

Implementing the Uniform Guidance



U.S. Department of Education

What's Covered in this Slide Show?

- ❑ Goals of the Uniform Guidance (2 Code of Federal Regulations (CFR) part 200)
- ❑ Department adoption and preparation for implementing the guidance
- ❑ Guided tour of the Uniform Guidance and key changes reflected in it
- ❑ Timeline – when changes impact your grant
- ❑ Resources for technical assistance and training

Uniform Guidance Goals and Key Take-Aways

- ❑ Streamline and consolidate eight existing OMB Circulars
 - ▣ Reduce administrative burden, increase flexibility, and improve outcomes
- ❑ How Uniform Guidance Supports Key Policy Reforms
 - ▣ Emphasis on performance
 - ▣ Efficient use of technology and shared services
 - ▣ Consistent and transparent treatment of costs
 - ▣ Setting standard business processes and data definitions

Uniform Guidance Goals and Key Take-Aways

- ❑ How Uniform Guidance Supports Key Policy Reforms
 - ❑ Encouraging family-friendly policies
 - ❑ Strengthening oversight
 - ❑ Targeting waste, fraud, and abuse
 - ❑ Increased flexibility for and accountability by grantees
- ❑ Effective dates for key changes
- ❑ Department providing training at no cost

Department Activities in Preparation

- ❑ The Department worked closely with OMB to prepare for implementation of the Uniform Guidance:
 - ❑ New guidance adopted / EDGAR regulations modified
 - ❑ Non-regulatory policies being updated
 - ❑ Training and resources for Department staff and grantees are being developed
- ❑ The Uniform Guidance is now in effect for grants awarded on or after 12/26/2014

Organization of the Uniform Guidance

- ❑ Subpart A – Acronyms and Definitions
- ❑ Subpart B – General Provisions
- ❑ Subpart C – Pre-Award Requirements
- ❑ Subpart D – Post-Award Requirements

Organization of the Uniform Guidance

(continued)

- ❑ Subpart E – Cost Principles
- ❑ Subpart F – Audit Requirements
- ❑ Appendices III-V and VII – Indirect Cost/Cost Allocation Plans
- ❑ Appendix XI – Compliance Supplement

From Circulars to the Uniform Guidance

Grants made <u>prior to</u> 12/26/2014	Grants made <u>on or after</u> 12/26/2014
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

Key Changes

Pre-Award

Department of Education Implementation

Grant Award Notification (GAN) and Department of Education forms

- ❑ Updated the GAN and the forms to align with 2 CFR Part 200:
 - ❑ GAN
 - Includes updated citations
 - Includes indirect cost rate
 - ❑ Forms: Updated Department-wide forms
 - Includes indirect cost rate
 - Includes certification language

Definition of Grants and Cooperative Agreements

A Grant by
any other
name is still
a Grant

- ❑ Updated EDGAR Part 77 to reflect definitions in 2 CFR Part 200.
- ❑ EDGAR Part 77 also revised to add definitions of “grant” and “award” so that program regulations can continue to use these terms to cover both grants and cooperative agreements.

Risk Assessment

- ❑ The Uniform Guidance requires all Federal agencies to conduct a risk assessment prior to making awards.
 - ❑ The Department was conducting these assessments for discretionary grant awards prior to the implementation of the Uniform Guidance.
- ❑ The Department will continue to use the high risk designation under 2 CFR 3474.10(b). The Department will use the standards in the Uniform Guidance to impose specific or high-risk conditions, as appropriate, on grants.



Key Changes

Post-Award

Performance Measurement

- ❑ The Uniform Guidance focuses on cost-effective practices and achieving performance goals.
 - ❑ The Department is already using OMB-approved standard information collections and does not anticipate significant changes with regard to performance reporting.
 - ❑ The Department already has performance measures in place for all programs which meet the requirements. Any changes proposed to those performance measures will be announced to the public.

Key Changes in Post-Award Activities

- ❑ Notable Key Changes:
 - ❑ Greater emphasis on internal controls to ensure compliance and fiscal responsibility;
 - ❑ Enhanced oversight requirements of subrecipients, which includes risk assessment to develop an appropriate monitoring plan and tools;
 - ❑ Enhanced oversight of contracts; and
 - ❑ Greater focus on performance expectations and results

Key Changes in Post-Award Activities

- ❑ Longstanding grantee flexibilities known as the “Expanded Authorities” are still there, just moved to 2 CFR 200.308:
 - ❑ Pre-award costs allowable up to 90 days before award
 - ❑ Extension one time, up to 12 months
 - ❑ “Carry forward” of unobligated balances
 - ❑ Budget transfers

Key Changes to Procurement

- ❑ NEW for universities and non-profits: procurement methods in § 200.320. § 200.317 Procurement: All grantees other than States must follow procurement requirements in §§ 200.318-200.326.
- ❑ New requirements for oversight of procurement dollars (2 CFR 200.324) include such changes as:
 - ❑ The entity must make available, upon request from the Department or a pass-through entity, technical specifications on proposed procurements to ensure the item or service is for an item in the approved grant application.
 - ❑ The entity must make pre-procurement process documents available if certain conditions exist.

Key Changes for Pass-Through Entities

- ❑ Under 2 CFR 200.331, pass-through entities are required to:
 - ▣ Provide subaward information to their subrecipients, including the indirect cost rate for the Federal award
 - ▣ Perform a risk assessment for the purpose of subrecipient monitoring
 - ▣ Verify that every subrecipient is audited (as required by the Single Audit Act)

Risk Assessment: Future of FAPIIS

Federal Awardee Performance and Integrity Information System (FAPIIS) will play an increasingly important role in helping the Department and pass-through entities mitigate risk.

- FAPIIS will include information on Federal grants, as it does now for contracts.
- Information addresses performance, grant systems, and debarment and suspension.
- Coming Soon - OMB is establishing guidance requiring agencies and pass-through entities to consider FAPIIS data when making Federal awards.

Key Changes: Risk-Based Monitoring

- ❑ Increased responsibilities for pass-through entities:
 - ❑ 2 CFR 200.331 (b) Pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for the purpose of determining the appropriate monitoring actions.
 - ❑ Risk Assessment does not have to be completed before subawards are made, but recipients can decide to make assessments before making the subawards.

Key Changes: Risk-Based Monitoring (cont.)

- ❑ Considerations for pass-through entities in evaluating sub-recipient risk:
 - ❑ Prior experience with the same or similar subaward
 - ❑ History of audits
 - ❑ New personnel or new systems
 - ❑ Relevant Federal monitoring

Key Changes: Risk-Based Monitoring (cont.)

- ❑ Increased responsibilities for pass-through entities:
 - ▣ Under 2 CFR 200.331 (d) Pass-through entity monitoring must include:
 - Review of financial and performance reports;
 - Issuance of management decisions for audit findings on subrecipients;
and
 - Follow-up activities ensuring subrecipients take timely, appropriate action to cure deficiencies

Key Changes: Risk-Based Monitoring(cont.)

- ❑ Under 2 CFR 200.331 (e) the pass-through entity must assess risk to determine monitoring approach. Monitoring and follow up may include:
 - ❑ Providing training and technical assistance,
 - ❑ Performing an on-site review of entity's program operations, and
 - ❑ Arranging for agreed-upon-procedures for audit services

Key Changes

Cost Principles

Department and Grantees: Reminder

- ❑ Basic standards for allowability remain the same.
- ❑ Costs must be:
 - ▣ Necessary
 - ▣ Reasonable
 - ▣ Allocable
 - ▣ Documented

Time and Effort: Flexible and Accountable

- ❑ Historically, a key area of audit findings
- ❑ New flexibility: “system of internal control” for documenting personnel compensation:
 - ▣ Requirements for personnel compensation are found at 2 CFR 200.430-431
 - ▣ Alternative accounting processes are allowable for sampling in-time distribution reporting
 - ▣ Federal agencies may approve alternative accounting methods for blended funds

Cost Principles: Notable Changes

- ❑ The Uniform Guidance lists most prior approval requirements at 2 CFR 200.407. These did not change.
- ❑ New Requirement: Certifications required for fiscal reports, payment requests, and indirect cost proposals (2 CFR 200.415)
- ❑ Family-friendly Flexibility: limited dependent care costs at conferences (2 CFR 200.432) and travel (2 CFR 200.474)
 - ▣ Does not override the Department guidance regarding conferences
- ❑ Clarification – Materials and supplies: direct charges
 - ▣ Computer equipment <\$5,000 specifically treated as supply (2 CFR 200.453)

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Key Changes

Audit Requirements

Key Changes in Audit Requirements

- ❑ Threshold for a required Single Audit has increased to \$750,000 in expended funds
- ❑ Questioned costs <\$25,000 are no longer required to be reported.
 - ▣ Fewer audits and findings will require Federal agencies and grantees to modify risk assessments and monitoring plans, to use alternative resources
 - ▣ Agreed-upon procedures are one means available to address grantees in the \$500,000 to \$750,000 range

Key Changes in Audit Requirements

- ❑ The entity being audited will be required to submit its audit electronically to the Federal Audit Clearinghouse, which makes all audits available to all funding agencies.
- ❑ States will continue to resolve subrecipient audits.

Key Changes

Indirect Costs

Key Changes in Indirect Costs

- ❑ Flexibility for grantees that have never had a negotiated indirect cost rate: de minimis rate of 10% Modified Total Direct Costs (MTDC)
- ❑ Under § 76.561 and 76.561 procedures, States and LEAs not eligible for the de minimis rate
- ❑ Cannot use under restricted rate or training grant programs
- ❑ De minimus rate not to be confused with Department's temporary rate of 10% direct salaries and wages

Key Changes in Indirect Costs

- ❑ Grantees that have never had an indirect cost rate may use the temporary rate for 90 days, then submit a proposal for negotiation
- ❑ OR use de minimis rate BUT
 - ❑ Grants subject to “supplement not supplant” must use restricted rate
 - ❑ Training grants must use 8% MTDC rate under § 75.562

Key Changes in Indirect Costs (cont'd)

- ❑ New flexibility: Grantees with a negotiated rate may apply for an extension of up to 4 years.
 - ❑ Reduces the requirement to renegotiate annually
 - ❑ Requests for extensions must be submitted 60 days earlier than due date for indirect cost proposals (4 months after the end of the grantee's fiscal year)

When Does This Start?

Timeline

Uniform Guidance (2 CFR Part 200) applies to:

- ❑ New and Continuation grants awarded on or after December 26, 2014
 - ▣ Audit and indirect cost changes take effect when the grantee's next fiscal year after December 26, 2014, starts
- ❑ Funds carried over into a new fiscal year starting on or after December 26, 2014
- ❑ Funds carried over into a continuation grant on or after December 26, 2014

Timeline

- ❑ Grants awarded prior to December 26, 2014 and all supplements and admin actions to those grants follow the former regulations (EDGAR Part 74 or 80 and OMB circulars)
- ❑ New grants and continuation funding awarded after December 26, 2014 follow the Uniform Guidance.
 - ❑ Exception: Non-Federal entities have a one year grace period to comply with procurement requirements (see OMB's FAQs)

Timeline: Detail

- ❑ Carryover funds:
 - ❑ Uniform Guidance applies to funds carried over in State-administered and formula programs from FY 2015 to FY 2016 (on 10/1/15) and to funds carried over in discretionary programs in continuation awards made on or after 12/26/14.
 - ❑ Example: A State-administered grant awarded on July 1, 2014 has existing terms/conditions (based on former Part 80). If any of those funds are unobligated and carried over to FY 2016 (on 10/1/15), they will have to be used and accounted for consistent with the new Uniform Guidance.
- ❑ In general, by October 1, 2015, most discretionary and formula grants will be following the Uniform Guidance.

Timeline: Audits

- ❑ Audit requirements apply to the first fiscal year beginning on or after December 26, 2014
 - ❑ Work with your auditor to ensure that he or she is prepared to address and report on the new requirements.

Example: A state's fiscal year begins July 1, 2015. The state's fiscal year ends on June 30, 2016. This would be the first period audited in which auditors use the new requirements. You must submit your audit within 9 months, by March 31, 2017 in this example.

Timeline: Indirect Cost

- ❑ Indirect Cost requirements apply to the first fiscal year beginning after December 26, 2014.
 - ❑ Work with your cognizant agency to ensure your indirect cost rate proposal reflects decisions appropriate for your program

Example: The grantee fiscal year ends June 30, 2015. Your rate proposal is due 6 months after the end of the current fiscal year, on December 31, 2015. Requests for extensions must be submitted 60 days prior to the due date of proposal submission, or October 31, 2015 in this example.

Resources

- ❑ Your Department program officer
- ❑ 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

Resources

- ❑ The Department is developing additional training and resources on:
 - ❑ Cost Principles
 - ❑ Internal Controls
 - ❑ Audit Requirements
 - ❑ Indirect Cost Requirements
 - ❑ Procurement Requirements
 - ❑ Risk and Subaward Management