



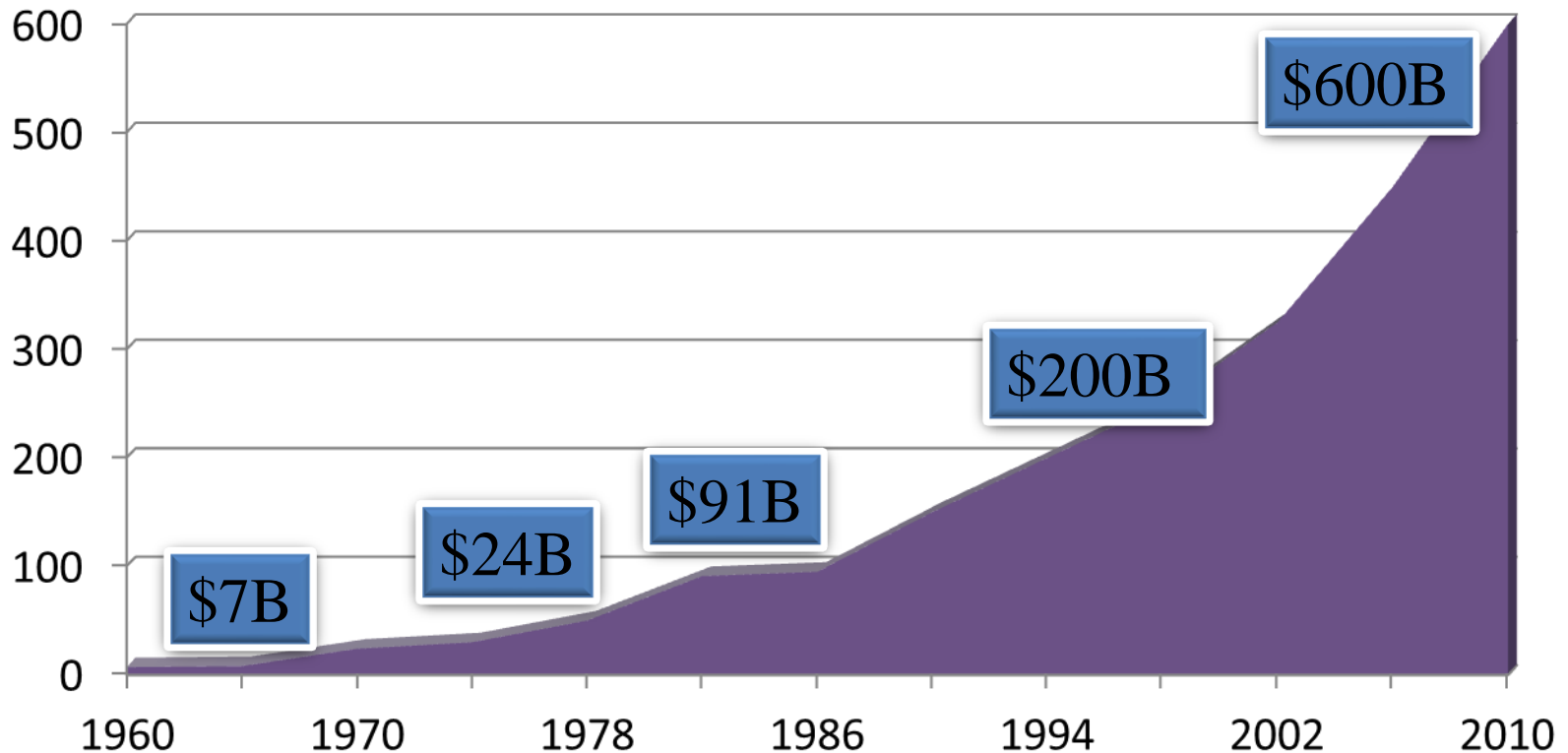
# **The Uniform Guidance**

## **2 CFR 200**

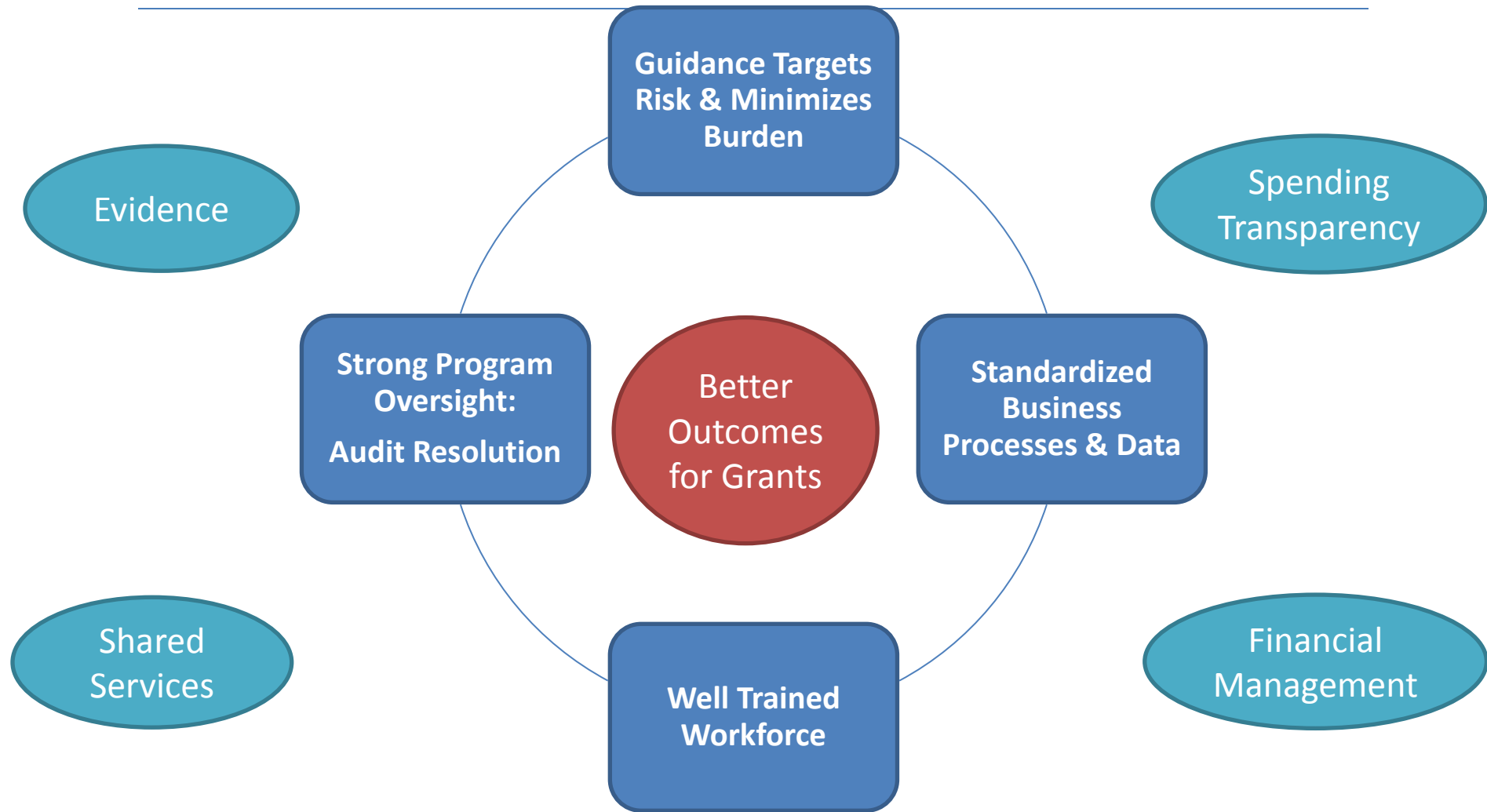
March 2015

# Increase in Federal Grants Activity

The Catalog of Federal Domestic Assistance lists over 2,000 Federal grant programs



# Council On Financial Assistance Reform Priorities



# Guidance Reform History

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**Nov. 2009:**

Executive  
Order:  
Reduce  
Improper  
Payments

**Feb 2012:**

Advance  
Notice of  
Proposed  
Guidance  
(public  
comments)

**Dec 2013:**

Final  
Uniform  
Guidance

**Feb 2011:**

Presidential  
Memo:  
Reduce  
Administrative  
Burden

**Feb 2013:**

Notice of  
Proposed  
Guidance  
(public  
comments)



# Guidance Reform Implementation

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**December 2013:**  
Uniform  
Guidance  
Published

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

**December 2014:**  
Final Guidance  
Effective, Begin  
collecting metrics,  
gathering case  
studies

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

**Fall 2014:** Metrics,  
Additional FAQs and  
Webcast



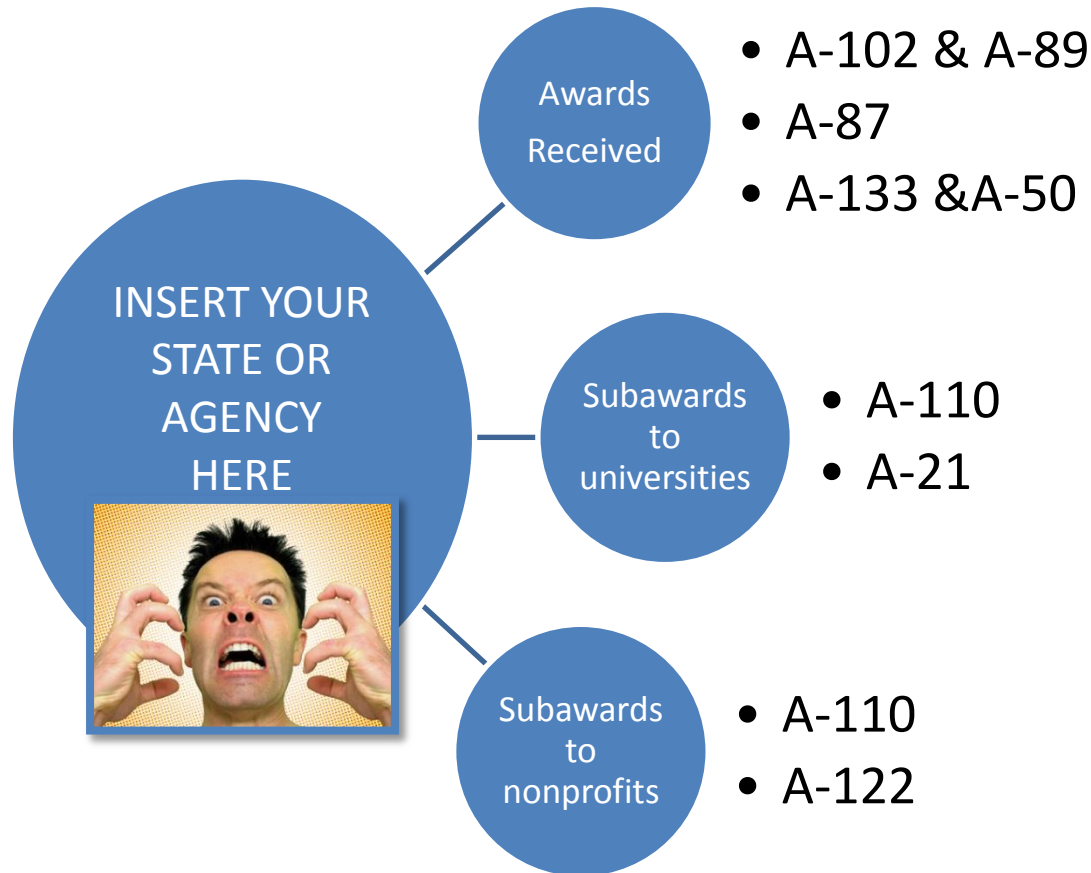
So – What's new now that  
we have the Uniform  
Guidance?



# Eliminating Duplicative and Conflicting Guidance

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**Then:**



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**Now: All guidance streamlined in 2 CFR 200 – 75% reduction**

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# Key Policy Reforms

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1. Eliminating conflicting and duplicative guidance
2. Performance over compliance
3. Efficient use of technology and shared services
4. Consistent and transparent treatment of (appropriately limited) costs.
5. Setting standard business processes and data definitions
6. Encouraging family friendly policies
7. Strengthening oversight
8. Targeting waste, fraud, and abuse





Is there anything  
that I will recognize  
in the Uniform  
Guidance?



# 2 CFR 200 -Basic Layout

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



# Sec. 200.XX, Acronyms & Definitions

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- 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

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- 200.101, Applicability
  - Table for applicability by types of award
  - T&C flow down to subrecipients
- 200.102 Exceptions
  - M-13-17 – Waivers for innovative evidence-based programs
- 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
  - Federal agencies must establish policies
  - Non-Federal entities must disclose in writing any potential



# Sec. 200.2XX, Pre-Award- **Federal**

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- 200.201, Grant agreements
  - **Fixed amount awards are allowed** –
- 200.203, Notice of funding opportunities
- 200.204, Merit review of proposals –
  - **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- Non-Federal entities

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- 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



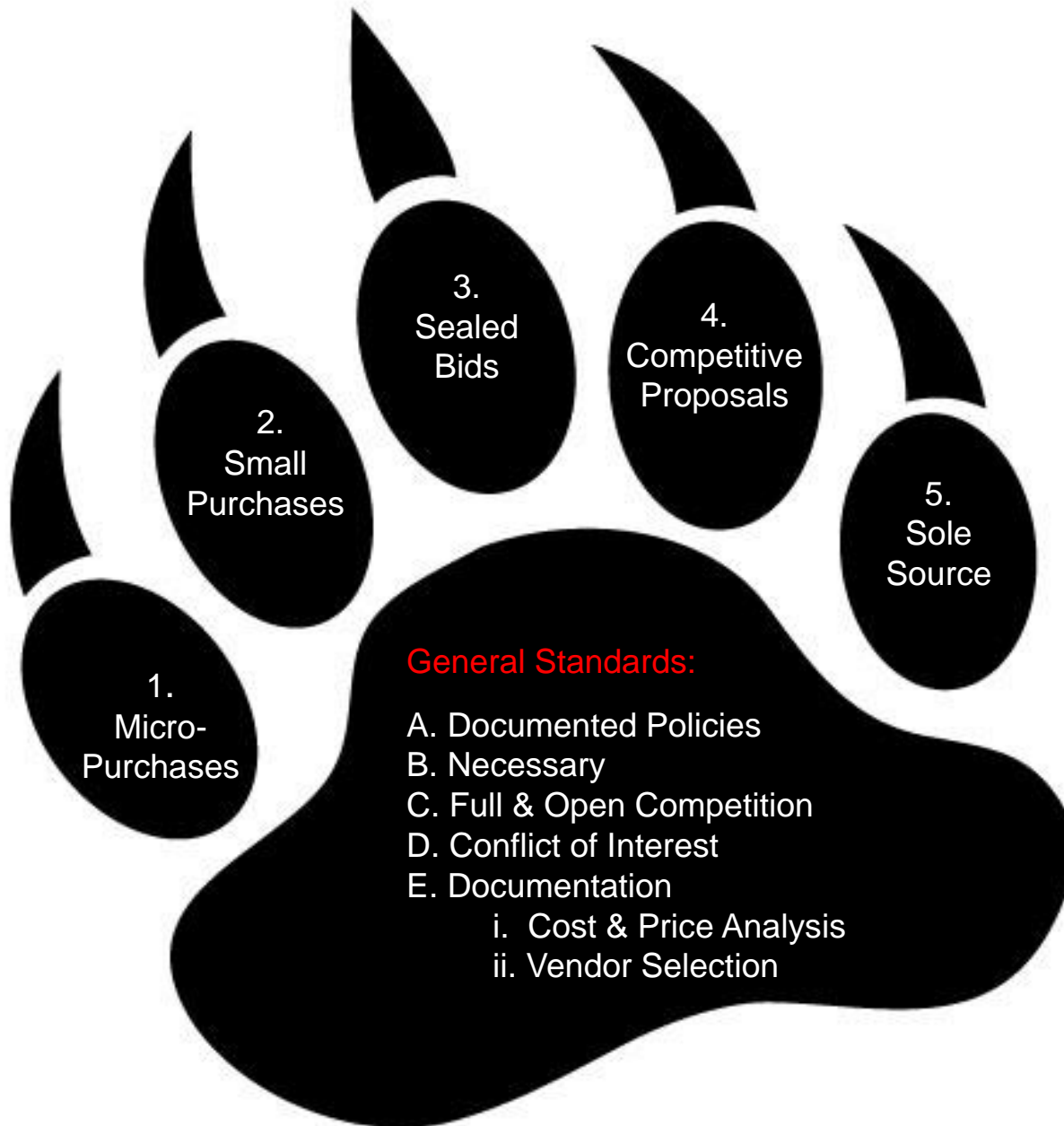
# Sec. 200.3XX, Post- Award- Non-Federal entities

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- 200.313, Equipment
  - Property standards (States versus other grantees)
- 200.314, Supplies
  - Computing devices (<\$5K) are included as “supplies”
- 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”

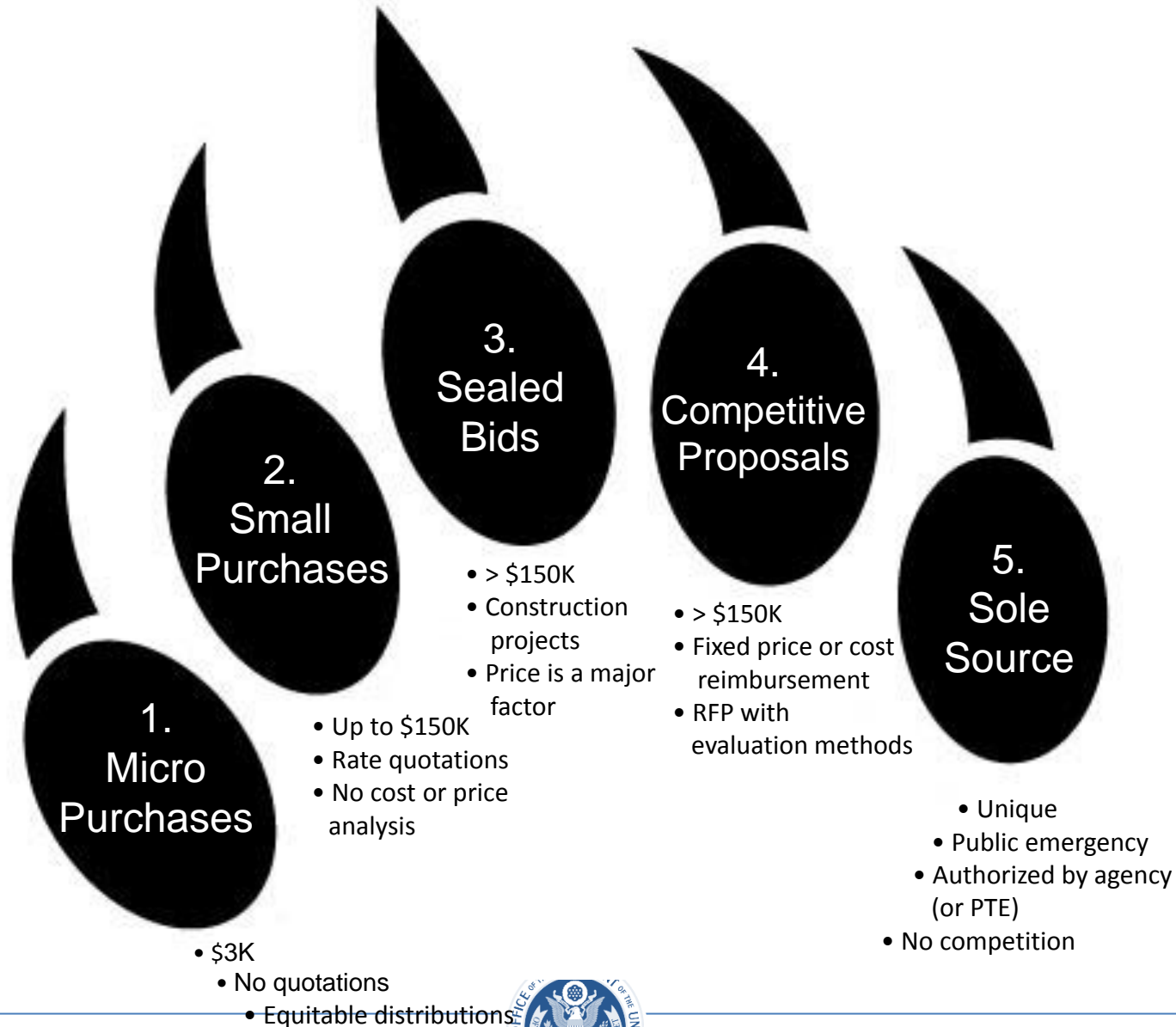


## Procurement “Claw” (Sections 200.317-326)





## Procurement “Claw” (Section 200.320)



# Sec. 200.3XX, Post-Award- **Non-Federal entities**

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## 200.331, Requirements for pass-through entities

- 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
- 200.343 Closeout
  - **90 days to submit reports**, 1 year to closeout



# Sec. 200.4XX, Cost principles

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- 200.407, Prior Written Approval – 22 items of cost
- 200.413, Direct costs
  - Paragraph (c) - Administrative salaries can be direct costs
  - 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

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- 200.430, Compensation – personal services
  - Removed A-21 examples
  - **Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.**
  - Internal controls are KEY
  - 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

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

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- 200.449, Interest
  - Section (b)(2), allow financing costs associated with patents and computer software – effective January 1, 2016
- 200.453, Materials and Supplies
  - Aligned with administrative requirements 200.314
  - Include computing devices (defined in 200.20)
- 200.474, Travel
  - Dependent care costs allowable (temporary due to travel)



# Sec. 200.5XX, Audit Requirements

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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

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- Revisions Focus Audit On Risk
  - Increases audit threshold
    - \$500,000 to \$750,000 – maintain 99% coverage
  - Strengthens risk-based approach to determine Major Programs
  - Provides for greater transparency of audit results
    - Audit reports online
  - Strengthens agency use of the single audit process
    - Senior accountable official, management liaison
    - Metrics
    - Cooperative Audit Resolution
  - Provides for public outreach to focus Compliance Supplement on requirements of highest risk





# Sec. 200.5XX, Audit Requirements

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## *Basic Structure of Single Audit Process Unchanged*

- Audit threshold (200.501)
- Subrecipient vs. Contractor (200.501(f) & 200.330)
- Biennial (200.504) & Program-specific (200.507) audits
- Non-Federal entity selects auditor (200.509)
- Auditee prepares financial statements & SEFA(200.510)
- Major programs determined based on risk (200.518)
- 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)
- Compliance Supplement overall format (Appendix XI)



OK, so what's next?!



# Agency Implementation

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- Adopted by 28 Federal awarding agencies on December 19, 2014
- Agency implementation regulations available in 2 CFR
- Effective for awards issued on or after December 26, 2014



# Interim Final Rule Comments

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- Joint interim final rule comments were due February 17, 2015
- OMB is in the process of reviewing comments in coordination with Federal awarding agencies



# Metrics

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- OMB Memorandum M-14-17 requests non-Federal stakeholder feedback on the overall impact on burden and waste, fraud, and abuse
- The Council on Financial Assistance Reform (COFAR) and OMB is currently accepting feedback on the COFAR website



# Resources

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- The COFAR website is available at: <https://cfo.gov/cofar/>
- Includes:
  - FAQs
  - Webcasts
  - Crosswalk to agency exceptions and additions



# Thank You!

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## Questions?

