



The New Uniform Grant Guidance: Grants Administration

Yes, the Rules are Changing, but How Much?

Shelly L. Hammond
Senior Vice President, Assurance Services
Allen, Gibbs & Houlik, L.C.

AGH

Administrative Matters

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Our Speaker

Shelly L. Hammond, CPA, CGFM



- Leads AGH's public sector practice
- 20 years' experience, specializing in providing auditing and consulting services to a variety of governmental and nonprofit entities
- Member of the:
 - American Institute of Certified Public Accountants
 - Kansas Society of Certified Public Accountants
 - Government Finance Officers Association
- Serves on the GFOA Certificate of Achievement Review Committee
- Member of the national Executive Committee of the Government Audit Quality Center

Polling Question

Learning Objectives

- Identify key dates / timing of implementation
- Learn the major changes pertaining to grants administration
- Compare / contrast new and existing guidance in key areas
- Develop an understanding of the expanded requirements for internal controls
- Outline how your organization can prepare over the next five months



*Uniform Guidance on Administrative
Requirements, Cost Principles, and Audit
Requirements*

*(Uniform Grant Guidance)
(Supercircular)*

Uniform Grant Guidance

- Final guidance issued in the Federal Register on December 26, 2013
- Can be found at:
 - 2 CFR Part 200
 - COFAR website at <https://cfo.gov/cofar> (Reform of Federal Grant Policies menu item)
 - COFAR = Council on Financial Assistance and Reform
 - Website above also has FAQs, videos, crosswalk guidance, etc.

Other Resources

- COFAR website at <https://cfo.gov/cofar> (Reform of Federal Grant Policies menu item)
- COFAR site has a “COFAR Mailing List” link to register to receive future announcements.
- Can submit questions to COFAR at cofar@omb.eop.gov
- Uniform Guidance Administrative Requirements Text Comparison (crosswalk)

Uniform Grant Guidance

Goals:

- Reduce administrative burden
 - Elimination of duplicative & conflicting guidance
- Strengthen oversight
- Targeting audit requirements on waste, fraud and abuse

Key Dates / Implementation

Effective date for agencies:

- Applies to federal agencies immediately
- Federal agencies have 6 months to submit implementing regulations to the OMB.
- Non-federal entities required to follow once implementing regulations are in effect, which will be no later than December 26, 2014.

Key Dates / Implementation

Effective date for agencies:

- **Administrative requirements** and cost principles apply to new awards AND to additional funding (funding increments) to existing awards after December 26, 2014
- Existing awards will continue to be governed by terms and conditions of the Federal Award, except for audit requirements.

Key Dates / Implementation

Effective date for audits:

- For audits of fiscal years beginning after December 26, 2014 (i.e., for entities with years ending December 31, 2015)



Administrative Requirements

2 CFR Part 200

Subpart A – Acronyms & Definitions

Subpart B – General Provisions

Subpart C – Pre-Federal Award Requirements

Subpart D – Post-Federal Award Requirements

Subpart E – Cost Principles

Subpart F – Audit Requirements

Appendices

Administrative Requirements

200.301 Performance Management	200.310-316 Property Standards
200.302 Financial Management	200.317-326 Procurement Standards
200.303 Internal Controls	200.327-329 Performance and Financial Monitoring & Reporting
200.304 Bonds	200.330-332 Subrecipient Monitoring & Management
200.305 Payments	200.333-337 Record Retention & Access
200.306 Cost Sharing / Matching	200.338-342 Remedies for Noncompliance
200.307 Program Income	200.343 Closeout
200.308 Revision of Budget and Program Plans	200.344-345 Post-Closeout Adjustments and Continuing Responsibilities
200.309 Period of Performance	

Current / existing guidance

A-102: State and local governments

A-110: Higher education, hospitals and other nonprofit organizations

200.303 Internal Controls

- Requires non-federal entities to establish and maintain effective internal controls
 - Internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* (Green Book) and the *Internal Control Integrated Framework* issued by COSO.
- Evaluate and monitor compliance.
- Take prompt action on audit findings.
- Safeguard protected personally identifiable information (PII defined in 200.82).

200.305 Payments

- Payments to states governed by Treasury-State CMLA agreements (31 CFR 205)
- Largely replicated guidance in OMB A-110 (NFP, IHE)
- Non-federal entities previously under A-102 (state & local gov'ts) now have the flexibility to pay interest earned on Federal funds annually to the Dept of HHS, rather than “promptly” to each Federal awarding agency.
 - Interest up to \$500/year may be retained for administrative purposes.

200.310-316 Property Standards

- Coverage derived largely from A-110 (NFP, IHE)
- Section discusses:
 - Insurance coverage requirements
 - Real property (use and disposition)
 - Equipment
 - Use
 - Disposition
 - Management – property record requirements, physical inventory requirements, etc.

200.310-316 Property Standards

- No change in threshold of \$5,000
 - Under threshold: Can retain, sell or otherwise dispose of equipment with no further obligation to the Federal awarding agency
- Exception to rules:
 - States must follow state laws / procedures (not changed).

200.314 Supplies

- Includes all tangible personal property that falls below the threshold for equipment (\$5,000). This includes computing devices which fall below this threshold.

Polling Question

200.317-326 Procurement Standards

- Guidance generally from A-102 (gov'ts), with modifications.
- States continue to use own policies / procedures.
- All other non-federal entities must use their own documented procurement procedures, provided that they conform to applicable Federal, State and local laws, and the standards in this section.

200.318 General Procurement Standards

- a) Non-federal entities must use their own documented procurement procedures, which reflect applicable state/local laws and regulations, provided that procurements also conform to the standards in this section
- b) Must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts
- c) Must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection of awards and administration of contracts.

200.318 General Procurement Standards

- d) Procedures must avoid acquisition of unnecessary or duplicative items. Also, where appropriate, analysis should be done of the most economical approach (lease vs. purchase, for example).
- e) Encouraged to enter into state / local intergovernmental agreements for procurement or use of common or shared goods and services
- f) Encouraged to use Federal excess and surplus property in lieu of purchasing equipment
- g) Encouraged to use value engineering clauses in contracts for construction

200.318 General Procurement Standards

- h) Must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the procurement
- i) Must maintain records sufficient to detail the history of procurement. Includes: Rationale for method of procurement, selection of contract type, contractor selection or rejection, and basis for the contract price
- j) May use time and material type contracts only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk
- k) Non-federal entity alone must be responsible for the settlement of all contractual and administrative issues arising out of procurements

200.319 Competition

- Procurement transactions must be conducted in a manner providing full and open competition.
- Prohibition on the use of statutorily or administratively imposed state or local geographical preferences in the evaluations of bids or proposals, except where the Federal statute mandates / encourages it
 - Where there is a conflict between state law and this guidance...”this Federal guidance prevails.”

200.320 Procurement Methods

The non-federal entity must use one of 5 methods:

- 1) Micro-purchases (<\$3,000 or <\$2,000 if subject to Davis Bacon)
- 2) Small purchase procedures (those less than Simplified Acquisition Threshold, currently \$150,000)
 - Price or rate quotations must be obtained from an adequate number of qualified sources.
- 3) Sealed bids (formal advertising)
 - Bid with lowest price from a responsible bidder confirming to the terms of the invitation to bid is awarded contract
 - Preferred method for procuring construction, if certain conditions listed in this section are met

200.320 Procurement Methods

The non-federal entity must use one of 5 methods:

4) Competitive proposals

- Generally used when conditions are not appropriate to use sealed bids
- Must have a written method of conducting technical evaluations of the proposals received, among other things
- Price is not the only factor.

5) Noncompetitive proposals

- Solicitation of a proposal from only one source (sole source)
- May only be used when one or more of the following apply:
The item is available from only one source; public emergency will not permit a delay; the Federal awarding agency or pass-through entity expressly authorizes its use; or after solicitation of a number of sources, competition is determined inadequate.

Other Procurement Provisions

- 200.321: Considerations for contracting with small and minority businesses, women's business enterprises
- 200.323: Contract cost or pricing – includes discussion of performing a cost or pricing analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold
- 200.325: Bonding requirements

Other Procurement Provisions

See also Appendix II to Part 200 – *Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.*

- All contracts made by a non-Federal entity under the Federal award must contain provisions covered in this section, as applicable.

Polling Question

200.327 Financial Reporting

- Requirements from A-102 and A-110 regarding the Report of Federal Cash Transactions and the Financial Status Report have been deleted.
- Replaced by requirement that Federal awarding agencies use the OMB-approved Federal Financial Report, unless otherwise approved by the OMB
- Information collected no less frequently than annually, nor more frequently than quarterly, except in unusual circumstances

200.328 Performance Reporting

- Similar to financial reporting requirements, the Federal awarding agency must use standard, OMB-approved data elements / reports.
- Information collected no less frequently than annually, nor more frequently than quarterly, except in unusual circumstances.

200.330 Subrecipient and Contractor Determinations

- Pass-through entity must make case-by-case determinations whether an agreement it makes for disbursement of federal funds results in the recipient being in the role of a subrecipient or a contractor.
- Explains the roles of ***subrecipients*** vs. ***contractors*** so that non-federal entities can determine the relationship and applicable requirements

200.330 Subrecipient and Contractor Determinations

Subawards: Provided to subrecipients to carry out a portion of a Federal award. Characteristics include:

- The entity determines who is eligible to receive what Federal assistance
- Has its performance measured in relation to whether objectives of a Federal program were met
- Has responsibility for programmatic decision making
- Is responsible for adherence to applicable Federal program requirements
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified, as opposed to providing goods or services for the benefit of the pass-through entity

200.330 Subrecipient and Contractor Determinations

Contracts: Entered into to obtain goods and services for the non-federal entity's own use. Characteristics include:

- The entity provides the goods or services within normal business operations.
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the Federal program
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

200.331 Requirements for Pass-Through Entities (communication)

Ensure that every subaward is clearly identified to the subrecipient as a subaward, and includes the following information (list is not all-inclusive):

- CFDA number and name
- Federal award identification number (FAIN)
- Name of federal awarding agency, name of pass-through
- Subrecipient name and DUNS number
- Subaward period of performance (dates)
- Amount of federal awards obligated by this action
- Indirect cost rate to be used
- All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes / regulations

200.331 Requirements for Pass-Through Entities (risk assessment)

The pass-through entity must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and terms. ***Risk assessment*** factors may include:

- Subrecipient's prior experience with the same or similar awards
- Results of previous audits, and whether or not the sub receives its own Single Audit (Subpart F), and the extent to which the same or similar subaward has been audited as a major program
- Whether the sub has new personnel or systems
- Extent and results of Federal awarding agency monitoring

200.331 Requirements for Pass-Through Entities (monitoring)

Monitoring the activities of the subrecipient is necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal regulations, and that subaward performance goals are achieved. Monitoring must include:

- Reviewing financial and programmatic reports required by the pass-through entity
- Following up and ensuring that the sub takes timely and appropriate actions on all deficiencies pertaining to the award detected through audits, on-site reviews, and other means
- Issuing management decisions for audit findings pertaining to the Federal award provided to the sub from the pass-through entity as required by 200.521

200.331 Requirements for Pass-Through Entities (monitoring)

Depending on the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance:

- Providing subrecipients with training and technical assistance on program-related matters
- Performing on-site reviews of the sub's program operations
- Arranging for agreed-upon procedures engagements

Polling Question

200.333 Record Retention

Financial records, supporting documentation and all other records pertinent to a Federal award must be retained for a period of 3 years from the date of submission of the final expenditures report, or for Federal awards that are renewed quarterly or annually, from the date of submission of the quarterly or annual financial report.

- There are some exceptions to this.

How to Prepare

- Develop a plan to become compliant.
- Ensure personnel have access to resources.
- Evaluate whether there are written policies / procedures in place regarding internal controls.
- Evaluate written procurement policies for compliance, and update where necessary (including those for procurement cards).
- Ensure the organization has a conflict of interest policy.

How to Prepare

- If providing funding to subrecipients, evaluate monitoring and communication policies with subrecipients; ensure the entity has a risk assessment process in place.
- Ensure accounting, purchasing, and grant program personnel are provided adequate training and resources regarding administrative requirements.

Questions?

Thank you!
Shelly Hammond - [Allen, Gibbs & Houlik, L.C.](#)

Phone (316) 291-4172

Email shelly.hammond@aghlc.com

Linked  www.linkedin.com/in/shellylhammond

(For webinar questions not related to content: Mike.Ditch@aghlc.com.)