New Fiscal Regulations

- **OMB Uniform Guidance - Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards**
  - 2 CFR 200

- **Department of Health and Human Services Implementing Regulations**
  - 45 CFR Part 75

- **Department of Education**
  - 34 CFR Parts 75-79, 81 to 86 and 97-99
The Uniform Guidance

The Super Circular

The Omni Principles
Spoiler Alert

Uniform…
Are not uniform.

Entity differences are still relevant in some areas of the new regulations.

Guidance…
Are not guidance.

The regulations are mandatory for awards and award increments after 12/26/2014.

Office of Head Start
Objectives of the Uniform Guidance

- Focusing on performance over compliance for accountability.
- Limiting allowable costs to make best use of federal resources.
- Strengthening oversight.
- Targeting waste, fraud, and abuse.
- Eliminating duplicative and conflicting guidance.
Who is covered?

- Non-Federal Entities (NFE) (recipients and sub recipients) that expend at least $750,000 in federal funds during the fiscal year:
  - State governments
  - Local governments
  - Indian tribes
  - Institutions of higher education
  - Nonprofit organizations

- Agencies may apply the requirements to for-profit entities.
  - HHS/ACF/OHS has not done so to date.
Current regulations provide detailed guidance specific to entity type.

New regulations provide less detail and more grantee options.

What is different?
Eliminates Duplicative and Conflicting Regulations

2 CFR 200 Replaces
- Audit Circulars for:
  - Awards received
    - A-102 & A-89
    - A-87
    - A-133 & A-50
  - Subawards to universities
    - A-110
    - A-21
  - Subawards to nonprofits
    - A-110
    - A-21

45 CFR Part 75 Replaces
- Cost Principles
  - 2 CFR 215
  - 2 CFR 220
  - 2 CFR 225
  - 2 CFR 230
- HHS Grants Administration Requirements
  - 45 CFR Part 74
  - 45 CFR Part 92
Guidance to assist grantees in planning for implementation. Click here to access the IM on ECLKC.

New Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

ACF-IM-HS-14-07

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. Log No. ACF-IM-HS-14-07
2. Issuance Date: 12/17/2014
3. Originating Office: Office of Head Start
4. Key Word: Grants Management; Grants Administration; Administrative Requirements; Cost Principles; Audit Requirements

INFORMATION MEMORANDUM

TO: All Head Start and Early Head Start Grantees and Delegate Agencies

SUBJECT: New Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

INFORMATION:

The Office of Management and Budget (OMB) has issued new uniform administrative requirements, cost principles, and audit requirements effective Dec. 26, 2014, which are applicable to all Head Start and Early Head Start agencies and sub-recipients, including delegate agencies. The Office of Head Start (OHS) is providing general guidance to assist grantees in planning for implementation of the new requirements.

Non-Federal Entities:

ACF-IM-HS-14-07
Issued December 17, 2014
New Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Webinar

Watch On-Demand Now!

On Feb. 10, 2015, the Office of Head Start (OHS) held a webinar to discuss the new uniform administrative requirements, cost principles, and audit requirements for federal awards. These requirements went into effect Dec. 28, 2014. The U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF), OHS published interim final rules to help programs implement the new fiscal requirements. All Head Start grantees are also now required to use Standard Form (SF) 428 Real Property Status Report and its attachments.

The webinar and related questions and answers (Q&A) are now available on the Early Childhood Learning and Knowledge Center (ECLKC). Listen as OHS staff and other experts explain how these new requirements apply to Head Start programs. They also offer tips and resources for successful implementation.

Watch the Webinar

Select this link to view the webinar: http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/operations/mang-sys/fiscal-mang/webinars/uniform-cost-audit.html

Read the Q&A


Presenters:
Ann Linehan, OHS
Terry Ramsey, HHS
Belinda Rinker, OHS
Jim Belanger, Danya

Click here to access Webinar and Q & A on ECLKC.

Originally presented on February 10, 2015
Additional Resources

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements
  - 2 CFR Part 200
- Frequently Asked Questions for New Uniform Guidance at 2 CFR 200 (COFAR/OMB)
- Council on Financial Assistance Reform (COFAR) website
- American Institute of Certified Public Accountants (AICPA) Government Accounting Quality Center (GAQC) website
- A thorough understanding of the reasons for change is critical for thoughtful implementation.
Uniform Guidance on ECLKC

http://eclkc.ohs.acf.hhs.gov/hslc/standards/ug-resources
Frequently Asked Questions

UNIFORM GUIDANCE

In December 2014, OMB together with Federal awarding agencies issued an interim final rule to implement the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This guidance and implementing regulations delivers on President Obama’s second term management agenda and his first term directives under Executive Order 13520, the February 28, 2011 Presidential Memorandum, and the objectives laid out in OMB Memorandum M-13-17 to better target financial risks and better direct resources to achieve evidence-based outcomes. The final guidance, originally published December 26, 2013 (available at 78 FR 78589) simultaneously improves performance, transparency, and oversight for Federal awards. The COFAR will measure the impact of this guidance as described under M-13-17.

Questions about the Uniform Guidance: Check the Frequently Asked Questions, and then our Training page.
Implementation

Current Fiscal Policies and Procedures

Must Change
Not compliant with the Uniform Guidance or implementing regulations.

May Change
Working for the organization, but change is likely to increase efficiency or effectiveness or both.

No Change
Working well for the organization and no efficiency gained or high cost to make changes.

Office of Head Start
Look Closely At:

- Definitions
- Cost Allocation
  - Compensation (personal services & fringe benefits)
- Indirect Costs
  - Negotiated indirect cost rate
  - De minimis rate of 10%
  - In the cost allocation plan
- Procurement
  - Less than $3,000 (micro-purchases)
  - $3,000 - $149,999 (small purchases)
  - $150,000 or more
- Real Property
- Prior Approval
- Individual Items of Cost
- Contract provisions (Appendix II)
Critical Questions

- Are you aware of the new Uniform Guidance?
- Have you determined when you must comply with the Uniform Guidance for each award?
- Have you compared the Uniform Guidance requirements to your existing fiscal policies and procedures?
- Were necessary changes in fiscal policies and procedures made?
- Has implementation of changes taken place, including training for impacted staff?
- Were the revised fiscal policies and procedures properly approved by governing bodies?
Questions and Comments
Uniform Guidance Quiz

PRESENTED BY:
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Fact or Fiction?

Davis-Bacon is a delicious breakfast meat produced in the state of Nebraska.

Fiction

Appendix II. D – Contract Provisions

- Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR part 5).
Fact or Fiction?

Personnel activity reports (PARs) are gone for good. No more PARs.

Fiction

Item #10 Compensation – Personnel Services
• In general, the distribution of salaries and wages must be supported by certifications of the consistency of charges with the work executed. For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in this section if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.
Fact or Fiction?

The Uniform Guidance supersedes the 15% administrative cost limitation in the Head Start Act.

Fiction

Sec. 106

• Regulations and guidance required by statute are not superseded.
Fact or Fiction?

The Uniform Guidance does not allow Non-Federal Entities (NFEs) to claim a use allowance once a facility is fully depreciated.

Fact

Item #15 Depreciation

• No depreciation may be allowed on any assets that have outlived their depreciable lives.
Fact or Fiction?

The new regulations require that every NFE obtain a negotiated indirect cost rate from the cognizant Federal agency.

**Fiction**

Appendices IV through VIII

- Direct allocation is acceptable, provided costs are prorated using a base that accurately measures benefits provided.
Fact or Fiction?

Costs of organized fund raising are not allowable.

Fact

Item #20 Fund Raising and Investment Management Costs

• Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency.
Fact or Fiction?

Prior agency approval is not required for replacement of a commercial range bought with a Federal award at a cost of $12,000.

Fiction

Sec. 415(b)(1) Required certifications

- A proposal to establish a cost allocation plan or an indirect (F&A) cost rate, whether submitted to a Federal cognizant agency for indirect costs or maintained on file by the non-Federal entity, must be certified by the non-Federal entity using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in appendices III through VII, and appendix IX. The certificate must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the non-Federal entity that submits the proposal.
Fact or Fiction?

NFES can directly charge the cost of professional grant writers to their individual awards.

Fiction

• Item #39 Proposal Costs
• Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect (F&A) costs and allocated currently to all activities of the non-Federal entity.
Fact or Fiction?

The net proceeds of sale of property subject to a Federal interest can be used to acquire replacement property for Head Start use.

Fact-ish

Sec. 503(b)(3) Real Property
- Applies if agency is disposing of real property acquired under an award subject to 2 CFR Part 200 and acquiring replacement property under the same program.
Fact or Fiction?

Small purchases at or below $150,000 do not require free and open competition.

Fiction
Sec. 504(c)(1) and (d)(1) Procurement
• All transactions will be conducted in a manner providing full and open competition. Price or rate quotations shall be obtained from an adequate number of qualified sources.
Fact or Fiction?

Contracts over $10,000 require special termination provisions.

Fact

Appendix II. B

- All contracts in excess of $10,000 must address termination for cause and for convenience by the NFE, including the manner by which it will be effected and the basis for settlement.
Fact or Fiction?

Employee morale expenses are not allowable.

Fact
Sec. 437(a)
• Costs incurred in accordance with the NFE’s documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable.
Fact or Fiction?

All grantees now have the option of using a self-adopted 10% *de minimis* indirect cost rate.

**Fiction**

Sec. 414(f)

- Any non-Federal entity that has never received a negotiated indirect cost rate may elect to charge a *de minimis* rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.
True or False Bonus Question:
Grantees who already had really well drafted and Implemented fiscal policies and procedures before December 26, 2014 can continue to rely on them.

False

The Uniform Guidance includes changes that affect all grantees. Grantees should compare existing policies and procedures to the new regulations, update policies and procedures, and fully implement changes.