

**QUESTIONS REGARDING IMPLEMENTATION OF THE UNIFORM
ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT
REQUIREMENTS FOR FEDERAL AWARDS**

2 CFR PARTS 200 AND 1201

The Department of Transportation's (DOT) common grant rules at 2 CFR Part 1201, adopted the Office of Management and Budget's (OMB) revised Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 with DOT-specific deviations. OMB issued Frequently Asked Questions on these new regulations. These questions provide additional information about selected portions of 2 CFR Part 200; however, NHTSA grantees, including State Highway Safety Offices (SHSO), are responsible for following all standards in [2 CFR Part 200](#), as modified by [2 CFR Part 1201](#).

The regulations at 2 CFR Parts 200 and 1201 supersede requirements from 23 CFR Parts 18 and 19 and OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133, beginning with the FY 2016 highway safety grants. Superseded circulars are available at <http://whitehouse.gov/omb/circulars/default/>. This guidance does not supersede any existing statute.

GENERAL

Q-1. Implementation: 2 CFR Part 200 was adopted by the Department of Transportation through its implementing regulations found at 2 CFR Part 1201 with an effective date of December 26, 2014. Are Fiscal Year (FY) 2015 grant funds governed by this regulation?

A-1. No. FY 2015 highway safety grant awards were issued to each State prior to December 26, 2014; therefore, the requirements in 2 CFR Parts 200 and 1201 do not apply to FY 2015 highway safety grant funds. For FY 2015 awards, States will continue to follow all existing regulations, including 23 CFR Parts 18 and 19 and 2 CFR Part 225.

FY 2016 grant awards will follow the requirements in 2 CFR Parts 200 and 1201 in addition to all NHTSA-specific grant rules, including 23 CFR Part 1200.

Reference: [2 CFR § 200.110](#)

Q-2. Other statutes and regulations: How does 2 CFR Part 200 interact with other statutes and regulations?

A-2. As a duly executed regulation, 2 CFR Parts 200 and 1201 are binding requirements. In cases where there appears to be a conflict between the provisions of 2 CFR Parts 200 and 1201 and another Federal statute or regulation (including 23 CFR Part 1200), the SHSO should contact the regional office. The regional office will forward questions to the Grants Management and Operations headquarters team, which will seek legal advice from NHTSA's Office of Chief Counsel.

Q-3. Is a SHSO a non-federal entity, a recipient, or a pass-through entity?

A-3. As defined by 2 CFR § 200.69, a SHSO is always a non-Federal entity.

Depending on the role it is playing, a SHSO may also qualify as either a recipient or a pass-through entity. When a SHSO directly expends grant funds for state activities, it is a recipient. When a SHSO provides a subaward to a subrecipient to carry out part of a Federal program, it is a pass-through entity.

References: [2 CFR § 200.69](#), [2 CFR § 200.86](#) and [2 CFR § 200.74](#)

PRE-AWARD

Q-4: Evaluating Risk: By what date will NHTSA require States to implement a risk evaluation process for subrecipients?

A-4: Starting in FY 2016, a State must conduct a risk evaluation for each subrecipient receiving NHTSA funds prior to making the grant award to the subrecipient.

Reference: [2 CFR § 200.331\(b\)](#)

Q-5: Evaluating Risk: Will States be required to develop their own subrecipient risk assessment process?

A-5: Yes. [2 CFR § 200.331\(b\)](#) requires each SHSO, as a pass-through entity, to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

SHSO's must develop and implement a risk assessment process. A risk evaluation element will be added to the Management Review. During the review, the SHSO will be asked to produce a risk assessment procedure that considers the four factors listed in 2 CFR §200.331(b), documentation of the annual risk assessment outcome and documentation of the determination regarding subrecipient monitoring.

POST FEDERAL AWARD

Q-6: Pass-through Agency Responsibilities: Is the SHSO required to comply with all requirements for pass-through entities listed in 2 CFR § 200.331?

A-6: Yes. Each SHSO, as a pass-through entity, must ensure that every subaward meets the requirements in [2 CFR § 200.331](#).

Q-7: Annual Report: Can a State request an extension to submit the annual report?

A-7: Yes. 23 CFR Part 1200 allows a State to request an extension of the due date for submission of the annual report, subject to approval of the Regional Administrator. 2 CFR § 200.343(a) is consistent with this provision.

References: 23 CFR Part 1200 – Preamble: IV. B. 4. Reconciliation and [2 CFR § 200.343\(a\)](#).

COST PRINCIPLES

Q-8: Entertainment Costs: Are entertainment costs allowable?

A-8: No. Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable.

Reference: [2 CFR § 200.438](#)

Q-9: Conferences: Are conference costs allowable?

A-9: Some conference costs are allowable. Allowable conference costs may include rental of facilities, speakers' fees, cost of meals and refreshments, local transportation and other items incidental to such conference unless further restricted by the terms and conditions of the Federal award. The SHSO must ensure that conference costs are reasonable, appropriate, necessary and managed in a manner that minimizes costs to the Federal award.

Reference: [2 CFR § 200.432](#)

Q-10: Promotional Items: Can promotional items be purchased for giveaways at fairs, exhibits, conferences?

A-10: No. Costs of promotional items and memorabilia, including models, gifts, souvenirs and trinkets, are not allowable.

Reference: [2 CFR § 200.421\(e\)\(3\)](#)

Q-11: Fundraising Costs: Are fundraising costs allowable?

A-11: No. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, are unallowable.

Reference: [2 CFR § 200.442](#)

Q-12: Planning & Administration and Program Management Salaries: 2 CFR Part 225 required certifications and personnel activity reports or equivalent documentation to support salaries of SHSO personnel who were paid with Federal highway safety funds. Is this requirement continued under 2 CFR Part 200?

A-12: Yes. OMB addresses this question in the Frequently Asked Questions it published regarding the Supercircular; see question 200.430-1 Authorization of Changes to Time and Effort Systems.

[Appendix F to 23 CFR Part 1200](#) also governs the procedures for documentation of Planning and Administration (P&A) Costs, including P&A and program management salaries and related costs. Appendix F states that if the SHSO elects to allocate costs based on actual time spent on an activity, the State's recordkeeping system must be approved by the appropriate NHTSA Approving Official. (go to: <https://cfo.gov/cofar/> Frequently Asked Questions as of November 2014)

Q-13: Indirect Cost Rate. May non-profits that have never had an approved indirect cost rate elect to charge a de minimis rate of 10 percent?

A-13: Yes. Non-profit organizations that have not previously established an indirect cost rate may elect to charge a de minimis rate of 10 percent of modified total direct costs.

If a non-profit organization wants to establish an indirect cost rate, Appendix IV of 2 CFR Part 200, Indirect Costs Identification and Assignment, and Rate Determination for Nonprofit

Organizations, provides requirements for negotiation and approval of indirect cost rates for non-profit organizations.

References: [2 CFR § 200.414\(f\)](#), [2 CFR § 200.Appendix IV](#)

Q-14: Indirect Cost Rate. Who is responsible for negotiating an indirect cost rate with a subrecipient?

A-14: When a subrecipient does not already have an approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government and does not elect to use a de minimis indirect cost rate, the pass through entity (SHSO) is responsible for negotiating and monitoring the subrecipient's indirect costs. The awarding Federal agency is not responsible for negotiating a subrecipient's indirect cost rate proposals.

Reference: [2 CFR § 200.331\(a\)\(4\)](#)

Q-15: Indirect Cost Rate: Does a recipient charge the same indirect cost rate regardless of funding source (*i.e.*, FHWA, NHTSA)?

A-15: Yes. Once an indirect rate for a grantee (SHSO) or subrecipient is negotiated by the cognizant agency, it must be accepted by all Federal awarding agencies.

Reference: [2 CFR § 200.414\(c\)\(1\)](#)