GRANT FUNDING SERIES · FEDERAL ENERGY AWARDS · EC-WP-905

The Compliance Backbone for Grant-Funded Energy Projects

Long-form operational reference for entities administering federal energy awards under 2 CFR 200.

Federal energy projects rarely fail at the award. They fail after it, when the work runs ahead of the file. This reference builds the backbone.

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This document is a long-form professional reference for entities administering federal energy awards under the Uniform Guidance at 2 CFR 200 and the program-specific terms and conditions of each award. It is provided for general information and educational purposes only. It is not legal advice, an audit opinion, tax counsel, or a substitute for engagement with qualified counsel, certified public accountants, single audit firms, or program officers. It does not constitute regulatory guidance or a formal interpretation of any statute, regulation, agency policy, NERC Reliability Standard, FERC order, RTO or ISO protocol, or state commission rule, and it may not be used or cited as authority in any audit or enforcement proceeding.

Regulatory citations and thresholds in this reference were checked against the Code of Federal Regulations and agency sources as of October 25, 2026. Federal regulatory text and agency policy change. The award documents that govern your project control over anything stated here. Verify currency before relying on any threshold or requirement cited in this reference.

Foreword

Three decades inside the regulatory and operational side of the energy sector taught me a habit I cannot shake. I read failures backward from the finding. The finding is rarely where the failure happened. The finding is where the documentation ran out. The actual failure occurred earlier, in the months when the team was building the project and not building the administrative spine the project would later need to lean on. By the time the single audit notice lands, or the program officer schedules a site visit, or the OIG sends a letter, the recipient is reconstructing documentation instead of defending it. Those are not the same posture. One produces a clean audit. The other produces a corrective action plan and the work behind it.

This is the fifth reference in the Energy Compliance, Inc. Grant Funding Series and the first of the long-form authority whitepapers in the series. The four references before it are tactical. They sit on a desk next to a working application or a working award and help the team find gaps. This one is different. It is a textbook for the compliance discipline that holds a federally funded energy project together through the entire period of performance and into closeout. The audience is the people who actually operate that discipline: the controller and grants administrator at a public power utility, the development lead carrying a DOE grant alongside an IRA project, the project manager at an electric cooperative that took its first federal award in a decade, the finance director at an industrial energy user whose efficiency project came in under a competitive federal program.

The common pattern on federal energy awards is consistent enough to plan around. The team builds the project while nobody builds the administrative spine at the same pace, and a federal review eventually finds the gap between the work and the file.

The compliance backbone is the structure that closes the gap. It is not exotic. The Uniform Guidance at 2 CFR 200 already specifies most of what is required. Program-specific terms and conditions specify the rest, and agency policy fills in the texture. What entities lack is not the regulatory text. What they lack is a working translation of that text into a documentation lifecycle that runs alongside project execution instead of catching up to it later. This reference is that translation. It is the same backbone Energy Compliance, Inc. uses in a Post-Award Compliance Administration scope. The substance is identical; the engagement carries the workload. Either way, the structure below is the right structure.

This reference is what a senior practitioner would build for an entity that wanted to do post-award correctly the first time. The administrative spine has to be built either way, and it is better built on purpose than assembled under audit pressure.

Rob Smith Founder and Principal, Energy Compliance, Inc.

Executive Summary

Federal energy awards are won at the application and lost after the award. The losses show up as questioned costs, disallowances, repayment demands and specific conditions on the next award. In my view, almost none of them trace to a project's technical merit. They trace to an administrative file that did not keep pace with the work.

This reference describes the post-award compliance backbone: the documentation discipline that runs alongside execution from award acceptance through closeout. Its working artifact is the Compliance Obligation Matrix, a live register of every obligation the award carries, with an owner, an evidence type, an evidence location and a review history for each.

The chapters walk the backbone in the order a recipient meets it:

- **Chapter 1** explains why post-award is where projects fail and sets out the current thresholds under the 2024 revision of 2 CFR 200.
- **Chapters 2 and 3** build the matrix and show how to read the award documents that feed it, including how to handle award terms built on DOE guidance that was rescinded in January 2025.
- **Chapters 4 through 8** cover the substantive disciplines: subrecipient monitoring, cost principles, procurement, the reporting cadence, and property and equipment management.
- **Chapters 9 and 10** cover the single audit under Subpart F and closeout under 2 CFR 200.344.
- **Chapter 11** shows how to staff and run the backbone concurrently with execution so it does not become a parallel exercise that loses to the schedule.

Several thresholds changed when the 2024 revision took effect on October 1, 2024. The single audit threshold is now $1,000,000. The equipment threshold is now $10,000, or the recipient's lower capitalization level. The de minimis indirect rate can go to 15 percent. The final financial report is due 120 days after the period of performance ends. Recipients still running on the old numbers are building findings into their files. OMB published a proposed rewrite of the Uniform Guidance on May 29, 2026; as of this paper's status date it is not final, and the 2024 text governs.

1 Why Post-Award Is Where Federal Energy Projects Actually Fail

The energy industry has spent the last several years celebrating award announcements as if the announcement were the achievement. The announcement is the easy part. The hard part runs for years after it, through the period of performance, the reporting cycles, the audits and closeout. That period is where federal money becomes either a cleanly executed project or a corrective action plan with a name and a finding number. In my view the difference between the two outcomes usually traces to one question: did the recipient build a compliance backbone, or did it assume the project's technical merit would carry the administrative weight?

1.1 The Common Pattern

Federally funded energy projects tend to follow the same arc. The application phase runs intensely. The award letter lands. The team that won the award rotates back to its prior responsibilities. Construction begins, often with new people who did not write the application and do not carry an intuitive understanding of the obligations the application accepted on the recipient's behalf. The first quarterly Federal Financial Report goes in. The team is proud of submitting on time. The numbers are close enough that the program officer does not flag them.

Eighteen months later, a single audit firm walks through the general ledger and asks for the procurement file behind a major equipment purchase. The file exists in the form the entity has always kept for state and local procurements. It does not exist in the form the Uniform Guidance specifies at 2 CFR 200.317 through 200.327. The auditor flags a procurement deficiency, and it surfaces as a finding in the Schedule of Findings and Questioned Costs. The questioned cost is the entire purchase. Now the entity has to show, after the fact, that the procurement satisfied federal standards it never explicitly tracked against.

None of this is new. What changed is the scale. The Infrastructure Investment and Jobs Act and the Inflation Reduction Act moved federal funding into energy at a level the recipient population was not staffed to administer. Entities that had managed one or two federal awards across a decade found themselves holding five or seven at once. The discipline that works for one award fails at five. The backbone has to be built on purpose, with structure, before the volume overwhelms a team trying to administer it on intuition.

1.2 The Failure Surfaces Are Predictable

If the failure surfaces are predictable, so are the prevention surfaces. These are the categories of finding that tend to produce material questioned costs on federally funded energy projects:

- Procurement documentation that cannot show competition or justify a sole source.
- Subrecipient monitoring conducted in name only, with risk assessments missing or never refreshed.

- Cost principles applied unevenly, with allocability questions on shared costs and indirect cost rates.
- Personnel charges unsupported by records of the work actually performed, or supported only by budget estimates.
- Property and equipment inventories that do not reconcile to the general ledger asset register.
- Quarterly reports that do not tie to the ledger when traced backward.
- A Schedule of Expenditures of Federal Awards that omits awards, carries the wrong Assistance Listing numbers, or misses pass-through arrangements.

Each category has a counterpart in the Uniform Guidance. None of these failures comes from regulatory ambiguity. The usual problem is not ambiguity. The text gets read once at kickoff and not again during execution. The compliance backbone is what turns 2 CFR 200 into a continuous reference instead of a one-time read.

1.3 What Auditors Actually Look At

A single audit under 2 CFR 200 Subpart F is built around major program selection, internal control testing and compliance testing. The auditor is not improvising. The auditor works from the OMB Compliance Supplement (Appendix XI to Part 200), which identifies, program by program, the compliance requirements that apply and the audit objectives and procedures behind them. The Supplement organizes those requirements into twelve types, from Activities Allowed or Unallowed through Special Tests and Provisions. OMB issues a new edition periodically; the 2025 Compliance Supplement was announced in the Federal Register on November 26, 2025, and applies to fiscal year audits covering any period beginning after June 30, 2024.

The entity that reads the program's section of the Supplement before the auditor walks in has already won most of the defensibility battle. The entity that has not read it is reacting to questions whose pattern the auditor knew in advance. The Supplement is public. Read it before the audit notice lands, not after.

1.4 The Cost of Getting It Wrong

The financial exposure on a failed post-award effort is rarely a single line item. It compounds. Questioned costs at the audit level become disallowed costs at the agency level if the recipient cannot defend them. Federal funds paid in excess of what the recipient is entitled to are a debt to the Federal Government, collected under 2 CFR 200.346 and the Standards for the Administrative Collection of Claims, which direct agencies to charge interest, penalties and administrative costs on debts under 31 U.S.C. 3717 (31 CFR 901.9). Subrecipient findings flow back to the pass-through entity under 2 CFR 200.332.

A recipient with a material finding on one award also changes its footing for the next one. Under 2 CFR 200.208, an agency or pass-through entity can impose specific conditions based on a recipient's compliance history: reimbursement instead of advance payment, more detailed financial reports, additional monitoring, withheld authority to proceed to the next phase, and additional prior approvals.

1.5 The Rules as Revised in 2024

OMB's revision of the Uniform Guidance took effect October 1, 2024, and changed several numbers that recipients carry in their heads. The table shows the values in force as of this paper's status date, with FAR values where the regulation points to the FAR.

Item	Current value	Source
Single audit threshold	$1,000,000 or more in federal awards expended in the fiscal year	2 CFR 200.501
DOE compliance audit threshold, for-profit recipients	$1,000,000, by class deviation from the $750,000 in the regulation	2 CFR 910.501; DOE PF 2025-02
Equipment	Per-unit cost at or above the lesser of the recipient's capitalization level or $10,000	2 CFR 200.1
Unused supplies at closeout	Compensation owed when aggregate residual value exceeds $10,000	2 CFR 200.314
Equipment disposition	Per-unit fair market value of $10,000 or less may be kept or sold with no further obligation	2 CFR 200.313(e)
De minimis indirect rate	Up to 15 percent of modified total direct costs	2 CFR 200.414(f)
Micro-purchase threshold	$15,000 (FAR); self-certification up to $50,000	2 CFR 200.1, 200.320(a)(1)(iv); 48 CFR 2.101
Simplified acquisition threshold	$350,000 (FAR)	2 CFR 200.1; 48 CFR 2.101
Final reports and liquidation	120 days after the period of performance ends (subrecipients: 90 days to the pass-through entity)	2 CFR 200.328(d), 200.344
Interest on advances	Up to $500 a year may be retained; the excess goes to HHS PMS annually	2 CFR 200.305(b)(12)
Questioned costs reported as findings	Known or likely questioned costs greater than $25,000	2 CFR 200.516(a)(3)

Pending Change

On May 29, 2026, OMB published a proposed rule, Regulation for Federal Financial Assistance (91 FR 32198), that would rewrite the Uniform Guidance. Comments closed July 13, 2026. As of October 25, 2026 the Federal Register shows no final rule and eCFR shows Part 200 last amended October 1, 2024. Build to the current text, and watch the docket.

2 The Compliance Obligation Matrix: Anatomy and Lifecycle

The Compliance Obligation Matrix is the working artifact that separates a recipient operating a federal award on purpose from one operating it on intuition. It is a live register the grants administrator updates weekly during active periods and that survives every personnel change without losing information. Built properly, it answers four questions on demand for every obligation the award carries. What is the obligation? Who owns it? What evidence demonstrates compliance? When was it last reviewed, and by whom?

2.1 The Source Material the Matrix Translates

A federal energy award carries obligations from at least four overlapping sources:

1. The Notice of Award itself, including any special terms and conditions specific to the recipient or the project.
2. The agency's standard terms and conditions, incorporated by reference: for DOE, the special terms and conditions for financial assistance; for EPA, the EPA General Terms and Conditions; for other agencies, the equivalent.
3. The program guidance the agency publishes for the funding opportunity, including program cost guidance and environmental review requirements.
4. The Uniform Guidance at 2 CFR 200, the cross-cutting administrative framework, as adopted and supplemented by the agency. DOE adopts Part 200 at 2 CFR 910.120 and extends it to for-profit recipients.

Certain awards also trigger statutory and regulatory obligations that live outside the award documents:

- **Davis-Bacon prevailing wage** under the Davis-Bacon Act (40 U.S.C. 3141 through 3148), where federal program legislation requires it for construction work (2 CFR 200 Appendix II, paragraph (D)).
- **Build America, Buy America** domestic preferences under 2 CFR Part 184, which apply to federal awards where funds are made available for infrastructure projects in the United States, whether or not infrastructure is the primary purpose of the award (2 CFR 184.4(a)).
- **NEPA** environmental review under the National Environmental Policy Act and the agency's implementing procedures, for DOE at 10 CFR Part 1021.
- **Section 106 review** under the National Historic Preservation Act, implemented at 36 CFR Part 800, when the undertaking may affect historic properties.
- **Title VI** of the Civil Rights Act of 1964 (42 U.S.C. 2000d), which bars discrimination on the ground of race, color or national origin in federally assisted programs.

Each of those frameworks generates obligations that may or may not be spelled out in the Notice of Award, but that apply to any project meeting the triggering criteria.

The matrix collects every obligation from every source into one working register. Building it is itself the first compliance discipline. Recipients that have built one have read everything they signed. Recipients that have not built one have signed documents they never read with the attention those documents required.

2.2 The Anatomy of the Matrix

Every row is one obligation. The columns record what the recipient knows about it. At minimum the matrix carries:

Column	What it holds
Obligation	The requirement, written as an action
Source	The citation: NOA term, standard term, program guidance or CFR section
Owner	A named person
Evidence type	The artifact that proves compliance
Evidence location	Where the artifact is filed
Review frequency	Quarterly, annual, transaction-driven or risk-adjusted
Last review	Date, reviewer and outcome
Next review	The date the obligation comes up again

Well-built matrices add a risk rating for each obligation, reflecting financial exposure and historical failure pattern, and a status field that flags anything in remediation.

Write the obligation in operational language, not regulatory language. "Submit the SF-425 within 30 days after each quarterly reporting period" is an operational obligation. "Comply with 2 CFR 200.328" is a citation. The matrix turns citations into actions. The owner field names a person, not a department, because departments do not file reports. People do. The evidence type names the artifact: a signed certification, a submitted form with its confirmation receipt, a procurement file with named contents, a subrecipient monitoring report with a date and signature, a property inventory reconciled to the asset register. The evidence location says where that artifact lives, so any later reviewer can retrieve it without asking the owner.

Review frequency follows the natural cadence of the obligation. Reporting obligations run quarterly or annually. Procurement obligations are transaction-driven. Subrecipient monitoring runs on a risk-adjusted cycle that can range from quarterly desk reviews to annual site visits. The review date and outcome fields carry the audit trail that proves the matrix has been operated, not merely populated.

2.3 Building the Matrix at Award Acceptance

Build the matrix before the period of performance begins, not after the first reporting cycle has run. The grants administrator reads every document in the award package, including the documents incorporated by reference that nobody downloaded. The administrator works

through the Uniform Guidance with the program's section of the Compliance Supplement open alongside it. Every obligation that surfaces goes into the matrix.

The initial build takes concentrated administrator time, even for a single federal energy award of moderate complexity. Those hours are uncomfortable. They are also the cheapest hours the recipient will spend on the award. The same administrator working under audit pressure two years later will spend far more hours reconstructing what the matrix would have captured in real time. The matrix is purchased discipline. The recipient buys it at the front end with administrator time, or at the back end with audit firm time and disallowances.

2.4 Operating the Matrix During the Period of Performance

Open the matrix weekly during active periods and at least monthly during quieter phases. The grants administrator works the obligations whose review dates fall in the next two weeks. When an obligation is satisfied, the review date and outcome are updated. When one is at risk, the matrix flags it for management. When a new subaward is issued or a contract modification lands, new obligations go in.

Over time the matrix becomes the artifact behind management certifications, board reports, internal audit reviews and external audit responses. When the single audit firm asks for evidence of post-award internal controls, the matrix is the evidence. The auditor does not need to be told the recipient runs a matrix. The auditor needs to see it, see the dated review entries across the period of performance, and trace specific obligations to specific evidence. A matrix that has been operated gives the auditor that trail in one place.

2.5 Personnel Transitions Without Information Loss

Federal awards commonly run several years, and most recipient organizations turn over staff within that horizon. A matrix that lives in one grants administrator's memory fails the first time that administrator leaves. A matrix that captures evidence locations, review history, owner assignments and source citations transfers cleanly. The successor reads it and is operational within days. The successor whose predecessor left no matrix spends months rebuilding the obligation set from primary documents and, in the meantime, produces the gaps that later surface as findings.

Writing the matrix down instead of carrying it in one person's head is itself a control. The control survives the administrator.

The matrix is only as accurate as the documents that feed it. The Notice of Award is not a press release, the terms and conditions are not boilerplate, and the program guidance is not optional context. Chapter 3 covers how to read them.

3 Reading the Award: NOA, Terms and Conditions, Program Guidance, Agency Policy

The Notice of Award arrives by email. The recipient celebrates and files the email and its attachments. Six months later, the program officer mentions a specific term in passing, and nobody on the recipient's team remembers reading it. That sequence is the most common entry point to a downstream finding. The award documents are the operating instructions for years of administrative work. Reading them with the attention they require is the first hour of post-award discipline, and it has to happen before the first dollar is drawn.

3.1 The Notice of Award Itself

The Notice of Award is a multi-page document, not a one-page announcement. It identifies the awarding agency, the program, the recipient, the federal share, any recipient cost share, the period of performance, the project description, the approved budget and the terms and conditions that apply. Standard terms are usually incorporated by reference. Special terms are listed explicitly, and they are where the agency has added obligations specific to this award that the recipient will find nowhere else.

Special terms can include financial or performance reporting more often than quarterly (which 2 CFR 200.328(b) and 200.329(b) allow only as a specific condition under 200.208), prior approval requirements for budget changes above stated thresholds, milestone-based payment triggers, environmental review hold points, and cost share documentation requirements. A recipient that misses a special term because the document was skimmed produces a finding the auditor will treat as an internal control failure.

Special terms can carry obligations as significant as quarterly consultation with a community advisory board, an annual workforce demographic report, ninety days' notice before any change in key personnel, and a requirement to keep the funded equipment in service beyond the federal period of performance. Each carries a remedy if violated, and the remedy is rarely cheap.

Awards Carrying Rescinded Terms

On January 23, 2025, DOE Policy Flash 2025-16 rescinded DOE's guidance on Community Benefits Plans in financial assistance (FAL 2024-02), Justice40 relevance coding, and related diversity guidance, and directed that terms and conditions identified in that guidance no longer be used. Executive Order 14148 had revoked Executive Order 14008, the order behind Justice40, on January 20, 2025. Many awards made before 2025 still carry community benefits or Justice40 reporting terms in their original text. Do not delete those rows from the matrix on your own reading. Get the contracting officer's position in writing, through an award modification or written direction, file it as the evidence, and close the row against that document.

3.2 Standard Terms and Conditions

Each awarding agency publishes its own standard terms. DOE, EPA and USDA Rural Development each use their own sets, and some programs layer program-specific terms on top. The standard terms incorporate the Uniform Guidance, the agency's own regulations (for DOE, 2 CFR Part 910) and any cross-cutting statutory frameworks the agency administers.

The standard terms are where the recipient finds the mechanics of the award. How drawdowns occur, and whether the recipient draws through the Treasury's Automated Standard Application for Payments (ASAP). What approval is required to move budget across cost categories. How no-cost extensions are requested. How equipment is treated under 2 CFR 200.313, now that the equipment threshold is the lesser of the recipient's capitalization level or $10,000. How the audit obligation is satisfied. How the closeout package is built.

A recipient that has not read the standard terms is operating the award on assumptions. The assumptions are usually wrong in at least two places, and those two places are where the audit finding lands.

3.3 Program-Specific Guidance

Beyond the Notice of Award and the standard terms, most federal energy programs publish guidance that governs how the program operates: Davis-Bacon applicability, Build America, Buy America waivers and applicability, NEPA and historic preservation review, cost share, and program reporting. Program guidance binds the recipient to the extent the Notice of Award incorporates it, which it usually does.

Program guidance changes during the period of performance more often than the standard terms do, and 2025 showed how fast it can move. The recipient is responsible for tracking the changes. Agencies do not always notify each recipient individually. A grants administrator subscribed to the program's mailing list and the agency's policy announcements has a chance of catching updates. One who is not subscribed finds them by accident, usually after the new requirement has already produced a noncompliance or, as with the 2025 rescissions, after the recipient has spent money complying with a term the agency no longer enforces.

3.4 Agency Policy Directives

Underneath the program guidance sits the agency's policy structure. DOE issues Policy Flashes and Financial Assistance Letters through its Office of Acquisition Management, and both changed award administration in 2024 and 2025: PF 2025-02 raised the for-profit audit threshold, and PF 2025-16 rescinded the community benefits and Justice40 guidance. Other agencies issue their own policy memoranda. These directives interpret the regulatory text and explain how the agency intends to administer it. They bind the agency's officers, and they bind the recipient when incorporated into the award terms.

Recipients rarely read agency policy directives unless someone tells them to. The ones that do are usually the ones who have been through a finding and want to understand what tripped them. By then the cost of reading has already been paid. Reading the directives before the finding is cheaper.

3.5 A Reading Protocol That Works

Run the following protocol at award acceptance:

1. Read the Notice of Award start to finish, then read it again, marking every obligation.
2. Add each special term to the matrix, one by one.
3. Pull the standard terms from the agency's website, read them, and confirm they are the version in effect on the award date.
4. Pull every program guidance document the Notice of Award references and read it in full.
5. Search the agency's policy page for directives issued in the prior twenty-four months that may apply, including rescissions.
6. Open the program's section of the Compliance Supplement and read it to see what the auditor will test.
7. Build the matrix from the union of everything read.

For a moderately complex award, that protocol takes hours, not weeks. They are the cheapest hours the recipient spends on the award. It is also the protocol that gets skipped.

Reading the award identifies the obligations the recipient carries directly. It also identifies the obligations the recipient flows down to subrecipients. Subrecipient monitoring is its own discipline and, in my view, one of the highest-risk areas on federal energy projects. Chapter 4 covers it.

4 Subrecipient Monitoring as Pass-Through Discipline (2 CFR 200.331–200.333)

A pass-through entity that issues a subaward takes on the obligations in 2 CFR 200.332 to evaluate, document and monitor the subrecipient against federal requirements. That obligation does not transfer with the dollars. The dollars flow down. The accountability does not. When the subrecipient produces a finding, the pass-through entity carries it back to the awarding agency. In my view, subrecipient findings can cost a pass-through entity more than its own direct administrative failures.

4.1 The Distinction the Regulation Requires

The first decision is whether the downstream relationship is a subaward or a procurement contract. The distinction is regulatory, not stylistic. Under 2 CFR 200.331, a subaward carries out a portion of the federal award and creates a federal financial assistance relationship. A contract provides goods or services for the recipient's own use. The same entity can be a subrecipient on one award and a contractor on another, depending on the work.

The regulation lists characteristics of a subrecipient. The entity:

- determines who is eligible to receive what federal assistance;
- has its performance measured against whether the objectives of a federal program were met;
- has responsibility for programmatic decision-making;
- is responsible for adherence to applicable federal program requirements; and
- uses the federal funds to carry out a program for a public purpose, as opposed to providing goods or services for the program.

No single factor decides it, and the substance of the relationship matters more than the form of the agreement. The pass-through entity makes the call case by case and must use judgment. Document that determination in writing when the agreement is structured. Pass-through entities that skip that step end up arguing the distinction during an audit, after the auditor has already classified the relationship. That argument usually loses. The documentation, done at structuring, prevents it.

4.2 Before and At the Time of the Subaward

Before issuing a subaward, the pass-through entity must verify in SAM.gov or by the other methods in 2 CFR 180.300 that the subrecipient is not suspended, debarred or otherwise excluded (2 CFR 200.332(a)).

The subaward itself must be identified to the subrecipient as a subaward and must carry the information block in 2 CFR 200.332(b). That block includes:

- the subrecipient's name and unique entity identifier;
- the Federal Award Identification Number (FAIN) and federal award date;
- the subaward period of performance and budget period start and end dates;
- the federal funds obligated in this action, the total obligated to the subrecipient, and the total federal award committed to it;
- the FFATA project description;
- the names of the federal agency and pass-through entity, and contact information for the pass-through entity's awarding official;
- the Assistance Listing title and number;
- whether the award is for research and development;
- the indirect cost rate, including whether the de minimis rate is used.

The subaward must also carry all requirements flowing from federal statutes, regulations and the award terms; any additional requirements the pass-through entity imposes; record access for the pass-through entity and auditors; and closeout terms.

That information block is mandatory. A subaward that omits elements has an immediate compliance gap. If a pass-through entity issues every subaward on its standard professional services template without adding the federal block, every subaward on that template carries the same defect. One omission multiplied across twenty subawards is how high-frequency findings with questioned costs are generated.

4.3 Risk Assessment Under 200.332(c)

The pass-through entity must evaluate each subrecipient's fraud risk and risk of noncompliance to set the right level of monitoring (2 CFR 200.332(c)). The regulation directs it to consider the subrecipient's prior experience with the same or similar subawards, the results of previous audits (including whether the subrecipient receives a single audit and whether similar subawards have been audited as a major program), new personnel or new or substantially changed systems, and the extent and results of federal agency monitoring. Where the risk warrants it, the pass-through entity may impose specific conditions under 200.208 and must notify the federal agency (200.332(d)).

The regulation does not set a refresh cycle. A sound practice is to document the assessment and refresh it at least annually, and whenever the subrecipient's audit results, staffing or systems change.

In practice, risk assessments often default to a low, medium or high rating with no analysis behind it. The analysis is what makes the rating defensible. A subrecipient that has never received federal funds is not low risk simply because it has no prior audit findings. The absence of an audit history is itself a risk factor. A subrecipient whose single audit history shows findings against the compliance requirements relevant to this subaward is high risk, however good the relationship feels. The matrix records the rating and the analysis behind it.

4.4 Monitoring Across the Period of Performance

Monitoring under 2 CFR 200.332(e) runs for the whole period of performance. At minimum the pass-through entity must review the subrecipient's financial and performance reports, make sure the subrecipient takes corrective action on significant developments that negatively affect the subaward (single audit findings, other audit findings, site visit results, and written notice of adverse conditions), issue management decisions on audit findings tied to the subaward, and resolve audit findings specifically related to it. Depending on the risk assessment, paragraph (f) adds tools such as training and technical assistance, site visits and agreed-upon-procedures engagements. Paragraph (g) requires the pass-through entity to verify the subrecipient is audited when Subpart F requires it.

Calibrate intensity to the risk rating. High-risk subrecipients get frequent, substantive monitoring that includes site visits. Low-risk subrecipients still get review of every financial and performance report and periodic transaction sampling.

Document monitoring as it happens: what was reviewed, who reviewed it, when, what findings or observations resulted, and what corrective action the subrecipient took. Verbal feedback that never produces a written record is not monitoring for the auditor's purposes.

4.5 Management Decisions on Subrecipient Audit Findings

When a subrecipient's single audit produces findings that affect the subaward, the pass-through entity must issue a written management decision within six months of the Federal Audit Clearinghouse's acceptance of the audit report (2 CFR 200.332(e)(3) and 200.521(c) and (d)). The decision must state whether the finding is sustained, the reasons, and the action the subrecipient is expected to take, whether repaying disallowed costs, making financial adjustments or something else. A pass-through entity without a workflow for tracking subrecipient audits can miss this deadline, and the miss can become a finding against the pass-through entity at its own next audit.

The workflow is not complicated:

1. Track each subrecipient's fiscal year end.
2. Calendar the audit submission deadline: the earlier of 30 days after the subrecipient receives the auditor's report or nine months after its fiscal year ends (2 CFR 200.512(a)).
3. Pull each subrecipient's reporting package from the Federal Audit Clearinghouse when it is accepted.
4. Calendar the management decision deadline at six months from that acceptance.
5. Review the Schedule of Findings and Questioned Costs for findings tied to your subawards.
6. Issue the management decisions and file them in the pass-through entity's records and in the matrix.

4.6 The Cost of Not Doing It

The exposure on a subrecipient monitoring failure is not limited to the subrecipient's questioned cost. When the agency concludes the pass-through entity did not adequately monitor, it can disallow the costs tied to that noncompliance (2 CFR 200.339(b)), and federal funds paid

beyond what the pass-through entity is entitled to become a debt to the Federal Government (2 CFR 200.346). The pass-through entity then pursues recovery from the subrecipient through whatever contractual mechanisms exist. The recovery often falls short of the disallowance, and the pass-through entity carries the difference.

How the Exposure Lands

Picture a monitoring file that holds desk reviews and no site visits across the period of performance. If the auditor concludes monitoring was inadequate and the agency concurs, the repayment lands on the pass-through entity. A subrecipient with limited capacity to repay absorbs what it can, and the pass-through entity writes off the rest. For a public power entity, that write-off can reach the rate base.

Subrecipient monitoring sits on top of the cost principles that govern every dollar charged to a federal award, whether it is spent by the recipient or flows down to a subrecipient. Chapter 5 covers what those principles require.

5 Cost Principles Under 2 CFR 200 Subpart E: Allowability, Allocability, Reasonableness

The cost principles at 2 CFR 200 Subpart E are the framework under which every dollar charged to a federal award is judged. They apply when the cost is incurred, not when the auditor asks about it. Treating them as an after-the-fact documentation exercise is how recipients fail the documentation test. Evaluate each cost at the point it is incurred, and the file holds up.

5.1 The Allowability Tests

Under 2 CFR 200.403, except where a statute provides otherwise, a cost must meet all of the following to be allowable:

1. Be necessary and reasonable for the performance of the award, and allocable to it.
2. Conform to any limitations or exclusions in the cost principles or the award.
3. Be consistent with policies and procedures that apply uniformly to federally financed and other activities of the recipient.
4. Be given consistent treatment: a cost cannot be charged as direct if a cost incurred for the same purpose in like circumstances has been allocated as indirect.
5. Be determined under generally accepted accounting principles, except as Part 200 provides otherwise for state and local governments and Indian Tribes.
6. Not be included as a cost, or used to meet cost sharing, on any other federally financed program in the current or a prior period.
7. Be adequately documented.

Each test stands on its own. A cost that passes six and fails one is unallowable. An audit can produce a disallowance on the documentation test alone, where the cost is plainly necessary, reasonable, allocable and consistent, but the file does not hold enough evidence to prove it. The cost is right. The file is incomplete. The regulation asks for adequate documentation, not good intentions, and the cost is disallowed. The 2024 definition of questioned cost now says so directly: the questioned cost amount for the portion of a transaction that lacked adequate documentation at the time of the audit is calculated as if that portion were confirmed noncompliant (2 CFR 200.1, definition of questioned cost, paragraph (2)).

5.2 Reasonableness as a Judgment Standard

Under 2 CFR 200.404, a cost is reasonable if it does not exceed what a prudent person would incur under the circumstances prevailing when the decision was made. The standard is a prudent person in the recipient's circumstances. It is not the cheapest available option. It is the

option a careful manager spending the recipient's own money would have chosen, weighing quality, timeliness, supplier reliability and total cost of ownership.

Reasonableness is the test most often contested at audit because it is a judgment. The recipient defends it with documentation of how the decision was made. Why this vendor. Why this price. What alternatives were considered, and what criteria applied. The defense rests on the file, not on anyone's later memory of why the decision made sense.

5.3 Allocability and the Shared Cost Problem

Under 2 CFR 200.405, a cost is allocable to a federal award if it is incurred specifically for the award; benefits both the award and other work and can be distributed in proportions approximated by reasonable methods; or is necessary to the overall operation of the recipient and assignable in part to the award under the cost principles. The second and third categories are where most allocability disputes arise. Shared costs that touch several funding sources need an allocation method that is documented, applied consistently and defensible.

Common allocation bases include direct labor hours, square footage, machine hours, headcount and unit measures specific to the function. Each has limits. Allocating administrative overhead by direct labor hours gives defensible results for labor-intensive functions; allocating by headcount gives different, and equally defensible, results for staff-intensive ones. The recipient picks a method, documents why, applies it consistently, and revisits it as the cost mix shifts.

Recipients that use several allocation methods across several cost pools without documenting the rationale produce allocability findings. The fix is rarely a different method. It is a written cost allocation plan that the auditor can reference and that the recipient actually follows.

5.4 Indirect Cost Rates and Negotiated Agreements

Indirect costs are recovered through a negotiated indirect cost rate agreement under 2 CFR 200.414, through a cost allocation plan for certain entity types, or through the de minimis rate. Since October 1, 2024, a recipient or subrecipient without a current negotiated rate may charge a de minimis rate of up to 15 percent of modified total direct costs, may choose its rate up to that limit, and needs no documentation to justify it (2 CFR 200.414(f)). Once elected, the de minimis rate applies to all of the entity's federal awards until it negotiates a rate.

Indirect cost recovery is one of the most technical areas in the Uniform Guidance and one of the most consequential. On $500,000 of modified total direct costs, a 30 percent negotiated rate recovers $150,000. The de minimis rate at its 15 percent ceiling recovers $75,000. A recipient that misapplies the framework can lose the recovery and pick up a finding for what it claimed.

The cognizant agency for indirect costs, the agency that negotiates the rate on behalf of all federal agencies, is assigned by recipient type under the appendices to Part 200. The negotiated agreement governs indirect cost recovery across all of the entity's federal awards and must be applied correctly on each one. Recipients with a valid rate that apply it incorrectly on individual awards still generate findings. Pass-through entities should note that they cannot force the de minimis rate on a subrecipient that has a federally negotiated rate (2 CFR 200.332(b)(4)(ii)).

5.5 Selected Items of Cost

Subpart E contains specific rules for more than fifty enumerated items of cost at 2 CFR 200.420 through 200.476. They run from advertising and public relations, alcoholic beverages and audit services through compensation, conferences, contingency provisions, depreciation, entertainment, equipment and capital expenditures, fines and penalties, insurance, interest, lobbying, maintenance and repair, materials and supplies, participant support, pre-award costs, professional services, rental costs, taxes, telecommunication and video surveillance, termination and closeout costs, training, travel and trustees.

Each item carries its own rule. Some costs are allowable with conditions, some only up to stated limits, some not at all. Recipients that charge costs in these categories without reading the relevant section produce findings. Read the section when the cost is incurred, not after the audit.

5.6 Documenting Personnel Costs

Under 2 CFR 200.430(g), charges for salaries and wages must rest on records that accurately reflect the work performed. Those records must be supported by a system of internal control that gives reasonable assurance the charges are accurate, allowable and properly allocated; be part of the recipient's official records; reasonably reflect the employee's total compensated activity; and support the distribution of pay among cost objectives whenever the employee works on more than one award, or on federal and non-federal work. Nonexempt employees also need records of total hours worked each day under the Fair Labor Standards Act regulations at 29 CFR Part 516.

Budget estimates alone do not support charges. They may be used for interim accounting only if the system produces reasonable approximations, significant changes in workload are promptly recorded, and the recipient performs periodic after-the-fact reviews and adjusts the charges so the final amount is accurate.

Recipients that bill personnel on the budgeted distribution instead of actual effort generate findings. The fix is a time and effort process that captures actual work, reviews it on a set cadence, and reconciles it to the labor charges in the general ledger.

Cost principles govern the evaluation of each charge. Procurement standards govern how the recipient chooses the vendors whose costs will later be charged. Chapter 6 covers those standards and the documentation that protects every procurement.

6 Procurement Under 2 CFR 200.317–200.327: Documentation as Defense

Procurement is where local government, utility and nonprofit recipients most often produce findings, because the federal framework is more prescriptive than most of the procurement rules they are used to. Recipients that have bought under state and local law for decades assume their process satisfies federal requirements. Often it does. Sometimes it does not, and the differences are subtle enough to survive a casual comparison and surface only when a federal auditor walks the file. The defense against procurement findings is documentation built into the procurement process, not assembled afterward.

6.1 Who Follows Which Standards

Under 2 CFR 200.317, a State or Indian Tribe follows the same policies and procedures it uses for procurements with non-federal funds, and must also comply with 200.321 (contracting with small, minority, women-owned and veteran-owned businesses and labor surplus area firms), 200.322 (domestic preferences), 200.323 (procurement of recovered materials) and 200.327 (contract provisions). Every other recipient and subrecipient, including local governments, public power utilities, cooperatives, institutions of higher education, nonprofits and subrecipients of a State, follows the full standards at 2 CFR 200.318 through 200.327.

The general standards at 200.318 require documented procurement procedures consistent with State, local and tribal law; oversight of contractor performance; written standards of conduct on conflicts of interest; avoidance of unnecessary or duplicative purchases; award only to responsible contractors; and procurement records that detail the history of each transaction. Section 200.319 requires that procurements be conducted in a manner providing full and open competition. Value engineering clauses in larger construction contracts are encouraged where practical.

The records requirement at 200.318(i) is the operational core. Those records must include the rationale for the procurement method, the selection of contract type, the contractor selection or rejection, and the basis for the contract price. A procurement conducted properly but documented poorly fails at audit. One documented thoroughly but conducted poorly draws different findings about the conduct itself. A thorough file at least lets the recipient show what was done. A thin file lets the auditor assume the worst.

6.2 Methods of Procurement

Section 200.320 sets out three types of procurement method and five methods in all:

- **Informal methods** for purchases up to the simplified acquisition threshold: micro-purchases, and small purchases using price or rate quotations.
- **Formal methods**: sealed bids, generally preferred for construction when the conditions for sealed bidding are met, and proposals, used when sealed bidding is not appropriate.
- **Noncompetitive procurement**, permitted only in the circumstances listed in 200.320(c).

Part 200 ties its thresholds to the FAR. As of this paper's status date, 48 CFR 2.101 sets the micro-purchase threshold at $15,000 and the simplified acquisition threshold at $350,000. A recipient may set lower thresholds, and the thresholds it uses must be allowed under its State, local or tribal law. It may self-certify a micro-purchase threshold up to $50,000 on an annual basis, with a justification and documentation of low-risk auditee status, an annual internal risk assessment, or, for public institutions, consistency with State law (200.320(a)(1)(iv)). Anything above $50,000 needs approval from the cognizant agency for indirect costs.

Each method carries documentation expectations that scale with dollar exposure. Micro-purchases should be distributed equitably among qualified suppliers to the extent practicable, and may be awarded without quotations if the recipient documents why the price is reasonable. Small purchases need price or rate quotations from an adequate number of qualified sources. Sealed bids need public advertisement, time to prepare bids, a public opening, and award to the lowest responsive, responsible bidder. Proposals need publicized solicitations, evaluation against published criteria, and award to the most advantageous responsible offeror. Noncompetitive procurement needs written justification.

Recipients that choose a method that does not fit the dollar value produce findings. Recipients that choose the right method but document the reasoning poorly produce different ones. The matrix records the rationale for the method on every procurement above the micro-purchase threshold.

6.3 Sole Source and Noncompetitive Justification

Under 2 CFR 200.320(c), noncompetitive procurement is permitted only when one of five circumstances applies:

1. The aggregate amount does not exceed the micro-purchase threshold.
2. The item or service is available only from a single source.
3. A public exigency or emergency will not permit the delay of a competitive solicitation.
4. The recipient asks in writing and the federal agency or pass-through entity approves in writing.
5. After soliciting several sources, competition is determined inadequate.

Recipients commonly invoke sole source for proprietary equipment, for an incumbent vendor's expertise on existing systems, and for specialized services with few qualified providers. Each claim holds only if the documentation supports it. The file should show what was sought, what alternatives were investigated, why none met the requirement, and how the price was determined reasonable. A one-paragraph memo signed by the project manager is not enough. A file with a documented market survey, vendor research, technical justification and price analysis is.

A recipient can lose a sole source disallowance argument at the documentation level. The procurement may be entirely defensible on the merits. If the file does not show the work, the auditor disallows it.

6.4 Conflict of Interest

Under 2 CFR 200.318(c)(1), the recipient must maintain written standards of conduct covering conflicts of interest for employees engaged in the selection, award and administration of contracts. No employee, officer, agent or board member with a real or apparent conflict may participate in the selection, award or administration of a contract supported by the award. A conflict exists when that person, an immediate family member, a partner, or an organization that employs or is about to employ any of them has a financial or other interest in, or a tangible personal benefit from, a firm being considered. The standards must prohibit soliciting or accepting gratuities from contractors, subject to the recipient's rules for nominal unsolicited gifts, and must provide for disciplinary action. A recipient with a parent, affiliate or subsidiary that is not a State, local government or Indian Tribe must also maintain standards for organizational conflicts of interest (200.318(c)(2)). DOE recipients should also check DOE's conflict of interest requirements in 2 CFR Part 910, Subpart C.

Recipients that inherited conflict of interest policies from state or local frameworks should compare them line by line against the federal text. Differences usually show up in who is covered (board members and partners), in disclosure procedures, and in disciplinary mechanics. The backbone includes a conflict of interest disclosure file for each procurement above the micro-purchase threshold, with signed disclosures from each evaluation committee member and from any employee materially involved in the contract.

6.5 Cost or Price Analysis

Under 2 CFR 200.324(a), the recipient must perform a cost or price analysis for every procurement transaction above the simplified acquisition threshold, including contract modifications. The method and depth depend on the facts, but as a starting point the recipient must make independent estimates before receiving bids or proposals. Document the estimate before bids are opened. Compare the bid prices against it. Investigate significant variances.

Recipients that write the estimate after the fact, by recording the bid prices and calling that the estimate, generate findings the auditor will read as weak internal control. The estimate is contemporaneous or it is not an estimate. The matrix flags every procurement above the simplified acquisition threshold and confirms the estimate is in the file before bid opening.

6.6 Contract Provisions

Under 2 CFR 200.327, every contract under the award must contain the applicable provisions in Appendix II to Part 200. Which provisions apply depends on the type and value of the contract. They include administrative, contractual or legal remedies for contracts above the simplified acquisition threshold; termination for cause and convenience for contracts above $10,000; equal employment opportunity for federally assisted construction contracts; Davis-Bacon for prime construction contracts above $2,000 where program legislation requires it; the Contract Work Hours and Safety Standards Act for contracts above $100,000 involving mechanics or laborers;

rights to inventions; the Clean Air Act and Federal Water Pollution Control Act for contracts above $150,000; debarment and suspension; the Byrd Anti-Lobbying Amendment certification for bids above $100,000; procurement of recovered materials; the prohibition on certain telecommunications and video surveillance equipment (200.216); and domestic preferences (200.322).

Recipients that issue contracts on their standard templates without confirming the federal provisions are included carry the same defect into every contract issued. The fix is a federal contract addendum carrying the Appendix II provisions, attached to every contract above the relevant thresholds. The addendum lives in the matrix, and every contract file holds the signed addendum with the contract.

6.7 Procurement File Construction

A procurement file that survives audit scrutiny includes:

- the procurement initiation request and the determination of method;
- the independent cost estimate;
- the solicitation and proof of advertisement or distribution;
- the responses received;
- the evaluation committee roster and conflict disclosures;
- the scoring or evaluation work papers and the selection memorandum;
- the award notice and the contract with the required federal provisions;
- the cost or price analysis;
- the SAM.gov exclusion check for the selected contractor;
- Build America, Buy America applicability and compliance documentation, where it applies;
- prevailing wage applicability and compliance documentation, where it applies; and
- every modification during the contract's life.

The list is long. It is also predictable. A standard file template with a placeholder for each element, used on every procurement, cuts the documentation burden and produces complete files. The matrix indexes each procurement file by identifier and confirms every element is present before the procurement is closed out in the file system.

Cost principles and procurement standards govern what gets spent and how. Reporting governs what the recipient tells the awarding agency about that spending and the progress behind it. Chapter 7 covers the reporting cadence.

7 The Reporting Cadence: SF-425, Performance Reports, Payment, Program Reporting

Federal energy awards run on a reporting cadence that starts with the first reporting period after award and runs through closeout. The reports are not optional, their timing is not negotiable, and they do not follow the recipient's preferred fiscal calendar. They run on the cadence the award sets, and the recipient adjusts. Missed deadlines generate findings and erode the credibility of the recipient's whole compliance posture. Reports filed on time with numbers that do not tie to the general ledger generate different, and worse, findings.

7.1 The Federal Financial Report (SF-425)

The Federal Financial Report, Standard Form 425, is the government-wide financial reporting instrument (2 CFR 200.328(a)). It captures federal cash received and disbursed, federal and recipient shares of expenditures, unliquidated obligations, program income and indirect costs. The agency must collect financial reports at least annually and may not collect them more often than quarterly unless it imposes a specific condition under 200.208 (200.328(b)). Quarterly and semiannual reports are due no later than 30 days after the reporting period; annual reports no later than 90 days after (200.328(c)). The final financial report is due no later than 120 calendar days after the period of performance ends. A subrecipient's final report is due to the pass-through entity within 90 days (200.328(d)).

The SF-425 must reconcile to the general ledger. The auditor will trace cumulative expenditures on the most recent report back through the underlying transactions. Recipients that filed on estimates, or on operational reports that do not match the ledger, fail that test. The fix is a formal close at the end of each reporting period that reconciles the draft SF-425 to the ledger before it is submitted. The matrix carries the submission cadence and links to each period's reconciliation work papers.

The accounting basis matters. Under the definition of expenditures in 2 CFR 200.1, charges may be reported on a cash or accrual basis as long as the method is disclosed and consistently applied. Report on the basis the agency specifies, if it specifies one. Switching basis between periods creates reconciliation problems that compound through the period of performance.

7.2 Performance Reporting

Performance reports are program-specific. They capture progress against the milestones, deliverables and objectives in the approved project narrative. Agencies must use OMB-approved common information collections for performance reporting and, like financial reports, may not require them more often than quarterly absent a specific condition (2 CFR 200.329(b)).

When reporting performance, the recipient must relate financial data and accomplishments to the award's goals and objectives. The frequency, format and content come from the reporting requirements attached to the award. Read that attachment and put every report on it into the matrix.

Performance reports are how the awarding agency tracks whether the project is delivering what the award paid for. Reports that downplay slippage, omit known issues, or call milestones complete when they are not generate findings when the auditor compares them to the evidence. Reports that state slippage plainly, identify root causes and document mitigation build credibility with the program officer and produce defensible records.

The performance report is where a project's candor gets tested. Optimistic reporting builds up gaps quarter by quarter, and the closeout review is where they surface.

7.3 Payment and Drawdown Discipline

Many federal awards draw through the Treasury's Automated Standard Application for Payments (ASAP), and the recipient operates drawdown discipline daily or weekly during active spending. Under 2 CFR 200.305(b)(1), advance payments must be limited to the minimum amounts needed and timed to the actual, immediate cash requirements of the project, as close as is administratively feasible to actual disbursement. States follow the Cash Management Improvement Act rules at 31 CFR Part 205, which set their own timing requirements.

Drawing federal funds ahead of need violates the immediate cash needs principle. The fix is a drawdown protocol that ties draws to disbursement dates instead of to the recipient's general cash convenience. The matrix carries the protocol and the documentation that confirms the timing.

Interest compounds the timing problem. Advance payments generally must sit in interest-bearing accounts unless an exception applies, such as receiving less than $250,000 in federal funding a year (200.305(b)(11)). The recipient may keep up to $500 a year of interest earned on federal funds for administrative expenses; anything above that must be returned annually to the Department of Health and Human Services Payment Management System, whether or not the recipient was paid through PMS (200.305(b)(12)). Recipients that have not built interest tracking and remittance into the workflow generate findings.

7.4 Program-Specific Reporting

Many federal energy awards carry program reporting beyond the financial and performance reports: Davis-Bacon certified payroll compliance, Build America, Buy America waiver tracking, milestone reports tied to payment or go/no-go decisions, and program metrics. Each obligation is spelled out in the award's reporting requirements or the program guidance it incorporates.

Program reports often have their own templates, portals and review cycles. The matrix captures each one with an owner, a frequency and an evidence location. A recipient that has not built the matrix at that level of detail will miss obligations the award documents reference only indirectly through program guidance.

Awards made before 2025 may still list community benefits plan, Justice40 or diversity reporting. DOE rescinded the underlying guidance on January 23, 2025 (PF 2025-16). Treat

those rows as Chapter 3 describes: written direction from the contracting officer, filed as evidence, before you stop reporting.

7.5 Reconciling Reports to the General Ledger

The single audit firm walks every report against the ledger. SF-425 cumulative expenditures must match. Drawdowns must reconcile to the payment system records. Cost share must trace through the recipient's books. Program income must reconcile to revenue records. Performance milestones must reconcile to the procurement files, contracts and deliverables behind them.

A report can look right to the program officer when it is filed and still fall apart at the single audit if nobody reconciled it. The fix is a closing protocol for each reporting period that produces the reconciliation work papers at the time of filing and stores them with the submission. The matrix references the work papers by period.

Financial and performance reporting capture the dollar and milestone dimensions of the award. Property management captures the asset dimension, and its obligations outlast the period of performance. Chapter 8 covers 2 CFR 200.310 through 200.316.

8 Property and Equipment Management Under 2 CFR 200.310–200.316

Federal awards that fund equipment, real property or supplies carry property obligations that survive the period of performance and touch the recipient's books, its insurance and its eventual disposition decisions. Recipients that treat federally funded equipment like equipment bought with their own money fail the property requirements at audit and face disposition disputes years after the award has closed.

8.1 Title and Use Conditions

Under 2 CFR 200.313(a), title to equipment acquired under a federal award vests in the recipient or subrecipient on acquisition, subject to conditions. It is a conditional title unless a statute lets the agency vest clear title and the agency elects to. The recipient must use the equipment for the project's authorized purposes during the period of performance or until it is no longer needed for them, must not encumber it without prior approval, and must follow the disposition rules when it is no longer needed for the original project or for other federally supported activities.

A State uses, manages and disposes of equipment under its own laws and procedures, and Indian Tribes under tribal laws and procedures where they exist (200.313(b)). Everyone else, including subrecipients of a State, follows paragraphs (c) through (e).

Because the federal interest persists, the recipient cannot sell, transfer or otherwise dispose of federally funded equipment on its own while that interest applies. It must follow the disposition procedures and get agency instructions where the award requires them. Recipients that dispose of equipment without following the process generate findings, and those findings can turn into repayment of the federal share of the equipment's value.

8.2 Property Records and Physical Inventory

Under 2 CFR 200.313(d)(1), property records must include a description of the property; a serial number or other identification number; the source of funding, including the FAIN; the title holder; the acquisition date and cost; the percentage of federal contribution to the original purchase; the location, use and condition; and any disposition data, including the date of disposal and sale price. The records must be kept current when the property's status changes.

Under 200.313(d)(2), a physical inventory must be taken and reconciled with the property records at least once every two years. Document the reconciliation and investigate discrepancies. Under 200.313(d)(3), a control system must safeguard against loss, damage and

theft; any loss, damage or theft must be investigated, and the agency or pass-through entity must be notified when it will affect the program. Regular maintenance procedures and, where sale is authorized, sales procedures that get the highest possible return are also required (200.313(d)(4) and (5)).

Recipients that keep property records in a general fixed asset system often discover at audit that the federal fields are missing. The asset system tracks cost, location and depreciation. It may not track federal source, FAIN, percentage of federal participation or federal use conditions. The fix is a federal property module inside the asset system or a parallel register, reconciled to the asset system, with the biennial inventory recorded in the matrix.

8.3 Equipment Threshold and Capitalization

The 2024 revision changed this definition, and many recipients have not caught up. Under 2 CFR 200.1, equipment is tangible personal property, including information technology systems, with a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the recipient's capitalization level for financial statement purposes or $10,000. Items below that line are supplies, handled under 200.314.

The "lesser of" test cuts one way. A recipient that capitalizes at $5,000 has a federal equipment threshold of $5,000, not $10,000. A recipient that capitalizes at $25,000 still has a federal threshold of $10,000, so an item it expenses on its own books can be federal equipment that needs a property record, inventory and disposition. The matrix tracks federal equipment under the federal definition, applied to the recipient's own capitalization policy, regardless of how the item is booked.

8.4 Real Property

Under 2 CFR 200.311, title to real property acquired or improved under a federal award vests in the recipient subject to conditions. The property must be used for the originally authorized purpose as long as it is needed for that purpose, and while it is so used the recipient may not dispose of or encumber its title without the agency's permission. Utility and similar easements that benefit the property and fit the authorized use are not an encumbrance. When the property is no longer needed, the recipient must request disposition instructions, and the agency's share of the property's value may be due.

Real property obligations are routinely underestimated because they outlast the period of performance. A recipient that improved a facility with federal funds five years ago and now wants to convert it to another use must work the federal disposition process before the conversion. Recipients that skip that step create obligations after the fact.

8.5 Supplies

Under 2 CFR 200.314, title to supplies vests in the recipient on acquisition. When unused supplies left at the end of the period of performance exceed $10,000 in aggregate value and are not needed for any other federal award, the recipient may keep or sell them but must compensate the agency or pass-through entity for its share: the federal percentage of the original cost multiplied by the current market value or sale proceeds. "Unused" means new condition, never opened, and the aggregate counts all supply types together.

The supplies rule gets missed because supplies are less visible than equipment. The fix is a closeout supplies inventory that establishes the unused balance, values it, tests it against the $10,000 threshold, and documents the disposition or compensation in the closeout package.

8.6 Insurance Coverage

Under 2 CFR 200.310, the recipient must, at a minimum, insure real property and equipment acquired or improved with federal funds to the same extent it insures property it owns outright. Federally owned property need not be insured unless the award requires it. Recipients that never added federally funded equipment to the insurance schedule draw findings even when no loss has occurred.

8.7 Disposition When Equipment Is No Longer Needed

Under 2 CFR 200.313(e), when equipment is no longer needed for the original project or for other activities currently or previously supported by a federal agency, the recipient must request disposition instructions if the award requires it. Equipment with a current per-unit fair market value of $10,000 or less may be kept, sold or otherwise disposed of with no further obligation. Above that value, the recipient may keep or sell the item, and the agency is entitled to compensation for its share; this applies as well if the agency fails to give requested instructions within 120 days. Paragraph (e) also lets the recipient transfer title to the Federal Government or an eligible third party, with compensation for its share, and lets the agency direct disposition when the recipient fails to act.

The disposition workflow often requires advance contact with the agency. Recipients that skip that step have generated findings even when the disposition itself was defensible. The matrix carries the disposition rules and prompts the workflow when a trigger occurs.

Property management is one of the compliance requirements the single audit tests directly. Chapter 9 covers the single audit under Subpart F, from the SEFA through findings resolution.

9 Single Audit Posture Under Subpart F: From SEFA Through Findings Resolution

A non-federal entity that expends $1,000,000 or more in federal awards in its fiscal year must have a single audit, or in limited cases a program-specific audit, conducted under 2 CFR 200 Subpart F (2 CFR 200.501). The single audit is not the financial statement audit the recipient commissions for its own purposes. It is a regulatory audit conducted under federal standards, and the recipient is required to procure it. The framework is unforgiving when the recipient treats it casually.

9.1 Threshold and Coverage

The threshold was raised from $750,000 to $1,000,000 in the 2024 revision. Federal awards expended aggregate across every federal award the entity received, including awards received as a subrecipient. Under 2 CFR 200.502, an award is expended when the activity related to it occurs, generally when the cost is incurred or, for loans, as the rule describes.

For-profit recipients are not covered by the Single Audit Act or Subpart F. DOE applies similar requirements to its for-profit recipients through 2 CFR 910 Subpart F, where 910.501 still reads $750,000. DOE Policy Flash 2025-02 (October 2, 2024) issued a class deviation raising that for-profit threshold to $1,000,000 until DOE completes rulemaking, and DOE Policy Flash 2025-20 (April 1, 2025) clarifies that the higher threshold applies to for-profit fiscal years beginning on or after October 1, 2024. A for-profit DOE recipient needs both documents in the file.

A recipient approaching the threshold during a fiscal year should decide early whether it will cross it, so it can procure a qualified audit firm in time. Firms with federal grant audit experience, particularly in energy, are not always available on short notice. The recipient that scrambles in the last quarter often ends up with a firm whose experience is shallow and whose work creates as many problems as it finds.

9.2 The Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards, the SEFA, lists every federal award expended in the fiscal year. Preparing it is the auditee's responsibility under 2 CFR 200.510(b). The auditor tests it for completeness and accuracy but does not produce it. SEFAs that omit awards, carry the wrong Assistance Listing numbers, or fail to separate direct awards from pass-through awards generate findings.

The SEFA must list individual federal programs by federal agency with their Assistance Listing numbers, show clusters with their component programs, give the name of the pass-through

entity and the identifying number it assigned for any award received as a subrecipient, show total awards expended for each program, and show the total provided to subrecipients from each program. Major programs are determined from the SEFA, so its accuracy drives the major program determination. A SEFA that misstates a program's expenditures can steer the auditor to test the wrong programs as major.

Build the SEFA from the accounting records and from confirmations with awarding agencies and pass-through entities. Make it a controlled exercise documented as it happens, not a year-end reconstruction. The matrix carries the SEFA build protocol and references the reconciliation work papers behind it.

9.3 Major Program Selection

Under 2 CFR 200.518, the auditor selects major programs with a risk-based approach. For entities expending up to $34 million, Type A programs are those with expenditures above $1,000,000; larger entities use the scaled thresholds in the regulation. Everything else is Type B. A Type A program is low-risk only if it was audited as a major program in at least one of the two most recent audit periods and, in the most recent period, had no material weakness in internal control, no modified opinion, and no known or likely questioned costs above five percent of its expenditures. Type A programs that are not low-risk are audited as major, and high-risk Type B programs are identified under the regulation's later steps.

The recipient does not select major programs. The auditor does. But the recipient can see the likely selections coming and prepare. The likely major programs are the large programs that have not been audited as major in either of the last two periods, the large programs with recent problems, and smaller programs with known risk factors. The matrix flags them and confirms the supporting evidence is ready before fieldwork begins.

9.4 Internal Control Testing

The single audit tests internal control over compliance for each major program. The auditor evaluates whether the recipient's controls are designed and operating to prevent or detect noncompliance, and tests them through samples. Significant deficiencies and material weaknesses in internal control over a major program are reported as audit findings, judged in relation to each type of compliance requirement in the Compliance Supplement (2 CFR 200.516(a)(1)).

A recipient that has run the backbone with discipline has controls the auditor can test efficiently. The matrix is itself an internal control. Documented reviews, owner assignments, evidence locations and review dates are the artifacts the auditor samples. Recipients that have not run the backbone present controls that exist on paper without operating evidence, and the deficiency classifications tend to escalate in those situations.

9.5 Compliance Requirement Testing

For each major program, the auditor tests the compliance requirements the Compliance Supplement identifies for that program. The 2025 Supplement sorts them into twelve types:

Code	Compliance requirement type
A	Activities Allowed or Unallowed
B	Allowable Costs/Cost Principles
C	Cash Management
E	Eligibility
F	Equipment and Real Property Management
G	Matching, Level of Effort, Earmarking
H	Period of Performance
I	Procurement and Suspension and Debarment
J	Program Income
L	Reporting
M	Subrecipient Monitoring
N	Special Tests and Provisions

Letters D and K are reserved. The Supplement's matrix for each program shows which types are subject to audit. The backbone's matrix should mirror it for every likely major program and track the evidence against the test set the auditor will run.

9.6 The Schedule of Findings and Questioned Costs

Findings are reported in the Schedule of Findings and Questioned Costs. Under 2 CFR 200.516(a), the auditor must report significant deficiencies and material weaknesses in internal control over major programs; material noncompliance; known questioned costs when known or likely questioned costs exceed $25,000 for a type of compliance requirement for a major program; known questioned costs above $25,000 for a program not audited as major; the reasons for any opinion on a major program that is other than unmodified; and known or likely fraud affecting a federal award. Each finding is presented with enough detail for the auditee and agencies to understand it and act: the criteria, the condition, the cause, the effect, the questioned costs, the context, the recommendation and management's views.

For each finding, the auditee prepares a corrective action plan and a summary schedule of prior audit findings (2 CFR 200.511). Material weaknesses and material noncompliance draw heightened attention from the awarding agency. The timeliness of corrective action and the quality of the plan both feed the agency's later decisions, including whether to impose specific conditions under 200.208 on future awards.

9.7 Findings Resolution

The audit, the data collection form and the reporting package go to the Federal Audit Clearinghouse within 30 days after the auditee receives the auditor's report, or nine months

after the end of the audit period, whichever is earlier (2 CFR 200.512(a)). Under 2 CFR 200.521(d), the federal agency or pass-through entity responsible for a finding must issue its management decision within six months of the FAC's acceptance of the audit report. The decision states whether the finding is sustained, why, and what the auditee must do: repay disallowed costs, make financial adjustments or take other action. The auditee must start and pursue corrective action as quickly as possible, and corrective action should begin no later than receipt of the audit report.

Treat findings resolution as paperwork and the same finding comes back across several audit cycles. Open findings compound, because each audit retests the same area and reports either the closure evidence or the continuing deficiency. Close them substantively the first time.

The single audit covers performance during the period of performance. Closeout covers its end and produces the final administrative record. Chapter 10 covers what 2 CFR 200.344 requires.

10 Closeout Discipline: What "Closing an Award" Actually Means

Under 2 CFR 200.344(a), the federal agency or pass-through entity closes out an award when it determines that all administrative actions and required work have been completed. A recipient must submit all financial, performance and other required reports no later than 120 calendar days after the period of performance ends, and must liquidate all obligations incurred under the award within the same 120 days (200.344(b) and (c)). Closeout is not a paperwork step the recipient can defer. The closeout file is the final administrative record on the award. It is what the agency uses to determine whether disallowed costs remain, whether equipment disposition is complete, whether subrecipient findings are resolved, and whether the recipient's performance should affect future awards.

10.1 The Closeout Timeline

The 120-day clock starts at the end of the period of performance. In that window the recipient submits the final SF-425, the final performance report, the equipment and property closeout documentation, the program income and cost share reconciliations, and any program-specific final reports. Subrecipients owe their final reports to the pass-through entity within 90 days, or earlier if the subaward says so. The agency or pass-through entity may approve extensions when justified. If the recipient does not yet have a final indirect cost rate, it still files the final financial report on time and revises it when the rates are final. The agency, for its part, must make every effort to complete closeout within one year after the period of performance ends (200.344(h)).

A recipient that ran the matrix through the period of performance starts closeout with most of the artifacts already assembled. Without it, closeout becomes a reconstruction job, and one hundred twenty days is rarely enough to reconstruct several years of administrative records. Reconstruction produces gaps, gaps produce findings at the closeout review, and those findings can become agency disallowance determinations that the recipient then appeals or repays.

10.2 The Final Financial Reconciliation

The final SF-425 must reconcile to the general ledger across the full period of performance. Cumulative federal expenditures, cumulative cost share, cumulative program income, cumulative drawdowns and the final balance must all tie. Small discrepancies in quarterly reports compound by the final period. The fix is a final closing protocol that produces a complete reconciliation, traces each variance to specific transactions, and corrects the cumulative figures before the final SF-425 is filed.

The reconciliation produces a balance owed one way or the other. A recipient that drew more than its allowable costs must promptly refund the unobligated funds it is not authorized to keep

(200.344(e)). A recipient whose allowable costs exceed its draws may draw the remainder, subject to the award terms. After the closeout reports arrive, the agency makes its final adjustments to the federal share, including disallowances and deobligation of unliquidated balances (200.344(f)).

10.3 Equipment and Property Closeout

The recipient must account for any property acquired with federal funds or received from the government, under 2 CFR 200.310 through 200.316 and 200.330 (200.344(g)). The closeout package carries the final equipment and property inventory, the disposition documentation for anything no longer needed for a federal purpose, and the per-unit fair market valuations behind each disposition decision. Equipment the recipient keeps for continued federally supported use is documented. Equipment sold or disposed of with compensation due is documented, and the compensation is remitted.

Recipients that skipped equipment discipline during the period of performance face reconstruction at closeout. It is much harder than doing the work as it happens, because items have moved, conditions have changed, original documents may be gone, and valuations are stale. A matrix that tracked equipment throughout produces the closeout inventory straight from the working register.

10.4 Subrecipient Closeout

Each subaward should close before the prime award does. Subrecipient closeouts produce the same artifacts at the subaward level: final financial and performance reports, equipment disposition, and findings resolution. The pass-through entity reviews each subrecipient's closeout package, issues management decisions on open findings, and confirms the subaward is closed before folding the subrecipient's information into the prime closeout.

Subrecipient delays cascade upward. A pass-through entity that does not enforce the 90-day subrecipient deadline can find its own closeout held up by its slowest subrecipient. The matrix tracks each subaward's closeout status and prompts action when submissions lag.

10.5 Open Findings at Closeout

Findings still open at closeout do not necessarily prevent it, but they must be tracked to resolution. Closeout proceeds when the agency determines that all administrative actions and required work are complete (200.344(a)), and its right to disallow costs on the basis of a later audit or review survives closeout (200.345(a)(1)). The recipient's obligation to complete corrective action survives closeout, and the corrective action evidence goes into the same record system that supported the audit and the period of performance.

Recipients that resolved findings substantively during the period of performance reach closeout with a clean schedule. Recipients with open findings carry them past closeout and keep managing them until the agency or pass-through entity closes each one.

10.6 The Closeout Certification

Every financial report, including the final one, carries the certification in 2 CFR 200.415(a), signed by an official authorized to legally bind the recipient. The signer certifies that the report is

true, complete and accurate and acknowledges that false, fictitious or fraudulent information, or the omission of a material fact, may bring criminal, civil or administrative penalties, citing 18 U.S.C. 1001 and the False Claims Act provisions at 31 U.S.C. 3729 and 3730, and 31 U.S.C. 3801 through 3812. Separately, 2 CFR 200.113 requires prompt written disclosure to the agency, its Office of Inspector General and any pass-through entity of credible evidence of certain federal criminal violations or civil False Claims Act violations in connection with the award.

The authorized representative should read the closeout submissions, understand the support behind them, and certify with the same care applied to the recipient's audited financial statements. When the matrix has run all along, the representative can sign with confidence. When it has not, the representative either signs without adequate review or refuses to sign until more verification is done, and the refusal delays closeout and exposes the matrix gap at the worst possible moment.

10.7 Termination Is Also a Closeout

An award can end before its scheduled end date. Under 2 CFR 200.340(a), an agency or pass-through entity may terminate an award for noncompliance, by mutual consent, at the recipient's request, or under the award's terms, including, to the extent authorized by law, when the award no longer effectuates program goals or agency priorities. A terminated award still closes out under 200.344, and the cost principles address termination and standard closeout costs at 200.472. The backbone matters most here, because a termination compresses the closeout timeline with little warning. A recipient with a current matrix can document costs incurred, obligations outstanding and property on hand within days. A recipient without one is reconstructing the record while negotiating the termination settlement.

10.8 Post-Closeout Obligations

Closeout does not end every obligation. The most important one that survives is the agency's or pass-through entity's right to disallow costs and recover funds on the basis of a later audit or review, as long as it makes that determination and notifies the recipient within the record retention period (2 CFR 200.345(a)(1)). Under 2 CFR 200.334, award records must be retained for three years from the date the final financial report is submitted, longer when litigation, claims or audit findings started before the three years ran out, and longer in the other cases the section lists. Equipment and real property use restrictions can continue past closeout while the federal interest persists. Expenditures in the award's final fiscal year still count toward that year's single audit threshold, so the audit obligation for that year remains.

The matrix carries post-closeout obligations into a maintenance register that the entity reviews annually to confirm continued compliance with record retention, property use and anything else that survives closeout.

The previous ten chapters describe the components of the backbone. Chapter 11 takes up the practical question: how to build it alongside project execution instead of as a parallel exercise that competes with execution for resources.

11 Building the Backbone Concurrent With Execution

The compliance backbone fails when it is treated as an overlay on the project instead of part of how the project is executed. Recipients that put a grants administrator on the project from day one and build the matrix into the project management cadence carry the backbone through execution without friction. Recipients that build it in parallel, with the project team running ahead and the compliance team running behind, end up in continuous gap-closure work that never quite catches up. The integrated approach is cheaper and more durable. It is also less common than it should be.

11.1 Staffing the Backbone

The backbone needs named staff capacity: dedicated grants administration time for each award, plus time from finance, procurement, project management and legal as transactions occur. An entity carrying several awards at once needs more than one award's load, but less than the sum, because several disciplines operate at the entity level: one SAM.gov registration, one set of internal controls, one SEFA per fiscal year, one indirect cost rate agreement.

Entities that run federal awards on the leftover capacity of staff whose real jobs sit elsewhere get inconsistent backbone operation. The staff member works the backbone on Tuesdays and Thursdays when other priorities allow. The Tuesday and Thursday work is competent but discontinuous, and the discontinuity produces gaps that continuous work would have closed. The fix is named staff with named hours, even fractional hours, applied consistently against a calendar.

11.2 Integrating With Project Management

Make the matrix visible in the project management cadence. The weekly project meeting carries a standing compliance item that covers obligations due in the next two weeks, obligations recently closed, and obligations at risk. The project manager and the grants administrator review them together, so issues surface in the meeting instead of at the audit.

In my view, integrating this way is the most useful change a recipient can make after award. A project team that once treated compliance as an outside imposition starts seeing the obligations as part of the project plan. A grants administrator who once chased the project team for inputs starts receiving them as part of normal workflow.

11.3 Calendaring Across the Period of Performance

The matrix should drive a calendar of every obligation deadline across the period of performance: reporting deadlines, audit milestones, subrecipient monitoring milestones,

equipment inventory dates and closeout milestones. Keep it centrally and synchronize it with the owners. Deadlines stop being surprises because the calendar shows them well in advance.

The calendar also carries contingent deadlines that start on a trigger. Subrecipient management decision deadlines start on FAC acceptance of the subrecipient's audit. Closeout deadlines start at the end of the period of performance. Disposition steps start when the recipient decides equipment is no longer needed. The matrix holds the triggers, and the calendar reflects them.

11.4 Quarterly Backbone Reviews

Review the matrix quarterly at a level above day-to-day operation. The quarterly review confirms that the matrix is current, the evidence locations are accurate, owners are unchanged or properly transitioned, review dates are within tolerance, and risk ratings reflect current conditions. Document the review, and keep the documentation in the matrix.

The quarterly review is also when the entity asks the strategic questions. Is the staffing adequate? Are the controls working? Are subrecipients performing within risk tolerances? Is the financial reconciliation on track? Is the matrix surfacing issues fast enough? Those questions are uncomfortable when the answer is no. They are more uncomfortable when the audit notice lands and nobody asked them.

11.5 Cross-Award Disciplines

Entities with several federal awards should run certain disciplines at the entity level:

- one SAM.gov registration, monitored by a named administrator;
- one indirect cost rate agreement, applied consistently across awards;
- one SEFA per fiscal year, built from a consolidated federal expenditure register;
- one single audit engagement covering all federal awards as a unified scope;
- one property register tracking federally funded equipment regardless of which award paid for it.

Cross-award disciplines cut the per-award administrative load and improve consistency. They also surface problems earlier, because the consolidated view shows patterns that award-by-award views hide. In my estimate, an entity that runs five awards as five independent administrations carries five times the per-award load; one that runs them on a consolidated backbone carries roughly two to three times.

11.6 Internal Audit and Continuous Improvement

The backbone benefits from periodic internal audit by someone independent of the day-to-day operators. Internal audit reviews the matrix, samples evidence, tests controls and makes recommendations that feed back into the matrix, training and process. Entities that close this loop find the single audit produces fewer findings each cycle, because internal audit has already surfaced and fixed what the single audit would have flagged.

Entities without internal audit capacity can substitute a periodic external review at smaller scope. Even an annual review by an outside practitioner who knows the Uniform Guidance produces useful corrections at modest cost, and it costs less than finding the same issues at single audit.

11.7 The Recipient That Does This Well

A recipient that runs the backbone with discipline has a recognizable set of traits. The grants administrator is a named person with enough hours and enough authority. The matrix is a living document referenced at every project meeting. The project manager treats compliance obligations as project tasks, not overhead. Financial reconciliation runs at the time of each report, not afterward. Subrecipients are monitored in substance, not in name. Internal controls are operated, not just written down. The single audit comes back clean or with minor findings instead of material weaknesses. Closeout runs on schedule.

None of that is exotic. It is what any operationally disciplined entity looks like, applied to a federal funding context that demands the discipline. Entities that build it can carry larger federal portfolios with less friction. In my view their administrative track record also becomes a competitive asset when they compete for the next award.

11.8 Closing the Loop

The compliance backbone is buildable. The Uniform Guidance is public. The Compliance Supplement is public. Agency policy directives are public. The matrix structure in Chapter 2 is standard, the reporting cadence is set by the award, the procurement framework is documented, and the cost principles are enumerated. Nothing in the backbone is proprietary or secret. What is rare is the discipline to operate it consistently from the first day of the period of performance through the final closeout submission.

Most federally funded energy projects do not fail at the award decision. They fail in the months and years after. In my view, a clean closeout on a federal energy award depends on something resembling this structure, whether or not the recipient calls it a compliance backbone. The recipient that never builds it is the one most likely to struggle at closeout.

Glossary

Term	Meaning in this paper
Assistance Listing	The public listing of federal assistance programs maintained by GSA at SAM.gov. Each program has an Assistance Listing number, which replaced the former CFDA number and is used on the SEFA and in subawards.
ASAP	Automated Standard Application for Payments, the Treasury payment system through which recipients of many federal awards request and receive drawdowns.
Compliance Obligation Matrix	The live register, described in Chapter 2, that lists every obligation an award carries with its source, owner, evidence type, evidence location and review history.
Compliance Supplement	OMB's guidance to auditors, referenced in Appendix XI to 2 CFR 200, identifying the compliance requirements that apply to each federal program and how to test them. The 2025 edition groups requirements into twelve types.
Corrective action plan	The auditee's plan, required by 2 CFR 200.511, describing how it will address each audit finding, who is responsible, and when the action will be complete.
De minimis rate	The indirect cost rate of up to 15 percent of modified total direct costs that a recipient or subrecipient without a current negotiated rate may elect under 2 CFR 200.414(f).
Equipment	Tangible personal property with a useful life of more than one year and a per-unit acquisition cost at or above the lesser of the recipient's capitalization level or $10,000 (2 CFR 200.1).
FAC	Federal Audit Clearinghouse, the repository to which single audit reporting packages are submitted under 2 CFR 200.512.
FAIN	Federal Award Identification Number, the identifier of a federal award. Part 200 requires it in every subaward (2 CFR 200.332(b)) and in equipment records (2 CFR 200.313(d)(1)).
Management decision	The written determination by a federal agency or pass-through entity of the adequacy of the auditee's proposed corrective action on an audit finding, due within six months of FAC acceptance of the audit report (2 CFR 200.521).
Micro-purchase threshold	The dollar amount at or below which a recipient may purchase using micro-purchase procedures, tied to the FAR value ($15,000 as of this paper's status date) unless the recipient self-certifies or obtains approval for a higher threshold.
Pass-through entity	A recipient or subrecipient that provides a subaward to a subrecipient to carry out part of a federal program.

Term	Meaning in this paper
Period of performance	The interval between the start and end dates of a federal award, which may include one or more budget periods.
Questioned cost	An amount the auditor judges to be noncompliant or suspected noncompliant, inadequately documented at the time of the audit, or unreasonable (2 CFR 200.1).
SEFA	Schedule of Expenditures of Federal Awards, the auditee-prepared schedule of all federal awards expended in the fiscal year (2 CFR 200.510(b)).
SF-425	The Federal Financial Report, the government-wide form for recipient financial reporting under 2 CFR 200.328.
Simplified acquisition threshold	The dollar amount at or below which a recipient may use small purchase methods, tied to the FAR value ($350,000 as of this paper's status date) or a lower threshold the recipient sets.
Specific conditions	Additional requirements an agency or pass-through entity may impose under 2 CFR 200.208 based on risk or compliance history, such as reimbursement payment, added reporting, added monitoring or added prior approvals.
Subaward	An award a pass-through entity makes to a subrecipient to carry out part of a federal award. It does not include payments to a contractor, beneficiary or participant.

How Energy Compliance Can Help

This reference describes the backbone. If reading it surfaced gaps you cannot close in time, the next step is a working conversation, not a sales pitch. The engagement uses the same backbone described here as its working artifact. The difference is who carries the workload.

Post-Award Compliance Administration. We build and run the Compliance Obligation Matrix, the reporting cadence and subrecipient monitoring, and keep the file single-audit ready under 2 CFR 200, alongside your own team.

Grant post-award administration support. Targeted pieces of the same work when you need them: SEFA preparation, single audit corrective action plans, procurement policy and subaward agreement drafting, and grant-file reviews against the chapters of this paper.

Audit Defense. Single audit preparation, OIG response, finding remediation, and corrective action plan drafting and execution.

IRA Bonus Credit Documentation. For projects carrying federal awards and IRA credits together, documentation discipline for prevailing wage, apprenticeship, domestic content, energy community, and direct pay and transferability.

Grant Readiness and Application Engineering. Pre-application diagnostics, application strategy, narrative engineering, and federal cross-cutting compliance design, so the next award starts with the backbone already planned.

Engineering Firm Partnership. Co-delivery structures for engineering firms that want owner-side compliance delivered alongside their technical scope.

WattOps Compliance. A grant-funded generation, storage or transmission asset that becomes a NERC-registered facility picks up NERC evidence obligations on top of the federal ones. WattOps Compliance is EC's NERC compliance evidence platform, at wattopscompliance.com. We will run one standard at one of your facilities through it at no cost, so you can see maintained evidence in practice. CIP standards are excluded from that offer.

RenewOps. Performance reports on a funded renewable or storage project are only as good as the operating data behind them. RenewOps is EC's renewable operations monitoring and analytics platform, with a Data Center module.

Send me the award you worry about most and tell me which chapter of this paper kept you up at night. I will tell you where I would start.

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About the Author

Rob Smith is the Founder and Principal of Energy Compliance, Inc., with more than thirty years in the industry on every side of the system. He began in control-room operations as a Reliability Coordinator, Transmission Operator, and Power System Operator across RTO/ISO and utility control centers. On the regulator side, he was a senior compliance auditor and subject matter expert for NERC Reliability Standards. He audited grid facilities, evaluated mitigation adequacy, participated in risk-based oversight of utility mitigation activities, and supported the development of violation notifications and settlements in FERC-directed enforcement actions. He conducted a regulatory audit in the Sultanate of Oman against the Sultanate's Sector Law and Grid Code.

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The views expressed in this publication do not represent the views of any federal or state agency, NERC, or any Regional Entity.

About Energy Compliance, Inc.

Energy Compliance, Inc. is a senior-led professional services firm serving registered entities and federally funded energy projects. The firm advises on NERC Reliability Standards, RTO and ISO market frameworks, Texas Public Utility Commission matters, post-award compliance administration under 2 CFR 200, Inflation Reduction Act bonus credit documentation, federal grant application engineering, and engineering firm partnership structures for owner-side compliance delivery.

Our position is compliance-first. Energy Compliance, Inc. engineers the documentation, audit trail and obligation matrix that survive post-award scrutiny. Every engagement is overseen by a senior practitioner. The firm does not bring five people to a meeting that needs one. The work that should be automated is automated, and the work that requires senior judgment gets senior judgment. The firm exists because most of the consulting offered to entities in this space is structured for billable hours instead of outcomes.

EC also builds its own tools: WattOps Compliance, our NERC compliance evidence platform, and RenewOps, our renewable operations monitoring and analytics platform.

The Grant Funding Series is one of several professional reference series the firm publishes for the industry. The references are written for the people doing the work. The firm is based in Bloomington, Minnesota, and serves clients nationwide.

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