

2 CFR 200 & NOFA #007

All recipients of the Empower Rural Iowa Broadband Grant Program Notice of Funding #007 (NOFA #007) from the Office of the Chief Information Officer (OCIO) must be compliant with the standards set forth in Title 2 of the Code of Federal Regulations Part 200 (2 CFR Part 200). As this is a high-level overview, we encourage each organization to reference the 2 CFR Part 200 site directly to be familiarized with the various compliance standards. The full title can be accessed [here](#).

Policy Requirements:

Recipients of NOFA #007 funds must use documented procurement procedures which conform to applicable federal law and procurement standards covered in 2 CFR Sections [200.317-200.326](#). An organization's procurement procedures must also comply with applicable state and local laws and regulations.

The following 2 CFR Part 200 policy requirements apply to [Assistance Listing 21.027](#) for Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), Coronavirus State Fiscal Recovery Fund (CSFRF), and Coronavirus Local Fiscal Recovery Fund (CLFRF):

- [Subpart B - General provisions](#)
- [Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards](#)
- [Subpart D - Post Federal; Award Requirements](#)
- [Subpart E - Cost Principles](#)
- [Subpart F - Audit Requirements](#)

Procurement

What should the organization provide to OCIO?

OCIO may request procurement support from an applicant at any point in the evaluation process. It is the applicant's responsibility to ensure any procurements comply with 2 CFR Part 200.

Does your organization have proper documentation to support that a 2 CFR Part 200 – compliant procurement method was used in the project? Refer to the chart below for an overview of the requirements. This is intended to supplement the links above, which should be read and understood in their entirety.

Procurement in 2 CFR Part 200:

Each applicant may be requested to provide OCIO with documentation to support each project's procurements. 2 CFR Part 200 includes five procurement methods in Section 200.320, outlined in the table below. Your organization will determine which method is applicable for your project costs and must be familiar with the specific standards for each method.

Method	Aggregate Dollar Amount	Notes	Additional Notes
1. Micro-Purchase	Not to exceed \$10,000 Up to \$50,000 if self-certify.	No quotations required if the price is reasonable.	To extent practicable distribute equitably among qualified suppliers.
2. Small Purchase	Up to \$250,000	Rate quotations from an adequate number of qualified sources.	No cost or price analysis required.
3. Sealed Bid	>\$250,000	Firm fixed price contract. Primarily construction projects.	Price is a major factor. Formal process for bidding.
4. Proposal	>\$250,000	A procurement method in which either a fixed price or cost-reimbursement type contract is awarded.	RFP with evaluation methods for an adequate number of qualified sources.
5. Non-Competitive Procurement	Available for procurements of any dollar amount.	No competition. The OCIO will NOT pre-approve any non-competitive procurement.	Must meet specific circumstances including but not limited to the item is available only from a single source.

See [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(“Uniform Guidance” or 2 CFR Part 200\)](#) and the [Compliance Supplement](#) for exceptions and details.

Internal Payroll/Labor/Personnel Costs

What should the organization provide to OCIO?

OCIO will request payroll support from an applicant during the reimbursement process through [IowaGrants](#). Most often, payroll support will include timesheets, proof of pay rates, and payroll registers. It is the applicant’s responsibility to ensure payroll costs incurred comply with 2 CFR Part 200.

An applicant’s timesheet must include an employee’s ID/name/other common identifier, the organization’s name, and a description of the services and/or work performed, along with any applicable DC codes labeled. A DC Code is a specific category code that a project cost will fall under. A full list of the applicable DC codes will be available to an applicant in their summary invoice, which is prepared with the [IowaGrants](#) application. The pay dates must be hours worked on or after March 3rd, 2021. The total number of hours worked across all applicable employees should also be included on the timesheet. This is also known as an activity log and may apply to salary or hourly employees.

An applicant’s proof of pay rate must include an employee’s ID/name/other common identifier, employee’s position/title within the organization, organization name, employee’s pay rates for the pay period claimed, and the start dates. If the rates of pay are shown on the payroll register (which is considered proof of payment), that can be combined with the

payroll register (see below). If there is no available documentation of the approved pay rate, a screenshot from the payroll system may be considered acceptable on a case-by-case basis, with certain other personally identifiable information (PII) redacted.

An applicant’s payroll register must include an employee’s ID/name/other common identifier, organization name, pay period dates, and the pay date. All dates should fall within the eligible period of performance.

The NOFA #007 grant is subject to the Freedom of Information Act. As such, it is recommended that applicants redact any sensitive information on the requested payroll documentation.

Internal Payroll/Labor/Personnel Costs in 2 CFR Part 200:

When evaluating internal payroll expenses relating to the NOFA #007-funded project, costs should align with 2 CFR Part 200 standards related to Reasonable Costs and Direct Costs to the project. The table below is an overview of each cost type. Applicants are encouraged to utilize 2 CFR Part 200 to review the full compliance standards.

Cost Type	Notes
Reasonable Cost	<p>Costs are considered reasonable if it does not exceed a cost that would be incurred by an individual with careful judgment under the same circumstances.</p> <p>Considerations could include:</p> <ul style="list-style-type: none"> ● Whether the pay rate or employment cost is considered ordinary and necessary for the operation of the non-Federal entity or performance of the Federal award. ● Restraints or requirements imposed by accepted business practices, arm’s length bargaining, applicable laws and regulations, and award conditions. ● Market pay rates of similar positions for the geographical area. ● Whether good judgment was used when considering an entity’s employees, the public, and the Federal Government. ● Whether the pay rate is greatly differential from typical business policies and procedures. This essentially means that the rate of pay for the federally funded project should be the same rate of pay as during normal business as to not unjustifiably increase the amount of the federal award.
Direct Cost	<p>Direct costs can be identified to a final cost or other activity with a high degree of accuracy.</p> <p>An example of a direct payroll costs is the wages earned of the internal personnel laying fiber. These services are necessary and directly involved with the project.</p>

Materials, Services, and Contracts

What should the organization provide to OCIO?

OCIO will request material and service cost support from an applicant during the reimbursement process through [IowaGrants](#). Most often, material and service cost support will include a form of proof of purchase and proof of payment. It is the applicant’s responsibility to ensure any expenses for project materials, services, or contracts incurred comply with 2 CFR Part 200.

An applicant’s proof of purchase must include the name of the vendor and organization. An applicant should disclose any aliases used in the support provided to help prevent additional processing time. The support must also be dated within the period of performance. For NOFA #007, the period of performance is March 3rd, 2021, through September 30th, 2026. A description of the goods and services purchased must also be included and labeled with an appropriate DC Code.

An applicant’s proof of payment must include the name of the vendor and organization. A payment date should be included and must fall on or after March 3rd, 2021. The payment amount must match the associated proof of purchase. Applicant must also provide proof that the payment has cleared their bank. **Note: A screenshot from the financial or accounting system is not considered adequate proof of payment.**

Materials, Services, and Contracts in 2 CFR Part 200:

When considering Materials and Services purchased for the funded project, 2 CFR Part 200 evaluates material and service costs with Reasonable Costs and Direct Costs. The table below is an overview of each cost type. Applicants are encouraged to utilize 2 CFR Part 200 to review the full compliance standards.

Cost Type	Notes
Reasonable Cost	<p>Costs are considered reasonable if it does not exceed a cost that would be incurred by an individual with careful judgment under the same circumstances.</p> <p>Considerations could include:</p> <ul style="list-style-type: none"> • Whether the cost is considered ordinary and necessary for the operation of the non-Federal entity or performance of the Federal award. • Restraints or requirements imposed by accepted business practices, arm’s length bargaining, applicable laws and regulations, and award conditions. • Market prices of similar goods or services for the geographical area. • Whether good judgement was used when considering its employees, the public, and the Federal Government. • Whether the cost is greatly differential from typical business cost policies and procedures.
Direct Cost	<p>Direct costs can be identified to a final cost or other activity with a high degree of accuracy.</p> <p>An example of a direct material cost is the conduit and fiber expenses utilized for a broadband project.</p>

Disclaimer

It is highly encouraged for all applicants to ensure they understand and demonstrate procedures that comply with the 2 CFR Part 200 standards. If you feel your organization may not be compliant for any reason, please reach out to the OCIO for next steps.

Non-compliance with 2 CFR Part 200 can lead to clawback, debarment, suspension, and ineligibility for future federal assistance programs or activities. Per 2 CFR Section [200.214](#), "Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part [180](#). The regulations in 2 CFR Part [180](#) restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities."

Additionally, while 2 CFR Part 200 allows for noncompetitive or sole source procurements, the subrecipient is liable for making the determination as to whether the procurement complies with the requirements outlined in 2 CFR Section [200.320](#). The OCIO will not approve noncompetitive procurements. If the subrecipient determines that the purchase complies with the requirements of 2 CFR Part 200, complete and thorough documentation should be made and kept by the subrecipient justifying its reasons for not seeking a competitive bid. When documenting a noncompetitive procurement, a cost reasonableness analysis for the costs incurred should be included. Reasonableness of costs is outlined in 2 CFR Section [200.404](#).