



Lucas County Grants Administration and Compliance

Guidance for Federal Financial Assistance

Assessment of Selected Items

September 2024

The Federal Office of Management and Budget released a pre-publication version of 2 CFR (Chapters 1 and 2) on April 4, 2024, followed by the release of the final guidance (official version) on April 22, 2024. Additionally, a redlined version was made available on April 23, 2024.

This document summarizes many of the items as they relate to our standard practices for grants management at Lucas County as a preliminary assessment but does NOT cover all changes and/or issues.

Transitional Period

The Final Rule is effective October 1, 2024 for awards on or after that date. It is not retroactive to awards prior to that date. Therefore, there will be a transitional period until all current awards are closed meaning that both the new version of the Uniform Guidance as well as the previous version will run concurrently depending upon your particular award.

Additionally, quoted from the 4/22/24 Federal Register Final Rule, “DATES: The effective date for the final guidance is October 1, 2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to October 1, 2024, but are not required to do so. For agencies applying the final guidance before October 1, 2024, the effective date of the final guidance must be no earlier than June 21, 2024.”

- **Important, while we have not seen any award amendments thus far applying the rule prior to October 1, 2024, if you happen to see any documentation noting this, please contact Lana Tyrrell in the Office of Management and Budget right away to assist in ensuring compliance with all new regulations of the award.**

There were nine laws under Title 2 of the CFR included in this revision:

2 CFR 1-Administrative Terms

2 CFR 25-DUNS Number

2 CFR 170-Subrecipient reporting

2 CFR 180-Suspension and Debarment

2 CFR 182 Drug Free Workplace in financial assistance

2 CFR 183 Never contract with the enemy

2 CFR 184 Domestic preference in procurement

2 CFR 200-Uniform guidance

2 CFR 1 Administration, Subtitle A, Chapter 1

- “Grants and agreements” replaced with “Federal Financial Assistance.”

2 CFR 25 UEI Number (§25.300)

- Recipient cannot make an award to a subrecipient unless it has a UEI# and is registered in SAM.gov.
- Subrecipients do not need to complete a full registration in SAM.gov.
- UEI now required for any entity receiving a federal award above \$25,000.
- Recipients must notify subrecipients of requirement.

2 CFR 170 FFATA and USA Spending.gov

- Reporting requirements as required by the Digital Accountability and Transparency Act, not referred to as Transparency Act.
 - Recipients—above micro-purchase threshold.
 - Subrecipients—above \$30,000.

2 CFR 175 Human Trafficking

- Federal agencies must include a condition in each financial assistance award that the agency may terminate the award without penalty, if the recipient engages in human trafficking.

2 CFR 180 Suspension and Debarment

- Administrative options in lieu of debarment (§180.635) may be considered by a federal agency.

2 CFR 182 Drug-Free Workplace

- Plain language revisions.
- Clarification of federal agency and federal financial assistance award (no longer referred to as grant or cooperative agreement).

2 CFR 183 Never Contract with the Enemy

- Plain language revisions

2 CFR 184 Domestic Preference in Procurement

- Domestic preference in procurement is addressed through the final rule.

2 CFR 200 Definitions-Revisions

- Equipment from \$5,000 to \$10,000
- Modified Total Direct Costs to exclude subawards over \$50,000 (increased from \$25,000).
- De minimis rate from 10% to 15%.
- Federal Awardee Perf Integrity Info Sys (FAPIIS)—removed.
- Nonfederal entity is now called recipient or subrecipient.
- Cost sharing/matching—no longer using the term “matching”.

§200.201 Fixed-amount awards

- Recipients entitled to unexpended funds at project end if required activities were successfully met.
- Potential pre-award certifications to reduce fraud risk.

§200.209 Recipients or subrecipients must complete the certifications in SAM.gov, even if exempt under 25.110.

§200.217 Whistle-blower protections extended to recipients and subrecipients of federal awards.

§200.305 Federal Payment

- Federal funds must be returned to the payment system used by the federal agency.

§200.307 Program Income

- Three methods of program income are applicable to both recipients and subrecipients.

§200.308 Revisions of Budget and Program Plans

- Construction and non-construction requirements to be combined to provide greater uniformity.
- Recipients must request approval of subrecipients when their activities are not aligned with approved recipient proposal.
- Agencies require approval of a change in subrecipient when the subrecipient was a determining factor in the federal merit review.

§200.309 Period of Performance

- When an agency decides not to continue a multi-year award, the period of performance should be amended at the end of the currently authorized budget period.
- The start date of a renewal award begins a new and distinct period of performance (also see subpart A definition of renewal award).

§200.311 Real Property

- Additional language about appraisals to conform with the Uniform Relocation Assistance and Real Property Acquisition Policy Act.
- Recipient title is conditional and Federal agency retains an interest.

§200.313 Equipment

- Threshold of \$5,000 increased to \$10,000.
- Title to the equipment vests with the recipient/subrecipient upon acquisition, but it is a conditional title until the federal award has been fulfilled.
- Recipients or subrecipients may not encumber equipment without prior approval.
- Equipment valued under \$10,000 may be retained with no further obligation to the federal government.
- When included in award agreement, equipment may be retained with no further obligation, unless prohibited by federal statute.

§200.318 General Procurement

- Recipients and subrecipients may use:
 - Project Labor Agreements
 - Pre-hire collective bargaining agreements such as hiring people in high poverty areas, disadvantaged or high unemployment census tracts, consistent with local policies and procedures.
 - Commitments to hiring individuals from underserved communities.
 - Agreements to ensure uninterrupted delivery of services.
 - Agreements to ensure community benefits.
 - Agreements that offer employees of a predecessor contractor right of first refusal under the new contract.

§200.319 Free and Open Competition

- OMB removed language about the prohibitions on geographic preference.

§200.320 Methods of Procurement

- **§200.320 (a) informal procurements**
- **§200.320 (b) formal procurements**
- **§200.320 (c) noncompetitive procurements**
 - **§200.320(a)(1) Micro-purchase**
 - Threshold at \$10,000.
 - **§200.320(a)(2) Simplified Acquisition (formally called small purchase)**
 - Threshold at \$250,000.
 - Federal thresholds must be consistent with state/local laws.
 - **§200.320(b)(1) Sealed bids.**
 - Requires bid process.
 - OMB removed requirement that sealed bids be opened to public, if consistent with state/local laws.
 - **§200.320(b)(2) Proposal/Competitive bids**
 - Requires bid process
 - Formal procurements are over \$250,000.
 - **§200.320(c) Noncompetitive Procurements**
 - Micro-purchase.
 - Item available from only one source.
 - Public emergency.
 - Federal agency approval.
 - After solicitation, inadequate number of respondents.
- **§200.321 Contracting with Small and Minority Businesses**
 - OMB to add veteran-owned business to the types of businesses encouraged.

- **§200.322 Domestic Preference**
 - 2 CFR 184 defines requirements, particularly for infrastructure.
 - Recipients and subrecipients must consider and are encouraged to use goods, products, and materials that are produced in the United States.
 - M-22-11 definitions of raw construction materials now replaced with M-24-02.
 - Recipients/subrecipients must implement 2CFR 184.
- **§200.322 Procurement of Recovered Materials**
 - New requirement encouraging recipients, to the extent permissible by law, to purchase, acquire, or use products and services that can be reused, refurbished, or recycled, contain recycled content, are biobased, or energy/water efficient, and are sustainable.
 - Should further sustainability and climate resilience.
 - May include compostable items and items that reduce use of plastic products.
- **§200.328 Financial Reporting**
 - Financial reporting to align with progress reporting.
 - Reporting no more frequently than quarterly unless there is a specific condition in the award agreement.
- **§200.332 Requirements for Pass-throughs**
 - Pass-through entities must confirm in Sam.gov that potential subrecipients are not suspended, debarred, or excluded from receiving funds.
- **§200.344 Closeout**
 - If the recipient does not comply with closeout requirements, the federal agency must report the recipient's material failure in Sam.gov R/Q.
- **§200.403 Allowability of Costs**
 - All costs must be incurred before the project end date, during the approved budget period.
- **§200.407 Prior Approvals**
 - Nine Items removed from the prior approval list to reduce administrative burden:
 - Real Property
 - Equipment
 - Direct Costs
 - Entertainment Costs
 - Exchange rates
 - Memberships
 - Participant support costs
 - Selling and marketing costs
 - Taxes

- **§200.414 Indirect Costs**
 - Pass-through entities must accept subrecipient federally negotiated indirect rate unless a statutory requirement otherwise.
 - De minimis rate raised from 10% to 15%.
- **§200.415 Required Certifications**
 - Subrecipients must certify their financial reports to their pass-through entities.
- **§200.422 Advisory Councils**
 - New definition: An advisory council or committee is a body that provides advice to the management of such entities as corporations, organizations, or foundations.
- **§200.432 Conferences**
 - OMB removed limitations on types of conferences.
 - OMB allows for dependent-care costs for attendee participation in program-related conferences.
- **§200.438 Entertainment Costs**
 - Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award (also refer to M-10-11).
- **§200.501 Single Audit Threshold**
 - Raised from \$750,000 to \$1,000,000 for federal awards expended.
- **§200.502 Federal Awards Expended**
 - Schedule of Expenditures of Federal Awards (SEFA) should also identify the state, municipality, or local entity recipient or subrecipient of a federal award for greater transparency.