

Major Changes to EDGAR Under OMB's Uniform Guidance

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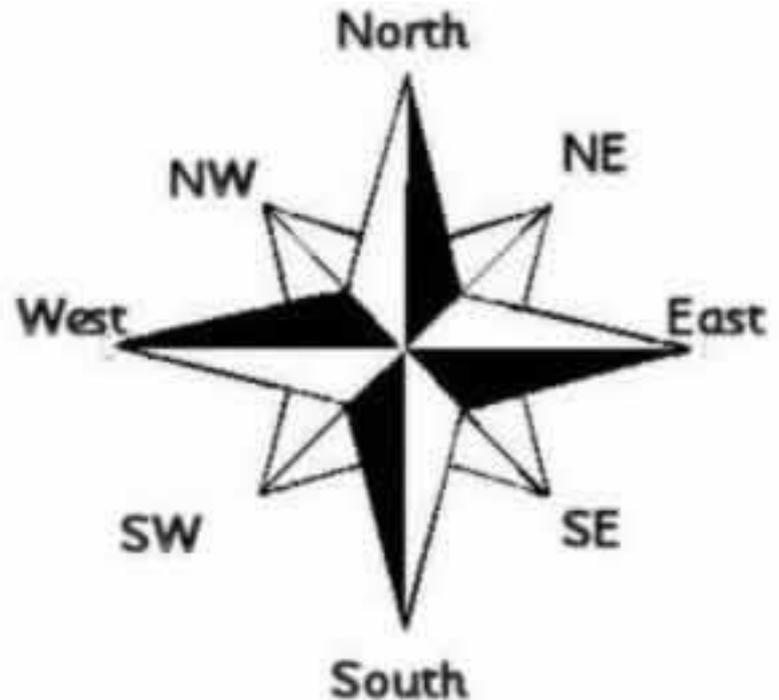
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Agenda

- Major Changes:
 - Policies and Procedures
 - Allowability
 - Time & Effort
 - Travel
 - Procurement
 - Inventory



Policies and Procedures

2 CFR Part 200

- Written policies and procedures for:
 - Procurement
 - Conflicts of Interest
 - Gratuities
 - Cash Management
 - Allowability
 - Travel

General Procurement Standards 200.318(a)

- All nonfederal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.

Conflict of Interest

200.318(c)(1)

- Must maintain written standard of conduct, including conflict of interest policy.
- A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
 - Employee, officer or agent
 - Any member of that person's immediate family
 - That person's partner
 - An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award

Conflict of Interest (cont.)

200.318(c)(2)

- **NEW:** If the non-federal entity has a parent, affiliate, or subsidiary organization that is not a state or local government the entity must also maintain written standards of conduct covering organization conflicts of interest

Conflict of Interest (cont.)

200.112

- The Federal awarding agency must establish conflict of interest policies for Federal awards.
- **NEW:** All non federal entities must establish conflict of interest policies, and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy.

Written Cash Management Procedures 200.302(6)

- **NEW:** Written Procedures to implement the requirements of 200.305

Payment

200.305 (a) and (b)

- For states, payments are governed by Treasury – State CMIA agreements 31 CFR Part 205
 - No Change
- For all other non federal entities, payments must minimize time elapsing between draw from G-5 and disbursement (not obligation)



Allowability



Written Allowability Procedures 200.302(b)(7)

- **NEW:** Written procedures for determining allowability of costs in accordance with Subpart E – Cost Principles
 - Procedures can not simply restate the Uniform Guidance Subpart E
 - Should explain the process used throughout the grant development and budget process
 - Training tool and guide for employees

Factors Affecting Allowability of Costs

200.403

All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law & grant terms
3. Consistent with state and local policies
4. Consistently treated
5. In accordance with GAAP
6. Not included as match
7. *Net of applicable credits (moved to 200.406)*
8. Adequately documented



Prior Written Approval

200.407

- **NEW:** In order to avoid subsequent disallowance:
 - Non-Federal entity may seek prior written approval of cognizant agency (for indirect cost rate) or Federal awarding agency in advance of the incurrence of special or unusual costs



Documentation for Personnel Expenses

200.430(i)

- **NEW:** Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.
- How staff demonstrate allocability
 - If employee paid with federal funds, then must show that the employee worked on that specific federal program cost objective

Who must participate? 200.430(i)(1) and (i)(4)

- Must be maintained for all employees whose salaries are:
 - Paid in whole or in part with federal funds
 - Used to meet a match/cost share requirement
 - NOT contractors



Documentation for Personnel Expenses (cont.)

200.430(i)(1)

NEW: These records MUST:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
 - Not to exceed 100%

Documentation for Personnel Expenses (cont.)

200.430(i)(1)

4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.

Use of Budget Estimates

200.430(i)(1)(viii)

- Budget estimates alone do not qualify as support for charges to Federal awards May be used for interim accounting purposes if:
 - Produces reasonable approximations
 - Significant changes to the corresponding work activity are identified in a timely manner
 - Internal controls in place to review after-the-fact interim charges based on budget estimates

Percentages

200.430(i)(1)(ix)

- **NEW:** Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities.

Compliance

200.430(i)(2)

- **NEW:** For records which meet the standards, the non-federal entity will not be required to provide additional support or documentation for the work performed.
- DOL regulations for Fair Labor Standards Act must still be met (i.e. charges must be supported by records indicating the total number of hours worked each day).

Noncompliance

200.430(i)(8)

- For a non-Federal entity where the records do not meet these standards:
 - USDE may require personnel activity reports (PARs), including prescribed certifications or equivalent documentation that support the records as required in this section.
 - PARs are not defined!!

Travel

■ **Travel Costs 200.474 (Changed)**

- Travel costs may be charged on actual, per diem, or mileage basis
- **NEW:** Travel charges must be consistent with entity's written travel reimbursement policies
- **NEW:** Allows costs for “above and beyond regular dependent care”
- Grantee must retain documentation that participation of individual in conference is necessary for the project
- **NEW:** Travel costs must be reasonable and consistent with written travel policy / or follow GSA 48 CFR 31.205-46(a)

Procurement

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General Procurement Standards 200.318(a)

- All nonfederal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.

- 2 year grace period (July 1, 2017)

Contract vs. Grant

200.330

- No change from the current requirement.
- Entities must clearly determine what is a subgrant and what is a contract.



Procurement by States

200.317

- Still provides flexibility for States
- All other nonfederal entities follow policies and procedures under Section 200.318-200.326.

Contract Administration

200.318(b)

- Nonfederal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract

Conflict of Interest

200.318(c)(1)

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- A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
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Conflict of Interest (cont.)

200.318(c)(1)

- Must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors/ subcontractors.
- However, may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
- Standards of conduct must include disciplinary actions applies for violations.



Conflict of Interest (cont.)

200.318(c)(2)

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Methods of Procurement

200.320

- Method of procurement:
 - **NEW:** Micro-purchase
 - Small purchase procedures
 - Competitive sealed bids
 - Competitive proposals
 - Noncompetitive proposals

Micro-Purchase 300.320(a)

- **NEW:** Acquisition of supplies and services under \$3,500 or less.
 - Was \$3,000, but changed to \$3,500 as of October 1.
- May be awarded without soliciting competitive quotations if nonfederal entity considers the cost reasonable.
- To the extent practicable must distribute micro-purchases equitably among qualified suppliers.

Small Purchase Procedures

300.320(b)

- Good or service that costs \$150,000 or less
 - (NEW: Simplified Acquisition Threshold was raised under 200.88)
 - Organization may set lower threshold
- Must obtain price or rate quotes from an adequate number of qualified sources
- “Relatively simply and informal”

Sealed Bids 300.320(c)

- Over \$150,000
 - Organization may set lower threshold
- Bids are publically solicited.
- Appropriate when:
 - A complete, adequate and realistic specification or description of good or service is available;
 - Two or more responsible bidders are willing and able to compete effectively for the business
 - Selection of vendor can be made principally based on price and it's a firm fixed price contract.



Competitive Proposals

300.320(d)

- Over \$150,000
 - Organization may set lower threshold
- Award contract to responsible vendor whose proposal is most advantageous to the program, considering price and other factors.
- Generally used when sealed bid is not appropriate.



Noncompetitive Proposals 200.320(f)



- Appropriate only when:
 - The item is only available from a single source;
 - There is a public emergency that will not permit delay;
 - **NEW:** The Federal awarding agency or pass-through expressly authorizes noncompetitive proposals in response to a written request from non-Federal entity; or
 - After soliciting a number of sources, competition is determined inadequate.

Contract Cost and Price 200.323

- **NEW:** Must perform a cost or price analysis in connection with every procurement action over \$150,000, including contract modifications
- Independent estimate before receiving bids or proposals.
 - Cost analysis generally means evaluating the separate cost elements that make up the total price (including profit)
 - Price analysis generally means evaluating the total price



Suspension and Debarment Appendix II(H)

- Cannot contract with vendor who has been suspended or debarred
 - Excluded Parties List System in the System for Award Management (SAM)
 - 2 CFR Part 180 (OMB Debarment Suspension Rules) and 2 CFR 3485 (USDE Rules)

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Property Management



Equipment

200.33

- Equipment: tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- Grantee may also use its own definition of equipment as long as the definition would at least include all equipment defined above.

Supplies

200.94

- All tangible personal property other than equipment
 - **NEW:** Computing devices are supplies is less than \$5,000
- **NEW:** Computing devices 200.20 (pg 97)
 - Machines used to acquire, store, analyze, process, public data and other information electronically
 - Includes accessories for printing, transmitting and receiving or storing electronic information

Internal Controls

200.302(b)(4)

- Regardless of cost, grantee must maintain effective control and “**safeguard all assets** and assure that they are used solely for authorized purposes.”

Equipment

200.313(a) and (c)(4)

- **NEW:** Conditional Title vests with the non-Federal entity.
- **NEW:** Cannot encumber the property without approval of Federal agency or Pass-through agency

But

- **NEW:** When acquiring replacement equipment, may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Use of Equipment

200.313(c)(1) and (2)

- Equipment must be used by the Non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award.
- When no longer needed, may be used in other activities with the following priority:
 1. Projects supported by Federal awarding agency
 2. Project funded by other Federal agencies
- When used it may be shared (according to the above priorities) provided such use will not interfere with work on the original projects/programs.
- Exception – Private Schools 76.661

Disposition of Equipment

200.313(e)

- When property is no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
 - **NEW:** Nonfederal entity must request disposition instructions from the federal awarding agency if required by the terms of the grant.
 - Otherwise, may be retained, sold or otherwise disposed as follows:
 - Over \$5,000 – pay federal share
 - If equipment is sold: Federal awarding agency may permit non-Federal entity to deduct and retain \$500 or 10% of the proceeds for selling and handling instructions.
 - Under \$5,000 – no accountability (still must formally dispose)

Disposition of Supplies

200.314

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, must compensate the federal government for its share.

QUESTIONS?



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