

# Uniform Guidance, 2 CFR Part 200 (And the Top 10 Items to be Aware Of)

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# Top 10

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- 1) On many occasions “Should” is now “Must”
- 2) Subrecipient Monitoring is a Must
- 3) Written Policies and Procedures are Required
- 4) Procurement rules have Significant Changes
- 5) Strong Internal Controls are a Must
- 6) Multi-Year Rate Agreements are available
- 7) New Definitions for What is a Subrecipient vs Contractor
- 8) Audit Threshold has changed
- 9) New Pre-Award Requirements and Pass Through Entity Requirements
- 10) 2 CFR Part 200 now is one document with Administrative, Cost Principles and Audit Requirements in one document



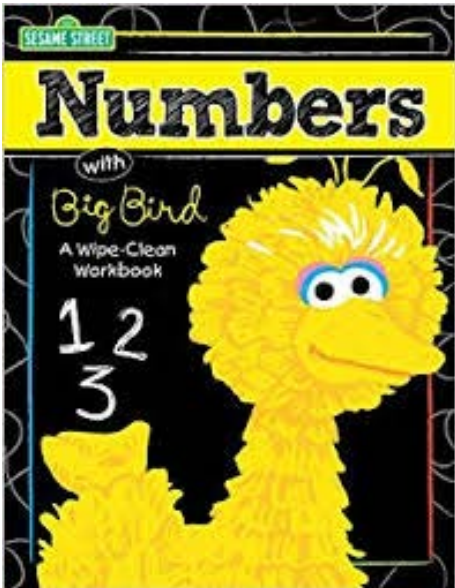
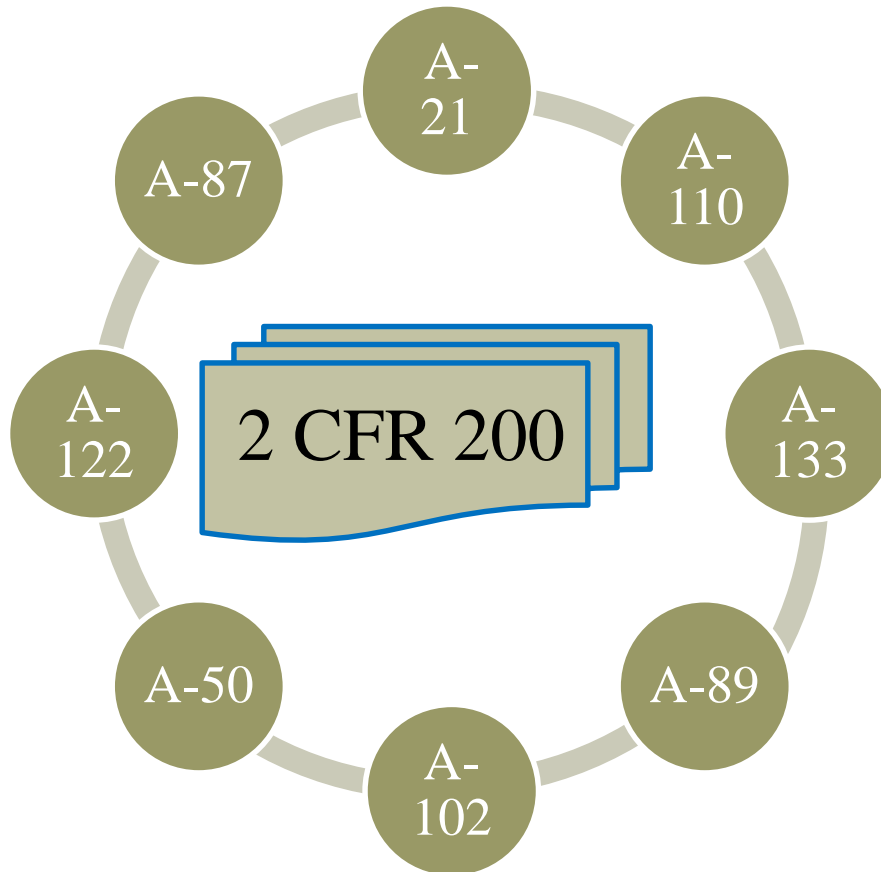
# Reconciliation of the Rules

Regulation	Title
2 CFR Part 220 (formerly A-21)	Cost Principles for Educational Institutions
2 CFR Part 225 (formerly A-87)	Cost Principles for State, Local, and Indian Tribal Governments
2 CFR Part 230 (formerly A-122)	Cost Principles for Non-Profit Organizations
45 CFR Part 74, Appendix E (formerly OASC-3)	Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals
OMB Circular A-102	Grants and Cooperative Agreements with State and Local Governments
2 CFR Part 215 (formerly A-110)	Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
OMB Circular A-133	Audits of State, Local Governments and Non-Profit Organizations

# What's Changed?

We have a new number (200 is a better number than 21, 87, 133, 89, 102, 50, and 122)

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# Reference

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The “Uniform Guidance” is a combined, “simplified” version of 8 previous circulars.

**PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS** (published December 26, 2014)

# Objectives of the Uniform Guidance

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- ❑ Focusing on performance over compliance for accountability – **Not sure this happened**
- ❑ Limiting allowable costs to make best use of federal resources - **Probably**
- ❑ Strengthening oversight - **Yes**
- ❑ Targeting waste, fraud, and abuse – **I guess**
- ❑ Eliminating duplicative and conflicting guidance – **It did do this**



# HOW IT'S ORGANIZED

	<b>TITLE</b>	<b>INCLUDES:</b>
Subpart A <i>Sections 0-99</i>	Acronyms & Definitions	
Subpart B <i>Sections 100-113</i>	General Provisions	Applicability
Subpart C <i>Sections 200-211</i>	Pre-Federal Award Requirements & Contents of Federal Awards	Instructions to the awarding agency (or pass-through entity)
Subpart D <i>Sections 300-345</i>	Post Federal Award Requirements Standards for Financial & Program Managements	Instructions to the recipient, including Internal Controls, Cost Sharing, Program Income, Budget/Program revisions, Procurement Standards, Subrecipient Monitoring, Closeout
Subpart E <i>Sections 400-475</i>	Cost Principles	Allowability, Prior Approval, Direct/Indirect classifications, F&A , Selected Items of Cost
Subpart F <i>Sections 500-521</i>	Audits	Audit requirements

# Reminder of Major Sections



Administrative



Cost Principles



Audit Requirements



# Internal Controls and Policies and Procedures

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# Acronyms and definitions 200.00-100

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- Right at the very front is a glossary of terms.
- Defines items as **Should** or **Must**:
  - **Should** = Recommended
  - **Must** = Required

# INTERNAL CONTROLS

## *Section 200.303*

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Recipients of federal funding must:

- ❑ establish and maintain effective internal controls that provide reasonable assurance that it is managing its awards in compliance with Federal statutes, regulations and the terms and conditions of the award.
- ❑ Evaluate and monitor compliance and take prompt action when instances of non-compliance are identified
- ❑ Take reasonable measures to safeguard protected personally identifiable information

The UG emphasizes the importance of having **documented** internal controls.

# Managing Federal \$ from Proposal to Close-out

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- New Guidance Requires Organizations to be Proactive not just Reactive
- Who are the players?
  - HR, Legal, IRB, Accounting, Purchasing, IT
- Written policies and procedures
- Strong Internal Controls
- Training

# Compensation Principles (Time Reporting)

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# COMPENSATION

## *Section 200.430*

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Standards of documentation: Salary charges to sponsored projects must be based on records that accurately reflect the work being performed. Those records must:

- ❑ Be supported by a system of internal control which provides reasonable assurances that the charges are accurate, allowable and properly allocated
- ❑ Be incorporated into our official records
- ❑ Encompass both federally funded and all other activities
- ❑ Support the distribution of the employees salary among specific activities

While OMB circulars had examples and references to formal effort reporting has been replaced with new terminology, emphasis has been placed on internal controls.

Make sure your current effort reporting system is considered an effective internal control to ensure that compensation charges to Sponsored Projects are accurate, allowable and properly allocated and will continue with no material changes

# Audit and Cognizant Agency Requirements

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# Audit provisions of 2 CFR 200

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- Audit requirements 200.500
  - A non-Federal entity that **expends \$750,000** or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year
- Auditee requirements 200.508
  - Procure or otherwise **arrange for the audit** required and ensure it is properly performed and submitted when due
  - **Prepare** appropriate **financial statements**, including the schedule of expenditures of Federal
  - Promptly follow up and **take corrective action on audit findings**, including preparation of a summary schedule of prior audit findings and a corrective action plan
  - **Provide** the auditor with **access** to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit
  - Had a few clients who didn't include all sponsored projects on SEFA and had to reissue Uniform Guidance Audit



# Federal agency responsibilities (cognizant agencies) 200.513

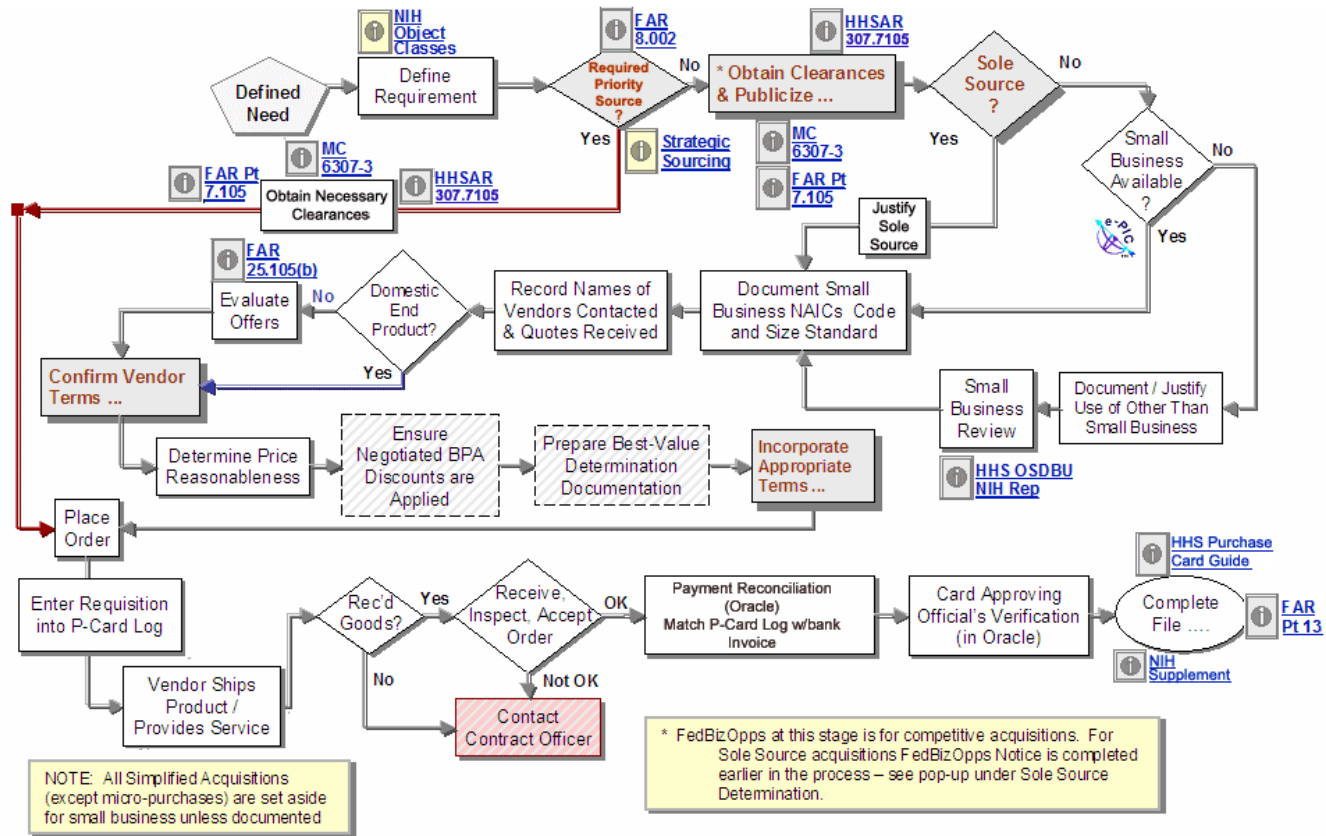
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- The cognizant agency for audit must:
  - Provide **technical audit advice** and liaison assistance to auditees and auditors.
  - Obtain or **conduct quality control reviews** on selected audits made by non-Federal auditors, and provide the results to other interested organizations.
  - Promptly **inform other affected Federal agencies** and appropriate Federal law enforcement officials of any **direct reporting by the auditee** or its auditor required by GAGAS or statutes and regulations.
  - **Advise** the community of independent **auditors** of any noteworthy or **important** factual **trends** related to the quality of audits stemming from quality control reviews.
  - **Advise** the **auditor**, Federal awarding agencies, and, where appropriate, the auditee of any **deficiencies** found in the audits when the deficiencies require **corrective action** by the auditor. When advised of deficiencies, the auditee must work with the auditor to take corrective action.
  - **Coordinate audit work** and reporting responsibilities among auditors to achieve the most cost-effective audit.
  - Provide advice to auditees as to how to handle **changes in fiscal years**.

# Procurement Standards (200.317-326)

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# Procurement is really easy





# Every Purchasing Action

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- Purchase orders
- Credit card purchases
- Direct check
- Expense reimbursement
- RFPs

# Procurement Standards (200.317-326)

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- Regulations provide for the use of ONLY 5 specific methodologies to support purchases
  
- Micro-purchases – up to \$3,500 (Now \$10,000)
  - May be awarded without soliciting competitive quotes, if non-federal entity considers price to be reasonable
  
- Small Purchases - \$10,001 up to \$250,000 (for most agencies)
  - Purchases over micro purchase threshold require competitive quotes (Now \$10,001 to \$250,000) and retain documentation

# Methods of Procurement

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## Informal (Generally used for Small Purchases)

- Simple and Informal
- Price and Rate quotations must be obtained (e-mail, phone, catalog) -  
Need to still document,

## Formal (One Must be Used for Anything over \$250k)

- Procurement by sealed bids
- Procurement by competitive proposals
- Procurement by non competitive proposals (sole and single source –  
Avoid if you can)
- Doesn't have to be lowest price – Best value but you need to justify it
  - Formal cost analysis may be required



# Small Purchases

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- Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold.
- If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. The standards do not define how many quotations constitute an "adequate number"; this will be a matter of judgment.



# Procurement Policies and Documentation

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- Organization must have **documented** procurement procedures that reflect federal law, Uniform Guidance standards, and any state regulations
- The organization must document the procurement steps and activities required to be completed; the basis for the type of procurement, contract type, and the basis for the contractor selection and price.
- **If you haven't done it, you MUST**



# Changes Regarding Indirect Cost Rates

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# “Never Had A Rate” Rule (200.414f)

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- ❑ (f) any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-federal entities described in Appendix VII to part 200 – State and Local governments Indian Tribe Indirect Cost Proposals, paragraph D.1.b.
  - ❑ May elect to charge a de minimis rate of 10% of Modified total direct costs (MTDC) which may be used indefinitely.
  - ❑ As described in 200.403 factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both.
  - ❑ If chosen, this methodology once elected must be used consistently for all federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.



# Indirect Cost Acceptance Rule (200.414c)

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- Federal Agency Acceptance of Negotiated Indirect Cost Rates
  - The negotiated rates **must** be accepted by all federal agencies
  - A Federal agency may use a rate different from the negotiated rate for a class of federal awards or a single federal award only when required by federal statute or regulation, or when
  - Approved by a federal agency head or delegate based on documented justification.
  - Agencies must notify OMB of any exceptions approved by the agency head.

# *F&A Rate Changes – Pass Through Entity Requirements*

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

- All Pass-through entities must.....
  - (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes
    - 1) (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per 200.414 Indirect (F&A) costs).
    - 4) **An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in 200.414 Indirect (F&A) costs, paragraph (f) of this part.**

# Extension Rule (200.414g)

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- Allows a one-time extension of Federally negotiated F&A rates for up to four years
  - Subject to the review and approval of the cognizant agency for indirect costs.
  - If an extension is granted the non-Federal entity may not request a rate review until the extension period ends.
  - At the end of the 4-year extension, the non-Federal entity must negotiate a new rate.
  - Subsequent one-time extensions (up to four years) are permitted if a renegotiation is completed between each extension request.



# Subrecipient vs Contractor

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# Subrecipient Monitoring and Management – Definitions

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- Pass-through Entity (PTE) – A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program. (section 200.74)
- Subaward – An award provided by a PTE to a subrecipient for the subrecipient to carry out part of a Federal award received by the PTE. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the PTE considers a contract. (section 200.92)
- Subrecipient – A non-Federal entity that receives a subaward from a PTE to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. (section 200.93)

# Subrecipient Monitoring and Management – Definitions

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- Contract – A legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in Part 2 CFR does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward. (section 200.22)
  
- Contractor\* – An entity that receives a contract, i.e. a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. (section 200.23)
  
- \*Contractor replaces the term “Vendor” from OMB Circular A-133.





# Subrecipient / Contractor Determination

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- A non-federal entity may concurrently receive Federal awards as a:
  - Recipient
  - Subrecipient
  - Contractor
  
- PTE must make case-by-case determination whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a:
  - Subrecipient, or
  - Contractor

# Subrecipient / Contractor Determination

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- All characteristics need not be present
- Judgment should be used in the determination process
- Substance of the agreement is more important than the form

SUBSTANCE

FORM

# Subrecipient / Contractor Determination

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<b>Subrecipient</b>	<b>Contractor</b>
Creates a Federal assistance relationship	Purpose is to obtain goods and services for the non-Federal entity's own use and creates a procurement relationship
Determines who is eligible to receive what Federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the operation of the Federal program; and
In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing stature, as opposed to providing goods or services for the benefit of the PTE	Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

# Pre-award Requirements for PTEs – Section 200.331

- Ensure that every subaward is clearly identified to the subrecipient as a subaward
- Provide certain subaward information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification
- Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, based on provided criteria



# Pre-award Requirements for PTEs – Section 200.331

- Consider imposing specific subaward conditions upon a subrecipient, if appropriate based on risk or prior history of failure to comply
- Monitor activities of the subrecipient
- Other potential PTE monitoring tools depending on risk
- Consider whether the results of subrecipient audits, on-site reviews, or other monitoring activity indicate conditions that necessitate adjustment to the PTEs own records
- Consider taking enforcement action against noncompliant subrecipients - described in section 200.338



# Pre-award Subaward Requirements

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## □ Federal Award Identification

- Subrecipient name and DUNS number
- Federal award identification number (FAIN) and award date
- Subaward period of performance – start and end date
- Amount of federal funds obligated by the action
- Total amount of federal funds obligated to the subrecipient
- Total amount of the federal award
- Federal award project description
- Name of the federal awarding agency, PTE, and contact information for awarding official
- CFDA number and name; must identify the dollar amount made available under each CFDA number at time of disbursement
- Whether the award is R&D
- Indirect cost rate for the federal award, including if *de minimis* rate is charged

# Pre-award - Evaluate Subrecipient Risk of Noncompliance – Section 200.331(b)

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- Evaluate subrecipient risk of noncompliance for purposes of determining appropriate subrecipient monitoring including consideration of such factors as:
  1. Subrecipient experience with the same or similar subawards;
  2. Results of previous audits, including whether the subrecipient receives a single audit and the extent to which the subaward has been audited as major;
  3. Whether subrecipient has new personnel or substantially changed systems; and
  4. Extent and results of Federal awarding agency monitoring.

# Post award Requirements

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- A requirement that the subrecipient permit the PTE and auditors to have access to the subrecipient's records and financial statements, as necessary for the PTE to meet its requirements
- Appropriate terms and conditions concerning the closeout of the subaward







## **REQUIRED SUBRECIPIENT MONITORING ACTIVITIES – SECTION 200.331(D)**

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- Review financial and programmatic reports
- Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award through audits, on-site reviews, and other means
- Issue management decisions for audit findings pertaining to the federal award provided to the subrecipient



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**APPENDIX - MONITORING CHECKLIST WITH  
APPROPRIATE 2 CFR 200 CITATIONS**



Section	Uniform Guidance Requirement	Completed Y/N
<b>Subrecipient and Contractor Determinations</b>		
200.300	A determination has been made as to whether the non-federal entity receiving the funds is a subrecipient or contractor based on the definitions outlined in in the Uniform Guidance.	
200.331 (a)	The subaward has been clearly identified to the subrecipient as a subaward and the subrecipient has been made aware they are to comply with the provisions outlined in the Uniform Guidance.	
<b>Required Award Identification Information</b>		
200.331 (a)(1)	Subrecipient name (must match registered name in DUNS)	
	Subrecipient's DUNS number	
	Federal Award Identification Number (FAIN)	
	Federal Award Date	
	Subaward period of performance start and end date	
	Amount of federal funds obligated by this action	
	Total amount of federal funds obligated to the subrecipient	
	Total amount of the federal award	
	Federal award project description, as required to be responded to the Federal Funded Accountability and Transparency Act (FFATA)	
	Name of federal awarding agency, pass through entity, and contact information for awarding official.	
	CFDA number and name	
	Whether or not the award is R&D	
	Indirect cost rate for the federal award	

**Requirements for Pass Through Entities**

200.331 (a)(2)	The subaward includes all requirements imposed by pass through entity so that the Federal award is used in accordance with Federal statutes, regulations and terms and conditions of the Federal award.	
200.331 (a)(3)	The subaward includes any additional requirements including identification of any required financial and performance reports	
200.331 (a)(4)	A negotiated indirect cost rate between the subrecipient and the federal government. If no such rate exists, a rate negotiated between the pass through entity and the subrecipient or the <i>de minimis</i> rate of 10%.	
200.331 (a)(5)	The subaward includes a requirement that the subrecipient provide access to its records and financial statements.	
200.331 (a)(6)	The subaward includes appropriate terms and conditions regarding the closeout of the subaward.	
200.331 (b)	<p>The subrecipient's risk of non-compliance with federal statutes, regulations, and terms and conditions of the subaward has been evaluated and the following risk factors have been considered:</p> <ul style="list-style-type: none"> <li>• The subrecipient's prior experience with the same or similar awards.</li> <li>• The results of previous audits.</li> <li>• Whether or not the subrecipient receives a Single Audit in accordance with subpart F of the Uniform Guidance</li> <li>• If the subrecipient has had a change in personnel or major change in systems.</li> <li>• The extent and results of Federal awarding agency monitoring.</li> </ul>	
200.331 (c)	Consider imposing specific subaward conditions on a subrecipient if appropriate as described in section 200.207 (Specific Conditions)	

**Subrecipient Monitoring Requirements**

200.331 (d)	Activities of the subrecipient are monitored to ensure the subaward is used for authorized purposes, is in compliance with Federal regulations, and the terms and conditions of the award.	
200.331 (d)(1)	Financial and programmatic reports are being reviewed.	
200.331 (d)(2)	It has been ensured that the subrecipient is taking timely and appropriate actions on deficiencies pertaining to the award.	
200.331 (d)(3)	Management decisions are issued for audit findings pertaining to the Federal award.	

**Subrecipient Monitoring Tools**

200.331 (e)	Based on the risk assessment, additional monitoring tools may be useful to ensure proper accountability and compliance with program requirements and achievement of performance goals.	
200.331 (e)(1)	Consideration has been given to provide subrecipients with training and technical assistance on program related matters.	
200.331 (e)(2)	On-site reviews have been performed of the subrecipient's program operations.	
200.331 (e)(3)	Arrangements have been made for agreed upon procedures engagements as described in section 200.425 (Audit Services).	

**Additional Monitoring Requirements**

200.331 (f)	Verify every subrecipient is audited as required by subpart F when it is expected that Federal awards expended during the fiscal year either equaled or exceeded the \$750,000 threshold as set forth in section 200.501 (Audit Requirements).	
200.331 (g)	Consider whether results of audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to records.	
200.331 (h)	Consider taking enforcement action against non-compliant subrecipients as described in section 200.338.	

# Questions

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