

OMB's "Super Circular"—A Briefing for Planning District Commissions and Their Funding Partners

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How Did We Get Here and Why?

- Existing multiple grants management policies affecting different types of performers
- Experience under ARRA (*aka* The Stimulus)
- Presidential direction on regulatory reform and burden reduction
- A long process of rulemaking aimed at grant reform (2/28/12-12/26/14)
- Engagement of federal agencies, recipients, and auditors

Major Emphases

- Mandate content and timing of federal program announcements
- Standardize federal pre-award procedures
- Ensure better awarding agency review of financial risk and application merit
- Emphasize **effective** recipient and subrecipient “internal controls” that provide “reasonable assurance” of compliance
- Provide clearer instructions for “robust” management and monitoring of subrecipients
- Better balance accountability with results

What Policies Do We Follow Now?

- Say “good-bye” to OMB Circular terminology
- Say “hello” to **Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards (2 CFR 200)**
 - The “Super Circular”
 - The “Omni-Circular”
- Say “hello” to separate federal agency implementing regulations (2 CFR 300-5900)
- Say “hello” to the COFAR and their FAQ’s

Now that We've Arrived, What's the Verdict?

- Some policies that have worked have been retained
- Some policies that needed reinforcement have been reinforced
- Some policies that have imposed burden on recipients and subrecipients have been dumped
- Some new policies are causing “heartburn” for recipients and subrecipients
- Some mistakes have been made

Types of Awards and Why That's Important

- FEDERAL AWARD RELATIONSHIPS
 - Federal Acquisition vs. Federal Assistance
 - Federal Grants and Cooperative Agreements
 - Lower Tier Relationships
 - Subawards (Subgrants)
 - Contracts under Grants

Sources of Federal Grant Authority

- Federal Statutes
 - Authorization
 - Appropriation
 - “Cross Cuts”
- Governmentwide Directives
 - Presidential Executive Orders
- Regulations
- Award Terms and Conditions

An Orientation to the Award Process, Systems and Budget

- Grant Life Cycle
 - Pre-award
 - Post-award
 - After-the-award
- Systems Standards
 - Financial management
 - Procurement
 - Property management
 - Subrecipient management
- Budget Structure
 - 8 Direct cost categories (line items)
 - Indirect costs

Pre-award--Solicitation

- Federal choice of instruments
 - Grants, cooperative agreements, fixed amount awards
- Public notice and funding opportunities
 - Grants.gov
 - RFA, NOFA, FFO, PA
 - Standard solicitation template (Appendix I)

Pre-award--Application

- SF 424 Series
 - Cover sheets
 - Certification
 - Budget format
 - Statement of assurances
- Paperwork Reduction Act and its regulations (5 CFR 1320)

Pre-award—Awarding Agency Review

- Merit-based selection for discretionary awards
- Federal awarding agency risk assessment (2 CFR 200.205)
- Pass-through agency risk assessment (2 CFR 200.331(b))
- Criteria
 - Financial stability
 - Management systems
 - Performance history
 - Audit history
 - Compliance capacity

Pre-award--Agreement

- Standard federal template (2 CFR 200.210)
 - Data elements
 - Obligation of funds
 - Time for performance
 - Applicable requirements
- Standard pass-through entity template (2 CFR 200.331(a))
 - Data elements
 - Flow-through of primary award
 - Supplemental requirements
 - Indirect cost recognition

Post-award—Incur Cost

- Approved budget
- Budget flexibility
- Cost principles (2 CFR 200, Subpart E)
 - General tests of allowability
 - “Sound business practices”
 - “Selected” items of cost
 - “Failure to mention...”

Post-award--Cash Management

- 2 CFR 200.305
- Advances required for recipients and subrecipients
- Timing of drawdown
- Amount of drawdown
- Cash depositories
- Interest remission

Post-award—Document Transactions

- Auditor's standard of evidence
- Key areas
 - Effort reporting (2 CFR 200.430)
 - Travel justification (2 CFR 200.474)
 - Procurement transaction "history" (2 CFR 200.318(i))
 - Property management standards (2 CFR 200.313(d))

Limitations on the Award

- Cost Sharing or Matching (2 CFR 200.306)
- Program Income (2 CFR 200.307)
- Revision of Budget and Program Plans (2 CFR 200.308)
- Period of Performance (2 CFR 200.309)

Post-award--Reporting

- Financial—SF425 and the Paperwork Reduction Act (2 CFR 200.327)
- Performance (2 CFR 200.328)
 - Routine
 - Extraordinary
- New disclosures (2 CFR 200.112-113)
- Real property (2 CFR 200.329)
- FFATA reporting (2 CFR 170)
- Audit reporting package (2 CFR 200.512)

Post-award Enforcement

- “Cure Notices”
- Imposition of Special Conditions (2 CFR 200.207)
- Disallowance of Cost (2 CFR 200.344-345)
- Suspension of Award (2 CFR 200.338)
- Termination of Award (2 CFR 200.338)
- Debarment of Individuals or Organizations (2 CFR 200.212, 2 CFR 180)

After-the-award

- Close out (2 CFR 200.343)
 - Submission of final reports
 - Settlement of claims and cash
 - Disposition of property
- Continuing accountability (2 CFR 200.344)
 - Record retention and access
 - Custody of retained property
 - Awarding agency audit rights

System Standards—Financial Management

- 2 CFR 200.302-3
- Financial management
 - Accounting records
 - Fund accounting
 - **Internal controls**
 - Budgetary controls
 - Reporting
 - Cash management
 - Cost allowability determination
 - Source documentation

System Standards—Procurement

- 2 CFR 200.317-326
- Code of conduct
- Acquisition planning
- Solicitation and competition
- Acceptable methods of procurement
- Source evaluation and selection
- Contract award (Appendix II)
- Contract administration (oversight)
- Procurement records

System Standards—Property Management

- 2 CFR 200.310-316
- Property types
 - Real
 - Equipment
 - Supplies
 - Intangible
- Administrative issues
 - Title
 - Use
 - Management
 - Disposition

System Standards—Subrecipient Management and Monitoring

- Determine relationship (2 CFR 200.330)
 - Subrecipient vs. contractor
 - Say “good-bye” to “vendor”

- FEDERAL AWARD RELATIONSHIPS

System Standards—Subrecipient Management and Monitoring

- Conduct risk assessment (2 CFR 200.331(b))
 - Form the subaward agreement (2 CFR 200.331(a))
 - Monitor subrecipients, as necessary (2 CFR 200.331(d-f))
- Mandatory steps
- Discretionary steps
- Approval of limited use of fixed amount subawards (2 CFR 200.332)

Cost Allowability of the Grant Budget

- Consolidated Cost Principles (2 CFR 200, Subpart E) (200.400-475)
- Tracking the SF 424A
 - Personnel
 - Fringe benefits
 - Travel
 - Equipment
 - Supplies
 - Contractual
 - Construction
 - Other
 - Indirect costs
- 55 “Selected items of cost”
 - Remember “Failure to mention...”

Key Cost Principle Changes

- Compensation for Personal Services (2 CFR 200.430)
 - Effort reporting
 - Key principles remain: “after-the-fact”; full disclosure
 - No prescription for timing and signature but...
 - Internal controls
- Conferences (2 CFR 200.432)
- Contingency provisions (2 CFR 200.433)
- Depreciation (2 CFR 200.436)
- Employee Health and Welfare/Entertainment (2 CFR 200.437-438)
- Equipment (2 CFR 200.439) and Materials and supplies (2 CFR 200.453)
- Proposal costs (2 CFR 200.460)
- Training (2 CFR 200.472)
- Travel (2 CFR 200.474)

Indirect Cost Recovery

- Mandatory federal recognition of federally negotiated rates
 - Limited exceptions
- Mandatory pass-through entity recognition of federally negotiated rates
 - No exceptions
- Pass-through entity negotiation of rates
- Subrecipient election of *de minimis* rate (10% of MTDC)

Single Audit

- Increased threshold (\$750K expenditures in auditee FY beginning after 12/26/14)
- Scope (financial accuracy, internal control, compliance)
- Audit readiness
 - OMB's *Compliance Supplement for Single Audits*
- Audit results
 - Audit findings content
 - Audit reporting package
 - Submission
- Audit resolution
 - Timely management decisions

Some Suggested “Take Aways”

- Keep OMB’s intentions in mind
- Keep the primary source documents handy and consult them
- What does the agreement say?
- Review your...
 - Grant application budgeting procedures
 - Existing internal controls and identified guidance sources
 - Procurement procedures
 - Subgranting procedures
- ... and document your review and any changes you make
- Recognize that everyone is on the “learning curve”