



A Key Pillar of State Government

UNIFORM GUIDANCE IMPLEMENTATION



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Part III

Office of Management and Budget
2 CFR Chapter I, Chapter II, Part 200, et al.
Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards, Final Rule

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

UNIFORM GUIDANCE



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“Super Circular”

- OMB A-21 – Cost Principles for Educational Institutions
- OMB A-87 – Cost Principles for State, Local and Indian Tribal Governments
- OMB A-110 – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- OMB A-122 – Cost Principles for Non-Profit Organizations
- OMB A-89 – Catalog of Federal Domestic Assistance
- OMB A-102 – Grants and Cooperative Agreements With State And Local Governments
- OMB A-133 – Audits of States, Local Governments and Non-Profit Organizations; and
- OMB A-50 – Audit Followup



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Effective Dates – Uniform Guidance

- New administrative requirements and cost principles
 - December 26, 2014
 - Applicable to all new federal awards and funding increments where federal agency modifies the terms and conditions
- Procurement guidelines
 - One full fiscal year after
December 26, 2014 (grace period)



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Effective Dates – Uniform Guidance

- Audit Requirements
 - For fiscal years beginning after December 31, 2014
 - Not permitted to early implement



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Audit – Compliance Testing

- Transition
 - Audit compliance testing will be affected by client adoption of “new” requirements.
 - Auditors may test some awards subject to “old” requirements and some the “new” requirements for several years.
 - Challenges related to funds received by subrecipients from pass-through entities (PTE)



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2015 Compliance Supplement

- Used for A-133 audits and Uniform Guidance
- Two Part 3 sections
 - One for UG guidance
 - One for A-133 guidance
 - Transition info also included
- Parts 4 and 5 may be affected as well



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Audit Planning Considerations

- Understand client's federal awards
 - Meet early and review award documentation
 - Consider impact on compliance testing
- Familiarize yourself with new administrative requirements and cost principles

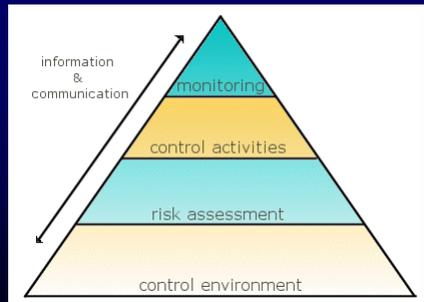


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Notable Changes – Internal Controls

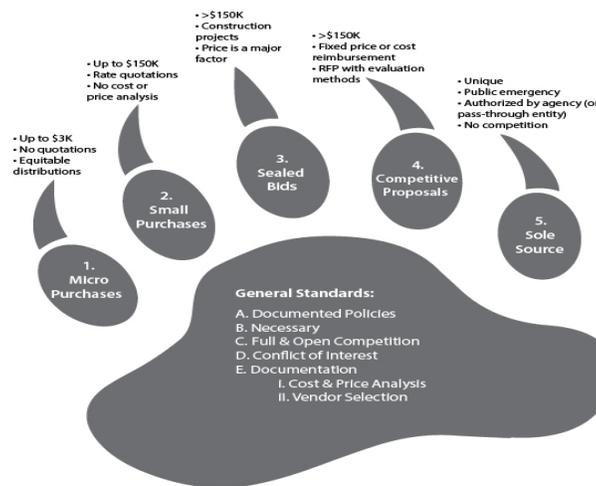
- Part 6 – Internal Control
 - Currently out of date
 - Look at COSO or GAO Green Book for guidance



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Notable Changes – Procurement

'Claw' of Procurement Requirements in Uniform Guidance (2 CFR §200.320) (9/1/14)



SOURCE: Gil Tran, Office of Management and Budget, National Council of University Research Administrators annual meeting, Aug. 13, 2014



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Notable Changes – Indirect Costs

- Federal Agency will accept negotiated indirect cost rate
- Option to extend for up to four years
- Absent a negotiated rate, a de minimus rate of 10% of modified total direct costs may be used indefinitely



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Notable Changes – Subrecipient Monitoring

- Subrecipient vs. Contractor

Subrecipient / Contractor Determination	
Subrecipient	Contractor
Creates a Federal assistance relationship	Purpose is to obtain goods and services for the non-Federal entity's own use and creates a procurement relationship
Determines who is eligible to receive what Federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the operation of the Federal program; and
In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the PTE	Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons



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Notable Changes – Subrecipient Monitoring

- New subaward requirements
 - Communication of award information
- New requirements for PTEs with regard to monitoring activities
 - Risk Assessment of subrecipients
 - Document, document, document



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Notable Changes – Time and Effort

- More principles based
- More emphasis on internal controls over personnel-related costs
- Charges based on records that accurately reflect work performed
- Auditors focus on impact on client



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Audit Impact

- Internal Control documentation
- Increased audit testwork
- Additional audit findings
- Beware of SALY
- Consider timing of PPC updates
- Reference updates in reports and letters



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Single Audit – Key Differences

- Audit threshold increased to \$750,000
 - State thresholds changed to match
- Type A/B threshold – minimum increases from \$300,000 to \$750,000
- High-risk Type A program criteria
- High-risk Type B program criteria



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Single Audit – Key Differences

- Percentage of coverage from 50/25% to 40/20%
- Low-risk auditee criteria
- SEFA disclosure changes
- Audit findings (threshold from \$10,000 to \$25,000)



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