



# What You Need to Know About the Uniform Grant Guidance Updates

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The Office of Management and Budget just made a host of important updates to sections of [OMB Guidance for Grants and Agreements](#) (Title 2 CFR), which are effective November 12, 2020. Some have already gone into effect as of August. These revisions aim to reflect the shift outlined in the President's Management Agenda in setting the stage for enhanced, results-oriented accountability for grants.

Needless to say, failure to comply with the latest requirements could mean audit findings and more headache for governments who cannot afford additional delays to receive and/or distribute funding during such a critical time.

To take out some of the stress of reading through all of these, we've broken down the latest updates for you below. The following is a summary. You can get the full breakdown of all the updates [here](#).

## **New Sections and Language Updates**

The following updates and additions are important nuances in terms and definitions as well as an entirely new section.

### *Acronyms and Definitions*

#### 2 CFR 200

- CFDA has been removed and has been replaced with "assistance listing"
- NFE (non-federal entity) has been added (non-federal entity)
- "Standard form" has been changed to "common form"

### *New Section*

#### 2 CFR 183- Never Contract with the Enemy

- 183.10 Applicability- This part only applies to grants and cooperative agreements that are expected to exceed \$50,000 and that are performed outside the United States, including U.S. territories, that are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. This part does not apply to the authorized intelligence or law enforcement activities of the federal government.

## **Updates to Pre-Federal Award Requirements and Content of Federal Awards**

The following updates are more substantial in terms of pre-award requirements, proposals, and what should be updated in the meat of federal award proposals and applications.

2 CFR 200.203- Requirement to provide public notice of federal financial assistance programs (Previously Notice of Funding Opportunities)

- The requirements were revised with the omission of CFDA. OMB updated information required by federal agencies in the notice. This requirement does not currently flow down to pass-through entities.

2 CFR 200.205-Federal awarding agency review of merit proposals (previously 200.204)

- This provision strengthens the merit review process and is linked to 200.301 Performance Measurement. These changes require federal awarding agencies to extend their merit review process to discretionary federal awards. Unless prohibited by federal statute, the federal awarding agency must design and execute a merit review process for applications. This process must be described or incorporated by reference in the applicable funding opportunity.

## 2 CFR 200.206-Federal awarding agency review or risk posed by applicants

- In regards to a federal awarding agency's review of risk posed by applicants, federal agencies are allowed to adjust requirements when a risk evaluation indicates that it may be merited.

## 2 CFR 200.216-Prohibition on certain telecommunication and video surveillance services or equipment (Effective 8/13/2020)

- This provisions includes the prohibition of non-federal entities from obligating or expending loan or grant funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract or renew a contract to procure or obtain equipment, services, or systems using covered telecommunications equipment or services as a substantial or essential component of any system—or as a critical technology or part of any system.

## **Updates to Post Federal Award Requirements**

The following updates affect performance measurement, procurement preferences, and how federal awarding agencies terminate awards going forward.

### 2 CFR 200.301 Performance measurements

- The latest updates further emphasize existing requirements for federal awarding agencies to provide recipients with clear performance goals, indicators, targets, and baseline data.

### 2 CFR 200.322 Domestic preferences for procurement (New section!)

- This new section encourages federal award recipients (to the extent permitted by law) to maximize use of goods, products, and materials produced in the United States when procuring goods and services under

federal awards. This part will apply to procurements under a grant or cooperative agreement.

## 2 CFR 200.340 Terminations (Effective 8/13/2020)

- This section was revised to strengthen the ability of the federal awarding agency to terminate federal awards to the greatest extent authorized by law, when the federal award no longer effectuates the program goals or federal awarding agency priorities. This change aims to ensure that federal awarding agencies prioritize ongoing support to federal awards that meet program goals.

## **Updates to Cost Principles**

The following updates cover direct and indirect costs as well as costs for technology in virtual environments.

### 2 CFR 200.413 Direct Costs

- This section was revised to include evaluation costs as an example of a direct cost, which demonstrates program results.

### 2 CFR 200.414 Indirect Costs

- Expands use of the de minimis rate of 10 percent of modified total direct costs (MTDC) to all non-federal entities (except those described in Appendix VII to Part 200- State and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b.). Currently, the de minimis rate can only be used for non-federal entities that have never received a negotiated indirect cost rate. The use of the de minimis rate has reduced burden for both the non-federal entities and the federal agencies for preparing, reviewing, and negotiating indirect cost rates.

## 2 CFR 200.471 Telecommunication and Video Surveillance (New Section!)

- This new section goes over costs incurred for telecommunications and video surveillance services or equipment such as phones, internet, video surveillance, and cloud servers. These costs are allowable except for the following circumstances.
  - Obligating or expending covered telecommunications and video surveillance services or equipment or services as described in 200.216

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