



UNIFORM GRANT GUIDANCE IMPLEMENTATION TRAINING

March 2016

Missouri Department
of Elementary and Secondary Education

TimeLine

2

- **December 26, 2014** – 2 CFR Part 200 Effective Date
- **March 12, 2015** – USDE Releases FAQ
- **June 25, 2015** – USDE Updates FAQ
- **July 1, 2015** – Applicability date for state-administered programs
- **July 1, 2016** – Part 200 procurement rules apply ONLY IF additional one year extension is taken by agencies
- Ongoing letters from USDE



Does the procurement extension apply to all agencies?

3

□ Yes

Regulation 200.110(a) – Applies to all

- USDE letter dated, May 22, 2015

“For nonprofit entities, IHEs and other organizations that were subject to former EDGAR Part 74, OMB has established a one-year grace period...” FAQ D-2, dated June 25, 2015.

- Inconsistent with letter and language of the regulation



Required Certification 200.415

4

- **NEW:** An official authorized to legally bind the non-federal entity must certify on annual and final fiscal reports or vouchers requesting payment:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise.”



How often are we required to sign the required certification?

5

- “The requirement to certify vouchers requesting payments applies to all subgrantees requesting a payment and **must be provided with every request for payment under a subgrant**, in the same way that the U.S. Department of Education requires all grantees and cooperative agreement recipients to certify all payment requests submitted to the Department.”
 - ▣ Letter, dated May 26, 2015



6

Financial Management



Financial Management

200.302(b)

7

1. Identification of Awards
2. Financial Reporting
3. Accounting Records (Source Docs)
4. Internal Control
5. Budget Control
6. Written Cash Management Procedures
7. Written Allowability Procedures



Identification of Awards

200.302(b)(1)

8

- All federal awards received and expended
- Federal programs under which the federal awards were received
- Identification must include:
 - ▣ CFDA Title and Number
 - ▣ Federal Award Identification Number
 - ▣ Fiscal Year of Award
 - ▣ Federal Agency
 - ▣ Pass-Through Agency (as applicable)



Where do we put financial identification information?

9

- “All grant recipients must have the Federal award information **in their financial systems and not just on the Schedule of Expenditures of Federal Awards (SEFA).**”
 - ▣ Letter, dated June 5, 2015

- Federal Award Identification spreadsheet
<http://dese.mo.gov/financial-admin-services/general-federal-guidance>



What written procedures do we need?

10

- ❑ **Cash management procedures 200.302(b)(6)**
- ❑ **Allowability procedures 200.302(b)(7)**
- ❑ **Procedures for managing equipment 200.313(d)**
- ❑ **Written standards of conduct covering conflicts of interest 200.318(c)**
- ❑ **Procurement procedures 200.319(c)**
- ❑ **Written compensation and leave policies 200.430**
- ❑ **Travel policies (including relocation costs) 200.474 and 200.464**



Written Cash Management Procedures

200.302(b)(6)

11

- For states, payments are governed by Treasury – State CMIA agreements 31 CFR Part 205
- For all other non federal entities, payments must minimize time elapsing between draw from G-5 and disbursement (not obligation)
- **NEW:** Interest amounts **up to \$500** may be retained by non federal entity for administrative purposes



How do we calculate \$500 of interest?

12

- Any additional interest earned **over \$500** must be remitted annually to HHS

- The \$500 is typically **applied to all grants, not applied individually per grant**
 - ▣ Letter dated, June 11, 2015

- It is the responsibility of the LEA to track the amount of interest earned on all Federal grants



What should allowability procedures look like?

13

- ▣ How the entity will determine if a cost is allowable
 - ▣ Letter, dated May 13, 2015
- ▣ The Uniform Guidance places emphasis on strong internal controls. The Department is developing additional training resources on internal controls that should assist entities in designing and assessing the effectiveness of such written procedures.
 - ▣ FAQ E-6, dated June 25, 2015



Selected Items of Cost



Is food allowable at meetings and conferences?

15

- **Working lunch? Maybe.** Determinations are made on a case-by-case basis.
 - ▣ Is a working lunch necessary?
 - ▣ Is the portion of the agenda to be carried out during lunch substantive and integral to the overall purpose of the conference or meeting?
 - ▣ Is there a genuine time constraint that requires the working lunch?
 - ▣ If a working lunch is necessary, is the cost of the working lunch reasonable?
 - ▣ Has the LEA carefully documented that a working lunch is both reasonable and necessary?
 - USDE Guidance, dated May 2013
 - USDE Letter, dated February 20, 2014



Selected Items of Cost (cont.)

16

Travel Costs 200.474

- Travel costs may be charged on actual, per diem, or mileage basis
- Travel charges must be reasonable and consistent with entity's written travel reimbursement policies
- Grantee must retain documentation that participation of individual in conference is necessary for the project



Documentation for Personnel Expenses 200.430(i)

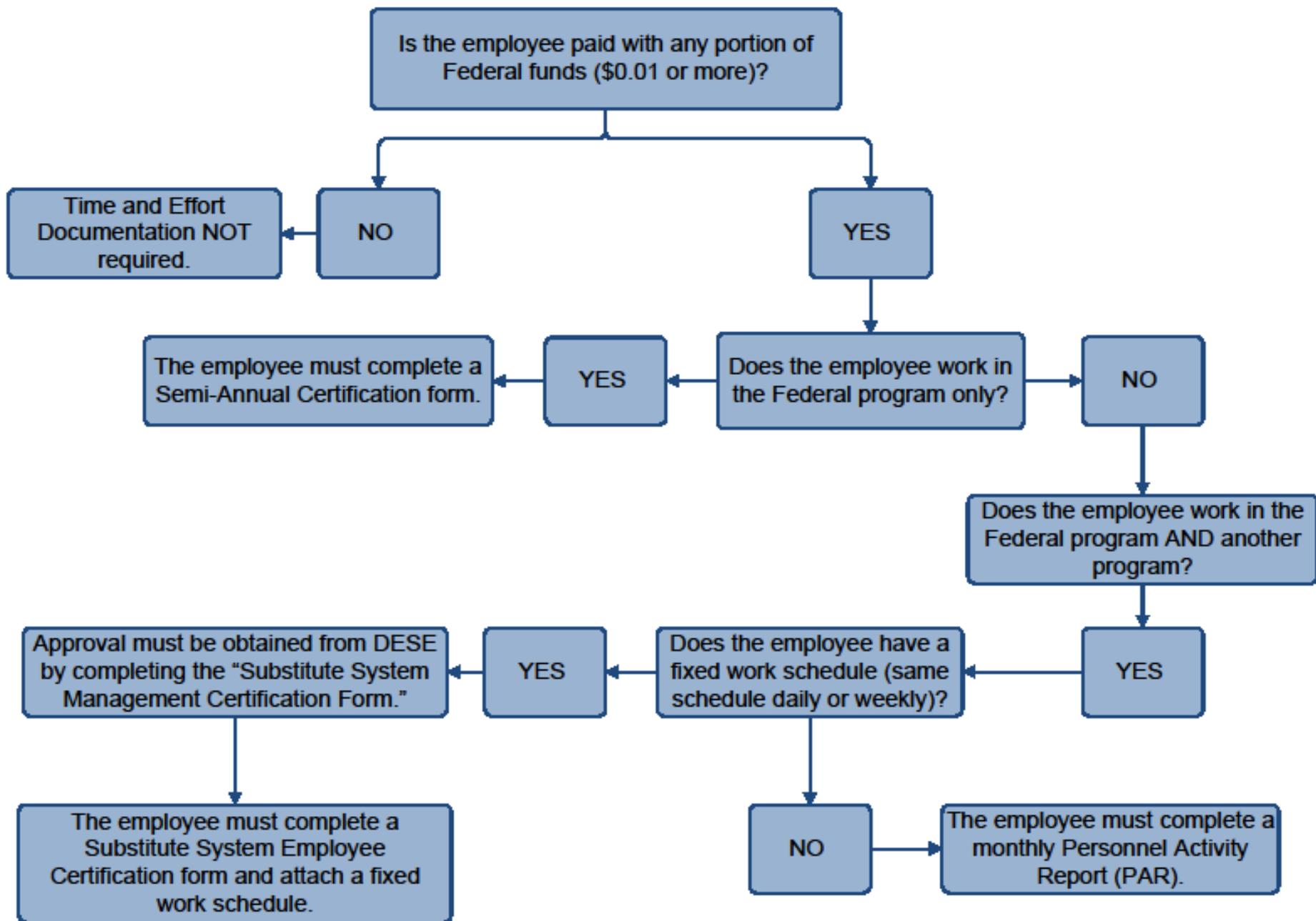
- **NEW:** Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.
 1. **Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated;**
 2. Be incorporated into official records;
 3. Reasonably reflect total activity for which employee is compensated;
 4. Encompass all activities (federal and non-federal);
 5. Comply with established accounting policies and practices; and
 6. Support distribution among specific activities or cost objectives.



**Missouri Department of Elementary & Secondary Education
Time and Effort Reporting Guidelines**

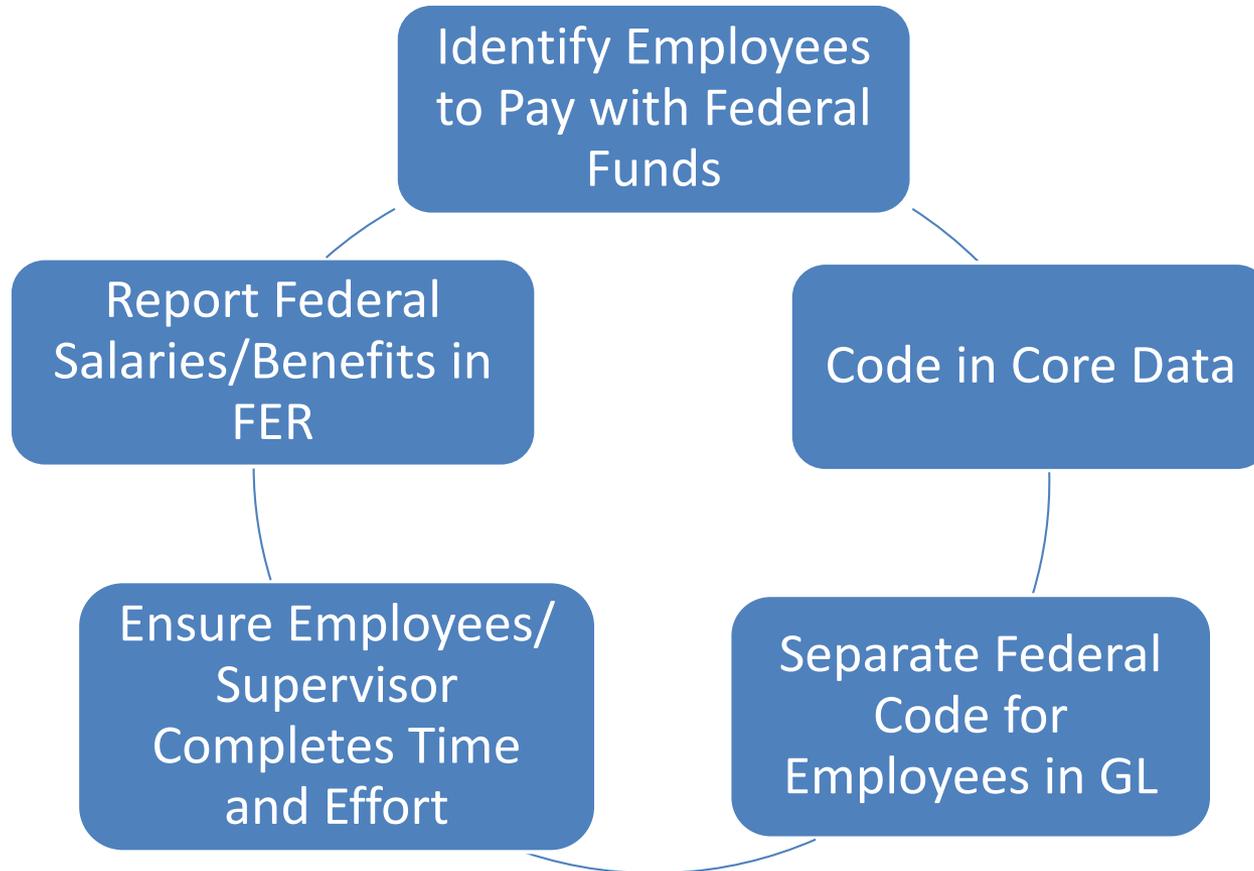
Cost Objective	Criteria	Documentation Required
Single Cost Objective	<ul style="list-style-type: none"> • Employee works solely on a single Federal award or cost objective 	<p>Semi-annual certification</p> <ul style="list-style-type: none"> • Must be prepared at least semi-annually; and • Must be signed after-the-fact by the employee or a supervisory official having firsthand knowledge of the work performed by the employee.
Multiple Cost Objectives	<ul style="list-style-type: none"> • More than one Federal award; • Federal award and non-Federal award; • Indirect cost activity and direct cost activity; • Two or more indirect activities that are allocated using different allocation bases; or • Unallowable activity and a direct or indirect cost activity. 	<p>Personnel activity reports (PAR)</p> <ul style="list-style-type: none"> • Reflect an after-the-fact distribution of the actual activity of the employee; • Account for the total activity for which each employee is compensated; • Be prepared at least monthly and coincide with one or more pay periods; and • Must be signed after-the-fact by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.
Multiple Cost Objectives w/ Fixed Schedule (Substitute System)	<ul style="list-style-type: none"> • Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports; • Work on specific activities or cost objectives based on a predetermined schedule; and • Not work on multiple activities or cost objectives at the exact same time on their schedule. 	<p>Substitute System Certification and Fixed Schedule</p> <ul style="list-style-type: none"> • Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule; • Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and • Be certified at least semi-annually and signed by the employee and official having firsthand knowledge of the work performed by the employee.
Stipend and Extra Duty Pay	<ul style="list-style-type: none"> • Pay for extra work beyond an employee's regular contract 	<p>Written Agreement</p> <ul style="list-style-type: none"> • Indicates the extra work to be performed; • Date(s) of performance; • Amount to be paid to the employee; and • Must be signed by the employer and the employee to show the acceptance of the terms. <p>AND</p> <p>Semi-annual Certification or PAR</p> <ul style="list-style-type: none"> • See and follow requirements above

<http://dese.mo.gov/financial-admin-services/general-federal-guidance>



Communication Cycle for Federal Paid Employees

20



Procurement



Conflict of Interest 200.318(c)(1)

22

- ❑ **Must maintain written standard of conduct, including conflict of interest policy**
- ❑ A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
 - ❑ Employee, officer or agent;
 - ❑ Any member of that person's immediate family;
 - ❑ That person's partner; or
 - ❑ An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award.



Conflict of Interest 200.112

23

- The Federal awarding agency must establish conflict of interest policies for Federal awards
- **NEW:** All non federal entities must establish conflict of interest policies, and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy



Conflict of Interest 200.318(c)(1)

24

- ❑ Must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors/subcontractors
- ❑ However, may set standards for situations in which **the financial interest is not substantial or the gift is an unsolicited item of nominal value**
- ❑ Standards of conduct must include disciplinary actions applies for violations



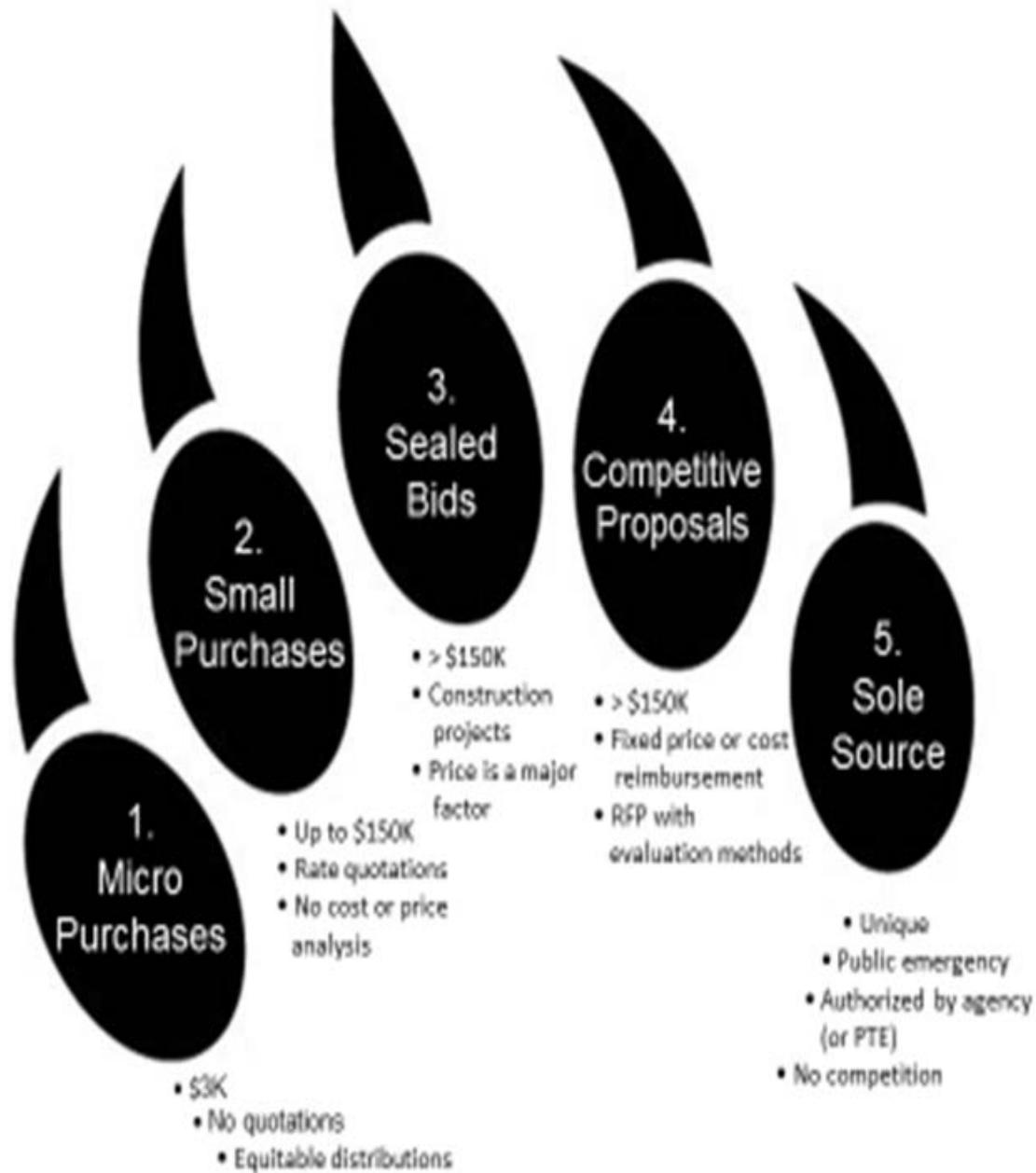
Methods of Procurement 200.320

25

- **Method of procurement:**
 - **NEW:** Micro-purchase
 - Small purchase procedures
 - Competitive sealed bids
 - Competitive proposals
 - Noncompetitive proposals



Procurement "Claw" (Section 200.320)



Micro-Purchase 300.320(a)

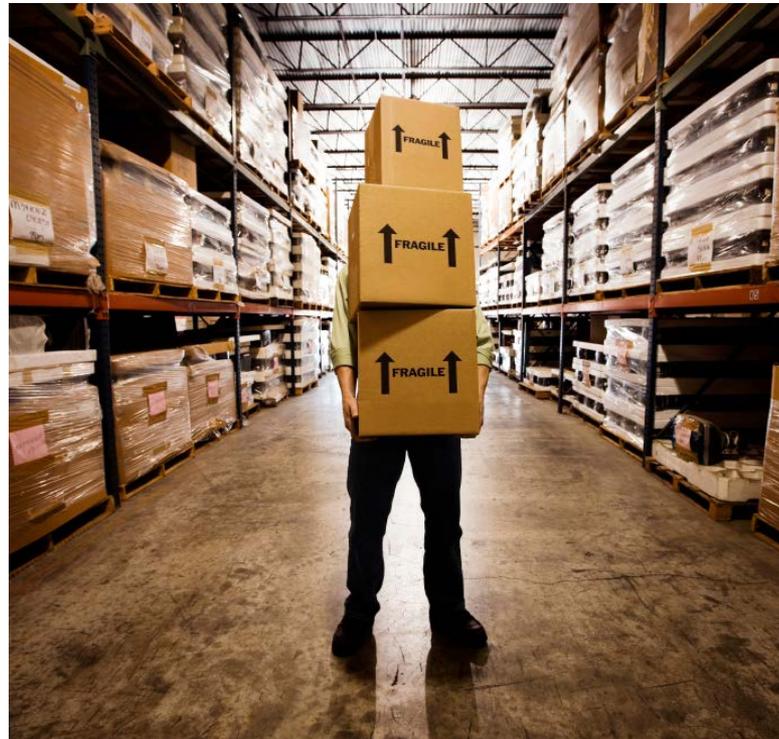
27

- **NEW:** Acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,500
 - ▣ \$2,000 for construction subject to the Davis-Bacon Act
- May be awarded without soliciting competitive quotations if nonfederal entity considers the cost reasonable
- To the extent practicable must distribute micro-purchases equitably among qualified suppliers



28

Property Management



Equipment v. Supplies 200.33 / 200.94

29

□ Equipment

- ▣ Tangible, nonexpendible, personal property having a useful life of more than one year and an acquisition cost of **\$1,000 or more per unit**

□ Supplies

- ▣ All tangible personal property other than equipment
- ▣ **NEW:** Computing devices (200.20) are supplies if less than \$1,000



Tracking Equipment

30

- **Equipment Inventory**
 - ▣ Description
 - ▣ Serial/ID Number
 - ▣ Funding Source
 - ▣ Federal Award Identification Number (FAIN)
 - ▣ Title Holder (if applicable)
 - ▣ Acquisition Date
 - ▣ Cost
 - ▣ % of Federal Participation
 - ▣ Location
 - ▣ Use and Condition
 - ▣ Disposition (if applicable)

<http://dese.mo.gov/financial-admin-services/general-federal-guidance>



Do we still need to track small and attractive Items?

31

- **Yes**
- Entities must maintain “effective control over, and accountability for, all funds, property and other assets”
- Regardless of cost, grantee must maintain effective control and “safeguard all assets and assure that they are used solely for authorized purposes”
 - ▣ 200.302(b)(4)



Equipment Disposition 200.313

32

Equipment must be used by the LEA in the program for which it was acquired as long as needed, whether or not the program continues to be supported by the Federal award.

When equipment acquired under a Federal award is no longer needed for the original program the LEA must dispose of the equipment as follows:

- Items with current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation
- Items with current per unit fair market value in excess of \$5,000 may be retained by the LEA or sold
- Proper sales procedures must be established to ensure the highest possible return



Subrecipient Monitoring and Auditing



Federal Awarding Agency

Review of Risk Posed by Applicants 200.205

NEW: Must have in place a framework for evaluating risks **posed by applicants**, which may include reviewing:

1. Financial Stability
2. Quality of Management System
3. History of Performance
4. Audit Reports
5. Applicant's ability to effectively implement program



Do SEAs, as the pass-through, have to conduct a pre-award risk review?

35

- **No**
- There is no requirement for grantees to assess risks before making subgrants
- Grantees must assess risks to inform monitoring priorities. However, grantees have discretion to make risk assessments before awarding subgrants. Factors for grantees to consider when developing their risk tools can be found at 2 CFR §200.331.
 - ▣ FAQ D-2, dated June 25, 2015



When will auditors start to audit using Part 200?

Beginning of grantee' fiscal year	Uniform Guidance audit requirements apply	The First audit period subject to 2 CFR Part 200, Subpart F ends on	First Audit that is subject to the 2 CFR Part 200, Subpart F, must be submitted on
January 1, 2015	January 1, 2015	December 31, 2015	September 30, 2016
July 1, 2015	July 1, 2015	June 30, 2016	March 31, 2017
October 1, 2015	October 1, 2015	September 30, 2016	June 30, 2017

Threshold amount = \$750,000



QUESTIONS?

