



USAID
FROM THE AMERICAN PEOPLE



WORLD EDUCATION



T raining

E conomic
Empowerment

A ssistive
Technology

M edical
Rehabilitation

USAID Rules and Regulations

TEAM Laos

World Education Laos TEAM Capacity Building Approach

As well as providing funding to 15 local and international organizations to develop and strengthen the disability and rehabilitation sector in Laos, World Education USAID-LWVF funded TEAM project works with sub-recipients to strengthen their ability to manage grants and to efficiently implement their projects. WEL-TEAM conducts an *Organizational Assessment* of all applicants for TEAM funding to look at capacity in grants management, financial management, human resources, activity implementation, and monitoring and evaluation. If the organization is approved for funding, WEL-TEAM staff work with the organization to discuss the outcomes of the assessment, including both organizational strengths and areas for improvement. TEAM and the organization then work together to create a *capacity-building plan* with specific measurable objectives. Most of the capacity-building relates to the organization's ability to successfully implement the project activities and manage the sub-award, but if there are specific areas that the organization has identified as priorities, these are included if possible.

Capacity-building is one of the core components of the TEAM project, and inputs by World Education take many forms. One approach is individual coaching, where a TEAM staff member who has the required expertise will work closely with one or several members of an organization regularly over a longer period of time, to discuss a specific issue, either by phone, email or in person, or a combination of those methods. Other times WEL-TEAM organizes formal trainings for all sub-recipients. So far, TEAM has conducted trainings on USAID Regulations, World Education TEAM Finance Procedures, and Monitoring and Evaluation. In addition, some trainings are provided on an optional basis, allowing the sub-recipient to choose topics which are most relevant or needed for their organization. So far, TEAM has offered trainings on Curriculum Development, Psychosocial Support, Training of Trainers (ToT), Project Cycle Management (PCM), and Gender Inclusion. TEAM encourages sub-recipients to send an appropriate staff member to the training, and all trainings are open to any staff member as relevant, not just project staff who are funded by TEAM. All WEL-TEAM trainings are participatory, reflective and allow as much time as possible for 'learning by doing' and practical application of skills and knowledge.

TEAM recognize the importance of reflection, goal setting, and the long-term, regular follow up needed for effective capacity building. Examples of how TEAM promoted these values are:

- Many WEL-TEAM trainings are followed up by practical sessions conducted by the trainer or TEAM staff with each sub-recipient individually or in small groups to allow opportunities for the organization to apply and practice what they learn in the training to their own situation with guidance and feedback
- Video sessions are used in the ToT training practice session to allow the participants to view themselves delivering a training as a tool for self-reflection and self-assessment
- Participants in trainings set SMART goals at the end of the sessions for future action which are followed up by the organization's management, the trainers and/or TEAM staff
- Capacity building plans with individual sub-recipients are followed up on monthly in some cases to assess and reflect on progress of specific observable behaviors to measure capacity over a long period of time



These participant handbooks were used in 8 trainings for TEAM sub-recipients, and are available in print on request from WEL TEAM (bernard_franck@la.worlded.org), or online at <https://sites.google.com/site/teamlaopdr/capacity-building>

Currently available:

1. USAID Rules and Regulation for TEAM
2. TEAM Finance Processes and Regulations
- 3.1 Introduction to Monitoring and Evaluation
- 3.2 TEAM M&E Monitoring Tools.
4. Curriculum and Training Design
5. Introduction to Psychosocial Impairments
6. Training of Trainers (TOT)
7. Project Cycle Management (PCM)
8. Gender Inclusive Development

Under development and available soon:

9. What to Know about Disabling Conditions
10. Understanding impairment and disability in line with UNCRPD, ICF and World Report on Disability
11. Optimizing functioning of persons with impairments by using diversified assistive technology
12. Case Management in Disability Inclusion

“This publication was produced by World Education, Inc., agreement number APC-GM-0063, through Advancing Partners & Communities (APC), a five-year cooperative agreement funded by the U.S. Agency for International Development under Agreement No. AID-OAA-A-12-00047, beginning October 1, 2012.”



Basic Summary of Key Regulations from USAID – BY TOPIC (for TEAM Sub-Grantees)

This summary is not comprehensive and is meant to serve only as a starting point for understanding USAID regulations; it does not replace the regulation documents themselves. It is meant to provide an overview of what information is included in each document, some of the key regulations relevant to TEAM project, and can be used as a tool to find relevant information in the USAID regulations. Please read the complete attached USAID regulations documents for more information about the specific regulations TEAM sub-grantees will be expected to follow.

Definitions:

Relevant definitions (for complete list of definitions, please see 2 CFR 200.1-99):

- *Accrued expenditures* means the charges incurred by the recipient during a given period requiring the provision of funds for:
 - Goods and other tangible property received;
 - Services performed by employees, contractors, sub-recipients, and other payees; and,
 - Other amounts becoming owed under programs for which no current services or performance is required
- *Closeout* means the process by which the Agreement Officer determines that all applicable administrative actions and all required work of the award have been completed by the recipient and USAID.
- *Commodities* mean any material, article, supply, goods or equipment, excluding recipient offices, vehicles, and non-deliverable items for recipient's internal use in administration of the USAID funded grant, cooperative agreement, or other agreement or sub-agreement.
- *Disallowed costs* mean those charges to an award that the USAID Agreement Officer (or APC or WEI for TEAM project) determines to be unallowable, in accordance with the applicable Federal costs principles or other terms and conditions contained in the award.
- *Authorized funds* are the overall funds that have been approved for the agreement. *Obligated funds* are those that have been specifically allocated for a certain period and legally agreed to. Funds are obligated annually. For example, in a 2-year grant you have total funds that have been *authorized* for the entire project, and then a certain amount of those funds have been *obligated* for the first year of activities (and the rest for the second year).
- *Prior approval* means written approval by an authorized official evidencing prior consent.
- *Program income* means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award (see exclusions in §§ 200.307 f). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.
- *Project costs* means all allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.
- *Project period* means the period established in the award document during which Federal sponsorship begins and ends.
- *Property* means, unless otherwise stated, real property, equipment, supplies, intangible property and debt instruments.



- *Public communications* are documents and messages intended for distribution to audiences external to the recipient's organization. They include, but are not limited to, correspondence, publications, studies, reports, audio visual productions, and other informational products; applications, forms, press and promotional materials used in connection with USAID funded programs, projects or activities, including sign-age and plaques; Web sites/Internet activities; and events such as training courses, conferences, seminars, press conferences and the like.
- *Suspension* means an action by USAID (or APC or WEI) that temporarily withdraws Federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award.
- *Termination* means the cancellation of USAID sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.
- *Unobligated balance* means the portion of the funds authorized by USAID that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

General Regulations:

- Organizations must have strong organizational policies and review them regularly to make sure they are applicable (must establish and maintain effective internal control over the award to demonstrate assurance that it is managed in compliance with regulations and terms of the award (200.303)).
- The recipient must have written policies and procedures in place to prevent personal conflicts of interest and to prevent its officers, employees, or agents from using their positions for personal gain or presenting the appearance of a personal conflict of interest.
- Organizations must disclose in writing any potential conflict of interest (200.112), as well as all violations of Federal criminal law involving fraud, bribery, or gratuity violations (200.113)
- Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions from World Education. This includes:
 - Change in scope of objectives (even if there is no associated budget revision requiring prior written approval).
 - Change in key personnel specified in application document
 - The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director
 - Any change or movement of budget costs (22 CFR 200)
- Recipients shall immediately notify USAID/JSI/WEI of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation (22 CFR 200)
- Upon completion of the project, if total unused supplies exceeds \$5000, sub-grantee will reimburse USAID for its share, as per guidelines in 2 CFR 200.314
- The recipient may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under an award. USAID reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so (2 CFR 200.315)
- The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts (2 CFR 200)



- Intellectual Work: must provide a copy of any work published to USAID and the Development Experience Clearinghouse (DEC – <http://dec.usaid.gov>)
- Must report host government taxes to USAID by April 16 of each year – VAT report
 - The total amount of value-added taxes and customs duties (but not sales taxes) assessed by the host government (or any entity thereof) on purchases in excess of \$500 per transaction of supplies, materials, goods or equipment, during the 12 months ending on the preceding September 30, using funds provided under this contract/agreement
 - Reports are required even if the recipient did not pay any taxes or receive any reimbursements during the reporting period. (Standard Provisions document. For more information on taxes, please see 200.470)
- Must provide Data Universal Numbering System (DUNS) number to WEI (Standard Provisions for Non-US NGOs pg. 36) fedgov.dnb.com/webform
- 2 CFR 200.205-7: If an applicant or recipient (or subrecipient): Has a history of poor performance, is not financially stable, has a management system that does not meet the standards prescribed in this part, has not conformed to the terms and conditions of a previous award, or is not otherwise responsible, the USAID Agreement Officer or pass-through entity (in this case APC or WEI) may impose additional requirements as needed, provided that such applicant or recipient is notified as to: The nature of the additional requirements, the reason why the additional requirements are being imposed, the nature of the corrective action needed, the time allowed for completing the corrective actions, and the method for requesting reconsideration of the additional requirements imposed. Any special conditions will be promptly removed once the conditions that prompted them have been corrected
- Sub-grantee must have effective control over and accountability for all funds, property and other assets (2 CFR 200.302)

Don't do it!

- No discrimination on the basis of: race, color, national origin, ethnicity, age, disability, religion, or gender (*Certs and Assurances*)
 - This includes applicants for trainings or scholarships organized by sub-grantees.
- No funds used for lobbying (influencing or attempting to influence any US government official) (*Certs and Assurances*)
- Sub-grantee cannot have been convicted of a narcotic offense or engaged in drug trafficking as defined in 2 CFR 200
- Sub-grantee will not knowingly provide material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts (or has done any of the above in the past) (*Certs and Assurances document*)
- Recipient organization must notify immediately upon learning that it or any main staff are:
 - Excluded from doing business with US government
 - Convicted or found liable of any offense indicating lack of business honesty (ie fraud, theft, forgery, bribery)
 - Indicted or criminally charged by any government entity
 - Have had any U.S.-funded agreements terminated for cause or default (*Standard Provisions Non-US*)
- No terrorist financing or trafficking in persons now or in past 10 years (*Standard Provisions Non-US*)



- Faith-based organizations are eligible to compete on an equal basis as any other organization to participate in USAID programs. However, no inherently religious activities are allowed as part of programs (*Standard Provisions Non-US* pg 25)
 - Includes (among other things): worship, religious instruction, prayer, or proselytization
- Construction is not allowed (*Standard Provisions Non-US*)
 - Construction means —construction, alteration, or repair (including dredging and excavation) of buildings, structures, or other real property and includes, without limitation, improvements, renovation, alteration and refurbishment.

Procurement: What you can buy and how to do it:

- Commodities or goods must be procured from countries under USAID Geographic code 935.
 - any area or country including the recipient country, but excluding the foreign policy restricted countries; see ADS 310 www.usaid.gov/policy/ads/300/310.pdf (*22 CFR 228*)
 - “This regulation applies to USAID-financed goods and services procured by a recipient and sub-recipients”
- Ineligible commodities (*Standard Provisions* pg 7):
 - Military equipment
 - Surveillance equipment
 - Police
 - Abortion
 - Luxury goods
 - Gambling equipment
 - Weather modification equipment
- Need prior approval if purchasing (*Standard Provisions*):
 - Agricultural commodities
 - Vehicles
 - Pharmaceuticals
 - Pesticides
 - Used equipment
 - U.S. Government-owned excess property
 - Fertilizer
- Procurement organizations/companies must be officially registered in their country of operation, managed by a governing body, the majority of whom are citizens or lawful permanent residents of countries in Code 935, and employ citizens or lawful permanent residents of a country in Code 935. (*22 CFR 228*)
- Governments or government agencies must not have a controlling interest in the procurement organizations/companies. Government ministries and agencies are exempt. (*22 CFR 228*)
- Sub-grantee must ensure there are no conflicts of interest when determining contracts. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award (*2 CFR 200.318*)
- The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements. (*2 CFR 200.318*)
- All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. (*2 CFR 200.319*)
- All recipients shall establish written procurement procedures (*2 CFR 200.319*)



- Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts.
- Procurement records and files for purchases in excess of the small purchase threshold (\$500 for TEAM project) shall include the following at a minimum:
 - Basis for contractor selection,
 - Selection of contract type,
 - Contractor selection or rejection,
 - Justification for lack of competition when competitive bids or offers are not obtained, and
 - Basis for award cost or price (2 CFR 200.318)
- Title for **property** must be in the organization's name and used for the project: includes real property, supplies, and equipment
 - At the end of the award, must request disposition instructions from USAID
- Must provide annual inventory to USAID (2 CFR 200.311, 313) Certain agricultural and pharmaceutical commodities must be procured in the United States
- Agricultural:
 - All proposed procurements of wheat, rice, corn, soybeans, sorghum, flour, meal, beans, peas, cotton, vegetable oils, and animal oils and fats must be referred to BFS for prior approval
 - Pesticides are not eligible for funding unless it has received prior approval (pg. 17)
 - Fertilizer: procured in project country or US sources (ADS Chapter 312)
- Pharmaceuticals – need prior written approval (ADS Chapter 312, pg. 12—>)
 - Cannot finance pharmaceuticals manufactured outside of the US if there is a US patent (ADS Chapter 312)
 - “Under section 606(c) of the FAA, USAID cannot finance any pharmaceutical product that is manufactured outside of the United States if the pharmaceutical is covered by a valid U.S. patent, unless the U.S. patent holder expressly authorizes the manufacture of the pharmaceutical. Without such express authorization, the pharmaceutical must be purchased from the U.S. patent holder. (22 CFR 228 Pg 1092)
- USAID only finances unused equipment. If justification can be provided, USAID will consider exemptions (ADS Chapter 312, pg. 18)
- Recipients shall, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds as provided to property owned by the recipient (2 CFR 200.310)
- title to equipment acquired by a recipient with Federal funds shall vest in the recipient
 - In this instance, *equipment* means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. NOTE: for other TEAM requirements, the threshold amount for equipment is \$1500.
 - If sub-grantee plans to purchase equipment over the USAID \$5000 threshold, please see the regulations in 2 CFR 200.313
- Title to supplies and other expendable equipment shall belong to the recipient (2 CFR 200.314).

Money and Financial Management



- Must maintain financial records. At minimum: show all costs incurred under this award; receipt and use of goods and services acquired under this award; the costs of the program supplied from other sources; and the overall progress of the program (*Standard Provisions Non-US*)
- Annual audit if USAID funding exceeds \$300,000 (this can be from multiple USAID awards) (*Standard Provisions Non-US*, pg. 6)
- NICRA: the sub-grantee must apply the predetermined indirect cost rates if they exist for the organization (*Standard Provisions, US*, pg. 26)
- Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the organization (*2 CFR 200.305*)
- USAID does not require separate depository accounts for funds. However, recipients must be able to account for the receipt, obligation and expenditure of funds. (*2 CFR 200.305*)
- Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible (*CFR 200.305*)
- Recipients shall maintain advances of Federal funds in interest bearing accounts unless
 - Receive less than \$120,000 in Federal Awards per year
 - Best reasonably available interest-bearing account would not be expected to earn more than \$500 in interest per year
 - Depository would require too high of an average or minimum balance
 - Foreign government or banking system prohibits or precludes interest bearing accounts (*CFR 200.305*)
- *Program income* means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. (*2 CFR 200.307*)
- If it is not specified in the terms and conditions of the award how to use the income, or prior approval is not given, then any program income made during the time of the project must be reported and will be kept by the sub-grantee and used for:
 - Deducted from the total project or program allowable cost that has been awarded to the sub-grantee (*2 CFR 200.307; Standard Provisions, non US*, pg 56)
 - (other options exist but must have prior approval. More information can be found in *2 CFR 200.307*)
- recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period unless terms and conditions of the award say otherwise (*2 CFR 200.307*)
- The recipient may retain up to \$500 of interest earned in a twelve-month period on USG cash balances for administrative expenses. Any additional interest earned on advances must be remitted to USAID (*2 CFR 200.305*)
- When the award ends, all non-spent funds that have been advanced must be immediately returned

File Retention

- Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the



final expenditure report (this date will be three years from the time when WEI submits its final expenditure report: retain files through September 30, 2020)

- Note: most of these documents will be photocopies since the originals will be submitted to WEL

Marking and Branding: Showing the USAID logo (2 CFR 700.16)

- Used on all publications, commodities, and program materials
 - Technical assistance, studies, reports, papers, publications, public service announcements, internet activities, promotional, information, media or communication products, commodities, equipment, supplies, events (training courses, seminars, exhibitions, fairs, workshops, press conferences, etc.)
 - Must be marked appropriately with the USAID identity at the same size (or larger) as the recipient and other donors
 - Exemptions exist if it inhibits neutrality or the functioning of the item, undercuts host-country government ownership, offends local customs, etc. Please see 2 CFR 700.16 for more details or discuss with World Education.
- Any public communication must include the disclaimer: *“This study/report/audio/visual/other information/media product (specify) is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID or the United States Government” (Standard Provisions US)*



Travel:

- For travel to and from the U.S., U.S. Flag Air Carriers must be used
 - More regulations exist, so if this is relevant, please see *Standard Provisions, US, pg 17-18*
- Travel costs means expenses for transportation, lodging, subsistence and related expenses incurred by employees who are on travel status on official business
 - Costs must be reasonable and in line with the sub-grant organization’s written travel policy

Closeout and Termination:

- Recipients shall submit, within 30 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award. Unless USAID authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 30 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (2 CFR 200.343 closeout processes)
- If a recipient materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute, regulation, assurance, application, or notice of award, USAID/JSI/WEI may
 - Temporarily withhold cash payments
 - Disallow all or part of the cost of the activity
 - Wholly or partly suspend or terminate the current award



- Initiate suspension or debarment proceedings
- Withhold further awards
- Take other remedies that may be legally available (2 CFR 200.338)
- Awards may be terminated:
 - (1) By USAID/JSI/WEI, if a recipient materially fails to comply with the terms and conditions of an award.
 - (2) By USAID/JSI/World Education Inc for cause
 - (3) By USAID/JSI/WEI with the consent of the recipient, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.
 - (4) By the recipient upon sending to USAID/JSI/WEI written notification setting forth the reasons for such termination and the effective date (2 CFR 200.339)
- Sub-grant will be terminated if sub-grantee or employees, consultants, or volunteers engage in trafficking in persons, procurement of commercial sex act, use forced labor (pg 20).
 - For purposes of this provision, “employee” means an individual who is engaged in the performance of this award as a direct employee, consultant, or volunteer of the recipient or any subrecipient. (*Standard Provisions, US*)

More limitations on how to spend your money (2 CFR 200 Subpart E Cost Principles)

- To be allowable under an award, costs must meet the following general criteria:
 - Be reasonable for the performance of the award and be allocable thereto under these principles.
 - Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
 - Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
 - Be accorded consistent treatment.
 - Be determined in accordance with generally accepted accounting principles (GAAP).
 - Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
 - Be adequately documented.
- A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:
 - Is incurred specifically for the award.
 - Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
 - Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
- Reasonable costs. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs (2 CFR 200.204)
- Direct costs = those that can be identified specifically with a particular final cost objective (ie direct activity)
- Indirect costs = those incurred for common or joint objectives and cannot be identified with a particular final cost objective (facilities and administration)
 - Should be consistent across grants within an organization



Specific regulations for certain topics: If you have questions on any of these please reference the 2 CFR 200 document or ask WEL staff for assistance. All of them have been included here so that you know where to look for more information, but only relevant ones have explanations:

- Advertising and public relations costs: only allowable for costs necessary to implement the award (ie advertising for hiring personnel, procuring commodities, etc) 200.421
- Advisory councils: allowable (200.422)
- Alcoholic beverages: NOT ALLOWED (200.423)
- Audit costs and related services: allowable if required by USAID (200.425)
- Compensation for personal services: (includes information on wages, overtime, fringe benefits, severance pay, etc). Premiums for overtime, extra-pay shifts, and multi-shift work are allowable only with the prior approval of the awarding agency except in certain circumstances (200.430-1)
 - (a) Salaries:
 1. Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, except when a substitute system has been approved in writing by the cognizant agency.
 1. This means that all sub-grantee staff that are charged to TEAM project will need to submit time-sheets showing amount of time on TEAM activities, as documentation for those charges (same as you would submit a receipt for a purchase)
 2. Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards.
 3. The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
 4. Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
 5. The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
- Contingency provisions: Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable. (200.433)
- Donations and contributions: Contributions or donations, including cash, property, and services, made by the organization, regardless of the recipient, are unallowable.
 - a. Donated or volunteer services, goods, and space may be furnished to an organization by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost. (200.434)
- Employee morale, health, and welfare costs: The costs of employee information publications, health or first-aid clinics and/or infirmaries, recreational activities, employee counseling services, and any other expenses incurred in accordance with the non-profit organization's established practice or custom for the improvement of working conditions,



employer-employee relations, employee morale, and employee performance are allowable. (200.437)

- Entertainment costs: Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable. (200.438)
- Equipment and other capital expenditures (200.439)
 - a. "Capital Expenditures" means expenditures for the acquisition cost of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place.
 - b. "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-profit organization for financial statement purposes, or \$5000.
 - c. "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.
 - d. "General purpose equipment" means equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning
 - e. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.
 - f. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency.
 - g. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.
 - h. Equipment and other capital expenditures are unallowable as indirect costs.
- Fund raising and investment management costs: Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable (200.442)
- Goods or services for personal use: Costs of goods or services for personal use of the organization's employees are unallowable regardless of whether the cost is reported as taxable income to the employees. (200.445)
- Lobbying: unallowable, with a few exemptions (200.450)
- Maintenance and repair costs: Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures (see above – under Equipment and Capital Expenditures section) 200.452
- Materials and supplies costs: Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable. Purchased materials and supplies shall be charged at their actual prices. Only materials and supplies actually used for the



- performance of a Federal award may be charged as direct costs. (200.453)
- Organization costs: unallowable (costs in connection with establishment or reorganization of an organization) 200.455
 - Participant support costs: Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. These costs are allowable with the prior approval of the awarding agency. (200.456)
 - Professional services costs: Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-profit organization, are allowable, subject to certain requirements, when reasonable in relation to the services rendered (200.459)
 - Publication and printing costs: allowable (200.461)
 - Rearrangement and alteration costs: Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable (200.462)
 - Recruiting costs: costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well-managed recruitment program
 - i. Job advertisements cannot be excessively large or in color, or advertise anything other than the position (200.463)
 - Rental costs of buildings and equipment: rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available. (200.465)
 - Selling and marketing: not allowable (200.467)
 - Taxes: normal taxes paid to government are allowable (200.470)
 - Training costs: allowable (200.472)
 - Transportation costs: allowable (200.473)
 - Travel costs: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-profit organization. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip
 - j. costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the non-profit organization in its regular operations as the result of the non-profit organization's written travel policy.
 - k. Foreign travel must receive prior approval (200.474)
 - Trustees: costs related to trustees or Board of Directors are allowable, following the other restrictions on travel, accommodation, etc (200.475)