The Complete 2 CFR 200 Compliance Checklist

47 Critical Points to Ensure Federal Grant Compliance

Developed by ProcurementExpress.com - Your Federal Grant Compliance Partner

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This comprehensive checklist covers all critical areas of 2 CFR 200 compliance, helping you avoid audit findings and maintain federal funding eligibility. Use this as your go-to reference for ensuring your organization meets all Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Administrative Requirements & Internal Controls

1. Federal Award Management

- ☐ **Award Documentation**: Maintain complete federal award agreements and all amendments
- ☐ **Award Terms Compliance**: Document compliance with all specific federal award terms and conditions
- ☐ **CFDA Number Tracking**: Properly identify and track Catalog of Federal Domestic Assistance (CFDA) numbers for all awards

2. Financial Management Systems

- ☐ **Financial Management Standards**: Establish financial management systems that meet 2 CFR 200.302 requirements
- ☐ **Accurate Financial Records**: Maintain records that accurately reflect financial results of each federal award
- ☐ **Budget vs. Actual Tracking**: Compare expenditures with budget amounts for each federal award

3. Internal Controls Framework

- ☐ **Internal Control Design**: Establish and maintain effective internal control over federal awards
- ☐ **Control Documentation**: Document internal control procedures and responsibilities
- ☐ **Risk Assessment Process**: Conduct regular risk assessments of federal award compliance

4. Cash Management

- ☐ **Cash Management Procedures**: Establish procedures to minimize cash on hand from federal advances
- ☐ **Payment Method Compliance**: Use appropriate payment methods (reimbursement, advance, or working capital advance)
- ☐ **Interest Earning Requirements**: Properly handle and remit interest earned on federal advance payments over $500

Cost Principles & Allowability

5. Cost Allowability Framework

- ☐ **Reasonable Costs**: Ensure all costs are reasonable for the performance of the federal award
- ☐ **Allocable Costs**: Verify costs are allocable to the federal award under the principles in 2 CFR 200
- ☐ **Allowable Cost Determination**: Confirm costs are allowable under federal cost principles and award terms

6. Cost Documentation

- ☐ **Supporting Documentation**: Maintain adequate documentation supporting all costs charged to federal awards
- ☐ **Cost Transfer Documentation**: Document any cost transfers with appropriate justification and approval
- ☐ **Time and Effort Reporting**: Implement compliant time and effort reporting for personnel costs

7. Personnel Costs

- ☐ **Payroll Distribution**: Maintain payroll distribution records showing time devoted to each federal award
- ☐ **Effort Certification**: Implement after-the-fact effort certification or personnel activity reports
- ☐ **Consultant Cost Controls**: Establish controls for consultant and contractor costs

8. Travel and Equipment

- ☐ **Travel Policy Compliance**: Ensure travel costs comply with organizational and federal policies
- ☐ **Equipment Inventory**: Maintain inventory records for equipment purchased with federal funds
- ☐ **Equipment Usage Documentation**: Document that federally-funded equipment is used for authorized purposes

Procurement Standards

9. Procurement Policy Framework

- ☐ **Written Procurement Procedures**: Maintain written standards of conduct covering conflicts of interest
- ☐ **Procurement Method Selection**: Use appropriate procurement methods based on dollar thresholds
- ☐ **Competition Requirements**: Ensure full and open competition when required

10. Vendor Management

- ☐ **Vendor Qualification**: Verify contractor qualifications and eligibility
- ☐ **Debarment Verification**: Check System for Award Management (SAM) for debarred contractors
- ☐ **Contract Documentation**: Maintain complete procurement documentation and contracts

11. Procurement Monitoring

- ☐ **Contract Performance Monitoring**: Monitor contractor performance throughout contract period
- ☐ **Procurement Record Retention**: Retain procurement records per federal requirements
- ☐ **Small Business Participation**: Take affirmative steps to utilize small businesses when possible

Property Management

12. Property Accountability

- ☐ **Property Management System**: Establish property management standards for federally-funded property
- ☐ **Property Records**: Maintain property records with required information elements
- ☐ **Physical Inventory**: Conduct physical inventory of property and reconcile with records

13. Property Usage and Disposal

- [ ] **Authorized Use Documentation**: Document that property is used for authorized purposes
- [ ] **Disposition Procedures**: Follow federal requirements for property disposition
- [ ] **Property Insurance**: Maintain adequate insurance coverage for federally-funded property

Record Keeping & Documentation

14. Record Management System

- [ ] **Record Retention Policy**: Establish record retention periods meeting federal requirements
- [ ] **Record Organization**: Organize records to facilitate audit and monitoring activities
- [ ] **Electronic Records Backup**: Implement backup procedures for electronic records

15. Supporting Documentation

- [ ] **Transaction Documentation**: Maintain documentation supporting each financial transaction
- [ ] **Approval Documentation**: Document appropriate approvals for expenditures and commitments
- [ ] **Audit Trail Maintenance**: Ensure clear audit trail from source documents to financial statements

Reporting Requirements

16. Financial Reporting

- [ ] **Financial Status Reports**: Submit accurate and timely Federal Financial Reports (FFR)
- [ ] **Expenditure Reporting**: Report expenditures by budget categories as required
- [ ] **Cost Share Reporting**: Properly report required cost sharing or matching contributions

17. Performance Reporting

- [ ] **Performance Progress Reports**: Submit performance reports as required by award terms
- [ ] **Performance Measurement**: Implement systems to measure and track performance against objectives
- [ ] **Milestone Tracking**: Monitor and report on key project milestones

18. Special Reporting

- ☐ **Research Misconduct Reporting**: Report research misconduct incidents if applicable
- ☐ **Lobbying Disclosure**: Complete required lobbying disclosure forms
- ☐ **Conflict of Interest Reporting**: Report and manage conflicts of interest appropriately

Audit Requirements & Compliance

19. Single Audit Preparation

- ☐ **Single Audit Threshold**: Determine if organization meets $750,000 single audit threshold
- ☐ **Auditor Selection**: Select qualified independent auditors when single audit required
- ☐ **Audit Preparation**: Prepare schedules and documentation for audit fieldwork

20. Audit Follow-up

- ☐ **Finding Resolution**: Develop corrective action plans for audit findings
- ☐ **Management Decision**: Obtain management decisions on audit findings within six months
- ☐ **Corrective Action Implementation**: Implement corrective actions within agreed timeframes

21. Monitoring and Oversight

- ☐ **Federal Agency Monitoring**: Cooperate with federal agency monitoring and oversight activities
- ☐ **Compliance Monitoring**: Establish ongoing compliance monitoring procedures
- ☐ **Issue Identification**: Promptly identify and report compliance issues

Subrecipient Management

22. Subrecipient Identification

- ☐ **Subrecipient vs. Contractor**: Properly distinguish between subrecipients and contractors
- ☐ **Subrecipient Award Information**: Provide required information to subrecipients at time of award
- ☐ **CFDA Communication**: Communicate CFDA number and federal award information to subrecipients

23. Subrecipient Monitoring

- ☐ **Risk Assessment**: Conduct risk assessments of subrecipients
- ☐ **Monitoring Procedures**: Establish monitoring procedures based on subrecipient risk
- ☐ **Performance Review**: Review subrecipient financial and performance reports

24. Subrecipient Oversight

- ☐ **Site Visits**: Conduct on-site reviews of subrecipients as appropriate
- ☐ **Technical Assistance**: Provide training and technical assistance to subrecipients
- ☐ **Findings Follow-up**: Follow up and ensure resolution of subrecipient audit findings

Cost Sharing and Matching

25. Cost Share Documentation

- ☐ **Cost Share Requirements**: Identify and track all required cost sharing or matching contributions
- ☐ **In-Kind Contribution Valuation**: Properly value in-kind contributions using consistent methods
- ☐ **Volunteer Service Documentation**: Document volunteer services with appropriate records

26. Cost Share Compliance

- ☐ **Allowable Cost Share**: Ensure cost sharing costs meet same standards as federally-funded costs
- ☐ **Cost Share Accounting**: Account for cost sharing in same manner as federal share
- ☐ **Cost Share Verification**: Verify and document all cost sharing contributions

Indirect Costs

27. Indirect Cost Management

- ☐ **Indirect Cost Rate**: Establish federally approved indirect cost rate or use de minimis rate
- ☐ **Rate Documentation**: Maintain documentation supporting indirect cost rate calculation
- ☐ **Base Consistency**: Apply indirect cost rate to consistent base throughout award period

28. Indirect Cost Application

- ☐ **Proper Application**: Apply indirect costs only to allowable direct cost base

- ☐ **Modified Total Direct Cost**: Calculate Modified Total Direct Cost (MTDC) correctly when applicable
- ☐ **Rate Limitations**: Respect any indirect cost rate limitations in award agreement

Program Income and Revenue

29. Program Income Management

- ☐ **Program Income Identification**: Identify and properly account for program income
- ☐ **Program Income Use**: Use program income for authorized purposes under award terms
- ☐ **Program Income Reporting**: Report program income in financial status reports

30. Revenue Recognition

- ☐ **Revenue Recognition Policy**: Establish appropriate revenue recognition policies for federal awards
- ☐ **Earned Revenue Documentation**: Document basis for revenue recognition decisions
- ☐ **Unearned Revenue Management**: Properly account for unearned revenue

Technology and Equipment Management

31. IT Security and Data Management

- ☐ **Data Security Measures**: Implement appropriate security measures for federal data
- ☐ **System Access Controls**: Establish controls over access to financial and programmatic systems
- ☐ **Data Backup and Recovery**: Maintain backup and disaster recovery procedures for critical data

32. Federal Data Requirements

- ☐ **Data Retention**: Retain federal data per award requirements and federal regulations
- ☐ **Data Sharing Compliance**: Comply with any federal data sharing requirements
- ☐ **Privacy Protection**: Protect personally identifiable information (PII) in federal records

Compensation and Benefits

33. Personnel Compensation

- ☐ **Compensation Documentation**: Document that personnel compensation is reasonable and supportable
- ☐ **Salary Cap Compliance**: Apply federal salary limitations where required

☐ **Benefit Cost Allocation**: Properly allocate fringe benefit costs to federal awards

34. Consultant and Contractor Payments

☐ **Consultant Rate Reasonableness**: Ensure consultant daily rates are reasonable
☐ **1099 Reporting**: Properly report consultant payments for tax purposes
☐ **Contractor Payment Controls**: Implement controls over contractor payment processing

Budget Management and Modifications

35. Budget Control Framework

☐ **Budget Revision Procedures**: Establish procedures for budget revisions and reallocations
☐ **Prior Approval Requirements**: Identify and obtain required prior approvals for budget changes
☐ **Budget vs. Actual Analysis**: Regularly analyze budget vs. actual expenditure variances

36. Budget Monitoring

☐ **Spending Rate Monitoring**: Monitor rate of spending to ensure timely award utilization
☐ **Category Reallocation**: Track and approve budget category reallocations as needed
☐ **No-Cost Extension Management**: Manage no-cost extension requests and approvals

Compliance Training and Awareness

37. Staff Training

☐ **Compliance Training Program**: Implement federal grant compliance training for relevant staff
☐ **Role-Based Training**: Provide specialized training based on staff roles and responsibilities
☐ **Ongoing Education**: Maintain ongoing education on compliance requirements and updates

38. Policy Communication

☐ **Policy Documentation**: Document federal grant compliance policies and procedures
☐ **Policy Communication**: Communicate compliance requirements to all relevant personnel
☐ **Policy Updates**: Regularly update policies to reflect regulatory changes

Quality Assurance and Continuous Improvement

39. Quality Control Measures

- ☐ **Review Procedures**: Implement review procedures for transactions and reports
- ☐ **Quality Assurance Testing**: Conduct periodic testing of compliance procedures
- ☐ **Error Correction Procedures**: Establish procedures for identifying and correcting errors

40. Performance Measurement

- ☐ **Compliance Metrics**: Establish metrics to measure compliance performance
- ☐ **Regular Assessment**: Conduct regular assessments of compliance program effectiveness
- ☐ **Improvement Planning**: Develop plans to address identified compliance weaknesses

Documentation and Evidence

41. Supporting Evidence

- ☐ **Transaction Support**: Maintain supporting evidence for all financial transactions
- ☐ **Decision Documentation**: Document rationale for key financial and programmatic decisions
- ☐ **Approval Evidence**: Retain evidence of required approvals and authorizations

42. Record Organization

- ☐ **File Organization System**: Organize files to support efficient retrieval and review
- ☐ **Index Maintenance**: Maintain indexes or databases to locate specific records
- ☐ **Cross-Reference Systems**: Establish cross-reference systems between related documents

Final Compliance Validation

43. Pre-Audit Self-Assessment

- ☐ **Compliance Self-Assessment**: Conduct periodic self-assessments of compliance status
- ☐ **Gap Analysis**: Identify and address compliance gaps before formal audits
- ☐ **Correction Implementation**: Implement corrections to identified compliance deficiencies

44. Audit Readiness

- ☐ **Audit Trail Completeness**: Ensure complete audit trail for all federal award transactions
- ☐ **Documentation Accessibility**: Organize documentation for efficient audit access
- ☐ **Staff Preparation**: Prepare staff to respond to auditor inquiries and requests

45. Reporting Accuracy Verification

- ☐ **Report Review Process**: Implement multi-level review process for all federal reports
- ☐ **Data Accuracy Validation**: Validate accuracy of data included in federal reports
- ☐ **Submission Timeliness**: Ensure timely submission of all required reports

46. Closeout Preparation

- ☐ **Award Closeout Planning**: Plan for proper closeout of federal awards
- ☐ **Final Reporting**: Prepare accurate final financial and performance reports
- ☐ **Asset Disposition**: Complete proper disposition of federally-funded assets

47. Continuous Compliance Monitoring

- ☐ **Ongoing Monitoring System**: Establish systems for continuous compliance monitoring
- ☐ **Regular Compliance Updates**: Stay current with regulatory changes and guidance
- ☐ **Feedback Integration**: Integrate lessons learned and feedback into compliance procedures

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About This Checklist

This comprehensive checklist is designed to help organizations maintain full compliance with 2 CFR 200 requirements. Regular use of this checklist will help you:

- Avoid costly audit findings and disallowed costs
- Maintain eligibility for continued federal funding
- Strengthen internal controls and risk management
- Improve overall grant management effectiveness

For organizations using QuickBooks to manage federal grants, ProcurementExpress.com provides specialized software solutions that automate many of these compliance requirements and integrate seamlessly with your existing financial systems.

Remember: This checklist serves as a comprehensive guide, but specific award terms and conditions may impose additional requirements. Always review your individual award agreements for specific compliance obligations.

For questions about implementing these compliance measures or to learn how ProcurementExpress.com can automate your federal grant compliance, contact our team of experts.