

# Policies and Procedures

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## State Grants Team Quarterly Meeting

June 27, 2018



# Policies and Procedures

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## Learning Objectives

1. Raise awareness about key areas in the uniform guidance that require written policies and procedures.
2. Identify other areas that may need updating.
3. Improve skills about writing policies.
4. Improve skills about writing procedures.
5. Establish local processes for updates.

# Policies and Procedures

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## **A Few Words**

# Policies and Procedures

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## **A Few Words**

The uniform guidance requires nonfederal entities to have written policies and procedures.

# Policies and Procedures

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## A Few Words

Written policies and procedures give nonfederal entities a viable defense in case of a governmental investigation, providing “reasonable assurance” to an auditor that the recipient is making a good faith attempt to comply with requirements.

# Policies and Procedures

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## A Few Words

Written policies and procedures provide flexibility.  
The uniform guidance indicates what must be  
done, but not how.

Written policies and procedures allow an  
organization to define the “how,” documented in  
writing.

# Policies and Procedures

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## **A Few Words**

Written policies and procedures are also one of the best ways to improve your organization's internal controls, minimizing the likelihood of waste, fraud, and abuse.

# Policies and Procedures

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## **A Few Words**

While many nonfederal entities have written policies and procedures in place, there are likely updates to be addressed for the uniform guidance.



# Learning Objective #1

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## **Key Areas in the Uniform Guidance that Require Written Policies and Procedures**

# L01: Key Areas

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## Where To Start?

- All existing grants policies and procedures need review.
  - Some may require updates.
  - Some may remain as written.
  - Some may need to be retired or canceled.
  - Some may need to be created.

# L01: Key Areas

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## Strategies

- Identify the policies and procedures required by the uniform guidance.
- Review other existing local policies and procedures for updates, changes.
- Consider new policies and procedures.

# L01: Key Areas

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## **Uniform Guidance Required Updates**

- Internal controls.
- Travel.
- Financial management.
- Personnel compensation (time & effort).
- Conflict of interest.
- Procurement.
- Report certification.

# LO1: Key Areas

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## **Internal Controls ( § 200.303)**

- COSO Model of Internal Control.
- GAO Green Book Model.

*Uniform guidance requires effective internal controls to manage federal funds.*

# L01: Key Areas

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## **Internal Controls ( § 200.303)**

- Five components in a system of internal control.
  - Control environment (approval processes).
  - Risk assessment (processes to assess risk).
  - Control activities (processes to check accuracy).
  - Information and communication (training).
  - Monitoring (review processes).

# L01: Key Areas

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## **Internal Controls and PII ( § 200.303)**

- Personally Identifiable Information (PII).
- Must have reasonable procedures in place to protect PII and other sensitive information.
- Policy can address how an organization stores, access, and shares PII.

# LO1: Key Areas

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## **Internal Controls ( § 200.303)**

Internal controls affect  
all policies and procedures.



# L01: Key Areas

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## **Travel ( § 200.474)**

- Travel costs can be charged as actual costs, as per diem, or a combination as long as charged the same way for the whole trip.
  - Consistent treatment.
  - Supporting documentation (conferences).

# L01: Key Areas

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## **Travel ( § 200.474)**

- New: family-friendly policies
  - Overnight dependent care costs.
  - Must be consistent with local written travel policy and procedures ( § 200.474(c)(1)).

# L01: Key Areas

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## Travel ( § 200.474)

- Issue: competing priorities (local vs. federal rate)
  - Is local mileage rate higher than federal?
  - Is local mileage rate lower than federal?
  - Best practice: use most restrictive rate.
  - Treatment of travel costs must be reflected in written local travel policy.

# L01: Key Areas

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## **Financial Management ( § 200.302)**

- Local financial management system must identify federal awards by:
  - CFDA number.
  - Federal award ID number (FAIN).
  - Name of federal awarding agency.
  - Name of pass-through, as appropriate.
  - Any upcoming data requirements under the DATA Act.

# L01: Key Areas

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## **Financial Management ( § 200.302)**

- Written procedures to determine allowability:
  - Reasonable.
  - Necessary.
  - Allocable.

# L01: Key Areas

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## **Financial Management ( § 200.302)**

- Written procedures to determine cost principles:
  - Subpart E (2 CFR 200).
  - Hospital (45 CFR 75).
  - FAR (48 CFR 31.2)

# L01: Key Areas

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## **Personnel/Time & Effort ( § 200.430(i))**

- Changes from prior circulars:
  - Documentation for 100 percent of time.
  - Cost sharing/matching requirements.
  - Hours or percentages.

# L01: Key Areas

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## **Personnel ( § 200.430)**

- Hire of PD/PI or key staff named in proposals:
  - Does it conform with local written HR policy?
  - Does it conform with national policy (EEO)?
  - Is it considered an appointment, not a hire?
  - Work with legal advisors, auditors.



# L01: Key Areas

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## **Conflict of Interest ( § 200.112)**

- Disclosure of conflict of interest.
- How to handle conflict of interest.
- Implications for procurement.
- COI extends to Boards, donors (gift policy), partners.

# L01: Key Areas

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## **Mandatory Disclosures ( § 200.113)**

- Disclosure of violations that involve fraud, bribery, gratuities.
- Address timeliness of notification.
- Include steps to take to address any violation.

# L01: Key Areas

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## **Procurement ( § 200.317-.326)**

- States follow same procedures for federal and nonfederal funds.
- Three-fiscal year grace period ends 2018.
- Hire of contractors named in proposals:
  - Must follow full and open competition requirements.
  - Contractor cannot compete if assisted with proposal.

# L01: Key Areas

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## **Procurement ( § 200.317-.326)**

- Records must have sufficient detail for audit.
- Five methods of purchase.
  - Micro.
  - Small.
  - Sealed bid.
  - Competitive bid.
  - Noncompetitive bid.

# L01: Key Areas

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## **Certification ( § 200.415)**

- For nonfederal entity's authorizing official.
- Includes personal responsibility.
- Specific language provided in the provision.
- May need a policy or procedure to define what steps are needed for reviews prior to signing.

# Learning Objective #2

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## **Other Areas That May Require Updates**

# L02: Other Areas

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## What To Update First

- Last date procedure was updated or created.
- What procedures have the most impact.
- What awards will occur early that may need procedures.
- Audit findings associated with a procedure.
- Changes in staff that may affect approvals.

# L02: Other Areas

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## Uniform Guidance Changes

- Financial reporting.
- Performance reporting.
- Prior written approval.
- Indirect costs.
- Risk assessments.
- Payment processing.
- Cooperative audit resolution.



# L02: Other Areas

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## **Financial Reporting ( § 200.327)**

- Procedures should include:
  - OMB-approved form (SF 425).
  - Collection of data.
  - Who reviews and who approves.
  - When to submit report.

# L02: Other Areas

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## **Performance Reporting ( § 200.328)**

- Procedures should include:
  - OMB-approved forms or data (PPR, RPPR, 200.328).
  - Goals and objectives in award docs.
  - Comparison of accomplishments to objectives.
  - Reasons why goals were not met.
  - Cost overruns, high unit costs.
  - Additional information.

# L02: Other Areas

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## **Correlation of Reports ( § 200.301)**

- Uniform guidance requires nonfederal entities to related financial data to performance data.

# L02: Other Areas

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## **Prior Approvals ( § 200.407)**

- List of 22 instances that require prior approval.
- Policy/procedures may want to list steps to obtain:
  - Prior written approval before spending funds.
  - Retroactive approval after spending funds, if needed and if allowable.

# L02: Other Areas

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## Indirect Costs ( § 200.414, App III-VII)

- Awarding agencies must accept negotiated rates, unless program statute states otherwise.
- *De minimis* rate.
- Pass-through responsibilities, if requested by subrecipients:
  - Provide *de minimis* rate, or
  - Negotiate a rate.

# L02: Other Areas

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## **Risk Assessment ( § 200.205, § 200.212, App. XII)**

- Indicators of risk.
- How risk is monitored and corrected.
- When is risk assessed: pre-award, post-award.
- Expectations for contractors, partners.
- When would a determination be posted in FAPIIS?

# L02: Other Areas

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## **Payment ( § 200.305)**

- Cash Management and Improvement Act (CMIA).
  - Minimize time between fund request and payment.
  - Advance payments.
  - Accountability.

# L02: Other Areas

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## Cooperative Audit Resolution ( § 200.513)

- Address open audit findings.
- Provide a timeline for resolution.
- Document progress.
- Sign an agreement to resolve.
- AGA free booklets:  
<https://www.agacgfm.org/AGA/Intergovernmental/documents/CAROlguide.pdf>



# Learning Objective #3

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## Writing a Policy

# L03: Writing Policies

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## Policy

- Broad stated goals or guiding principles.
- Developed by governing body or management team.
- Used for long-term program and administrative goals.

# L03: Writing Policies

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## Policy Examples

- Improve student achievement.
- Reduce world hunger.
- Increase access to medical care and life-saving drugs.
- Provide for the better management and use of funds, and comply with federal requirements.

# L03: Writing Policies

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## **Procedures**

- Step-by-step instructions associated with a policy
- Start and end points.
- Must be followed to complete a specific task.
- Generally requires a decision or approval.

# L03: Writing Policies

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## Internal Controls - Reminder

- Provide reasonable assurance that federal funds will be managed.
- Written policies and procedures strengthen an organization's system of internal control.
- Written policies and procedures are part of a system of internal control.

# L03: Writing Policies

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## **Flexibility – What vs. How**

- Uniform guidance describes what must be done, but not how.
- Written policies and procedures define how.
  - Steps to take.
  - Approvals to obtain.

# L03: Writing Policies

Policies, internal controls and procedures define an oversight or approval process and includes what is often called separation of duties so that one person is not responsible for all the steps and actions.



Policy – Broad Management Statement

Internal Controls – Operating standards, approvals

Procedures – Step-by-step instructions

# L03: Writing Policies

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## **Before Writing a Policy**

- Identify need.
- Review organization mission, goals, objectives.
- Review internal and external environments.
- Review requirements in uniform guidance.



# L03: Writing Policies

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## Before Writing a Policy

- Review challenges at the local level:
  - Communication or training.
  - Audit resolution.
  - Signatures.
  - Reporting.
  - More...

# L03: Writing Policies

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## **Example: Payment and Draw-downs**

- Are requests made within required timeframes?
- Does the organization hold funds for an extended period of time?
- If not, consider a policy.

# L03: Writing Policies

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## **Ex: Broad Policy Statement (Draw-downs)**

- “Our organization will minimize the timeframe between an advance request or draw-down and meeting payment obligations.”

# L03: Writing Policies

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## Policy Template

### I. Purpose

- Define why the policy is being written.
- Example:

Advance Payments: “To provide for the better management and use of funds, and to comply with federal requirements.”

# L03: Writing Policies

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## Policy Template

### II. Policy

- Provide a broad statement, description.
- Example:

Advance Payments: “The organization will minimize the timeframe between an advance or draw-down request and meeting payment obligations. The organization will request advance payment or make draw-downs within timeframes that eliminate excessive holding times of federal funds.”

# L03: Writing Policies

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## Policy Template

### III. Authority

- Include the organization's authority and/or insert the federal citation.
- Example:

Advance Payments: “Provide any organizational statement about sound financial management and/or provide the uniform guidance citation 200.305.”

# L03: Writing Policies

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## Policy Template

### IV. Signature, Effective Date

# Learning Objective #4

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## Writing Procedures



# L04: Writing Procedures

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## Characteristics of Procedures

- Step-by-step instructions.
- Work instructions.
- Desk procedures.

# L04: Writing Procedures

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## Procedures Will Address

- Typical 5W-H Questions:
  - Who performs the procedure.
  - What steps are performed.
  - Where steps are performed (if applicable).
  - When steps are performed.
  - Why steps are performed.
  - How steps are performed.

# L04: Writing Procedures

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## **Example: Questions for Advance Payments**

- Who initiates the advance payment?
- Is the requestor authorized?
- Who performs the procedure?
- What is needed to support the request?
- Why would a request not be appropriate?

# L04: Writing Procedures

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## **Example: Questions for Advance Payments**

- When is analysis needed regarding cash?
- When is the request made (first of month, middle, end)?
- When is a response expected?
- How is the procedure done (request form, authorization, submission)?

# L04: Writing Procedures

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## **Example: Questions for Travel**

- What is required to pay travel?
- When will travel reimbursements be made?
- What will payment be based on, actual or per diem costs?
- What supporting documents are needed?

# L04: Writing Procedures

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## **Example: Questions for Travel**

- When and where are requests submitted?
- Who has to authorize travel and reimbursement?
- What happens if local rates differ from federal?

# L04: Writing Procedures

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## Procedures Template

### I. Purpose

- Define why the procedure is being written.
- Example:

Advance Payments: “The purpose of this procedure is to define the steps needed to complete an advance payment or draw-down request. It supports the Advance Payment policy and federal regulations.”

# L04: Writing Procedures

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## Procedures Template

### II. Authority

- Include the organization's authority (it's policy) and/or insert the federal citation.
- Example:

“Refer to the Advance Payment policy (number/date).  
Based on the uniform guidance ( § 200.305).”



# L04: Writing Procedures

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## Procedures Template

### III. Staff Responsibilities

- Identify what staff is involved and who is responsible for specific actions.
- Example:

Advance Payments: “Project Director, Director of Accounting Services, subrecipient project director, federal program officer, etc.”

# L04: Writing Procedures

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## Procedures Template

### IV. Definitions

- Define the terms used in the procedures.
- Example:

Advance Payments: “Advance payment request, draw-down request, letter of credit, reimbursement form, etc.”

# L04: Writing Procedures

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## Procedures Template

### V. Procedures

- Step-by-step instructions.
- Example:

Advance Payments: “The Project Director will notify the Director of Accounting that a subrecipient requests an advance payment. The Director of Accounting will verify that the subrecipient is eligible for advance payments (risk assessment) and will obtain prior approval from the federal agency. After federal approval ....”

# L04: Writing Procedures

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## Procedures Template

### VI. Reports

- Identify if reports are required and include data elements, and when reports are due.
- Example:

Advance Payments: “A report may or may not be applicable, or, a report is required when the expenditure of funds and performance outcomes associated with the advance payment are required.”

# L04: Writing Procedures

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## Procedures Template

### VII. Supersession (replacement or cancelation)

- Identify whether this is a replacement procedure or a cancelation of a prior procedure.
- Example:

Advance Payments: “This advance payment procedure updates and replaces the prior procedure, number..., dated... to incorporate changes that resulted from the uniform guidance, effective Dec. 26, 2014, and updated ....”

# L04: Writing Procedures

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## Procedures Template

### VIII. Maintenance

- Identify the organization unit/staff who developed the procedure, when it would be reviewed and updated (annually, for example) the date to be completed and communicated to the organization.

# L04: Writing Procedures

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## Procedures Template

### VIII. Signature, Effective Date

- Provide an approval box or signature line, provide the name and title of the approving official, date approved, effective date(s).

# L04: Writing Procedures

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## Procedures Template

### X. Distribution List

- Internal.
- External, as appropriate



# Learning Objective #5

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## **Establish Process To Update**

# L05: Update Process

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## Why Update?

- Requirement.
- New legal responsibility.
- New requirement from funding agency.
- Change in federal regulations.
- Change in internal activities.

# L05: Update Process

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## Steps To Consider

- Identify the need for the policy/procedure.
- Determine if new, revision, cancelation.
- Create a schedule for updates.
- Draft the policy/procedure.
- Review and approve the policy/procedure.

# L05: Update Process

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## Steps To Consider

- Obtain authorized signature, date.
- Communicate the revised/new policy or procedure.
  - Internally.
  - Externally, as appropriate.

# L05: Update Process

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## Steps To Consider

- Provide training to staff, as needed.
- Provide instructions.
  - Policy and procedure handbook.
  - Electronic documents.
  - Website.
  - Where and when changes will be posted.

# L05: Update Process

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## Summary

- It is important for organizations to have written policies and procedures.
- Stewardship of federal funds requires policies, internal controls, and procedures.

# Policies and Procedures

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## **Additional Q&A**

# Policies and Procedures

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## Contact Information



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