**WorkforceGPS**

**Transcript of Webinar**

**Uniform Guidance Revisions: A SMART Approach to 2020 Revisions to Grants Management**

**Tuesday, February 23, 2021**

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GRACE MCCALL: And welcome to "Uniform Guidance Revisions." So that further ado, I'm going to turn things over to one of our speakers for today, Debbie Strama, division chief, Fiscal Policy Unit at the United States Department of Labor, ETA. Take it away, Debbie.

DEBBIE STRAMA: All right. Thank you, Grace. Welcome, everybody. We want to call today's session "Technical Tuesday." We will be talking about the 2020 revision of the Uniform Guidance. The Uniform Guidance is short for uniform administrative requirements, cost principles and other requirements for federal awards.

Joining me today is Chanel Castaneda. We will be splitting up the presentation in half and she'll be taking the latter part of the presentation. If you have questions related to the Uniform Guidance on any of the applications or changes, please put those in the chat box and we will try to answer those throughout the 90-minute session.

So, as you know, the Office of Management and Budget has published revisions to 2 CFR 200, along with other requirements that are contained in Chapters 175 and 25 and other chapters that relate to grants management. So those were published in August of 2020, and some additional revisions were just published yesterday and we have links to both of those Federal Register notices in our PowerPoint.

So you may be wondering why we call this "The Smart Approach to the Uniform Guidance Revision." As you know, in 2013, the Uniform Guidance was issued. This was the biggest change in grant management for a very, very long time. The last update the federal government had issued was in 2004 when they had updated the OMB circular on cost principles, also known as A-87. That was issued and then when it was finally implemented in 2014, the Employment and Training Administration at the U.S. Department of Labor decided that it would be a perfect time to begin a technical assistance initiative that would provide training to our grant recipients and to the pass-throughs and the subawards and the service providers out there around all of the different topics and elements contained in the Uniform Guidance.

And so we came up with what is known as "SMART training." And so SMART training is focused on strategies for some grant management that includes monitoring, accountability, risk mitigation and transparency. These four themes are weaved throughout the OMB Uniform Guidance, also found under 2 CFR 200.

When we began this initiative in 2015, we actually did a few in-person sessions. We visited a variety of different states over the course of a couple of years and we had trained over 2,000 folks between 2015 and 2016. We picked up that initiative again and we updated our materials.

And in 2019 we did a 16-part e-virtual series on SMART through our GPS webpage -- our GPS technical website, and we had over 8,000 people attending the virtual training as well as the in-person training. So we're kicking off the next set of training sessions with this update.

And today's session will focus in on the changes that have been made by OMB when those revisions were published last summer and as late as yesterday with a technical amendment that they recently released. So let's begin to talk a little bit about what has changed and what hasn't changed and what was the intent of those changes. We'll keep going here.

So as I indicated before, Uniform Guidance was first published in 2013, it was issued around December of 2013, another set of revisions were published in 2014; and many of those provisions had taken effect at that time. There was some subsequent extensions, changes that impacted procurement and some other things.

As part of the release of the Uniform Guidance, it was mandated that OMB and the federal agencies that granted or provided grant awards were to look back at the Uniform Guidance to make sure that it was operating as it should; and if there was a need to make any revisions based on application and practice, that they would go ahead and do that.

And so during the last administration, they had focused on four main things, or they had a four-pronged approach in tackling the revision. So it wasn't a wholesale revision to every element of the Uniform Guidance, but it was focusing in on making sure grant management standards were able to -- people were able to operationalize those standards, to put those in place and to put those in practice; also to consider how do people work today in managing grants.

When the first OMB circular had come out, there was no such thing as a laptop or a fax machine or an iPad, and there wasn't anything such as a digital record. And so how do we manage a grant using modern equipment, modern times?

Another approach, another consideration that they had in the back of their mind is how do we ensure that we can mitigate risk or at least identify those areas that may identify high risk? And what do we do as a federal agency when we award grants to agencies that may be deemed risks are at risk or high risk? And what can a pass-through entity do when they're working with an agency that may be deemed at risk or high risk?

And then lastly, we know that grants management should go hand in hand with performance. There is -- we would expect that the spending of those dollars, whether or not you have every dollar tree to the penny that, without achieving performance, it really doesn't matter. So they they want to make sure that we tie performance management with sound and effective grants management.

And then lastly, one of the last focus or the last in terms of these changes is to clarify some provisions that either caused confusion to -- or cause confusion in our grantees community or at the federal awarding agency.

OK. So in this slide, this just shows what was actually changed or what had to happen when the Uniform Guidance was first implemented in 2013. What OMB had expected to do and it had accomplished was to take all of the circulars that govern administrative requirements, that govern cost principles and other requirements and the CFTC listing and try to incorporate the best features of each of those into one single document.

And so the Uniform Guidance reforms all of the circulars that you see on this chart. So you no longer refer to A-102, A-110, or any of the cost principal circulars, such as A-87. With the audit requirements, A-133 is incorporated into the Uniform Guidance. We do -- or the federal government does still issue an annual compliance supplement, so that hasn't changed.

So what Uniform Guidance have done is basically merged or melded all of the other pieces of those eight different circulars under one roof, and so that makes it easier for any grant recipients, any pass-through entity that receives an award from the Department of Labor or HHS or HUD, that they can turn to one single source of grant management references or requirements to know what is expected of them when they submit a financial report or when they're looking to convert to their accounting system; you know, what are the parameters, what are the standards that the federal government expects when managing a grant.

So those are just a little brief history as to how the Uniform Guidance had come about. Here's just a little bit of more information about our SMART training. So if you click on the link, the link should be a live link in the handout you see in the file share box. But we have all of our 16 modules that we created and trained on available on our GPS website. So we have a module on financial reporting, on internal controls, on procurement of equipment, and a whole bunch of other things.

So if you weren't able to attend to any of our training or if you're brand new to federal grants, you may want to take a look at any of those modules. The PowerPoint are available and the actual recording.

The effectiveness and applicability. So the timeline in which grant recipients and federal agencies were to implement these changes came much faster than when the Uniform Guidance was first implemented. When the Uniform Guidance was first implemented, we had nearly a year to get these changes and implemented in the way we managed our work. With these revisions that took place in the summer of 2020, two of the revisions took place immediately, and those were on working or using federal funds to purchase certain telecommunications equipment and a revision on termination. It allowed federal awarding agencies more flexibility in the way they terminated grants.

The remaining revisions took effect a few months later, and so those took effect on November 12, 2020; and the technical amendments that were issued yesterday took effect as of yesterday. And so we'll talk a little bit about those technical amendments that were that were released yesterday.

And so how did these revisions impact the grants that you manage on behalf of Department of Labor? All of these revisions impact any grant that has been awarded after those dates. And we had already -- the Department of Labor had adopted the Uniform Guidance in 2014 through our Title at 2 CFR 2900.4. So the adoption was basically automatic once those revisions took place. But how do they apply to your grants? Old grants or grants that were awarded prior to the release of those revisions fall under the overall rules, and any new grant awarded that has been issued follows the new set of rules.

And with this flag, this is just to give you a heads-up on the Federal Register notice that was published yesterday, and so this includes some revisions and some clarification based on the revisions that came out in August.

CHANEL CASTANEDA: Hey, Deb. This is Chanel. We have a question. Someone is asking where they could get an updated copy of the Uniform Guidance that just that came out in August as well as the technical amendment.

MS. STRAMA: OK. Don't we have links? I think we have links to both of those in the PowerPoint. If both links are not working, we could send these out. The other place that you can turn to is to eCFR.gov. But we know that the folks that manage eCFR.gov are working to correct the numbering that is appearing for all the terms and definitions, so we'll talk about that a little bit later. But right now, the eCFR, beside the problems with the numbers for terms and definition, that information contained under 2 CFR 200 should be updated to reflect the August revision.

We haven't checked to see if the technical amendments that were released yesterday have been -- or, we haven't checked to see if those technical amendments have made its way to the eCFR website.

So eCFR is the Electronic Code of Federal Register, and this is where all of the official documentation or records coming out of the federal government is posted.

MS. CASTANEDA: So what I'm going to do, Deb, I'm going to go back one slide, but let me just go -- so we're going back one slide, everybody. Right here you will see the Federal Register. It says 85 FR 49506. That is the official Federal Register register that OMB put out for the Uniform Guidance revision that came out in August.

So this individual had asked if there's an updated PDF. This is the official Federal Register that came out of OMB, and you could actually either Google that or it's on the link on our webpage or -- I'm sorry, on this PowerPoint, you could get to that Uniform Guidance revisions, Federal Register through there.

All right. Let me just go forward one more slide -- back to you.

MS. STRAMA: OK. Thank you, Chanel. So that is a very good question to do with the -- if you actually look at the PDF, you will get the preamble information contained in there, that actual Federal Register notice. And what does the preamble say?

It's how it talks about why OMB accepted some comments or accepted some revisions and why it didn't accept others. So it kind of gives you there -- it gives you their approach in tackling some of these items and why they changed those. So looking at the actual PDF of the Federal Register is a good source, but with an easy way to find a particular item that's contained in the Uniform Guidance. I would then turn to eCFR.gov.

OK. So one other big change is if you've been in a grant -- the federal grants world for quite some time, you know that the federal government has been looking to come up with their own entity identifier system. Right now, all of the agencies that are interested in applying for a federal grant, whether it comes from or whether it's being awarded to Department of Labor or HUD or HHS, has to apply through SAM.gov. And you, of course, have to have an employer identification number, but then you're also issued a Dun & Bradstreet number. The federal government wants to eliminate that. They want to eliminate their reliance on a private entity for that information. So there is an expectation that this universal entity identifier system will be up and running sometime in April of 2022, and that would be made available through the SAM.gov system. So here it's just reminding folks that the federal government is still on track in making that happen.

So if you haven't been looking at SAM.gov, there are a bunch of other things that will be going on with SAM.gov. If you look, there's a data system currently being managed or operated off of that website and it contains a whole bunch of other items that may be useful if you're awarding subawards to service providers. It contains what was previously known as our debarment and exclusion lists or suspension lists. So you could actually query a person's name or even number or a company's name to see if they have been disbarred or suspended from working with a federal grant or the federal government.

OK. And so that information is found in 2 CFR Part 25. The next revision is in 2 CFR Part 170, and this is the subaward information. As you know, under the American Recovery Act, the federal government came up with a website called USASpending.gov, and this was to provide the public with transparency and the amount of money that were being issued out across the nation for the purposes of helping their community, helping industries that are suffering in their area.

And so as part of that -- or one of the other features that the federal government is doing -- is tracking the amount of awards and subcontracts that are being awarded by federal grant recipients. So these are these are what we would consider federal prime grant recipients or federal prime contractors, that they are required to submit data information about all of the subawards that exceed $30,000 or more into this FFATA system.

And so the FFATA system is currently run off -- or it has to be submitted to the FSRS.gov system. This is one of the websites that will be merged into the SAM.gov system. This is a requirement that is contained in every grant agreement that the Department of Labor issues, that if you are a grant recipient and you issue several awards and those of awards are more than $30,000, you have to submit information into this portal for reporting purposes.

And so this is in addition to also reporting the five highest-paid employees in your agency, so that the highest compensation information that also has to be collected. So then that information is then imported or searchable through the USASpending.gov website.

So just a point of clarification. This is the responsibility of the actual grant recipients. So it is not the responsibility of your subawardees for any money that you -- well, the the person who's supposed to be answering it would be the grant recipient. So if you do give out subawards, you would have to collect that information and put it into the system.

And so the same would be true if we had issued out a contract -- and this is kind of like what we do with the Job Corps program. We issue out contracts that run our Job Corps centers. They would be submitting that information. So the FFATA system is for federal grant recipients and federal contractors. OK. And moving on to the next slide.

One new feature that was part of a few executive orders that were issued out by the administration was now incorporating this national policy into the Uniform Guidance, and this was to "never contract with the enemy." And so no federal grant funds can be used to procure or enter into a contract or any kind of agreement with an entity that has been deemed a national enemy. And so then here there is also a dollar threshold on that, and the dollar threshold is $50,000.

OK. Going around with the definitions. So what has changed with the definitions? If you're familiar with the Uniform Guidance, the Uniform Guidance is broken up into, I think, five or six pieces. And so the first piece is Subpart A, and this is where you find all of the terms and definitions. And the biggest change is that they have eliminated the numbers tied to each term. And so all of the terms will fall under 200.1. So you will no longer see like 200.31 for budget period; that will all fall under 200.1. And the rationale behind that was it allows the OMB to add or remove terms and definitions without interfering with the rest of the numbering scheme throughout the rest of the Uniform Guidance.

So some of the new changes or some of the additions -- the added budget period. And so it explains that there is a difference between a period of performance versus a budget period. It describes what a discretionary award is. I believe in the earlier edition of the Uniform Guidance, it was called a competitive award, nondiscriminatory award; notice of funding opportunity. Before the Uniform Guidance, we had what was called an SGA, a solicitation of grant award. Now, everyone is expected to release notices of funding opportunity. And so those are made available on Grants.gov.

A major deletion is removing the CAFTA number. We're no longer calling it Catalog of Federal Domestic Assistance number. Some of the grants that are awarded throughout the country by different federal agencies not only are provided to entities that are on the domestic side of the United States, but some are international organizations. So this has been replaced with Assistance Listing.

There's been some changes with internal controls and the update to OMB Circular A-123. There's been clarification on what is considered improper payments. And then there's been some some significant changes with procurement and the way we allow procurement to happen and the use of interagency shared resources and things like that. And again, there's just additional clarification between what's the difference between a period of performance versus a budget.

And then lastly, I think it's either -- I'll be going over it or maybe Chanel will be going over it -- is they streamlined the changes that took place on micro-purchase thresholds and the simplified acquisition threshold.

OK. So as I indicated before, all of Subpart A of the Uniform Guidance covers the terms and definitions. Moving on to Subpart B is kind of the general provisions; where you find the effective date; where do you find like who -- what what programs, what types of grants or cooperative agreements need to follow this guidance. And so it talks about the applicability, it talks about here, if you go to the Uniform Guidance that drills down a little bit in explaining when a federal agency issues a fixed amount award and what happens there, it also expands the definitions and the applicability to other programs.

As you know -- hopefully you know -- that under our exceptions at CFR 2900, we expanded the applicability of the Uniform Guidance to include coverage for for-profit or commercial entities. And so even though the Uniform Guidance originally said that it did not -- like, the for-profit or commercial entity did not have to follow the Uniform Guidance, we made an exception under, I believe, 2900 -- I don't know if you have it in front of you, but we changed the definition of non-federal entity to include for-profit commercial entities.

And the reason why we did that for Department of Labor grants is we knew that there were a lot of agencies that manage one element of our One-Stop system that were commercial for-profit entities. And so we wanted to make sure that we had coverage over that and that they were following the same rules that their nonprofits were following.

And so --

MS. CASTANEDA: Oh, I'm going to say, and you're correct, Deb. So it is 2900.2. You're asking where in the DOL exceptions we define nonfederal entities.

MS. STRAMA: OK. Thank you.

And so with these revisions, the Uniform Guidance from OMB had to cut or did expand the application to actually include for-profit commercial entities.

200.102 exceptions. These are the exceptions where if there's certain things that a federal agency has been doing for quite some time and if there was any element of the way they operated, would be severely impacted by the Uniform Guidance that they would allow for exceptions. And so we do have, I think, 22 exceptions for DOL grants, and those can be found under 2900; and one in particular allows the flexibility to require our grantees to report on an accrual basis.

So if you have and you would if you receive -- and if you received a WIOA grant or any grant that is tied to a 9130 report, which is our federal expenditure report, most likely you would have to be reporting on an accrual basis. This does not mean that all grants or programs being managed by the Department of Labor are required to follow an accrual -- an accrual-based reporting system, but it does give give us the flexibility when needed.

We'll talk a little bit about the applicability dates for negotiated indirect cost rates. We know that many agencies have approved indirect cost rates that go beyond a year or cover multiple years and what happens during that time. So we'll talk a little bit about that in some upcoming slides.

OK. Moving on. So we have pre-award conditions or pre-award requirements. So Subpart C is really all for the federal awarding agencies. So this is where we have to follow certain rules when we're issuing out grants to state agencies, nonprofits, universities. So here we identify that when we issue out a notice of funding opportunity, that we have to clearly identify what are the performance measures, the performance goals expected to be accomplished in this program or in this grant.

One other thing that we are required to do is to do some kind of merit review. So there should be some kind of scoring mechanism in place when reviewing applications. Along with that., again, going along the same lines with program goals is identifying, you know, what are the measurable deliverables? Do they have to meet a 30 percent employment rate or a 50 percent employment rate after six months? So those things need to be spelled out in the way in the grant agreement.

And then, of course, that we have to make sure that our grant agreements include those provisions on those specific restrictions. So those restrictions would include never contracting with the enemy and allowing -- also specifying that are grant funds cannot be used to purchase certain telecommunication equipment.

Performance measurement. So with this one the -- enhanced the -- or emphasize the importance of tying of effective grants management with strong performance measurement so that there should be a link or some kind of connection between the monies that are giving out and what is expected to be accomplished. So there is an expectation that those goals are identified by clear deliverables that could be easily understood by anyone applying for a grant and receiving an award.

Many of our grants and programs not only require our grant recipients to file a quarterly financial report or in some areas an annual financial report, but there's an expectation that some kind of performance or progress report is issued. So for our discretionary grants, we have a quarterly performance report for some of our formula grants. We have like an annual performance report that tracks and calculates all of the measures -- the performance measures that are expected to be met when using those grant dollars.

With this slide under 200.302, financial management, here again, we're just changing, -- eliminating the CFDA and using Assistance Listing. And this does not change how the auditors are to report on programs in their schedule of expenditures for federal awards. Does -- that schedule in the financial statements still uses what we previously knew as the CFDA numbers. So you have like 17-205, 17-206. So anything under the 17 series is most likely a Department of Labor grant or program.

MS. CASTANEDA: Hey, Deb. This is Chanel. So we also -- we know we have a lot of auditors listening in on this presentation and we have a lot of grantees that are now talking to their auditors right now. What should we tell them about all the addendum that OMB released recently, as well as any flexibilities?

MS. STRAMA: Oh. Good question, Chanel. So if you are currently working with your auditors or you having a single audit completed, please let the auditors know that OMB issued an addendum to the 2020 compliance supplement to include the CARES Act, the Families First and the payroll protection programs. So they would have to include that as part of their compliance review and they need to consider that when conducting their field work. Does that answer your question, Chanel?

MS. CASTANEDA: Yeah, thanks. I just know that we have a lot of auditors on the line as well as we have a lot of our grantees to -- as they're completing their program year or they're completing their fiscal year end, that they're starting to talk to their auditors. And I know we're in a weird state right now as far as all these flexibilities that came out through OMB. So we just want our our grantees to be aware as they're talking to their auditors, that there are certain things that have come out from OMB that we need everybody to be aware of. But, yeah, thanks Deb, for pointing that out.

MS. STRAMA: OK. Thanks. All right. So moving on. So federal payments. This is a -- I guess it's a change. We used to identify payments as just payments, but now we're classifying them as "federal payments."

And so when we talk about earning interest and returning any interest earned to either the payment management system, which is the system that Labor uses to issue out grant funds, it is only tied to the federal dollars that we award them.

One additional change here is that we the threshold for maintaining an interest bearing account goes from $120,000 to $250,000. And then, as noted under WIOA, under the regulations, interest income is considered program income. And so as program income, it needs to be turned back or added back into the program to provide additional services.

One other thing to mention is these changes do not impact states that are covered by the Cash Management Improvement Act; that's CMIA provisions.

OK. Moving on to modifications to period of performance. Here this allows the federal agency to modify the period of performance if needed, especially if there's a situation where the federal agency needs to terminate a grant. And most likely -- most likely, it's for cause. We at the Department of Labor, we have enough measures in place that we don't see any change in the way we examine grants that may be at the cusp of being terminated. So we believe our process is transparent so that no one is caught or is blindsided by an early termination.

MS. CASTANEDA: Deb.

MS. STRAMA: Yes.

MS. CASTANEDA: I have a quick question on the modifications to period of performance. It also says "subaward." So does that mean if our direct grantees have subrecipients that need a period of performance extension, they would need to let know or they wouldn't?

MS. STRAMA: OK. So technically, we only consider any modification that would adjust or any modification to our actual grant award. If it impacts any of their subawards, that has to be handled by that grant recipient.

MS. CASTANEDA: Thanks.

MS. STRAMA: OK. All right, moving on. I think I'm talking a little too much, so I'm going to speed it along a little bit here.

So general procurement standards, there's been a couple big changes with this. The one change that wasn't made that is still out is that state agencies still can use their own state procurement practices and policies that they have in place. And so these same practices and policies that they use for federal awards has to be used for their state-issued awards or contracts.

Additionally, the OMB is trying to promote this whole idea of interagency agreements when there is a -- in order to maximize savings, if there is any opportunity to do some cost savings by doing a procurement that would cover multiple agencies so that you wouldn't have to do multiple procurements or RFPs here. This is what OMB is saying that is acceptable.

So for one thing that we're thinking of that normally happens at state agencies is like your motor vehicle pool. You know, there's one single agency in a state that manages that and everybody or any agency within the state can use that motor vehicle pool to go to site visits. And so it's not necessary that the agency that manages the waiver program to do their own procurement and renting a vehicle. So here they're just promoting that idea and that concept.

And so when possible, that would be a great opportunity to do some cost saving. And so there's an expectation that documentation would be made available to anybody who looks behind that to ensure that it -- that there was cost savings and that it was a shared service or shared goods were distributed among the benefiting entities or governmental governmental agencies.

So here it just talks about the requirement for further talks about the requirements on that. Here with this other one with competition, it's clear that there are certain things that an agency has to meet in order to do what we consider a non-competitive or sole source procurement. And then there there has been a slight change with the numbers for competition or for the procurement standards. I think we went from 317 to 200.317 to .326, and I think we added one additional provision for the section.

Some other big changes is they did change -- they streamlined the micro-purchase and small purchase threshold. Micro-purchases went from $3,500 to $10,000. Small purchases I think went from $150,000 to $250,000. So that has been updated. And of course it does get updated periodically. If the FAR -- which is the Federal Acquisition Regulation -- updates those those thresholds, then the Uniform Guidance would change those thresholds to mirror what was in the FAR.

Domestic preferences for procurement. This is all about the current administration, as well as past administrations, position that we should be trying to buy things from American vendors or contractors, so that here there is a domestic preference, and so this is where it needs to be considered. And to get more information, you would have to look at the executive order on the Buy American provisions as well as the actual Buy American Act.

OK. I'm going to turn it over now to Chanel. She's going to finish up with the second half of the presentation. Chanel, before we had before I hand it off to you, are there any questions that we should ask?

MS. CASTANEDA: Yeah, there's a couple questions. There's about -- there's a good amount of questions, so I'm going to quickly look at some of them so we're not rushing at the end.

One person asks, "You mentioned DOL and HHS; but does the Uniform Guidance also apply to DOE and DOJ grants as well?"

So the answer is you want to look at your grant agreement. If your grant agreement identifies that you are to use the Uniform Guidance or to CFR Part 200, then yes, these revisions -- and if you were awarded that grant on or after November 12th, the revisions of the Uniform Guidance will apply to any grant in your grant agreement that identifies that you are to use the Uniform Guidance.

So remember, Uniform Guidance was meant to ensure that all agencies as well as the type of grant recipient you are would use a Uniform Guidance, a guidance that is used for everybody as far as grants and cooperative agreements. So I would suggest everyone look at your grant agreement to ensure that you have to use the Uniform Guidance as well as when you were awarded that grant agreement, whether you use the old Uniform Guidance or you use the Uniform Guidance revisions.

OK. So someone asks -- go ahead, Deb.

MS. STRAMA: And just a reminder for folks. The 2 CFR 2900 is only applicable to our Department of Labor grants. So if you're an agency that receives funds from the Department of Justice, the provisions at 2 CFR 2900 would not apply to a Department of Justice grant. OK. I'll turn it back to you, Chanel.

MS. CASTANEDA: We'll answer a couple more questions and then we'll keep on going. So there's a couple of questions in regards to FFATA reporting. Someone asked, "Is it true for non-profits who receive pass-through funds from the state, that they wouldn't have to report on FSRS on FFATA reporting?"

And remember, the requirement to report on FFATA reporting is for direct grant recipients as well as any contracts. So if you meet the threshold as far as giving out subrecipient dollars in excess of $30,000 or more, and your direct grant recipient -- meaning you receive direct grants -- you will have to report for FFATA as far as subrecipient information; as well as the top five highly compensated executives in your organization, you would have to report on FSRS.

So if it's pass-through funds, meaning you are not a direct grant recipient, then that responsibility is not your responsibility, but it is the responsibility of whoever passed those funds down to you.

There was one other question someone asked. "Does the state report for WIOA formula subawards?" So as a state, you are a direct grant recipient. If you were to subward those monies out and it reaches the threshold and you would have to report on FSRS. Is that correct, Deb, as far as formula dollars?

MS. STRAMA: Yes, that is correct.

MS. CASTANEDA: OK. So yes, if you are a state and you are -- and you receive direct -- you receive direct grant dollars, you would have to report on FSRS as well.

All right. We will keep going because we have a lot more. We do have -- we recognize we are getting a lot of questions. So keep them coming and then we will try to answer them at the end.

OK. So we are still progressing through 200 Part 3 - I'm sorry; 2 CFR Part 200.300. So we're monitoring and reporting program performance. This is still Subpart D of the Uniform Guidance. And if you remember, Debbie was talking about the structure of the Uniform Guidance, we are now at the requirements -- the administrative requirements of our grantees.

So 200.329, the the changes that happen there is just it identified by extending the debt, the deadline for our final performance reports.

So for our grantees, this just extends the closeout for our grantees. That means you have 120 days to submit your final performance report as well as you are to -- if you are a direct grant recipient, then your subrecipients have to turn in within 90 days or less their final performance reports.

Remember, if you are a pass-through entity, you have additional responsibilities if you are to subaward to other entities to perform performance on part of the grant; and one of these additional responsibilities is to ensure that you have timely, not only financial but performance information from your subrecipients.

So that means as you are closing out, you have to make sure your subrecipients are reporting their final performance numbers within 90 days of the end of the grant. And then for yourself, you have -- as a direct grant recipient you have one 120 days in order to get all that performance information in.

This does not negate the the GONE Act. The GONE Act is an act that was implemented a couple of years ago that states the federal awarding agency must close out grants within a year of the end of the period of performance. So ETA as a federal awarding agency must ensure that we close out all our grants within a year.

So that means as the year mark is coming up, if we don't receive your final performance information, we will still close out your grant, and that will affect your future funding awards. So we want to make sure that if you are a pass-through entity, that you received your recipient's information in a timely manner so you can close out properly with us so it doesn't affect any future funding for your organization when you're dealing with the Department of Labor.

OK. 200.332 is the requirements for a pass-through entity. This one just states that if a subrecipient does not have a federally approved indirect cost rate but charges indirect costs to the subaward, the pass-through entity must determine the appropriate rate by negotiating with the subrecipient.

And so what that means for you -- once again, if you are a pass-through entity, if you're a direct grant recipient that chooses to pass down monies to a subrecipient, you have to ensure that if they have an indirect cost rate that there has been approved by their cognizant agency, that you have to ensure that you accept that rate as well, because that's been approved; as well as you want to ensure -- yes, so I'm sorry, I'm just reading the slides -- you want to ensure that as a pass-through entity, you accept the indirect costs rate as approved by any other cognizant agency for your subrecipients.

Going on, we also have additional responsibilities for our pass-through entity. This has to deal with single audit. So pretty much the change in 332(d)(4) states that as a pass-through entity, you are not directly responsible for resolving audit findings that our crosscutting across the audit of your subrecipient; which means that you are only responsible for resolving the audit findings of your subrecipient or your subaward that are for directly for your subaward.

However, if you have a subrecipient during their single audit and the auditor has identified that there are crosscutting issues or findings that affects the organization as a whole and affects multiple grants, you are not directly responsible for resolving those audit findings or issues. But we do recommend that you do keep track of these issues because this doesn't also, once again, negate the pass-through entity from ensuring that the risk assessment that they initially assign their subrecipients -- whether they want to work with them or not, that doesn't stop them -- but that doesn't stop you as a pass-through entity from reassessing or analyzing if your initial risk assessment still rings true.

So if you guys ever -- when you do look at your subrecipient single audit, the auditors during the part of the auditing report where they identify crosscutting findings or issues, you want to analyze those. Evaluate whether they affect your subaward as well as does it affect your initial risk assessment of the subrecipients. Because you still have a responsibility as a pass-through entity to make sure that you are working with responsible entities.

So if there is a crosscutting issue that seems to affect the grantee as far as operations and you doubt they are still a responsible entity, you need to evaluate whether you want to still work with them or not. You don't have to address or specifically resolve those crosscutting issues, but we still expect you as a pass-through entity to be responsible enough to assess whether that subrecipient is still a good entity to work with.

And so that is just one recommendation we make, and we just want to clarify that, because it sounds -- it does sound like as a pass-through entity, you can ignore those issues. But as ETA, we still identify that you should still work with with responsible entities and that you should still keep track or analyze those crosscutting issues or finding.

So termination. Debbie talked about this earlier as far as modifications to performance. 200.340 on termination just added or replaced the termination as far as "for cause," which allows -- the language allows for federal awarding agencies as well as pass-through entity or grantees that have subrecipients to terminate an award to the greatest extent authorized by the law if they find that the grantee or if the subrecipient is no longer working towards their performance goal, as well as not being aligned with the agency's priority.

So you want to ensure that if you are a pass-through entity and you're working with a subrecipient, you put that clause in your subaward, because this does also allow federal awarding agencies such as ETA to put that clause in our grant award that we do have a termination for cause grounds.

We know as ETA, for those that are familiar with our grants, there is a quite lengthy process before ETA ever considers terminating a grant early. There is a determination process that's involved, as well as the involvement of national office and the grant officers. So it's a lengthy process and we take it very seriously if we were ever to terminate a grant early. But here, the Uniform Guidance and OMB is allowing other federal agencies to ensure that there is a review of a grantee performance as well as making sure that the grant is aligned with agency priorities, that if they have to terminate an award early, they can do it.

Once again, here's about closeout; we talked about this earlier. It extends the deadline for submitting all not only performance but as well as financial information within 120 days for our direct grant recipients after the grant's period of performance has ended. And in turn, those grantees that have subrecipients, that it is 90 days for a subrecipient to get all their information in to their pass-through entity in order to ensure that they're reporting on a timely basis.

Once again, this doesn't negate the GONE Act, where federal agencies have to close out grants within a year. But this closeout provision also allows ETA agencies like ETA to close out any award based on available information if no closeout reports are submitted within one year. So we have the authority to close out grants within a year after the grants period of performances ended, even if our grant he has not submitted a closeout package.

This will affect any future awards if we find that our grantees are not responsive to closing out. We, as well as other federal agencies, have to report this on purpose, that it is a material failure, that you dif not comply with the terms and conditions award and you did not close out your award properly. So we'll have to report this on FAPIIS as well as put into official records that this could potentially affect future awards with DOL.

So what does this mean? As a grantee you want to make sure that you update your closeout provision, make sure you have good closeout out provisions; and if you have subrecipients, make sure you make them well aware that about the importance of closing out their subaward is timely because you do need that information in order to close out properly with ETA.

And also, as a pass-through entity, you also have the ability, if your subrecipient does not close out within a year of the end of the subawards period, a performance you can close out based on current or available information without them having any closeout reports submitted to you. So that is an option to you as a pass-through entity.

200.345(a)(3) talks about closeout adjustments and continuing responsibilities. ETA as a federal awarding agency can still make financial adjustments to any previously closed out awards, such as any issues resolving indirect cost payments. If we have a final indirect cost rate, we can still make post-closeout adjustments to that because sometimes we know that a final rate could happen after a federal award, so we do still have the ability to closeout or have any post-closeout adjustments and as well as any making any final payments. So that is an option that was changed under the Uniform Guidance revisions.

All right. So we just finished the Part D, which is the post-award requirements for grantees. Now we'll talk about Subpart E, which is the cost principles.

There's been some changes to cost principles. The following sections have some relatively minor changes. The only entirely new one is in regards to telecommunication costs. That's the only new provision under the cost principles. So we'll just go over some of the bigger changes.

Factors affecting allowability of cost. Here we're just want to -- this section does not change any existing standards on allowable cost, but it does allow an awarding agency -- it reiterates that cost must be incurred during the approved budget period as well as it allows an awarding agency to carry forward any obligations to subsequent budget periods without prior written approval.

So this really doesn't affect our ETA grants because our ETA grants are not broken up by different periods. We don't have a budget period and a performance period. When we give you guys a grant, it is just a grant period of performance. So there really is no effect to our ETA grants because the budget pillared period is built into the grant period of performance. So there's not much effect here as far as our grantees.

Direct cost. Here, 413, the Uniform Guidance now at added conducting program evaluations as an allowable direct cost to our grant. This is in line with what Debbie had stated earlier as far as the previous administration's focus on performance here, and we are -- OMB is now allowing program evaluations to be an allowable direct cost to our grants. You would treat them as direct cost to our grants and that you want to make sure you look at OMB Circular A-11 as far as what is defined as a program evaluation.

So 200.41 for deals with indirect costs here. This is a big change as far as the de minimis and we'll talk about this in the next slide as well. But this change in the language now allows any grantee that -- any entity that does not have a current negotiated rate -- including any provisional rate -- to now they could use the de minimis rate. Previously under the old Uniform Guidance it stated that any entity that had not previously had a negotiated rate could use the de minimis rate. Here it is if the entity does not have currently a negotiated rate, they could use the de minimis rate. So we just want everyone to be aware of that.

Another thing is this is mostly for the federal awarding agencies. The federal agencies have now been directed to now post make publicly on an OMB-designated federal work site certain indirect costs rate information of our grantees. So if your cognizant agency for indirect cost is Labor, we will eventually start posting certain information on a OMB-designed (sic) federal website as far as any negotiated indirect cost free information that is required by OMB. So that's forthcoming and that's mostly for the federal awarding agencies.

So here once again, this is the de minimus rate, how it does allow any grantee -- any entity that does not currently have a negotiated rate can use a de minimis rate. However, if you are a grantee that has a current rate, you are to use that rate until the end -- until that rate has expired. We need to honor your cognizant agency's time frame when they granted you the negotiated rate. We need to honor that as well as you as a grantee would honor that rate until it expires.

Once that rate has expired, you then have the option to use the de minimis rate if you would like to. However, there is still an exception. Those entities that make over $35 million or more in direct federal awards -- if you are a government unit and you receive $35 million or more in federal funding, you are still not eligible to use the de minimis rate. And this may include some universities. Under certain states, universities are considered arms of the state, and so they would be considered a government unit.

So you want to make sure if you are a grantee who is working with a university or working with another government unit as a subrecipient, if they receive a large amount of federal funds and they would like to elect to use the de minimis rate, you have to ensure they don't hit that threshold of $35 million or more in federal funding.

So as a pass-through entity, does that mean you have to honor your subrecipients if they want to use the de minimis rate? The answer is yes. As long as they don't have a current negotiated rate, they can elect to use the de minimis rate. And there has been some language that's been added to the provision that state that it is a flat rate of 10 percent is allowed in order to recapture indirect costs, and that no documentation is required to justify the 10 percent de minimis rate that is being used.

However, indirect costs that are recovered through the de minimis rate is like any other grant cost. We expect all grant costs to be documented as well as having support. So it still doesn't negate that as -- that sentence was added that you shouldn't have any documentation to justify it, but you still need documentation on hand if you are being reviewed by your FPO or an ETA reviewer, and they would like to see if these costs are valid grant costs. You still have to provide that information.

Publication and printing costs. Once again, this is still in line with the previous administration's approach to performance. They're now allowing as allowable costs any charges in regards to publicizing or sharing any research results or any performance data after the end of the period of performance, but during the closeout period are allowable costs to our grants as long as they were part of the statement of work and approved by the federal awarding agency.

So what does that mean? So after the period of performance, we usually -- ETA does not allow any grand costs after the period of performance. So we don't allow any cost to be budgeted prior to the close of the grant and to be expended after the grants.

The only contingent costs that we do allow have to deal with record retention and custody or transfer of records. That are the only contingent cost that we allow grant monies to be budgeted prior to the period of performance ending and to be expended. Here OMB has extended to also include as well as -- to include any publication of any research results and performance data. So you want to make sure if that is something that you do -- you are planning to do, you have to make sure it's part of your statement of work and you must get prior approval from the ETA prior to incurring those costs.

I am getting the 18-minute warning. All right. Because we want to leave time for questions.

So here, when we're talking about rental costs of real property and equipment, this is mostly dealing with two types of leases. One is the intangible right to use lease and another is the right of use operating leases. Depending if you have any of those leases, you just want to make sure the Uniform Guidance revisions now allows those as allowable lease expenses. So you want to make sure you recognize those lease expenses in accordance with GASB and FASB, as well as making sure you recognize those expenses for reporting purposes.

Telecommunication costs. Here this is the new provision. This just identifies that grantees are prohibited from obligating and expending any grant funds on any telecommunication communication equipment or services from covered companies as well as their subsidiaries. So you want to make sure if you are a grantee or if you are a subrecipient or you have subrecipients, there are certain companies that are debarred -- certain telecommunication companies -- that are debarred from receiving federal funds as well as their subsidiaries. Make sure you review that list. It is on a government website. They do update that if there are any debarred companies. So make sure you're very cognizant of that.

Here now, we're on Subpart F, audit requirements. Remember what Debbie said, this used to be A-133 of the circulars; now it has been incorporated as Subpart F of the Uniform Guidance.

There have been some changes and some of the changes are due to the technical amendments that just came out, but here are some of the changes. Some of the changes include the responsibilities for pass-through entities. We talked about that. As a pass-through entity you're not directly responsible for resolving your subrecipients' crosscutting issues or findings; but you are still responsible to ensure that you are working with responsible entities.

And also, we wanted to make people aware that the technical amendments that came out on Monday stated also that federal awarding agencies must work together if they have grantees that have crosscutting issues that we have to work together with our other agencies in order to -- work together with those agencies, in order to resolve our grantees crosscutting issues. So it is more the responsibility of federal awarding agencies that we work on those crosscutting issues of our grantees.

One also is about scope of audit and audit selection -- audits -- auditor selection. Once again, this deals with the technical amendment. There is a compliance supplement that is out there that is used by our auditors as far as when they review our ETA or DOL grants. If you read the preamble -- and I recommend that everyone read the preamble of the Uniform Guidance revision -- but it's stated that the compliance supplement that are issued by federal agencies that that your auditors don't have to go be on those compliance supplements, but if they choose to, they can go beyond as far as review and getting information. So they're not bound to just the compliance supplement, but that is the source documentation as far as when they're reviewing our grantees' organization.

One other change also is the auditor selection. There's just been a slight change in regards to promotion of small and minority- and women-owned businesses. There's still a promotion of that. But also the Uniform Guidance revisions also states that you should use regular procurement standards when you're selecting your auditors.

And then there's also -- and this is mostly for federal awarding agencies -- are the changes to performing government-wide audit quality projects. That year has been changed to 2021. I want to make sure we have time for questions. So I'm just going to go through this quickly.

Appendices. There's just been changes to Appendix 1 as well as Appendix 12. It just states that -- and this is mostly for federal awarding agencies like Department of Labor -- that all sections in Appendix 1 need to be included in a grant FOIA. Appendix 12, just make sure that there's consistency with reporting requirements, for example, SAM.gov; as well as procedures and frequency.

All right. And then here is just a recap of the things we've gone over.

And then we just want to talk very briefly about the other document that is shared in the file share. It is labeled "UG Before And After Crosswalk." Here you will find it in the files here. We just include a little screenshot. So what we did was try to capture the changes in a crosswalk. And so you will see six columns; the second column will talk about before, that's the citation that was before the revision. The third column talks about what is the topic -- let me go forward -- a little bit bigger. Here you will see the topic, like if it deals with acronyms or if it deals with federal entity or procurement or anything like that, but pretty much it's the title of the provision.

And then the fourth column talks about after what -- if there's been a citation changed, we identify where that change in the citation; what is the new citation. For example, like Debbie was talking about, all the definitions are now contained in 200.1. So you will see that that the new citation change is 200.1 for all definitions.

And then the fifth column, we identify what was the change in the Uniform Guidance revisions. Is it a change due to content? We put content change. Or is it a change that was due to citation? We identify that as a citation change. And if it was a change due to both content and citations, we identified that as well.

And then we also included in the last column what is the corresponding DOL exception in 2 CFR 2900. So that is the document that is in the file share, so we will -- now once again before we go to questions, I just want to remind everyone, please read the preamble to the Uniform Code.

And if you download the Federal Register version of the Uniform Guidance, reading the preamble will give you insight on why OMB made the changes that they did. And this will give you better knowledge of what the changes are about. So I cannot recommend that enough to read the preamble. And then we do, like Debbie said, have additional information, additional training for your staff if they were not able to attend this in regards to the Uniform Guidance.

And once again, our SMART training was based on prior Uniform Guidance, but it's still as far applicable as far as the content. But hopefully in the future, we hope to update the SMART information for the Uniform Guidance revision.

All right. So let us -- give us a couple minutes, a minute to look at all the questions. Deb, is there a particular question that we should ask?

MS. STRAMA: OK. Yes, Chanel. We're going to go back -- can you go back to -- I'll move the slides.

Somebody asked if the eCFR has been updated. It is partially updated to reflect the August 2020 revisions. If you are -- if you are multitasking right now and you're looking at this slide in front of you that shows acquisition cost. Under their earlier version of the Uniform Guidance, it was 2 CFR 200.2; you will see that showing up on eCFR as 200.2. They know that they are working -- they know that that's a problem; they're working to correct that.

And so, as we had mentioned before, all of the terms and definitions will be updated to show under 200.1. The definition -- if the definition had changed, the new definition should be in there.

OK. So Chanel, I'm going to just go through the questions I was looking at. So one of the earlier questions that came in was, "We've been on SAM.gov a long time; is there anything that we need to do?"

Before you are closing out a grant, you should go back to SAM.gov to make sure your record is still active. What we find, what happens when it's time to close out that if you have not been into the system since you filed for a grant application, you may have been kicked out. So you have to make sure that your record remains active throughout the entire duration of your grant award.

FFATA changes. The FFATA changes on the new thresholds are impacted based on the award in which you received. So if you received a grant award after November 12th of 2020, then those new thresholds apply.

I know there's been a lot of questions about when these provisions -- or when these revisions take place. One question that came in is, "When does the new closeout clock change or when do those provisions apply?" So we go from 90 days to 120 days. That close out provision only applies to grant awards issued after November 20, 2010. So if you in fact, you received an award in, say, 2019, that is about to be closed right now, you have to follow the old revisions, which would mean that you only have 90 days to close out rather than 120 days.

I don't know, Chanel, if there's any other ones. Let's see.

MS. CASTANEDA: Yeah, I'm trying to scan if there are other similar questions as far as one or do things apply and when they do not. OK.

MS. STRAMA: It says -- there's a question, says, "Relating to the November 12, 2020 effective date that you mentioned, would you clarify how that relates to the preamble discussion that states the revisions to 2 CFR are not applicable to federal financial assistance awards issued prior to the effective date provided in the dates section of the notice of final guidance?"

Right. So the new provisions do not apply to awards issued prior to the release of those revisions. So if the award is -- if the grant award is executed after November 12, then those revisions would apply to that award.

MS. CASTANEDA: Okay. So here's another question. "We have a WIOA service provider who works on a cost reimbursement contract. Do the updates to 2 CFR 200 impact us?" The first question with WIOA service providers is are they considered a subrecipient? If they are deemed as the recipient -- which you could find information in the Uniform Guidance that explains the difference between a subrecipient and a contractor -- that if they are considered a subrecipient, then all of 2 CFR 200 and 2 CFR 2900 applies to them. If they have existing awards and those awards again took place or executed prior to November 12th of 2020, the old rules apply; any awards issued after that, the new rules apply.

The other question on the interest in excess of $500. "Is the $500 on calendar year or program year?" The $500 threshold is based on calendar year.

The addendum to the combined supplements, Grace, I don't know if you could post it somewhere, but it's on the Web or -- I'm sorry, the WhiteHouse.gov website. Or if you just Google "addendum to the 2020 combined supplement," I believe the first result is the White House official PDF.

MS. CASTANEDA; Yeah, I'm going to try to look for that -- I'm going to look for that website and give it to Grace, who will post it, so we will look for that.

MS. STRAMA: Yeah. The other question that came in, "Can interest from Interest-bearing account where federal funds are deposited be used as match? If it's interest being earned from federal awards, no, it cannot be considered match. If you're earning interest off of state funds or non-federal funds, if you look at our DOL exception, in order for us to consider it as match, it actually has to be paid and applied to a program service. So it's not -- it's not OK just to recognize the revenue, but you have to recognize the expense. And again, it has to be tied to nonfederal revenue.

MS. CASTANEDA: And that also -- we have gotten additional questions in regard to that in the past. Discounts or rebates are not considered match as well. Like Debbie said, there has to be an expense that are related to it, and discount and rebates are not an expense to our grants. There are just a reduction in costs. So that is a question that has come in a lot from our grantees. So interest, discounts, or rebates are not considered a match to our grants.

There's a question in regards to indirect cost, Deb. "Can we use a rate lower than 10 percent if the contract cannot support the full 10 percent of modified direct cost?"

MS. STRAMA: Yes, you could, but please keep in mind that the federal government cannot force a lower rate as well as the pass-through entity cannot force a lower rate. But if because of budget restrictions, it cannot -- you don't have enough money to claim the full 10 percent and the 10 percent is against a modified total direct cost -- I see some questions coming in as to whether or not the 10 percent applies to just salaries and fringe benefits. And it's actually, again, modified total direct cost. So going back to the original question, if because of budget restrictions you cannot claim the full 10 percent, then that would be OK.

MS. CASTANEDA: Okay. Someone is asking, "For the simplified acquisition threshold and the micro-purchase threshold, where can they find these thresholds?" So Debbie has stated the thresholds are found in the Uniform Guidance revision, but they also referred to the FAR, which is the Federal Acquisition Requirements, I think is what the FAR stands for. And so if there are changes in the FAR in regards to those thresholds, the Uniform Guidance recognizes those changes in the threshold.

So there is a number identified in the Uniform Guidance, but they also say refer to the latest version of the FAR, the Federal Acquisition Requirements as far as what is the latest amount from micro-purchase and simplified acquisition threshold.

MS. STRAMA: So for the actual citation in the Uniform Guidance, Chanel. It's 100.320.

MS. CASTANEDA: Yes. All right. "For domestic preferences for procurement, does competitive procurement apply?"

MS. STRAMA: Are you asking me? No. So the procurement process does not change in order to consider domestic preference.

MS. CASTANEDA: It is just a consideration that if you have grant funds, you consider things that are made or developed or made in the USA, so competitive procurement still applies. You just have to make preferences for domestic items.

OK. We are -- looks like we are closing in on the hour mark. So someone had asked, "Will these questions be made available?" So questions that are verbally asked through this session will be available on the transcript. The transcript, as well as the PDF of these PowerPoints will be made available on WorkforceGPS. You will get an email to that. So these questions will be made available.

We know we received quite a number of other questions. We will receive this through our contractors as the questions and we will try to figure out a way if we can, possibly answer these questions in some form or fashion.

Deb, do you have any closing remarks?

MS. STRAMA: Sure. So thank you, everybody, for attending today's session. We know that we couldn't get to all of your questions. We hope to post the questions and answers to our GPS page.

So if you're not already a subscriber to WorkforceGPS, including the page that is geared towards grants management, which is the Grants Application and Management Page, please do so. We will be working to update those answers and we hope to continue to provide some training.

So if there's any suggestions for future training related to the Uniform Guidance, please put it in the chat box. We hope you found some of this information useful. I know it's a lot to take in, but please feel free to send Chanel and I a message about anything that you're struggling with regarding the Uniform Guidance.

So thank you again and have a great afternoon.

(END)