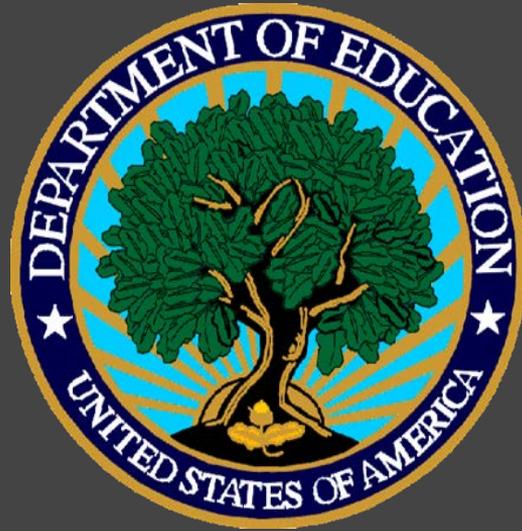


# Overview of the Uniform Guidance (2 CFR 200)



U.S. Department of Education

# What is the Uniform Guidance?

- ❑ In a nutshell: It's a consolidation of 8 OMB Circulars
- ❑ It's called guidance, but it's not *guidance*. It is full of rules and requirements, with some suggestions for "best practices"
- ❑ Parts 74 and 80 of EDGAR were moved into the Uniform Guidance
- ❑ It's not a dramatic departure from the previous rules and requirements, but there are requirements and flexibilities that are new
- ❑ It will have an impact on how you administer your grants

## 2 CFR Part 200 – Table of Contents

- ❑ Subpart A – Acronyms and Definitions
- ❑ Subpart B – General Provisions
- ❑ Subpart C – Pre-Award Requirements
- ❑ Subpart D – Post-Award Requirements
- ❑ Subpart E – Cost Principles
- ❑ Subpart F – Audit Requirements
- ❑ Appendices (Indirect Costs/Cost Allocation Plans; Compliance Supplement)

# From Circulars to the Uniform Guidance

<b>Prior to the Uniform Guidance</b>	<b>After the Uniform Guidance</b>
Circulars A-89, A-102, A-110	Uniform Guidance Subparts B, C and D
Circulars A-21, A-87, A-122	Uniform Guidance Subpart E
Circulars A-133, A-50	Uniform Guidance Subpart F
EDGAR Parts 75 to 99	EDGAR Parts 75-79 and 81-99
EDGAR Parts 74 and 80	Become part of the Uniform Guidance

# When Does it Apply?

- ❑ Short answer: Now
  - ❑ Uniform Guidance went into effect on 12/26/14
  - ❑ It applies to any new or continuation award made after this date, including funds carried over into a new fiscal year
    - ❑ E.g., FY 2015 grants awarded on July 1, 2015 – UG applies to FY 2015 funds and any FY 2014 funds that were carried over.
- ❑ BUT: There are some grace periods
  - ❑ For example, the new procurement rules have a 2 year grace period

# SEA Focus Areas

- Cost Principles
- Audits
- Subaward Management and Risk\*

# Cost Principles

- ❑ Costs must be reasonable, necessary, allowable, allocable and documented
- ❑ No major changes to the Cost Principles
  - ▣ See Noteworthy Additions or Changes for Selected Items of Cost
- ❑ New family-friendly flexibilities
- ❑ New time and effort flexibilities – greater emphasis on internal controls

# Cost Principles – Time and Effort Reporting

- Standards for Documentation of Personnel Expenses (2 CFR 200.430(i))
  - ▣ Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed
    - Section lists standards for records
    - If records meet standards, no additional documentation is required
  - ▣ Substitute systems or process for allocating salaries and wages may be allowed, but require approval by the cognizant agency
- Historically time and effort has been a key area of audit findings

# Audits

- ❑ A non-federal entity that expends \$750,000 or more in federal funds is required to have an audit conducted
  - ❑ Prior to the Uniform Guidance the “audit threshold” was \$500,000
- ❑ Questioned costs under \$25,000 do not have to be reported by the auditor
- ❑ Audits sent directly to Audit Clearinghouse
  - ❑ SEAs are required to verify that every subgrantee is audited, if it meets the threshold

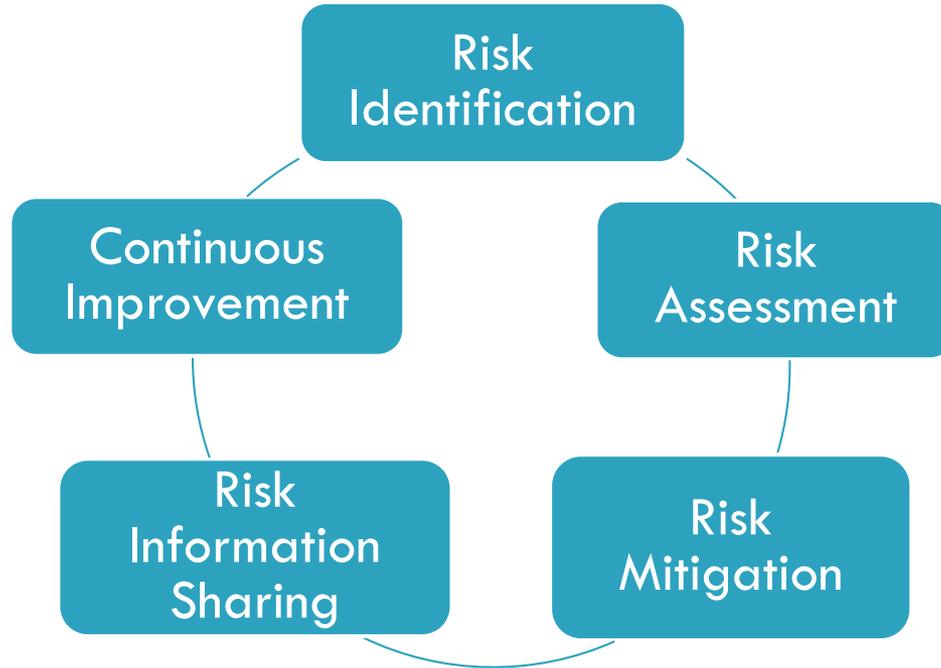
# Sub-Recipient Management and Risk

- Major key changes (2 CFR 200.331):
  - ▣ Verify that every sub-recipient is audited, if it meets the threshold
  - ▣ New information included on the award document to sub-recipients
  - ▣ Risk-based monitoring of sub-recipients

# New Information on Awards to Sub-Recipients

- SEAs must provide specific information in the award documentation to its subgrantees, including, but not limited to:
  - ▣ Federal Award Identification Number (FAIN)
  - ▣ Subaward period of performance (start and end date)
  - ▣ Amount of federal funds obligated by the action
  - ▣ CFDA number and name
  - ▣ Indirect cost rate
  - ▣ Any additional requirements imposed by the SEA
  - ▣ Requirement to provide access to records for audit

# Risk-Based Monitoring: Risk Management Cycle



# Risk-Based Monitoring

- SEAs must evaluate each sub-recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate sub-recipient monitoring
- The risk assessment does not have to be completed before the subawards are made, but it may be conducted beforehand so that the SEA has full information prior to making awards
  - SEA must consider imposing specific subaward conditions if there are risk concerns (2 CFR 200.207)

# Risk-Based Monitoring

In conducting the risk-assessment, SEAs may consider factors such as:

- ❑ The sub-recipient's prior experience with the same or similar subawards
- ❑ Results of previous audits
- ❑ Whether the sub-recipient has new personnel or systems
- ❑ The results of other relevant Federal monitoring

# Risk-Based Monitoring

In addition to conducting a risk-assessment, the SEA must monitor subrecipients. Monitoring must include:

- Review of financial and performance reports
  - Federal Awardee Performance and Integrity Information System (FAPIIS)
- Issuing management decisions for audit findings on sub-recipients
- Ensuring that the sub-recipient takes timely and appropriate action on deficiencies identified through audits or other monitoring

# Risk-Based Monitoring

SEAs may use various tools to ensure proper accountability and compliance with program requirements and achievement of performance goals, including:

- ▣ Providing training and technical assistance;
- ▣ Performing on-site reviews of the entity's program operations; and
- ▣ Arranging for agreed-upon procedures for audit services.

# Risk-Based Monitoring

Topic	Pass-through entities
Award Notification	§200.331(a)
Risk Assessment	§200.331(b)
Specific Conditions	§200.207*
High-Risk Designation	§3474.10
Monitoring	§200.331(d)-(e) Subpart F*
Non-Compliance	§200.338*

\*Section 200.331 references these sections for requirements.

# Risk-Based Monitoring

Whether as part of the risk-based assessment or monitoring, and SEA can impose conditions on its sub-recipients (2 CFR 200.207):

- ▣ Increased reporting
- ▣ Reimbursement plan
- ▣ High-risk designation (2 CFR 3474.10)

# Risk-Based Monitoring - FAPIIS

The Department will be reporting more information about grantee performance:

- Government-wide system will include performance data for Federal grants and contracts
- FAPIIS includes data from agency grant systems and debarment and suspension information
- Federal and pass-through agencies (SEAs) will have to consider FAPIIS data when making awards
- FAPIIS system is still being developed

# Resources

- ❑ The Department's one-stop shop for information: [Uniform Guidance Technical Assistance for ED Grantees](#)
  - ❑ Includes links to COFAR, OMB and EDGAR
  - ❑ Includes FAQs
  - ❑ Includes specific crosswalks between Parts 74 and 80 of EDGAR and the Uniform Guidance
- ❑ Email questions to: [uniformgrantguidanceimplementation@ed.gov](mailto:uniformgrantguidanceimplementation@ed.gov)