

Subaward Package Version 12

H. Subaward Administration Manual

Kentucky Office for Refugees

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I. Introduction and General Information

1. Purpose of the KOR Subaward Administration Manual

This manual is intended to provide guidance to current and future Subrecipients of the Kentucky Office for Refugees (KOR) so they may properly and effectively administer Federal funding. Subrecipients will be expected to have the necessary administrative, financial, and programmatic infrastructure in order to responsibly manage Federal funding.

A Subrecipient is defined as any entity that is receiving a Subaward from KOR and providing a service to ORR-eligible populations in the state of Kentucky. It is the responsibility of each Subrecipient to understand the Federal and state requirements that apply to these funds and to adhere to them. It is important to thoroughly read this manual, along with the referenced regulations and documents, prior to applying for funding and implementing a program.

2. About the Kentucky Office for Refugees

The [Kentucky Office for Refugees \(KOR\)](#) is a department of Catholic Charities of Louisville and is designated by the Federal [Office of Refugee Resettlement \(ORR\)](#) to administer the state refugee resettlement program and serve as the State Refugee Coordinator's office.

3. Definitions

Additional definitions are listed in [2 CFR 200.1](#).

Allocation: The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

Allocable cost: An allocable cost relates to a specific project or activity based on the relative benefits it provides. It is allocable to a federal award if: it is specifically for the award; it benefits both the award and other tasks, and can be distributed based on those benefits; it is needed for the organization's overall functioning.

Allowable cost: Allowable costs are: reasonable for the award's purpose; allocable; within the federal cost principles or NOA guidelines; in line with the recipient's consistent policies, covering both federal and non-federal activities; consistently treated as either a direct or indirect cost; based on standard accounting principles; and not used in another federal award, unless statute says otherwise.

Budget: The financial plan for the Federal award that the Federal agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award. It

may include the Federal and non-Federal share or only the Federal share, as determined by the Federal agency or pass-through entity.

Budget period: The time interval from the start date of a funded portion of an award to the end date of that funded portion, during which Recipients and Subrecipients are authorized to incur financial obligations of the funds awarded, including any funds carried forward or other revisions pursuant to § 200.308.

Change in scope: This occurs when the subrecipient proposes to change the objectives, aims, or purposes identified in the approved Service Plan.

Conflict of interest: When someone closely associated with the Recipient or Subrecipient, such as an employee, officer, agent, or board member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties listed above, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract.

Corrective action: Action taken by the auditee that: (1) Corrects identified deficiencies; (2) Produces recommended improvements; or (3) Demonstrates that audit findings are either invalid or do not warrant auditee action.

Cost objective: A program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, and capital projects. A cost objective may be a major function of the Recipient or subrecipient, a particular service or project, a Federal award, or an indirect cost activity.

Direct costs: Costs directly linked to a specific project, instructional activity, or other institutional activities, which can be accurately and easily allocated to those activities.

Expenditures: Charges made by a Recipient or Subrecipient to a project or program for which a Federal award is received.

Indirect costs: Costs incurred by a recipient for shared purposes and not tied to a specific project or program. They are also referred to as "facilities and administrative costs."

Key Personnel: The Project Director and other individuals who contribute to the programmatic development or execution of a project in a substantive, measurable way, and are listed by name in the service plan or award document.

Monitoring: A method of evaluating an award's programmatic and business management performance using data from reports, audits, site visits, and other sources.

Notice of funding opportunity (NOFO): A formal announcement of the availability of Federal funding in the form of an award through a financial assistance program from a Federal agency. The notice of funding opportunity provides information on the award, such as who is eligible to apply, the evaluation criteria for selecting a Recipient or Subrecipient, the required components of an application, and how to submit the application. The notice of funding opportunity is any paper or

electronic issuance that an agency uses to announce a funding opportunity, whether it is called a “program announcement,” “notice of funding availability,” “broad agency announcement,” “research announcement,” “solicitation,” or some other term.

Participant: This generally refers to an individual participating in or attending program activities under a Federal award. Those who are responsible for implementing a Federal award, such as consultants, project personnel, or staff members of a Subrecipient or Recipient agency, are not considered participants.

Participant support costs: These are direct costs that support participants and their involvement in a Federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants.

Pass-through entity: A Recipient or Subrecipient that provides a Subaward to a Subrecipient to carry out part of a Federal program. The authority of the pass-through entity under this part flows through the Subaward agreement between the pass-through entity and Subrecipient.

Performance goal: A measurable target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. In some instances (for example, discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with agency policy).

Period of performance: The time interval between the start and end date of a Federal award, which may include one or more budget periods. Identification of the period of performance in the Federal award consistent with § 200.211(b)(5) does not commit the Federal agency to fund the award beyond the currently approved budget period.

Personally Identifiable Information (PII): Information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some PII is available in public sources such as telephone books, websites, and university listings. The definition of PII is not attached to any single category of information or technology. Instead, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that could be used to identify an individual when combined with other available information.

Prior approval: The written approval obtained in advance by an authorized official of a Federal agency or pass-through entity of certain costs or programmatic decisions.

Program income: Income directly produced by a project, program, or activity funded by the award, or earned due to the award.

Recipient: An entity that receives a Federal award directly from a Federal agency to carry out an activity under a Federal program. The term Recipient does not include Subrecipients or individuals that are participants or beneficiaries of the award. The Kentucky Office for Refugees is considered the Recipient and administers *Subawards* across the state to Subrecipient agencies.

Renewal award: A Federal award for which the start date is contiguous with, or closely follows, the end of the expiring Federal award. The start date of a renewal award begins a new and distinct period of performance.

Subaward: An award provided by a pass-through entity to a Subrecipient for the Subrecipient to contribute to the goals and objectives of the project by carrying out part of a Federal award. This does not include payments to a contractor, beneficiary, or participant. A Subaward may be provided through any form of legal agreement consistent with criteria in with [200.331](#), including an agreement the pass-through entity considers a contract.

Subrecipient: An entity that receives a Subaward from a pass-through entity to carry out part of a Federal award.

Termination: The awarding agency's permanent removal of a recipient's right to commit previously granted funds before the initial authority ends, which can include the subrecipient willingly giving up that right.

4. Award Types

KOR administers two types of awards on behalf of ORR: Subaward grants to Subrecipients and contracts to contractors. **This manual specifically addresses the requirements of Subrecipients administering Subawards.**

Is my organization a Subrecipient or a contractor?

KOR determines and communicates whether a project is funded as a Subaward or a contract. Subawards are made to directly implement a program for a public purpose specified in an authorizing statute, rather than providing goods or services for the benefit of KOR. Subrecipients will typically be responsible for carrying out part of the Federal award, providing direct services to clients, programmatic decision-making, and determining the eligibility of participants. Some awards will require organizations to apply and enter a competitive selection process, while other Subawards may undergo a non-competitive process. Contractors are vendors that provide goods and services to KOR or its Subrecipients through a procurement process in a competitive environment. Funded Subrecipients will receive a Notice of Award (NOA), also known as a Notice of Subaward or Notice of Grant Award. Funded contractors will receive a Contract Agreement. As a pass-through entity, KOR is responsible for advising Subrecipients of the Subaward requirements, conducting Risk Assessments, and monitoring Subrecipient programmatic and financial activity ([2 CFR 200.331](#)).

5. Regulations and Policies

Subrecipients will be required to adhere to the following regulations and policies. It is critical for Subrecipients to be familiar with these documents, as they outline how a Subaward from KOR can be spent as well as what each program is expected to achieve. Failure to adhere to the policies in this manual may result in a finding and corrective action.

A. Federal Regulations

These regulations must be followed by the Recipient and all Subrecipients of all programs.

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([2 CFR Part 200](#))
- Refugee Act ([Public Law 96-212](#))
- Refugee Resettlement Program ([45 CFR Part 400](#))
- Cuban Haitian Entrant Program ([45 CFR Part 401](#))

B. Policy Letters

The following policy documents from ORR and KOR include policies that apply to all Subrecipients and policies that are specific to certain programs.

- Office of Refugee Resettlement Policy Letters ([ORR Policy Letters](#))
- Kentucky Office for Refugees Policy Letters and Manuals ([KOR Policy](#))

C. Subaward-Specific Documents

These are policies that apply to Subrecipients involved in a particular program. The NOA may include requirements specific to the Subrecipient.

- The Notice of Funding Opportunity (NOFO)
- The Notice of Award (NOA)

D. Agency Policies

Subrecipients must adhere to their own policies as approved by their board of directors. When the Subrecipient's policies differ from KOR policy or federal regulations, the most restrictive policy must be followed. For example, if a Subrecipient's policy sets an equipment threshold of \$5,000, which is lower than the \$10,000 Federal threshold in the CFR and KOR policy, the agency must adhere to the Subrecipient's policy because it sets the strictest administrative standards. Failure to adhere to the agency's approved policies may result in a finding and corrective action.

6. Responsibilities of the Kentucky Office for Refugees

KOR carries responsibilities to the following:

- ORR, which administers KOR's Federal funding.
- ORR-eligible clients, who receive services funded by KOR.
- Subrecipients, who receive Federal Subawards from KOR.
- Catholic Charities of Louisville, which is fiscally responsible for KOR's funds.

A. KOR's responsibilities to ORR are:

- a) Submit a State Plan that complies with [45 CFR 400.5](#).
- b) Systematically examine and evaluate Subrecipient operations [[400.22\(b\)\(2\)](#)].
- c) Provide timely and accurate statewide data (arrivals, services, outcomes, expenditures, etc.) via routine reports and upon request ([400.28](#)).
- d) Ensure all funds are used in compliance with all applicable regulations and administrative guidelines.
- e) Ensure all programs are administered in compliance with all applicable regulations and policies.

B. KOR's responsibility to eligible refugees in Kentucky is:

- a) Ensure access to essential services, which requires:
 - i. Reasonable geographic proximity.
 - ii. Sufficient capacity to serve all who are eligible.
 - iii. Services meet basic standards of quality and care.
 - iv. Reasonable convenience and reliability of hours of operation.
 - v. Equity of access regardless of characteristics other than ORR eligibility.
 - vi. Reasonable accommodation via culturally and linguistically appropriate service delivery.

C. KOR's responsibilities to Subrecipients are:

- a) Follow equitable award procedures and make equitable funding decisions.
- b) Set clear and reasonable performance expectations that are communicated clearly and timely.
- c) Do not alter expectations during a period of performance, except through mutual agreement.
- d) Award adequate funding to meet expectations.
- e) Provide tools (database, report templates, etc.) to meet reporting requirements that are user friendly and add minimal administrative burden.
- f) Create policies that are clear and minimally intrusive on organization's self-governance.
- g) Provide training and technical assistance to help Subrecipients use reporting tools effectively and maintain programmatic and fiscal compliance.
- h) Host voluntary training and networking opportunities to facilitate professional development, sharing of best practices, and interagency collaboration.
- i) Make fair examination and evaluation procedures and decisions, supported by clear and timely communication.
- j) Faithfully represent Subrecipient needs and challenges to Federal partners when needs exceed the scope of KOR's authority or resources.

D. KOR's responsibility to Catholic Charities of Louisville is:

- a) Manage awards and contracts with Subrecipients in a manner which minimizes exposure of Catholic Charities to fiscal and/or organizational risk, relative to the fulfillment of other responsibilities outlined.

7. Responsibilities of Subrecipients

Subrecipients receive Subawards from KOR to carry out part of a Federal Refugee Resettlement Program. Subrecipient responsibilities include ([2 CFR 200.331](#)):

- a) Determining who is eligible to receive what Federal assistance from ORR.
- b) Measuring performance in relation to whether objectives of the Refugee Resettlement Program were met.
- c) Being responsible for programmatic decision-making.
- d) Being responsible for adherence to applicable Federal program requirements.
- e) Implementing program(s) for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of KOR.
- f) Maintaining proper financial management and internal controls.
- g) Completing and/or submitting reports, services, data, and deliverables no later than the due date.
- h) Maintaining and keeping proper records.

To ensure that your organization is equipped to carry out these responsibilities, please see the following section, "Organizational Standards for Subrecipients."

8. Client Eligibility

Individuals are eligible to receive ORR benefits and services provided through KOR Subawards when they meet the following requirements:

- A. ORR-eligible
- B. Time-eligible
- C. Kentucky resident

Please note that some programs will have more specific eligibility requirements.

A. ORR eligibility

The following groups are eligible for benefits and services from the Office of Refugee Resettlement (ORR):

- Refugees
- Asylees
- Cuban and Haitian entrants
- Iraqi and Afghan Special Immigrants, previously known as Special Immigrant Visa Holders
- Amerasians
- Victims of human trafficking
- [Afghan Humanitarian Parolees](#) paroled between 7/31/2021 and 9/30/2023
- [Ukrainian Humanitarian Parolees](#) paroled between 2/24/2022 to 9/30/2024

In addition to unaccompanied minors in the above categories, the following minors are eligible for the ORR Unaccompanied Refugee Minors (URM) Program:

1. Unaccompanied Minors with Special Immigrant Juvenile Status (SIJS)
2. Unaccompanied Minors who hold U status

For additional information, please see [ORR Policy Letter 16-01](#).

B. Time eligibility

Individuals who are eligible for ORR benefits and services are eligible for cash and medical assistance up to four (4) months following their date of eligibility if they arrived after 5/5/2025 (or one year following their date of eligibility for those arriving before 5/5/2025); social services up to five (5) years following their date of eligibility; and citizenship and naturalization, referral, and interpreter services for life. The date of eligibility is defined as the first day an individual is physically present in the U.S. with a qualifying immigration status.

C. Kentucky residency

An individual is considered a Kentucky resident if they dwell in Kentucky more than any other state and do not consider another place of dwelling their primary residence, or if they have recently arrived in Kentucky with the intent to establish residency here and renounce residency in any other location.

II. Organizational Standards for Subrecipients

Eligible organizations are expected to adhere to the following standards to ensure they are capable of effectively and responsibly using Federal funds. These standards are evaluated through an agency's Risk Assessment (see the [Risk Assessment](#) Section for more details). For this reason, it is important for agencies to develop and maintain written policies and procedures that demonstrate the following standards.

9. Governance Standards

Governance refers to the system of rules, practices, and processes that direct and control an organization.

Organizations can demonstrate good governance by developing and adhering to their own policies and procedures- conforming to federal and state regulations- related to decision-making processes, conflicts of interest, whistleblower protections, document retention, and gift acceptance.

Organizations can also demonstrate good governance by having an independent board of directors that provides leadership and accountability and maintains minutes of board meetings. Kentucky law requires a minimum of three directors and that the term limits for officers, which cannot exceed three years [[Ky. Rev. Stat. Ann. § 273.227\(5\)](#)], are specified in the Articles of Incorporation and by-laws.

A. Board Independence

Organizations demonstrate good governance by having a Board of Directors that is free from conflicts of interest and undue influence from the organization's management and staff. The IRS stipulates a four-part definition of independence for members of nonprofit boards. To be considered independent, a subrecipient's directors cannot ([IRS Instructions for Form 990, Part VI, Section A](#)):

1. Be compensated as officers or employees of your organization or a related organization.
2. Receive more than \$10,000 in compensation for work as independent contractors from your organization or a related organization during the tax year (excluding reasonable compensation for services provided as a board member).
3. Be involved in, or have close family members involved in, transactions with your organization that provide material financial benefits and that must be reported on Form 990, Schedule L, "Transactions with Interested Persons."
4. Be involved in, or have close family members involved in, a transaction with a taxable or tax-exempt related organization that must be reported on Schedule L.

10. Personnel Standards

Personnel standards refer to the management, development, and evaluation of employees within an organization. This ensures that individuals are adequately trained and prepared to carry out their duties, especially as they relate to the goals and objectives of a Federal award.

Organizations can demonstrate strong personnel standards by developing and adhering to their own policies and procedures – conforming to federal and state regulations – related to hiring, such as nondiscrimination and background checks; compensation, such as minimum wage, overtime pay, and incentive pay; workplace standards, such as reasonable workload, drug-free/smoke-free workplace, and safety; and staff management, such as daily management, employee evaluations, and training and development.

For additional information, please see the [Nondiscrimination Policy](#) and [Background Check](#) Checklists.

11. Financial Standards

Financial standards refer to cash management, financial systems, and accounting procedures. Organizations can demonstrate strong financial standards by developing and adhering to their own policies and procedures – conforming to federal and state regulations – related to fiscal management, procurement, auditing, and managing cash flow. Organizations can also demonstrate strong financial standards by having an indirect cost rate, cash on hand, diversified sources of income, and accounting software.

For more information, please see the [Financial Management](#) Section.

12. Programmatic Standards

Programmatic standards refer to program structure, implementation, and evaluation and aim to ensure effectiveness, consistency, and accountability.

Organizations can demonstrate strong programmatic standards by developing and adhering to their own policies and procedures – conforming to federal and state regulations – related to language access for clients, prohibiting discrimination against clients, quality and maintenance of services, and tracking client and program success.

For additional information, please see the [Non-Discrimination Policy Checklist](#).

13. Conflicts of Interest

During an award period, a Subrecipient may choose to conduct business with another entity and implement a contract using Federal awards. Subrecipients must disclose in writing any real, apparent, or potential conflicts of interest. The Subrecipient must maintain written standards of conduct covering conflicts of interest [2 CFR 200.318(c)]. Conflict of interest standards must uphold that no employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the Subaward.

A conflict of interest is defined as when someone closely associated with the Subrecipient has an interest in or personal benefit from an entity considered for a contract. Individuals closely associated with the Subrecipient can include employees, board members, any members of their immediate family, their partner, or an organization that currently employs or is about to employ any of the parties listed above. These individuals may not seek or accept gifts, favors, or anything of monetary value from contractors. Subrecipient can set standards for situations where the gift or financial interest is not considered substantial. The Subrecipient's standards of conduct must provide for disciplinary actions for any conflict of interest violations.

Subrecipients must also maintain written policies regarding organizational conflicts of interest. These occur when relationships between the Subrecipient and potential contractors make the Subrecipient appear biased or unfair when selecting an organization for a contract.

III. Technology Requirements

14. ClientTrack

ClientTrack is a web-based client database used by the Kentucky Office for Refugees. Agencies implementing KOR-funded programs are required to enter client and program data in ClientTrack. Subrecipient staff may receive access to ClientTrack once the agency begins its Subaward. ClientTrack may be accessed here: <https://clienttrack.eccovia.com/login/CCL>.

15. Foundant

Foundant, also known as grantinterface.com, is a web-based grant management platform used by the Kentucky Office for Refugees. Foundant is used by external agencies to apply for and manage their Subawards and contracts. KOR uses this platform to review applications, invoices, reports, and other materials relevant to Subawards and contracts. Foundant may be accessed here: <https://www.grantinterface.com/Home/Logon?urlkey=kor>.

IV. Pre-Award Phase

The pre-award phase refers to all activities that occur before a Subrecipient begins its Subaward.

16. Eligibility to Apply for a Subaward

KOR has determined that the following entities are generally eligible to apply for Subawards. Some Subawards will be limited to certain categories. Please refer to the Notice of Funding Opportunity to ensure your organization is eligible to apply to the specific Subaward. To learn more about which category your organization falls within, please visit grants.gov/learn-grants/grant-eligibility.

- Nonprofit Organizations, including nonprofits having a 501(c)(3) status with the Internal Revenue Service (IRS), other than institutions of higher education, and nonprofits that do not have a 501(c)(3) status with the IRS, other than institutions of higher education.
- Education Organizations, including independent school districts, public and state-controlled institutions of higher education, and private institutions of higher education.
- Government Organizations, including state governments, county governments, city or township governments, special district governments, Native American tribal governments (Federally recognized), and Native American tribal governments (other than Federally recognized).
- Public Housing Organizations, including public housing authorities and Indian housing authorities.

17. Subaward Application Process

KOR administers Subawards in both competitive and non-competitive processes. Organizations apply for competitive and non-competitive Subawards through [Foundant](#).

A. Competitive Subawards

Competitive Subawards are made available when funding is accessible. The duration of competitive Subawards is generally 18 months. Application periods take place at various times throughout the calendar year.

KOR is required to announce all competitive Subawards through Notices of Funding Opportunities, or NOFOs. A NOFO should include the following: agency name, funding opportunity title, announcement type, funding opportunity number, assistance listing number, funding details, key dates, executive summary, and agency contact information ([2 CFR 200.204](#)).

Organizations can view available NOFOs on KOR's website: www.kentuckyrefugees.org/notice-of-funding-opportunities/. NOFO announcements are also communicated via KOR's [newsletter](#), [Facebook](#), [Instagram](#), and during [Quarterly Community Consultations \(QCCs\)](#).

Organizations apply for competitive Subawards through [Foundant](#).

B. Non-competitive awards

Non-competitive funding generally occurs annually and aligns with KOR's fiscal year (October 1 to September 30). Schools receiving non-competitive funding are generally given the option of a July 1-June 30 period of performance. The duration of non-competitive awards is generally one year.

Organizations apply for non-competitive Subawards through [Foundant](#).

18. SAM.gov Registration

A SAM.gov registration is required for any organization applying for a KOR Subaward. This registration ensures that your entity is listed as active and eligible to receive Federal funding. To begin, renew, or view the status of your registration, visit www.sam.gov.

All applicants must:

- i) Be registered in SAM.gov before submitting its application.
- ii) Provide a valid unique entity identifier (UEI) in its application.
- iii) Continue to maintain an active registration in SAM.gov with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal agency.

Organizations that are currently debarred, suspended, proposed for debarment, or declared ineligible for Federal awards will **not** be eligible to receive Subawards from KOR ([2 CFR Part 25](#)).

19. Business Filing Requirements

Entities conducting business in the state of Kentucky – including both nonprofit organizations and for-profit businesses and regardless of the location of the entity's principal office – must be registered via a business filing with the Kentucky Secretary of State's office:

sosbes.sos.ky.gov/BusSearchNProfile/search.aspx.

Entities must also maintain their active and good standing status with the Kentucky Secretary of State by submitting an annual report: <https://www.sos.ky.gov/bus/business-filings/Pages/Annual-Reports.aspx>.

20. Review Process

A. Competitive Subawards

The review process for competitive Subawards will be based on merit ([2 CFR 200.205](#)). Applicants will be scored on areas such as performance measures and project strategy. It is important that applicants demonstrate capacity to meet the expected outcomes of the Subaward and that the organization's work is in alignment with the Federal Refugee Resettlement program. The review process involves:

- Screening applicants for eligibility to receive Federal funding.
- Selecting a scoring committee consisting of KOR and independent third-party reviewer(s) with direct knowledge of the refugee experience and/or expertise relevant to the funding opportunity to review the submitted application.
- Reviewing and scoring submitted applications in Foundant. This is initially completed independently by members of the scoring committee, followed by a scoring committee conference.
- Conducting risk assessments on the organizations that are recommended for funding based on high scores on their application.
- Reviewing and approving all submitted project budgets.
- Selecting applicants for funding based on the scoring committee's ranking, risk assessment scores, and any limits based on geography and/or funding.

B. Non-Competitive Subawards

The review process for non-competitive Subawards involves:

- KOR Program Coordinators reviewing and approving the organization's submitted service plan.
- KOR Finance Team reviewing and approving all associated submitted budgets.
- KOR Managers conducting a final review of all submitted documents.

21. Risk Assessment

A. Purpose

Applicants who are recommended for funding based on high scores on their application will undergo a risk assessment ([2 CFR 200.206](#)). KOR will request specific documents related to financial stability and management systems for submission (see list in [Risk Assessment Documents](#)).

Applicants will be scored as low, moderate, or high risk. KOR will provide overall risk levels to applicants but will not disclose detailed scores from Risk Assessment subsections. Based on an applicant's risk level, applicants may be monitored more frequently by KOR, be offered a reduced award, be subject to specific terms and conditions that address agency deficiencies, and/or disqualified from receiving a Subaward from KOR. The risk assessment will consider the following:

- **Financial stability:** The applicant's record of effectively managing financial risks, assets, and resources.
- **Management systems and standards:** The quality of the applicant's management systems and ability to meet the management standards prescribed in this part.
- **History of performance:** The applicant's record of managing previous and current Federal awards, including compliance with reporting requirements and conformance to the terms and conditions of Federal awards, if applicable.
- **Program requirements:** The applicant's capacity to fulfill the terms of the grant through adequate staffing, accounting, and data management.
- **Client rights:** The applicant's policies for ensuring eligible clients are treated fairly and presented with their rights.
- **Audit reports and findings:** Reports and findings from audits performed under subpart F or the reports and findings of any other available audits, if applicable.
- **Ability to effectively implement requirements:** The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on Recipients of Federal awards.

B. Risk Assessment Documents

Subrecipients may be asked to provide the documents, such as the following, as applicable:

- Form 990
- Program Policies and Procedures related to program delivery
- Fiscal Policies and Procedures related to accounting and finance
- Chart of Accounts, including account numbers for each KOR income type and each KOR expense type
- Personnel/Human Resources Policies

- Organizational Chart relevant to KOR projects
- Most recent Audit (Single Audit required for organizations that receive at least \$1,000,000 in Federal funds)
- Past Monitoring Results from any funder or regulator from the last two years
- Past SF-425, if a direct Recipient of Federal funds
- Final Programmatic Reports for any grant-funded project from the last year
- MOUs and Contracts with partners related to this funding opportunity

22. Subaward Package

The documents governing each Subaward include the service plan/scope of work and budget and the Subaward package. In accordance with [2 CFR 200.211](#), the following documents are to be included in the Subaward package. Sample documents can be viewed at <https://www.kentuckyrefugees.org/award-guidelines-documents/>.

- A) Notice of Subaward and Signature Page:** The Notice of Sub-Award (NOA) includes information such as the Subaward amount, Unique Federal Award Identification Number (FAIN), Assistance Listing Number, Federal Award Date, and Period of Performance. The Signature Page acknowledges that the Subrecipient has reviewed all Subaward package attachments and will assume the obligations imposed.
- B) Subaward Agreement Standard Terms and Conditions:** General Terms and Conditions that must be followed by all Subrecipients.
- C) Program Terms and Conditions:** Terms and Conditions that are specific to certain programs.
- D) Federal Certifications and Public Policy Requirements:** Federal statutes and regulations that must be followed by all Subrecipients.
- E) Financial Report Template with Approved Budget:** Budget template used during monthly financial reports for reimbursement.
- F) Line-Item Instructions for Financial Reports:** Instructions for the E Financial Report.
- G) Specific Agency Terms and Conditions:** Terms and Conditions that are specific to an agency as a whole.
- H) Subaward Administration Manual:** This manual, which provides guidance on how to administer a Federal Subaward.

V. Post-Award Phase

The post-award phase refers to all activities that occur once a Subrecipient begins its Subaward.

23. Statutory and National Policy Requirements

Any organization receiving Federal awards must implement programs in accordance with the U.S. Constitution, applicable Federal statutes and regulations, including provisions protecting free speech, religious liberty, public welfare, and the environment, as well as provisions prohibiting discrimination ([2 CFR 200.300](#)).

Subrecipients receiving Federal awards from KOR are responsible for knowing and complying with all applicable federal statutes and regulations, as listed in [KOR Subaward Attachment D Federal Certifications and Public Policy Requirements](#). ***Please note that this list is provided for informational and educational purposes and may not be complete. Therefore, it is crucial for Subrecipients to stay informed of any changes and ensure compliance with all requirements.***

24. Quarterly Community Consultations

Quarterly Community Consultations (QCCs) occur every quarter in each of Kentucky's five metro areas (Louisville, Bowling Green, Lexington, Covington, and Owensboro) where resettlement activity occurs. Resettlement Agencies are required to attend QCCs in their area every quarter. Subrecipients that are not Resettlement Agencies must make a good-faith effort to send a representative of their organization to at least two (2) of the quarterly consultations each calendar year during the period of performance.

25. Performance Measurement

KOR will measure Subrecipient performance based on the Service Plan/scope of work signed at the start of the award period. Subrecipients will be expected to meet the benchmarks and outcomes listed in their Service Plan ([2 CFR 200.301](#)).

Data collection will occur through ClientTrack, the statewide database for tracking KOR-funded benefits and services. Subrecipients will be expected to enter all participants and track all services related to KOR-funded programs in ClientTrack. Subrecipients are also responsible for regularly reviewing ClientTrack data and ensuring its data quality.

26. Financial Management

Subrecipients are required to develop and maintain adequate financial management systems, including records documenting compliance with Federal statutes, regulations, and the Terms and Conditions of the Subaward ([2 CFR 200.302](#)). Financial management systems must be able to:

- Prepare required reports.

- Identify Subawards and expenditures.
- Provide accurate, current, and complete records.
- Identify the source and use of funds.
- Establish and maintain adequate control over and accountability for all funds, property, and other assets.
- Allow for comparison of expenditures with budget amounts for each award.
- Demonstrate adequate cash management procedures.
- Demonstrate adequate cost principle procedures for determining the reasonableness, allocability, and allowability of costs.

The Subrecipient must maintain records for the period of performance as described in the Subaward agreement, which adequately identifies the source and use of funds provided for Subaward activities. These records must contain information related to the Subaward agreement and authorization, allowable expenditures, and income. Examples of these records include Time and Effort sheets for employees listed in the award, revenue and expenditure reports, and receipts for reimbursable purchases. Subrecipients shall make such records available to KOR/Catholic Charities of Louisville upon request. If you need assistance, please email korinvoices@archlou.org.

In accordance with [2 CFR 200.302\(b\)\(2\)](#), the organization must implement and maintain a fund accounting system that provides for accurate, complete, and separate tracking of all financial activities related to federal awards. This ensures transparency, accountability, and compliance with federal grant financial management standards. The system must be able to produce reports that track revenues and expenditures separately by individual federal award, enable the preparation of reports required by federal awarding agencies, and ensure expenditures are recorded and reported in line with the approved budget.

27. Internal Controls

Internal controls are processes designed and implemented to ensure a project meets its goals in the following areas: effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations. Internal controls help prevent undesirable events from happening and ensure that prompt action is taken to resolve noncompliance. Internal controls also require organizations to take reasonable measures to safeguard sensitive and personal information, which is important for Subrecipient organizations that work directly with clients ([2 CFR 200.303](#)).

To establish internal controls, Subrecipients must:

- Establish, document, and maintain internal control policies and procedures.
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- Take prompt action when noncompliance is identified.

- d) Take reasonable measures to safeguard Personally Identifiable Information (PII) and sensitive or confidential information.

Additional resources can be found here: US Government Accountability Office, [Standards for Internal Control in the Federal Government](#).

28. Cost Sharing

Cost sharing occurs when a Federal award requires a Subrecipient to contribute non-Federal funds towards the total cost of the project. When cost sharing is required, non-Federal funds must be used solely for costs that would qualify as eligible Federal costs (allowable, allocable, reasonable, necessary, and expended during the period of performance) ([2 CFR 200.306](#)).

KOR Subawards do not require, encourage, or incentivize cost sharing. If a Subrecipient voluntarily chooses to participate in cost sharing, then its record-keeping must clearly differentiate between eligible costs paid for by Federal versus non-Federal funds.

29. Program Income

Program income is the gross income earned by the Subrecipient that is directly generated by a supported program activity or earned as a result of the Subaward ([2 CFR 200.307](#)). Program Income is typically generated by charging clients fees for KOR-funded services. Subrecipients can choose to do this, but KOR neither encourages nor requires this of Subrecipients. If a Subrecipient does choose to charge fees for KOR-funded services, such as for services that are also provided to clients who are not ORR-eligible on a fee-for-service basis, then it must follow the program income regulations found at [2 CFR 200.307](#):

- Program income must be used for the original purpose of the Federal award.
- Program income earned during the period of performance may only be used for costs incurred during the period of performance or for allowable closeout costs.
- Program income must be spent prior to requesting additional Federal funds.
- Program income exceeding amounts specified in the Federal award may be added to or deducted from the total allowable costs in accordance with the terms and conditions of the Federal award.

HHS prescribes the additive method for program income in ORR awards, meaning that the total of program income earned is added to the total allowable costs. This increases the overall total amount of the Subaward. Subrecipients who generate program income must ensure that their record-keeping clearly identifies what revenue is generated by the program and is considered program income, and what portion of eligible costs the program income pays for. Program income must be spent before submitting invoices requesting reimbursement from KOR. Any Program Income earned shall be reflected in the financial report and will be added to the budget total.

30. Budget Revisions

A. Revisions Requiring Prior Approval

Subrecipients must request prior written approval from KOR for the following program and budget-related reasons ([2 CFR 200.308](#)).

Changes requiring prior approval fall into two categories: programmatic and financial. Some requests will have both, such as when a project changes so much that a budget change is also needed. Changes that only affect programming will usually only be reflected in the Service Plan.

Programmatic Modifications Requiring Prior Approval	
Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval) [2 CFR 200.308(f)(1)].	Examples: <ul style="list-style-type: none">• Changing which interventions or services the Subrecipient provides.• Changes in populations targeted or eligibility factors.• Changing the mode of program delivery, such as shifting from in-person services to remote or hybrid services.• Changing the geographic area that is being served.
Change in key personnel (including employees and contractors) who are identified by name in the service plan or award document [2 CFR 200.308(f)(2)].	<p>A “key person” is defined as someone who is listed by name in the service plan or award document, such as the Project Leader named in the Service Plan or any staff mentioned by name in the service plan narrative.</p> <p>Usually, this person has unique expertise essential to meeting the objectives of the Subaward, which is why this change would need to be reported to KOR. In general, key personnel are those whose duties could not be readily reassigned to others on staff because they require specialized knowledge or qualifications, or they are authorized to make strategic decisions.</p>
The disengagement from a project for more than three months, or a 25 percent reduction in time and effort devoted to the Federal award over the course of the period of performance, by the lead	Examples: <ul style="list-style-type: none">• A project whose start date is delayed by three months due to challenges in recruiting staff.• A project that is paused when essential staff take an extended leave, are reassigned to other projects, or leave the agency.

program manager [2 CFR 200.308(f)(3)].	<ul style="list-style-type: none"> The Project Leader takes on responsibility for new projects, causing them to reduce their involvement in this project by at least 25%.
Unless described in the approved service plan, the sub-awarding, transferring or contracting out of any work under the Federal award . This provision does not apply to the acquisition of supplies, materials, equipment or general support services [2 CFR 200.308(f)(6)].	<p>Examples:</p> <ul style="list-style-type: none"> The Subrecipient originally intends to provide a particular service directly, using its own employees, but later decides to contract that service out to another agency. The Subrecipient can no longer work on the project but wants to recommend another Subrecipient the project could be transferred to.
Financial Modifications Requiring Prior Approval	
Adding a new budget line-item that is not reflected in the service plan approved by KOR/Catholic Charities of Louisville [2 CFR 200.308(f)(4)].	<p>Example:</p> <ul style="list-style-type: none"> A Subrecipient did not originally include any program supplies in its budget and then later realizes there is a need for them. The Subrecipient must request prior approval and submit an updated budget that shows a transfer of funds from an item that was funded to the line that originally had \$0 funding. <p>This is required regardless of how small or large the transfer amount might be.</p>
Transferring funds budgeted for direct client service costs , also known as “Participant Support Costs” as defined in 2 CFR 200.1 , to other categories, such as administrative costs [2 CFR 200.308(f)(5)].	<p>Example:</p> <ul style="list-style-type: none"> A Subrecipient originally includes bus passes for clients in its budget and now wants to transfer funds to pay for salaries instead. The Subrecipient must request prior approval and submit an updated budget, showing the amount of the funds it wishes to transfer. <p>This is required regardless of how small or large the transfer amount might be.</p>
Transferring funds between approved budget line items where either the transfer amounts to 25% or more of an	<p>Examples:</p> <ul style="list-style-type: none"> The Subrecipient's original Subaward amount is \$20,000, and it wants to transfer \$6,000 or more of its funding to different line items. It must request prior approval and submit an updated budget showing the

<p>award and/or the transfer is greater than \$100,000.</p>	<p>transfers, because the total transfer amount is more than 25%</p> <ul style="list-style-type: none"> • Subrecipient's original Subaward amount is \$700,000, and it wants to transfer \$100,000 or more of its funding to different line items. It must request prior approval and submit an updated budget, even though the total transfer amount is less than 25% of its award.
<p>The need arises for additional funds to complete the project [2 CFR 200.308(f)(8)].</p>	<p>Example:</p> <ul style="list-style-type: none"> • The Subrecipient is serving substantially more participants than it originally intended to serve, and it needs to hire more staff to meet the demand. It can demonstrate the substantial progress that it has made on meeting its outcomes and request additional funding to meet the increased demand for services.
<p>A no-cost extension (an extension of time that does not require the awarding of additional funds) of the period of performance [2 CFR 200.308(f)(10)].</p>	<p>Examples:</p> <ul style="list-style-type: none"> • The Subrecipient needs more time to: <ul style="list-style-type: none"> ○ Bring services to completion, ○ Phase out a project and successfully transfer clients to other services, or ○ Prevent a gap in services, <p>and it has adequate funding remaining at the end of the original period of performance to do so. It can request to extend its period of performance and use its remaining funds to continue providing services during that time.</p> <p>Please note that there should always be a programmatic reason for extending the period of performance. Simply having an excess of funds remaining at the end of the period of performance is never a sufficient reason to request a no-cost extension.</p>

B. Submitting a Prior Approval Form to KOR

Subrecipients can consult KOR Program Coordinators to determine if a KOR Prior Approval Form will need to be completed. If so, a leader from the Subrecipient organization will complete the form via the Foundant Prior Approval Form application found on [Foundant](#). Through the Foundant Prior

Approval Form, Subrecipients will select the changes requested and provide a detailed justification. Subrecipients may attach additional related documents, such as a revised service plan or budget if necessary. For additional instructions on how to use the platform, please visit the Subrecipient User Manual on the Foundant Log On page.

Please note that not every Prior Approval request will be approved by KOR. For this reason, it is important for Subrecipients to provide a strong and detailed justification for any requested revisions. For example, when a Prior Approval is requested in the last quarter of an award, Subrecipients may not have enough time to implement the proposed changes, and KOR may choose not to approve that request.

C. Approval and Amended Awards

Subrecipients should not implement any changes until receiving written approval from KOR. Only once fully approved will the Subrecipient be able to implement the new changes and receive reimbursement from KOR related to these changes.

Once receiving Prior Approval from KOR, a Subrecipient may begin receiving additional funding, begin a decrease in funding, and/or need to revise any other information in its Subaward, such as a change to its period of performance. These changes will require some Subaward documents to be revised.

Revised documents may include:

- Notice of Award (NOA)
- Financial Reports
- Approved Budget
- Budget Narrative

31. Property Standards

Subrecipients must develop and follow their own policies and procedures regarding property standards in accordance with [2 CFR Part 200 Subpart D - Property Standards](#). Subrecipients must develop their own thresholds for equipment and supplies. The current threshold set by the Federal government is a unit price of \$10,000 or more for equipment, and a unit price of less than \$10,000 for supplies. Subrecipients may set a lower threshold for this but cannot exceed the Federal government standards. If a Subrecipient's policy sets a lower equipment threshold, then the subrecipient must adhere to their more restrictive policy. Property should be correctly identified as either equipment or supplies based on the threshold and treated appropriately. KOR does not fund the purchasing of equipment but does reimburse for the allocable ongoing costs of equipment, including depreciation, third-party leasing, insurance costs, and maintenance costs. For more information, please visit [KOR's Equipment Policy](#).

32. Procurement Standards

A. Contracting with Another Entity

During an award period, a Subrecipient may choose to conduct business with another entity. KOR allows Subrecipients to enter into Contracts, also known as Subcontracts, with other entities. KOR does not allow Subrecipients to administer Subawards to other entities.

A Subaward creates a Federal financial assistance relationship with a subrecipient and is defined as an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a Federal award. A Contract is for the purpose of obtaining goods and services for the Subrecipient's use and creates a procurement relationship with a Contractor. Subrecipients will be accountable for selecting responsible Contractors and measuring their performance in accordance with the terms, conditions, and specifications of the Contract ([2 CFR 200.331](#)).

B. Written Procurement Procedures

Procurement refers to when a Subrecipient uses Federal funds to purchase materials, goods, or services. Subrecipients must maintain and use documented procurement procedures that ensure the purchasing process ([2 CFR Part 200 Subpart D - Procurement Standards](#)):

- Is free, fair, open, and competitive,
- Properly documents activities and decisions,
- Selects reasonably priced items,
- Prioritizes small, minority, and/or women-owned businesses
- Complies with Federal, State, and local laws and regulations.

These procedures must be documented and must be used consistently for all procurement transactions.

C. Conflicts of Interest

The Subrecipient must maintain written standards of conduct covering conflicts of interest and organizational conflicts of interest [[2 CFR 200.318\(c\)](#)]. Conflict of interest standards must uphold that no employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the Subaward.

For additional information, please see the [Conflicts of Interest](#) Section and [Conflict of Interest Policy Checklist](#).

33. Reporting

A. Programmatic Reporting

Subrecipients are required to submit reports to KOR. Grant reporting will be submitted in Foundant. Subrecipients are required to complete quarterly and semi-annual reports that track their progress on achieving the outcomes and benchmarks relevant to their program.

B. Financial Reporting

KOR is required to collect financial reports from Subrecipients ([2 CFR 200.328](#)). Subrecipients must submit monthly financial reports (invoices) via Foundant no later than the 10th of month. Financial reports received after the due date will be considered late and those submitted more than ninety (90) days past the due date will not be reimbursed. Subrecipients are also required to submit a Final Financial Report no later than the 10th of the month following the liquidation deadline. This will include the Subrecipient's final E Financial invoice and a Statement of Revenues and Expenses (Profit and Loss Statement) for each KOR-funded program. KOR reserves the right not to reimburse the Subrecipient for expenses not reflected in the final financial report.

34. Monitoring

The purpose of monitoring is to review a Subrecipient's program performance, assess compliance with Federal regulations and policies, and identify best practices and technical assistance needs. This helps ensure that Federal funds are being spent effectively, that program goals and objectives are being achieved, and that waste, fraud, and/or abuse are being avoided ([2 CFR 200.329](#)).

Subrecipients will be selected for monitoring based on their Risk Assessment. All Subrecipients that are continuously funded will be monitored at least once every three (3) years. Monitoring can occur through in-person or virtual site visits. When a Subrecipient is selected for monitoring, it will receive communication from KOR confirming the type of visit and monitoring timeline. KOR will share in advance any programmatic and/or financial documents and reports requested for review. KOR will also notify Subrecipients of any requests to interview staff or clients during the monitoring visit. During a monitoring visit, KOR will assess how a Subrecipient is following the Service Plan and budget submitted at the beginning of the funding period and follow up with reports and/or corrective action plans if necessary.

KOR also has the right to perform informal monitoring on Subrecipients. This can include reviewing programmatic and financial reports in ClientTrack and/or Foundant, reaching out for additional information or clarification, and visiting and observing programs funded by KOR.

Subrecipients must be responsive to KOR regarding monitoring visits, comply with requests for records or interviews in a timely manner, and support the coordination of in-person and virtual monitoring visits.

35. Record Retention and Access

Subrecipients must retain all Federal award records for three (3) years from the due date of their final financial report. Subrecipients must maintain record retention policies with at least this minimum retention period applicable to all administrative, financial, and client/case records.

The Subrecipient does not need to create nor retain paper copies when original records are electronic and cannot be altered. The Subrecipient may substitute electronic versions of original paper records, such as photocopies, as long as they are reviewed for quality control.

KOR/Catholic Charities of Louisville staff or its representative, the Federal Office of Refugee Resettlement and its Inspector General, the Comptroller General of the United States, Non-Federal Auditors, and/or any duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers or other records of the Subrecipient in order to perform audits, monitoring reviews, or other types of on-site visits. This also includes the right to timely and reasonable access to the recipient's or Subrecipient's personnel for the purpose of interview and discussion ([2 CFR Part 200 Subpart D - Record Retention and Access](#)).

36. Remedies for Noncompliance

Grant noncompliance can occur when the Terms and Conditions of the Subaward are not being met or followed or when fraud, waste, and/or abuse is occurring. Examples of noncompliance include unwillingness or inability to meet project goals, follow budgets, submit timely reports, adhere to compliance requirements, and follow policies. Subrecipients will have the opportunity to work with KOR to fix deficiencies and correct noncompliance before moving to remedies. KOR reserves the right to pursue remedies when a Subrecipient is found noncompliant and unable or unwilling to become compliant ([2 CFR 200.339](#)).

Remedies include:

- a) Temporarily withhold cash payments pending correction of the deficiency or more severe enforcement action.
- b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- c) Wholly or partly suspend or terminate the Federal Subaward.
- d) Initiate suspension or debarment proceedings as authorized under [2 CFR 180](#) and recommend such proceedings to be initiated by the Federal awarding agency.
- e) Withhold further Federal Subawards for the project or program.
- f) Take other remedies that may be legally available.

37. Termination

If the Subaward agreement is terminated due to Subrecipient noncompliance ([2 CFR 200.340](#)):

1. KOR shall provide the Subrecipient a written thirty-day (30) notice of termination.
2. Upon receipt of a termination notice the Subrecipient shall take all immediate action to minimize all expenditures and obligations financed by this agreement and shall cancel unliquidated obligations as soon as possible.
3. The Subrecipient will be compensated for all actual and allowable expenses properly incurred prior to the date of termination.

If a Subrecipient voluntarily chooses to end their period of performance early:

1. The Subrecipient shall provide KOR a written thirty-day (30) notice of termination using the Prior Approval form in Foundant.
2. Upon receipt of a prior approval of a termination notice the Subrecipient shall take all immediate action to wind down all expenditures and obligations financed by this agreement and shall cancel unliquidated obligations as soon as possible.
3. The Subrecipient will be compensated for all actual and allowable expenses properly incurred prior to the date of termination.

38. Closeout

KOR/Catholic Charities of Louisville will close-out the Federal Subaward when the Subaward and all applicable work and administrative actions have been completed by the Subrecipient. The Subrecipient may charge the Federal award during the closeout for the necessary administrative costs of that Federal award (for example, salaries of personnel preparing final reports, publication and printing costs, costs associated with the disposition of equipment and property, and related indirect costs). These costs may be incurred until the due date of the final report(s), which is the 10th day of the month following the liquidation deadline or, for terminated awards, the 10th of the month following the termination month. If incurred, these costs must be liquidated prior to the due date of the final financial report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency ([2 CFR 200.344](#)).

This section specifies the actions the Subrecipient and KOR/Catholic Charities of Louisville must take to complete this process at the end of the period of performance.

- a) Subrecipients must submit, no later than deadlines indicated after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Subaward. KOR/Catholic Charities of Louisville may approve extensions when requested by the Subrecipient.

- b) Unless KOR/Catholic Charities of Louisville authorizes an extension, Subrecipients must liquidate all obligations incurred under the Federal Subaward no later than the deadline indicated after the Notice of Subaward.
- c) KOR/Catholic Charities of Louisville must make prompt payments to the Subrecipient for allowable reimbursable costs under the Subaward award being closed out.
- d) The Subrecipient must promptly refund any balances of unobligated cash that KOR/Catholic Charities of Louisville paid in advance that are not authorized to be retained by the Subrecipient for use in other projects.
- e) Consistent with the terms and conditions of the Federal Subaward, KOR/Catholic Charities of Louisville must make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.
- f) The Subrecipient must account for any real and personal property acquired with Federal funds or received from the Federal Government.

VI. Cost Principles

This section outlines how Subrecipients can determine allowable costs that can be charged to Federal Subawards in accordance with [2 CFR Part 200 Subpart E](#).

39. Basic Cost Considerations

Costs must meet the following requirements to be considered allowable under Federal awards. Disallowed costs will **not** be funded under a Federal award.

According to [2 CFR 200.403](#), [2 CFR 200.404](#), and [2 CFR 200.405](#), costs must be **all** the following:

- A. Allowable
- B. Allocable
- C. Reasonable
- D. Necessary

Agencies may also refer to [45 CFR Part 400](#) and [ORR Policy Letters](#) for costs that are allowable under specific programs.

A. Allowable Costs

“Allowable” costs must be allocable to your grant, reasonable to spend Federal funds on, and necessary for the project.

- Sections [2 CFR 200.420 – 200.476](#) provide lists of allowable costs. This list includes costs that are conditionally allowable, meaning costs that are allowable under certain circumstances, and costs that are always prohibited.
- Certain costs are only allowable if the Subrecipient has received prior written approval from KOR ([2 CFR 200.407](#)).
- Subrecipients are expected to read and review the Terms and Conditions of their Subaward, which may have additional limitations or exclusions for allowable costs.
- Recorded costs must be calculated and recorded in ways that comply with [Generally Accepted Accounting Principles \(GAAP\)](#) from the Federal Accounting Standards Advisory Board.
- Costs are allowable only if they are incurred during the period of performance stated in the NOA or prior to the start date with prior approval from KOR. After costs have been determined allowable, Subrecipients must determine whether the cost is *allocable* to the Subaward, *reasonable* to spend Federal funds on, and *necessary* for the project.

B. Allocable Costs

“Allocable” costs are costs that are incurred specifically for a particular award or project. Costs that do not clearly benefit the project should not be charged to the project.

- Allocable costs must be treated consistently as either "direct" or "indirect" costs throughout the period of performance. See next section for more details.
- Costs must be charged to the grant in proportion to the benefits received by that project. For example, if a vehicle is used to transport participants of three different projects, the driver should keep a log of all trips taken and how many miles were driven for each project. Transportation costs would then be allocated to the grant based on the number of actual miles driven for the project.
- Direct costs that are shared between multiple projects must be “pro-rated” between the projects based on the actual use, not the predicted use.
- Subrecipients should develop a cost allocation plan that defines the basis on which different types of costs are allocated to projects. Every cost charged to a Federal grant must be clearly documented as associated with the project with a clear calculation of its benefit to the project. Costs that do not clearly benefit the project should not be charged to the project. See [Cost Allocation Plan](#) for more details.

C. Reasonable Costs

"Reasonable" means that the cost is comparable to and does not exceed market prices. Costs that do not seem reasonable should have a clear explanation for why they are necessary for the project, otherwise, they may not be reimbursable by KOR.

- Costs must be comparable with market rates, meaning that Subrecipients should avoid paying more for an item or service than the generally advertised rate for a comparable item or service. Subrecipients are also encouraged to purchase more reasonably priced alternatives, so long as they achieve the intended goals and outcomes.
- Costs should align with what a careful and cautious person would pay. Subrecipients can consider this by asking if they would be ashamed if the public learned how much was spent on an item using Federal funds. Subrecipients should spend Federal funds carefully, while ensuring that program goals are being met efficiently and effectively.
- The expense should not deviate from the Subrecipient's established procurement practices. If a Subrecipient would not normally pay for this expense because it is too costly, it should not make exceptions from its usual processes simply because it now has Federal funds to pay for items.
- Costs that seem unreasonable may be allowable in some circumstances. These cases would require a written explanation of the circumstances and the reason there was no better alternative. For example, Federal funding typically does not pay for a first-class flight to a required training event, but under special circumstances, such as the participant being in a full leg cast due to an injury, an expense like that might be considered reasonable and necessary, and a written explanation would be required. Prior written authorization from KOR is strongly advised in such circumstances.

D. Necessary Costs

In addition to being allowable, allocable, and reasonable, costs must also be necessary.

“Necessary” means that the expense is vital to the organization's operation and delivery of project goals. This can be compared to an unnecessary expense, which, if eliminated, would have no impact on the quality, effectiveness, or completion of the project.

40. Direct Costs

Direct costs are directly tied to one to three specific Subaward objectives or program activities. Direct costs allocated to a Subaward are reimbursed by KOR when they are allowable, allocable, reasonable, and necessary. Costs must be treated consistently as direct or indirect costs ([2 CFR 200.413](#)).

Examples of Direct Costs:

- Wages and fringe benefits of program employees
- Office supplies and technology for program-related activities
- Language services, interpreters, and translation services
- Travel and conference expenses
- Participant support costs

41. Indirect Costs

Indirect costs are expenses that are not directly tied to a specific award objective or program activity but are necessary for overall business operations that broadly support the project ([2 CFR 200.414](#)).

Examples of Indirect Costs:

- Salaries and expenses of executive officers
- Depreciation on buildings and equipment
- Costs of operating and maintaining facilities
- General administration and general expenses
- Personnel and accounting administration

Indirect costs are reimbursed based on an organization's negotiated Indirect Cost Rate (IDC). The indirect cost rate is a ratio or percentage of an organization's total indirect costs to its direct cost base

Options for Indirect Cost Rates:

- Accepting the current de minimis rate of up to 15% of modified total direct costs (MTDC).
- Negotiate an IDC rate, which can have a one-time extension of up to four years or renegotiate when the expiration date is reached.

If your organization is interested in more information or assistance in getting a negotiated IDC rate, please contact KOR accounting staff at korinvoices@archlou.org.

42. Cost Allocation Plan

Subrecipients should have a Cost Allocation Plan on file and review it at least annually. Costs must be allocated based on the relationship between expenses and Subawards they are attributed to. All costs must be treated consistently as either indirect costs or direct costs. Similar types of costs must be accounted for consistently across all Federal and non-Federal awards ([2 CFR 200.416](#)).

A cost allocation plan should:

- Define which costs are treated as Direct Costs, versus which costs are treated as Indirect Costs. The direct cost/indirect cost distinction should also be determined for each personnel position at the agency. Staff members in positions that are billed as direct costs will be required to prepare detailed time and effort reports.
- State their indirect cost rate determination, including the type (i.e. de minimis or negotiated), the percentage, and what costs are included in the Modified Total Direct Cost Base (MTDC).
- Define which costs are and are not allowable and allocable for reimbursement by grant programs.

- For each item of cost, define how the cost will be allocated, especially for shared costs. For example:
 - Salary and fringe allocated on the basis of actual hours worked, as documented on time and effort reports.
 - Building lease and utility costs allocated on the basis of square footage used by each program.
 - Audit costs allocated on the basis of the proportion of total revenue actually contributed by each grant.
- Cost allocation plans should focus on the principles of cost allocation, rather than predetermining a final cost allocation for each item of expense.
 - For example, for audit costs: At the beginning of the year, a Subrecipient may anticipate receiving four grants, each of which would contribute 20% of their total revenue, with an additional 20% of revenue attributable to donations by individuals. But at the end of the year, the Subrecipient had not fully expended one of their awarded grants, due to being unable to fill an open position on that project, and individual donors contributed more than expected. Since their actual revenue did not reflect the 20%/20%/20%/20%/20% split that was anticipated, the Subrecipient should not allocate the costs of their audit on the basis of that projection. Instead, they should determine the actual percentage each grant contributed toward their total revenue and allocate the audit on that real basis.
- Subrecipients may find it helpful to develop a desk guide or appendix to the Cost Allocation Plan detailing the anticipated allocation splits, which can be updated to reflect actuals throughout the year.
 - For example, if a Subrecipient starts a new, unanticipated project mid-year, the Subrecipient will need to update its desk guide with the new allocations reflecting how square footage usage has changed.

43. Cost Categories

Subrecipients will need to ensure their budgeted costs are allowable. The table below lists common categories, their descriptions, and where to find additional policy guidance.

Please note this is *not* an exhaustive list.

Cost Category	Description	Allowability	Citation
Single Audit services	"A reasonably proportionate share of the costs of audits required by and performed in accordance with the Single Audit Act Amendments of	Generally allowable	2 CFR 200.425

	1996 (31 U.S.C. 7501-7507), and the requirements of this part are allowable.” 2 CFR 200.425		
Compensation – personal services	“Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries.” 2 CFR 200.430	Generally allowable	2 CFR 200.430
Compensation – fringe benefits	“Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits.” 2 CFR 200.431	Generally allowable	2 CFR 200.431
Conferences	“Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award.” 2 CFR 200.432	Generally allowable	2 CFR 200.432
Depreciation	“The Recipient or Subrecipient may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with GAAP provided that they are needed and used in the recipient's or Subrecipient's activities and correctly allocated to Federal awards. The compensation must be made by computing the proper depreciation.” 2 CFR 200.436	Generally allowable	2 CFR 200.436
Employee health and welfare	“Costs incurred in accordance with the recipient's or Subrecipient's established written policies for improving working conditions, employer-employee relations, employee health, and employee performance are allowable.” 2 CFR 200.437	Generally allowable	2 CFR 200.437

Equipment	<p>“Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$10,000 or more have the prior written approval of the Federal agency or pass-through entity.” 2 CFR 200.439</p>	Generally unallowable by KOR	2 CFR 200.439
Participant support costs	<p>“Direct costs that support participants (see definition for <i>Participant</i> in § 200.1) and their involvement in a Federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants.” 2 CFR 200.1</p> <p>“<i>Participant</i> generally means an individual participating in or attending program activities under a Federal award, such as trainings or conferences, but who is not responsible for implementation of the Federal award. Individuals committing effort to the development or delivery of program activities under a Federal award (such as consultants, project personnel, or staff members of a Recipient or Subrecipient) are not participants. Examples of participants may include community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, students, or conference attendees.” 2 CFR 200.1</p> <p>“Participant support costs are allowable (see § 200.1). The classification of items as participant support costs must be documented in the recipient's or Subrecipient's</p>	Generally allowable	2 CFR 200.1 2 CFR 200.456

	written policies and procedures and treated consistently across all Federal awards.” 2 CFR 200.456		
Office Supplies and Computer Devices	“Costs incurred for materials, supplies, and fabricated parts necessary for the performance of a Federal award are allowable.” 2 CFR 200.453	Generally allowable	2 CFR 200.453
Professional Services	“Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the Recipient or Subrecipient are allowable” 2 CFR 200.459	Generally allowable	2 CFR 200.459
Transportation	Please review the KOR transportation policy.	Generally allowable	KOR Transportation Policy
Travel	“Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the Recipient or Subrecipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two” 2 CFR 200.475	Generally allowable	2 CFR 200.475

VII. Audit Requirements

The expenditure of funds under this agreement may be subject to the annual audit requirements of the Single Audit Act of 1984, Public Law 98-502, and as amended in 1996, Public Law 104-156, as implemented by the Office of Management and Budget audit requirements in [2 CFR Part 200 Subpart F](#).

For awards beginning 04/01/2025 or later, all Subrecipients receiving Federal funding from KOR must undergo a third-party independent financial review. The form the review takes is dependent upon how much Federal funding the Subrecipient receives from all Federal sources. If the Subrecipient meets or exceeds the single audit threshold, then the Subrecipient must undergo a single audit. If the Subrecipient falls below the single audit threshold, then the Subrecipient must instead undergo intensified financial monitoring by a third-party auditing firm. The single audit threshold is \$1,000,000.00.

Subrecipients that meet or exceed the single audit threshold are required to have an external independent audit that satisfies the single audit requirements of [2 CFR Part 200 Subpart F](#). Subrecipients are responsible for procuring a single audit according to the procurement regulations at 2 CFR 200.509. If the Subrecipient included audit costs in its KOR budget, then KOR funds can reimburse a reasonable, allocable share of the single audit costs. Subrecipients must submit their annual audit report and 990 to korinvoices@archlou.org when completed.

Subrecipients that fall below the single audit threshold must undergo intensified financial monitoring of their KOR Subawards according to procedures of engagements determined by KOR related to activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting. KOR will engage a third-party auditing firm to complete these intensified financial monitoring visits, and KOR will pay for the auditing firm's services directly. Subrecipients that fall below the single audit threshold are required to cooperate with the auditing firm's requests, and the auditing firm will submit a final report to KOR. Subrecipients that fall below the single audit threshold are not eligible to charge audit costs to their KOR Subawards.

VIII. KOR Materials

44. KOR Policies and Procedures

KOR may have additional policies or procedures regarding client eligibility, program requirements, allowable costs, and more. Please visit the [KOR Policies and Procedures folder](#) for additional information.

45. KOR Webinars and Trainings

Webinars and Trainings, including KOR's 2025 Subrecipient Training Series, can be found [here](#).

46. KOR Staff Directory

To contact KOR or seek additional information, please use our staff directory: <https://www.kentuckyrefugees.org/about-kor/>.

IX. Policy Checklists

Policies developed by the Subrecipient are expected to meet the following standards. Please note, this is not an exhaustive list of policies required by the Subrecipient; these checklists are intended to illustrate the required elements of a sufficient policy.

47. Incentive Policy Checklist

- ☐ Does the Subrecipient's incentive policy clearly articulate who may receive incentives (employees, ORR-eligible participants, or both) and eligibility criteria for consideration, including

separate criteria if there are different types of recipients? Are these policies consistent with Federal regulations [[2 CFR 200.430\(f\)](#)] and KOR policy ([KOR Policy Letter 25-01](#))? (Agencies may have more/stricter eligibility criteria, not less)

- ☐ Does the Subrecipient's incentive policy clearly identify the maximum value of incentives, including the one-time maximum value, whether and how Recipients are eligible for subsequent incentives, and a maximum cumulative or "lifetime" value, if applicable?
- ☐ Does the Subrecipient's incentive policy describe a 1) clear, 2) consistent, and 3) equitable process for distributing incentives, including:
 - How the opportunity to receive incentives is promoted to the maximum relevant audience
 - How a person, including individuals with limited English proficiency, can receive consideration for an incentive (application, nomination, etc.)
 - A timeline for application, review, determination, and distribution
 - A review or scoring process
 - How (check, gift card, etc.), and to whom (individual, third party, etc.), incentives will be paid

48. Background Check Policy Checklist

- ☐ Does the Subrecipient's background check policy clearly identify who is required to have a background check? Does the requirement include, at a minimum, all client-facing staff and volunteers who work with minors or other vulnerable populations?
- ☐ Does the Subrecipient's background check policy spell out a clear procedure with respect to the timing of background checks and when a candidate is cleared for contact with clients?
 - When an initial background check is to be conducted
 - That staff or volunteers cannot begin working with minors or other vulnerable populations until the results are received and reviewed
 - Whether re-checks are conducted and with what frequency, if applicable
- ☐ Does the Subrecipient's background check policy articulate which findings are disqualifying (type of record and recency, if applicable) and which findings result in restrictions but not disqualification (e.g. no transporting clients)?

49. Nondiscrimination Policy Checklist

- ☐ Does the policy state that the Subrecipient's nondiscrimination policy applies to all the following characteristics?
 - Race
 - Color

- Religion
 - National Origin
 - Age (over 40)
 - Sex
 - Disability
 - Political opinion
 - English fluency/literacy
- ☐ Does the Subrecipient's nondiscrimination policy guarantee equal access to all benefits and services without discrimination?
- ☐ Does the Subrecipient's policy state that the agency will not refer clients out for services the agency itself provides unless a) the agency has verified the client will receive comparable or better services from the third party provider, and b) accessing services at the third party provider will not cause the client to face any additional barriers (transportation, cost, time, etc.) compared to accessing services at the referring agency?

50. Conflict of Interest Policy Checklist

- ☐ Does the Subrecipient's conflict of interest policy define what constitutes a conflict of interest in a manner that is substantially in agreement with [2 CFR 200.318](#)?
- "Has a financial or other interest in or a tangible personal benefit from an entity considered for a contract." [\[318\(c\)\(1\)\]](#)
 - "Is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization" [\[318\(c\)\(2\)\]](#)
- ☐ Does the Subrecipient's conflict of interest policy state the agency-defined nominal value above which acceptance of unsolicited gifts or items of value constitutes a conflict of interest? [\[2 CFR 200.318\(c\)\(1\)\]](#)
- ☐ Does the Subrecipient's conflict of interest policy require the disclosure of conflicts (including apparent conflicts) in writing to KOR? [\(2 CFR 200.112\)](#)
- ☐ Does the Subrecipient's conflict of interest policy identify the disciplinary actions to be applied for violations of its policies? [\[2 CFR 200.318\(c\)\(1\)\]](#)