

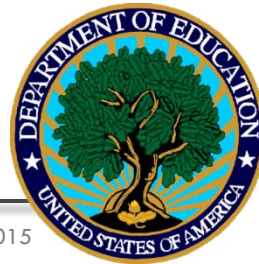
Implementing the Uniform Guidance



U.S. Department of Education

What's Covered in this Slide Show?

- ❑ Goals of the Uniform Guidance
- ❑ Department adoption and preparation for implementing the guidance
- ❑ Guided tour of the Uniform Guidance and key changes to 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
- ❑ New “Time and Effort” flexibilities
- ❑ Audit threshold changes
- ❑ 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 guidance:
 - ❑ New guidance adopted / EDGAR regulations modified
 - ❑ Non-regulatory policies being updated
 - ❑ Training and resources for Department staff and grantees are being developed

Uniform Guidance and Grant Life Cycle



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

Uniform Guidance and Grant Life Cycle

(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 prior to 12/26/2014	Grants made on or after 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

The Grant Award Notification (GAN)

The Department has updated GAN attachments and is increasing capabilities of G5

- ❑ Increased transparency in the terms and conditions of GAN:
 - ❑ Updated regulatory citations
 - ❑ Formatting changes coming to 424
 - ❑ Indirect Cost Rate included

Department Specific Exceptions

- Per 2 CFR 3474.5, the Secretary of Education can make exceptions from 2 CFR 200 for classes of Federal awards or non-Federal entities after consultation with OMB.
- 2 CFR 200.102(a) was amended to authorize the Secretary to grant exceptions to the regulations after consultation with OMB.
 - This is consistent with how EDGAR Parts 74 and 80 addressed exceptions.

Department's Use of High Risk

- The Uniform Guidance authorizes specific conditions to address risk however, it does not use the term “high risk.”
 - 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

Definition of Grants and Cooperative Agreements

A Grant by any other name is still a Grant

- ❑ 2 CFR part 200 definitions of “cooperative agreement” and “grant agreement” cannot be used inter-changeably.
- ❑ The Department amended 34 CFR Part 77 so program regulations can continue to use the terms “grant” and “award” to refer to both grants and cooperative agreements.

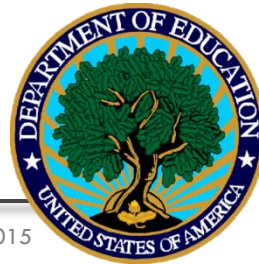
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Key Changes

Post-Award

Key Changes in Post-Award Activities

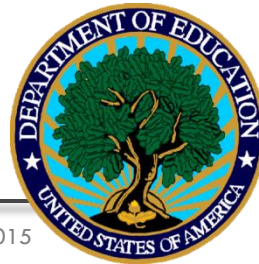
- ❑ Increased flexibilities and responsibilities for you, our grantees:
 - ❑ Greater emphasis on internal controls to ensure compliance and fiscal responsibility
 - ❑ Enhanced oversight requirements of sub-recipients and contracts which include risk assessment and use of monitoring tools
 - ❑ Greater focus on performance expectations and results



Key Changes in Post-Award Activities, (cont'd)

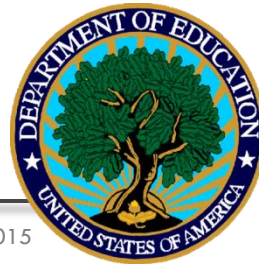
Expanded Authorities are still there, just moved to 2 CFR 200.308:

- ❑ Pre-award costs allowable up to 90 days before award without prior approval
- ❑ Extension one time, up to 12 months without prior approval
- ❑ “Carry forward” of unobligated balances – Already required for Department grantees under statutes and regulations in EDGAR Parts 75 and 76
- ❑ Budget transfers



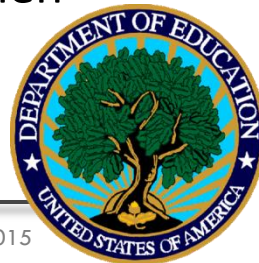
Key Changes to Procurement

- ❑ Increased responsibilities for the Department and pass-through entities:
 - ❑ New requirements for oversight of procurement dollars are found at § 200.324 and include such changes as:
 - The entity must make available, upon request, technical specifications on proposed procurements to ensure the item or service is the one being proposed for acquisition.
 - The entity must make pre-procurement process documents available if certain conditions exist.



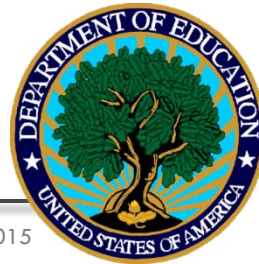
Federal Awardee Performance and Integrity Information System (FAPIIS)

- ❑ You should know ... the Department will be reporting more information about your performance:
 - ❑ Government-wide system will include performance data for Federal grants and contracts.
 - ❑ FAPIIS will include data from agency grant systems and debarment and suspension information.
 - ❑ Once OMB establishes guidance on FAPIIS in Title 2 of the CFR, Federal and pass-through agencies will have to consider FAPIIS data when making Federal awards.
 - ❑ FAPIIS system is still being developed. Visit the FAPIIS website, [FAPIIS Website](#).



Key Changes: Risk-Based Monitoring

- ❑ Increased responsibilities for pass-through entities:
 - ❑ § 200.331 (b) Pass-through entities must evaluate each sub-recipient's risk of noncompliance with Federal laws, regulations, and grant terms and conditions, and determine appropriate monitoring actions.
 - ❑ Risk Assessment does not have to be completed before sub-awards are made, but recipients can decide to make assessments before making the sub-awards.

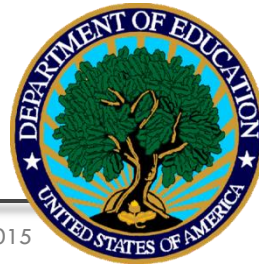


Key Changes: Risk-Based Monitoring

- ❑ Increased responsibilities for pass-through entities

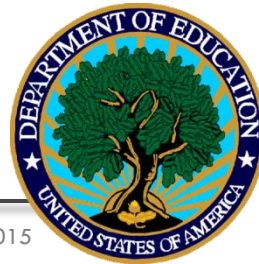
Considerations:

- Prior experience with the same or similar sub-award
- History of audits
- New personnel or new systems
- Relevant Federal monitoring



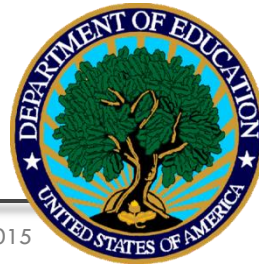
Key Changes: Risk-Based Monitoring(cont.)

- Increased responsibilities for pass-through entities:
 - Under § 200.331 (d) Pass-through entity monitoring must include:
 - Review of financial and performance reports
 - Issue management decisions for audit findings on sub-recipients
 - Ensure that the sub-recipients take timely, appropriate action to cure deficiencies



Key Changes: Risk-Based Monitoring(cont.)

- ❑ Under § 200.331 (e) Pass-through entity must assess risk to determine monitoring approach. Monitoring may include –
 - ▣ Provide training and technical assistance
 - ▣ Perform an on-site review of entity's program operations
 - ▣ Arrange for agreed-upon-procedures for Audit services



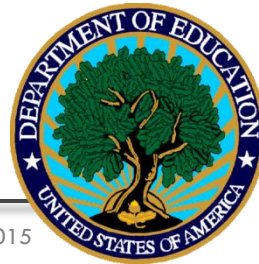
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Key Changes

Cost Principles

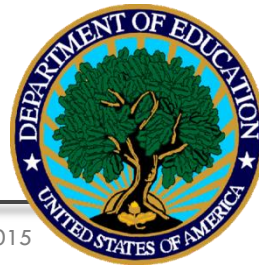
Department and Grantees: Reminder

- ❑ Basic standards for allowability remain the same:
 - ❑ Necessary
 - ❑ Reasonable
 - ❑ Allocable
 - ❑ Documented



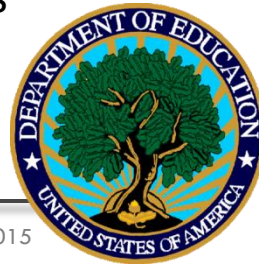
Time & Work Distribution: Flexible and Accountable

- ❑ New flexibility: Documenting personnel compensation
 - ❑ Personnel compensation requirements at § 200.430-431.
 - ❑ Necessitate a strong internal controls program
 - ❑ Federal agencies may approve alternative accounting methods for blended funds.
 - ❑ Alternate accounting processes are allowable for sampling in-time distribution reporting.
- ❑ Historically time and distribution has been a key area of audit findings.



Cost Principles: Notable Changes

- ❑ § 200.407 lists 22 prior approval requirements. However, some pre-approvals were missed, so check specific cost principles before assuming that they don't require prior approval.
- ❑ New Requirements:
 - ❑ Certifications are required for fiscal reports, payment requests, and indirect cost proposals
 - ❑ Limited dependent care costs related to conferences
 - Does not override the Department guidance regarding conferences
 - ❑ Direct charging of materials and supplies
 - Computer equipment <\$5,000 specifically treated as supply

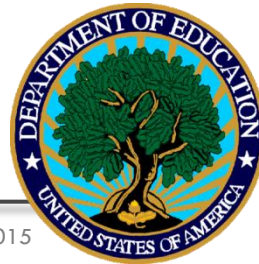


Key Changes

Audit Requirements

Key Changes in Audit Requirements

- ❑ Threshold for a required Single Audit has increased to \$750,000.
- ❑ Questioned costs <\$25,000 are no longer required to be reported.
 - ❑ Fewer audits and findings have monitoring implications.
- ❑ Audits must be submitted electronically to the Federal Audit Clearinghouse and made available to all funding agencies.
 - ❑ States will continue to resolve sub-recipient audits.



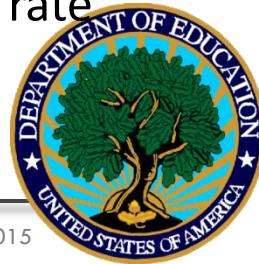


Key Changes

Indirect Costs

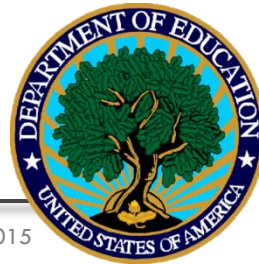
Key Changes in Indirect Costs

- ❑ Flexibility for new Grantees: de minimis rate of 10% MTDC
- ❑ EDGAR § 76.561 & 76.561 procedures, States and LEAs not eligible
- ❑ De minimus rate is not to be confused with Department's temporary rate of 10% direct salaries and wages
- ❑ New grantees that have never had rate have option to negotiate ICR and use temporary rate OR just to 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 4 months after the end of the grantee's fiscal year (60 days earlier than due date for indirect cost proposals)



When Does This Start?

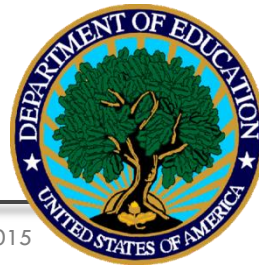
Timeline: Summary

- ❑ Applies to all grant awards made on or after December 26, 2014
- ❑ Audit and indirect cost changes take effect when your next fiscal year after December 26, 2014, starts
- ❑ Grants awarded prior to December 26, 2014 and all supplements and admin actions to those grants are subject to EDGAR Parts 74 or 80, as applicable
- ❑ Funds carried over into a new fiscal year starting after December 26, 2014 are subject to the Uniform Guidance
- ❑ Funds carried over into a continuation grant after that date subject to the Uniform Guidance



Timeline: Grants Admin/Cost Principles

- Prior Circulars & regulations apply to all awards issued prior to December 26, 2014:
 - ▣ New and Continuation Awards
 - ▣ **Administrative Actions and Supplements to these awards up to:**
 - September 30, 2015 (State-administered & formula)
 - December 25, 2015 (Discretionary grants)
- The Uniform Guidance applies to:
 - ▣ New and Continuation grants awarded on or after December 26, 2014



Timeline: Grants Admin/Cost Principles

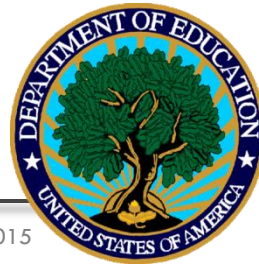
- Carryover funds for State-administered programs:
 - Uniform Guidance applies to funds carried over at the end of FY 15 to FY 2016 (On October 1, 2015)
 - **Example:** An IDEA-B grant awarded on July 1, 2014 has existing terms/conditions (based on former Part 80). If any of those funds are unobligated and carried over to FY 2016 (10/1/15), they must be used and accounted for consistent with the new 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.

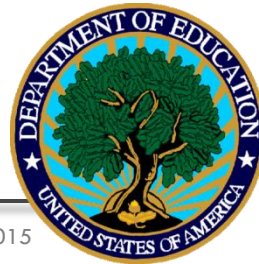
Example: A State's fiscal year begins July 1, 2015. The State's fiscal year ends on June 30, 2016. The State must submit its audit within 9 months, by March 31, 2017, in this example.



Timeline: Indirect Cost

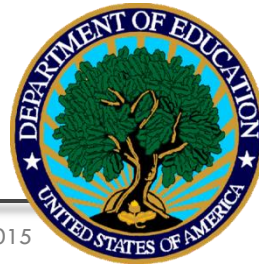
- Indirect Cost requirements apply to the first fiscal year beginning on or after December 26, 2014.
 - Work with your cognizant agency to ensure your indirect cost rate proposal reflects decisions appropriate for your program

Example: The grantee fiscal year ends June 30, 2015. Your rate proposal is due 6 months after the end of the current fiscal year, due December 31, 2015. Requests for extensions must be submitted 60 days prior to the due date of proposed indirect cost rate submission, October 32, 2015, in this example.



Resources

- ❑ Your Department program officer
- ❑ The Department's one-stop shop for information: [ED Uniform Guidance One-Stop shop](#)
 - ❑ Includes links to COFAR and OMB
- ❑ Email questions to: uniformgrantguidanceimplementation@ed.gov



Resources

- ❑ The Department is developing additional training at no cost on:
 - ❑ Cost Principles
 - ❑ Internal Controls
 - ❑ Audit Requirements
 - ❑ Indirect Cost Requirements
 - ❑ Procurement Requirements
 - ❑ Risk and Sub-award Management
 - ❑ Performance Measures

