

# Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

## “The Super Circular”

2 C.F.R. Part 200

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**FEMA**

Intergovernmental Webinar Series

# Today's Presenter

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# Today's Goals

- Provide:
  - ▣ An introduction to 2 C.F.R. Part 200
  - ▣ Resources for more information



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# Overview

- The webinar will provide an introduction to the Super Circular, 2 C.F.R. Part 200.
- The Super Circular consolidates and changes the administrative requirements for all federal assistance.
- It will become effective on December 26, 2014.
- This presentation is not an exhaustive list of all requirements in 2 C.F.R. Part 200 and you are encouraged to review the regulation in full.



# What is the Super Circular?

- 2 C.F.R. Part 200 **streamlines** the language from eight existing Office of Management and Budget (OMB) circulars into one **consolidated** set of guidance.
- This reform of OMB guidance will improve the integrity of the financial management and operation of Federal programs and strengthen accountability for Federal dollars by improving policies that protect against waste, fraud, and abuse.
- It will increase the impact and accessibility of program funds by minimizing time spent complying with unnecessarily burdensome administrative requirements.



# Which Circulars are Consolidated?

## Grants Management

A-89, Federal Domestic Assistance Program Information

A-102, Grant Awards and Cooperative Agreements with State and Local Governments (44 C.F.R. Part 13)

A-110, Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations (2 CFR 215)

## Cost Principles

A-21, Cost Principles for Educational Institutions (2 CFR part 220)

A-87, Cost Principles for State, Local and Indian Tribal Governments (2 CFR part 225)

A-122, Cost Principles for Non-Profit Organizations (2 CFR part 230)

## Audit

A-133, Audits of States, Local Governments and Non-Profit Organizations

Sections of A-50 related to audits performed under Subpart F—Audit Requirements



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# What is the Super Circular? *continued*

- Revised rules set standard requirements for financial and administrative management of Federal awards across the entire Federal government.
- For FEMA, these requirements were found primarily in 44 C.F.R Part 13 (for state, local, and tribal governments), 2 C.F.R Part 215 (for schools, hospitals, and other private non-profit entities), among others.
- It applies to ALL of the federal awards you receive, not just FEMA grants.
- Provides guidance on the *administrative* aspects of federal grants (e.g., how grants are awarded, managed, audited, and closed-out).



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# What is the Super Circular? *continued*

- The Super Circular does NOT change the *programmatic substance* of FEMA's disaster and non-disaster grant programs.
- For example, the Super Circular will not change:
  - Eligibility criteria for disaster assistance
  - FEMA's disaster declaration criteria
  - FEMA's disaster grant appeals process
  - Eligibility criteria for Homeland Security Grant Program; Emergency Management Performance Grants Program; Tribal Homeland Security Grant Program; National Earthquake Hazard Reduction Program; National Dam Safety Program; and other non-disaster grants
  - The statutory purposes and objectives of any FEMA assistance program
  - The statutorily allowable costs and activities under any FEMA assistance program



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# What is FEMA doing to Implement the Super Circular ?

- DHS will adopt the Super Circular, and will refer back to 2 C.F.R. Part 200 for citations.
- The administrative requirements for FEMA grants WILL BE affected by the changes in the Super Circular.
- FEMA's disaster grant programs will post Interim Guidance on FEMA.gov.
- All Notice of Funding Opportunities will reflect the necessary changes.



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# What assistance will the Super Circular Apply to?

- The Super Circular will apply to all non-disaster grants and cooperative agreements FEMA makes on or after December 26, 2014.
- The Super Circular will apply to all awards made under Stafford Act declarations declared on or after December 26, 2014.
- The Super Circular will not apply retroactively to existing awards, EXCEPT:
  1. Non-federal entities will follow the Audit Requirements in Subpart F for existing awards in some circumstances. (See discussion of the Audit Requirements on Slide 21).
  2. Recipients and subrecipients who wish to implement entity-wide system changes to comply with the new guidance after the effective date will not be penalized for doing so.



# Who must comply with the Super Circular?

- The Super Circular applies to awards of federal financial assistance to all “non-federal entities”.
  - “Non-federal entities” are states, local governments, Indian tribes, institutions of higher education, or nonprofit organizations that carry out federal awards.
    - For-profit entities are also subject to 2 CFR Part 200, Subparts A through E. For-profit entities are NOT subject to Subpart F.
- Of particular significance, the new regulations will apply equally to both governmental and non-profit organizations.



# More than just a consolidation of financial assistance circulars

The Super Circular contains  
substantive changes - review  
it carefully



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# What is in the Super Circular?

- The Super Circular consists of 6 different subparts and 11 appendices:
  - Subpart A – Acronyms and Definitions
  - Subpart B – General Provisions
  - Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
  - Subpart D – Post-Federal Award Requirements Standards for Financial and Program Management
  - Subpart E – Cost Principles
  - Subpart F – Audit Requirements



# What are some of the changes?

- There are 98 terms that have specific defined meanings under the Super Circular.
- Make sure to consult these definitions – *many of which are new.*
- For example, the regulation no longer uses the terms *grantee* or *subgrantee*, but rather *recipient*, *pass-through entity*, and *subrecipient*.



# Examples of New Terms

- Recipient
- Subrecipient
- Pass-through entity
- Non-federal entity
- Federal award
- Federal award date
- Federal financial assistance
- Fixed amount awards
- Grant agreement
- Performance goal
- Period of performance



# Administrative Requirements

## Examples of New Provisions

### **Conflict of Interest**

Recipients and subrecipients must disclose, in writing to FEMA or its pass-through entity, any potential conflict of interest in the Federal award's lifecycle.

### **Mandatory Disclosures**

Recipients and subrecipients must disclose, in a timely manner and in writing to FEMA or the pass-through entity, all violations of Federal criminal law involving fraud, bribery, or gratuity potentially affecting the Federal award.



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# Administrative Requirements

## Examples of New Provisions (Continued)

### Specific Requirements for Pass-Through Entities

*Pass-through entity* is a new term— It is a recipient that provides a *subaward* to a *subrecipient* to carry out part of a Federal program.

Some of the requirements for pass-through entities include (See 2 C.F.R. § 200.331):

- ❑ Identifying specific information in its subawards to subrecipients.
- ❑ Performing a risk assessment for subrecipients prior to award.
- ❑ Conducting required monitoring of subawards.
- ❑ Completing subaward close-out activities per 2 C.F.R. § 200.343.



# Administrative Requirements

## Examples of New Provisions (Continued)

### Risk review of applications and imposition of Specific Conditions

- Pass-through entities who make subawards must conduct a risk assessment prior to making awards.
- For all subawards, pass-through entities must evaluate the applicant's risk of noncompliance with Federal statutes, regulations, and the terms of the subaward before making the award. Factors that the pass-through entity may consider in doing this risk analysis can be found at 2 C.F.R. §200.331.
- If risk is identified, FEMA or the pass-through entity may add specific conditions to the award.



# Administrative Requirements

While not completely new, some of the following categories contain important changes that you should review for more information.

- Property Standards (2 C.F.R. §§ 200.310 – 200.316)
- Procurement Standards (2 C.F.R. §§ 200.317 – 200.326)
- Remedies for Noncompliance (2 C.F.R. § 200.338)
- Termination (2 C.F.R. § 200.339)
- Closeout (2 C.F.R. § 343)
- Record Retention and Access (2 C.F.R. §§ 200.333 – 200.337)



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# What about the Cost Principles?

- Cost Principles continue to include guidance on allowable costs, including :
  - Reasonable costs
  - Allocable costs
  - Direct and indirect costs
  - Special considerations for governments and tribes
  - Audit services
  - Contributions and donations
  - Pre-award costs
- All recipients and subrecipients will now follow the same set of cost principles located at 2 C.F.R. Part 200, Subpart E.
- Hospitals are excepted from the new cost principles and will continue to follow 45 C.F.R. Part 74.



# What about Audit Requirements?

## □ 2 C.F.R. Part 200, Subpart F on Single Audit Act Audits:

There is a NEW audit threshold:

- A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year.

Effective Date for Audit Requirements: recipient and subrecipient fiscal years beginning on or after December 26, 2014.

This is the only subpart in 2 C.F.R. Part 200 that will apply to FEMA awards, regardless of whether FEMA made the award before or after December 26, 2014.



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# Super Circular Resources

- ❑ Full Text of 2 C.F.R. Part 200: [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
- ❑ Interim Final Rule Published in the Federal Register: <http://www.gpo.gov/fdsys/pkg/FR-2014-12-19/pdf/2014-28697.pdf>
- ❑ Crosswalk of Changes: [http://www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs)
- ❑ Council on Financial Assistance Reform Frequently Asked Questions: <https://cfo.gov/cofar/>
- ❑ FEMA information: <http://www.fema.gov/grants>

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Additional questions may be directed to your FEMA Program Analyst (PA) or the Centralized Scheduling and Information Desk (CSID) at [askcsid@dhs.gov](mailto:askcsid@dhs.gov) or (800) 368-6498



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