



# *Uniform Guidance Revisions: What You Need to Know*

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# Today's speakers



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# What we will cover

Background and overview of the revision process, including timing and effective date

Review of regulatory changes made other than the Uniform Guidance

A walk-through the Uniform Guidance and the changes made in each section

Discussion of potential single audit implications and other related guidance expected from OMB

# Terminology & Abbreviations

CAP Goal	Cross-agency priority	FSRS	FFATA Subaward Reporting System
CAS	Cost Accounting Standards	GAAP	Generally Accepted Accounting Principles
CFDA	Catalog of Federal Domestic Assistance (replaced with Assistance listings)	GAQC	Governmental Audit Quality Center
CFR	Code of Federal Regulations	GASB	Governmental Accounting Standards Board
COVID-19	Novel Coronavirus	HHS	Department of Health and Human Services
DCF	Data Collection Form	NDAA	National Defense Authorization Act
DS-2	Disclosure Statement	NICRA	Negotiated Indirect Cost Rate
F&A	Facilities and Administrative Costs	OMB	Office of Management and Budget
FAQ	Frequently Asked Questions	PTE	Pass Through Entity
FAR	Federal Acquisition Regulations	QCR	Quality Control Review
FASB	Financial Accounting Standards Board	SAM	System for Award Management
FFATA	Federal Funding Accountability and Transparency Act	UG	Uniform Guidance

# Background and overview of the revision process

## Revision background

OMB must review the Uniform Guidance regulation every five years (2 CFR 200.109)

- Due process effort undertaken; OMB did not address comments received considered to be “out of scope”

First five-year review resulted in August 2020 issuance of a *Federal Register* notice, [Guidance for Grants and Agreements](#)

OMB also took other regulatory action in August 2020 issuance that we will discuss today, but main emphasis will be the Uniform Guidance revisions

- All actions were made in [Title 2, Grants and Agreements](#) (2 CFR)

## 2 CFR parts revised

2 CFR Part 25 – [Universal Identifier and System for Award Management](#)

2 CFR Part 170 – [Reporting Subaward and Executive Compensation Information](#)

2 CFR Part 183 – [Never Contract with the Enemy](#)  
(new part added)

2 CFR 200 – [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (also referred to as the Uniform Guidance)

## Stated objectives of the regulatory actions

Support implementation of the President's Management Agenda Results-Oriented Accountability for Grants CAP Goal and other Administration priorities

Meet statutory requirements and align with other authoritative requirements

Clarify existing requirements

Modernize reporting by recipients by requiring federal agencies to adopt standard data elements

## Implementation resources

[2 CFR Revisions \(Redlined\)](#) - Nonauthoritative OMB reference document providing a markup identifying changes

[2 CFR Revisions \(85 FR 49506\) Crosswalk](#) - Document posted on [www.cfo.gov](http://www.cfo.gov) that compares the revisions to 2 CFR made in August 2020 with previous CFR guidance

<https://ecfr.federalregister.gov/current/title-2/subtitle-A/chapter-II> - [beta site](#) - Allows user to access current version of 2 CFR and also refer to historical versions

FAQs, [\*Prohibition on Covered Telecommunications and Video Surveillance Services or Equipment\*](#) - addresses questions surrounding updates to section 200.216 of 2 CFR

## Subsequent technical corrections made by OMB

[Federal register notice](#) issued February 22, 2021, to “clean up” previous issuance

Minor technical corrections for references, typos, etc.

Only impacts 2 CFR Parts 25 and 200

Effective upon issuance

CFR online has been updated for these changes

## Effective dates

The final regulation indicates two sections were effective on August 13, 2020

- 200.216 Prohibition on certain telecommunication and video surveillance services or equipment
  - Question 9 of [the telecommunications and video surveillance FAQs](#) indicates these revisions also apply to existing federal awards
- 200.340 Termination
  - Changes give agencies more authority to terminate awards when they no longer meet program goals

## Effective date of changes

Remainder of revisions were effective on November 12, 2020

Although not directly addressed in the UG, OMB staff has stated that the UG revisions will apply to new awards issued on or after the effective date

- OMB also reminds recipients that they should have updated their internal policies to align with the revisions.

GAQC is still trying to confirm with OMB how the effective date is to be implemented (e.g., can new procurement thresholds be applied to awards issued prior to November 12<sup>th</sup>?)

- Hopeful that future guidance to be issued by OMB will address this question directly

## Agency adoption

Technically federal agencies need to take action to adopt the updated regulations in their individual agency regulations

10 federal agencies adopted the original UG by reference and thus do not need to take action to adopt the revisions (i.e., it is automatic)

- Department of Commerce
- Department of Homeland Security
- Gulf Coast Restoration Council
- Housing and Urban Development
- Institute of Museum and Library Services
- National Endowment for Arts
- National Endowment for Humanities
- Office of the National Drug Control Policy
- Social Security Administration
- Veterans Affairs

## Agency adoption

We are aware of the following federal agencies that have taken formal action to adopt the regulation in their own regulation

- [National Aeronautics and Space Administration](#)
- [Environmental Protection Agency](#)

What about the others?



Panel discussion – How have you been addressing the new Uniform Guidance in your own practices to date?



# 2 CFR Part 25, Universal Identifier and System for Award Management

# What is Part 25?

Provides guidance to federal awarding agencies to establish:

The unique entity identifier as a universal identifier for federal financial assistance applicants, as well as recipients and their direct subrecipients, and;

SAM is the repository for standard information about applicants and recipients.

- Recipients must provide information required for the conduct of business as a recipient.
- Additional information about registration procedures may be found at the SAM internet site (currently at <https://www.sam.gov>).

Not likely to have implications on single audits

## Key changes

Clarifies that part 25 applies to federal awarding agencies

Clarifies requirements for notice of funding opportunities and registration by applicants in SAM

Establishes requirements for recipients to ensure subrecipients have a unique entity identifier

Defines applicant, recipient, foreign organization and highest level owner, predecessor and successor

Clarifies that subrecipients are not required to obtain an active SAM registration, but must obtain a Unique Entity Identifier

# 2 CFR Part 170, Reporting Subaward and Executive Compensation Information

## What is Part 175?

Provides guidance to federal awarding agencies on reporting federal awards to establish requirements for recipients' reporting of information on subawards and executive total compensation, as required by FFATA

Applies to federal awarding agencies' grants, cooperative agreements, loans, and other forms of federal financial assistance subject to FFATA

**Reminder: 2020 OMB *Compliance Supplement Addendum* establishes requirement for auditor to test FFATA! We will discuss later.**

## Significant changes

Adds provision for OMB to allow exceptions for classes of federal awards or recipients subject to Part 170 when not prohibited by statute

Requires federal awarding agencies to publicly report federal awards that equal or exceed the micro-purchase threshold as set by the FAR at 48 CFR part 2, subpart 2.1 and publish them on OMB-designated Web site

- Consistent with the FAR threshold for subcontract reporting, section is revised to raise the reporting threshold for subawards that equal or exceed \$30,000

Adds requirements for notices of funding opportunities, regulations, and applicant instructions – must require each nonfederal entity applying for federal assistance to have systems in place to comply with reporting requirements

# Significant changes

Updates definitions and adds new definitions – unless the definition in Part 170 refers to UG, the definitions included apply only to Part 170

- Federal awarding agency (NEW) – refers to 2 CFR 200.1 definition
- Federal award (REVISED) – relevant to Part 170, defined as an award of federal financial assistance that a recipient receives directly from a federal awarding agency
- Foreign organization (NEW) – refers to 2 CFR 200.1
- Foreign public entity (NEW) – refers to 2 CFR 200.1
- Non-federal entity (REVISED) – relevant only to Part 170, defined to also include foreign organization, foreign public entity and domestic or foreign for-profit organization
- Recipient (NEW) – relevant only to Part 170, defined a non-federal entity or federal agency that received a federal award

# 2 CFR Part 183, Never Contract With the Enemy

## New Part 183

Provides guidance to federal awarding agencies on the implementation of the Never Contract with the Enemy requirements applicable to certain grants and cooperative agreements

- Added to meet statutory requirements

Requires federal awarding agencies, before awarding a grant or cooperative agreement, to check the current list of prohibited or restricted persons or entities in the SAM exclusions

Provides instructions for a federal awarding agency when it becomes aware of issues in this area

Provides federal awarding agencies illustrative award terms to address Never Contract with the Enemy

## New Part 183

Rules applies only to grants and cooperative agreements that:

- Exceed \$50,000
- Are performed outside the US (including territories)
- To a person or entity that is actively opposing US or coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities

Not likely to have significant implications on single audits

# 2 CFR Part 200, Uniform Guidance

# Key sections we will cover

Definitional changes

Changes in Subpart B, General Provisions

Changes in Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

Changes in Subpart D, Post Federal Award Requirements

Changes in Subpart E, Cost Principles

Changes in Subpart F, Audit Requirements

Changes in Appendices

# Definitions

Now listed under §200.1

- Listed alphabetically to facilitate addition of future definitions

OMB is standardizing terms across 2 CFR part 200 to support efforts under the Grants CAP Goal

- Resulted in some new definitions and various revised definitions

For definitions that are consistent across 2 CFR parts 25, 170, and 200, revisions have been made to parts 25 and 170 to refer definitions to part 200 as the authoritative source.

## Definitions and/or revised definitions identified as substantial in OMB crosswalk

Assistance listing	Federal interest	Management decision	Recipient
Budget and Budget period	Federal share	Micro-purchase and micro-purchase threshold	Renewal award
Capital assets	Financial obligation	Non-discretionary award	Simplified acquisition threshold
Compliance supplement	Fixed amount awards	Notice of funding opportunity	Telecommunication cost
Contract	Grant agreement	Oversight agency for audit	Termination
Cooperative agreement	Highest level	Period of performance	
Discretionary award	Improper payment	Questioned cost	
Federal financial assistance	Internal controls		

**Let's take a look at a few of most relevant in a single audit!**

## Definitional changes of most relevance to single audit

*Recipient.* Clarifies that recipient is usually, but not limited to, non-federal entities; also revised to indicate that it does not include individuals that are beneficiaries of the award

*Subrecipient.* Clarifies that a subrecipient is usually, but not limited to, non-federal entities; also changes federal program to federal award

*Oversight agency for audit.* Revised to add that when the direct funding represents less than 25% of the total federal expenditures (direct and subawards), then the federal agency with the predominant amount of total funding is the designated oversight agency for audit

## Definitional changes of most relevance to single audit

Technical edits were made to the definitions of *discretionary award* and *non-discretionary award* to provide clarity to the intended definitions.

*Fixed amount awards.* Adds cooperative agreements and revises references.

*Renewal award.* A new definition meaning an award made subsequent to an expiring federal award for which the start date is contiguous with, or closely follows, the end of the expiring federal award. A renewal award's start date will begin a distinct period of performance.

# Definitional changes of most relevance to single audit

*Cooperative agreement.* Clarifies that it applies to financial assistance between a federal awarding agency and a recipient or a PTE and a subrecipient

# Definitional changes of most relevance to single audit

*Assistance listings.* The publicly available listing of federal assistance programs managed and administered by GSA (replaces CFDA).

*Assistance listing number.* Unique number assigned (replaces CFDA number)

*Assistance listing program.* Title that corresponds to the assistance listing number (replaces CFDA program title)

**Full transition to Assistance Listing usage will take time; for example, the 2021 *Compliance Supplement* and DCF may still refer to CFDA number**

**Access Assistance Listings of federal assistance programs at [beta.sam.gov](https://beta.sam.gov)**

## Definitional changes of most relevance to single audit

*Internal controls.* Updated to add that they are processes designed and implemented by non-federal entities

Also added OMB Circular No. A-123, *Management's Responsibility for Internal Control*, as the internal control compliance requirements that federal awarding agencies are required to follow

## Definitional changes of most relevance to single audit

*Budget period.* New definition meaning the time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to §200.308, *Revision of Budget and Program Plans*.

*Period of performance.* Revised definition meaning the total estimated time interval between the start of an initial federal award and the planned end date, which may include one or more funded portions, or budget periods.

- Identification of the Period of Performance in the federal award per §200.211(b)(5) does not commit the awarding agency to fund the award beyond the currently approved budget period.

**OMB considering whether changes to period of performance audit objectives/procedures will be made in the 2021 *Compliance Supplement*.**

## Definitional changes of most relevance to single audit

*Micro-purchase threshold.* A new definition meaning the dollar amount at or below which a non-federal entity may purchase property or services using micro-purchase procedures (see §200.320 section later in presentation).

Generally, the micro-purchase threshold for procurement activities administered under federal awards is not to exceed the amount set by the FAR at 48 CFR subpart 2.1 unless a higher threshold is requested by the non-federal entity and approved by the cognizant agency for indirect costs.

**We will discuss in more detail later.**

## Definitional changes of most relevance to single audit

*Simplified acquisition threshold.* Added the following to existing definition:

- The non-federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. However, in no circumstances can this threshold exceed the dollar value established in the FAR (48 CFR subpart 2.1) for the simplified acquisition threshold. Recipients should determine if local government laws on purchasing apply.

**We will discuss in more detail later.**

## Definitional changes of most relevance to single audit

*Compliance supplement.* Expanded on previous limited definition. It means an annually updated authoritative source for auditors that serves to identify existing important compliance requirements that the federal government expects to be considered as part of an audit.

Auditors use it to understand the federal program's objectives, procedures, and compliance requirements, as well as audit objectives and suggested audit procedures for determining compliance with the relevant federal program

## Definitional changes of most relevance to single audit

*Improper payment.* Revised to refer to authoritative source and to clarify that questioned costs are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular A-123, Appendix C, “Requirements for Payment Integrity Improvement”

*Questioned cost.* Added the same reference to OMB Circular A-123, Appendix C, as the improper payment definition and indicates that questioned costs are not an improper payment until reviewed and confirmed per Circular A-123

*Management decision.* Revised to emphasize that it is a written determination provided by a federal awarding agency or PTE

# Changes in Subpart B, General Provisions

## §200.101 Applicability – additions

- Federal awarding agencies may apply subparts A-E of the Uniform Guidance to federal agencies, for-profit entities, foreign public entities, or foreign organizations
- Clarifies use of “must” is a requirement and “should” or “may” indicates a best practice or recommended approach
- Applicability to cost-reimbursement contract under FAR revised to make clarifying revisions and to include the following:
  - “Note that when a non-federal entity is awarded a FAR contract, the FAR applies, and the terms and conditions of the contract shall prevail over the requirements of this part.”

## Changes in Subpart B, General Provisions

§200.102 Exceptions – changes made to emphasize that federal awarding agencies are encouraged to request exceptions to certain provisions of UG in support of innovative program designs

§200.105 Effect on other issuances – added the following:

(b) Imposition of requirements on recipients. Agencies may impose legally binding requirements on recipients only through the notice and public comment process through an approved agency process, including as authorized by this part, other statutes or regulations, or as incorporated into the terms of a federal award.

# Changes in Subpart B, General Provisions

## §200.110 - Effective/applicability date

- Removes procurement standard grace period and prior effective dates for the original implementation by federal agencies and auditees of the UG
- Adds effective date guidance for negotiated indirect cost rates
  - Existing negotiated indirect cost rates remain in place until they expire
  - Effective date of changes to indirect cost rates must be based upon the date that a newly re-negotiated rate goes into effect for a specific non-federal entity's fiscal year
  - For indirect cost rates and cost allocation plans, the revised UG (as of the publication date for revisions) both in generating proposal for and negotiating a new rate

# Changes in Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

**Changes in Subpart C generally clarify federal agency responsibilities in the following sections:**

§200.200 - Purpose

§200.201 - Use of grant agreements

§200.202 - Program planning and design

§200.203 - Requirement to provide public notice of federal financial assistance

§200.204 - Notices of funding opportunities

§200.205 - Federal awarding agency review of merit of proposals

§200.206 - Federal awarding agency review of risk posed by applicants

§200.207 - Standard application requirements

§200.208 - Specific conditions

# Changes in Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

## Additions to §200.211 Information contained in a federal award -

### **Federal award performance goals**

- Performance goals, indicators, targets, and baseline data must be included in the federal award, where applicable. The federal awarding agency must also specify how performance will be assessed in the terms and conditions of the federal award, including the timing and scope of expected performance

### **General federal award information**

- Budget period start and end date
- Total approved cost sharing or matching, where applicable
- Revised total amount of federal award to include approved cost sharing or matching

### **General terms and conditions**

- Future budget periods
- Termination provisions

# Changes in Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

§200.215 - Never contract with the enemy – new section

Aligns with new Part 183 discussed earlier and states that:

- Federal awarding agencies and recipients are subject to the regulations implementing Never Contract with the Enemy in 2 CFR part 183.

# Changes in Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

§200.216 – Prohibition on certain telecommunications and video surveillance services or equipment

New section added to align with the 2019 NDAA that includes the following requirements:

- (a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:
  - (1) Procure or obtain,
  - (2) Extend or renew a contract to procure or obtain, or
  - (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

# Changes in Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

§200.216 – Prohibition on certain telecommunications and video surveillance services or equipment - continued

(b) In implementing the prohibition under Public Law 115-232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

(c) See Public Law 115-232, section 889 for additional information.

(d) See also §200.471 (Telecommunications and video surveillance costs )

**Remember! Effective August 13, 2020, and applies to existing awards**

# Changes in Subpart D, Post Federal Award Requirements

§200.300 Statutory and national policy requirements – adds that federal agencies must manage and administer federal awards to ensure that, among other things, federal funding is expended and implemented in full accordance with the U.S. Constitution, federal law, and public policy requirements protecting free speech and religious liberty

§200.301 Performance measurement – changes requiring federal agencies to provide recipients with clear performance goals, indicators, and milestones

§200.303 Internal controls – slight revisions to reference that the nonfederal entity must comply with the U.S. Constitution and has a “responsibility over confidentiality” as it relates to safeguarding sensitive information

§200.305 Federal payment – revised to provide information on returning interest on federal awards paid through the HHS Payment Management System

# Changes in Subpart D, Post Federal Award Requirements

§200.308 Revision of budget and program plans – revised to clarify that budget and program plans include considerations for performance and program evaluation purposes whenever required in the terms and conditions

§200.309 Modifications to period of performance – revises this section to state:

- If a federal awarding agency or pass-through entity approves an extension, or if a recipient extends under §200.308(e)(2), the Period of Performance will be amended to end at the completion of the extension. If a termination occurs, the Period of Performance will be amended to end upon the effective date of termination. If a renewal award is issued, a distinct Period of Performance will begin.

§200.313 Equipment - Adds to (3)(c)(1) – “The federal awarding agency may require the submission of the applicable common form for equipment.”

# Changes in Subpart D, Post Federal Award Requirements

## §200.317 Procurement by states

- Updated references for state to comply with to include 200.321 and 200.323 in addition to 200.322 (the new Domestic preferences for procurements provision);
- Revised to state that all other non-federal entities, including subrecipients, must follow the procurement standards in 200.318-200.327 (revised from “will follow”)

## §200.318 General procurement standards

- Revised to indicate that nonfederal entities must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a federal award or subaward; must also conform to procurement standards in §200.317 through 200.327 of this subpart
  - Old language referred to the nonfederal entity’s “own documented procurement procedures”
- Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

## Changes in Subpart D, Post Federal Award Requirements

§200.319 Competition – clarifies that all procurement transactions for the acquisition of property or services required under a federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320, Methods of procurement to be followed

# Changes in Subpart D, Post Federal Award Requirements

## §200.320 Methods of procurement to be followed

- Raised micro-purchase threshold from \$3,500 to \$10,000
- Raised SAT from \$150,000 to \$250,000
- Entity may request micro-threshold greater than \$10,000
- Increases to \$50,000 – self-selection – micro-purchase
- Grouped procurement methods into three categories: informal, formal and non-competitive (see next series of slides)

## Category #1 - Informal Procurement Method

Informal – When the value of procurement for property or services under a federal award does not exceed the SAT or a lower threshold established by a nonfederal entity, formal procurement methods are not required

The informal methods used for procurement of property or services at or below the SAT include:

- a) Micro-purchases
- b) Small purchases – higher than micro-purchase but does not exceed the SAT

## Micro-purchases

Revised micro-purchase awards discussion to clarify that micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-federal entity considers the price to be reasonable “based on research, experience, purchase history or other information and documents its files accordingly.”

Also added that “Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-federal entity.”

## Micro-purchase thresholds – NEW – self-selection of higher threshold up to \$50,000

Nonfederal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements in procurement section.

The non-federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the federal awarding agency and auditors in accordance with §200.334.

The self certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- (A) A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit;
- (B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
- (C) For public institutions, a higher threshold consistent with State law.

Micro-purchase thresholds – NEW – over \$50,000  
requires cognizant agency approval

Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs.

The non-federal entity must submit a request with the requirements included on the last slide (i.e., paragraph (a)(1)(iv) Subpart D).

The increased threshold is valid until there is a change in status in which the justification was approved

## Small purchases

***Small purchase procedures.*** The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. ~~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~~ **as determined appropriate by the non-federal entity.**

If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-federal entity

## Simplified Acquisition Thresholds

The non-federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR.

When applicable, a lower simplified acquisition threshold used by the non-federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

## Category #2 - Formal procurement method

Formal – When the value of the procurement for property or services under a federal financial assistance award exceeds the SAT, or a lower threshold established by a non-federal entity, formal procurement methods are required

The informal methods used for procurement of property or services at or below the SAT include:

- a) Sealed bids
- b) Proposals (generally used when conditions are not appropriate for the use of sealed bids)

Rules require following documented procedures and public advertising

## Category #3 - Noncompetitive procurement

Can only be used if certain circumstances apply

Much of the rules for noncompetitive procurement are unchanged

However, the following was added as one of the circumstances noncompetitive procurement can be used:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section)

# Changes in Subpart D, Post Federal Award Requirements

§200.322 – New section on domestic preferences for procurements

(a) As appropriate and to the extent consistent with law, the non-federal entity should, to the greatest extent practicable under a federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

# Changes in Subpart D, Post Federal Award Requirements

## Performance and financial monitoring and reporting

- §200.328 Financial reporting – revised to include OMB-approved governmentwide data elements
- §200.329 Monitoring and reporting program performance – includes a new section on reporting program performance and tweaks performance reporting specifics

§200.328 Methods for collection, transmission and storage of information – revised to include formats in accordance with applicable legislative requirements and defines machine-readable format

# Changes in Subpart D, Post Federal Award Requirements

## §200.332 - Requirements for pass-through entities

- Revises information required to be included in subaward to include the subaward budget period end date in addition to the budget period start date
- PTEs are responsible for addressing audit findings related to their subaward
- PTEs are to use the subrecipients NICRA.
  - If NICRA doesn't exist, the PTE must determine an appropriate rate through either negotiation of a rate or use of the de minimis rate

# Changes in Subpart D, Post Federal Award Requirements

Tweaks, additions and deletions to sections on Termination (§200.340), Closeouts (§200.344) and Post-Closeout Adjustments and Continuing Responsibilities ((§200.345)

Changes impact federal agencies for the most part

Guidance added for situations where the recipient or subrecipient do not follow all closeout requirements

## Changes in Subpart E, Cost Principles

§200.403 Factors affecting allowability of costs – added:

h) Cost must be incurred during the approved budget period. The federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to §200.308(e)(3).

## Changes in Subpart E, Cost Principles

§200.413 Direct costs – application of federal awards revised to indicate that certain costs that otherwise would be treated as indirect costs may also be considered direct costs. Also added program evaluation costs as an example

§200.414 Indirect (F&A) costs – expanded use of the de minimis method for the recovery of indirect costs; no documentation is required to justify the 10% de minimis rate of 10% of MTDC; the adjusted role of PTEs and public posting of portions of federal NICRAs

# Changes in Subpart E, Cost Principles

Special considerations for institutions of higher education

§200.419 Cost accounting standards and disclosure statement

- Includes subcontracts awarded to IHEs as subject to the broader range of CAS requirements at 48 CFR 9900 through 9999 and 48 CFR Part 30 (FAR Part 30)
- Clarifies the disclosure statement applies to federal awards and instruments totaling an aggregate of \$50 million
- Adds - The initial DS-2 and revisions to the DS-2 must be submitted in coordination with the IHE's indirect (F&A) rate proposal, unless an earlier submission is requested by the cognizant agency for indirect costs. IHEs with CAS-covered contracts or subcontracts meeting the dollar threshold in 48 CFR 9903.202-1(f) must submit their initial DS-2 or revisions no later than prior to the award of a CAS-covered contract or subcontract.

# Changes in Subpart E, Cost Principles

§200.431 Compensation – fringe benefits – for pension plan costs – revised allowable costs to provide an exception for state and local governments that the cost be determined in accordance with GAAP

§200.449 Interest – replaced capital lease with “a lease contract that transfers ownership by the end of the contract”

§200.458 Pre-award costs – added “If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by the federal awarding agency.”

§200.461 Publication and printing costs – revised to indicated a non-federal entity may charge the federal award during closeout (previously indicated before closeout) for costs of publication. Added – “If charged to the award, these costs must be charged to the final budget period of the award, unless otherwise specified by the federal awarding agency.”

## Changes in Subpart E, Cost Principles

§200.464 Relocations costs of employees – revised (5)(c) –to clarify when costs of travel to an overseas location are considered travel costs when dependents are not permitted at the location and costs do not include costs of transporting household goods

§200.465 Rental costs of real property and equipment – revised capital leases to “leases accounted for as a financed purchase under GASB or a finance lease under FASB”

Added (4)(e) – “Rental or lease payments are allowable under lease contracts where the non-federal entity is required to recognize an intangible right-to-use lease asset (per GASB) or right of use operating lease asset (per FASB) for purposes of financial reporting in accordance with GAAP.

§200.471 Telecommunication costs and video surveillance costs – new section added to discuss this area (previously discussed)

# Changes in Subpart F, Audit Requirements

§200.507 Program specific audits – revised to refer to the OMB *Compliance Supplement*, Part 8, Appendix VI, Program Specific Audit Guides, to find a list of program-specific guides available

## §200.513 Federal agencies responsibilities

- Revises assignment of cognizant agency when direct funding is less than 25% - “When the direct funding represents less than 25 percent of the total expenditures (as direct and subawards) by the non-federal entity, then the federal agency with the predominant amount of total funding is the designated cognizant agency for audit.”
- Revises requirement for governmentwide study to indicate that the project can rely on current and ongoing QCR work performed by agencies, State auditors, and professional audit associations
- Removes starting date “beginning in 2018” from the governmentwide study

## Changes in Subpart F, Audit Requirements

§200.515 Audit reporting – revised the financial statement reporting section to clarify that the auditor may be providing an opinion on a special purpose framework such as cash, modified cash or regulatory as required by state law (previously it only referred to opining on GAAP-basis financial statements)

- Not really a change, just clarifying what was already allowed

# Changes in Appendices

Appendix I – Full text of funding opportunity – revised based on UG revisions

Appendix II – Contract provisions of non-federal entity contracts under federal awards – removed dollar amount of SAT

Appendix IV – indirect (F&A) costs identification and assignment, and rate determination for nonprofit organizations -revised to indicate that “If the nonprofit does not receive any funding from any federal agency, the PTE is responsible for the negotiation of the indirect cost rates in accordance with **§200.332(a)(4)**.”

# Single audit implications and other related guidance expected

Panel discussion – How do you think the changes in the Uniform Guidance procurement rules will impact single audits?



## FFATA changes already affecting single audits

Per the 2020 OMB *Compliance Supplement* addendum, the auditor must test FFATA reporting for all the COVID-19 programs included in the Addendum (except for the Coronavirus Relief Fund) where:

- The reporting type of compliance requirement is marked as a “Y” in the Part 2 Matrix and the auditor determines Reporting to be direct and material; AND
- The recipient makes first-tier subawards/subcontracts of \$25,000 or more to report subaward data through the FFATA Subaward Reporting System

Above requirement extended to all major programs, regardless of whether COVID-19 funding is involved, for single audits of fiscal year ends after 9/30/20

## FFATA applicability

FFATA would apply in the following circumstances:

- Client is a direct recipient and makes subawards/subcontracts over \$25K (per new UG – moving to \$30K)
- Part 2 matrix for a major program indicates “Reporting” is a “Y”
- There has been no exception to FFATA reporting for the program provided by the federal agency

# What will auditor do?

In addition to normal internal control procedures, suggested audit procedures for recipients include:

- Select a sample of first-tier subawards and determine if subject to FFATA reporting
- Find the awards in FSRS
  - Note that FSRS is only accessible by the recipient. Therefore, auditors will have to coordinate with clients to review the information in FSRS. Can be done physically (in person) or remotely using technology such as screensharing, screenshot evidence, etc.)
- Compare the award information accessed in FSRS to the subaward documents maintained by the recipient to determine appropriate reporting
- Report noncompliance if encountered (e.g., reporting was not made, incorrect amounts, lack of timeliness, etc.)
- A prescribed table format is recommended for noncompliance findings (see next slide)

# OMB recommended table for reporting FFATA noncompliance findings

<b>Transactions Tested</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
25	2	10	13	0
<b>Dollar Amount of Tested Transactions</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
\$5,000,000	\$200,000	\$4,000,000	\$800,000	\$0

Panel discussion – What other significant changes do you think the Uniform Guidance changes will have on 2021 single audits?



## What do we expect from OMB going forward?

OMB is working to update the FAQs it previously issued upon the original issuance of the Uniform Guidance

Part 3 of the 2021 *Compliance Supplement* will likely address most of the UG revisions and any impact on the auditor

- Timing of the 2021 Compliance Supplement and exactly what it will cover still unknown

Watch future GAQC communications for updates on issuance of OMB FAQs, clarity on effective date, and agency adoption

# Resources

## Reminder - Implementation resources

[2 CFR Revisions \(Redlined\)](#) - Nonauthoritative OMB reference document providing a markup identifying changes

[2 CFR Revisions \(85 FR 49506\) Crosswalk](#) - Document posted on [www.cfo.gov](http://www.cfo.gov) that compares the revisions to 2 CFR made in August 2020 with previous CFR guidance

<https://ecfr.federalregister.gov/current/title-2/subtitle-A/chapter-II> - beta site - Allows user to access current version of 2 CFR and also refer to historical versions

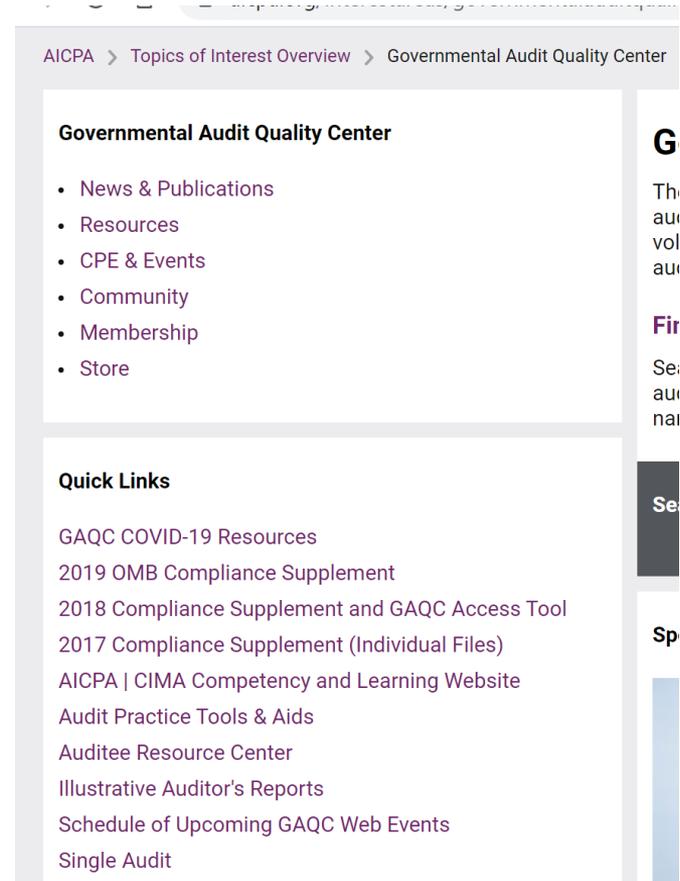
FAQs, [Prohibition on Covered Telecommunications and Video Surveillance Services or Equipment](#) - addresses questions surrounding updates to section 200.216 of 2 CFR

# GAQC resources – [www.aicpa.org/GAQC](http://www.aicpa.org/GAQC)

Provides resources (e.g., alerts, web events, tools, etc.)

Current areas of emphasis

- [GAQC COVID-19 Resources](#)
- [2020 OMB Compliance Supplement](#)
- [Illustrative Auditor's Reports](#)
- [Schedule of Upcoming GAQC Web Events](#)
- [Single Audit](#)



AICPA > Topics of Interest Overview > Governmental Audit Quality Center

**Governmental Audit Quality Center**

- News & Publications
- Resources
- CPE & Events
- Community
- Membership
- Store

**Quick Links**

- GAQC COVID-19 Resources
- 2019 OMB Compliance Supplement
- 2018 Compliance Supplement and GAQC Access Tool
- 2017 Compliance Supplement (Individual Files)
- AICPA | CIMA Competency and Learning Website
- Audit Practice Tools & Aids
- Auditee Resource Center
- Illustrative Auditor's Reports
- Schedule of Upcoming GAQC Web Events
- Single Audit

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# GAQC Single Audit Fundamentals

If you have staff that need the basics, GAQC will be rebroadcasting this 4-part session on April 22-23

***Single Audit Fundamental Series.*** See specific dates and times below for rebroadcasts.

***Part 1: What is a Single Audit? A Basic Background and Overview.***

***Part 2: Major Program Determination.***

***Part 3: Understanding and Testing Compliance Requirements and Internal Control over Compliance.***

***Part 4: Overview of Sampling and Single Audit Reporting Requirements***

[Access registration information](#) (for all parts or individual parts)

# Client resources for first time single audits

Certain entities may have never received enough federal funding to be required to have single audit

- Those entities may be small enough that they also have not had a financial statement audit

GAQC resources for auditees

- **Preparing for your First Single Audit: An Auditee Perspective** ([Audio Playback](#)) ([Access Slides](#))  
*Originally presented on September 14, 2020.*
- [Single Audit Tools, Practice Aids, and Other Resources for Auditees](#)

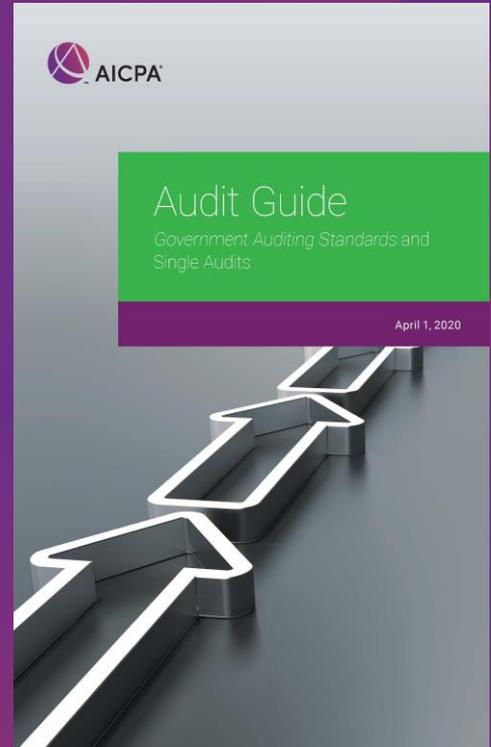
# AICPA Audit Guide, *Government Auditing Standards and Single Audits*

Key resource for auditors; you should be using this Guide!

Available in eBook and paperback

Key changes in 2020 edition:

- *Government Auditing Standards*, 2018 Revision
- Addition of concepts introduced in 2019 *Compliance Supplement*: 6-requirement mandate, internal controls
- New SASs on reporting discussed in a new appendix
- Slight changes to Yellow Book reports



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# Thank you