



Management Directive

Commonwealth of Pennsylvania

Governor's Office

Management Directive 305.21 Amended – Federal Award Payments to Local Governments and Other Subrecipients

Date: May 10, 2022

By Direction of: *Greg Thall*
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This directive establishes policy, responsibilities, and procedures to ensure the Commonwealth and its Subrecipients comply with Subrecipient monitoring and management provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §§ 200.0 – 200.521* (hereinafter referred to as "*Uniform Guidance*") promulgated by the U.S. Office of Management and Budget. This amendment updates definitions and references to the *Uniform Guidance*. The Policy Section was updated with information that was previously located in the Procedures section and reporting requirements related to the Federal Funding Accountability and Transparency Act (FFATA).

1. PURPOSE.

To establish policy, responsibilities, and procedures to ensure the Commonwealth and its Subrecipients comply with Subrecipient monitoring and management provisions of the Uniform Guidance.

2. SCOPE.

This directive applies to all departments, offices, boards, commissions, and councils under the Governor's jurisdiction (hereinafter referred to as "agencies"). Agencies not under the Governor's jurisdiction should follow this directive or establish similar policies and procedures.

3. OBJECTIVE.

To ensure the Commonwealth maximizes its Federal Awards and mitigates the potential loss of funds resulting from noncompliance with federal requirements.

4. DEFINITIONS.

- a. **Assistance Listing.** Detailed public descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards.
- b. **Assistance Listing Number (ALN).** Located within the Assistance Listing, the unique five-digit number assigned to financial and nonfinancial programs administered by agencies and establishments of the federal government. The first two digits represent the federal agency that funds the program followed by a decimal point, and the remaining three digits represent the federal program funding the project within the agency.
- c. **Expenditure Transaction.** Any payment, nonmonetary Federal Financial Assistance, refund, or other adjustment affecting the net payment amount to a Subrecipient.
- d. **Federal Award.** Federal Financial Assistance and federal cost-reimbursement contracts under the Federal Acquisition Regulations received by a Non-Federal Entity, either directly from a federal awarding agency or indirectly from a Pass-Through Entity. The term may also refer to the instrument that sets forth terms and conditions, such as a grant agreement or cooperative agreement. The term does not include other contracts that a federal agency uses to buy goods or services needed to carry out a project or program under a Federal Award.
- e. **Federal Financial Assistance.** Assistance that Non-Federal Entities receive or administer in the form of grants, cooperative agreements, non-cash contributions or donations of property, direct appropriations, food commodities, and other financial assistance. For 2 *C.F.R.* §§ 200.500 – 200.521 (*Subpart F*) – *Audit Requirements*, Federal Financial Assistance also includes loans, loan guarantees, interest subsidies, and insurance.

NOTE: Although the definition includes direct payments from federal agencies, the Commonwealth is not responsible for identifying direct payments.

- f. **Federal Funding Accountability and Transparency Act (FFATA):** A 2006 federal law (*Public Law 109-282*), added as a note to 31 U.S.C. § 6101 note, and subsequently amended by the *Government Funding Transparency Act of 2008 (Public Law 110-252)*, requiring, among other things, recipients of Federal Financial Assistance to report information to the public via a single website, USAspending.gov.
- g. **Local Government.** Any unit of government within a state as defined in 2 *C.F.R.* § 200.1.

- h. Non-Federal Entity.** A state, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a Federal Award as a recipient or Subrecipient.
- i. Pass-Through Entity.** A Non-Federal Entity that provides a Subaward to a Subrecipient to carry out part of a federal program.
- j. Subaward.** An award provided by a Pass-Through Entity to a Subrecipient for the Subrecipient to carry out part of a Federal Award received by the Pass-Through Entity. A Subaward does not include payments to a contractor or to an individual that is the beneficiary of a federal program. A Subaward may be provided through any form of legal agreement, including an agreement that the Pass-Through Entity considers a contract.
- k. Subrecipient.** A Non-Federal Entity that receives a Subaward from a Pass-Through Entity to carry out a part of a federal program, but does not include an individual that is a beneficiary of such programs.
- l. Taxpayer Identification Number (TIN).** A nine-digit number assigned by the federal government which is used for tax filing and reporting purposes. Also referred to as the Employer Identification Number (EIN) or Federal Identification Number (FID) for various business entities or a Social Security Number (SSN) for individuals.
- m. Vendor Number.** The unique number assigned to each registered vendor in the Commonwealth's master database and assigned internally by the SAP enterprise resource planning system (hereinafter referred to as "SAP") when a master record is created based on the TIN provided.

5. POLICY.

- a.** Agencies shall award and administer grants in accordance with *Management Directive 305.20 Amended, Grant Administration*.
- b.** Agencies applying for federal grants and cooperative agreements shall adhere to *Management Directive 310.34 Amended, Use of Agency-Level Unique Entity Identifiers (UEI) in Applications for Federal Grants and Cooperative Agreements*.
- c.** Agencies must comply with the requirements contained in the Uniform Guidance, including, but not limited to, FFATA reporting requirements.
- d.** All Subrecipient agreements, including programs that are 100 percent state funded, must include:
 - (1)** The breakdown of federal and state dollars provided as:
 - (a)** a percentage breakdown of federal and state funds; or
 - (b)** a dollar amount breakdown of federal and state funds; or

- (2) Ensuring the Subrecipient takes corrective actions on all deficiencies pertaining to the Federal Award as identified through audits, onsite reviews, and other monitoring.
 - (3) Issuing a management decision for audit findings pertaining to the Federal Award.
- i. An agency may, based on its assessment of a Subrecipient's risk of noncompliance, utilize the monitoring tools in accordance with the "[Remedies for noncompliance](#)," in the *Uniform Guidance and Management Directive 325.08 Amended, Remedies for Recipient Noncompliance with Audit Requirements* to ensure accountability, compliance, and achievement of performance goals by the Subrecipient.
 - j. Payments to subrecipients must be audited in accordance with *2 C.F.R. Subpart F – Audit Requirements* and [Management Directive 325.09 Amended, Processing Subrecipient Single Audits of Federal Pass-Through Funds](#).
 - k. Agencies must incorporate the [FFATA Subrecipient Agreement Requirements](#) (FFATA Requirements) into all Subrecipient agreements containing Federal Awards and provide the Subrecipient with the [FFATA Subrecipient Data Sheet](#) (FFATA Sheet) and ensure its completion and submission.

6. RESPONSIBILITIES.

a. Agencies shall:

- (1) Monitor and manage Subrecipients in accordance with the *Uniform Guidance* and act, as appropriate in the circumstances, against noncompliant Subrecipients.
- (2) Ensure applicable Subrecipient agreements contain the FFATA Requirements and Subrecipients complete the FFATA Sheet.
- (3) Ensure necessary FFATA information is entered into funds commitment at time of creation.
- (4) Record Federal Award transactions in accordance with the accounting procedures established by OCO.

b. OCO shall:

- (1) Review contracts, Subrecipient agreements, payments, accounting adjustments, and Expenditure Transactions for appropriate accounting codes in SAP and in compliance with the *Uniform Guidance*.
- (2) Administer the accounting for Federal Awards to Subrecipients. Coordinate with the Office of Administration, Information Technology, Integrated Enterprise Systems (IES) and agencies to update interface files for Subrecipient records that are not processed through SAP for payment.

c. IES shall:

- (1)** Establish procedures for receiving and posting interface files summarizing payments to Subrecipients not processed through SAP.
- (2)** Ensure the availability of data in SAP for reporting payments to Subrecipients in accordance with the *Uniform Guidance*.

7. PROCEDURES.

a. Agencies:

- (1)** Monitor and manage Subrecipients in accordance with the "Requirements for Pass-Through Entities" in the *Uniform Guidance*.
- (2)** Act, as appropriate in the circumstances, against noncompliant Subrecipients, in accordance with the "Remedies for noncompliance," in the *Uniform Guidance* and *Management Directive 325.08 Amended, Remedies for Recipient Noncompliance with Audit Requirements*.
- (3)** Provide Subrecipients and OCO with the Federal Award identification details in accordance with the "Requirements for Pass-Through Entities" in the *Uniform Guidance*.
- (4)** Notify Subrecipients and OCO within 30 days of any change to the Federal Award identification details in accordance with the "Requirements for Pass-Through Entities" in the *Uniform Guidance*.
- (5)** Ensure Subrecipient agreements containing Federal Awards incorporate the FFATA Requirements and FFATA Sheet to acquire necessary information from Subrecipients.
- (6)** Ensure necessary FFATA information is entered into funds commitment at time of creation.
- (7)** Record Federal Award transactions in accordance with the accounting procedures established by OCO.
- (8)** Within 30 days of the end of each calendar quarter, submit to OCO interface files containing Subrecipient payment information recorded in systems other than SAP.

b. OCO:

- (1)** Reviews contracts, Subrecipient agreements, and payments, and accounting adjustments to verify that each is recorded to the appropriate accounting code in SAP and to verify compliance with "Requirements for Pass-Through Entities" in the *Uniform Guidance*, including, but not limited to, submission of the FFATA Sheet.

- (2) Administers the accounting for Federal Awards to Subrecipients, including:
 - (a) Recording encumbrances/commitments for Federal Awards to Subrecipients.
 - (b) Ensuring Subrecipient agreements, payments, and adjustments are coded to the correct federal programs, Vendor Numbers, and general ledger accounts.
 - (c) Coordinating with agencies on accounting adjustments resulting from audits, onsite reviews, or other matters of Subrecipient noncompliance.
 - (d) Reviewing the interface files from agencies and, within 15 days of receipt, provide the files to IES.
 - (e) Coordinating with agencies to resolve accounting code issues in interface files.

c. **IES:**

- (1) Receives and posts interface files to update Subrecipient records for payments not processed through SAP.
- (2) Updates SAP with data from the interface files and ensure the data is available for reporting purposes in accordance with the *Uniform Guidance*.

This directive replaces, in its entirety, *Management Directive 305.21 Amended*, dated March 2, 2018.