

# 2018 Uniform Guidance 2 CFR

**Steve Wadleigh, CPA**  
**Altman, Rogers & Co.**

# Jokes

- How does Santa's accountant value his sleigh?
- What do accountants suffer from that ordinary people don't?
- Did you hear about the cannibal CPA?

# Overview

- Topics to be discussed:
  - 2CFR Part 200 Administrative Requirements
    - ✦ Policies required to be written:
      - Advance Payments (draw downs)
      - Allowable Costs
      - Conflicts of Interest
      - Procurement
        - Suggestions for implementation

# OBJECTIVES

- Objectives: The goal is to deliver on the President's directives to:
  - Streamline our guidance for Federal awards to ease administrative burden
  - Strengthen oversight over Federal awards to reduce risks of waste, fraud and abuse
  - Eliminating duplicative, conflicting guidance into one document

# Definitions – Subrecipient and Contractor

- **200.93, Subrecipient**
  - *Subrecipient* means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program
- **200.23, Contractor** is used rather than “vendor” (used in A-133)
  - *Contractor* means an entity that receives a contract as defined in 200.22 Contract
- Look at the nature of the relationship rather than what the agreement is called; See 200.330

# “Should” vs. “Must”

- Throughout, both “should” and “must” are used
- “Must” means “required”
- “Should” indicates best practices or recommended approach

# Written Policies

2 CFR 200.303 requires nonfederal entities to maintain effective internal controls over federal awards. 2 CFR 200.302(b)(6) requires they be written.

The focus of these policies and procedures should be to ensure that those in the organization who carry out the objectives of the award understand:



# Written Policies

Under 2 CFR 200.303, the uniform guidance also recommends your internal controls follow these guidance resources:

1. Standards for Internal Control in the Federal Government (the Green Book), issued by the Comptroller General of the United States
2. Internal Control—Integrated Framework, issued by the Chief Financial Officers Council (previously by COFAR)



# Written Policies Assessment

Identify the policies and procedures OMB has indicated are required in written form.

Examine existing organization policies and procedures to determine where updates/changes are necessary.

Consider whether new policies and procedures need to be drafted and implemented as appropriate.

# Written Policies

## Advance Payments and Reimbursements 2 CFR 200.305

- Addresses procedures for collecting payments of federal funds.
- Compares your responsibilities regarding advance payments vs. reimbursements

*District policy should discuss how the District minimizes time between draws and actual disbursements.*

# Period of Performance

- **200.309, Period of Performance**
  - Non-federal entities may charge to Federal awards only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass through entity
  - Federal awarding agencies may authorize no-cost extensions of the period of performance (See also 200.308, Revision of budget and program plans)

# Written Policies

## Allowable Costs 2 CFR 200.403

**Subpart E** of The Uniform Guidance describes standards related to allowable costs:

- Be necessary and reasonable for the performance of the federal award (and be allocated to that use)
- Conform to limitations or exclusions regarding type of cost (2 CFR Part 225)
- Be consistent with the policies and procedures the organization would apply to non-federally financed work
- Be determined in accordance with US generally accepted accounting principles

# Written Policies

## Allowable Costs 2 CFR 200.403, con't

- Not be used to meet cost- sharing or matching requirements of any federally financed program (also see 2 CFR 200.306(b))
- Be adequately documented
- **WRITTEN!**

# Written Policies

## Conflicts of Interest 2 CFR 200.318

Conflicts of interest policies should contain 2 parts:

1. Covering employees (management and procurement)

2. Potential conflicts of interest at the District-Wide level (board members, other affiliate organizations)

# Written Policies

## Procurement 2 CFR 200.318 to 326

General standards that apply to all types of procurement:

1. The policies surrounding the procurement must be documented
2. Procurement must be necessary
3. Must be subject to full and open competition among vendors
4. Procurement cannot present a conflict of interest

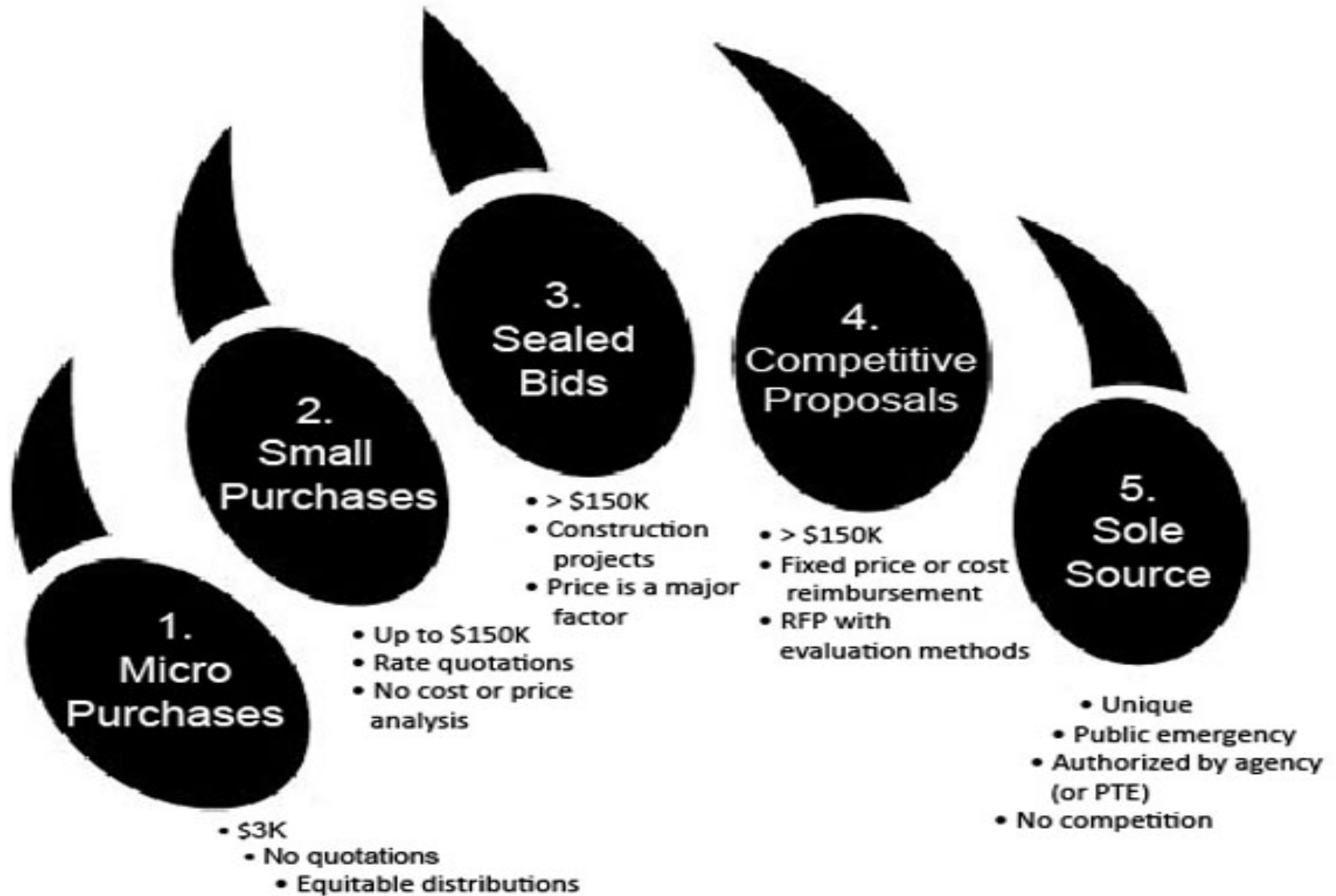
Grace period for implementing new procurement standards had a 3 year extension, to be effective for periods beginning July 1, 2018 or FY19.

# Procurement: Standards of Conduct (cont'd)

- 200.318(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items
- 200.318(e) To foster greater economy and efficiency and to promote cost-effective use of shared services, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services
- 200.318(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property when this is feasible and reduces project costs



## Procurement “Claw” (Section 200.320)



# Elements that Restrict Competition

- Unreasonable requirements
- Unnecessary experience or bonding
- Noncompetitive pricing practices
- Noncompetitive contracts
- Organizational Conflicts of Interest
- Specifying “brand name”

# Written Policies

## Procurement 2 CFR 200.318 to 326, con't

Written policies should entail, among other things:

1. Thresholds and appropriate process for each of the 5 procurement methods
  - A. Best practices recommend that policies refer to specific CFR's as much as possible.
2. How conflicts of interest involving employees engaged to select, award and administer contracts will be governed (can include in conflict of interest policy)
3. Written methodologies for selecting vendors in the procurement process
4. Documentation of policies and procures for sole source vendors

# Procurement Contract Provisions

- **200.326, Contract provisions**
  - Refers to Appendix II for provisions that must be included in contracts of non-Federal entities
  - The Appendix provides a description of each provision (and generally gives the legal basis of the provision) so that the non-Federal entity can determine whether the provision is applicable to a contract

## Recordkeeping - §200.318(i)

- The non-Federal entity must maintain records sufficient to detail the history of procurement.
- Records include, but not limited to the following:
  - Rationale for the method of procurement,
  - Selection of contract type,
  - Contractor selection or rejection, and
  - The basis for the contract price.

# Recommendations

Consider centralizing purchasing operations

The more decentralized, the more challenging to make sure all purchasers are following The Uniform Guidance rules

One area to especially consider is P cards, as they are typically distributed to multiple personnel in the District

Create checklists to guide purchasers through proper processes

Consider a form for each purchase method

Include on the forms a spot documenting the vendor was reviewed on the SAM site for potential suspension and debarment ( $\geq \$25k$ )

# Subrecipients Monitoring and Oversight Requirements for Pass-through Entities

- **200.331, Requirements for pass-through entities**
- Includes audit responsibilities that were in A-133
- The pass-through entity must:
  - Put specific information in the subaward, including indirect cost rate
  - Do a risk assessment to determine appropriate subrecipient monitoring AND must monitor subrecipients
  - Consider if specific subaward conditions are needed
  - Verify subrecipients have audits in accordance with Subpart F
  - Make any necessary adjustment to the pass-through entity's records based on reviews and audits of subrecipients
  - Consider actions to address subrecipient noncompliance

# Evaluating Subrecipient Risk to Determine Appropriate Monitoring

- The pass-through entity must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for the purpose of determining appropriate subrecipient monitoring, which may include consideration of factors such as (200.331(b)):
  - Prior experience with same or similar subawards
  - Results of previous audits
  - Whether new or substantially changed personnel or systems
  - Extent and results of Federal awarding agency monitoring



# Resources and Questions

Internal Controls:

Chief Financial Officers Council

[CFO.GOV/GRANTS/](http://CFO.GOV/GRANTS/)

Green Book

[GAO.GOV/GREENBOOK/OVERVIEW](http://GAO.GOV/GREENBOOK/OVERVIEW)

OMB Compliance Supplement

[WWW.WHITEHOUSE.GOV/OMB/CIRCULARS](http://WWW.WHITEHOUSE.GOV/OMB/CIRCULARS)

Thank you for your attention!

Contact:

Steve Wadleigh

[SteveW@altrogco.com](mailto:SteveW@altrogco.com)

907-274-2992