

Exploring the Revisions to the Uniform Guidance

JUNE 19, 2024

Agenda



A Brief History of the Uniform Guidance



Objectives of the Current Revisions



Details of the Specific Revisions



What to Do Next



Q&A

WITH YOU TODAY



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Learning Objectives



Identify the timeline of the OMB's Uniform Guidance and understand the objectives of the recent revisions.



Discuss the details of key changes to the Guidance and potential impacts to your organization.



Review actions your organization can take in response to the revisions to be best prepared.

A Brief History of the Uniform Guidance



History of the Uniform Guidance

The Uniform Guidance was established by drawing upon existing elements across eight Office of Management and Budget (OMB) Circulars:

- ▶ A-21
- ▶ A-50
- ▶ A-87
- ▶ A-89
- ▶ A-102
- ▶ A-110
- ▶ A-122
- ▶ A-133

Why was the uniform guidance created?

While federal regulations regarding grants had existed in some form for decades, the government recognized a need to simplify and streamline the expectations and provide greater consistency to all manner of grant recipients.

Specific goals were to:

- ▶ Remove conflicting guidance and establish standard language
- ▶ Direct the focus of audits on areas identified as at risk for waste, fraud and abuse
- ▶ Lay the groundwork for Federal agencies to standardize the processing of data
- ▶ Clarify and update cost reporting guidelines for recipients



Uniform Guidance: A Timeline

Dec. 26, 2013

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is released - effective on Dec. 26, 2014

Feb. 9, 2023

Notice for Request for Information for changes to 2 CFR and proposed rule making for part 184 (BABA) published in the *Federal Register*

Oct. 5, 2023

Proposed rule for amendments to 2 CFR is published in the *Federal Register*

Apr. 22, 2024

Final rule published in the *Federal Register*

Aug. 13, 2020

Updates to Uniform Guidance, effective date for 200.216 and 200.340; remaining changes effective Nov. 12, 2020

Aug. 23, 2023

Final rule incorporating part 184 (BABA) published in the *Federal Register*, with an Oct. 23, 2023 effective date

Dec. 4, 2023

End of public comment period for proposed rule making

Oct. 1, 2024

Revisions effective for all awards issued from this point on

Objectives of Current Revisions



What's included?

The Uniform Guidance requires it be reviewed (and updated as needed) at least every five years (2 CFR 200.109).

However, the current proposed rule is a significant and substantial revision and includes changes to the whole of Title 2:

- ▶ 2 CFR 1
- ▶ 2 CFR 25
- ▶ 2 CFR 170
- ▶ 2 CFR 175
- ▶ 2 CFR 180
- ▶ 2 CFR 182
- ▶ 2 CFR 183
- ▶ 2 CFR 184
- ▶ 2 CFR 200



Why all the changes?

OMB has communicated several reasons and hopeful outcomes for the revisions:

Per the Proposed Rulemaking:

- ▶ Incorporate statutory requirements and administration priorities
- ▶ Reduce agency and recipient burden
- ▶ Clarify sections that recipients or agencies have interpreted in different ways
- ▶ Rewrite applicable sections in plain language, improving flow, and addressing inconsistent use of terms

Per the Final Rule:

- ▶ Improve stewardship of Federal funds
- ▶ Promote equitable access to programs and services
- ▶ Reduce administrative burden for agencies, applicants, and recipients
- ▶ Facilitate streamlined and effective oversight and implementation of Federal programs

Details of the Specific Revisions



Language Edits

Simplification and consistency in the use of specific terms throughout the guidance, including:

- ▶ “Federal financial assistance” in place of “grants and other funding instruments”
- ▶ “Recipient” and “Subrecipient” rather than “non-Federal entity”
- ▶ Specific mention of systems (such as SAM.gov) rather than “OMB designated governmentwide system”
- ▶ Federal awarding agency
- ▶ “Matching” is now described as a type of cost sharing, eliminating the need to repeat the term throughout
- ▶ In - “simplified acquisitions”; out - “small purchases”

New and Removed Definitions

New:

- ▶ Acronyms
 - FASB, GASB, NOFO and UEI
- ▶ “Continuation funding”
- ▶ “For-profit organization”
- ▶ “Key personnel”
- ▶ “Participant”
- ▶ “Prior approval”

Removed:

- ▶ Several acronyms
 - CMIA, COG, COSO, EPA, ERISA, EUI, FAPIIS, FICA, FTE, GOCO, PRHP, PTE, REUI, SFA, SNAP, SPOC, TANF, TFM
- ▶ “Cooperative audit resolution”
- ▶ “Cross-cutting audit finding”

Administrative Items

- ▶ Added a “severability” section to establish the separateness and survivability of different sections should any part be found to be invalid or unenforceable (2 CFR 1.231)
- ▶ Clarification that obtaining a UEI and registering in SAM.gov is not required for a second-tier subrecipient or contractors (2 CFR 25)
- ▶ Compliance plan and certification regarding trafficking in persons (2 CFR 175)
 - Required for organizations receiving over \$500K for services performed outside the U.S.
- ▶ Removes requirement for OMB to review “at least every five years” (2 CFR 200.109)
- ▶ Mandatory disclosure requirements aligned more closely with the FAR requirements, including “credible evidence” standard (2 CFR 200.113)

Administrative Items

- ▶ Expands on whistleblower protections and requirements in a new, focused section (2 CFR 200.217)
- ▶ Formalizes voluntary uncommitted cost sharing (for IHEs) (200.306(k))
- ▶ Financial reports (currently SF-425) may only require OMB-approved government-wide data elements (2 CFR 200.328)
 - Annual reports are due within 90 days, quarterly or semi-annual reports within 30
- ▶ Doubled the allowable threshold for fixed amount subawards to \$500K (2 CFR 200.333)
 - Prior approval requirement remains
- ▶ Removes termination “if an award no longer effectuates the program goals or agency priorities”* (2 CFR 200.340)

Administrative Items

- ▶ Clarifies final financial report must be submitted at closeout even if the recipient's indirect cost rate is not finalized, with a revised report due upon finalization (2 CFR 200.344)
 - Alternatively, if finalization of rate would delay closeout, Agencies are authorized to negotiate a final rate for purposes of the specific award
- ▶ Clarifies required financial certifications apply to all tiers of subrecipients applying for funds, requesting payment or submitting reports (2 CFR 200.415(b))
- ▶ Removes DS-2 requirement for institutions of higher education (2 CFR 200.419)
- ▶ Clarified cost principles do apply to ancillary activities on food commodity awards (2 CFR 200.401)
- ▶ Standardization for NOFOs (2 CFR 200 App. I)

Procurement

- ▶ Adds Indian Tribes to 2 CFR 200.317 (allowing use of own policies and procedures rather than 200.318 - 200.327)
- ▶ Removes prohibition on geographic preference
- ▶ Removes requirement to separately negotiate profit
- ▶ Clarified that existing procurement standards don't prohibit use of Project Labor Agreements or other pre-hire collective bargaining agreements

- ▶ Allows incorporation of scoring mechanisms that reward bidders committing to:
 - Specific numbers and types of U.S. jobs,
 - Minimum compensation and benefits
 - On-the-job training
 - Other worker protections
- ▶ Adds veteran-owned business considerations

Procurement

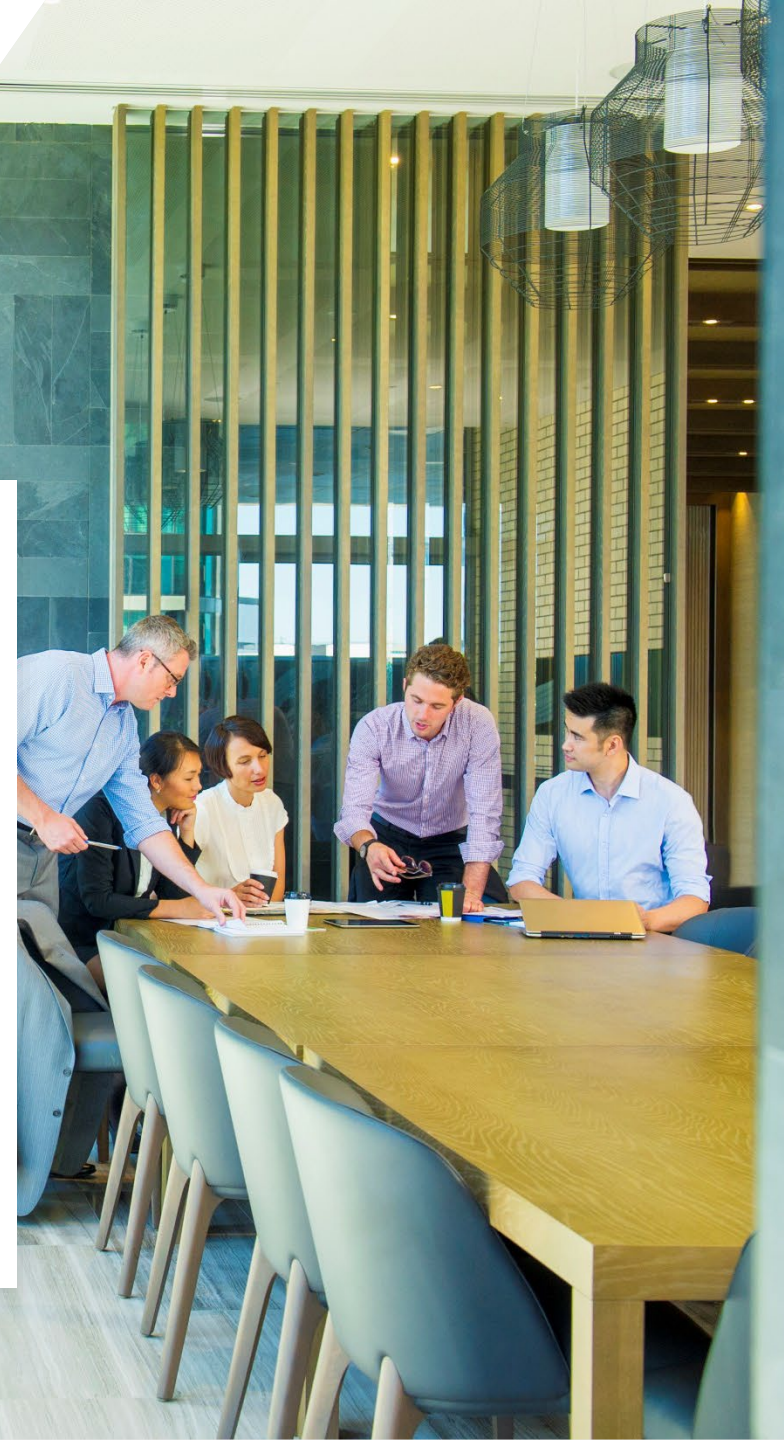
Adds language **encouraging/promoting** purchases of products and services aligned with sustainability goals of the administration

- ▶ Can be reused, refurbished, or recycled
- ▶ Contain recycled content
- ▶ Biobased or energy or water efficient
- ▶ Sustainable (including compostable items or “other products and services that reduce the use of single-use plastic products”)



Prior Approval

- ▶ Agency “may” waive prior approval required under Subpart E when costs are included in the recipient’s (or subrecipient’s) application and also in the award
- ▶ Prior approval requirement **removed** for:
 - Change in proposed subrecipient*
 - Real property
 - Equipment**
 - Entertainment costs
 - Memberships, subscriptions, and professional activity costs
 - Participant support
 - Taxes



Cost Impacts

Equipment - raised to \$10K per unit
(2 CFR 200.1, 2 CFR 200.439)

- ▶ Similarly supplies increased to \$10K

Selling and marketing costs unallowable unless allowed under 200.421
(2 CFR 200.467)

- ▶ Can no longer receive specific prior approval

Administrative closeout costs “may be incurred until the due date of the final report(s)”
(2 CFR 200.472)

- ▶ Must be liquidated prior to the due date and charged to the final budget period

Single Audit threshold increased to \$1M
(2 CFR 200.501)

Indirect Costs

- ▶ De minimis indirect cost rate - raised to 15% (2 CFR 200.414(f))
 - Agencies may not compel recipients to use a rate lower than 15% unless required by statute.
- ▶ Modified Total Direct Costs - up to \$50K for each subrecipient (2 CFR 200.1)
- ▶ Recipients (and subrecipients) may notify OMB of any disputes regarding an Agency's application or acceptance of an approved negotiated rate*
- ▶ Removes 2 CFR 200.414(h) which required a designated federal website to publish negotiated indirect cost rate information

*OMB has disclaimed it is not established as a “formal arbiter or indirect cost rate disputes

What to Do Next



Next Steps

- ▶ Evaluate the organizational impact
 - Policy and procedure changes
 - Cost accounting adjustments
 - Estimating and budgeting
- ▶ Educate and train (employees, subrecipients, and others as needed)
- ▶ Understand which awards are impacted
 - Remember, changes will impact only awards issued after the implementation date



Questions?



A modern office interior featuring a wide staircase with a glass railing, a lounge area with a curved sofa and a red side table, and a reception desk with a large window overlooking a city skyline. The reception desk has the 'IBDO' logo on it. The overall atmosphere is professional and contemporary.

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