

**EPA Grants Training for EPA Pass-Through Grant Applicants, Recipients, and
Subrecipients Webinar, June 20, 2023
Frequently Asked Questions (FAQ)**

Q1: Would it be a conflict of interest for people involved with a non-profit organization (unpaid in their personal capacity) who are also involved in subaward decision making, to include the related non-profit?

A1: We assume that this question relates to whether an individual who is involved with a nonprofit organization as a volunteer, unpaid board member or another unpaid advisory capacity can participate in the selection process for competitive subaward funding that the nonprofit organization is participating in as a competitor pursuant to EPA's "Grantmaker" award for the Environmental and Climate Justice grant program. The answer to that question is yes, it would be an impermissible conflict of interest for the individual to participate in a competitive selection process when the individual is actively involved in the activities of one of the competing organizations. This would, at a minimum, create the appearance of unfairness towards other competitors. EPA's [Subaward Policy](#) provides in Section 10.0 that "... pass-through entities may choose to select subrecipients competitively provided this practice is consistent with applicable statutes, regulations and the terms of their EPA financial assistance agreement." The terms of EPA's Grantmaker awards will contain terms and conditions precluding the practice described in the question.

Q2: Can a public university be a subrecipient if they are providing analytical/research services?

A2: Yes. Refer to Appendix A of EPA's [Subaward Policy](#).

Q3: Can you clarify that a subrecipient does have to have a Unique Entity Identifier (UEI) and be registered on SAM.gov if they receive a subaward? Don't they have to register on SAM.gov to get the UEI?

A3: Subrecipients are not required to complete full System for Award Management (SAM) registration to obtain a UEI. Information regarding obtaining a UEI is available on SAM.gov: <https://www.sam.gov/SAM/>.

Q4: If we send samples to a university to complete testing and pay them a set fee per sample, why is that considered a subaward?

A4: Universities typically do not meet the test in [2 CFR 200.331\(b\)](#) for being considered a procurement contractor because they do not sell goods and services in the commercial marketplace under terms that allow them to make a profit. That is the basis for EPA's determination in Appendix A of the [EPA Subaward Policy](#) that transactions between recipients and Institutions of Higher Education are with very few exceptions subawards rather than procurement contracts. Fixed amount subawards could be structured to pay a university for samples on a unit price basis. Additionally, EPA provides recipients with the flexibility to use non-competitive contract vehicles to make subawards in fixed amounts less than the \$10,000 micro-purchase threshold in order to minimize the administrative burdens associated with complying with the extensive requirements in [2 CFR 200.332](#). Note that if a recipient (other than a state agency) were to use

procurement procedures to acquire sampling services from a university, competition would be required for contracts over the micro-purchase threshold and that micro-purchases would need to be equitably distributed among qualified sources as required by [2 CFR 200.320](#). As provided in [2 CFR 200.317](#), EPA defers to state policies and procedures for competition for procurement contracts. Additionally, if under state laws and policies a state agency is authorized to transfer funds to a state university to acquire sampling services, EPA would defer to the state process for such transfers as well as how the state characterizes the transaction for accounting purposes.

Q5: Where would an intergovernmental agreement fall between a state agency and a tribal nation?

A5: Either a subaward or an inter-entity agreement for procurement of common services depending on the activities covered by the agreement. As stated in Appendix A to the [EPA Subaward Policy](#), “EPA has determined that transactions: 1. Between legally distinct units of government (e.g., a state providing funds to a local government) will in almost all cases be either subawards or intergovernmental agreements under 2 CFR 200.318(e) rather than procurement contracts since governmental units do not provide services on commercial terms.” Under [2 CFR 200.318\(e\)](#), two or more recipients of EPA grant funds may establish “... agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.”

Q6: Can, or should, we include budget outlines for the subawarded community-based organizations (CBO) and collaborative pass-through entities? We have them as a line item in the overall budget but were wondering if any additional details would be needed.

A6: We presume based on the terminology that this question relates to the “Grantmaker” competition (FUNDING OPPORTUNITY NO: EPA-R-OEJECR-OCS-23-03) for EPA’s Clean Air Act Section 138 Environmental and Climate Justice Block grant program. The Request for Applications for that competition only provides that a signed letter of commitment from the subrecipient of the subaward necessary to establish that the “statutory” partnership with a Community Based Nonprofit Organization is required to document the partnership. There is no requirement that the amount of the subaward for the CBO be specified. For the statutory partnership subaward as well as for the collaborative pass-through subawards the following passage from the [Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance](#) (p. 38) is instructive:

As provided by Section 8.0(a) of the Subaward Policy recipients must provide the aggregate amount they propose to allocate to subawards as a separate line item in the “Other” category... Pass-through entities must provide a description of the types of activities to be supported with subawards in either the budget narrative or the scope of work to comply with the prior approval provision of 2 CFR 200.308(c)(1)(vi)... The Subaward Policy does not require that pass-through entities identify subrecipients or the amount of anticipated funding for specific subawards although some do so voluntarily particularly for competitive proposals... Under 2 CFR 200.308(c)(1)(vi) recipients must obtain prior EPA approval for post-award for subawards that are not described in the scope of work for the agreement and budgeted for in the aggregate line item in the recipient’s budget narrative. EPA’s Recipient [Subaward Frequent Questions](#) contains

additional guidance on when EPA approval is required for changes to a pass-through entity's subaward plans.

Q7: In Connecticut, for the Metropolitan Statistical Area (MSA) based Climate Pollution Reduction Grant (CPRG) awards, there is one Council of Governments (COG) listed as the lead agency but the MSA may contain a non-lead COG/COGs that will be doing work associated with the CPRG. Is the reimbursement of the labor cost considered a subaward and thus requiring a subaward agreement between Lead COG and Non-Lead COG?

A7: Yes.

Q8: To confirm, we would need to have all of our subrecipients and subawards included in the workplan to EPA. We couldn't make those decisions after the award has been made, right?

A8: No. Applicants only need to provide an aggregate amount for all subawards and describe the types of activities the subrecipients will carry out. Refer to question A.6, above for details.

Q9: Does the total amount of the EPA award have to be listed in the subaward agreement (in addition to the amount of the subaward)?

A9: No, you need to include:

- Amount of EPA Funds Obligated under the initial subaward;
- Total or cumulative amount of EPA funds obligated to the subrecipient under the initial subaward plus any subsequent funded amendments; and
- Total amount of the EPA funds committed to the subrecipient by the pass-through entity.

Appendix D of the [Subaward Policy](#) lists all of the amounts you need to include in the subaward.

Q10: Do we have the right to disqualify institutions from our competition if they have not submitted reports or other required information in previous competitions?

A10: Yes. Under 2 CFR 200.332(b) pass-through entities must:

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 described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards; Pass-through entities may also evaluate and score applicants for competitive subawards based on these factors and others relating to past performance. If the pass-through entity determines that a potential subrecipient poses a risk of noncompliance, then they can disqualify the application based on a low score for past performance.

Q11: When covering the "Financial Management Common Sense Tips" slide, there was a comment about reporting invoices with xx% of personnel time staying constant across the project. For some awardees (like IHEs), personnel effort is assigned as a percentage (and not hourly). Would that raise a concern?

A11: Our review of 2 CFR 200.430((b)(2) and (i)(1)(iii) did not provide a basis for determining that Institutions of Higher Education can charge Federal grants for personnel costs using formulas derived from budget estimates (percentages of time) as opposed to actual time spent working on the Federally funded project. There are some unique proportional calculations of how salary of academic personnel is determined for charging purposes based on the “Institutional Base Salary” and “Incidental Work” concepts. However, the rule in 2 CFR 430(i)(1)(viii) is that “[B]udget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may [only] be used for interim accounting purposes ...” subject to after the fact adjustment applies to IHEs. You may be referring to the 2 CFR 200.430(i)(1)(ix) and (x) which provide:

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

These provisions, however, do not permit an IHE to charge employee time to Federal grants without regard to the actual time spent carrying out the grant funded activity.

Q12: Where do we find additional guidance on the appropriate way to ensure compliance with the list of federal assurances found in the memo "Other statutes, regulations and Executive Orders that may apply to subawards are described at Information on Requirements that Pass-Through Entities must “Flow Down” to Subrecipients”?

A12: EPA provides additional guidance on compliance with cross-cutting requirements that typically apply to EPA funding such as the Davis Bacon Related Acts and Build America Buy America in the terms and conditions of our financial assistance agreements. as well as posted frequent questions.

Q13: Do you allow virtual inspections to verify materials listed on the drawdowns or invoice submittals or do you require onsite inspections?

A13: Virtual inspections are permitted.

Q14: Can a federal agency be a subrecipient?

A14: Yes. Below is the relevant provision, Subsection 7.0(b) of the EPA Subaward Policy:

(b) As provided in 2 CFR Part 25, Appendix A, Federal agencies are subrecipients for the purposes of the System for Award Management and Universal Identifier Requirements when they receive “subawards” from pass-through entities. Federal agencies may also be subrecipients for the purposes of 2 CFR Part 200 as indicated in the definition of Subrecipient in 2 CFR 200.1. Nonetheless, Federal agencies must have statutory authority to provide services to non-Federal entities on a reimbursable basis or otherwise receive and use funds from non-Federal entities under subawards. Examples of statutes available to all Federal agencies for receipt and use of EPA financial assistance funds are the Intergovernmental Cooperation Act for services to state and local governments, the Federal Technology Transfer Act for Cooperative Research and Development and

Agreements, and the Omnibus Territories Act for reimbursable services agreements with U.S. Territories.

Q15: Are required EPA reporting guidelines required to be passed down to subrecipients?

A15: Yes. As required by [2 CFR 200.332\(b\)](#), which is implemented in EPA's General Terms and Conditions, subaward agreements must specify "[A]ll requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award."

If a pass-through entity needs to obtain information from subrecipients to comply with the reporting requirements of the EPA award, then the reporting guidelines "flow down" to the subrecipients.

Q16: Can the nonprofit work through a fiscal sponsor?

A16: No. EPA does not recognize the "fiscal sponsor" concept. Reproduced below is Frequent Question A.51 from EPA's [Subaward Frequent Questions](#). Frequent Questions A.49 and A.50 also address fiscal sponsor relations.

Q.A.51. Can an otherwise eligible "fiscal agent" or "fiscal sponsor" apply on behalf of an otherwise eligible entity, such as an incorporated nonprofit organization, that may lack the capacity to apply and/or manage a full EPA grant on their own?

Answer: No. Applicants for EPA funding apply on their own behalf and become the Recipient as that term is defined in 2 CFR 200.1. The fiscal agent or sponsor may provide a subaward to a lower-resourced incorporated nonprofit organization (subrecipient) acting as a Pass-through entity under 2 CFR 200.1 but as the "Recipient" the fiscal agent/sponsor remains accountable to EPA for the proper expenditure of EPA funds and effective programmatic performance. The pass-through entity is also accountable to EPA for the subrecipient's compliance with applicable statutory and regulatory requirements such as those governing competitive procurement. Refer to 2 CFR Part 25, 2 CFR 200.332 and EPA's General Terms and Conditions implementing those regulatory requirements for details on pass-through entity responsibilities. Note that as indicated in Appendix A to the EPA Subaward Policy a passthrough entity may not provide a subaward to a non-profit organization to provide ancillary administrative services such as accounting or information technology for payroll operations. Subrecipients must carry out substantive parts of the EPA funded project consistent with the definition of Subaward and Subrecipient in 2 CFR 200.1.

Q17: What is EPA's definition of a 'consultant'?

A17: For the purposes of the cap on fees paid to individual consultants under [2 CFR 1500.10](#), consultant services are provided by "... designated individuals with specialized skills who are paid at a daily or hourly rate."

Q18: Can you go into more detail on the exceptions to funding needing to be disbursed within 5 days? This is difficult for large municipalities.

A18: As provided in EPA's "Proper Payment Drawdown" General Term and Condition:

f. If the recipient believes that there are extraordinary circumstances that prevent it from complying with the 5-business day disbursement requirement throughout the performance period of this agreement, recipients may request an exception to the requirement by following the procedures specified in [RAIN-2018-G06-R](#). EPA will grant exceptions to the 5-business day disbursement requirement only if the recipient demonstrates that compliance places an undue administrative or financial management burden or EPA determines that granting the exception is in the public interest.

Note that EPA will require that recipients requesting an exception propose an alternative schedule for disbursing drawn down EPA funds.

Q19: Should a subgrantee's exclusions/debarment be checked in SAM.gov by the pass-through agency with every grant payment, or just at the initial subaward agreement?

A19: The requirement for checking the SAM.gov Excluded Parties list applies when the pass-through entity enters into or renews the subaward agreement (the lower covered transaction referred to in [2 CFR 180.300\(a\)](#)). Pass-through entities do not have to check the Excluded Parties list before making payments to subrecipients.

Q20: If a state receives an EPA grant and pays the National Park Service to perform monitoring and equipment maintenance, is this a subaward or pass-through, or something else?

A20: This would be considered a subaward. See Question A.14 above.

Q21: Do subawardees need to keep their SAM.gov account active if they only need a UEI, or is that just for full registrations?

A21: Subrecipients only need to have a UEI.

Q22: If a subawardee is a nonprofit university and it has regular staffers who are contractors, does that nonprofit university need to outsource and compete work under the subaward or can they noncompetitively contract with their regular staffers?

A22: The "regular staffers" referred to in this question are contract consultants. Transactions with them must comply with the competitive procurement requirements in 2 CFR Parts 200 and 1500 (including the consultant fee cap) for the costs to be allowable under EPA financial assistance agreements.

Q23: Is it appropriate for a consultant be paid to partner with a non-profit to assist them in administering a pass-through award?

A23: We do not understand what the term "partner" means in this context. However, contracts with consultants who assist a pass-through entity administer a subaward program must comply with the competitive procurement requirements in 2 CFR Parts 200 and 1500 (including the consultant fee cap) for the costs to be allowable under EPA financial assistance agreements.

Q24: Does EPA have preference on level of financial review of subawards, i.e., two years of audit history for non-profits? How would that apply to Tribal entities?

- A24: Reproduced below are the applicable provisions of 2 CFR 200.332 regarding financial monitoring and auditing requirements for subrecipients. These requirements apply to all types of Non-Federal entities, including Indian Tribes.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by [§ 200.521](#).

(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section [§ 200.513\(a\)\(3\)\(vii\)](#). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in [paragraph \(b\)](#) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in [§ 200.425](#).

(f) Verify that every subrecipient is audited as required by [Subpart F of this part](#) when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in [§ 200.501](#).

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

Q25: Can we give a subaward to an organization's fiscal sponsor (knowing that the fiscal sponsor will have a UEI)?

A25: No. In the circumstances described by this question, the subrecipient would be the “fiscal sponsor” rather than the other “organization” mentioned in the question. Refer to Frequent Questions 49, 50, and 51 of [EPA's Subaward Frequent Questions](#) for information regarding EPA's position on fiscal sponsor relationships.

Q26: What is a fiscal sponsor, and can they be a pass-through entity?

A26: Fiscal sponsors are no different than any other type of pass-through entity. Refer to Frequent Questions 49, 50, and 51 of [EPA's Subaward Frequent Questions](#) for information regarding EPA's position on fiscal sponsor relationships.

Q27: If another Federal agency can be a recipient of a subaward from a state agency pass-through grant, could the Federal agency's time or other funds be used as in-kind match? This is specific to Section 319(h) and Natural Resource Conservation Center (NRCS) Environmental Quality Incentives Program (EQIP).

A27: No. Match for the Section 319(h) grant program must always come from non-federal funding sources, except where a Federal statute authorizing a program specifically provides Federal funds available for that program can be applied to meet cost share requirements of other Federal programs. See [2 CFR 200.306\(b\)\(5\)](#). If the question is asking about when a state agency may decide to use 319 funding in a local watershed effort that might involve collaborating with NRCS using EQIP funds – such as in a Regional Conservation Partnership Program (RCPP), it would still hold that 319 funds would not be considered federal match to RCPP funds, nor would the RCPP funds be considered match under CWA 319. Rather, a project might be considered a co-funded project if it receives funding from both sources.