

Unpacking the 2024 Revised Uniform Guidance

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CPAs & ADVISORS

Presenters

Meet the Instructors



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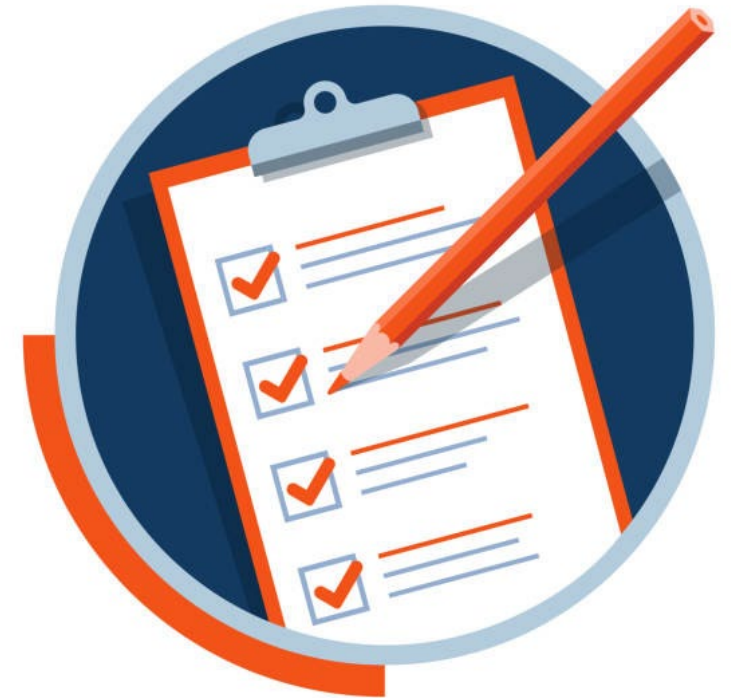


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OMB 2024 Topics for Today

1. Uniform Guidance and Single Audits
2. Revisions to the Uniform Guidance (UG)
3. Preparing for the Revised UG
4. Revised UG Case Studies



Uniform Guidance and Single Audits

Overview and Recap



What is the Uniform Guidance (2 CFR Part 200) ?

- Regulations that provide a government-wide framework for grants management (2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- Issued by the Office of Management and Budget (OMB) in December 2013
- Applies to federal awards provided to non-federal entities
- To standardize how non-federal entities manage federal awards
- ecfr.gov



Components of the Guidance

- Subpart A Acronyms and Definitions
- Subpart B General Provisions
- Subpart C Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D Post Federal Award Requirements
- Subpart E Cost Principles
- Subpart F Audit Requirements



Polling Question #1

Is your organization already required to comply with the Uniform Guidance?

- A. *Yes*
- B. *No*
- C. *Unsure*
- D. *N/A - I am an auditor*

Revisions to the Uniform Guidance



What is changing?

- On April 4, 2024, the OMB issued the revised OMB Guidance for Grants and Agreements
 - OMB Guidance for Federal Financial Assistance.
- Pre-publication version of final revisions can be found a CFO.gov
 - (google cfr200 2024 revisions)
- Key goals of the 2024 revision:
 - Increase Access to Funding
 - Improve Oversight and Accountability
 - Align with National Priorities

REVISION

Effective Date of Revisions

- **October 1, 2024**
 - Specifically for awards issued on or after that date
 - Existing awards would require a modification from the donor to qualify for the revisions.
 - Indicate applicability by award on your SEFA!
- Subpart F revisions related to audits are applicable to fiscal years beginning on or after October 1, 2024 (i.e., the first fiscal year would be September 30, 2025, but only for the audit requirements)



Key Changes in Terminology

- “Non-federal entity” → “Recipient”
- “Grants and agreements” → “Federal financial assistance”



Subpart A Acronyms and Definitions § 200.1

- Equipment
 - Generally defined as tangible personal property with a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more – now increased to \$10,000
 - Provides a distinction between equipment and supplies
 - Equipment, being durable (long lasting) and above the capitalization threshold, is distinct from supplies, which are typically consumed within a short period.
 - Disposition of equipment increased from \$5,000 to \$10,000
 - Current fair market value
 - Same \$10,000 threshold applies to supplies, but its total value instead of per unit value
 - Avoids risk of recipient “Stockpiling”

Subpart A Acronyms and Definitions § 200.1 (Cont.)

- Modified Total Direct Costs
 - Subaward Exclusions - increased definitional threshold for up to \$50,000 (previously \$25,000) of each subaward
 - “Programmatic Decision Making”
- Questioned Costs - clarify the definition of questioned costs (costs disallowed by audit)
 - Currently defined as costs charged to a federal award that:
 - Not allowable under the relevant cost principles
 - Lack adequate supporting documentation
 - Appear unreasonable or unnecessary

Subpart B General Provisions

- § 200.113 Mandatory disclosures
 - Report violations of Federal criminal law involving fraud, bribery or significant violations of the law when there is “Credible evidence”
- Conflicts of interest – expanded to include “Organizational conflicts”
 - Include Board Members in COI policy
- Provided additional flexibilities with regard to using a language other than English



Subpart C Pre-Federal Award Requirements and Contents of Federal Awards

- Revisions aim to clarify and streamline the use of fixed-cost (or fixed-amount) awards
 - Clarifies that unexpended funds may be retained if the program objectives and milestones have been achieved
 - Clarifies that fixed awards are not subject to audit (Not included on SEFA)
 - Increased fixed amount award subaward threshold from \$250k to \$500k
- Notice of Funding Opportunity (NOFO)
 - Emphasized plain language and clearly communicating requirements
 - Must include an executive summary and a limit on the length

Subpart D Post Federal Award Requirements

- § 200.318 General procurement standards -Modified procurement standards to remove geographic preference
- § 200.320 Methods of procurement to be followed - Change in terminology to be consistent with standard terminology to change “small purchases” to “simplified acquisitions”
- § 200.328 Financial reporting - The Federal awarding agency must require only OMB-approved “government-wide” data elements “on recipient” financial “reports.” Financial reports may not be collected more frequently than quarterly

Subpart D Post Federal Award Requirements (Cont.)

- § 200.331 Subrecipient and contractor determinations -
Emphasized that pass-through entities are responsible for subrecipient and contractor determinations
 - Emphasis was noted on the need for the pass-through entity to exercise judgment in classifying each agreement as a subaward or a procurement contract.
 - Subrecipient → Pre-award assessment/Monitoring
 - Subcontractor → Procurement



Polling Question #2

Which of the following would be considered an attribute of a Subrecipient?

- A. *Has programmatic decision making and acts as an extension of the program.*
- B. *Completes specific tasks/milestones as required by a contract*
- C. *Unsure*

Subpart E Cost Principles

- § 200.407 Prior written approval (prior approval) - Removal of nine categories
 - 1. Use of Grant Agreements
 - 2. Real Property
 - 3. Equipment
 - 4. Direct Costs
 - 5. Entertainment Costs
 - 6. Memberships
 - 7. Participant Support Costs
 - 8. Selling and Marketing
 - 9. Taxes (Including VAT)
- Prior approval for Foreign Currency Fluctuations was retained

Subpart E Cost Principles (Cont.)

- § 200.414 Indirect (F&A) costs
 - Increased De minimis indirect rate from 10% to 15%
 - **Cannot elect De minimis if a NICRA is in place!**
 - NICRAs must be accepted by all federal agencies
 - Pass-through entities must accept all federally negotiated indirect cost rates for subrecipients



Subpart F Audit Requirements

- Increased Single Audit and Major Program threshold from \$750,000 to \$1,000,000
- § 200.512 Report submission - Guidance added to allow cognizant agency to authorize an extension when the nine-month timeframe would place an undue burden on the auditee



Preparing for the Revised Guidance



Change is Already Here

- In many sections, Uniform Guidance states that a recipient must have “written” or “documented” policies and procedures that address a specific requirement. Start now by reviewing your internal controls and policies.
- Understand the effective dates and implementation of specific provisions to maintain compliance
- Enhance training and awareness for staff and relevant stakeholders to ensure they understand the implications of the revisions
- If considering a change from a NICRA to the de minimis rate, speak with your oversight agency program officer to determine the best plan of action for timing purposes
- Collaborate with your auditor on the impact of these changes to ensure a smooth transition and avoid potential findings during your next Single Audit.

Review Your Procurement Policy

- Include “veteran-owned businesses” in contract prisonizations (§ 200.321).
- Update “affirmative steps must be taken” to “when possible, the recipient or subrecipient should ensure” in relation to using small businesses, minority businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms (§ 200.321).
- Change “small purchases” terminology to “simplified acquisitions” (§ 200.320(2)).
- Remove restrictions related to geographic preference requirements and allow for scoring mechanisms to evaluate bidders committing to U.S. jobs and certain compensation and benefits (§ 200.319).
- Prioritize environmentally sustainable products and services (§ 200.323(b)). This includes consideration of reused, refurbished, and recycled products; biobased or energy and water efficient acquisitions; and purchasing compostable items.

Review Your Procurement Policy (Cont.)

- 1. A written, formalized procurement policy must, at a minimum, follow the guidelines of Uniform Guidance for federally sourced awards.
- 2. If the policy is more restrictive than the Uniform Guidance, then the non-federal entity must follow its own more restrictive guidelines.
- 3. The following procurement methods are included in the guidance:

Micro-purchases	Sealed bids
Simplified acquisition	Proposals
Noncompetitive	

Cybersecurity Risk Assessment and Controls



Code of Federal Regulations

A point in time eCFR system



Title 2

- [200.206\(b\)\(2\) Federal awarding agency review of risk posed by applicants](#): Pre-award requirements will include an agencies assessment of cyber security risks for recipients.
- [200.303\(e\) Internal Controls](#): Now includes internal controls over cybersecurity
- [200.413\(b\) Direct Costs](#): Cybersecurity, if specific to the award, may be a direct cost

Documentation of Internal Controls



Failure to adequately document that controls were implemented as intended and/or failure to update existing policies could result in potential findings.

“If I can’t **see** evidence that it happened, I have to assume that **it didn’t happen!**”

- Every Auditor

SEFA Implications

In this period of transition from the old UG to the revised UG, it will be critical for non-federal entities to identify which federal awards are subject to the revised UG on the SEFA.

New awards and/or modifications of old awards on or after October 1, 2024, are subject to the revised UG.

Auditees may find that they are still subject to a single audit under the old threshold of \$750,000 but, at the same time, they could have awards on the SEFA that are subject to the compliance requirements of the revised UG.

Polling Question #3

When is the revised Uniform Guidance applicable?

- A. *Immediately for all awards since we are beyond October 1, 2024*
- B. *Only for new federal financial assistance (and modifications) after October 1, 2024*
- C. *For fiscal years ended December 31, 2024*

Revised UG Case Studies



Case Study #1



Hunger Fight, a fictional nonprofit organization, expended \$800,000 of federal awards during the year ended December 31, 2024.

The federal award from USDA was modified after October 1, 2024. There are other awards on the SEFA that were not modified.

Hunger Fight uses the 10% de minimus indirect rate for its federal awards.

Hunger Fight also has awards from pass-through entities included on its SEFA.

Case Study #1 Questions

Q 1: Is Hunger Fight subject to a single audit for the year ended December 31, 2024?

Q2: Is Hunger Fight subject to the Revised Uniform Guidance for the year ended December 31, 2024?

Q3: Can Hunger Fight use the 15% de minimus indirect rate in 2024?

Q4: Does Hunger Fight need to certify costs to the pass-through entity in 2024?

Case Study #2



Education First, a fictional nonprofit organization, expended \$900,000 of federal awards during the year ended June 30, 2025.

All of its federal awards were provided before October 1, 2024, and none of its federal awards were modified after October 1, 2024.

Education First uses the 10% de minimus indirect rate for its federal awards.

Education First is considering an update to its Procurement Policy to align with the Revised Uniform Guidance.

Case Study #2 Questions

Q 1: Is Hunger Fight subject to a single audit for the year ended June 30, 2025?

Q2: Does Education First need to change any internal controls or policies due to the Revised Uniform Guidance for the year ended June 30, 2025?

Q3: Can Education First use the 15% de minimus indirect rate in FY2025?

Q4: Can Education First go ahead and implement a new Procurement Policy that aligns with the Revised UG?

Polling Question #4

What is the first fiscal year end that the new \$1,000,000 threshold for single audits is applicable?

- A. *December 31, 2024*
- B. *June 30, 2025*
- C. *September 30, 2025*

Questions?

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A person wearing a white short-sleeved shirt and a long necklace is looking at a laptop screen. The laptop is on a wooden table outdoors. Another person's hand is visible in the upper right corner, gesturing. The background is a blurred outdoor setting with a wooden railing.

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