

**NC DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER INFRASTRUCTURE
COMMUNITY DEVELOPMENT BLOCK GRANT-INFRASTRUCTURE UNIT**

Policy Title: CDBG-I Program Policy on Adoption of 2 CFR 200 Uniform Administrative Requirements

Version: 3

Effective Date: April 26, 2023

Purpose:

The State CDBG program is subject to only portions of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as further specified by program regulations in 24 CFR Part 570. The 2 CFR Part 200.101 (d)(1) regulation states:

“Except for §200.202 Requirement to provide public notice of Federal financial assistance programs and §§200.330 Subrecipient and contractor determinations through 200.332 Fixed amount Subawards of Subpart D – Post Federal Award Requirements of this part, the requirements in Subpart C – Pre-Federal Award Requirements and Contents of Federal awards, Subpart D – Post Federal Award Requirements of this part, and Subpart E- Cost Principles of this part do not apply to the following programs:

- 1) The block grant awards authorized by the Omnibus Budget Reconciliation Act of 1981 (including Community Services) except that Subpart E – Cost Principles of this Part apply to subrecipients of Community Services Block Grant funds pursuant to 42 U.S.C.9916(a)(1)(B).”*

This document outlines how the CDBG-Infrastructure Program (Program) will adopt parts of the 2 CFR Part 200 regulation in its management of federal grant dollars.

The Program will adopt the majority of 2 CFR Part 200, as follows.

Subpart A, Acronyms and Definitions (2 CFR 200.0 through §200.99).

All applicable to Program.

Subpart B, General Provisions (2 CFR 200.100 through §200.113).

All applicable to Program.

Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards.

Partially applicable to the Program.

- Sections §200.200-201, §200.207 (through 24 CFR 570.485(d), §200.208-§200.209, and §200.213 are applicable to the Program.
- The remaining sections (§200.202-§200.206, §200.210-§200.212) are not applicable to the Program.

Subpart D, Post Federal Award Requirements (2 CFR 200.300 through §200.345).

Partially applicable to Program. According to HUD, as well as 2 CFR Part 200.101(d)(1), sections of Subpart D may be adopted to comply with 24 CFR Part 570.489(d) and the requirements for procurement policies and procedures pursuant to 24 CFR Part 570.489(g).

- Standards for Financial and Program Management (§200.300-§200.309).
 - Only applicable pursuant to 24 CFR 570.489(d), which says the State shall have fiscal and administrative requirements for expending and accounting for all funds.
 - The following sections are applicable to the Program: §200.300, 200.302-.303, §200.305, §200.306: (a), (b), (d), (e), (f), (g), (h), (i), and (j), §200.307, and §200.309.
- Property Standards (§200.310-§200.316).
 - Only applicable pursuant to 24 CFR 570.489(k), which says the State shall establish and implement requirements, consistent with State law... [and 570.489(j) regarding change of use] governing the use, management, and disposition of real and personal property acquired with CDBG funds.
 - The following sections are applicable to the Program: §200.310-§200.314.
- Procurement Standards (§200.317-§200.326).
 - Only applicable pursuant to 24 CFR 570.489(g), which says the State shall establish requirements for procurement policies and procedures for units of general local government, based on full and open competition.
 - The Program adopts its own Procurement Policy using the most restrictive of regulations between the State of North Carolina and federal statutes as its own procurement policy in lieu of the regulations found at 2 CFR Part 200.317, §200.319 – §200.322, and §200.326(F) and §200.326(J).
- Performance and Financial Monitoring and Reporting (§200.327-§200.329).
 - Only applicable pursuant to 24 CFR Part 570 and Part 91.
 - Section §200.328 is applicable to the Program.
- Subrecipient Monitoring and Management (§200.330-§200.332).
 - Applicable to Program pursuant to 2 CFR 200.101(d) and 24 CFR 570.489(m) and (o), the provisions of 200.330 through 332 are applicable to State CDBG.
 - All sections (§200.330-§200.332) are applicable to the Program.
- Record Retention and Access (§200.333-§200.337).
 - Even though 24 CFR 570.490 contains record-keeping requirements which remain applicable to State CDBG, all sections 200.333 through §200.337 are applicable to the Program.

- Remedies for Noncompliance (§200.338-.342).
 - All sections §200.338-§200.342 are applicable to the Program.
- Closeout (§200.343).
 - Applicable to the Program pursuant to 24 CFR 570.489(o), the provisions of 2 CFR 200.343 are applicable to HUD's closeout of the State's grant. However, for the State's closeout of the Units of General Local Government's grants, 24 CFR 570.489(i) says the State shall establish requirements for timely closeout of grants to units of general local government and shall take action to ensure the timely closeout of such grants.
- Post-Closeout Adjustments and Continuing Responsibilities (§200.344).
 - Applicable to the Program.
- Collection of Amounts Due (§200.345).
 - Applicable to the Program.

Subpart E, Cost Principles (2 CFR 200.400 through 475).

Applicable with modifications. Subpart E is made applicable by 24 CFR 570.489(p) which also states that all cost items that require Federal agency approval are allowable without prior approval of HUD, except for the following: Depreciation methods for fixed assets; Fines, penalties, damages, and other settlements; Costs of housing, housing allowances, and personal living expenses; and Organization costs. Additionally, pursuant to 24 CFR 570.489(a)(3)(iv), funds from any State CDBG grants may be used to pay planning and program administrative costs associated with any other State CDBG grant; therefore, planning and administration costs are not required to be allocated to a particular CDBG grant.

- General Provisions (§200.400-§200.401).
 - All applicable to Program.
- Basic Considerations (§200.402-§200.411).
 - All applicable to Program.
- Direct and Indirect (F&A Costs) (§200.412-§200.415).
 - All applicable to Program.
- Special Consideration for States, Local Governments, and Indian Tribes (§200.416-§200.417).
 - All applicable to Program.
- Special Consideration for Institutions of Higher Education (§200.418-§200.419).
 - All applicable to Program.

- General Provisions for Selected Items of Costs (§200.420-475).
 - Applicable with Modifications.
 - All sections are applicable to Program, except for §200.436, §200.441, §200.445, and §200.455.

Subpart F, Audit Requirements (2 CFR 200.500 - §200.512).

All applicable to Program pursuant to 2 CFR 200.101(d) and 24 CFR 570.489(n).

POLICY HISTORY:

| Date: | Name / Changes |
|---------------------------|---|
| Version 0, est. 1/2016 | Policy Regarding the Applicability of 24 CFR Part 85 |
| Version 1, est. 6/13/2018 | Policy Regarding the Adoption of 2 CFR 200 |
| Version 2, 10/18 | Adoption of the Uniform Rules 2 CFR 200 |
| Version, 3, 4/2023 | CDBG-I Program Policy on the Adoption of 2 CFR 200 Uniform Rules / Reformatted and removed the detailed text of each regulation |