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 Targets, Risk & Minimizes Burden
- Standardized Business Processes & Data
- Well Trained Workforce
- Strong Program Oversight: Audit Resolution
- Better Outcomes for Grants
- Evidence
- Spending Transparency
- Shared Services
- Financial Management
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
Guidance Reform Implementation

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, Begin collecting metrics, gathering case studies

Fall 2014:
Metrics, Additional FAQs and Webcast
So – What’s new now that we have the Uniform Guidance?
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

Now: All guidance streamlined in 2 CFR 200 – 75% reduction
Key Policy Reforms

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

• 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

• 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
  – 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

• 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

- **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

- 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)

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
   - $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- Non-Federal entities

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

1. 200.407, Prior Written Approval – 22 items of cost
2. 200.413, Direct costs
   - Paragraph (c) - Administrative salaries can be direct costs
3. 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
  – 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

- 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

• 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

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
    • $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
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

- 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

- 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

• 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

• The COFAR website is available at: https://cfo.gov/cofar/

• Includes:
  – FAQs
  – Webcasts
  – Crosswalk to agency exceptions and additions
Thank You!

Questions?