



Introduction to the Uniform Guidance and 2015 OMB Compliance Supplement Update

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Speakers



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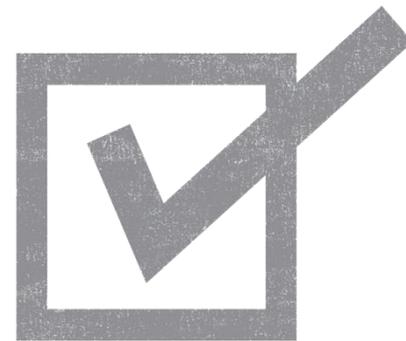


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Agenda

In this session we will discuss:

- **Introduction to the Uniform Guidance**
- **2015 Compliance Supplement Updates**



Polling Question #1

Is organization prepared for the grant administrative changes associated with the Uniform Guidance?

- A. Yes, 100%
- B. Yes, but not completely
- C. No
- D. Maybe

Uniform Guidance

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule (Uniform Guidance)

- Affects over \$600 billion in annual federal grant provided
- December 26, 2013 Federal Register Notice

<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

Uniform Guidance, cont.

Superseded OMB Circulars

1. A-21 – Cost Principles for Educational Institutions
2. A-50 – Audit Follow-Up, related to Single Audit
3. A-87 – Cost Principles for State, Local and Indian Tribal Governments
4. A-89 – Catalog of Federal Domestic Assistance
5. A-102 – Grants and Cooperative Agreements With State and Local Governments
6. A-110 – Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
7. A-122 – Cost Principles for Non-Profit Organizations
8. A-133 - Audits of States, Local Governments and Non-Profit Organizations

Uniform Guidance, cont.

Structure

http://www.ecfr.gov/cgi-bin/text-idx?SID=af7766151c8b35c19309faa634f17572&mc=true&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Uniform Guidance, cont.

Structure – 2 CFR 200

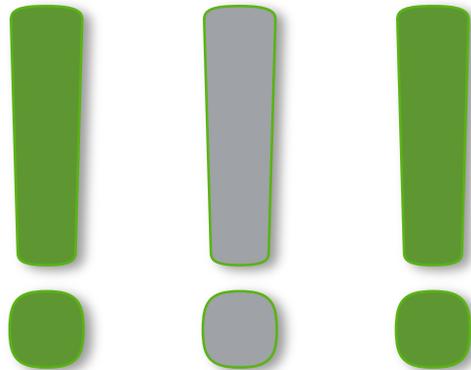
Contents	Origin
A – Acronyms and Definitions (200.0 – 200.99)	All circulars
B – General Provisions (200.100 – 200.113)	All circulars
C – Pre-Federal Award Requirements and Contents of Federal Awards (200.200 – 200.211)	A-110 and A-89
D – Post-Federal Award Requirements (200.300 – 200.345)	A-110 and A-102
E – Cost Principles (200.400 – 200.475)	A-21, A-87 and A-122
F – Audit Requirements (200.500 – 200.521)	A-133
Appendices	

Uniform Guidance, cont.

Within Uniform Guidance

Must = Requirement

Should = Best practice or recommended approach



Uniform Guidance, cont.

Effective Date (200.110)

- Non-federal entities will need to implement the new administrative requirements and Cost Principles for all new federal awards and to additional funding to existing awards (referred to as funding increments) **made after December 26, 2014**.
 - May have funding subject to both Cost Principles.
 - Non-federal entities can implement entity-wide system changes to comply with new guidance without penalty.
- The audit requirements will be effective for **fiscal years beginning on or after December 26, 2014**. Therefore, auditees subject to a single audit with **December 31, 2015, year ends** will be required to undergo the first single audits conducted under the Uniform Guidance.
 - Early implementation of auditing requirements is not permitted.

Uniform Guidance, cont.

Cost sharing or matching (200.306)

- Any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted when all of the following are met:
 - Verifiable from records
 - Not included in other Federal awards
 - Necessary and reasonable for the program's objectives
 - Allowable
 - Not paid by the Federal government under another Federal award
 - Included in the approved budget, when required
 - Conform to other provisions in this standard

Uniform Guidance, cont.

Supplies (200.314)

- Computing devices (<\$5,000) are included as "supplies"

Procurement Standards

- Must maintain specific requirements as noted in 200.318-.326
 - Must have documented procurement procedures
 - Maintain written standards of conduct
 - Must maintain procurement records
 - Must have full and open competition

Uniform Guidance, cont.

Procurement (200.320) – Five procurement methods

- Micro-purchases – acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 for construction subject to the Davis-Bacon Act).
 - Must distribute equitably among qualified suppliers
 - Awarded without soliciting competitive quotations if price considered to be reasonable
- Small purchase procedures – Relatively simple and informal procurement methods
 - Subject to Simplified Acquisition Threshold (\$150,000)
 - Price or rate quotations must be obtained from an adequate number of qualified sources.

Uniform Guidance, cont.

Procurement (200.320) – Five procurement methods, cont.

- Procurement by sealed bids (formal advertising)
 - Publicly solicited
 - Referred for procuring construction
 - Must have at least 2 or more bidders
 - Awarded to lowest responsive and responsible bidder
- Competitive proposals – Used when conditions are not appropriate for sealed bids
 - Must be publicized
 - Must be solicited from an adequate number of qualified sources
 - Awarded to the responsible firm whose proposal is most advantageous to the program
 - Price is part of the consideration

Uniform Guidance, cont.

Procurement (200.320) – Five procurement methods, cont.

- Noncompetitive proposals – Sole source
 - Only available from a single source
 - Emergency
 - Authorization from the funding agency
 - Inadequate competition
- UPDATE – Elective deferral for a year
 - December 31, 2016 or June 30, 2017

Purchase cards users must also apply to procurement requirements

Polling Question #2

My organization will be taking the elective deferral to implement the procurement changes associated with the Uniform Guidance.

- A. True
- B. False

Uniform Guidance, cont.

Subrecipients

- Subrecipient vs. contractor determination (200.330)
 - No more vendors
 - Subrecipient
 - Determine who is eligible to receive Federal assistance
 - Performance is measured to program objectives
 - Has responsibility for programmatic decision making
 - Is responsible for applicable program requirements
 - Uses the funds to carry out a program for a public purpose

Uniform Guidance, cont.

Subrecipients, cont.

- Subrecipient vs. contractor determination, cont.
 - Contractor
 - Provides the goods and services within normal business operations
 - Provides similar goods or services to many different purchasers
 - Normally operates in a competitive environment
 - Provides goods or services that are ancillary to the operation of the program
 - Is not subject to compliance requirements

Uniform Guidance, cont.

Subrecipients, cont.

- Pass through entity requirements
 - Initiating the award (220.331(a))
 - Identify the award
 - Identify requirements
 - Identify indirect rate information
 - Allow pass through and auditor access to subrecipient records
 - Close out terms and conditions
 - Monitoring (200.331(d))
 - Reviewing required financial and performance reports
 - Follow up and ensuring timely and appropriate actions on deficiencies
 - Issuing a management decision for audit findings

Uniform Guidance, cont.

Records Retention (200.333)

- 3 years from final expenditure report
- Exceptions include outstanding audit, indirect cost rates, program income, etc.

Termination (200.339)

- Can now be for cause

Uniform Guidance, cont.

OMB Cost Principles (200.4XX)

- Consolidate cost principles into single document
 - OMB Circular A-21 – Educational Institutions
 - OMB Circular A-87 – Governments
 - OMB Circular A-122 – Nonprofit Organizations

Uniform Guidance, cont.

Indirect costs (200.414)

- Negotiated rates must be accepted by all Federal awarding agencies, unless required by Federal statute or regulation or when approved by a Federal awarding agency head or delegate based on documented justification
- Entities that have never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs which may be used indefinitely
- Can apply for a one-time extension of a current negotiated indirect cost rates for a period of up to four years, subject to the review and approval of the cognizant agency for indirect costs

Uniform Guidance, cont.

Compensation for personal services (200.430)

- More principles based, less prescriptive
- Focuses more on internal controls
- Records must accurately reflect work performed
 - Budget estimates alone are not sufficient support, but can be used for interim purposes provided certain requirements are met



Uniform Guidance, cont.

Subpart F Highlight

- Single audit threshold for audit to increase to \$750,000
 - Currently \$500,000
- Change to the major program determination process
 - Step 1: Type A/B program determination revised to \$750,000
 - Currently \$300,000

Total Federal Awards Expended	Type A/B Threshold
= to \$750,000 but < or = to \$25 million	\$750,000
> \$25 million but < or = to \$100 million	Total Federal awards expended X .03
> \$100 million but < or = to \$1 billion	\$3 million
> \$1 billion but < than or = \$10 billion	Total Federal awards expended X .003
> \$10 billion but < or = to \$20 billion	\$30 million
> \$20 billion	Total Federal awards expended X .0015

Polling Question #3

The minimum Type A threshold change from \$300,000 to \$750,000 will significantly impact my organization's Uniform Guidance audit.

- A. True
- B. False

Uniform Guidance, cont.

Subpart F Highlight, cont.

- Change to the major program determination process
 - Step 2: High/Low risk Type A
 - Not audited as a major program in the last two years
 - In most recent period, had any of the following for program:
 - **Modified opinion**
 - Material weakness in internal control
 - **Known or likely questioned costs that exceed 5% of the total expenditures of the program**
 - Written request by federal awarding agency to audit as major

Uniform Guidance, cont.

Subpart F Highlight, cont.

- Change to the major program determination process
 - Step 3: High risk Type B
 - **Perform risk assessments on Type B programs until high-risk Type B programs have been identified up to 25% of low-risk Type A programs (subject to materiality)**
 - Step 4 – Select additional programs, if needed
 - Percentage of coverage changes
 - 50% (not low) and 25% (low) to **40%** (not low normal) and **20%** (low)

Uniform Guidance, cont.

Subpart F Highlight, cont.

- Low Risk Auditee criteria
 - Single audits performed on annual basis and data collection form submitted within required timeframe
 - Auditor's opinions on financial statements and SEFA unmodified
 - **No going concern opinion**
 - No material weakness under GAGAS
 - In either of the preceding two audit periods, none of the TYPE A programs had:
 - Material weakness
 - **Modified opinion on compliance**
 - Known or likely questioned costs that exceed 5% of total federal awards expended for a Type A program

Uniform Guidance, cont.

Subpart F Highlight, cont.

- Findings reporting change
 - Questioned costs threshold increased from \$10,000 to \$25,000
 - Questioned costs be identified by CFDA number and applicable award number
 - Disclose whether sampling was a statistically valid sample
 - Disclosure requirements if repeat from prior year

2015 Compliance Supplement Changes

- Finalized in July 2015
- Refer to Appendix V for list of changes



2015 Compliance Supplement Changes, cont.

Compliance Requirements Proposed Changes

- Removes the following requirements:
 - D – Davis-Bacon Act (some programs have retained as special tests)
 - K – Real Property and Acquisition Assistance
 - L – FFATA Reporting auditor testing
- Addition of Part 3.2
 - Applicable to grants subject to Uniform Guidance
 - H – Known now as Period of Performance
- Part 3.1
 - Applicable to "old" grants
- Changes made to Student Financial Assistance and Research and Development clusters

2015 Compliance Supplement Changes, cont.

Student Financial Assistance Changes

- Removes
 - Perkins Loan Cancellations (CFDA 84.037) – program is not currently funded
 - ARRA-Nurse Faculty Loan (CFDA 93.408)
- Corrected Appendix A (#18 was left off in 2014 version)

Research and Development Changes

- Removes Special Test #2 (Indirect Cost Limitations for DoD research funds)

Polling Question #4

Which one of the following compliance requirements was removed with the 2015 Compliance Supplement?

- A. Cash Management
- B. Davis-Bacon Act
- C. Equipment and Real Property Management
- D. Procurement and Suspension and Debarment

Questions



Thank you!



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