

HRSA Office of
Federal Assistance Management
presents:
Program Integrity in the
Uniform Guidance

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR part 200) as codified by HHS at 45 CFR part 75

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Program Integrity Team

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Agenda

Program Integrity in the Uniform Guidance

- **Subpart A** – Acronyms and Definitions
- **Subpart B** – General Provisions
- **Subpart C** – Pre-award & Award
- **Subpart D** – Post-Award
- **Subpart E** – Cost Principles
- **Subpart F** – Audit Requirements

Eight OMB Circulars = 1 UG

- **A-87 (2 CFR 225)** Cost Principles
- **A-21 (2 CFR 220)** Cost Principles
- **A-122 (2 CFR 230)** Cost Principles
- **A-110, A-102 (2 CFR 215)** Admin Req.
- **A-133, A-50** Audits
- **A-89** CFDA

45 CFR 75 - Title 45 Public Welfare Part 75 Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards

- Subpart A – ACRONYMS AND DEFINITIONS
- Subpart B – GENERAL PROVISIONS
- Subpart C – PRE-FEDERAL AWARD
REQUIREMENTS AND
CONTENTS OF FEDERAL AWARDS

45 CFR 75 - Title 45 Public Welfare Part 75 Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards

- Subpart D – POST-FEDERAL AWARD REQUIREMENTS
- Subpart E – COST PRINCIPLES
- Subpart F – AUDIT REQUIREMENTS
- *Plus* 11 Appendices (I-XI)

<http://www.ecfr.gov/>

Subpart A - Acronyms and Definitions 45 CFR 75.1 – 75.2

Acronyms and definitions have been updated –

- The Uniform Guidance uses 42 definitions that were not previously included in the grant-related guidance.
- “Non-federal entity.” (2 CFR 200.69). The Uniform Guidance uses this term to refer to any recipient or subrecipient of a federal grant award.
- Defines Indian Tribes as a separate entity

Subpart B - General Provisions

45 CFR 75.112 Conflict of Interest

- The Federal Awarding Agency's policy is 45 CFR 75.112 (a)

"HHS awarding agencies must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the respective HHS awarding agency or pass-through entity in accordance with applicable HHS awarding agency's policy."

Subpart B - General Provisions

45 CFR 75.112 Conflict of Interest

Program Integrity Check Points

- Do you have a written Conflict of Interest (COI) policy?
- Have you reviewed it since the UG became effective December 26, 2014?
- If you are a pass-through entity – do your subrecipients have an adequate COI policy?

Subpart B - General Provisions

45 CFR 75.113 Mandatory Disclosure

- Requires recipients to disclose, in a timely manner, in writing to the Federal awarding agency, “all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.”

Subpart B - General Provisions

45 CFR 75.113 Mandatory Disclosure

Program Integrity Check Points

- Do you have written procedures?
- How strong is your policy? Does it specify:
 - The individual responsible for monitoring federal criminal violations?
 - The individual responsible for alerting the federal awarding agency of a violation?
 - When the federal awarding agency will be notified?
 - The possible sanctions for employees who violate federal criminal law?
- Do you have a definition of what constitutes a “gratuity violation”?

Subpart C- Pre-Federal Award Requirements and Contents of Federal Awards

Program Integrity at HRSA

- Merit Review Process for Competitive Awards (75.204)
- OMB-approved application forms (75.206)
- Standard and consistent information included in Notices of Award (NoA) (75.210)

Subpart D – Post-Federal Award Requirements – 45 CFR 75.300 – 75.391

New provisions and modifications to existing administrative requirements.

- Recipients are required to provide information to the federal agency demonstrating cost effective practices (i.e. unit cost data). 45 CFR 75.301
- Recipients must implement and maintain effective internal controls including safeguarding of personally identifiable information. 45 CFR 75.303 1313

Subpart D – Post-Federal Award Requirements – 45 CFR 75.300 – 75.391

- The threshold increases for interest-bearing accounts to \$500. 45 CFR 75.305(9)
- Identifies remedies for non-compliance. 45 CFR 75.371
- Requires agencies and pass-through entities to complete closeout of all actions within one year after the receipt and acceptance of all required final reports. 45 CFR 75.381

Subpart D – Post-Federal Award Requirements – 45 CFR 75.300 – 75.391

- Prohibits agencies or pass-through entities from disallowing costs and recovering funds after the three-year record retention period has expired. 45 CFR 75.386

Recipients should carefully review the sections of the Uniform Guidance that use language from the circulars that were previously not applicable to them.

Subpart D – Performance Measures – 45 CFR 75.301

- The Uniform Guidance expands the use of performance measures in grants administration. The referenced section identifies the responsibilities for both the recipients and agencies.
- Agencies are required to provide specific performance goals, indicators, and milestones in the award.

Subpart D – Performance Measures – 45 CFR 75.301

- (continued) Recipients will be held accountable for meeting the performance measures as well as required to submit evidence that federal funds are being spent effectively. The Guidance states that one way recipients can meet this requirement is by providing unit cost data.
- Coordinating with programmatic officials may be necessary to ensure that organizations satisfy this requirement.

Subpart D – Financial Management– 45 CFR 75.302

- The Uniform Guidance has slightly modified the existing requirements for the recipient's financial system. These are two new requirements in the Uniform Guidance.
- Recipients that currently have acceptable financial management systems in place would only need to update their processes to ensure that the Catalog of Federal Domestic Assistance(CFDA) number and Federal Award Identification Number (FAIN) are listed on all award-related documents.

Subpart D – Equipment – 45 CFR 75.320

It is important to highlight that states will continue to follow their laws regarding the use, management, and disposition of equipment acquired under a federal award. All other recipients will follow the requirements outlined in this section.



Subpart D – Supplies – 45 CFR 75.321

Property will be classified as supplies if the acquisition cost is under \$5,000. Note that items such as laptops, tablets, and desktop computers are classified as a supply if the value is under the \$5,000 equipment threshold.



Subpart D –Subrecipient and Contractor Determinations – 45 CFR 75.351

To assist recipients in determining the appropriate instrument to use, this section explains the differences in the terms “subrecipient” and “contractor.”

Sub-award is defined as an award provided by a pass-through entity to a subrecipient to carry out a portion of the federal award.



Subpart D –Subrecipient and Contractor Determinations – 45 CFR 75.351

Contract is a legal instrument used by a recipient to purchase goods or services needed to carry out the project under a grant award.

This sections also provides classifications and indicators to identify each instrument and relationship.

The Uniform Guidance DOES NOT use the term “vendor.”

Subpart E – Prior Written Approval – 45 CFR 75.407

This section identifies when recipients must receive written prior approval from the federal agency as it relates to **special or unusual costs**. This is to avoid dispute or disallowance. This written approval is to include a timeframe or scope of the agreement. This section also provides a list of some selected items of cost that would require prior approval. This list serves as a reference tool.



Subpart E – Classification of Costs – 45 CFR 75.412

This section provides some clarification and guidance for grant recipients in classifying costs as either direct or indirect. There is no universal rule for classifying certain costs as either direct or indirect (Facilities & Administrative (F&A)) under every accounting system.



Subpart E – Classification of Costs – 45 CFR 75.412

This subsection reiterates the recipient's responsibility to treat each item of cost incurred for the same purpose, consistently in like circumstances, either as a direct or indirect (F&A) cost. Charging items of cost as both direct and indirect is known as double charging and is a common audit finding.

Subpart E – Direct Costs

45 CFR 75.413

This section defines and explains direct costs. A new provision is included that allows recipients to charge the salaries of administrative and clerical staff as a direct cost. The Uniform Guidance states that these salaries should generally be treated as an indirect cost.

Subpart E – Direct Costs

45 CFR 75.413

However, direct charging is allowable if all of the following are met:

- Administrative or clerical services are integral to a project or activity
- Individuals involved can be specifically identified with the project or activity
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
- The costs are not also recovered as indirect costs.

Subpart E – Indirect (F&A) Costs 45 CFR 75.414

This section defines indirect (F&A) costs and explains the negotiation process. This section uses language from 2 CFR 225 (A-87) and 2 CFR 230 (A-122). The Uniform Guidance contains new provisions affecting indirect (F&A) cost rate negotiations and policies. Some notable changes in this section are:

Subpart E – Indirect (F&A) Costs 45 CFR 75.414

- Allows select new recipients the option of a 10% de minimis (de minimis means minimal or small) rate for indirect costs. New entities that do not have a negotiated rate can use the de minimis indirect cost rate at 10% of the modified total direct costs (MTDC). **This option is only for recipients that have never received a negotiated indirect cost rate. Recipients may use this rate indefinitely but may choose to negotiate an indirect cost rate at any time.**

Subpart E – Indirect (F&A) Costs 45 CFR 75.414

- (continued) This option is NOT available to States and Local Governments and Indian Tribes that receive more than \$35 mil in direct federal funding (45 CFR Part 75 Appendix VII (D)(1)(b)).
- Recipients that have an established IDC rate CANNOT choose this option (45 CFR 74.414).
- Requires all agencies to accept negotiated indirect cost rates (45 CFR 74.414).
- Allows recipients to extend an indirect cost rate up to four years (45 CFR 74.414).

Subpart E – General Provisions for Selected Items of Cost 45 CFR 75.420 – 75.476

**The following selected item of cost
contains a policy change:**

- Advertising may be used for program outreach (45 CFR 75.421(b)(4))

Subpart E – General Provisions for Selected Items of Cost 45 CFR 75.420 – 75.476

The following selected item of cost has been added to the cost principles in the Uniform Guidance. It was not previously in any of the cost principles circulars:

- Allows non-federal entities to charge the costs incurred to recover improper payments (45 CFR 75.428)

Subpart E – General Provisions for Selected Items of Cost 45 CFR 75.420 – 75.476

Some other notable changes to the select items of costs include:

- Conferences include family-friendly policies (45 CFR 75.432)
- Travel cost includes family-friendly policies (45 CFR 75.474)(c)(1))

Subpart E – General Provisions for Selected Items of Cost 45 CFR 75.420 – 75.476

The Uniform Guidance adds a family-friendly provision to the selected item of cost for travel for temporary dependent care costs. To be allowable the costs must be:

- a direct result of an employee's travel for the federal award
- consistent with the recipients established, written travel policies
- for the time of the travel period only

Subpart E – General Provisions for Selected Items of Cost 45 CFR 75.420 – 75.476

However, the costs must be “above and beyond” regular dependent care. Allowable costs are for dependent care only. Travel costs for dependents are unallowable. 45 CFR 75.474(c)(2).

Subpart F – Audit Requirements – 45 CFR 75.501

- Supersedes circulars A-133 and A-50 (45 CFR 75.104).
- The requirements will be applicable to a non-federal entity during the first full fiscal year beginning on or after December 26, 2014 (45 CFR 75.110).

Subpart F – Audit Requirements – 45 CFR 75.501

Key changes in Audit Requirements:

- Single Audit Threshold is raised from \$500K to \$750K
- Auditees are expected to initiate corrective actions as soon as possible.
- The Schedule of Expenditures of Federal Awards (SEFA) must have two additional data elements: 1) Total amount expended from Federal awards and 2) Provide the cluster name and the total amount expended for the cluster. (45 CFR 75.510(b))

Subpart F – Audit Requirements – 45 CFR 75.512

Important changes/information regarding Report Submission requirements to Federal Audit Clearinghouse (FAC):

- Language has been added to indicate that the reporting package is due electronically to the FAC the next business day following a weekend or holiday; the same due dates apply – the lesser of 30 calendar days within receipt of the auditor's report or 9 months after the end of the audit period.

Subpart F – Audit Requirements – 45 CFR 75.512

- As of January 2, 2015 single audit reporting packages submitted to the FAC must be unlocked, unencrypted and in a text-searchable PDF format.
- The required elements of a single audit reporting package are:
 - Financial statements and SEFA
 - Summary schedule of prior audit findings
 - Auditor's report
 - Corrective action plan

Subpart F – Audit Requirements – 45 CFR 75.512

Important changes/information regarding Report Submission requirements to Federal Audit Clearinghouse:

- The FAC must publish the auditee's entire reporting package.
- Indian tribes may request that the reporting package not be published.
- Federal agencies and pass-through entities must obtain the single audit package through the FAC.

Subpart F – Audit Requirements – 45 CFR 75.512

Key changes - Federal Agency requirements

- Language has been added that requires federal agencies to review audits submitted to the FAC before planning additional audits. Any additional audits must be planned and performed to build on previous audits and prevent redundancy.

Subpart F – Audit Requirements – 45 CFR 75.512

- Federal agencies are prohibited from granting an extension.
- Federal agencies are required to name a single audit accountable official and a single audit liaison.

Subpart F – Audit Requirements – Appendix XI to Part 75

- 2015 Compliance Supplement was released in late July. The 2016 Compliance Supplement is scheduled to provide new guidance on Internal Controls for non-federal recipients.
- Compliance Supplement can be accessed through a link contained in Appendix XI.
https://www.whitehouse.gov/omb/circulars_default

Additional Information

The following resources will be useful in learning more information on the Uniform Guidance:

- The Uniform Guidance may be accessed at:
<http://www.ecfr.gov/>
- HRSA Website for Uniform Guidance:
<http://www.hrsa.gov/grants/manage/index.html>

Additional Information

- Council on Financial Assistance Reform
<https://cfo.gov/cofar/>
- Management Concepts Course:
<http://www.managementconcepts.com/>
- PIIUG@hrsa.gov HRSA mailbox open for 30 days

Questions



Evaluation Survey

