contains a picture of the presenter. He is a white male in his forties with brown hair.



Presentation Topics

- Program Overview
- Notice of Award (NoA), PMS and Project Period
- DD Act Obligation and Liquidation Requirements
- DD Act Match Requirement Policy Updates and Best Practices
- Closer look at the 70/30 DD Act Requirement
- Financial Reporting (FFR/SF-425) and Closeout
- Cost Eligible, Allowable, Reasonable, and Allocable
- Grant Management Best Practices
- 2 CFR 200 Transition

Program Overview



DDC Formula Award Program

The Basics

- The DDC state formula grant program makes 56 annual awards.
- Each DDC award is managed over a three-year timeframe.
- Depending on the state, awards are issued to the DSA (Designated State Agency) or directly to the DDC.
- The approved state plan provides the roadmap for award implementation.

Applicable Rules and Regulation

- The program was established by the DD ACT.
- Grantees must also adhere to the to the following:
 - Program regulations at 45 CFR 1326,
 - Uniform Guidance as codified in 45 CFR 75 (moving fully to 2 CFR 200 in FY 2026), and
 - NoA Terms and conditions.

Notice of Award (NoA), PMS and Project Period



Notice of Award (NoA) Overview

- Each award has a unique NoA, active DDC awards include:
 - FY 2023 – 2025 formula awards (program code SCDD)
 - FY 2022 Public Health Workforce awards (program code SCPH) that received a No-Cost Extension to 9/30/2025
- The NoA provides key award data, ACL contacts, and terms and conditions.
- NoAs are emailed to the key award contact and are available in GrantSolutions
- NoAs often have multiple versions. The “-##” at the end of the grant number provides the NoA version. The higher the number, the newer the NoA.

Grant Number Nomenclature

Each award has a unique grant number. The grant number has five subparts.

Example – 2501MDSCDD-00

25 – Federal fiscal year

01 – Award number

MD – State abbreviation

SCDD – ACL formula grant program code

00 – Version Number

The NoA with version number “00” is the original NoA and includes a comprehensive overview of specific terms and conditions.



Payment Management System (PMS)

- PMS is used to complete financial reporting and drawdown award funds. These functions are often done by the DSA but may be a combo of the DSA and DDC.
- PMS Accounts are requested and processed by PMS. ACL cannot create PMS accounts and cannot modify user privileges.
- Plan to have backups for PMS access to ensure continued access to funding and timely completion of reports.
- The PMS helpdesk can provide support with system access, account issues, and locating reports:
 - Email: PMSSupport@psc.hhs.gov
 - Phone: 1-877-614-5533
- PMS User Guide - [PMS User Guide | HHS PSC FMP Payment Management Services](#)



Project Period

The project period is the time period in which you can implement activities and incur allowable expenditures (45 CFR 75.309 and 45 CFR 75.403).

- The standard project period for SCDD awards is 2 years.
- Awards start on 10/1 and end on 9/30.
- All activities must be completed by the end of the project period.

SCPH (Public Health Workforce) awards have their own project periods, please refer to your NoA.

On an as-needed basis, grantees may apply for a one-time no-cost extension (45 CFR 75.308(d)(2)), which would extend the project period by up to 12 months.

DD Act Obligation and Liquidation Requirements

Recently Released Obligation and Liquidation Requirement Policy



- In June 2024, ACL issued two updated documents providing background, guidance, and protocols for the DD Act obligation, liquidation, and liquidation waiver requirements. These documents provide specific guidance on completing FFRs and outline the compliance actions ACL will enact starting with the September 30, 2025 reporting period.
- The documents are:
 1. ACL-AoD-IM-2024-01- Information Memorandum on Obligation and Liquidation Requirements
 2. ACL-AoD-PI-2024-01 – Program Instructions on Liquidation Waiver Eligibility and Process
- An FAQ document has been drafted and is available at this webpage - [SCDD Obligation and Liquidation FAQs](#)

DD Act Obligation Requirement



- The DD Act Obligation Requirement is codified into regulation at 45 CFR 1326.2(a):

“Funds which the Federal Government allots during a Federal fiscal year are available for obligation by States for a two-year period beginning with the first day of the Federal fiscal year in which the grant is awarded.”
- Obligation is an action that commits grant funds to a specific project or activity.
 - A common SCDD award obligation example is the commitment of funds to a subaward for implementation of a State Plan project.

DD Act Liquidation Requirement



- The DD Act Liquidation Requirement is codified into regulation at 45 CFR 1326.3(a):
“All obligations incurred pursuant to a grant made under the Act for a specific FFY (Federal Fiscal Year) must be liquidated within two years of the close of the Federal fiscal year in which the grant was awarded.”
- Grantees liquidate the award by drawing down funds from PMS to pay allowable expenses incurred within the project period.
 - No PMS draws will be permitted after the liquidation end date.
- Grantees should only draw funds from PMS if they have supporting expenses.
 - If funds are advanced, they should be used for actual, immediate cash requirements (45 CFR 75.305(b)(1)).

DD Act Obligation and Liquidation Timeline

Standard Project Period (Two Years)



Example: FY 2025 SCDD Grant (Award Start Date 10/1/2024)

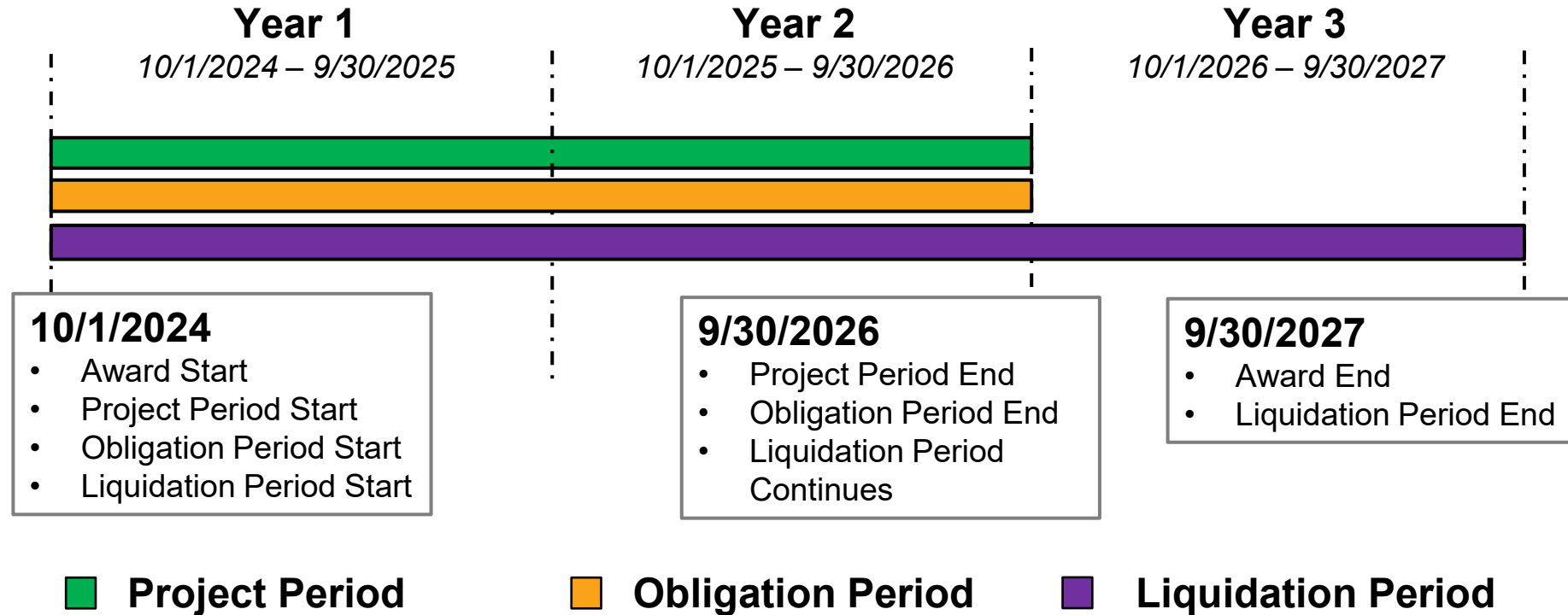


Image Caption: Slide depicts a graphic illustration of the time (years) in the project period, obligation period, and liquidation period for a standard award. The FY 2025 DDC award is used as an example. The FY 2025 award started on 10/1/2024, therefore the standard project period is 10/1/2024 – 9/30/2026 (2 years), the obligation period is 10/1/2024 – 9/30/2026 (2 years), and the liquidation period is 10/1/2024 – 9/30/2027 (3 years).

No-Cost Extension (NCE) – 45 CFR 75.308(d)(2)



- NCEs can extend the grant project period for up to 12 additional months.
 - NCEs provide additional time to implement activities and incur allowable expenses.
- NCEs are requested through the Program Office and if approved, an updated NoA will be issued.
 - The justification provided for the NCE should be reflective of what is included in your programmatic reporting.
- **NCEs Do Not Change the Obligation and Liquidation Requirements.**
 - **Obligation Period is still two years.**
 - **Liquidation Period ends on the last day of the third year.**

DD Act Obligation and Liquidation Timeline



Approved 12 Month NCE – Extended Project Period

Example: FY 2025 SCDD Grant (Award Start Date 10/1/2024)

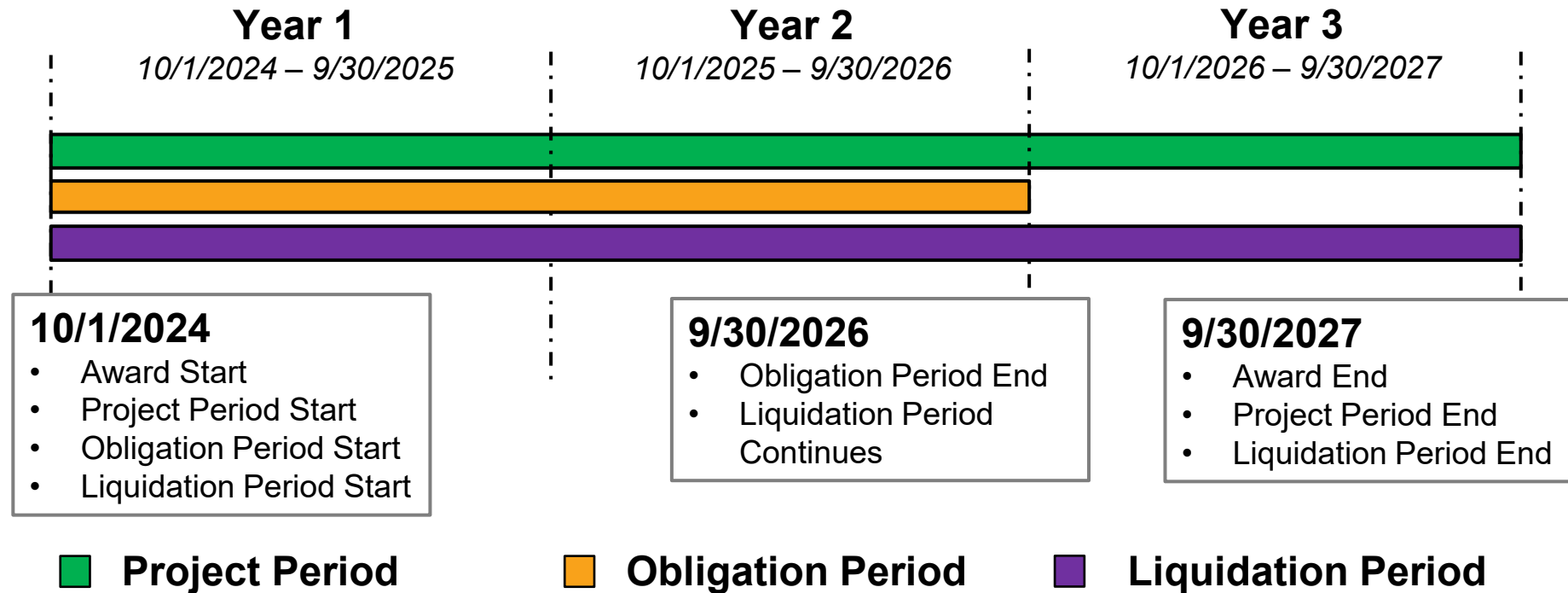


Image Caption: Slide depicts a graphic illustration of the time (years) in the project period, obligation period, and liquidation period for an extended award. The FY 2025 DDC award is used as an example. The FY 2025 award started on 10/1/2024, therefore the extended project period is 10/1/2024 – 9/30/2027 (3 years), the obligation period is 10/1/2024 – 9/30/2026 (2 years), and the liquidation period is 10/1/2024 – 9/30/2027 (3 years).

Obligation and Liquidation Requirement Federal Financial Report (FFR) Data Entry



Boxes 10a-10c

- Box 10a – Funds Drawn from PMS. Amount is automatically entered by PMS. Field cannot be edited in the Final FFR. **ACL will use Box 10a to track the rate of liquidation.**
- Box 10b – Award Expenses. PMS automatically enters 10a amount in 10b. Field cannot be edited in the Final FFR.
- Box 10c – Line 10a minus 10b. Auto-filled by PMS [Not editable]. Field must be zero in the Final FFR.

Boxes 10d-10h

- Box 10d – Award Amount - Auto-filled by PMS [Not editable]. Will match most recent NoA.
- Box 10e – Award expenses. Should usually match line 10b.
- Box 10f – Award funds obligated to the award but not yet charged. Field must be zero in the Final FFR.
- Box 10g – Total Federal Share - Sum of lines 10e and 10f. Auto-filled by PMS [Not editable]. Field must match line 10e in the Final FFR. **Represents award obligation amount. The amount should not increase between the year 2 Annual FFR and year 3 Final FFR.**
- Box 10h – Unobligated Balance - Line 10d minus 10g. **Unobligated balance.**

ACL Tracking of Obligation and Liquidation Requirements in the FFR – Example 1



Example 1 Scenario

The SCDD award is \$750,000. The grantee demonstrates full obligation of the award amount by the end of year 2 and full liquidation of the award amount by the end of year 3.

Three Year FFR Reporting Example

| FFR Box | 1 st Annual FFR (End of Year 1) | 2 nd Annual FFR (End of Year 2) | Final FFR (End of Year 3) |
|-----------------------------|---|---|------------------------------|
| Box 10a (Draws) | \$350,000 | \$575,000 | \$750,000 |
| Box 10g (Obligated Funds) | \$500,000 | \$750,000 | \$750,000 |
| Box 10h (Unobligated Funds) | \$250,000 | \$0 | \$0 |

ACL Tracking of Obligation and Liquidation Requirements in the FFR – Example 2



Example 2 Scenario

The SCDD award is \$750,000. The grantee obligates the entire award by the end of year 2, but not all obligations result in expenses, therefore the grantee draws less than the award amount and funds are returned to Treasury at the end of the award.

Three Year FFR Reporting Example

| FFR Box | 1 st Annual FFR (End of Year 1) | 2 nd Annual FFR (End of Year 2) | Final FFR (End of Year 3) |
|-----------------------------|---|---|------------------------------|
| Box 10a (Draws) | \$350,000 | \$575,000 | \$735,000 |
| Box 10g (Obligated Funds) | \$500,000 | \$750,000 | \$735,000 |
| Box 10h (Unobligated Funds) | \$250,000 | \$0 | \$15,000 |

ACL Tracking of Obligation and Liquidation Requirements in the FFR – Example 3



Example 3 Scenario

The SCDD award is \$750,000. The grantee fails to obligate the full award by the end of Year 2, therefore the funds available to use for award expenses and draw from PMS are capped at the end of Year 2 obligation amount. **Starting with the September 30, 2025 reporting period ACL will deobligate any award funds reported in box 10h in the 2nd Annual FFR.**

Three Year FFR Reporting Example

| FFR Box | 1 st Annual FFR (End of Year 1) | 2 nd Annual FFR (End of Year 2) | Final FFR (End of Year 3) |
|-----------------------------|---|---|------------------------------|
| Box 10a (Draws) | \$350,000 | \$525,000 | \$700,000 |
| Box 10g (Obligated Funds) | \$500,000 | \$700,000 | \$700,000 |
| Box 10h (Unobligated Funds) | \$250,000 | \$50,000 | \$50,000 |

ACL OFO Feedback on FFR Submissions



- For reporting period ending September 30, 2024, DDCs had SCDD FFRs due for three SCDD awards:
 - FY 2022 Final FFR – Liquidation Deadline
 - FY 2023 Second Year Annual FFR – Obligation Deadline
 - FY 2024 First Year Annual FFR
- ACL used this review period to continue to provide feedback on the obligation and liquidation requirements and guidance on where data reporting could lead to compliance actions in the next reporting period (September 30, 2025).
- Please make sure to confirm final numbers with your DSA before the FFR is submitted to ACL. Also, make sure to always include reporting on match.

Liquidation Waiver Eligibility and Process



- The DD Act permits a liquidation waiver in minimal circumstances
- Key eligibility criteria – DD Act program regulations (45 CFR 1326.3(b)) allow for liquidation waivers for of federal funds in the following circumstances:
 - When State law impedes liquidation, or
 - The amount of funds to be liquidated is in dispute.
- Liquidation waiver requests are made to the Program Office and if approved, an updated NoA will be issued.
 - Liquidation waiver requests must be submitted to the Program Office no later than 60 calendar days (August 1st) before the end of the Federal fiscal year.
- **See document ACL-AoD-PI-2024-1 for full details on the liquidation waiver eligibility and process.**



Question Break 1



**Pause to catch up on questions in the chat or
to take new questions from the audience.**

Image Caption: Slide contains a picture of a question mark.

DD Act Match Requirement Policy Updates and Best Practices

DD Act Match Requirement



- The DD Act Match Requirement is codified into regulation at 45 CFR 1326.35(d) and (e):
- 45 CFR 1326.35(d) The base requirements for determining the aggregate minimum State share of expenditures is ...
 - 0% Match - Projects/Activities undertaken by DD Council and Council staff.
 - 10% Match - Projects/Activities that target individuals living in urban or rural poverty areas as determined by the US Census.
 - 25% Match – All other projects/activities not directly carried out by the DD Council or Council staff.
- 45 CFR 1326.35(e) The Council may vary the non-Federal funding required on a project-by-project, activity-by-activity basis (both poverty and non-poverty activities), including requiring no non-Federal funding from particular projects or activities as the Council deems appropriate so long as the requirement for aggregate non-Federal funding is met.
- All match must be from non-Federal sources.

Match Calculation - Match is a Cost Share



- Match is calculated as a cost share of the total project budget. See two examples below:
 - **[Correct Method] - Total project budget is \$40,000. Assuming a 25% match, the Federal fund investment would be \$30,000 (75%) and the non-Federal share [match] would be \$10,000 (25%).**
 - [Incorrect Method] – Federal fund investment is \$30,000, so match is \$7,500 ($\$30,000 \times 25\%$)
- How to Calculate Project Budget and Match for a Federal Fund Request of \$45,000
 - 25% Match Requirement
 - Project Budget = $\$45,000 / .75 = \$60,000$
 - Match = $\$60,000 - \$45,000 = \$15,000$
 - 10% Match Requirement
 - Project Budget = $\$45,000 / .90 = \$50,000$
 - Match = $\$50,000 - \$45,000 = \$5,000$

Calculating Initial Total Aggregate Match Amount

| Subawards | Project Budget | ACL Funds Awarded | Poverty Area (Y/N) | Match % | Match Amount Required |
|-----------------|------------------|-------------------|--------------------|---------|-----------------------|
| 1 – ABC Org | \$80,000 | \$60,000 | N | 25% | \$20,000 |
| 2 – XYZ Inc | \$40,000 | \$36,000 | Y | 10% | \$4,000 |
| 3 – QT Partners | \$160,000 | \$120,000 | N | 25% | \$40,000 |
| 4 – WW Partners | \$15,000 | \$13,500 | Y | 10% | \$1,500 |
| 5 – LPO LLC | \$20,000 | \$15,000 | N | 25% | \$5,000 |
| Totals | \$315,000 | \$244,500 | | | \$70,500 |

Initial Total Aggregate Match (Required Match) = \$70,500

Calculating Final Total Aggregate Match Amount

The required match amount can change through the course of award implementation and the final match required amount is calculated based on actual expenditures of SCDD award funds.

Using the same example from the slide 27, we assume that the LPO LLC subaward was cancelled and the SCDD award funds were de-obligated. Plus, the ABC Org subaward had SCDD funds leftover.

| Subawards | ACL Funds Awarded | ACL Funds Expended | Match % | Match Amount Required |
|-----------------|-------------------|--------------------|---------|-----------------------|
| 1 – ABC Org | \$60,000 | \$51,000 | 25% | \$17,000 |
| 2 – XYZ Inc | \$36,000 | \$36,000 | 10% | \$4,000 |
| 3 – QT Partners | \$120,000 | \$120,000 | 25% | \$40,000 |
| 4 – WW Partners | \$13,500 | \$13,500 | 10% | \$1,500 |
| Totals | \$229,500 | \$220,500 | | \$62,500 |

Final Total Aggregate Match (Required Match) = \$62,500

Applying the Flexibility from 45 CFR 1326.35(e)



45 CFR 1326.35(e) says that the match requirement on specific projects (subawards) can be varied if the DDC achieves the total aggregate match amount. Using the example from the slide 27, the below chart shows how the match percentage requirement can be adjusted for multiple subawards thanks to a 5% over match from ABC Org.

| Subawards | ACL Funds Awarded | Poverty Status Match % | Poverty Status Match Amount Required | Adjusted Match % | Match Amount Required |
|-----------------|-------------------|------------------------|--------------------------------------|------------------|-----------------------|
| 1 – ABC Org | \$60,000 | 25% | \$20,000 | 30% | \$25,714 |
| 2 – XYZ Inc | \$36,000 | 10% | \$4,000 | 0% | \$0 |
| 3 – QT Partners | \$120,000 | 25% | \$40,000 | 25% | \$40,000 |
| 4 – WW Partners | \$13,500 | 10% | \$1,500 | 10% | \$1,500 |
| 5 – LPO LLC | \$15,000 | 25% | \$5,000 | 18% | \$3,293 |
| Totals | \$244,500 | | \$70,500 | | \$70,507 |



Match Monitoring Project Background

ACL commenced the match monitoring project in November 2023. ACL implemented this monitoring work to achieve the following goals:

- Obtain a better understanding of grantee knowledge and the processes utilized to comply with the DD Act match requirement.
- Identify any knowledge gaps or implementation obstacles.
- Use the conclusions gathered to improve training, technical assistance, and policy.



Scope and DD Council Participation

- ACL randomly selected 11 grantees for review (10 states and 1 territory).
- Grantees were reviewed over two phases:
 - Phase 1 – 5 grantees – started November 2023.
 - Phase 2 – 6 grantees – started February 2024.
- Review Status
 - Phase 1 is complete; reports have been issued.
 - Phase 2 is complete; reports have been issued.



Results and Lessons Learned

The major goal of this monitoring work was learning.

The monitoring project has helped to frame the following policy considerations and questions:

- Define the match scope and what projects/activities require match.
- How do grantees calculate the total aggregate match amount? Can the total aggregate match amount change through the course of a grant period? (See slide 28 example)
- How can grantees apply the flexibilities in 45 CFR 1326.35(e) to vary the match on a project-by-project basis and still achieve the total aggregate match amount? (See slide 29 example)
- What are the possible sources of match and supporting documentation expectations?
- Is the 50/50 split on DSA reimbursement considered a match requirement?
- FFR data entry expectations (see slide 43).
- Best practices for success.

Closer Look at the DD Act 70/30 Requirement



70/30 Requirement

DD Act Sec 124.(c)(5)(B)(i)

“(i) not less than 70 percent of such funds will be expended for activities related to the goals described in paragraph (4)”

Paragraph 4 refers to state plan goals or more generally programmatic delivery.

From this requirement it is inferred that no more than 30 percent of the grant award is available for administrative activities including (as applicable) the up to 5% reimbursement* to the Designated State Agency (DSA).

*Admin Cost Definition - 42 USC § 15024(c)(5)(B)(vi)

(vi) at the request of any State, a portion of such funds provided to such State under this subtitle for any fiscal year shall be available to pay up to 1/2 (or the entire amount if the Council is the designated State agency) of the expenditures found to be necessary by the Secretary for the proper and efficient exercise of the functions of the designated State agency, except that not more than 5 percent of such funds provided to such State for any fiscal year, or \$50,000, whichever is less, shall be made available for total expenditures for such purpose by the designated State agency.



70/30 Requirement Calculation

SCDD Award = \$600,000

70% Minimum for State Plan Implementation = $\$600,000 \times .7 = \$420,000$

30% Maximum for Administration = $\$600,000 \times .3 = \$180,000$

The 70/30 distribution of funds need to be tracked for each grant award (grant number) and should be an intentional part of the budgeting and award reconciliation process.



Recent 70/30 Requirement Question

Question: Could I charge part of our rent (office lease costs) to the 70% (program goals/state plan implementation)?

Answer: Yes - You could devise policies and processes to allocate some of the other direct cost categories (rent, utilities, supplies, etc.) to the 70% assuming you have clear and consistent processes in place that are codified into organizational policy.

SEE EXAMPLE ON THE NEXT TWO SLIDES

70/30 Allocation Example - Utility Costs (1)



1. Determine Admin and State Plan Activities Percentages for Staff

| | ED | FM | PD | PO | PO | OM |
|------------------------------------|-----|-----|-----|-----|-----|-----|
| % of Time on Admin Activities | 70% | 50% | 25% | 15% | 15% | 70% |
| % of Time on State Plan Activities | 30% | 50% | 75% | 85% | 85% | 30% |

2. Identify Office Square Footage (SF) [Total Office SF = 1,500]

| Common Space | ED | FM | PD | PO | PO | OM |
|--------------|-----|-----|-----|-----|-----|-----|
| 800 | 200 | 100 | 100 | 100 | 100 | 100 |

70/30 Allocation Example - Utility Costs (2)



3. Calculate SF Distribution Between Admin and State Plan Activities

| | Common Space | ED | FM | PD | PO | PO | OM | Totals |
|----------------------------|--------------|-----|----|----|----|----|----|--------|
| Admin Activities (SF) | 800 | 140 | 50 | 25 | 15 | 15 | 70 | 1,115 |
| State Plan Activities (SF) | 0 | 60 | 50 | 75 | 85 | 85 | 30 | 385 |

4. Calculate Utility Costs Distribution Between Admin and State Plan

Admin % = $1,115 \text{ sf} / 1,500 \text{ sf} = 75\%$

State Plan Activity % = $385 \text{ sf} / 1,500 \text{ sf} = 25\%$

Annual Utility Cost = \$5,000

- **\$3,750 (75%) charged to Admin**
- **\$1,250 (25%) charged to State Plan Activities**



Question Break 2



Pause to catch up on questions in the chat or to take new questions from the audience.

Image Caption: Slide contains a picture of a question mark.

Financial Reporting (FFR/SF-425) and Closeout



Financial Reports

- Federal Financial Reports (FFRs or SF-425s) are submitted in PMS.
 - SCDD and SCPH (Public Health Workforce) awards report annually for the period ending 9/30.
 - Annual reports are due 90 days after the end of years 1 and 2.
 - Final reports are due 120 days after the end of year 3.
 - Final reports for extended SCC5 (CDC) awards are due 120 days after 9/30/2024.
- FFR or SF-425 data is cumulative, and each award has its own form.

FFR (SF-425) Boxes 10a – 10h – Federal Fund Usage

Boxes 10a-10c

- Box 10a – Funds drawn from PMS. Amount is automatically entered by PMS. Field cannot be edited in the Final FFR.
- Box 10b – Award expenses. PMS automatically enters 10a amount in 10b. Field cannot be edited in the Final FFR.
- Box 10c – Line 10a minus 10b. Auto-filled by PMS [Not editable]. Field must be zero in the Final FFR.

Boxes 10d-10h

- Box 10d – Auto-filled by PMS [Not editable]. Will match most recent NoA.
- Box 10e – Award expenses. Should match line 10b.
- Box 10f – Award funds obligated to the award but not yet charged. Field must be zero in the Final FFR.
- Box 10g – Sum of lines 10e and 10f. Auto-filled by PMS [Not editable]. Field must match line 10e in the Final FFR. **Represents award obligation amount. The amount should not increase between the year 2 Annual FFR and year 3 Final FFR.**
- Box 10h - Line 10d minus 10g. **Unobligated balance.**

FFR (SF-425) Boxes 10i – 10k – Match Data and Box 12 Remarks



Boxes 10i-10k

- Box 10i – Non-Federal match required for the award based on the funds expended across all projects. The required amount may vary over the course of the award based on the grantee's obligation speed and the actual expenditures incurred against subawards (contracts).
- Box 10j – Total amount of non-Federal match contributed to the award to meet the required amount.
- Box 10k - Line 10i minus line 10j.

Box 12 Remarks

- In the FFR Remarks Field (Box 12) , ACL requests DDC grantees to provide a narrative explaining the basis for calculating their required match amount (Box 10i).
- Sample Narrative – “Based on our budget, \$_____ are matched at 0%, \$_____ are matched at 10%, and \$_____ are matched at 25% for a total required match of \$_____ (see line 10i).”

FFR (SF-425) Boxes 10l – 10o – Program Income



Program Income Key Facts

- Definition (from 45 CFR 75) – “Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance”
- Program income earned during the project period from funded projects or activities should be applied to the award expenses using the deductive method (45 CFR 75.307(e)(1)).
- Income earned after the period of performance is not subject to Federal requirement (45 CFR 75.307(f)).
- ACL recommends providing a narrative entry in the Remarks (Box 12) explaining the how the program income was earned and how it is being used.

Boxes 10l-10o

- Box 10l – Program income earned.
- Box 10m – Program income expended using the deductive method.
- Box 10n – Program income expended using the addition method.
- Box 10o – Unexpended program income.



FFR – Additional Considerations

- **DSAs & DDCs must maintain supporting documentation for amounts reported on the FFR (SF-425).**
 - This includes supporting documentation for all expenditures and all match contributions.
 - Internal controls should be in place to ensure that an expense is properly allocated.
- FFR Preparer and Certifier
 - All FFRs must be prepared and certified before ACL can review.
 - PMS permits a single individual to serve as the preparer and certifier. If the same individual is conducting both steps in PMS, then there is no check and balance.
Make sure that the assignment of preparer and certifier roles aligns with organizational policies and internal controls to ensure proper checks and balances are upheld.



Grant Closeout

- NoA Terms and Conditions and 45 CFR 75 outline the following closeout requirements:
 - Final FFR (SF-425)
 - Final PPR (Program Performance Report)
 - Property Report (SF-428) – **Currently, this is only applicable if the grantee intends to dispose of property purchased with Federal funds.**
- Awards will be closed out by the assigned GMO (Grants Management Officer) in ACL OFO.
- Please be timely with submitting reports. Report delinquencies can lead to drawdown restrictions.
- **If award funds are reported in line 10h of the Final FFR, they will be deobligated.**

Cost Eligible, Allowable, Reasonable, and Allocable



Testing Your Award Expenses

Use the following four tests to confirm that your expenses are chargeable to the Federal award:

1. Program Eligible – State Plan project/activity, Admin expense, DSA reimbursement
2. Allowable – Review 45 CFR 75.403 and check against selected items of cost in 45 CFR 75.420-475.
3. Allocable – Review 45 CFR 75.404 to confirm that an expense is allocable to a Federal award in whole or part.
4. Reasonable – Review 45 CFR 75.405 to confirm that an expense is reasonable to be charged to program and Federal award.



Program Eligible – State Plan & Budget

45 CFR 1326.35 provides that all costs must be consistent with the approved State Plan.

Each year the Council makes an annual budget for implementing the State Plan activities:

- The budget should be developed based on a projection of future funding and then reconciled based on actual funding.
- The budget should account for all available funds, including unobligated funds from the prior year award and the newly awarded funds.



Costs Allowability Criteria

45 CFR 75.403 establishes the criteria for assessing cost allowability, paraphrased below:

- Necessary and reasonable for implementing the grant.
- Conforms with award limitations or exclusions.
- **Consistent with your own policies and procedures.**
- Accorded consistent treatment.
- In accordance with generally accepted accounting principles (GAAP).
- Not included as a cost or used to meet cost sharing requirements of any other grant, open or closed.
- Properly documented.
- Consistent with state laws and requirements.



Assessing Cost Reasonableness

45 CFR 75.404 establishes the criteria for assessing cost reasonableness, paraphrased below:

- **Ordinary and Necessary** – Is the cost (expense) consistent with your normal business practices and operating procedures? Does the cost align with how you would normally manage and implement grants?
 - What are the state laws and standards that apply?
- **Sound Business Practices** – Is the cost consistent with “sound business practices”, meaning would the cost be considered appropriate and justified in a normal business setting.
- **Market Prices** – The cost (expense) is consistent with the price for comparable goods or services within the geographic area.



Cost Allocability

45 CFR 75.405 establishes the criteria for assessing cost allocability, paraphrased below:

A cost is allocable to a particular Federal award or other 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.

How funds can be allocated:

- Is incurred specifically for the Federal award;
- Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award.

Grant Management Best Practices



Internal Communication

- ACL recommends that the DSA and the DDC meet regularly to discuss award implementation, oversight, and reporting.
 - DDCs and DSAs should consider implementing an MOU to more clearly articulate expectations for communication, data management, and recordkeeping.
- The DSA and the DDC should establish systems and pathways for data sharing and record retention.
- Make sure all staff working on the award understand the basic award requirements, goals, and timelines. Ensure that staff have been trained on applicable policies and procedures.



Subaward Management

Grantees are expected to have policies and procedures for implementing and managing subawards, including monitoring subawardee performance and compliance with the match requirement.

- Subawards made in excess of \$30,000 should be reported in the FSRS system, as required by FFATA (Federal Funding Accountability and Transparency Act)
- Subawards should identify the Federal sources utilized to fund the award and roll down award specific terms and conditions.
- Subawards should be tracked based on the award project period and necessary reimbursements should be issued timely.



Policies and Procedures

Grantees should have grant program policies and procedures to direct staff on how to manage and implement award activities and adhere to grant requirements.

- The grant should be managed consistent with the organizational policies and procedures.
- Policies and procedures should be kept up to date and should be revised in line with any major program changes or the organization's own review and revision schedule.
- Record retention requirements should account for any award specific or overarching regulatory standards.

2 CFR 200 Transition

2 CFR 200 Updates for ACL Awards



Overview

- HHS has its own version of 2 CFR 200 called 45 CFR 75.
- ACL is located within HHS and ACL awards must comply with 45 CFR 75.
- HHS is in the process of adopting 2 CFR 200, which would eliminate 45 CFR 75.

Proposed Schedule for 2 CFR 200 Adoption

- HHS plans to implement new 2 CFR 200 flexibilities effective October 1, 2024 (Start of FY 2025) – We will discuss these changes on the next slide.
- Full implementation of 2 CFR 200 is projected to take place on October 1, 2025 (FY 2026).
- HHS will maintain some agency specific requirements in 2 CFR 300. These requirements will be primarily focused on research grants.

2 CFR 200 Flexibilities Proposed for October 1, 2024 Implementation on ACL Awards



Below is a list of key 2 CFR 200 flexibilities proposed to be authorized by HHS for ACL awards effective October 1, 2024 (this list is not exhaustive):

- Utilization of closeout requirements (2 CFR 200.344).
- Increase to 15% de minimis indirect cost rate (2 CFR 200.414)
- Increase to \$1,000,000 for expenditure threshold for single audits (2 CFR 200.501).
- Increase micro-purchase threshold to \$50,000 (2 CFR 200.320).
- Increase to \$10,000 for equipment retention/disposition and unused supplies threshold for closeout (2 CFR 313(e) and 2 CFR 200.314(a)).

How 2 CFR 200 Flexibilities will Apply to FY 2025 SCDD Awards

FY 2025 SCDD Awards

- The next round of SCDD awards become effective on October 1, 2024 (FY 2025).
- FY 2025 SCDD awards with an effective date of October 1, 2024 include the new 2 CFR 200 flexibilities.
- ACL has added new language in the Notice of Award documents and a link to the following website that discusses the changes - [HHS Adopts New Rules for Federal Financial Assistance \(2 CFR Part 200\) to Make Grants More Accessible and Transparent | HHS.gov](#)



Question Break 3



Pause to catch up on questions in the chat or to take new questions from the audience.

Image Caption: Slide contains a picture of a question mark.