

What is the Uniform Grant Guidance?

The Office of Management and Budget (OMB) published new requirements for federal award programs entitled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR 200. The guidance supersedes and consolidates the requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and A-50.

Why was it created?

The creation of uniform guidance is designed to streamline requirements and promote greater clarity and consistency across existing circulars. This consolidation is a component of a larger federal effort to improve accountability for expenditures of federal money by placing a greater emphasis on performance over compliance.

When will the changes be implemented?

The requirements are effective for awards or increments of awards issued on or after December 26, 2014. The SCDE's Terms, Conditions, and Assurances have been updated for awards received on or after December 26, 2014.

What are the changes?

The significant changes include modifications to organization and terminology, internal control requirements, cost principles, and single audit requirements. Some of these changes are addressed below:

<i>Greater clarity by replacing the word "vendor" with "contractor"</i> <i>2 CFR Part 200.23</i>	For purposes of the guidance, when a non-Federal entity provides funds from a Federal award to a non-Federal entity, the non-Federal entity receiving these funds may be either a subrecipient or a contractor.
<i>Computing devices</i> <i>2 CFR Part 200.94</i>	A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.
<i>Mandatory disclosures</i> <i>2 CFR Part 200.113</i>	The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in §200.338, Remedies for noncompliance, including suspension or debarment.
<i>Pre-Award Risk Assessment</i> <i>2 CFR Part 200.205</i>	The agency must have in place a framework for evaluating the risks posed by applicants before they receive Federal awards. A portion of the pre-award risk assessment may be in the form of a pre-award audit performed by the SCDE's Office of Auditing Services.

<p><i>High Risk Subrecipients</i></p> <p>2 CFR Part 200.207</p>	<p>If an award is granted to an entity that is determined to be a high risk subrecipient, specific conditions may be placed on the subrecipient.</p>
<p><i>Emphasis on performance goals and performance reporting</i></p> <p>2 CFR Part 200.210</p>	<p>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 improve program outcomes, share lessons learned, and spread the adoption of promising practices. Recipients must be required to relate financial data to performance accomplishments and must also provide cost information to demonstrate cost effective practices.</p>
<p><i>Written Allowability Procedures</i></p> <p>2 CFR Part 200.302</p>	<p>The non-federal entity must have written allowability procedures for grants.</p>
<p><i>Increased emphasis on internal controls</i></p> <p>2 CFR Part 200.303</p>	<p>The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p>
<p><i>Cash Management</i></p> <p><i>Interest – Bearing Account Threshold</i></p> <p>2 CFR Part 200.305</p>	<p>If cash advances are received, the non-Federal entity must maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability.</p> <p>The interest bearing account threshold has been increased from \$100 to \$500. Interest earned in excess of this amount must be made to the US Department of Health and Human Services Payment Management System Rockville, MD 20852.</p>
<p><i>Conflict of interest</i></p> <p>2 CFR Part 200.318</p>	<p>The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.</p>
<p><i>Contract administration</i></p> <p>2 CFR Part 200.318 (b)</p>	<p>The non-Federal entity is not required to maintain a contract administration system. 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.</p>
<p><i>Procurement by micro-purchases</i></p> <p>2 CFR Part 300.320</p>	<p>Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction</p>

	subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
<i>Contract administration</i> <i>2 CFR Part 200.326 & Appendix II</i>	<p>Contracts made under an award must contain 11 specific provisions:</p> <ol style="list-style-type: none"> 1. Contracts more than the simplified acquisition threshold (currently set at \$150,000) must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate 2. Contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be affected and the basis for settlement 3. Equal Employment Opportunity (EEO) 4. Davis-Bacon Act – All prime construction contracts in excess of \$2,000 5. Contract Work Hours and Safety Standards Act 6. Rights to Inventions Made Under a Contract or Agreement 7. Clean Air Act and the Federal Water Pollution Control Act 8. Mandatory standards and policies relating to energy efficiency 9. Debarment and Suspension 10. Byrd Anti-Lobbying Amendment 11. Procurement of recovered materials (See 200.332)
<i>Termination</i> <i>2 CFR Part 200.339</i>	The new guidance introduces termination for cause as one of the reasons a Federal award may be terminated by the Federal awarding agency or pass-through entity.
<i>De minimis indirect cost rate</i> <i>2 CFR Part 200.414</i>	Any non-Federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. Any non-Federal entity that has a federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rate for a period of up to four years.
<i>Certification</i> <i>2 CFR Part 200.415</i>	The annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and

	objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.”
<i>Time and effort reporting</i> <i>2 CFR Part 200.430</i>	Personnel activity reports are not specifically required. The focus shifted to having appropriate internal controls in place to ensure that charges to Federal awards for salaries and wages are based on records that accurately reflect the work performed. The requirements maintain that when charges are based on budgeted amounts, internal controls must exist to ensure adjustments are made so final amounts charged to Federal awards are proper. However, the SCDE has determined that the PAR and certification requirement for employees whose salary is charged in whole, or in part, to federal funds are still a requirement for federal programs passed through the SCDE.
<i>Language expanded for conferences</i> <i>2 CFR Part 200.432</i>	A conference is defined as a meeting, retreat, seminar, symposium, workshop, or event for which the primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award.
<i>Language expanded for entertainment costs</i> <i>2 CFR Part 200.438</i>	Entertainment costs are unallowable except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.
<i>Language expanded for travel costs</i> <i>2 CFR Part 200.474</i>	Provides that temporary dependent care costs above and beyond regular dependent care that result directly from travel to conferences and meet specified standards are allowable.
<i>Single audit threshold</i> <i>2 CFR Part 200.501</i>	The single audit threshold has increased to \$750,000. All entities that expend \$750,000 or more in Federal awards must have a single or program specific audit.
<i>Auditor Selection</i> <i>2 CFR Part 200.509</i>	Non-federal entities seeking to hire an audit organization to perform a single audit will be required, for the first time, to request a copy of the audit organization’s peer review report
<i>Schedule of expenditures of federal awards (SEFA)</i> <i>2 CFR Part 200.510</i>	The SEFA must include the total amount provided to subrecipients from each Federal program.
<i>Protected personally identifiable information (PII)</i> <i>2 CFR Part 200.512 and 200.303</i>	Auditors and auditees must ensure and sign a statement that single audit reports publically available on the Federal Audit Clearinghouse (FAC) do not include protected personally identifiable information. The non-federal entity must take reasonable measures to safeguard protected personally identifiable information and other information on the Federal awarding agency of pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality.

<i>Questioned costs</i> <i>2 CFR Part 200.516</i>	The questioned costs threshold increases from \$10,000 to \$25,000.
<i>Type A/B threshold</i> <i>2 CFR Part 200.518</i>	The Type A/B minimum threshold increases from \$300,000 to \$750,000.
<i>Corrective Action Plans</i> <i>2 CFR Part 200.521</i>	Auditees must initiate corrective action as rapidly as possible and corrective action should begin no later than receipt of the audit report.

Where do we go from here?

Subrecipients should review existing policies and procedures to ensure that current policies and procedures conform to the Uniform Grant Guidance. If current policies and procedures do not adhere to the Uniform Grant Guidance, policies and procedures should be modified and implemented to ensure compliance.

Additional Resources:

- http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- http://www.whitehouse.gov/omb/grants_docs
- <https://cfo.gov/cofar/>
- <https://cfo.gov/wp-content/uploads/2013/01/2-C.F.R.-200-FAQs-2-12-2014.pdf>