

# New Uniform Consolidated Grants Guidance

From Accountability for Compliance to Accountability for Results

The Honorable Jim Taylor  
and Robert Shea

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## Agenda

- Background
- Former circulars
- Consolidated Resources
- New Guidance
- Effective Dates
- Measuring Success
- Major Changes
  - ✓ Definitions
  - ✓ Change in the audit threshold
  - ✓ Single Audit Act changes
  - ✓ Adoption of Risk Compliance

Slide 2



## Background

- Multiple sources of guidance, some conflicting, put grantees at risk of non-compliance, audit findings, or worse
- Compliance activities often divert resources from a focus on results
- The new guidance streamlines 8 federal regulations into a single comprehensive policy guide

**The goal:** better administration of \$600 b in grants and other financial assistance; greater focus on results

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## Background

- **Executive Order 13520** – Reducing Improper Payments and Eliminating Waste in Federal Programs

When the Federal Government makes payments to individuals and businesses as program beneficiaries, grantees, or contractors, or on behalf of program beneficiaries, it must make every effort to confirm that the right recipient is receiving the right payment for the right reason at the right time.

<http://www.whitehouse.gov/the-press-office/executive-order-reducing-improper-payments>



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## Background


**Presidential Memorandum:** Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments

"I am instructing agencies to work closely with State, local, and tribal governments to identify administrative, regulatory, and legislative barriers in Federally funded programs that currently prevent States, localities, and tribes, from efficiently using tax dollars to achieve the best results for their constituents."

[www.whitehouse.gov/the-press-office/2011/02/28/presidential-memorandum-administrative-flexibility](http://www.whitehouse.gov/the-press-office/2011/02/28/presidential-memorandum-administrative-flexibility)



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## Background

- **M-13-17 Office of Management and Budget Memorandum: Next Steps in the Evidence and Innovation Agenda**

Because many Federal dollars flow to States, localities, and other entities through competitive and formula grants, grant reforms are an important component of strengthening the use of evidence in government. The goals include encouraging a greater share of grant funding to be spent on approaches with strong evidence of effectiveness and building more evaluation into grant-making so we keep learning more about what works. "

[www.whitehouse.gov/sites/default/files/omb/memorandum/2013/m-13-17.pdf](http://www.whitehouse.gov/sites/default/files/omb/memorandum/2013/m-13-17.pdf)

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## Consolidated Circulars

The new guidance supersedes 8 OMB circulars that previously governed administrators and recipients of federal awards. They include:

A-21, A-87, A-89, A-102, A-110, A-122, A-133, parts of A-50.

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## The New Guidance

- Title 2, Code of Federal Regulations: Grants and Agreements  
Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
  - Establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities. No additional requirements (with exceptions)!
  - Systematic collection and uniform submission of information on Federal financial assistance programs to OMB.
  - Uniform administrative requirements agencies can impose
  - Principles for determining what are allowable costs
  - Standards for consistent / uniform audit of non-Federal entities

<http://www.ecfr.gov/cgi-bin/text-idx?SID=d690a3df30d95fe46b5270a50fdf847c&node=pt2.1.200&rgn=div5>

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## Performance Management

Agencies must require recipients to relate financial data to **performance accomplishments and cost effectiveness**. The recipient's performance should be measured in a way that will help the Federal awarding agency and other non-Federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices. (§200.301)

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## Performance Management

### Metrics for Measuring Impact of Guidance

#### Administrative

Number of OMB-approved Exceptions Focused on Program Performance Over Compliance

#### Single Audit Metrics

- Number of Repeat Findings for Higher Risk Major Programs

#### Overall Impact on Burden and Waste, Fraud, and Abuse

- Policy change that most reduced risk of waste, fraud, and abuse, and dollar value of impact

[www.whitehouse.gov/sites/default/files/omb/memoranda/2014/m-14-17.pdf](http://www.whitehouse.gov/sites/default/files/omb/memoranda/2014/m-14-17.pdf)

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## Internal Controls

Awardees must "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is **managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award**. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)." (§200.303)

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## Treatment of Costs

- **The goal:** reduce burden
- Total cost direct + allocable indirect - applicable credits.
- Direct costs: identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily.
- Indirect costs: incurred for a common purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.
- A cost is allocable to an award if goods or services are chargeable to that award or cost objective in accordance with benefits received.

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## Treatment of Costs

- Because time and effort reporting was deemed to be unreasonably burdensome, the new guidance relaxes the requirement for time and effort reporting.
- The new guidance:  
*"Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*
  - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated."*
- Theoretically, **a sound system of internal controls should satisfy audit scrutiny.**

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## Oversight

- Unless approved by OMB, **agencies may not solicit data elements other than those in the standard, OMB-approved governmentwide data elements for collection of financial information.**
- The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved.
- The Data Collection Form can be found here:  
<https://harvester.census.gov/facweb/files/2013%20Form%20SF-SAC.pdf>

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## Audit

- **Single Audit Threshold:** \$750,000
- Audit is to be in lieu of any financial audit of Federal awards required to undergo under any other Federal statute or regulation. Federal agencies must generally rely on and use that information.
- State, local government, or Indian tribe required to undergo audits less frequently than annually permitted to undergo its audits biennially.

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## Effective Dates

- Federal agencies must issue regulations implementing this guidance by **December 26, 2014**.
- Requirements will apply to audits of fiscal years beginning on or after **December 26, 2014**.

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## Next Steps

- Release of the Single Audit Act Compliance Supplement
- OMB to review agency implementing regulations
- Agency implementing regulations effective December 26, 2014

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## Where to go for more information

- The **Council on Financial Assistance Reform** (COFAR) (<https://cfo.gov/cofar>)
- PART 200 (Code of Federal Regulations—Uniform Administrative Requirements, Cos Principles, and Audit Requirements for Federal Awards) (<http://bit.ly/1neUNOR>)
- **Crosswalks** showing changes from existing guidance to new guidance ([www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs))
- Training **videos** explaining the new guidance (<https://cfo.gov/cofar> )

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