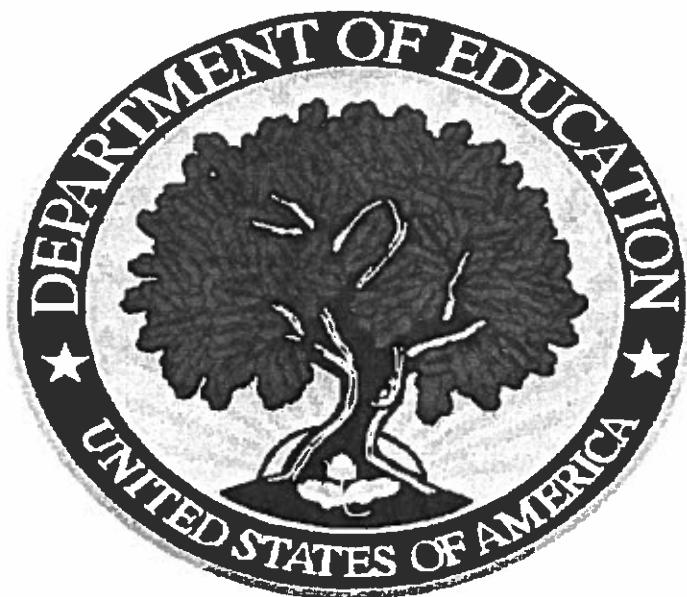


# Updates Concerning the Uniform Guidance Implementation



# Agenda

- Discuss the transition year
- Highlight significant changes
- Identify key guidance documents and resources
- Take questions

# REFORMS TO ADMINISTRATIVE REQUIREMENTS

- The Common Rule implementing Circular A-102; Circular A-110; and Circular A-89
  - Circular A-102 on Grants and Cooperative Agreements with State and Local Governments (EDGAR Part 80)
  - Circular A-110 on Uniform Administrative Requirements for Grants and Other and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations (EDGAR Part 74)
  - Circular A-89 the Catalog of Federal Domestic Assistance

# Effective Date of Implementation

- Federal agencies must implement the requirements to be effective by December 26, 2014
- Audit requirements will apply to audits of fiscal years beginning on or after December 26, 2014
- Administrative requirements and cost principles will apply to new awards and to additional funding (funding increments) to existing awards made after Dec 26.
- Existing Federal awards will continue to be governed by the terms and conditions of the Federal award, except for Audit as Subpart F

# Subpart A: Acronyms & Definitions

- 200.0, Acronyms
- Acronyms are at the beginning
- 200.1 – 200.99, Definitions
- The 99 definitions are in separate sections (and therefore are listed in the index)
- Terms are broad to encompass all requirements (administrative, cost principles, audit) and all types of entities receiving Federal awards

# Subpart B: General Provisions

- 200.100, Purpose: 2 CFR Part 200 establishes uniform administrative requirements, cost principles, and audit requirements for all types of non-Federal entities
- Federal awarding agencies must not impose additional or inconsistent requirements, unless
  - Requirement based on Federal statute, regulation, or
  - Executive Order,
  - OMB permits an exception in accordance with 200.102, or
  - OMB approves information in the Federal award in accordance with 200.210

# “Should” vs “Must”

- Throughout, both “should” and “must” are used
- “Must” means “required”
- “Should” indicates best practices or recommended approach

# Applicability

- 200.101 Applicability: describes the applicability of each subparts to types of Federal awards
- A table is included, but must be read along with the entire applicability section
- The Federal awarding agency will determine applicability and state the applicable requirements in the terms and conditions of the Federal award
- Likewise, the pass-through entity must state the applicable requirements for its subrecipients in the terms and condition of each subaward

# Exceptions

- 200.102, Exceptions
  - No exceptions from any audit requirements
  - Only OMB may allow exceptions for classes of Federal awards or non-Federal entities
  - In the interest of maximum uniformity, OMB will permit exceptions only in unusual circumstances
  - Exceptions on a case-by-case basis may be authorized by the Federal awarding agency
  - The Federal awarding agency may apply more restrictive requirements when approved by OMB, or required by Federal statutes or regulations

# Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards

## Sections Highlighted:

- 200.201, USE OF GRANT AGREEMENTS, COOPERATIVE AGREEMENTS & CONTRACTS
- 200.203, NOTICES OF FUNDING OPPORTUNITIES
- 200.204, FEDERAL AGENCY REVIEW OF MERIT
- 200.205, FEDERAL AGENCY REVIEW OF RISK
- 200.206, STANDARD APPLICATION REQUIREMENTS
- 200.201, INFORMATION CONTAINED IN A FEDERAL AWARD

# Subpart D: Post Federal Award Requirements Standards for Financial and Program Management

- 200.301, PERFORMANCE MANAGEMENT
- 200.303, INTERNAL CONTROLS
- 200.305, PAYMENTS
- 200.306, COST SHARING OR MATCHING
- 200.309, PERIOD OF PERFORMANCE
- 200.313, EQUIPMENT
- 200.314, SUPPLIES
- 200.315, INTANGIBLE PROPERTY
- 200.317-326, PROCUREMENT STANDARDS
- 200.327, FINANCIAL REPORTING

## **Subpart D (ctd)**

- 200.328, MONITORING AND REPORTING PROGRAM PERFORMANCE
- 200.329 , REPORTING ON REAL PROPERTY
- 200.330 - 332 SUBRECIPIENT MONITORING & MANAGEMENT
- 200.333, RETENTION REQUIREMENTS FOR RECORDS
- 200.335, METHODS FOR COLLECTION, TRANSMISSION AND STORAGE OF INFORMATION
- 200.338 - 342 REMEDIES FOR NONCOMPLIANCE
- 200.343 CLOSEOUT

# Performance Management

## 200.301, Performance Management:

- Provides more robust guidance to Federal agencies to measure performance in a way that will help the Federal awarding agency and other non-Federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices
- Federal awarding agencies must require recipients to use OMB-approved standard government-wide information collections to provide financial and performance information
- Recipients must be required to relate financial data to performance accomplishments, and must also provide cost information to demonstrate cost effective practices

# Internal Controls

200.303, Internal Controls. For Federal awards Non-Federal entities must:

- Moved from OMB Circular A-133
- Establish and maintain effective internal controls
- Comply with Federal statutes, regulations, & terms and conditions
- Evaluate and monitor compliance
- Take prompt action on audit findings
- Safeguard protected personally identifiable information

# Payments

## 200.305, Payments

- Payments to States are governed by Treasury-State CMIA agreements codified at 31 CFR Part 205
- Coverage largely replicates existing payment coverage from OMB Circular A-110
- Extends to non-Federal entities previously covered by OMB Circular A-102 the existing flexibility in OMB Circular A-110 to pay interest earned on Federal funds annually to the Department of Health and Human Services, as opposed to each Federal awarding agency

# Payments (ctd)

- Interest amounts up to \$500 per year may be retained by the non-federal entity for administrative expenses

# Cost Sharing or Matching

200.306, Cost Sharing or Matching:

- Clarifies policies on voluntary committed cost sharing
- Stipulates that voluntary committed cost sharing is not expected under Federal research proposals and cannot be used as a factor during the merit review of the proposal
- Cost sharing may only be considered when required by regulation and transparent in the notice of funding opportunity

# Cost Sharing or Matching (ctd)

- Only mandatory cost sharing or cost sharing included on the project budget must be included in the organized research base for computing the indirect cost rate or reflected in the allocation of indirect costs
- OMB Memorandum 01-06, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission costs continues to apply
- See: [www.whitehouse.gov/omb/memoranda m01-06](http://www.whitehouse.gov/omb/memoranda/m01-06)
- Valuation of cost sharing remains largely unchanged from OMB Circular A-110

# Supplies & Intangible Property

## 200.314, Supplies:

- The definition of supplies in existing guidance includes all tangible personal property that fall below the threshold for equipment. Since, as technology improves, computing devices (inclusive of accessories) increasingly fall below this threshold, the guidance makes explicit that when they do, they shall be treated consistently with all other items below this level.
- See 200.94, Definition of “Supplies”
- 200.315, Intangible property has been reorganized for readability and clarity

# Procurement Standards

- The procurement standards (in sections 200.317 through 200.326) are generally based on the requirements in A-102 for states, local governments and Indian tribes, with modifications
- States use their own policies and procedures
- All other non-Federal entities, including subrecipients of a state, must have and follow written procurement procedures that reflect the procurement standards

# General Procurement Requirements

- The non-Federal entity must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract or purchase order
- The non-Federal entity is not required to maintain a contract administration system
- How the non-Federal entity maintains oversight is a matter of judgment for the non-Federal entity

# Financial Reporting

## 200.327, Financial Reporting:

- Existing coverage from A-102 and A-110 on the Report of Federal Cash Transactions and the Financial Status Report has been deleted and replaced with the requirement that Federal awarding agencies only use the OMB-approved government-wide data elements for collection of financial information -- currently the Federal Financial Report
- Submission frequency requirements generally remain unchanged
  - No less frequently than annually, nor more frequently than quarterly
  - New language added, however, which permits more the Federal awarding agency to require more frequent reporting where necessary for the effective monitoring of the Federal award or could significantly affect program outcomes.

# Monitoring and Reporting Program Performance

200.328, Monitoring and reporting program performance:

- Specifies that performance reports are subject to the Paperwork Reduction Act requirements
- Federal awarding agencies should utilize OMB-approved standard government-wide information collections (see also 200.206)
- Submission frequency requirements remain largely unchanged
  - No less frequently than annually, nor more frequently than quarterly
  - New language added, however, which permits more the Federal awarding agency to require more frequent reporting where necessary for the effective monitoring of the Federal award or could significantly affect program outcomes.

# Retention Requirements for Records

200.333, Retention requirements for records:

- Retains the record retention period of three years from the date of submission of the final expenditure report
- For Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report
- Supplements to the listing of exceptions from standard record retention:
  - When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, cognizant agency for indirect costs, or pass-through entity; and
  - Records for program income transactions after the period of performance

# Methods for collection, transmission and storage of information

200.335, Methods for collection, transmission and storage of information:

- In lieu of addressing the issue throughout the document, a new section was added to clearly articulate the treatment of electronic records
- Federal awarding agencies and the non-Federal entities should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats
- Federal awarding agencies or pass-through entities must always provide or accept paper versions of Federal award related information to and from the non-Federal entity upon request

# Methods for collection, transmission and storage of information (ctd)

- When original records are electronic and cannot be altered, there is no need to create and retain paper copies
- When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

# Remedies for Noncompliance

Remedies for noncompliance are covered in 200.338 through 200.342

- The sections are generally substantively the same as superseded circulars, with some modifications
- The sections cover actions that may be taken by the pass-through entity, not just by the Federal awarding agency

# Remedies for Noncompliance (ctd)

## 200.338, Remedies for noncompliance

- Permits the Federal awarding agency (or pass-through entity) to try to remedy noncompliance through additional conditions on the Federal award (or subaward)
- Expressly references suspension and debarment proceedings and cross-references the government-wide regulation at 2 CFR Part 180

# Termination

200.339, Termination, comprehensively addresses termination

- The Federal award may be terminated by the Federal awarding agency (or pass-through entity) in whole or in part:
  - (1) For failure of the non-Federal entity to comply with the terms and conditions of the Federal award
  - (2) for cause [NEW]
  - (3) with the consent of the non-Federal entity (the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated)

# Termination (ctd)

- The Federal award may be terminated by the non-Federal entity by sending to the Federal awarding agency (or pass-through entity) written notification setting forth the reasons for termination, the effective date, and, in the case of partial termination, the portion to be terminated
- When the Federal award is terminated, the Federal awarding agency (or pass-through entity) and the non-Federal entity remain responsible for closeout, post-closeout adjustments and continuing responsibilities

# Closeout

## 200.343, Closeout

- This section should be clearer because the
- timeframes are based on “period of performance” which must be stated in the Federal award

## 200.344, Post-Closeout Adjustments and Continuing Responsibilities

- The adjustment to the Federal award amount based on an audit or other review after closeout must be made within the record retention period

## 200.345, Collection of amounts due

- The collection may happen after the record retention period

# Resources

- [cfo.gov/cofar/](http://cfo.gov/cofar/)
  - FAQs—See link to August 29, 2014
  - Crosswalk Documents
  - Reform of Federal Grants Policies
  - Grants Data Standardization
  - Federal Spending Transparency
  - Program Oversight and Audit Resolution
  - Grants Workforce Development
- Contact [cofar@omb.eop.gov](mailto:cofar@omb.eop.gov) with questions

# Winning Reminders

- Thoroughly review Grant Award Notification (GAN) or comparable grant and its terms and conditions
  - Read the “fine print”
- Maintain detailed, thorough grant records
- Include applicable citations to support project activities
- When in doubt contact your program officer and follow up in writing