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Overview of Uniform Guidance

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- Teaches for AICPA and others on Single Audit
- Prior Member of Steering Committee of AICPA NPO Conference
- Prior member of the Executive Committee of the AICPA GAQC

What Will We Cover?

- History – how did we get here and who follows Uniform Guidance
- Overview of the Sections of Uniform Guidance

History and Who Follows Uniform Guidance

Little History – *Eliminating Duplicative and Conflicting Guidance*

- A-110 – Non-profit and Education Admin Requirements
- A-21 - Education Cost Principles
- A-87 - Government Cost Principles
- A-122 – Non-profit Cost Principles
- A-133 – Single Audit Requirements
- A-89 – Catalog of Federal Domestic Assistance
- A-102 – Government Admin Requirements
- A-50 – Audit follow-up by Federal Agencies

Little History – *Auditors*

- Single Audit Act of 1984
- A-128 (1984)
- A-133 (1990)
- Single Audit Act Amendments of 1996
- A-133 (2007 revision)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (UG or Uniform Guidance) – December 26, 2013
- Updated Uniform Guidance – effective November 2020

Little History – *Nonfederal Entities*

- Follow the corresponding cost circular and administrative requirements circular
 - Non-profits
 - Governments
 - Hospitals
 - Higher Education

Uniform Guidance - UG

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Federal Register



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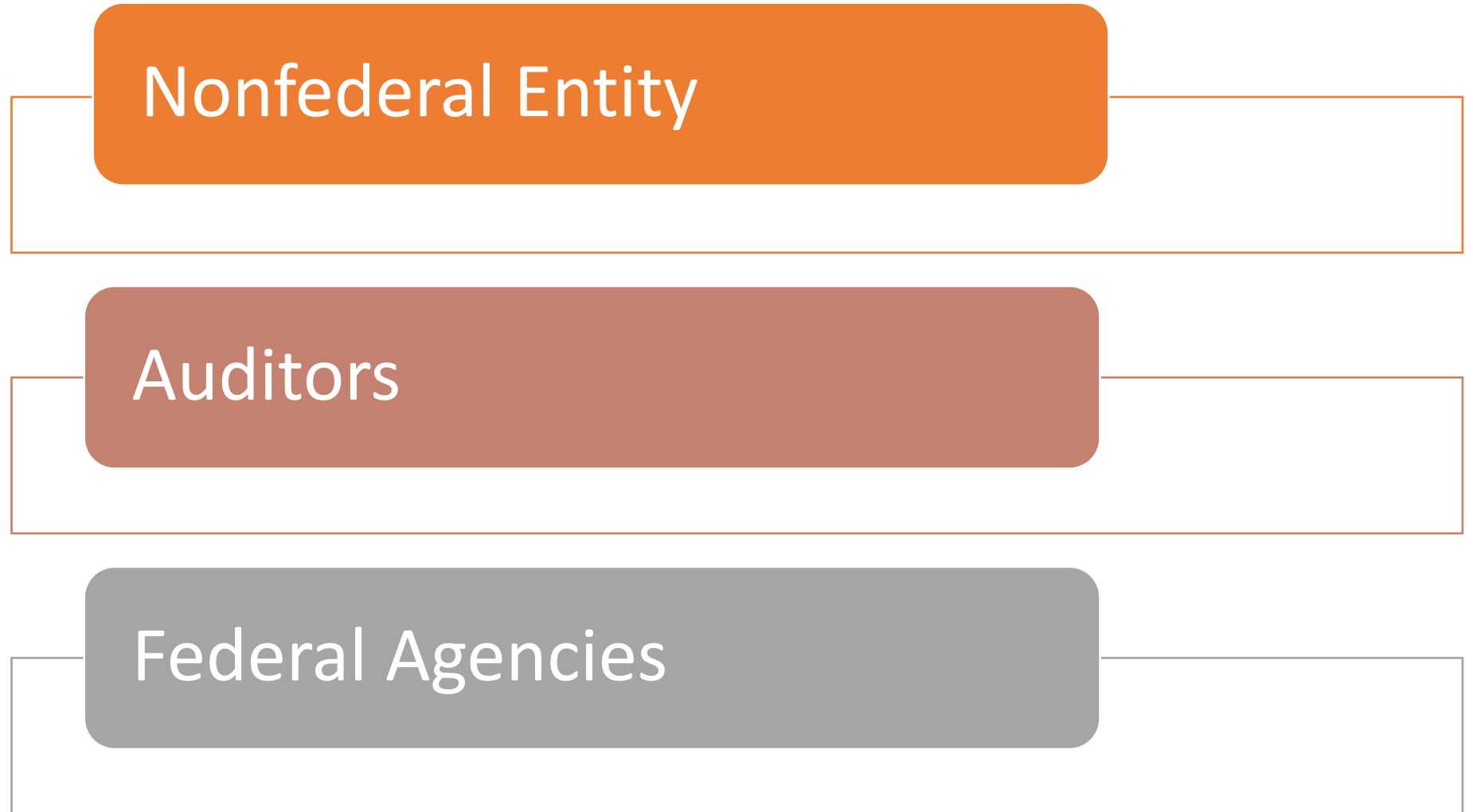
Part III

Office of Management and Budget

2 CFR Chapter I, Chapter II, Part 200, et al.

Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards; Final Rule

Who Uses Uniform Guidance



Uniform Guidance Contents

- Subpart A - Acronyms and Definitions 200.xx
- Subpart B - General Provisions 200.1xx
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Award 200.2xx
- Subpart D – Post-Federal Award Requirements 200.3xx
- Subpart E - Cost Principles 200.4xx
- Subpart F - Audit Requirements 200.5xx
- Appendix I – XII Various Appendix

Uniform Guidance Contents

- Appendix I - Notice of Funding Opportunity
- Appendix II - Contract provisions for non-Federal entity contracts under Federal awards
- Appendix III - Indirect (F&A) costs identification and assignment, and rate determination for Institutions of Higher Education (IHEs)
- Appendix IV - Indirect (F&A) costs identification and assignment, and rate determination for nonprofit organizations
- Appendix V - State/local government and Indian tribe-wide central service cost allocation plans
- Appendix VI - Public assistance cost allocation plans

Uniform Guidance Contents

- Appendix VII - State and local government and Indian tribe indirect cost proposals
- Appendix VIII - Nonprofit organizations exempt from Cost Principles
- Appendix IX - Hospital Cost Principles
- Appendix X - Data Collection Form
- Appendix XI - Compliance Supplement

What Rules Do I Follow as a Non-federal Entity?



- Part D - Post Federal Award Requirements 200.3xx
- Part E – Cost Principles 200.4xx
- Appendix for cost allocation





- Part D - Post Federal Award Requirements 200.3xx
- Part E – Cost Principles 200.4xx
- Part F – Audit Requirements 200.5xx
- Appendix for cost allocation and Data Collection Form

Also follow award requirements

- The Single Audit Act Amendments of 1996 (The Single Audit Act)
 - Requires a single audit for nonfederal entities that expend \$750,000 or more of federal awards in a fiscal year
 - A single audit consists of an audit of the nonfederal entity's financial statements and a compliance audit of its major federal programs
 - Uniform Guidance provides requirements and guidance regarding the compliance audit of federal awards portion of a single audit

What Rules Do I Follow as an Auditor?

- Subpart A - Acronyms and Definitions 200.xx
- Subpart B - General Provisions 200.1xx
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Award 200.2xx
- Subpart D – Post-Federal Award Requirements 200.3xx 
- Subpart E - Cost Principles 200.4xx 
- **Subpart F - Audit Requirements 200.5xx**
- Appendix I – IX Various Appendix
- **Appendix X - Data Collection Form**
- **Appendix XI - Compliance Supplement**

Steps in a Single Audit

- The SEFA
- Major Program Determination
- Test Major Program
 - Direct and Material Compliance
 - Internal Control over Compliance
 - Testing auditee following of Admin Requirements and Cost Principles
- Reporting
 - ▶ Subpart F - Audit Requirements 200.5xx
 - ▶ Compliance Supplement Appendix XI
 - ▶ Data Collection Form Appendix X



Overview of the Sections of Uniform Guidance

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- Updated August of 2020 – effective for awards November 12, 2020 and later
- How to Access the UG
 - [Electronic Code of Federal Regulations \(e-CFR\)](#) version

Electronic CFR- Title 2/Subtitle A/Chapter 200/ Part 200



Displaying title 2, up to date as of 4/07/2022. Title 2 was last amended 3/18/2022.

[view historical versions](#)

Go to CFR Reference

ex: 1 CFR 1.1

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ENHANCED CONTENT



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PART 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

Authority: 31 U.S.C. 503

Source: 78 FR 78608, Dec. 26, 2013, unless otherwise noted.

Subpart A - Acronyms and Definitions

ACRONYMS

§ 200.0 Acronyms.

2CFR Frequently Asked Questions

- Published May 3, 2021
- 146 Questions and Answers

https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.pdf

Implementation Resources

- [2 CFR Revisions \(Redlined\)](#) - Nonauthoritative OMB reference document providing a markup identifying changes for 2CFR Parts 25, 170, 183, and 200
- [2 CFR Revisions \(85 FR 49506\) Crosswalk](#) - Document that compares the revisions to 2 CFR made in August 2020 with previous CFR guidance

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Acronyms & Definitions - *Subpart A*

- 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 (Cross-Agency Priority) 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

- 200.1 Contractor - This term is defined here and will be used instead of "vendor"

- 200.1, Personally Identifiable Information (PII) and, Protected Personally Identifiable Information (PPII).
- These definitions will be important to auditors and auditees as single audit reporting packages submitted under the new guidance will be publicly available (with exceptions for Indian tribes) and the Guidance states that auditors and auditees must ensure that no protected personally identifiable information is included in their respective parts of the reporting package.

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		

Definitional Changes

- *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)
- <https://sam.gov/content/home>
 - Cfda.gov is gone

Definitional Changes

- ***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.

- ***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
 - 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

- ***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.

Definitional Changes

- ***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

General Provisions-

Subpart B

Sec. 200.1XX, General

▶ General Provisions (Sections 200.100 through 200.113)

- Discusses the purpose, applicability, exceptions, and effective date of the Uniform Grant Guidance
- Table is included in section 200.101, Applicability, which indicates which Subparts are applicable to different types of awards
 - This section also clarifies that the terms and conditions of federal awards flow down to subrecipients unless the Uniform Grant Guidance or the terms and conditions of a federal award specifically indicate otherwise
- **Auditors and auditees should pay close attention to section 200.102 as exceptions to the Uniform Grant Guidance are only identified there and not elsewhere in the Guidance**

Section 200.101 Must vs Should

- 200.101 (b) Throughout this part when the word “must” is used it indicates a requirement. Whereas use of the word “should” or “may” indicates best practice

- **§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

- **200.112, Conflict of interest**
 - Federal agencies **must** establish Conflict of Interest (COI) policies
 - Grantees must disclose in writing any potential COI

- **200.113, Mandatory disclosures**
 - Grantees and applicants **must** disclose all violations of federal criminal law potentially affecting the federal award (e.g., fraud, bribery, or gratuity violations)

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

Subpart C - *Pre-Award*

Covers administrative requirements directed primarily **at federal agencies** including pre-award activities and requirements for the contents of federal awards

Subpart C, Pre-Federal Award Requirements

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

Subpart C, Pre-Federal Award Requirements

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

§200.209 - Certifications and representation

§200.210 - Pre-award costs

§200.211 - Information contained in a Federal award

§200.212 - Public access to Federal award information

§200.213 - Reporting a determination that a non-Federal entity is not qualified for a Federal award

§200.214 - Suspension and debarment

§200.215 - Never contract with the enemy

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

Post-Federal Award Requirements – Subpart D

Subpart D-

Post-Federal Award Requirements

- **Statutory and national policy**
 - **Performance measurement**
 - Financial management
 - **Internal controls**
 - Bonds
 - **Federal Payment**
 - Cost sharing and matching
 - Program income
 - Revision of budget and program plans
 - Modification to Period of Performance
- Property standards
 - **Procurement standards**
 - **Performance and financial monitoring and reporting**
 - **Sub recipient monitoring and management**
 - Record retention and access
 - Remedies for noncompliance
 - Closeout
 - Post-Closeout Adjustments
 - Collection of Amounts Due

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

Internal Control

§ 200.303 Internal controls.

The **non-federal entity must:**

- (a) Establish and maintain effective internal control over the Federal award** 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” [**Green Book**] issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (**COSO**).
- (b) Comply with the U.S. Constitution, Federal statutes, regulations and the terms and conditions** of the Federal awards

OMB has stated that **should** is meant to be a “best practice” and not a presumptively mandatory requirement

Federal Payment § 200.305 (Cash Management)

- Payment method must minimize the time elapsing between the transfer of funds from the US Treasury or PTE and the disbursements by the non-federal entity regardless of how funds are being transferred
- Payment must be in advance when the non-federal entity:
 - Has written procedures to implement the requirements of cash management, and
 - Has a compliant financial management system
- If the above requirements are not met, reimbursement method is used
- If reimbursement method cannot be used because non-federal entity lacks sufficient working capital, working capital may be provided

- §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);
- All other non-federal entities, including subrecipients, must follow the procurement standards in 200.318-200.327

- §200.318 General procurement standards
- Non-federal 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

- §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

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



Up to \$10,000 - no action needed



\$10,001 to \$50,000 – Qualify and Self-Certify



Greater than \$50,000 – Cognizant Agency Approval

Micro-Purchase Thresholds

New – Self-Selection of Higher Threshold Up to \$50,000

- Non-federal 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.

Micro-Purchase Thresholds

New – Self-Selection of Higher Threshold Up to \$50,000

- 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.

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. 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 formal methods used for procurement of property or services 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)

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

- **A non-federal entity may concurrently receive federal awards as:**
 - Recipient
 - Subrecipient
 - Contractor
- **PTE must make case-by-case determination whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a:**
 - Subrecipient, or
 - Contractor

- §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

Requirements for PTEs – *Section 200.332*

- Ensure that every subaward is clearly identified to the subrecipient as a subaward
- Provide certain subaward information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification
- **Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, based on provided criteria**

Requirements for PTEs – *Section 200.332*

- Consider imposing specific subaward conditions upon a subrecipient, if appropriate
 - Based on risk or prior history of failure to comply
- Monitor activities of the subrecipient
- Other potential PTE monitoring tools depending on risk
- Consider whether the results of subrecipient audits, on-site reviews, or other monitoring activity indicate conditions that necessitate adjustment to the PTEs own records
- Consider taking enforcement action against noncompliant subrecipients as described in section 200.339

Cost Principles – *Subpart E*

Section 200.4XX, OMB Cost Principles

- **Consolidated Cost Principles into single document:**
 - OMB Circular A-21 – Educational Institutions
 - OMB Circular A-87 - State, Local, and Indian Tribal Governments
 - OMB Circular A-122 – Nonprofit Organizations
- **Health and Human Services at 45 CFR Part 74 Appendix E - Hospitals were not incorporated into the new**
 - OMB is conducting further review of the cost principles for hospitals and will make a future determination about the extent to which they should be added to this guidance

Part 200 – *Uniform Guidance for Federal Awards*

Subpart E - Cost Principles

- General Provisions
- Basic Considerations
 - **Factors affecting allowability of costs.**
 - **Reasonable costs**
 - **Allocable costs**
 - Collection of unallowable costs
 - Adjustment of previously negotiated ICR containing unallowable costs
- **Direct and Indirect costs (F&A) Costs**
- Special Considerations for States, Local Governments, and Indian Tribes
- Special considerations for institutions of higher education
- **General Provisions for Selected Items of Costs**

Subpart E, Cost Principles

- §200.403 Factors affecting allowability of costs
 - Be necessary and reasonable
 - Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity
 - Be adequately document
 - 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).

Subpart E, Cost Principles

- §200.405 Allocable Costs
 - Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods
 - Any costs allocable to a particular Federal award under these principles may not be charged to other Federal awards to overcome fund deficiencies
 - If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part

Subpart E, Cost Principles

- §200.413 Direct costs
 - Are those costs that can be identified specifically with a particular final cost objective
 - Salaries of administrative and clerical staff normally be treated as indirect (F&A) costs
 - Costs are not also recovered as indirect costs
 - Any direct cost of minor amount may be treated as an indirect cost

- §200.414 Indirect costs
 - Requirements for development and submission of indirect (F&A) cost rate proposals and cost allocation plans are contained in Appendices III-VII
 - Federal agencies and pass-through entities will have to accept a non-federal entity's negotiated indirect cost rate
 - Unless a statute or regulation allows for an exception
 - For non-federal entities that do not have a current (change in 2020) negotiated rate, de minimis rate of 10% of **modified total direct costs** may be used indefinitely

Subpart E, Cost Principles *Change*

- §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

General Provisions for Selected Items of Costs with Little or No Change

- 421 Advertising and public relations
- 423 Alcoholic beverages
- 424 Alumni(ae) activities
- 425 Audit services
- 426 Bad debts
- 429 Commencement and convocation costs
- 445 Goods and services for personal use
- 450 Lobbying
- 455 Organization costs
- 457 Plant and security costs
- 458 Pre-award costs
- 459 Professional service costs
- 467 Selling and marketing costs
- 469 Student activity costs

Selected Items of Costs *with Changes*

- 427 Bonding costs
- 430 Compensation – personal services
- 431 Compensation – fringe benefits
- 433 Contingency provisions
- 434 Contributions and donations
- 436 Depreciation
- 437 Employee morale, health and welfare costs
- 439 Equipment and other capital expenditures
- 441 Fines, penalties, damages and other settlements
- 447 Insurance and indemnification
- 449 Interest
- 453 Materials and supplies costs, including costs of computing devices
- 454 Memberships, subscriptions, and professional activity costs

Selected Items of Costs *with Changes* – continued

- 460 Proposal costs
- 461 Publication and printing costs
- 462 Rearrangement and reconversion costs
- 463 Recruiting costs
- 464 Relocation costs of employees
- 465 Rental costs of real property and equipment
- 468 Specialized service facilities
- 470 Taxes (including Value Added Taxes)
- 471 Telecommunication costs and video surveillance costs – new section added
- 472 Termination costs
- 473 Training and education
- 475 Travel

Compensation

Personal Services (200.430)

- Purpose in 2013 was to reduce administrative burden of documenting time and effort
- More principles based
- Less prescriptive on documentation and places more emphasis of internal controls over personnel-related costs

Depreciation (200.436)

- Use allowance is not permitted
- No depreciation on assets that are fully depreciated
- Depreciation over life of the asset



Equipment and Other Capital Expenditures (200.439)

- Capital expenditures for equipment, buildings and land are unallowable as direct charges (they will be depreciated)
- Capital expenditures for special purpose equipment are allowable as direct costs with a unit cost of \$5,000 or more with prior written approval of the Federal awarding agency or PTE.
- Lesser of \$5,000 or entity capitalization threshold
- Revisit entity capitalization policy if below \$5,000

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”

Changes in Subpart E, Cost Principles

- §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

Audit Requirements – *Subpart F*

Steps in a Single Audit

- Auditee hires the auditor
 - The SEFA
 - Major Program Determination
 - Test Major Program
 - Direct and Material Compliance
 - Internal Control over Compliance
 - Testing auditee following of Admin Requirements and Cost Principles
 - Reporting
-
- ▶ Subpart F - Audit Requirements 200.5xx
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Auditee Responsibilities

- Auditee Responsibilities – UG §200.508
 - Arrange for single audit and ensure it is properly performed and submitted timely
 - Financial statements
 - Schedule of expenditures of federal awards (also referred to as SEFA)
 - Promptly follow up and take corrective action on audit findings
 - Summary schedule of prior audit findings
 - Corrective action plan
 - Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed

Schedule of Expenditures of Federal Awards

- Required Elements (§200.510)
 - List individual Federal programs by Federal agency
 - For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name
 - For R&D, total Federal awards expended must be shown either by Federal award or by Federal agency and major subdivision within the Federal agency
 - For Federal awards received as a subrecipient, the name of the PTE and identifying number assigned by the PTE
 - **Total Federal awards expended for each individual Federal program** and the CFDA number or other identifying number when CFDA not available
 - **For a cluster of programs also provide the total for the cluster**
 - **Include the total amount provided to subrecipients from each Federal program**
 - Include notes that describe the significant accounting policies, whether or not the non-Federal entity elected to use the de-minimis cost rate and outstanding loan balances

Schedule of Expenditures of Federal Awards - Section 200.510(b)(4)

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Education Direct Program – Title I Grants to Local Educational Agencies	84.010	N/A	\$1,000,000	\$800,000

Summary Schedule of Prior Audit Findings 200.511

- Prepared by the auditee
- Part of the reporting package
- Reports the status of all audit finding included in the prior year's schedule of findings and questioned costs
- Reports the status of certain findings reported in the prior audit's summary schedule of prior audit findings

Corrective Action Plan 200.511

- Prepared by the auditee
- CAP to be separate document from auditor's findings
- Include reference numbers the auditor assigns to findings
- CAP and Summary of Prior Audit Findings must include findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards* (Yellow Book report findings)

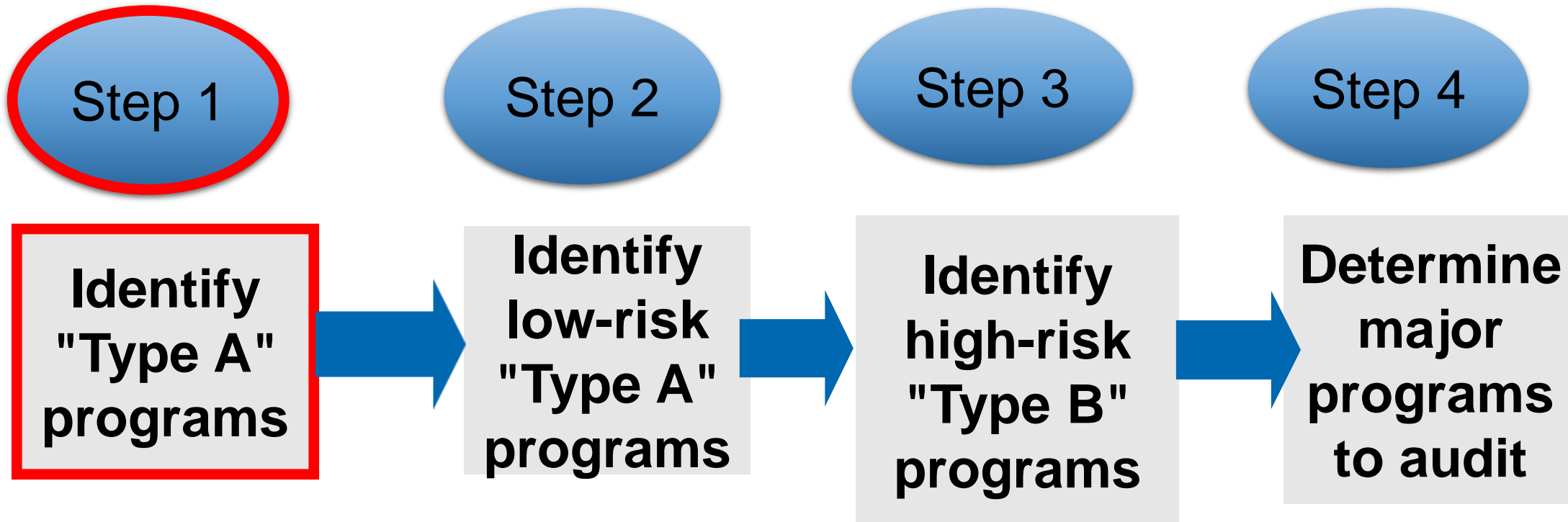
Auditor Responsibilities

- Auditor Responsibilities – UG §200.514
 - Audit the financial statements in accordance with GAAS and GAGAS
 - Determine whether the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles. **Determine whether the SEFA is stated fairly in all material respects in relation to the auditee’s financial statements as a whole.**
 - Understand internal control over federal programs and plan the audit to support low assessed level of control risk of noncompliance for **major programs**
 - Determine whether the auditee has complied with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of its **major programs**

- Auditor Responsibilities – UG §200.514 (continued)
 - Compliance testing must include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient appropriate audit evidence to support an opinion on compliance
 - Auditor must follow-up on prior audit findings
 - Report findings in single audit compliance report
 - Auditor must complete and sign specified sections of the Data Collection Form (DCF)

Major Program Determination and Risk Assessment §200.518

Four Step Approach



Percentage of Coverage Rule

Low Risk Auditee

- 20%

Not Low Risk Auditee

- 40%

What Does the Auditor Test?

- Major Programs
- Direct and Material Compliance Areas
 - Uses the Compliance Supplement (appendix of UG available annually)

What Does the UG Require to Be Reported?

- §200.516 of the UG states that the auditor must report the following as audit findings in the SFQC:
 - Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse
 - Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program
 - Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program
 - Known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program

What Does the UG Require to Be Reported?

- §200.516 of the UG states that the auditor must report the following as audit findings in the SFQC:
 - Known questioned costs that are greater than \$25,000 for a federal program which is not audited as a major program
 - Known or likely fraud affecting a federal award, unless otherwise reported in the SFQC
 - Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding

Sec. 200.516 Audit Findings

- Threshold for reporting known and likely questioned costs \$25,000
- Requires that questioned costs be identified by CFDA number and applicable award number
- Requires identification of whether audit finding is a repeat from the immediately prior audit and if so, the prior year audit finding number
- Provides that audit finding numbers be in the format prescribed by the data collection form (i.e., 2021-001, 2021-002, etc.)
- Should indicate whether sampling was a statistically valid sample

Reporting Package – *Required Components*

1. Financial Statements and Schedule of Expenditures of Federal Awards (SEFA)
2. Auditor's Report on the Financial Statements
3. Auditor's Report on the SEFA
4. Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters (referred to as Yellow Book report)

Blue = Auditee Requirement

Brown = Auditor Requirement

Reporting Package – *Required Components*

5. Auditor's Report on Compliance with Requirements that Could Have Direct and Material Effect on Each Major Program and on Internal Control over Compliance (referred to as single audit report)
6. Schedule of Findings and Questioned Costs
7. Summary Schedule of Prior Audit Findings
8. Management's View and Corrective Action Plan

Blue = Auditee Requirement

Brown = Auditor Requirement

Appendix X – *The Data Collection Form*

- The audit must be completed, and the Data Collection Form (DCF) and reporting package must be submitted to the Federal Audit Clearinghouse (FAC) within the earlier of:
 - 30 calendar days after receipt of the auditor's report(s), or
 - Nine months after the end of the audit period.
- If the due date falls on a Saturday, Sunday, or federal holiday, the reporting package is due the next business day.
- The auditee must electronically submit to the FAC the DCF and the reporting package

Single Audit Reports on the Web

- All auditees must submit the reporting package and the DCF electronically to the FAC
- FAC submission process will be changed to require text-based PDF and unlocked, unencrypted
- **FAC responsible to make the reports publicly available on a website**
 - Exception for Indian Tribes
- Auditors and auditees must ensure reports do not include PPII
 - Auditee will have to sign certification statement that reporting package does not include PPII

Note: The FAC will be transitioning from the Census Bureau to the General Services Administration (GSA) late in 2022

FAC Repository of Record for Reporting Packages

- Federal agencies and pass-through entities will obtain copies by accessing FAC web site
- Subrecipient only required to submit report to FAC and no longer required to submit to pass-through entity
- Pass-through entity no longer required to retain copy of subrecipient report as will be on the web

Appendix XI – The Compliance Supplement (CS)

- Issued every year – effective for June 30 and later audits
- 2021 and 2020 had the initial CS plus addendums issued later
 - 2021 CS was 1,788 pages
- Goal for 2022 is to be timelier with issuance
- Auditors need to use all parts (2, 3, 4, 5, 6 and 7) for a correct single audit
 2. Matrix of Compliance Requirements
 3. Compliance Requirements
 4. Agency Program Requirements
 5. Clusters of Programs
 6. Internal Control
 7. Guidance for Auditing Programs not Included in the Compliance Supplement

12 Compliance Requirements in Part 2

A- Activities Allowed or Unallowed

B - Allowable Costs/Cost Principles

C- Cash Management

E - Eligibility

F - Equipment and Real Property Management

G - Matching, Level of Effort, and Earmarking

H - Period of Performance

I - Procurement and Suspension and Debarment

J - Program Income

L - Reporting

M - Subrecipient Monitoring

N - Special Tests and Provisions

Part 2 – Compliance Supplement Matrix

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
Program Number	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
84.048	Y	Y	Y	Y	N	Y	Y	N	N	N	Y	N
84.126	Y	Y	Y	N	N	N	Y	N	Y	Y	N	N
84.181	Y	Y	Y	N	Y	Y	Y	Y	N	N	N	N
84.282	Y	Y	Y	Y	Y	N	N	Y	N	N	Y	N

Compliance Supplement Appendices

- I Federal Programs Excluded from the A-102 Common Rule and Portions of 2 CFR Part 200
- II Federal Agency Codification of Government-wide Requirements
- III Federal Agency Single Audit, Key Management Liaison, and Program Contacts
- **IV Internal Reference Tables**
- V List of Changes for the 2021 Compliance Supplement
- VI Program-Specific Audit Guides
- **VII Other Audit Advisories**
- VIII Examinations of EBT Service Organization
- IX Compliance Supplement Core Team

APPENDIX IV INTERNAL REFERENCE TABLES

The following is a complete list of COVID-19 programs arising from the above laws, other than ARP, that have been identified as “higher risk.” The table also includes the Medicaid cluster, which has been and continues to be “higher risk.”

Agency	Assistance Listing (CFDA) Number	Title
HHS	93.778/93.777/93.775	Medicaid Cluster
HHS	93.498	Provider Relief Fund
HHS	93.461	Testing for the Uninsured
Transportation	20.106	Airport Improvement Program
Transportation	20.500/20.507/20.525/20.526	Federal Transit Cluster
Treasury	21.019	Coronavirus Relief Fund
Treasury	21.023	Emergency Rental Assistance*
Education	84.425	Education Stabilization Fund

*This program, established by CRRSAA, will not be included in the 2021 Compliance Supplement. See Appendix VII for more information about the planned timing of subsequent follow-up Supplement issuance(s).

CS – Appendix VII – *Other Audit Advisories*

- I. Novel Coronavirus (COVID-19)
- II. Effect of Changes to Compliance Requirements and Other Clusters
- III. Due Date for Submission of Audit Reports and Low-Risk Auditee Criteria
- IV. Treatment of National Science Foundation and National Institutes of Health Awards
- V. Exceptions to the Guidance in 2 CFR Part 200
- VI. Audit Sampling

Summary of Uniform Guidance

- Used by Federal Agencies, Auditors and Non-federal Entities
- Non-federal Entities must follow cost principles and admin requirements for all federal awards
- Non-federal Entities will follow Part F and hire an auditor if federal funds are \$750,000 or greater
- Both Auditors and Non-Federal Entities follow Part F when conducting an audit is required
- Auditors will use the Compliance Supplement along with cost principles and admin requirements from Uniform Guidance during there audit testing

Q&A

You have

Questions

We have

Answers