

EPA Grants Training for EPA Pass-Through Grant Applicants, Recipients, and Subrecipients, September 18, 2024

Frequently Asked Questions (FAQ)

- Q1: If the subaward agreement has not been signed until after 10/1/2024, do we follow the new 2 CFR 200 guidelines?
- A1: It depends when the grant agreement to the pass-through entity (direct EPA grant recipient) was awarded. The 2 CFR Part 200 updates apply to:
- Grants/cooperative agreements awarded on or after October 1, 2024;
 - Existing grants/cooperative agreements with funds added on or after October 1, 2024; or
 - **Per the OGD Recipient and Applicant Information Notice (RAIN-2025-G01):** Recipients with fully-funded cooperative agreements made prior to October 1, 2024, that have requested and obtained EPA's approval of a no cost amendment to allow them to apply the "2024 2 CFR Revisions" to the grant.
- Q2: If a grant recipient lends EPA grant proceeds to a third party, is the borrower on the loan considered a subrecipient?
- A2: Yes. Subawards may include loans, loan guarantees, interest subsidies and principal forgiveness, purchases of insurance, or similar transactions entered into with borrowers by recipients of Revolving Loan Funds (RLF) capitalization agreements.
- Q3: To clarify, did you state that the EPA has a subawardee agreement template?
- A3: Yes, in [Appendix D of EPA's Subaward Policy](#).
- Q4: Do you have or use a subrecipient vs contractor questionnaire?
- A4: No. However, 2 CFR 200.331, as well as [Appendix A of EPA's Subaward policy](#), discuss the distinctions between subrecipients/contractors; however, it is not in a specific questionnaire format.
- Q5: Would the grant recipient, as a lender, be permitted to charge customary origination fees on its loan or would that be considered a profit?
- A5: If you charge origination fees on a loan, that would be considered program income. Under 2 CFR 200.307(b) and 2 CFR 200.344(d) recipients must disburse program income before requesting payment from EPA and refund program income accrued at the end of the agreement unless an EPA regulation (e.g. 2 CFR 1500.8) provides otherwise.
- Q6: For Davis-Bacon, would we have to change the frequency of payroll if we pay every two weeks? Do we just track the Davis-Bacon salaries and pay them once it's payroll week?
- A6: Please raise this question to your grant program specific contact. Davis-Bacon compliance is nuanced and beyond the extent of this presentation; however, you can find more information from a previous Davis-Bacon Webinar on [the EPA website](#).
- Q7: How many years do subgrantees have to spend the money from a subaward? Is this determined by the pass-through entity?

- A7: The funds must be spent within the project period for the overall grant, which is usually 5 years.
- Q8: When issuing a fixed amount subaward, how do we ensure that the subrecipient does not make a profit?
- A8: Pass-through entities are required by 2 CFR 200.332(e) to monitor the activities of their subrecipients as necessary to ensure the subrecipient is complying with Federal statutes, regulations, and the terms and conditions of the subaward. One element for monitoring a subrecipient is reviewing financial reports, which could indicate whether your subrecipient is profiting from the funds you have awarded it.
- Q9: If the construction of a community medical facility is one of the intended outcomes of an application, do you have any recommendations on "best practices" for identifying Furniture, Fixtures, and Equipment (FFE) items (medical equipment is expected to cost more than \$10,000) in the proposed budget? If the grant amount applied for is less than the full cost of construction, would the EPA need the equipment breakdowns if they really intend to use the funds fully for construction and subaward activities?
- A9: Please raise this question to your grant program point of contact.
- Q10: Is there any additional guidance on when land conveyances/transactions would be considered a procurement contract vs. a subaward? For example, purchase of property needed to implement nature-based solutions such as pollution filtration, carbon sequestration, etc.
- A10: [Appendix A of EPA's subaward policy](#) discusses considerations for distinguishing between procurement contracts and subawards. Since this is a fact specific analysis, you should raise this to your grant point of contact.
- Q11: There is an agreement with a public school/childcare facility to replace a lead detected appurtenance, but that public school would need to utilize a plumbing company to install the new fixture. Would this be considered subaward or procurement under these guidelines?
- A11: EPA allows subawards to for-profit entities only in specific circumstances. Examples of situations in which a for-profit firm may be an eligible subrecipient would be an EPA financial assistance program that provides funding for pollution control projects at a company's production facilities and the firm will receive reimbursement for personnel and contractor costs. The for-profit firm in that case would not be providing goods and services to the passthrough entity. Please reach out to your Project Officer for a discussion as to whether this could be a subaward.
- Q12: If an entity was named as a subawardee, can it later be changed to a procurement contract without EPA approval?
- A12: No. Prior EPA approval would be required to shift from a subaward to a procurement contract for the same activity under 2 CFR 200.308(c)(6).
- Q13: We included stipends for teachers as participant support cost in our approved workplan. Is this still okay?
- A13: We need more information to answer this question. You should raise it to your grant point of contact. EPA's Guidance on Participant Support Costs is available [here](#).
- Q14: Does Build America, Buy America (BABA) and Davis-Bacon apply for the Brownfield Revolving Loan Fund (RLF)?

- A14: Yes, BABA and Davis-Bacon apply to Brownfields RLF grants; however, whether BABA and/or Davis-Bacon requirements are triggered for the specific Brownfields RLF grant project is a fact specific analysis.
- Q15: Please provide the URL for the subaward template.
- A15: The optional subaward agreement template can be found in [Appendix D of EPA's Subaward Policy](#).
- Q16: The lead applicant has received its award and will thus adhere to current Office of Management and Budget (OMB) requirements. Contracts with subrecipients have not been signed yet; do these subrecipients adhere to current or new OMB requirements?
- A16: It depends when the grant agreement to the pass-through entity (direct EPA grant recipient) was awarded. The 2 CFR Part 200 updates apply to:
- Grants/cooperative agreements awarded on or after October 1, 2024;
 - Existing grants/cooperative agreements with funds added on or after October 1, 2024; or
 - **Per the OGD Recipient and Applicant Information Notice (RAIN-2025-G01):** Recipients with fully-funded cooperative agreements made prior to October 1, 2024, that have requested and obtained EPA's approval of a no cost amendment to allow them to apply the "2024 2 CFR Revisions" to the grant.
- Q17: When establishing agreements with a pass-through recipient, is it enough to reference the corresponding EPA general terms and conditions (T&Cs) along with a link to the T&C in the agreement, or should they be directly inserted into the agreement? Our agreements are sent out and signed electronically so they can also click the link and be taken right to the corresponding T&C.
- A17: Yes.
- Q18: Does contracting have to be competitive if a recipient/subrecipient works with a "sole source provider?"
- A18: All procurements must follow applicable federal requirements, including those in 2 CFR Part 200 and 1500 and any statutory requirements as applicable. 2 CFR 200.320(c) discusses specific situations where noncompetitive procurement is allowed. We have procurement specific presentations which discuss sole source in more detail, which can be found on the [EPA website](#).
- Q19: Does BABA and Davis-Bacon apply to work done on individual homes, like enabling roof upgrades and solar technology installed on homes?
- A19: It depends. Please raise this question to your grant program point of contact.
- Q20: Can a school bus dealer recipient make a subaward to school districts it applied on behalf of and then receive funds under that subaward from the district subawardee to pay for the buses?
- A20: Please raise this question with your program specific point of contact. The Clean School Bus program has unique requirements.
- Q21: We applied for the Community Change Grant (CCG) in July. Who is our point of contact to ask questions?

- A21: The notice of funding opportunity (NOFO) should list the point of contact for questions.
- Q22: Can we sign up to drawdown funds now or does EPA initiate the process?
- A22: If you have been selected for a grant award, EPA will indicate when you should sign up for payments through ASAP.
- Q23: For entering subawards over \$30,000 in the federal transparency database, what are the triggers for when information is entered? For example, you award a \$200K subaward but it is on a reimbursement basis. Do you enter it when the subaward agreement is approved or after you hit the \$30,000 threshold of disbursement? Also, what do you do when the subgrant amount increases? Is it a new entry or can you modify the original entry? Finally, if there are subawards to the same entity from different EPA grants should they be entered separate in the database?
- A23: When you make a subaward that is over \$30,000, that is when you must report the award in the FSRS. You can edit entries in the FSRS system. [See this website](#) for more information.
- Q24: If the payment was correct, but it was drawn from the incorrect grant year, would that trigger a payment review?
- A24: It depends. If this happens, speak to your PO.
- Q25: Are the grant funds sent directly to the sub-recipient?
- A25: The pass-through entity sends the grant funds to the sub-recipient.
- Q26: Will you please make these slides available for later review?
- A26: The presentation from today's webinar is available for download from the [Training for EPA Pass-Through Grant Applicants, Recipients, and Subrecipients webpage](#).
- Q27: What do the financial and performance reports look like? Does EPA have a template or are we able to create ones that work for us?
- A27: The terms and conditions of your award will provide information on how to format and submit financial and performance reports. Some programs have specific OMB-approved templates for reporting, but not all programs use templates so please check with your project officer.
- Q28: Is there any way for potential recipients to gauge risk or prior fraud issues of a subawardee?
- A28: Recipients can carry out a subrecipient risk assessment (2 CFR 200.332(c)) and perform ongoing monitoring of your subrecipient (2 CFR 200.332(e)). A risk assessment will look at things like the subrecipients prior experience with similar awards or sub-awards, the results of any prior audits, and whether the subrecipient has new personnel or new or substantially changed systems. Monitoring activities include reviewing financial and performance reports and resolving audit findings.
- Q29: Why are subrecipients paid in advance when the pass-through entity is only paid via drawdowns on a reimbursement basis?
- A29: Pass-through entities are not always paid on a reimbursement basis. Reimbursement is preferred when the requirements in paragraph (b) cannot be met, when the Federal agency or pass-through entity sets a specific condition per 2 CFR 200.208, when requested by the recipient or subrecipient, when a Federal award is for construction, or when a significant portion of the construction project is accomplished through private

market financing or Federal loans and the Federal award constitutes a minor portion of the project. Some grant programs (such as OW Community Grants) are on prior approval. Pass-through entities can drawdown funds in anticipation of expending those funds or for immediate cash needs but must have receipts or invoices to back-up a drawdown request.

Q30: If you find evidence of noncompliance in a subrecipient, do you have to institute a corrective action plan before any further action is taken?

A30: When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation. The pass-through entity must ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward.

Q31: Are there templates for BABA and Davis-Bacon reporting requirements?

A31: No, there is no EPA-wide template. Specific programs may have templates.

Q32: A previous slide mentioned that Civil Rights compliance of subrecipients should be managed, for example, through active monitoring. How can we get more information about what monitoring is expected and what compliance is required of subrecipients?

A32: You can consult this [checklist](#) for monitoring subawardee compliance with Civil Rights obligations.

Q33: So a subrecipient agreement cannot apply the 15% de minimis if the prime start date was before 10/1/2024?

A33: Yes, if the grant to the pass-through (direct EPA grant recipient) was awarded prior to October 1, 2024 or otherwise does not fall within the following conditions:

- Grants/cooperative agreements awarded on or after October 1, 2024;
- Existing grants/cooperative agreements with funds added on or after October 1, 2024; or
- **Per the OGD Recipient and Applicant Information Notice (RAIN-2025-G01)**: Recipients with fully-funded cooperative agreements made prior to October 1, 2024, that have requested and obtained EPA's approval of a no cost amendment to allow them to apply the "2024 2 CFR Revisions" to the grant.

Q34: EPA's T&C states that awards exceeding \$1M must include the Office of Inspector General (OIG) hotline/poster whistleblower requirements. If a recipient has been awarded smaller awards that individually do not exceed \$1M, but cumulatively exceed \$1M, would that requirement apply to the smaller awards?

A34: No. However, consistent with 2 CFR 200.113, the recipient and any subrecipients of an award must promptly report in writing whenever there is credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. 3729-3733) to the EPA Project Officer, the pass-through entity (if applicable), and the EPA Office of Inspector General (OIG). The methods to contact the EPA OIG are (1) online submission via the EPA OIG Hotline Complaint Form; (2) email to OIG_Hotline@epa.gov; (3) phone 1-888-546-8740; or (4)

mail directed to Environmental Protection Agency, Office of Inspector General, 1200 Pennsylvania Avenue, N.W. (2410T), Washington, DC 20460.

Q35: Does the Modified Total Direct Cost (MTDC) increase translate to how much we (the recipient) can apply our indirect to in the subaward?

A35: The increase in the subaward amount included in the MTDC base only applies to recipients using the 15% de minimis rate. Recipients with a current federally negotiated indirect cost rate with their cognizant agency can only apply their rate to the base defined in their Rate Agreement. Recipients applying the 10% de minimis rate to their EPA grants awarded before October 1, 2024 are not eligible to use the new MTDC base, they must continue to use the old MTDC base which only included up to the first \$25,000 of each subaward. If a Recipient's EPA grant was awarded on their on or after October 1, 2024, they are eligible to the 15% de minimis rate and the new MTDC base, which includes up to the first \$50,000 of each subaward. If a recipient's EPA grant was awarded prior to October 1, 2024, and EPA amends their grant to incorporate all the October 2024 revisions to 2 CFR Part 200, then the recipient is eligible to use the 15% de minimis rate and the new MTDC base as of the date of the amendment and going forward. However, the recipient cannot apply the 15% de minimis rate retroactively.

Q36: Can a subaward use their standard billable rates or must their cost be based on the actual cost rate plus their approved indirect rate cost?

A36: According to 2 CFR 200.332(b)(4), subrecipients must use an approved indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, then the pass-through entity must determine the appropriate rate in collaboration with the subrecipient. The options include the following:

- A. An indirect cost rate negotiated between the pass-through entity and the subrecipient. These rates may be based on a prior negotiated rate between a different pass-through entity and the subrecipient, in which case the pass-through entity is not required to collect information justifying the rate but may elect to do so; or
- B. The applicable de minimis indirect cost rate based on when the pass-through recipient's EPA grant was awarded.

Q37: How does financial tracking work if the subaward is a small part of a larger purchase? For example, say a subaward is going to a land trust to be used towards a land purchase or associated activities where funds are coming from multiple sources, the receipt of the land purchase total would be a larger amount than the subaward. Do they need to show an itemized receipt of where only EPA funds went?

A37: EPA requires pass-through entities to ensure that subrecipients only incur eligible and allowable costs and effectively perform the programmatic activities under their subawards. Subrecipient monitoring activities should include:

- Reviewing financial and performance reports;
- Ensuring timely and appropriate action on any deficiencies detected through audits, on-site reviews;
- Depending on risk assessment results, providing training and technical assistance and performing on-site reviews;

- Verifying Single Audits were conducted, when required; and
- Evaluate impact of subrecipient activities on the pass-through entity's ability to comply with Federal regulations.

Q38: How many months do subaward recipients have to spend their award monies?

A38: The funds must be spent within the period of performance of the grant.

Q39: Can our indirect cost rate be the rate of the interagency rate's if included in grant application?

A39: If you have an indirect cost rate approved by your cognizant agency, you must use that indirect cost rate.

Q40: I was told that subawards under the micro-purchase threshold (\$10,000) can be micro-purchase contracts instead of a subaward agreements. Is that true?

A40: Yes. EPA has determined that it is permissible for recipients to use micro-purchase procedures (2 CFR 200.320(a)(1)) rather than subawards for efficiency reasons in certain situations. Micro-purchase amounts generally do not exceed \$10,000. EPA's Subaward Policy, Appendix A does not preclude recipients from using micro-purchase procedures to acquire ancillary services eligible subrecipients and micro-purchases may be made without competition as long as the purchases are equitably distributed among qualified sources. Further, characterizing the costs as contractual rather than a subaward does not circumvent the requirement in 2 CFR Part 170, Appendix A for reporting subawards that equal or exceed \$30,000 to the [Federal Funding Accountability and Transparency Act Subaward Reporting System \(FSRS\)](#). For more information, see [RAIN-2018-G04-R1](#) (Micro-purchase and Simplified Acquisition Threshold for Procurements by EPA Assistance Agreement Recipients and Subrecipients).

Q41: How will the regulations that are currently in use until October 1 be reflected for reference after 10/1/2024?

A41: All regulations that were in place before October 1, 2024, will be available in the original award documentation. For further information your projects regulations, please contact your Project Officer who can provide more in-depth information.

- For reference, previous versions of the EPA General Terms and Conditions as well as previous versions of the 2 CFR Part 200 guidance are available [online](#) to access as well.

Q42: If a grant is effective 10/1/2024 but is awarded mid-September, do the new rules apply?

A42: It depends when the grant agreement to the pass-through entity (direct EPA grant recipient) was awarded. The 2 CFR Part 200 updates apply to:

- Grants/cooperative agreements awarded on or after October 1, 2024;
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- **Per the OGD Recipient and Applicant Information Notice ([RAIN-2025-G01](#)):** Recipients with fully-funded cooperative agreements made prior to October 1, 2024, that have requested and obtained EPA's approval of a no cost amendment to allow them to apply the "2024 2 CFR Revisions" to the grant.

- Q43: I am an ECM for a company in Ohio who is in the process of an acquisition of a company in Indiana. Prior to applying for any grants, the acquisition needs to be completed; correct?
- A43: It could depend on what program you are applying for funds under. Please reach out to the program contact listed in the NOFO.
- Q44: If we do not name the contractor in the workplan, do we only have to follow the state's policy for procurement or do the federal regulations still apply?
- A44: It depends on several factors including any statutory requirements applicable to the grant program and what type of recipient you are (e.g., State or Non-state). Please reach out to the EPA grant program point of contact for specific procurement requirements.
- Q45: Can you provide an example of a subawardee and a contractor?
- A45: Transactions between institutions of higher education (IHE), or between IHEs and units of government or nonprofit organizations, are typically subawards particularly when the transactions relate to joint research, training (including technical assistance and public education), or demonstration projects. Transactions between a recipient and a for-profit firm or individual consultant that provide services that are widely available in the competitive marketplace (such as engineering/design services or construction services) would likely be a procurement contract subject to all applicable statutory/regulatory procurement requirements. There are some programs that allow subawards to for-profit entities, speak with your PO if you have questions about whether the program you are part of allows this.
- Q46: The civil rights requirements state that we need to be able to supply a log of complaints. Can you elaborate on this required log? Is it a log of official Equal Opportunity Commission (EOC) complaints?
- A46: Visit the [EPA Office of External Civil Rights Compliance website](#) for more information.
- Q47: Who can we ask about our role in the grant? Are we the recipient or subrecipient?
- A47: If you are working with an EPA Project Officer on your workplan and terms and conditions, and are receiving payments from EPA, you are the recipient. Please reach out to the EPA grant program point of contact (e.g., the Project Officer/Grants Specialist) assigned to the grant if you are unclear.