


Update

- COFAR issued a new set of FAQs (dated July 2017) for the Uniform Guidance
 - <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>
- Final task before handing over responsibilities to the Chief Financial Officer at www.cfo.gov

Feb 2018 4



Applicability

UNIFORM GUIDANCE

IMPLEMENTATION


US DEPARTMENT OF LABOR - ETA GRANT RECIPIENTS	Administrative Requirements	Audit Requirements	Cost Principles
Governmental Organizations Indian Tribes Nonprofit Organizations Institutions of Higher Education Commercial For-Profit Organizations** Foreign Public Entities and Foreign Organizations*	2 CFR Part 200 and 2 CFR Part 2900*		

* 2 CFR 200 covers the application of these requirements to various commercial for-profit entities and foreign entities. These commercial for-profit entities and foreign entities that are recipients of 200 must have applied to the uniform guidance.

US DEPARTMENT OF LABOR - ETA GRANT RECIPIENTS	Administrative Requirements	Audit Requirements	Cost Principles
Governmental Organizations	29 CFR Part 97 (A-102)	29 CFR Part 98 (A-130)	2 CFR 325 (A-87)
Nonprofit Organizations	29 CFR Part 95 (A-110)	29 CFR Part 96 (A-130)	2 CFR 300 (A-122)
Institutions of Higher Education	29 CFR Part 95 (A-110)	29 CFR Part 96 (A-130)	2 CFR 315 and 200 (A-21)
Commercial For-Profit Organizations**	29 CFR Part 95 (A-110)	29 CFR Part 96 (A-130)	48 CFR 31.2


2 CFR 200 and 2 CFR Part 2900 may be found at www.ecfr.gov.

Feb 2018 5




SMART

<https://grantsapplicationandmanagement.workforcegps.org/>



Strategies in navigating the administration of your grants around four themes: **M**onitoring, **A**ccountability, **R**isk Mitigation and **T**ransparency.


Feb 2018 6



Before Uniform Guidance

- 8 OMB Circulars
 - 2 Administrative Requirements – A-102 and A-110
 - 3 Cost Principles – A-21, A-87, and A-122
 - 2 Audit Requirements – A-133 and A-50
 - 1 CFDA catalog – A-89
- Varying applicability, definitions, and standards


Feb 2018 7



After Uniform Guidance

- Achieves 9 Goals
 1. Eliminating duplicative and conflicting guidance
 2. Focusing on performance over compliance for accountability
 3. Encouraging efficient use of IT and shared services
 4. Providing for consistent and transparent treatment of costs
 5. Limiting allowable costs to best use federal resources
 6. Standardizing business processes using data definitions
 7. Encouraging family-friendly policies
 8. Strengthening oversight
 9. Targeting audit requirements on risk of waste, fraud, and abuse

Feb 2018 8




Structure

2 CFR Part 200 and 2 CFR Part 2900

- **Acronyms & Definitions**
 - Subpart A
 - New and updated terms
- **General Provisions**
 - Subpart B
 - Includes effective dates
- **Pre-Federal Award Requirements**
 - Subpart C
 - Appendix I – Full Text of Notice of Funding Opportunity
- **Post Federal Award Requirements**
 - Subpart D
 - Appendix II Contract Provisions

Feb 2018 9




Structure (2)
2 CFR Part 200 and 2 CFR Part 2900

Cost Principles

- Subpart E & 7 Appendices
 - Appendix III — Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
 - Appendix IV — Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
 - Appendix V — State/Local Government wide Central Service Cost Allocation Plans
 - Appendix VI — Public Assistance Cost Allocation Plans
 - Appendix VII — States and Local Government and Indian Tribe Indirect Cost Proposals
 - Appendix VIII — Nonprofit Organizations Exempted From Subpart E — Cost Principles of Part 200
 - Appendix IX to Part 200—Hospital Cost Principles

Feb 2018 10




Structure (3)
2 CFR Part 200 and 2 CFR Part 2900

Audit Requirements

- Subpart F & 2 Appendices
- Appendix X — Data Collection Form (Form SF–SAC)
- Appendix XI — Compliance Supplement


Feb 2018 11




DOL Exceptions

- The Department of Labor's (Department or DOL) adoption of the Office of Management and Budget (OMB) Guidance in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is found at [2 CFR 2900](#).
 - ▶ *except to the extent that an agency can demonstrate that any conflicting agency requirements are required by statute or regulations, or consistent with longstanding practice and approved by OMB.*
 - 22 exceptions were approved for DOL.

Feb 2018 12







DOL Exceptions

- **2900.2 Non-Federal Entity**
 - Applies to Commercial & Foreign Entities
- **Multiple Provisions Concerning Budget**
 - 30 days, in writing, and no blanket approval
- **2900.5 Federal awarding agency review of merit of proposals**
 - Findings outside of audits can be used during merit reviews and as questioned costs

Feb 2018 13







DOL Exceptions (2)

- **2900.7 Payment**
 - Advances must be liquidated and additional restrictions can be imposed.
- **2900.14 Financial reporting**
 - Expenditures must be reported on accrual basis
- **2900.15 Closeout**
 - All obligations and/or accrued expenditures must be liquidated at closeout.
- **2900.13 Intangible property**
 - Promote through free and open use of content on Creative Commons.

Feb 2018 14






DOL Exceptions (3)

- **2900.17 Adjustment of negotiated IDC rates**
 - Indirect Costs Rates may need to be renegotiated
- **2900.18 Contingency provisions**
 - Retention of records related to contingencies
- **Subpart F – Audit Requirements (2900.20-.22)**
 - Audit Resolution and Management Decisions
 - Clearly defined steps

Feb 2018 15



Standards

Factors Affecting Allowability

Necessary and reasonable	Conform with federal law, guidelines and grant terms
Adequately documented	Accorded consistent treatment
Not used for cost sharing or matching funds	Consistent with policies and procedures
In accordance with GAAP	Legal under state and local law

Feb 2018 16

OFFICE OF Grants Management

Necessary and Reasonable (1 of 2)

200.404 Reasonable cost does not exceed what would be incurred by a prudent person under prevailing circumstances when decision was made to incur the cost.

A foundation for allowable costs

- Necessary for the performance or administration of the grant
- Follow sound business practices
- Fair market prices
- Act with prudence
- No significant deviation from established prices

Feb 2018 17

OFFICE OF Grants Management

Necessary and Reasonable (2 of 2)

A foundation for allowable costs

Practical aspects of necessary

- Is this item or service needed to meet grant goals?
- Is this the minimum amount I need to spend to meet my need?

Practical aspects of reasonable

- Do I have the capacity to use what I am purchasing?
- Did I pay a fair rate?
- If I were asked to defend this purchase, would I be comfortable?

Feb 2018 18

OFFICE OF Grants Management

Adequately Documented

- Amount of funds and how funds are used
- Total cost of the project
- Percentage of costs provided by other sources
- Records that show compliance/performance
- Other records to facilitate an effective audit
- Allocable benefit to the grant

Feb 2018 19

OFFICE OF Grants Management

Additional Standards

- Applicable Credits
- Composition of Costs
- Prior Written Approval
- Special Considerations

Feb 2018 20

OFFICE OF Grants Management

Program Regulations

Program regulations may have prohibited costs

- WIOA 20 CFR 683
- WIA 20 CFR 667.260-268
- WIA 20 CFR 668.340-350

See the Selected Items of Cost for details

Feb 2018 21

OFFICE OF Grants Management

Program Limitations

- Salaries & Bonus Limitations
TEGL 5-06
- Public Service Employment Programs
- SESA Real Property
- Legal expenses for prosecution of claims, ALJ audit appeals or civil actions

Feb 2018 22

OFFICE OF Grants Management

WIOA Limitations

WIOA – Section 181(e)
Prohibits use of funds for:

- Employment-Generating activities
- Revolving loan funds
- Business capitalization
- Economic development
- Foreign travel

Feb 2018 23

OFFICE OF Grants Management

Status Check

Are the statements true or false?

- ? The cost principles are the criteria for charging costs to a Federal award
- ? The standards for documentation include performance information
- ? Salary and bonus restrictions no longer apply with the new Principles

Feb 2018 24

OFFICE OF Grants Management

Significant Changes

Learning objectives for this section

- Describe the DOL exceptions and major changes

Feb 2018 25

OFFICE OF Grants Management

Prior Written Approval

Grant Officer is the only authorized official to provide written approval (2900.12)

Request for approval must be submitted not less than 30 days before requested action occurs (2900.16)

Significant changes in the Cost Principles have added prior written approval requirements (200.407)

Feb 2018 26

OFFICE OF Grants Management

Prior Approval Applicability

As a discretionary (non-formula) Grantee	As the State Formula Grantee
<ul style="list-style-type: none">Must obtain prior ETA approval in the same way as other direct recipients of discretionary grant funds	<ul style="list-style-type: none">For approval of State and Local Workforce Investment Area (LWIA) costsPrior approval authority is delegated to the GovernorNo additional ETA approval is required

Feb 2018 27

OFFICE OF Grants Management

Applicability

Recipients, subrecipients, pass-through entities

States and local governments	Institutions of Higher Education (IHE)
Non-profit organizations	For-profit or commercial entities
Indian tribes	Foreign organizations and foreign public entities

Feb 2018 28

OFFICE OF Grants Management

Indirect Costs

- DOL clarification at 2900.17
 - Adjustments or refunds and effect on IDC rates
- 200.413 – Discussion of Direct Costs
- 200.418 – Distinctions
- Use of Appendices

Feb 2018 29

OFFICE OF Grants Management

De Minimis Rates

Type of Indirect Cost Rate discussed at 200.616(e)	Covered in Indirect Cost Module
Has costs classified as indirect costs	Entity has never received or does not currently have a negotiated indirect cost rate
+	=
Entity eligible to receive rate	May charge an indirect cost rate of 10% of modified total direct costs (MTDC)

Feb 2018 30

OFFICE OF Grants Management

Selected Items of Cost

Learning objectives for this section

- Identify additions and deletions
- Apply requirements the determination of allowable costs


Feb 2018 31



Types of Costs

Allowable	Unallowable	Allowable with conditions
<ul style="list-style-type: none">• Training Costs• Collection of Improper Payments• Health and Welfare	<ul style="list-style-type: none">• Entertainment• Fines and Penalties• Bad Debts	<ul style="list-style-type: none">• Personnel• Donations• Interest• (Most Costs)

Feb 2018 32




2 CFR 200.422

Unallowable Conditions

- Authorized by statute
- Authorized by Federal agency
- As an indirect cost where allocable

Feb 2018 33



Advertising 2 CFR 200.421

- Costs of media including electronic media
- Incorporates "Communication Costs"
- Recruitment of Personnel
- Procurement of goods and services
- Advertising and Public Relations are distinct types of cost

Feb 2018 34

OFFICE OF
Grants Management

Public Relations 2 CFR 200.421

Allowable ✓

- Communication Costs
- Community Outreach
- Program specific awards
- General program liaison

Unallowable ✗

- Memorabilia
- Organizational Recognition
- Promotional Items

Feb 2018 35

OFFICE OF
Grants Management

Capital Assets 2 CFR 200.12

Applies to:

- Equipment
- Real Property
- Major Renovations
- Intellectual property

Expenditures capitalized in accordance with GAAP

Feb 2018 36

OFFICE OF
Grants Management

Child Care 2 CFR 200.432

See Conference costs

Cost of actual child care is **unallowable**

Cost of searching for and obtaining child care is **allowable**

Feb 2018 37

OFFICE OF
Grants Management

Improper Payments 2 CFR 200.428

New item of cost

Allowable ✓

Either direct or indirect

Use of amounts collected specified

Feb 2018 38

OFFICE OF
Grants Management

Contingency Provisions 2 CFR 200.433 & 2900.18

Generally unallowable

Allowable only under strict conditions:

- Included in budgets
- Broadly accepted cost estimating methods
- For budget purposes only

Any type of "reserve" is unallowable

Feb 2018 39

OFFICE OF
Grants Management

Conferences 200.432 (1 of 2)

Allowable with conditions

- Meeting
- Retreat
- Seminar
- Workshop
- Rental cost
- Speaker fees
- Meals and refreshments
- Local transportation

Primary purpose is dissemination of technical information beyond the non-federal entity


Unless further restricted by the terms of the federal award

Feb 2018 40

OFFICE OF Grants Management

Conferences 200.432 (2 of 2)

- Must exercise discretion and judgment in ensuring conference costs are appropriate, necessary, and minimize costs to the federal award.



Feb 2018 41

OFFICE OF Grants Management

Equipment

2 CFR 200.33 & 200.439

Definition		
Tangible personal property (use life > 1 year)	\$5000 cost or entity capitalization level	Computing devices IT systems General and special purpose

Management Requirements		
Specifies acquisition and use requirements	Prior approval required	Expensed in period acquired

Feb 2018 42

OFFICE OF Grants Management

Fines and Penalties 2 CFR 200.441


Defined as fines, penalties, damages, violations of Federal and/or local laws

Unallowable

Examples are parking tickets, DUI equipment, late payment penalties

Cross reference - Defense of claims against the government - unallowable

Feb 2018 43



Welfare Costs 2 CFR 200.437

Allowable with conditions

Conditions

- Health and welfare of staff
- In accordance with documented policies
- Must be allocated

Losses generally unallowable

Eliminates "morale costs"

Feb 2018 44



Entertainment 2 CFR 200.438

Limited exceptions

CAUTION

Programmatic purpose AND

Authorized within budget OR


Authorized by awarding agency (prior approval)

Unallowable

Examples:

- Sports event tickets
- Gift cards
- Movie tickets

Feb 2018 45



Intellectual Property CFR 200.448 & 2900.13

PATENT PROTECTED Combines patent and royalties from Circulars
Does NOT address licensing requirements

Further clarifies allowable and unallowable costs associated with each

Copyright © Reference requirements for intangible property

- DOL exception includes use of Creative Commons license 2 CFR 2900.13
- Allows subsequent use in manner specified by the awardee

Feb 2018 46

Lobbying 2 CFR 200.450

Costs of lobbying are unallowable

Lobbying includes any actions

- Designed to influence the obtaining of grants
- Designed to influence or give special consideration to acting on an award or regulatory matter

Governed by multiple statutes

Feb 2018 47

Participant Support Costs 2 CFR 200.456 & 469, 2900.19

When supportive services including participant support costs are expressly authorized by a program statute, regulation, or FOA, this award waives the prior approval requirement for participant support costs as described in 2 CFR 200.456.

Allowable as defined

Check your grant agreement

Student Activity fees are unallowable

- DOL exception at 2900.19
- Allowable if meet a program requirement
- Have prior written approval

Feb 2018 48

Status Check

Are the statements true or false?

- ? Advertising costs include electronic media
- ? Conference costs include the cost of meeting space
- ? DOL requires a Creative Commons license for intellectual property developed with grant funds
- ? The costs of collecting bad debts are unallowable.

Feb 2018 49

OFFICE OF Grants Management

For Your Consideration

Are there changes that you should be making in your award documents for future awards?

How will the written prior approval requirements impact your program operations?

Will some of the new restrictions on costs affect your program design in future awards?

Feb 2018 50

OFFICE OF Grants Management

Key Concepts

- The Uniform Guidance consolidates the definitions and many have been changed or deleted.**
- No change to premise of necessary and reasonable.**
- The Cost Principles have been consolidated into Subpart E of the Uniform Guidance.**
- The Selected Items of Cost have been clarified and many are new.**

Feb 2018 51


OFFICE OF Grants Management

Knowledge Check

On a scale of 1 (lowest) to 5 (highest), rate your knowledge and understanding of the following statements.

- I am fully aware of the structure of the revised Cost Principles.
- I understand the significant changes to Subpart E.
- I know the applicability of DOL exceptions to specific sections.
- I am knowledgeable regarding the Selected Items of Cost.
- I understand the various requirements for prior approval as described in the Selected Items of Cost.

Feb 2018 52





Uniform Guidance Grants Management Training on WorkforceGPS

<https://grantsapplicationandmanagement.workforcegps.org/>

Feb 2018 53



Questions?

■ Deborah Galloway -
Galloway.deborah@dol.gov

Thank you!

Feb 2018 54

