



Implementation of the 2024 OMB Uniform Guidance

November 7, 2024

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Today's Presenters



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Background and Context



Overview

- OMB issued Uniform Guidance (2 CFR 200) in December 2014
- Superseded OMB A-133 and other OMB circulars
- Streamlined federal regulations; reduced administrative burden to grant recipients; reduced waste, fraud, and abuse
- Significant revisions in April 2024, effective for all awards issued on or after October 1, 2024
- More focused on reducing administrative burden for federal agencies, recipients, and subrecipients
- In favor of plain language and reduced complexity



Overall Revisions to the Uniform Guidance



Notice of Funding Opportunities (NOFOs)

- Federal agencies must plan to increase the accessibility, readability, clarity, and design of their NOFOs for competitive grants
- NOFOs should be limited in length and information requested
- Especially for programs for eligible applicants that have limited capacity, programs for employment, training, development, or strengthening US infrastructure
- Council of Federal Financial Assistance (COFFA) developed a NOFO template
- Start implementing NOFO simplification plan in FY 2025
- NOFOs should be on Grants.gov and agency websites, and should identify Build America Buy America (BABA) requirements



Post Award Revisions

SUBRECIPIENT MONITORING

Continued focus on Federal Funding Accountability and Transparency Act (FFATA) reporting and core data elements from USAspending.gov

SINGLE AUDIT

Nine-month deadline extensions may be allowed when there's undue burden

PROGRAM INCOME

Must be spent before requesting additional federal funds



Threshold Changes Effective 10/1/2024

	CURRENT	NEW
Single Audit Threshold	\$750,000	\$1,000,000
Type A threshold for award expenditures from \$1 million to \$34 million	\$750,000	\$1,000,000
Modified Total Direct Costs: Exclusion of Subawards	First \$25,000 of each subaward or contract	First \$50,000 of each subaward or contract
De Minimis Rate	10%	15%

Note that the threshold changes are not effective until auditee fiscal years beginning on or after October 1, 2024 (i.e., fiscal year ends September 30, 2025, and later)



Threshold Changes

	CURRENT	NEW
Unused Supplies Threshold	\$5,000	\$10,000
Equipment Threshold	\$5,000	\$10,000 (unless specific grant or contracts require a lower threshold)
Capitalization Threshold (unrelated to UG)	Follow your organization's policy	Follow your organization's policy

Note about Capitalization Threshold: While a lot of organizations may use the same threshold, OMB doesn't require entities to have the same capitalization threshold for their financial statements as the UG threshold of equipment maintenance/tracking/use/disposition. You can reduce some administrative burden by updating your capitalization threshold.

Note that the threshold changes are not effective until auditee fiscal years beginning on or after October 1, 2024 (i.e., fiscal year ends September 30, 2025, and later)



Reminders on Policy Revisions

- Equipment policy (2 CFR 200.313); and update your Capitalization Policy, if needed.
- Supplies policy (2 CFR 200.314)
- Procurement policy for Tribal Nations (2 CFR 200.317)
- Use of Program income (2 CFR 200.307)
- Internal Controls (2 CFR 200.303): Take reasonable cybersecurity measures to protect personally identifiable information
- Prizes (2 CFR 200.438): Cost of prizes or challenges are now allowable if they have a programmatic purpose are included in the federal award



Specific Revisions for Tribal Nations



OMB Directs Federal Agencies on Tribal Nations

- Promote compacting, contracting, and co-management
- Allow Tribal set-asides, remove unnecessary limitations, reduce burdens, where appropriate
- Respect Tribal data sovereignty, allow self-certifications
- Increase accessibility, equity, and utility of federal funding and support programs



Procurement Standards for Tribal Nations

- Similar to states, Tribal governments can now follow their own procurement policies
- UG specific procurement thresholds and methods are not required
- Sole source justifications don't have to be limited to the reasons stated in the UG
- Removed prohibition on using geographic preferences
- Must follow the same policies used for non-federal funds
- Reminder: UG procurement standards do not apply to the funds in the Indirect Cost Pool



Equipment Requirements for Tribal Nations

- Similar to states, Tribal governments must use, manage, and dispose of equipment in accordance with Tribal laws and procedures
- If there are no such Tribal laws and procedures, Tribes must follow the UG equipment requirements
- Subrecipients of a state or Tribe must follow UG requirements



Threshold Change to Note for Tribal Nations

	CURRENT	NEW
Equipment Threshold	\$5,000	Follow Tribe's policy for all except - <ul style="list-style-type: none">○ \$5,000 still applies to ISDEAA○ Review HUD and other awards for specifics



OMB's Memo to Federal Agency Implementation



OMB Federal Agency Implementation

Existing Awards:

- OMB strongly encourages agencies to apply 2024 revisions to any amendments for existing awards made on after October 1, 2024.
- 2024 Revisions will generally apply prospectively, but federal agencies can allow specific provisions of the 2024 revisions to be applied retroactively to existing awards, only if it reduces burden on recipients to activities that preceded the amendment.
- Adoption of 2024 Revisions should not be a surprise: Unless provided by law, amendments to existing awards must generally be executed by agreement with the recipient.



OMB Federal Agency Implementation

New Awards:

- Federal agencies must take appropriate steps to ensure 2024 Revisions are effective for all awards entered into on or after October 1, 2024.
- Everything from NOFO templates, to award notification, terms and conditions, and program documents should be updated to reflect the 2024 Revisions.
- Federal agencies must apply the 2024 Revisions in full to activities following the effective date and cannot selectively apply some revisions but not others, unless different provisions are required by statute or approved by the OMB.



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Subawards:

- Pass-through entities cannot apply the 2024 revisions unless and until the federal agencies have applied the revisions to the existing award.
- When a federal agency amends an award for the 2024 revisions, pass through entities must also amend any subawards already issued under that award.



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Indirect Costs:

- Must apply the new modified total direct cost base for submissions on or after October 1, 2024.
- Federal agencies may allow recipients to use the De Minimis rate of 15% (up from 10%) to existing awards but can only be charged to *costs incurred after the date of the amendment* to implement the 15%. Cannot retroactively apply the 15% to costs incurred before the amendment.



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Single Audit Extensions:

- Cognizant agencies can grant an extension beyond the nine-month report submission deadline if the deadline puts an undue burden on the entity.
- However, justification for an extension constitutes “a substantial and unjust obstacle to timely submission of the report.” The extension won’t be granted just to retain a low-risk auditee status.
- Cognizant agency would consider whether the obstacle - 1) could have been avoided or overcome by the auditee (or its auditor) through planning and reasonable diligence; and 2) also affect other project delivery and performance activities under the award beyond just the audit process.



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Compliance:

- **Navigation will be tricky:** Some awards will follow the 2024 Revisions, and some will follow the previous guidance in 2 CFR 200. Not all flexibilities provided by the 2024 Revisions will be available for the existing federal awards, so navigating compliance will be tricky.
- **HHS Agency Adoption** – Due to timing of this guidance, HHS is only implementing a few provisions of the 2024 UG Revisions for all new awards effective October 1, 2024, and leaving remaining provisions for October 1, 2025. There will likely be other agencies that take a similar approach.
- Federal agencies are supposed to clearly communicate the requirements applicable to a given federal award, but it's up to the recipient to ensure compliance with the terms and conditions of each federal award.



OMB Federal Agency Implementation

Compliance:

- For systematic changes, be careful but you also don't need to limit your organization to the lowest common denominator.
- For thresholds increases (equipment, unused supplies, or, for Tribal nations the procurement levels) – When updating your policies, include an “out” by incorporating language such as “unless the federal award requires a lower threshold”.
- Provide training to our program managers/directors, finance/accounting team members, and governing body for the new requirements, your new policies, and call out any nuances to your policies.



Key Takeaways

- Carefully review amendments to existing awards and new award terms
- Consult with your auditors or accountants to discuss exceptions to existing awards, especially as they being codified by federal agencies
- Update your policies



Questions?



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