

Compliance Plan Worksheet



Purpose: This worksheet helps you write your Compliance Plan (Attachment H). The Community Change Grant Program (CCG) Notice of Funding Opportunity (NOFO) Section I.G. requires a Compliance Plan for Track I applications. The Compliance Plan should be a maximum of five pages. You will likely need someone who has knowledge of financial management and legal compliance to develop this plan.

Goals of the Compliance Plan

- Describe how you will comply with the grant's terms and conditions.
- Demonstrate your capability to manage the legal and compliance risks of the grant.
- Plan for and describe how you will manage finances and maintain control over the award. This includes managing subawards.

Creating a Compliance Plan

To create the Compliance Plan, you should carefully review and create a plan to manage:

- The grant's terms and conditions including a financial management plan that meets the following regulations:
 - [2 CFR § 200.302\(b\)](#): Financial Management,
 - [2 CFR § 200.303](#): Internal Controls, and
 - [2 CFR § 200.332](#): Requirements for pass-through entities.
- Legal and compliance risks.

You may choose to write your plan with three sections – financial management, internal controls, and requirements for pass through entities – and address legal and compliance risks within each of those sections.

Before You Begin

The EPA has two helpful resources that you should review before you begin writing your Compliance Plan or even completing this worksheet. Take a break to review:

1. [EPA's training on grants management](#), especially Module 2, Demonstrating Financial Management System and Internal Controls Capability. This module provides helpful information for creating the Compliance Plan.
2. [EPA's CCG Webinar on Complying with Federal Grants Requirements and Developing a Compliance Plan](#)



Internal Controls

Your internal controls section should demonstrate a clear separation of duties for staff e.g. making sure the person who manages the grant accounts is different than the person who signs checks.

1. How will your organization make sure that you manage the award in ways that comply with relevant statutes and regulations?

2. How will your organization monitor compliance and make corrections when something is non-compliant?

Requirements for pass-through entities: Subawards

You are responsible for managing subaward recipients and monitoring their compliance with the requirements of the grant's terms.

1. How will your organization manage subawards?

2. How will your organization monitor sub-recipients' compliance and make corrections when something is non-compliant?



Summaries of Relevant Code of Federal Regulations Sections

Disclaimer: These summaries are meant to give you a feel for the requirements of each regulation. You should not solely rely on them to plan your compliance, they are NOT a substitute for reading the regulations.

§ 200.302 Financial management.¹

Requirements include:

- Having a separate account for the award. Funds used for the projects must be identified in accounting entries by an EPA account number, the EPA grant number, or some other identifier. Federal program and federal award identification (FAIN) must include, as applicable:
 - Assistance listing title and number for the grant program.
 - Federal award identification number.
 - Name of the federal agency that made the award.
- Effectively controlling and being accountable for all funds, property, and other assets.
- Making sure that all funds, property, and other assets are used for authorized purposes.
- Tracking financial results of grant funds and recording information that is accurate, current, and complete.
- Treating all grant transactions the same as other, similar transactions that your organization conducts.
- Comparing actual expenditures to budget amounts.

§ 200.303 Internal controls.²

Internal controls are processes that your oversight body and management carry out to make sure that you achieve the grant objectives with respect to operations, reporting and compliance. Internal controls should adhere to the following principles:

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.

¹ Adapted from [Module 2 - Financial Management System and Internal Controls Capability \(epa.gov\)](#)

² Taken from [GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT](#)

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4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.
10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.
13. Management should use quality information to achieve the entity's objectives.
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.
16. Management should monitor the internal control system and evaluate the results.
17. Management should fix identified internal control deficiencies on a timely basis.

§ 200.303 Subaward Requirements³

Information that you must include at the time of the subaward:

- Federal award identification.
- Requirements imposed onto the subrecipient so the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award.
- Any additional requirements that you impose on the subrecipient for you to meet your responsibility to the EPA.
- An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government.
- A requirement that the subrecipient permit you and auditors to have access to its records and financial statements as necessary.

Appropriate terms and conditions concerning the closeout of the subaward.

³ Adapted from [Module 2 - Financial Management System and Internal Controls Capability \(epa.gov\)](#)



Resources

[EPA's training on grants management](#) provides helpful information for creating the Compliance Plan. Module 2, Demonstrating Financial Management System and Internal Controls Capability, is especially helpful. The training courses are available in both video and text format.

[Standards for Internal Control in the Federal Government](#) (the "Green Book"), sets the standards for an effective system of internal controls for federal agencies. It also provides the overall framework for designing, implementing, and operating an effective internal control system.