

## § 200.110 Effective applicability date.

(a) The standards set forth in this part which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this part becomes final. Federal agencies must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.

(b) The standards set forth in Subpart F—Audit Requirements of this part and any other standards which apply directly to Federal agencies will be effective December 26, 2013 and will apply to audits of fiscal years beginning on or after December 26, 2014.

### COFAR Frequently Asked Questions

#### How does the effective date apply to indirect cost rates?

Existing negotiated indirect cost rates will remain in place until they are due to be re-negotiated. The “effective date” of changes to indirect cost rates must be based upon the date that a newly re-negotiated rate goes into effect for a specific non-Federal entity’s fiscal year. Therefore, for indirect cost rates and cost allocation plans, Federal awarding and indirect cost rate negotiating agencies will use the Uniform Guidance both in generating proposals for and negotiating a new rate (when the rate is due to be re-negotiated) for non-Federal entity fiscal years starting on or after December 26, 2014. For example, the Uniform Guidance eliminates the concept of “use allowance” for depreciation. Nevertheless, for non-Federal entities with negotiated rates that are based on “use allowance”, they would continue to use their existing rate, based on “use allowance”, until the rate is due to be re-negotiated.

#### When may non-Federal entities begin to submit proposals for indirect cost rates based on the Uniform Guidance?

Non-Federal entities may begin to submit actual cost proposals based on the Uniform Guidance when they are due for fiscal years that begin on or after December 26, 2014. For example, if a non-Federal entity is required to submit a rate proposal based on FY 2014 actual costs to set rates for FY 2016, the rate proposal can be developed using the provisions in the Uniform Guidance.

#### When may institutions of higher education (IHEs) begin to submit revised DS2s based on the Uniform Guidance?

IHEs subject to the requirements of section 200.419 should begin after December 26, 2014 to revise their DS-2 statements for fiscal years beginning on or after December 26, 2014. IHE’s with CAS covered-contracts meeting the dollar threshold (currently \$25 million in aggregate) in 48 CFR 9903.202-1(f) should submit their revised DS-2 as soon as possible after 12/26/2014, but in any event no later than prior to the award of a CAS-covered contract or subcontract. In addition, IHE’s making voluntary changes in cost accounting practices other than those required in the Uniform Guidance or submitting indirect cost rate proposals that are currently due should submit their DS-2 (or revised pages of the DS-2 for changes that are not extensive) 6 months before the effective date of proposed changes. IHEs that do not meet the CAS covered contract threshold or are not submitting indirect cost rate proposals and that are only revising their DS-2 to meet the requirements of the Uniform Guidance do not need to submit their revised DS-2 unless requested to do so by their cognizant agency for indirect costs. If not requested by the cognizant agency for indirect costs to submit by an earlier date, the DS-2 must be submitted with the next submission of the IHE’s indirect cost rate proposals. The cognizant agency for indirect costs will determine if a review and approval is necessary for the submitted DS-2.

#### Should applications submitted prior to 12/26/2014 for Federal awards which will be made after 12/26/2014 reflect the Uniform Guidance?

Yes. All awards made on or after 12/26/2014 will be made with terms and conditions subject to the Uniform Guidance. Applications that are submitted before 12/26/2014 for Federal awards to be made on or after 12/26/2014 should be developed in accordance with the Uniform Guidance.

#### May IHEs submit applications that are inconsistent with their DS-2 statement if that application is made in order to reflect the Uniform Guidance? For example: May IHE's submit applications with budgets that include administrative support or computing devices in the proposal budget?

Yes. All awards made on or after 12/26/2014 will be made according to the new uniform guidance, and applications for Federal awards that would be granted after that date should reflect the new guidance. The new 9 guidance will apply to new Federal awards made after that date and, if a Federal awarding agency considers its incremental funding actions to be opportunities to change terms and conditions on previously made awards, the new guidance will apply to that Federal awarding agency’s incremental funding actions also. DS-2 statements that need to be revised to reflect new policies should be revised as soon as possible after 12/26/2014. Non-Federal entities will not be penalized for discrepancies between their approved DS-2 and actual charging practices in accordance with the new uniform guidance, provided that an updated DS-2 (consistent with actual charging practices) has been revised and submitted in accordance with FAQ .110-3

#### Will the Federal government provide a grace period after the effective date for non-Federal entities to comply with the procurement standards in the Uniform Guidance?

Yes, for one full fiscal year after the effective date of the Uniform Guidance. In general non-Federal entities must comply with the terms and conditions of their Federal award, which will specify whether the Uniform Guidance applies. However, in light of the new procurement standards, for procurement policies and procedures, for the non-Federal entity’s first full fiscal year that begins on or after December 26, 2014, the non-Federal entity must document whether it is in compliance with the old or new standard, and must meet the documented standard. For example, the first full fiscal year for a non-Federal entity with a June 30th year end would be the year ending June 30, 2016. The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard. For future fiscal years, all non-Federal entities will be required to comply fully with the uniform guidance.

#### How does the effective date apply to incremental funding? I have an award with three more years of expected funding. Normally I would keep the same account number for all five years, with the incremental funding for each year added as it comes in. Do I have to keep my funding subject to the old OMB Circulars in a separate account from the funding awarded after the Uniform Guidance goes into effect?

**Or can I just assume that the new rules apply as soon as I get my first post-Uniform Guidance increment of funds? Can I apply those rules to any residual balance of old funds as well as the new monies?**

The new rules apply as of the Federal award date (see 200.39) to new awards and, for agencies that consider incremental funding actions on previously made awards to be opportunities to change award terms and conditions, the first funding increment issued on or after 12/26/14. For agency incremental funding actions that are subject to the Uniform Guidance, non-Federal entities are not obligated to segregate or otherwise track old funds and new funds but may do so at their discretion. For example, a non-Federal entity may track the old funds and continue to apply the Federal award flexibilities to the funding awarded under the old rules (e.g., local ability to issue fixed price subawards, non-Federal entity determination of the need to incur administrative and clerical salaries based on major project classification). For Federal awards made with modified award terms and conditions at the time of incremental funding actions, Federal awarding agencies may apply the Uniform Guidance to the entire Federal award that is uncommitted or unobligated as of the Federal award date of the first increment received on or after 12/26/14.

**How does the effective date impact formula and entitlement programs?**

The effective date in section 200.110 effective/applicability date applies to formula and entitlement awards that are covered by the Uniform Guidance as it does to other awards.

**What processes and procedures are (or will be) in place to ensure that the changes in the OMB Guidance will be consistent across the different Federal agencies?**

OMB is working with the COFAR and other Federal agencies across the government to ensure consistent implementation of the Uniform Guidance across Federal agencies.

**How does the Uniform Guidance apply to Federal awards made prior to December 26 when some subawards are made prior to December 26 and others are made after December 26?**

The effective date of the Uniform Guidance for subawards is the same as the effective date of the Federal award from which the subaward is made. The requirements for a subaward, no matter when made, flow from the requirements of the original Federal award from the Federal awarding agency.

**When does the Uniform Guidance become effective?**

The effective date is covered in section 200.110, Effective/applicability date.

- Federal agencies must implement the requirements to be effective by December 26, 2014.
- Subpart F, Audit requirements, will apply to audits of non-Federal entity fiscal years beginning on or after December 26, 2014. The revised audit requirements are not applicable to fiscal years beginning prior to that date.
- Administrative requirements and cost principles will apply to new awards and to funding increments, in cases where the Federal agency considers funding increments to be an opportunity to modify the terms and conditions of the Federal award, to existing awards made on or after Dec 26, 2014.
- Existing Federal awards that do not receive incremental funding with new terms and conditions will continue to be governed by the terms and conditions of the Federal award.

**Will this apply only to awards made after the effective date, or does it apply to awards made earlier?**

- Once the Uniform Guidance goes into effect for non-Federal entities, it will apply to Federal awards or funding increments after that date, in cases where the Federal agency considers funding increments to be an opportunity to modify the terms and conditions of the Federal award. It will not retroactively change the terms and conditions for funds a non-Federal entity has already received.
- We would anticipate that for many of the changes, non-Federal entities with both old and new awards may make changes to their entity-wide policies (for example to payroll or procurement systems). Practically speaking, these changes would impact their existing/older awards. Non-Federal entities wishing to implement entity-wide system changes to comply with the Uniform Guidance after the effective date of December 26, 2014 will not be penalized for doing so.

Should we continue using 2 CFR 220, 225, and 230 until December 2014, even though these regulations have now been removed from the CFR?

- The terms and conditions of the Federal award always govern, and even once the Uniform Guidance goes into effect, Federal agencies will need to ensure that all non-Federal entities have full access to the terms and conditions of Federal awards made prior to the Uniform Guidance becoming effective.
- The original circulars are also available on the OMB website at [http://www.whitehouse.gov/omb/grants\\_circulars](http://www.whitehouse.gov/omb/grants_circulars).
- Federal agencies may not impose the Uniform Guidance prior to the effective date.

**What are the next steps for the single audit Compliance Supplement and single audit resolution?**

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- The COFAR has made a commitment that for the rest of this year, work will focus primarily on initiatives that support smooth implementation of this Uniform Guidance.
- The 2015 Compliance Supplement is expected to be released in April 2015 and will implement changes to complement the Uniform Guidance, such as streamlining the audit objectives and procedures for the 14 types of compliance requirements. OMB outreach in developing the 2015 Supplement is including non-Federal stakeholders.

- The COFAR is also working to draft best practices around cooperative audit resolution, and exploring possibilities for publishing a list of links to Federal agency audit resolution policies.
- The Federal Audit Clearinghouse (FAC) is working to develop additional analytical tools to better support audit resolution and provide data for outcome based metrics to allow Federal agencies to track the effectiveness of audit finding follow-up over time.
- The COFAR will be working with the FAC and the auditing profession to explore ways to combine the single audit reporting package (i.e., Schedule of Expenditures of Federal Awards and Auditor's Summary) with the reporting to the FAC in the data collection form to reduce duplication and improve the accuracy of FAC data.
- Finally, the COFAR plans to consider how to better coordinate the process of issuing management decision letters governmentwide