

The New Uniform Guidance: The Impact On Your Nonprofit Agency's Financial Management Practices – Part 2

Presented by:

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The Webinar will start soon!

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Nonprofit Sustainability TA Project



About the Nonprofit Sustainability TA (NSTA) Project

- The Nonprofit Sustainability Technical Assistance (NSTA) Project is a program of the National Resource Sharing Project (RSP) of IowaCASA in partnership with the National Network to End Domestic Violence (NNEDV).
- The NSTA Project provides web conferences, coaching calls, and technical assistance. If you need technical assistance (TA) on nonprofit management issue, please contact Ellen Yin-Wycoff at ellen@iowacasa.org or phone 515-505-2729.

Upcoming Events:

- Coaching Calls on the Omni Circular's webinars will be scheduled in late March. Please indicate your interest in the online evaluation following today's webinar or email ellen@iowacasa.org.



How to Use This Technology

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- The Public Chat function has been disabled for this webinar. If you want to ask a question, **please use the Private Chat function to send your questions to the Leaders & Assistants in this webinar.**
- This PowerPoint presentation, as well as the webinar recording, will be emailed to you next week.
- At the end of this presentation, please complete the online evaluation that will be sent to you.

Polling Question #1

Which of the following best describes your role/position at your agency?

- A. Finance Staff (e.g., Accountant, bookkeeper, etc.)
- B. Executive Director/Program Director
- C. Administrative and Program Staff
- D. Board member

Be sure to submit your questions about the Uniform Guidance through the "Private chat" to the Leaders and Assistants during this webinar, so we can be sure to address them for you today or in a follow-up coaching call or email!

Speaker Introductions

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Learning Objectives

From this webinar, participants will learn about:

- Quick background review of the new Uniform Guidance
- Cost Principles
 - Items of Cost
 - Indirect Costs
- Audit Requirements

Background – Quick Review

- Various names for the guidance
 - Uniform Guidance, Omni Circular, etc.
- Purpose of the new guidance
 - Streamline guidance, reduce administrative burden, reduce fraud/waste/abuse
- Superseded circulars
 - A-102, A-110, A-87, A-122, A-21, A-133, A-89, A-50
- Effective dates
 - December 26, 2014
- Subparts and Appendices

Cost Principles – Subpart E

Recipient's Responsibilities:

- Establish sound management practices that support efficient and effective award administration
- Administration of funds must comply with:
 - Agreements
 - Program Objectives
 - Terms/Conditions of the award
- May not earn or keep any profit resulting from the award, unless authorized by terms/conditions of the award (Ex. – Program Income)

NOTE: See sections 200.400

Cost Principles – Subpart E

Costs must be:

- Allowable
 - Necessary to project performance
 - Compliant with limitations and restrictions
 - Treated consistently
- Reasonable
 - Prudent person test
 - Consider market prices for comparable goods and services for the geographic area
- Allocable
 - Portion of cost relative to benefit received

Polling Question #2

The Uniform Guidance notes the Recipient's responsibilities does not allow them to earn or keep any profit resulting from the grant award (i.e., Program Income) unless it is authorized and approved in the terms and conditions of the Award.

1. True
2. False

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Polling Question #3

The Uniform Guidance requires that costs must be allowable, reasonable, and allocable, meaning that the cost should be allocated based on the portion (or percentage) of benefit received on the grant.

1. True
2. False

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Cost Principles – Subpart E

Proper application of applicable credits

- Credit the award as cost reduction or cash refund
- Ex. – Purchase discounts, rebates or allowances, insurance refunds or rebates, etc.

Prior Approval

- Section outlines various costs requiring Prior Written Approval
- Provides citations throughout Uniform Guidance
- Ex. – Program Income, Pre-Award Costs, Equipment, Real Property, etc.

Cost Principles – Subpart E

Indirect (F&A) Costs – Highlighted New Rules

Negotiated rates must be accepted by all Federal awarding agencies

- Federal agencies may place limitations under the following circumstances:
 - For a single award or class of awards
 - If required by statute/regulation or Federal agency head
- Agency must have established policy/procedure in place to deviate from negotiated rate

Cost Principles – Subpart E

Indirect (F&A) Costs – Highlighted New Rules

De Minimis Rate may be used by:

- Recipients that have **NEVER** had a Federally approved indirect cost rate agreement
 - *NOTE: See appendix VII for exceptions*
- Subrecipients (not contractors), using the same guidelines for recipients

Cost Principles – Subpart E

Indirect (F&A) Costs – Highlighted New Rules

Applying the De Minimis Rate:

- Charge 10% of Modified Total Direct Costs (MTDC) without negotiating the rate
- Costs must be consistently charged as indirect or direct
- May be used indefinitely
- Rate must be consistently used for all Federal awards until (if) a rate is negotiated

NOTE: See section 200.414

Cost Principles – Subpart E

Example Using the De Minimis Rate in a Budget

Personnel: \$200,000 (Staff Salary)

Fringe: \$44,000 (22% of Staff Salary)

Travel: \$10,000 (OVW TA and Training)

Equipment: \$0

Supplies: \$2,000 (General Office Supplies)

Consultants/Contracts: \$42,000 (One Partner's Compensation)

Other: \$2,000 (Victim/Client Emergency Assistance)

Total Direct Costs: \$300,000

Modified Total Direct Costs: \$283,000 (total direct costs minus amount over \$25,000 of each subaward = \$300,000 - \$17,000)

Indirect Costs: \$28,300 (10% of MTDC)

Total Project Amount: \$328,300

Cost Principles – Subpart E

Indirect (F&A) Costs – Highlighted New Rules

Extensions on existing Federally-negotiated rates

- One-time extension for period of up to 4 years
- Subject to review and approval from cognizant agency who negotiates the rate
- If approved – may not request rate review until end of extension period
- Must re-apply to negotiate new rate at end of extension period

NOTE: See section 200.414

Polling Question #4

Does your agency have:

- A. Negotiated Indirect Cost Rate
- B. Has applied and waiting for an Indirect Cost Rate
- C. Allocates costs to each project through direct costs
- D. Don't Know/Not Sure

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Polling Question #5

The Uniform Guidance allows for a Recipient without a negotiated Indirect Cost Rate to utilize the De Minimis Rate of 10% indefinitely on all federal awards, so that 10% can be charged on all Modified Total Direct Costs (MDTC).

1. True
2. False

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Cost Principles – Subpart E

Selected Items of Cost

- Provides principles for establishing allowability of certain items for determining costs

Highlighted Changes

Audit Services

- Costs of audits NOT required by Single Audit Act and/or Subpart F are not allowable

Collection of Improper Payments

- Costs incurred for recipients to recover improper payments are allowable

NOTE: See sections 200.425 and 200.428

Cost Principles – Subpart E

Selected Items of Cost – Highlighted Changes

Compensation – Personal Services

- Changes with requirements to support salaries and wages
 - Focuses on requirements and standards for strong system of internal controls
 - Charges must be based on records that accurately reflect work performed
 - Personal activity reports not required unless recipient chooses to maintain as part of internal control or is required to use by Federal agency

NOTE: See section 200.430

Cost Principles – Subpart E

Selected Items of Cost – Highlighted Changes

Compensation – Personal Services

- Standards for Documentation
 - Charges based on records that reflect actual work performed
 - System of internal control that ensures charges are accurate, allowable, and properly allocated
 - Incorporate into official records
 - Reflect staff's total activity
 - Includes both Federal and non-Federal funded activities
 - Comply with established policies and procedures
 - Support distribution of salary and wages among different activities or cost objectives
 - Estimates alone do not support charges, may only be used for interim purchases

Cost Principles – Subpart E

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y		
1	SAMPLE TIMESHEET																										
2	Supervisor:																			Signature:							
3	Date:																			Month: January				Name:			
5	Day	Date	Time In	Time Out	Sick Time	Vacation	Personal	Staff/Agency Related	Demo	IA SVP	Legal 2007	NRSP	RPE	RSP Recovery Act TA	Rural SART	Rural TA	SASP TA	State Coal - SASP	Misc	Conference Planning	Description of Work Performed						
6	Sunday	1																									
7	Monday	2																							Happy New year		
8	Tuesday	3																									
9	Wednesday	4																									
10	Thursday	5																									
11	Friday	6																									
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21	Monday	16																							Martin Luther King		
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34	Sunday	29																									
35	Monday	30																									
36	Tuesday	31																									
37	TOTAL Hours																										
38																											
39																											
40																											
41																											
42																											

Polling Question #6

Does your staff submit their time and activity reports on a:

- A. Daily basis.
- B. Weekly basis
- C. Bimonthly basis
- D. Monthly Basis

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Polling Question #7

The Uniform Guidance changed the requirements for salaries and wages that focuses more on a strong system of internal controls and for charges to be based on records that accurately reflect the work performed, and personal activity reports are not required unless it is part of the system of internal controls or is required by the Federal Agency.

1. True
2. False

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Cost Principles – Subpart E

Selected Items of Cost – Highlighted Changes

Compensation – Fringe Benefits

- Now includes “family-related leave”
 - Must be reasonable and included in written policies
 - Organizations primarily Federally funded must ensure policy is consistent with similar organizations not funded primarily with Federal funds

Conferences

- Expanded to include:
 - Costs may be restricted by terms/conditions of award
 - Costs must be appropriate, necessary, and kept to a minimum
 - Allows cost of identifying, but not providing, locally available dependent-care resources

Cost Principles – Subpart E

Selected Items of Cost – Highlighted Changes

Fundraising and Investment Management Costs

- Added stipulation – fund raising costs for the purposes of meeting program objectives are allowable
 - Require prior approval from the Federal awarding agency

Materials and Supplies

- Definition expanded to include computers (provided they do not meet recipient's capitalization threshold)
- Added language for charging computing devices directly
 - Must be essential and allocable to project

NOTE: See sections 200.442 and 200.453

Cost Principles – Subpart E

Selected Items of Cost – Highlighted Changes

Participant Support Costs

- Expanded to now cover all recipients, not just nonprofits
- Excluded from Modified Total Direct Costs for indirect base

Proposal Costs: costs for preparing bids, proposals, applications

Previous Guidance	New Guidance
Not included in nonprofit cost principles	Applicable to all organizations
Allowable as direct charge with prior approval	Allowable only as indirect cost

NOTE: See sections 200.456 and 200.460

Cost Principles – Subpart E

Selected Items of Cost – Highlighted Changes

Rental costs of Real Property and Equipment

- Added language that prohibits costs of commercial or residential real estate and associated utilities for home office

Travel Costs

- Expanded to include temporary dependent care costs
 - Allowable in specific situations in accordance with written travel policies of organization
 - Travel costs for dependents are unallowable

NOTE: See sections 200.465 and 200.474

Polling Question #8

The Uniform Guidance included changes to the Modified Total Direct Costs (MDTC) that must exclude participant support costs, such as stipends, registration fees, and travel allowances.

1. True
2. False

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Audit Requirements – Subpart F

Single or Program Specific Audit

- Threshold increased to \$750,000 or more of Federal funds expended during the Fiscal year
- Previous threshold was \$500,000
- Applies to Fiscal years beginning on or after December 26, 2014

NOTE: See section 200.501

Audit Requirements – Subpart F

Example: Single or Program Specific Audit

New audit requirements apply to Fiscal years beginning on or after December 26, 2014

FY2014: 7/1/2013 – 6/30/2014 → Follow A-133

FY2015: 7/1/2014 – 6/30/2015 → Follow A-133

FY2016: 7/1/2015 – 6/30/2016 → Follow Uniform Guidance

****If a recipient is awarded in 2013 for three years and meets the threshold for each Fiscal year's audit requirement, that one award would follow two different audit requirements depending on the Fiscal year (see above)****

Audit Requirements – Subpart F

Single or Program Specific Audit

- Audit Reports must be made publicly available
 - Federal Audit Clearinghouse: authoritative source for Single Audit Reports – <https://harvester.census.gov/sac>
 - Protected Personally Identifiable Information (PII) must not be included in submitted reports
 - Exceptions for Tribal Governments
- Federal agencies required to review submitted audits in Federal Audit Clearinghouse

NOTE: See sections 200.503 and 200.512

Appendix IV

Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations

Description of MTDC changed

- Previous Guidance: “Shall generally exclude participant support costs”
- New Guidance: “**Must** exclude participant support costs”

Certification of Indirect Costs

- Added language for certification that must be included with all indirect cost proposals

NOTE: This Appendix does not provide additional guidance on the De Minimis Rate or 4 year extension

Polling Question #9

During the last Fiscal year, did your agency receive in Federal funds:

- A. Under \$500,000 per year
- B. Between \$500,000 - \$749,000 per year
- C. \$750,000 or more per year
- D. Don't know or Not sure

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Polling Question #10

The Uniform Guidance increased the threshold for the Single or Program Specific Audits from \$500,000 to \$750,000 of Federal funds expended per Fiscal year, and this new threshold applies to Fiscal years beginning on or after Dec. 26, 2014.

1. True
2. False

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Thank You For Your Participation!

Please complete the online evaluation that will be emailed to you shortly.

We will also schedule follow-up coaching calls to address specific questions about the Uniform Guidance. A follow-up email will be sent to you with registration info for the coaching calls.

For more information, please contact Ellen Yin-Wycoff at ellen@iowacasa.org.