



OSEP Priority Update: Uniform Guidance

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Office of Management and Budget's Uniform Guidance

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

OMB Uniform Guidance Presentation Objectives



This presentation will provide:

- A review of the goals and purpose of the OMB Uniform Guidance.
- A review of the authorities for fiscal requirements applicable to IDEA programs.
- A discussion of each section of the Uniform Guidance, including highlights of key changes, emphasizing the updated requirements for:
 - Internal controls
 - Pass-through entities.
- Information on where to find resources, technical assistance and training on the Uniform Guidance.

The Goals and Purpose of the OMB Uniform Guidance

- Streamlines guidance for Federal financial assistance to ease administrative burden.
- Strengthens oversight over Federal funds to reduce risks of waste, fraud, and abuse.
- Increases the efficiency and effectiveness of Federal financial assistance to ensure best use of Federal funds.

Crosswalk from the OMB Circulars to the Uniform Guidance



Grants made <i>prior to</i> 12/26/2014	Grants made <i>on or after</i> 12/26/2014
Circulars A-89, A-102, A-110	Uniform Guidance Subparts B, C and D
Circulars A-21, A-87 , A-122	Uniform Guidance Subpart E
Circulars A-133 , A-50	Uniform Guidance Subpart F
EDGAR Parts 75 to 99	EDGAR Parts 75-79 and 81-99
EDGAR Parts 74 and 80	Become part of the Uniform Guidance

Authorities to consider when using the OMB Uniform Guidance



1. IDEA Statute and Regulations
2. Government-wide Fiscal Requirements
3. Departmental Guidance
4. Other Federal Statutes

Authorities to consider when using the OMB Uniform Guidance 78 FR 78590 (summary section)



“This guidance does not change or modify any existing statute or guidance otherwise based on any existing statute.”

Organization of the OMB Uniform Guidance



- **Subpart A** – Acronyms and Definitions
- **Subpart B** – General Provisions
- **Subpart C** – Pre-Award Requirements
- **Subpart D** – Post-Award Requirements
- **Subpart E** – Cost Principles
- **Subpart F** – Audit Requirements
- **Appendices III-V and VII** – Indirect Cost/Cost Allocation Plans
- **Appendix XI** – Compliance Supplement

Subpart B: General Provisions

2 CFR 200.102



Exceptions –

- “...in the interest of maximum uniformity, exceptions from the requirements of this Part will be permitted only in unusual circumstances...”

Subpart C: Pre-Award Requirements

2 CFR 200.200



Highlights:

- Requirements for risk reviews
- Specific Conditions (Special Conditions)
- Grant Award Notice (GAN) requirements
- Public access to Federal award information (FFATA)

Subpart C: Pre-Award Requirements

2 CFR 200.200



Highlights:

- Financial management
- Internal Controls
- Revision to budget and program plans
- Equipment and Supplies

Subpart D: Post-Award Requirements

2 CFR 200.300



Highlights:

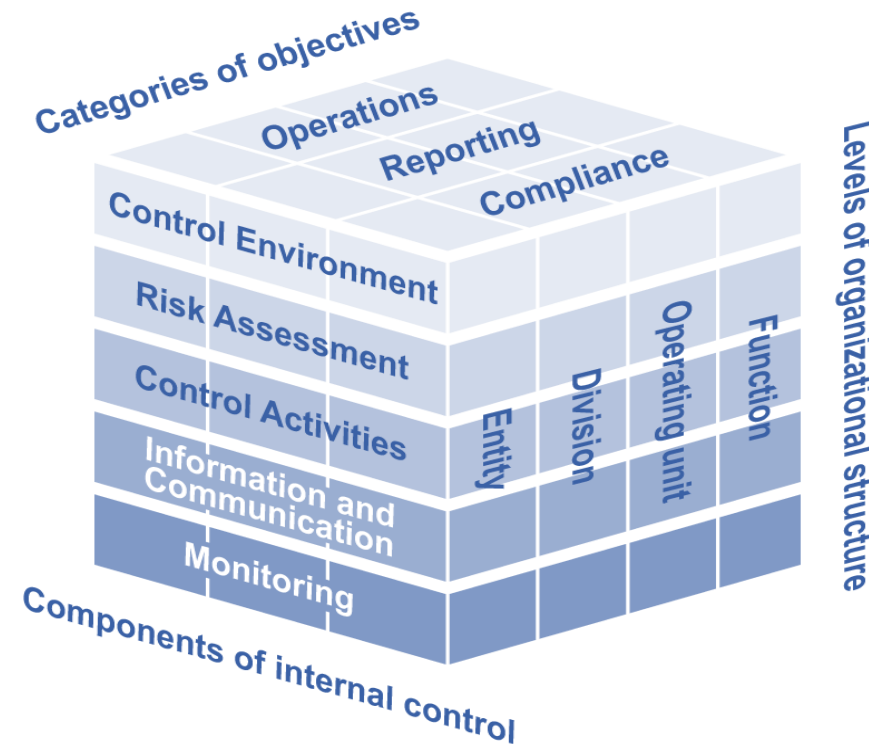
- Procurement standards
- Monitoring and reporting program performance
- Subrecipient monitoring/requirements for Pass-Through entities
- Record retention and access

Subpart D: Post-Award Requirements

2 CFR 200.303 Internal Controls



GAO's Standards for Internal Control in the Federal Government (The Green Book)

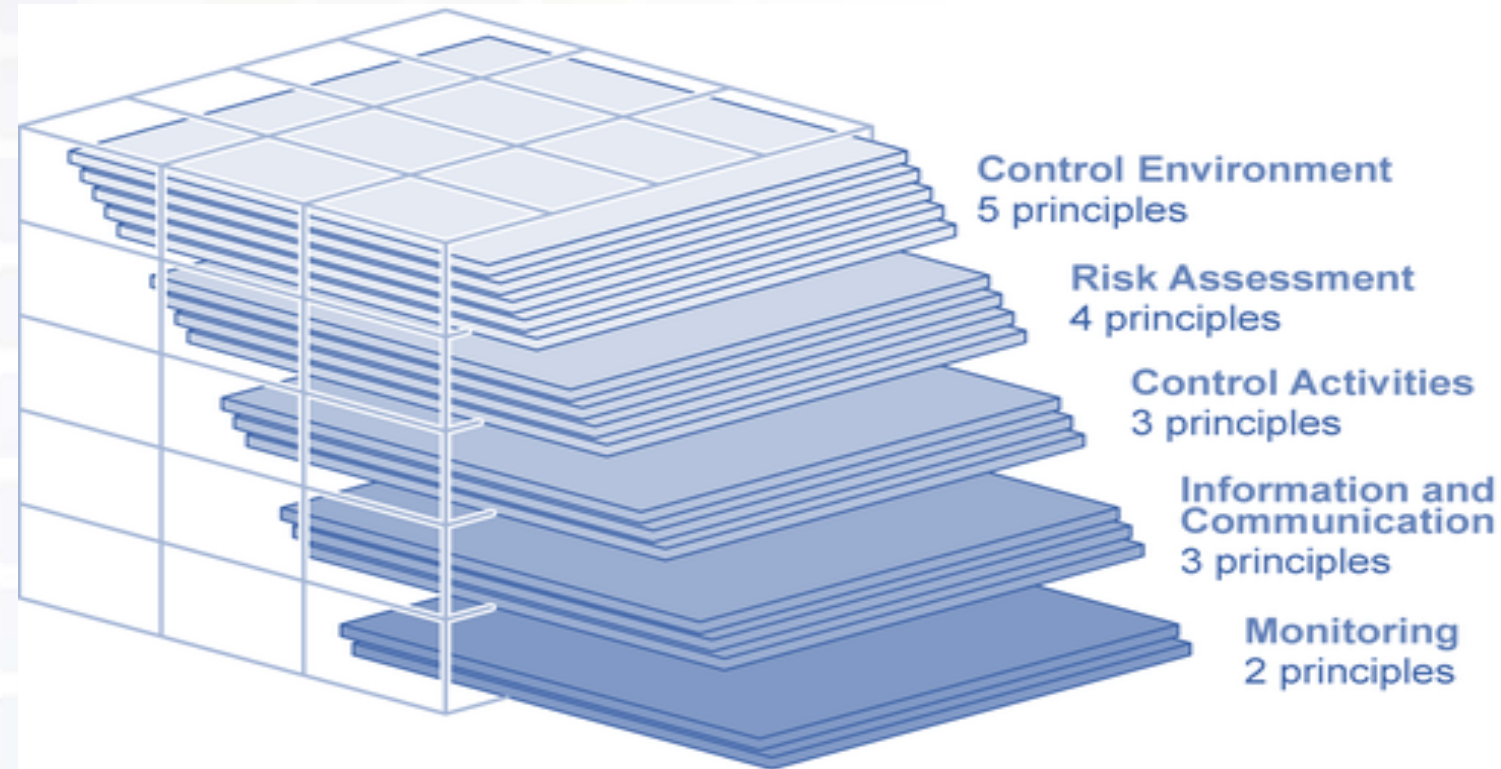


Sources: COSO and GAO. | GAO-14-704G

Subpart D: Post-Award Requirements

2 CFR 200.303 Internal Controls

Key Principles Under Each of the 5 Components of Internal Control:



Internal Controls: Control Environment



Key principles:

- Demonstrate commitment to integrity and ethical values
- Exercise oversight responsibility
- Establish structure, responsibility, and authority
- Demonstrate commitment to competence
- Enforce accountability

Internal Controls: Risk Assessment

Key principles:

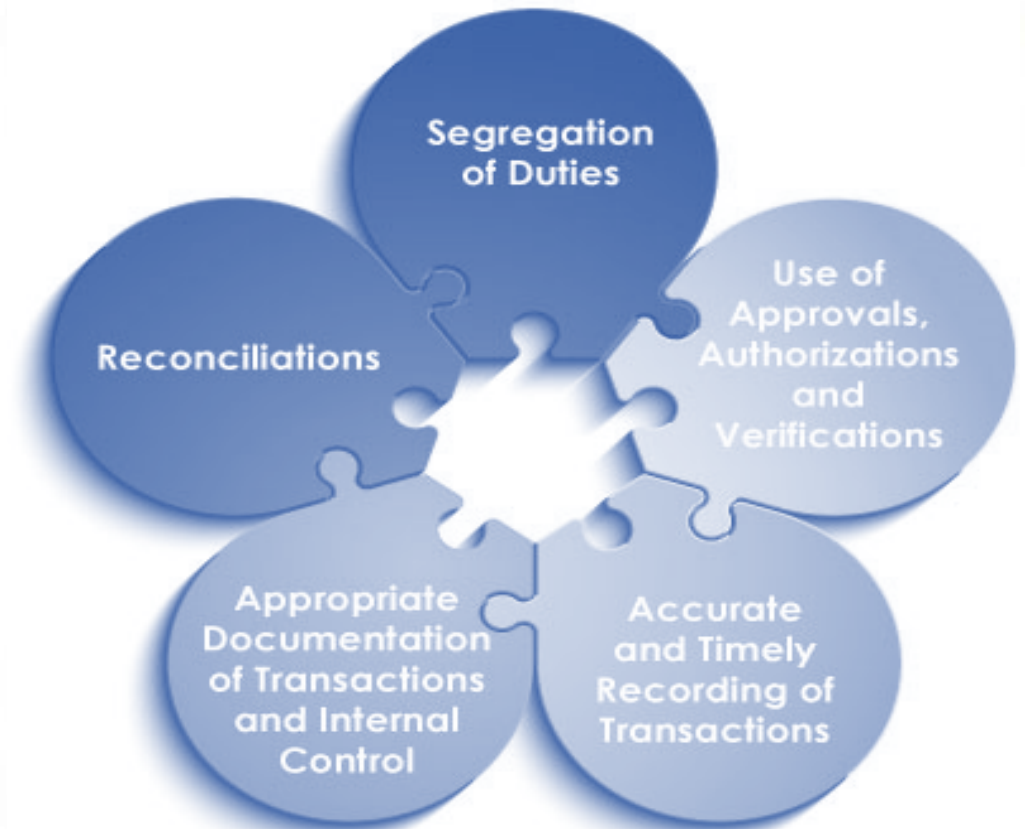
- Define objectives and risk tolerances
- Identify, analyze, and respond to risks
- Assess fraud risk
- Identify, analyze, and respond to change



Internal Controls: Control Activities

Key principles:

- Design control activities
- Design activities for the information system
- Implement control activities



Internal Controls: Information and Communication

Key principles:

- Use quality information
- Communicate internally
- Communicate externally

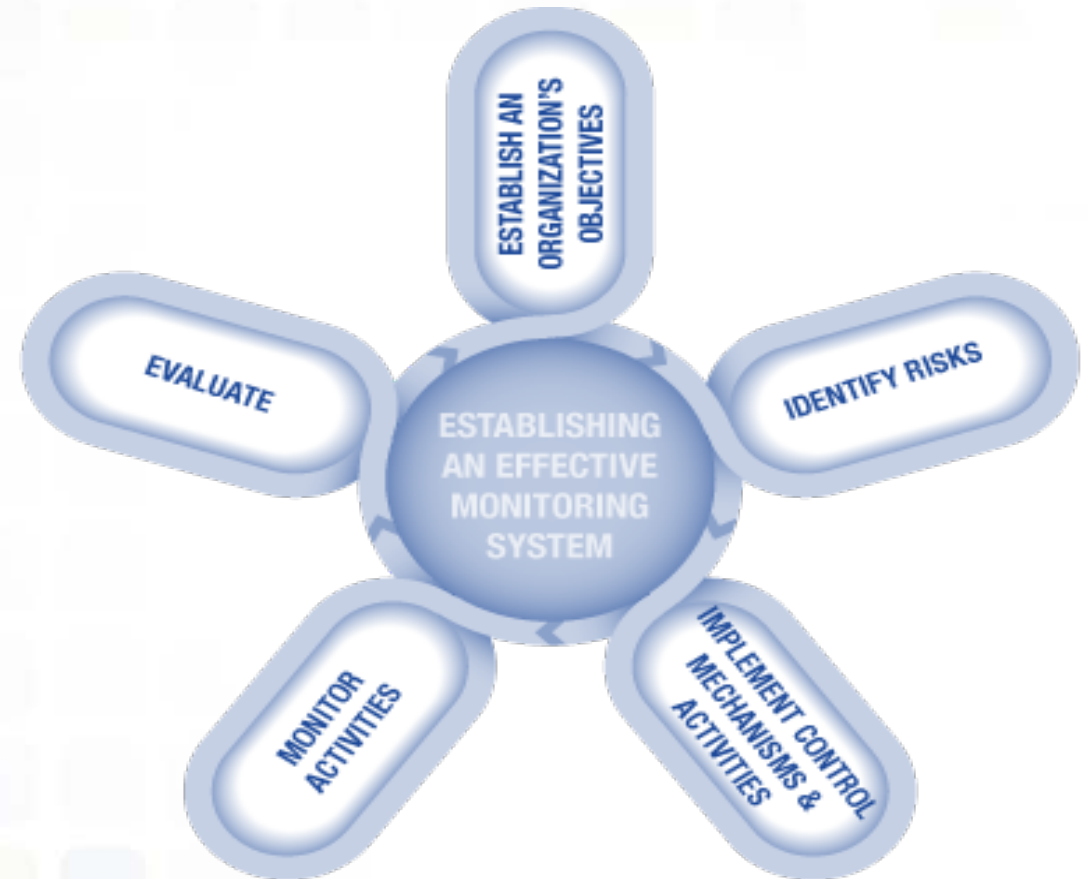


Internal Controls: Monitoring

2 CFR 200.303 Internal Controls

Key principles:

- Perform monitoring activities
- Evaluate issues
- Remediate deficiencies



Subpart D: Post-Award Requirements

2 CFR 200.331 – Evaluating Subrecipient Risk



Subrecipient monitoring/requirements for pass-through entities:

- Must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and sub-award terms and conditions.
- May conduct the risk assessments before or after sub-awards are made.
- Must use risk assessment results to determine appropriate subrecipient monitoring activities.

Subpart D: Post-Award Requirements

2 CFR 200.331 – Consideration of Risk Factors



The State's considerations in assessing risk may include:

- Prior experience with IDEA subawards.
- Results of previous audits – including whether the subrecipient receives a Single Audit.
- New personnel or new and substantially changed systems.
- Extent and results of Federal agency monitoring.

Subpart D: Post-Award Requirements

2 CFR 200.331 – Subrecipient Monitoring



The State's monitoring tools may include:

- Providing training and technical assistance on program-related matters.
- Conducting on-site reviews of the subrecipient's program operations.
- Arranging for agreed-upon procedures engagements (audit services).

Subpart D: Post-Award Requirements

2 CFR 200.338 – Remedies for Noncompliance



- **Imposing Special Conditions**
- **Temporarily withholding cash payments pending correction of the deficiency or more severe enforcement action**
- **Disallowing all or part of the cost of the activity/action not in compliance**
- **Suspending or terminating the Federal award**
- **Recommending the Department initiate suspension or debarment proceedings**
- **Withholding further Federal awards for the program or project**
- **Taking other remedies that may be legally available**

Subpart E: Cost Principles

2 CFR 200.400



Basic considerations affecting the allowability of costs remain the same. Expenses charged to IDEA grant awards must be:

- Reasonable and necessary
- Allocable
- Adequately documented

Subpart E: Cost Principles

CFR 200.400



Changes to the select items of cost in the cost principles:

- Flexibilities in the updated time and effort documentation requirements.
- Addition of limited dependent care costs as allowable charges.
- All costs requiring OSEP's prior approval have been listed in 200.407.

Subpart E: Cost Principles

2 CFR 200.400



The Cost Principles also provide:

- Information on the classification of costs as:
 - Direct Costs
 - Indirect Costs (F&A)
- Requirements for Cost Allocation Plans and Indirect Cost Rate proposals
- Extensions of Indirect Cost Rates

Subpart F: Audit Requirements

2 CFR 200.500



Subpart E: Audit Requirements

2 CFR 200.500



Key Changes in Audit Requirements:

- Threshold for a required Single Audit has increased to \$750,000.
- Questioned costs <\$25,000 are no longer required to be reported.
- Audits must be submitted electronically to the Federal Audit Clearinghouse and made available to all funding agencies.

Subpart E: Audit Requirements

Compliance Supplement

Compliance requirements that apply to IDEA grants:

- A.** Activities Allowed or Unallowed: Y
- B.** Allowable Costs/Costs Principles: Y
- C.** Cash Management: Y
- E.** Eligibility: N
- G.** Equipment and Real Property Management: Y
- F.** Matching Level of Effort, Earmarking: Y

Subpart E: Audit Requirements

Compliance Supplement (continued)

Compliance requirements that apply to IDEA grants:

H. Period of Performance: Y

I. Procurement and Suspension and Debarment: Y

J. Program Income: N

L. Reporting: Y

M. Subrecipient Monitoring: Y

N. Special Tests and Provisions: Y

Subpart E: Audit Requirements

2 CFR 200.500



The Uniform Guidance also defines responsibilities for:

- Auditees
 - e.g., requirements for audit findings and follow-up
- Federal Agency Responsibilities
 - e.g., requirements for follow-up on audit findings
- Auditors
 - e.g., requirements for evaluating Federal program risk.

http://www.ecfr.gov/cgi-bin/text-idx?SID=4ff09702016a550ea9cb0fa955222767&mc=true&node=sg2.1.200_1500.sg18&rgn=div7

Program Determination Letter



- **Finding 2015-014: Level of Effort (Maintenance of Effort) - page 46, (CFDAs 84.027 and 84.173)**
- **Audit Findings**
- **Maintenance of State Financial Support**
- **Local Educational Agency Maintenance of Effort**
- **Auditors' Recommendations**
- **Auditee's Response**

Program Determination Letter (continued)



- **Determination of the Acting Assistant Secretary**
- **The Acting Assistant Secretary partially sustains the auditors' findings.**
- **Maintenance of State Financial Support**
- **Local Maintenance of Effort**
- **Because OSEP and the CIFR are providing technical assistance to the State regarding the submission of the required policies, procedures, and correspondence, OSEP continues to work with the State to bring the State into compliance with the LEA MOE requirements. Therefore, no additional corrective actions are required through this PDL.**

Subpart E: Audit Requirements

2 CFR 200.500



Major program determinations:

- Determinations of major programs are the responsibility of the Auditor.
- The Guidance provides criteria for Federal program risk to use in making determinations.
- This approach focuses audits on areas with internal controls deficiencies.
- Compliance Supplement updates will reflect this approach.

Uniform Guidance Appendices



- **Appendix I-** Notice of Funding Opportunity
- **Appendix II-** Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
- **Appendix V-** Cost Allocation Plans
- **Appendix VII-** Indirect Cost Proposals for States and Local Governments
- **Appendix XI-** Is reserved for the single audit Compliance Supplement

ED's Implementation of the Uniform Guidance

2 CFR 200.110



Timelines for IDEA grants:

- The Uniform Guidance apply to FFY 2015 IDEA Part B and Part C grant awards *and carryover amounts* from FFY 2013 and 2014 grant awards
- The Uniform Guidance will apply to audits of grantee use of funds beginning with FY 2016 (2015-2016)

Uniform Guidance Resources



The Department's website:

<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

The Council on Financial Assistance Reform (COFAR) website: <https://cfo.gov/cofar/>

GAO Standards for Internal Control in the Federal Government

<http://www.gao.gov/products/GAO-14-704G>

Remaining OMB Circulars can be found at:

https://www.whitehouse.gov/omb/circulars_default

Remaining sections of EDGAR can be found

at: <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

Uniform Guidance: [http://www.ecfr.gov/cgi-bin/text-](http://www.ecfr.gov/cgi-bin/text-idx?SID=4ff09702016a550ea9cb0fa955222767&mc=true&node=sg2.1.200_1500.sg18&rgn=div7)

[idx?SID=4ff09702016a550ea9cb0fa955222767&mc=true&node=sg2.1.200_1500.sg18&rgn=div7](http://www.ecfr.gov/cgi-bin/text-idx?SID=4ff09702016a550ea9cb0fa955222767&mc=true&node=sg2.1.200_1500.sg18&rgn=div7)

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