

# Communicating with Governing Boards: The Importance of 2 CFR 200 for Local Governments

*Best Practices for Clear, Strategic Engagement*

## Why 2 CFR 200 Matters to Governing Boards

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) set the rules of the road for managing federal grants. For governing boards—city councils, county commissions, or oversight committees—understanding these rules is essential to protect the entities from financial risk, ensure transparency, and maximize the impact of federal dollars.

## Best Practices for Communicating with Governing Boards

- **Keep it high-level and strategic:** Focus on outcomes, risks, and accountability. Translate compliance language into its implications for community services and budget stability.
- **Connect to fiduciary responsibilities:** Remind boards that 2 CFR 200 compliance protects against audit findings, repayment of funds, and reputational damage. It is about being effective stewards of government funding.
- **Use stories and real examples:** Show how effective compliance enabled successful grant programs or how poor compliance elsewhere led to costly consequences. Stories stick more than citations.
- **Highlight the board's role:** Emphasize that boards set the tone for accountability by approving policies, ensuring proper staffing, and asking oversight questions.
- **Visualize the impact:** Provide simple charts showing how federal grants fit into the local budget, what percentage is subject to single audit, and how indirect costs affect sustainability.
- **Make it timely:** Tie discussions to budget cycles, audit reports, or upcoming grant applications so the importance feels immediate and practical.
- **Frame as opportunity and risk:** Explain how compliance unlocks funding opportunities while noncompliance creates risks of repayment, penalties, or lost eligibility.
- **Offer concise summaries:** Provide one-page briefing sheets with the key points, so board members can reference them easily before or during meetings.

### **Suggested Talking Points When Explaining 2 CFR 200**

- 2 CFR 200 is the federal government's 'rulebook' for grants—it tells us what we can and cannot do with federal funds.
- Compliance ensures our community maintains access to millions of federal dollars each year.
- Our governing board has a fiduciary duty to oversee that public funds are used legally and effectively.
- Noncompliance can mean disallowed costs, losing eligibility for future grants, and damaging public trust.
- By following 2 CFR 200, we strengthen transparency, accountability, and community confidence in our programs.

### **Communication Strategies That Work**

- Use infographics or dashboards showing compliance status, upcoming audits, and grant impacts.
- Hold short briefings (10–15 minutes) during board meetings tied to agenda items they already prioritize.
- Translate compliance terms into outcomes (e.g., indirect cost recovery = more staff capacity for programs).
- Frame compliance updates as part of risk management and good governance—not just 'red tape.'

### **Key Takeaway for Boards**

2 CFR 200 compliance is not about paperwork—it is about protecting public funds, ensuring sustainability, and enabling the local government to maximize the value of federal resources for the community. Effective communication helps boards fulfill their oversight role with clarity and confidence.