

Summary of OMB 2 CFR Proposed Changes GAO 2/19/20

The purpose of this document is to summarize some of the important changes proposed by OMB to the 2 CFR. Please review the track changes of all of the proposed revisions at <https://www.performance.gov/CAP/grants/>.

Timing of Revision:

- It's been 5 years since the Uniform Guidance came out and it requires a review every 5 years
- Aligning with statutory requirements
- President's Management Agenda initiatives (Results-Oriented Accountability for Grants CAP Goal and other Administration Priorities)

Focus of Revisions:

- Support implementation of the President's Management Agenda Results-Oriented Accountability for Grants CAP Goal and other Administration Priorities
- Meet statutory requirements and align with other authoritative source requirements
- Clarify existing requirements

Included in Revisions:

- Part 25: Universal Identifier and System for Award Management
- Part 170: Reporting Subaward and Executive Compensation Information
- Part 183 (New): Never Contract with the Enemy
- Part 200: Uniform Guidance

Emphasis on stewardship and results-oriented accountability for grant program results and standardization of terminology and implementation of standard data elements.

Things agency's need to be aware of:

2 CFR Part 25

- 1) Allow agencies the flexibility to exempt a foreign entity applying for or receiving an award or subaward for a project or program performed outside the United States valued at less than \$100,000. Currently, Federal awarding agencies have the flexibility to exempt this requirement for awards valued at less than \$25,000. Federal awarding agencies may exempt the registration requirement up to \$100,000 in cases where the agency has conducted a risk-based analysis and deems it impractical for the entity to comply with the requirement(s). (25.110 Types of recipient and subrecipient entities to which this part applies Part C Section 2(i))
- 2) DUNS numbers will be phased out as the primary key to identify every entity record by 2020 in place of a non-proprietary, SAM-generated, Unique Entity ID (UEI) number. (Appendix A to Part

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25-Award Term) OMB proposes to require all entities that apply for Federal financial assistance to register in SAM, which requires the establishment of a unique entity identifier.

2 CFR Part 170

- 3) To further align implementation of FFATA, as amended by DATA Act, between the Federal financial assistance and acquisition communities, OMB proposes revisions to Federal awarding agency and pass-through entity reporting thresholds. For Federal awarding agencies, OMB proposes revisions to 2 CFR Part 170 to require agencies to report Federal awards that equal or exceed the micro-purchase threshold as set by the FAR at 48 CFR Subpart 2.1. Consistent with the FAR threshold for subcontract reporting, OMB is proposing to raise the reporting threshold for subawards that equal or exceed \$30,000. (Appendix A to Part 170-Award term)

2 CFR Part 183

- 4) Adds Part 183 to 2 CFR to implement Never Contract with the Enemy, consistent with the fact that the law applies to only a small number of grants and cooperative agreements. Never Contract with the Enemy applies only to grants and cooperative agreements that exceed \$50,000, are performed outside the United States, including U.S. territories, to a person or entity that is actively opposing United States or coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities.

2 CFR Part 200

- 5) Reformatting the definitions section by removing the section numbers to facilitate future additions to this section. (200.1-200.99)
- 6) The definitions “Catalog for Federal Domestic Assistance (CFDA) number” and “CFDA program title” have been replaced with the terms “Assistance listing number” and “Assistance listing program title” to reflect the change in terminology. (200.04, Allocation 200.10-11 Catalog of Federal Domestic Assistance (CFDA) number and CFDA Program Title)
- 7) Both “Improper Payment” and “Questioned Cost” definitions have been revised 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. The definition for “Improper Payment” has been revised to refer to OMB Circular A-123-Management’s Responsibility for Internal Control in Federal Agencies, Appendix C-Requirements for Payment Integrity Improvement.

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- 8) To strengthen the ability of the Federal awarding agency to terminate Federal awards to the greatest extent authorized by law, when the Federal award no longer effectuates the program goals or Federal awarding agency priorities Federal awarding agencies must clearly articulate the conditions under which a Federal award may be terminated in their applicable regulations and in the terms and conditions of Federal awards. The intent of this proposal is to ensure that Federal awarding agencies prioritize ongoing support to Federal awards that meet program goals. (200.211 Information contained in a Federal award and 200.339 Termination)
- 9) The term “standard form” will be replaced with “common form” throughout 2 CFR 200. A common form is an information collection that can be used by two or more agencies, or governmentwide, for the same purpose. A standard form is a type of common form; however, standard forms must be used by all Federal awarding agencies, which may not be appropriate for Federal financial assistance given the variety of programs.
- 10) Increased the micro-purchase threshold from \$3,500 to \$10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes and increased the simplified acquisition threshold from \$100,000 to \$250,000 for all recipients. (200.319 Methods of procurement to be followed)
- 11) Clarification that the pass-through entity is only responsible for resolving audit findings specifically related to the subaward (i.e., non-systemic) and not applicable to the entire subrecipient. (200.331 Requirements for pass-through entities Part D Section 4)
- 12) Agencies that have a prior negotiated rate CAN use a de minimis rate (200.331 Requirements for pass-through entities Part A Section 4)
- 13) When a non-Federal entity is using the de minimus rate for its federal grants it is not required to provide proof of costs that are covered under that rate. (200.414 (f) Indirect F&A costs)
- 14) Several changes to support timely closeout, improve the accuracy of final closeout reports, and reduce burden. OMB proposes to increase the number of days for recipients to submit closeout reports and liquidate all financial obligations from 90 days to 120 days. The number of days for subrecipients remains 90 days. (200.343 Closeout)
- 15) Federal agency must close out no later than 1 year after the end of the performance period. OMB is proposing for Federal awarding agencies to report when a non-Federal entity does not submit final closeout reports as a failure to comply with the terms and conditions of the award to the OMB designated integrity and performance system. (200.343 Closeout)
- 16) Costs must be charged to the approved budget period in which they were incurred except where noted in the specific cost principle. (200.402 Composition and timing of costs)

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- 17)) For transparency purposes, a proposed revision would require that all grantees' negotiated agreements for indirect cost rates are collected and displayed on a public website. (200.414 (h) Indirect F&A costs)
- 18) Allow states to conform with Generally Accepted Accounting Principles (GAAP), specifically Governmental Accounting Standards Board (GASB) Statement 68 and to continue to claim pension costs that are both actual and funded. (200.431 Compensation-fringe benefits)
- 19) Adding new language to the Pre-award costs provision at 200.458 and the Publications and printing costs provision at 200.461 stating "if charged to the award, these costs must be charged to the final budget period of the award, unless otherwise specified by the federal awarding agency."