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**2016 AmeriCorps Texas**  
**All-Grantee Meeting**  
February 25-26, 2016

# OMB Supercircular (Uniform Guidance)



*A long time ago in a galaxy far, far  
away, there were many OMB  
Circulars...*

# OMB Uniform Administrative Requirements, Cost Principles, And Audit Requirements

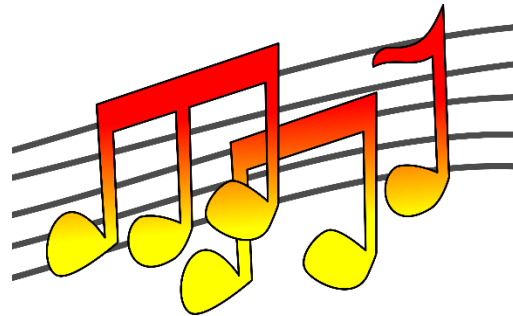
A.K.A:

- Supercircular
- Omniscircular
- Uniform Guidance
- 2 CFR 200

“...the times they are a-changin’”

-Bob Dylan

1964



## Stated Purpose of 2 CFR 200:

To deliver on the promise of a 21st-century government that is **more efficient, effective and transparent**, the Office of Management and Budget (OMB) is streamlining the federal government's guidance on administrative requirements, cost principles, and audit requirements for federal awards.

## Where did it come from?

The new guidance reflects input from more than two years of work by the federal and non-federal financial assistance community led by the Council on Financial Assistance Reform (COFAR) in response to the following **two** presidential directives:

# **1. Presidential Memorandum on Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments (February 28, 2011):**

<https://www.whitehouse.gov/the-press-office/2011/02/28/presidential-memorandum-administrative-flexibility>



## **2. Executive Order 13520 on Reducing Improper Payments (November 23, 2009):**

<https://www.whitehouse.gov/the-press-office/executive-order-reducing-improper-payments>

## Intended Outcomes:

- Reduce administrative burden
- Reduce the risk of fraud, waste, and abuse

## The new uniform grants guidance improves on current policy by:

- Eliminating duplicative and conflicting guidance;
- Focusing on performance over compliance for accountability;
- Encouraging efficient use of information technology and shared services;
- Providing for consistent and transparent treatment of costs;

## And by:

- Limiting allowable costs to make the best use of federal resources;
- Setting standard business processes using data definitions;
- Encouraging non-federal entities to have family-friendly policies;
- Strengthening oversight; and
- Targeting audit requirements on risk of waste, fraud, and abuse.

## Consolidates eight grant-related requirement documents (OMB Circulars) into one:

- A-21 Cost Principles for Educational Institutions
- A-50 Audit Follow-Up, related to Single Audit
- A-87 Cost Principles for State, Local, and Indian Tribal Governments
- A-89 Federal Domestic Assistance Program Information
- A-102 Awards and Cooperative Agreements with State and Local Governments
- A-110 Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122 Cost Principles for Non-Profit Organizations
- A-133 Audits of States, Local Governments and Non-Profit Organizations

## Out with the old:

- ~~A-21 Cost Principles for Educational Institutions~~
- ~~A-50 Audit Follow-Up, related to Single Audit~~
- ~~A-87 Cost Principles for State, Local, and Indian Tribal Governments~~
- ~~A-89 Federal Domestic Assistance Program Information~~
- ~~A-102 Awards and Cooperative Agreements with State and Local Governments~~
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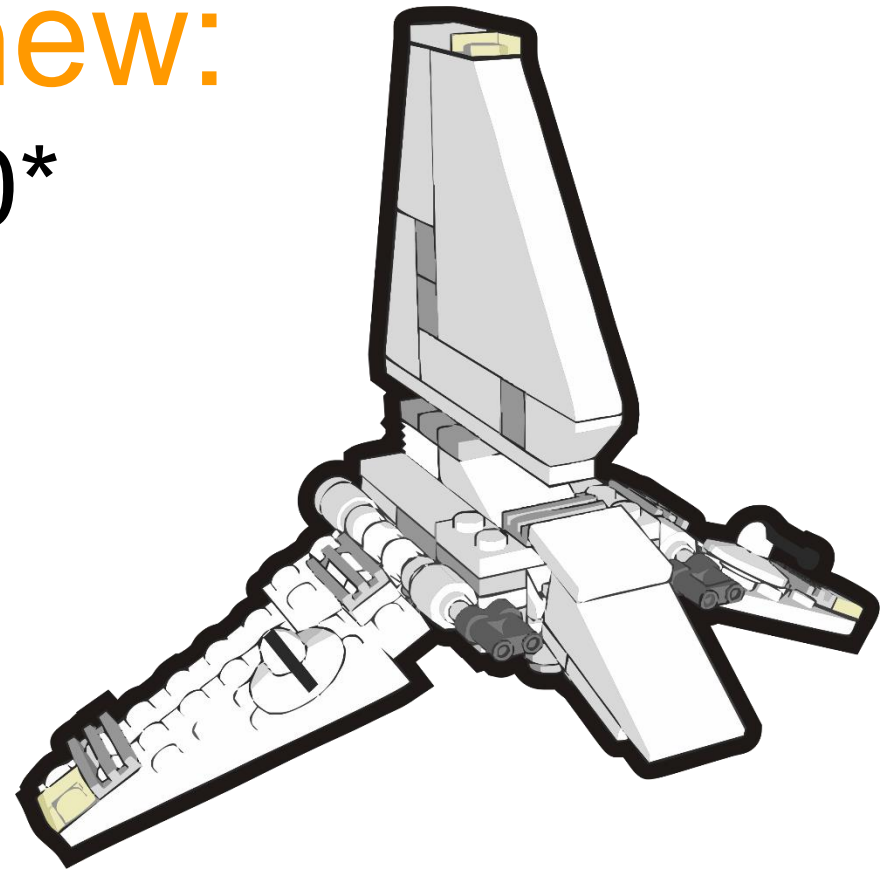


“When 900 years old, you reach... Look as good, you will not.”

-Yoda, Return of the Jedi



In with the new:  
\*2 CFR 200\*



## Where to go:

- 2 CFR 200 published December 26, 2013:

<http://webapps.doi.gov/federalregister/PdfDisplay.aspx?DocId=27995>

(useful for the discussion in the preamble)

- Language as of today:

[www.ecfr.gov](http://www.ecfr.gov)

(look up Title 2, Part 200 for the current version of the Uniform Guidance, and see parts 300 and following for most agencies' exceptions to the Uniform Guidance)

## What it Does:

- Contains over 50 policy changes for grants management
- Contains new requirements, prohibitions, allowances, and clarifications
- Creates uniform language for all types of organizations (in most cases)



## Timeline:

- Multiple years before December 26, 2013: development and redevelopment of document, public comment
- December 26, 2013: Uniform Administrative Requirements and Cost Principles was published at 2 CFR 200.
- By June 2014: federal agencies submitted requested exceptions to the guidance at 2 CFR 200
- Beginning June 2014: OMB reviewed agency exception requests
- December 19, 2014: federal agencies implemented their OMB-approved exceptions into 2 CFR (CNCS' are located at 2 CFR 2205)



## Effective Dates:

- **Uniform Administrative Requirements and Cost Principles (Subparts A-E)**– applies to grants awarded beginning December 26, 2014 (including additional funding increments added to old prime grants)
- **Audit (Subpart F)** - new requirements for single audits apply to organizations' fiscal years **beginning** December 26, 2014 and later

## The Layout:

- Subpart A - Acronyms and Definitions
- Subpart B - General Provisions
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D - Post-Federal Award Requirements
- Subpart E - Cost Principles
- Subpart F - Audit Requirements

## Appendices I-XI:

- Appendix I to Part 200—Full Text of Notice of Funding Opportunity
- Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
- Appendix III to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
- Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
- Appendix V to Part 200—State/Local Government and Indian Tribe-Wide Central Service Cost Allocation Plans

- Appendix VI to Part 200—Public Assistance Cost Allocation Plans
- Appendix VII to Part 220—States and Local Government and Indian Tribe Indirect Cost Proposals
- Appendix VIII to Part 200—Nonprofit Organizations Exempted From Subpart E—Cost Principles of Part 200
- Appendix IX to Part 200—Hospital Cost Principles
- Appendix X to Part 200—Data Collection Form (Form SF—SAC)
- Appendix XI to Part 200—Compliance Supplement
- Appendix XII to Part 200—Award Term and Condition for Recipient Integrity and Performance Matters



“Don’t get technical with me”  
-C-3P0, A New Hope

**WARNING: It’s technical...**



**200.0**-over 40 acronyms related to federal grants are included

**200.1-99**-over 40 terms not previously defined are included, such as:

- Non-federal entity
- Federal award
- Contract
- Contractor
- Period of performance
- Personally identifiable information

## 200.112-Conflict of Interest-

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.

## **200.205-Federal awarding agency review of risk posed by applicants**

Federal agencies must perform a pre-award risk assessment with each directly issued award

## 200.210-Information contained in a Federal award

This information is now standardized. Among other things, the federal award must include:

- Performance measures
- Indirect cost rate
- Federal award identification number (FAIN) and CFDA number

## 200.300-Statutory and National Policy Requirements

The federal awarding agency must include or reference all relevant public policy requirements in the award.

## 200.303 –Internal Controls

The non-federal entity must:

(A) 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 or the “**Internal Control Integrated Framework**”, issued by the Committee of Sponsoring Organizations of The Treadway Commission (COSO).

*Standards for Internal Control in the Federal Government:*  
<http://www.Gao.Gov/products/GAO-01-1008G>

*Internal Control - Integrated Framework:*  
<http://www.coso.org/IC.htm>

## 200.320-Methods of Procurement to be followed



### Identifies Five Procurement Methods:

- **Micro-Purchase**-less than \$3500
- **Small Purchase**-\$3500-\$149,999
- **Competitive**-\$150,000 and higher
- **Sealed Bid**-when price is the sole factor
- **Noncompetitive**-sole source, emergency, public exigency

\*Does not apply to state governments. All non-state governments have two fiscal years beyond 12/26/14 to implement this.



- **200.331-Requirements for pass-through entities**

Roles of pass-through entities are stipulated, including:

- Include required information in sub-awards
- Evaluate each sub-recipient's risk of noncompliance for purposes of determining appropriate sub-recipient monitoring.
- Accept federal negotiated indirect cost rates of sub-recipients, or if none exists, negotiate a rate with the sub or accept the 10% of MTDC de minimis rate

- **200.344-Post-closeout adjustments and continuing responsibilities**

- costs may not be disallowed by the federal government or a pass-through entity (PTE) after the three-year record retention period has expired.

## 200.407-Prior written approval (prior approval)

Lists instances where prior federal agency approval is required before incurring a particular type of cost

## 200.414-Indirect (F&A) Costs

- Negotiated indirect cost rates must be accepted by all federal agencies
- Any non-federal entity (except state, local, and Indian tribal government with over \$35 million in federal funds) who hasn't previously negotiated an indirect cost rate with the federal government may indefinitely elect a de minimis indirect cost rate of 10% of modified total direct costs (MTDC). No rate negotiation or proposal package is required.

## 200.414 (continued)

G) 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 rates for a period of up to four years.

## 200.430-Compensation-personal services

Time and effort reporting requirements are less stringent if an organization has good internal controls.

## 200.501-Audit requirements

The single audit threshold increases from \$500,000 to \$750,000. This will decrease the number of single audits performed nationally from 30,000 to 25,000.

## 200.508-Auditee responsibilities

Audit deadline extension requests are no longer allowed

## 200.512-Report submission

(b) data collection. The FAC is the repository of record for subpart f—audit requirements of this part reporting packages and the data collection form. All federal agencies, pass-through entities and others interested in a reporting package and data collection form must obtain it by accessing the FAC.

## 200.516-Audit Findings

In most cases, questioned costs for a program are not noted as a finding in the audit report if under \$25,000 (was \$10,000).

## 200.518-Major program determination

- The process for determining “major programs” has changed.
- Also, major program expenditures divided by total federal expenditures must equal 20% for low-risk auditees and 40% for non-low-risk auditees. This has changed from 25% and 50%.

## 200.520-Criteria for a low-risk auditee

Stricter conditions for an organization to be considered a low-risk auditee

Remember...the Force will be with you  
always.

-Obi Wan Kenobi: A New Hope

Tapping into the Supercircular implementation  
Force requires a few steps...



## Integrating the Changes:

- Assign a point person to oversee the integration process
- Understand the layout of the Uniform Guidance
- Assign responsibility for sections of the document
- For each section, determine what Policy/Procedure/System/Practice to change and make the changes
- Train staff on new requirements
- Implementation
- Internal monitoring to ensure implementation has occurred as envisioned

## Key Lessons from Implementation:

- Read the document thoroughly
- Ensure you reference the most current version (will always be located at [www.ecfr.gov](http://www.ecfr.gov))
- Don't assume you are compliant
- Document your policies, procedures, systems
- Train your staff
- Don't just have a single person to handle grant compliance
- Ask questions
- Seek out learning opportunities and don't stop learning
- Upper organizational leadership must buy in to the necessity of compliance

## Resources:

- [http://www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs)

Includes the final version of the uniform guidance, a crosswalk of old guidance to new guidance, and you can sign up for the COFAR mailing list)

- <https://cfo.gov/cofar/>

(Many resources, including videos of Supercircular training and Supercircular FAQs)



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