

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

UNIFORM GUIDANCE (FORMERLY A-133) FOR FEDERAL AWARD PROGRAMS

Michael McNee

06.2015

UNIFORM GUIDANCE (FORMERLY A-133) FOR FEDERAL AWARD PROGRAMS

The Office of Management and Budget recently published Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This guidance supersedes several OMB Circulars that govern federal awards, including the Circulars that affect non-profits, such as Circular A-110 and A-122. These new regulations are commonly called “Uniform Guidance” or “UG”.

Non-profits will need to implement the new administrative and cost principles for all new federal awards and additional funding to existing awards made after December 26, 2014.

The OMB Circular A-110 “Uniform Administrative Requirements for Grants and Other Agreements” established standards for obtaining consistency and uniformity among Federal agencies in the administration of grants. These standards cover such broad areas as Pre-Award Requirements, Post-Award Requirements, Property Standards, Procurement Standards, and Reports and Records. These standards have now been relocated to Title 2 of the Code of Federal Regulations (CFR) Subparts B, C, and D 200.100-.113; 200.200 -.211; and 200.300-.345.

Besides relocating these standards, changes were made to the Procurements Standards. There are now five prescriptive procurement methods:

- Micro-purchase-supplies or services when the aggregate amount does not exceed \$3,000 or \$2,000 in cases subject to the Davis-Bacon Act
- Small purchase procedures – subject to the “Simplified Acquisition Threshold” (currently under \$105,000)
- Sealed bids
- Competitive proposals, and
- Noncompetitive proposals

The nonprofit entity must also perform cost or price analyses in connection with every procurement action in excess of the “Simplified Acquisition Threshold”, including contract modifications. These changes will require the nonprofit entity to revise their internal procurement policies and procedures to reflect these changes on all federal procurements. The new procurement standards under the Uniform Guidance have been delayed for one year.

OMB Circular A-122 “Cost Principles for Non-Profit Organizations” established the principles for determining costs of grants, contracts and other agreements with non-profit organizations. Under UG, this has been relocated to Title 2 of the Code of Federal Regulations (“CFR”) Subpart E 200.400 – 200.475.

Basically, there were no significant changes to selected cost items. However, there are changes to Compensation – Personal Services. Charges to Federal awards for salaries and wages no longer need to be supported by contemporaneous time sheets (especially critical for allocable people) but they still must be based on records that accurately reflect the work. They must:

- Be supported by a system of internal control which provides reasonable assurance that charges are accurate, allowable, and properly documented.
- Comply with established accounting policies of the nonprofit entity
- Be incorporated into the official records of the non-federal entity
- Support distribution of an employee's salary or wages among activities or cost objectives (basically it must include information that supports the allocation)
- Encompass both federally assisted and all other activities, and
- Reasonably reflect the total activity for which the employee is compensated.

Charges for hourly employees must also be supported by records indicating total hours worked each day, maintained in accordance with Department of Labor regulations. Salaries and wages of employees used in meeting cost sharing or matching requirements must be supported in the same way as if claimed for reimbursement and **budget estimates alone do not qualify** for support for reimbursement.

Failure to adhere to the Administrative requirements and the Cost Principles for Federal programs can result in significant nonallowable/reimbursable costs that would have to be repaid to the Federal agency and also might result in the possibility of cancellation of the Federal grant.

For more information

If you have questions about this alert, please contact Michael McNee, Partner-in-Charge of the Nonprofit and Government Services Group, by phone at (212) 503-8954 or by email at mmcnee@markspaneth.com or any of our [Marks Paneth Nonprofit and Government Professionals](#).