Are You Ready for This?

The New Uniform Guidance

2 CFR 200
Increase in Federal Grants Activity

The Catalog of Federal Domestic Assistance lists over 2,000 Federal grant programs.
The Garden of Grants
Council On Financial Assistance Reform Priorities

Guidance Targets
Risk & Minimizes
Burden

Better Outcomes
for Grants

Standardized
Business
Processes & Data

Spending
Transparency

Financial
Management

Evidence

Strong Program
Oversight: Audit Resolution

Well Trained
Workforce

Shared
Services
Guidance Reform History

Nov. 2009:
Executive Order:
Reduce Improper Payments

Feb 2011:
Presidential Memo:
Reduce Administrative Burden

Feb 2012:
Advance Notice of Proposed Guidance (public comments)

Feb 2013:
Notice of Proposed Guidance (public comments)

Dec 2013:
Final Uniform Guidance
† April 2013
Eliminating Duplicative and Conflicting Guidance

Then:

- **Awards Received**
  - A-102 & A-89
  - A-87
  - A-133 & A-50

- **Subawards to universities**
  - A-110
  - A-21

- **Subawards to nonprofits**
  - A-110
  - A-122

KEEP CALM AND UNDERSTAND THE RULES
2 CFR 200 - Basic Layout

• 6 Subparts A through F
  – Subpart A, 200.XX – Acronyms & Definitions
  – Subpart B, 200.1XX – General
  – Subpart C, 200.2XX – Pre Award - Federal
  – Subpart D, 200.3XX – Post Award – Recipients
  – Subpart E, 200.4XX – Cost Principles
  – Subpart F, 200.5XX – Audit

• 11 Appendices - I through XI
Sec. 200.XX, Acronyms & Definitions

• 200.0, Acronyms
• 200.1 through 200-99, Definitions
  – 99 separate sections and indexes
  – Applicable to all requirements (administrative, cost and audit) and all types of grantees
• Use of “should” and “must”
  – Should = best practices or recommended approach
  – Must = required
Sec. 200. 1XX, General

• 200.101, Applicability
  – New table for applicability by types of award
  – T&C flow down to subrecipients

• 200.110 Effective Date
  – Agency implementation effective 12/26/14
  – Apply to awards and award increments issued after 12/26/14
  – Apply to audits for FY beginning after 12/26/14

• 200.112, Conflict of interest - NEW
  – Federal agencies must establish COI policies
  – Grantees must disclose in writing any potential COI
Sec. 200.2XX, Pre-Award- Federal

• 200.201, Grant agreements
  – Fixed amount awards are allowed - NEW

• 200.203, Notice of funding opportunities - NEW

• 200.204, Merit review of proposals – New
  – Must have a merit review process
  – Process must be transparent in funding opportunities

• 200.205, Review of risk of applicants
  – Must have framework for evaluating risks
  – May consider financial stability, performance history, audit reports
Sec. 200.3XX, Post- Award- Grantees

- **200.301, Performance Management** –
  - Use standard forms (e.g., RPPR for research awards)
  - Must relate financial data to performance
  - Feds are to provide clear performance goals, indicators and milestones

- **200.303, Internal Controls**
  - *Should* follow GAO’s Green Book and COSO standards

- **200.309, Period of performance**
  - No-cost extension may be allowed – agency’s option
Sec. 200.3XX, Post- Award- Grantees

• 200.313, Equipment
  – Property standards (States versus other grantees)
• 200.314, Supplies
  – Computing devices (<$5K) are included as “supplies”
    - NEW
• 200.320, Procurement Standards – NEW for universities and Non Profits
  – Modeled after A-102: State uses own policies, Others uses procurement standards in sections 200.317 -326
  – The Procurement “Bear Claw”
Procurement “Claw” (Sections 200.317-326)

1. Micro-Purchases
2. Small Purchases
3. Sealed Bids
4. Competitive Proposals
5. Sole Source

General Standards:
A. Documented Policies
B. Necessary
C. Full & Open Competition
D. Conflict of Interest
E. Documentation
   i. Cost & Price Analysis
   ii. Vendor Selection
Procurement “Claw” (Section 200.320)

1. **Micro Purchases**
   - Up to $150K
   - Rate quotations
   - No cost or price analysis
   - $3K
   - No quotations
   - Equitable distributions

2. **Small Purchases**
   - Up to $150K
   - Rate quotations
   - No cost or price analysis

3. **Sealed Bids**
   - > $150K
   - Construction projects
   - Price is a major factor

4. **Competitive Proposals**
   - > $150K
   - Fixed price or cost reimbursement
   - RFP with evaluation methods

5. **Sole Source**
   - Unique
   - Public emergency
   - Authorized by agency (or PTE)
   - No competition
Sec. 200.3XX, Post-Award- Grantees

• 200.331, Requirements for pass-through entities – NEW
  – Includes audit responsibilities (formerly in A-133)
  – Pass-through entities responsibilities:
    • Provide subaward information
    • Provide indirect cost rate
    • Perform risk assessment for subrecipient monitoring
    • Verify compliance to audit requirements
    • Report in accordance to FFATA
Sec. 200.4XX, Cost principles

• **200.407, Prior Written Approval** – 22 items of cost
• **200.413, Direct costs**
  – Paragraph (c) - Administrative SW can be direct costs - NEW
• **200.414, Indirect (F&A) Costs**
  – Must accept approved negotiated rates, except
    • Allowed by Federal statute or regulation
    • Approved by agency head or delegate, OMB notified of deviations
  – 10% of MTDC de minimis IDC
    • First timers and new grantees only
    • Can be used indefinitely
  – One time four-year extension of current approved rate (final and pre-determined rates only)
Sec. 200.4XX, Cost principles

• 200.430, Compensation – personal services – **New Language**
  – Removed A-21 examples
  – Internal controls are KEY
    • 200.430(i) – 9 standards for documenting personnel
    • E.g., supported by system of IC, budget estimates may be used
  – Substitute systems are allowed (430 (i) (5))
  – Blended and braided funds allowed, with Fed approval (430 (i) (7))
  – Use of institutional base salary for IHE
Sec. 200.4XX, Cost principles

- 200.431, Compensation – Fringe Benefits
  - Family friendly leave - NEW

- 200.432, Conferences
  - Costs are appropriate, necessary and minimized to the Federal award
  - Allow costs for finding local dependent care

- 200.446, Idle Facilities and Capacity
  - Necessary due to fluctuations in workload, e.g., shared services arrangements
Sec. 200.4XX, Cost principles

• 200.449, Interest
  – Section (b)(2), allow financing costs associated with patents and computer software – effective January 1, 2016

• 200.453, Materials and Supplies
  – Section (c) – may be charged as direct costs
  – Include computing devices (defined in 200.20)
Sec. 200.5XX, Audit Requirements

The final guidance right-sizes the footprint of oversight and Single Audit requirements to strengthen oversight and focus audits where there is greatest risk of waste, fraud, and abuse of taxpayer dollars.

It improves transparency and accountability by making single audit reports available to the public online, and encourages Federal agencies to take a more cooperative approach to audit resolution in order to more conclusively resolve underlying weaknesses in internal controls.
Sec. 200.5XX, Audit Requirements

• Revisions Focus Audit On Risk
  – Increases audit threshold.
  – Strengthens risk-based approach to determine Major Programs.
  – Provides for greater transparency of audit results.
  – Strengthens agency use of the single audit process.
  – Provides for public outreach to focus Compliance Supplement on requirements of highest risk.
Sec. 200.5XX, Audit Requirements

Basic Structure of Single Audit Process Unchanged

- Audit threshold (200.501).
- Biennial (200.504) & Program-specific (200.507) audits.
- Non-Federal entity selects auditor (200.509).
- Auditee prepares financial statements & SEFA (200.510).
- Audit follow-up & corrective action (200.511 & 200.521).
- 9 month due date (set in law) (200.512(a)).
- Reporting to Federal Audit Clearinghouse (200.512).
- Major programs determined based on risk (200.518).
- Compliance Supplement overall format (Appendix XI).
Appendix XI- Compliance Supplement

- Supplement is published as separate process so the final changes are not included in the Guidance.
- Future changes will be based on available evidence of past audit findings & potential impact of non-compliance.
- Further public outreach will be conducted prior to making structural changes to Supplement format.
  - 2014 Supplement previews the implementation of changes.
  - Changes will not be effective until the 2015 Supplement.
Frequently Asked Questions

(Out of 91 Total)
200.331 Requirements for pass-through entities

Q: If a subrecipient does not have a negotiated indirect Cost Rate, does the pass-through entity have to negotiate one?

A: No!
200.112 Conflict of Interest

Q: Does the requirement to have a conflict of interest policy apply to scientific conflicts of interest that might arise in the research community?

A: No!
200.110 Effective Dates and Incremental Funding

Q: Do I have to keep my old funding in a separate account from my new funding after the UG goes into effect?

A: No!
200.110 Effective Dates and Indirect Costs

Q: Can I use the UG both in generating a proposal and negotiating an indirect cost rate for my first fiscal year after 12/26/2014 when I’m due to renegotiate?

A: Yes!
200.110 Effective Dates and DS 2s

Q: Is it OK if my approved DS 2 does not match my actual accounting practices which have been changed in accordance with UG?

A: Yes!
200.431 Fringe Benefits

Q: If someone retires, are we now required to charge fringe benefits as indirect costs?

A: No!
Q: Are we really allowed to eliminate time and effort reporting?

A: Yes!
200.320 Procurement and Strategic Sourcing

Q: For efficiency sake, may I apply the procurement standards to large shared service or strategic sourcing arrangements rather than to each pencil I purchase?

A: Yes!
200.320 Procurement and Sole Source

Q: If I need to acquire an item from a particular vendor to preserve the integrity of my research, may I?

A: Yes!
200.110 Effective Dates & 200.320 Procurement Standards

Q: Could we please have a grace period for procurement?

A: Yes!
Guidance Reform Future

December 2013: Uniform Guidance Published

January-April 2014: Training Webcasts, Publish 2014 Single Audit Compliance Supplement

June 2014: Agencies Submit Draft Rules to OMB, Continued Outreach on Implementation

December 2014: Final Guidance Effective, Baseline Metrics Collected, Case Studies of Best Practices Published

Fall 2014: Metrics, Additional FAQs and Webcast
Engage With COFAR

For More Information Visit: CFO.gov/COFAR

Send Questions To: COFAR@omb.eop.gov

Thank you!
“I like the dreams of the future better than the history of the past...” T. Jefferson