

Frequently Asked Questions

Updated: July 2017

For The Office of Management and Budget's
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
At 2 CFR 200

The following are frequently asked questions presented by the COFAR on OMB's Uniform Guidance at 2 CFR 200. Please note that in case of any discrepancy, the actual guidance at 2 CFR 200 governs. If there is a question pertaining to the application of the guidance to a particular Federal award, that question should be addressed to the Federal awarding agency or pass-through entity in the case of a subrecipient. This document is intended to provide additional context and background for the guidance as Federal and non-Federal entities seek to understand the policy changes and will be referenced as an addition to the Uniform Guidance at 2 CFR 200 in the 2017 issuance of Appendix XI to Part 200 - Compliance Supplement.

BELOW ARE SOME SELECTED QUESTIONS FROM THE FAQ. FOR THE COMPLETE FAQ DOCUMENT GO TO

<https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>

200.33

.33-1 Capitalization Level for Software *

Section 200.33 includes information technology systems in the definition of equipment. Section 200.58 includes software in the definition of information technology systems. Does this mean that the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000 applies to software?

Yes, the maximum capitalization level of \$5,000 applies to software. This definition encompasses purchased software that comes with the hardware with a unit cost greater than \$5,000. It does not include internally developed software projects which are to be capitalized in accordance with GAAP for financial statement purposes.

200.210

.210 – 1 Total Amount of a Federal Award – Federal and Non-Federal Share *

Does the total amount of the Federal award (in §200.210 (8)) include both Federal and non-Federal funding such as cost sharing? What is the difference between the total amount of the Federal award and the total amount of Federal funds obligated (in §200.210 (7))?

Yes. The total amount of the Federal award (in the context of §200.210 (8)) includes both Federal and non-Federal funding, such as cost sharing, matching, or a recipient's voluntary contribution. The total amount of Federal funds obligated (in the context of §200.210 (7)) includes only the amount of funds obligated by the Federal awarding agency; it does not include non-Federal funds.

200.303

.303-1 Should vs Must and Internal Controls

According to auditing standards, "should" really means "must unless there is a well-documented reason why not". Is this the case in the Uniform Guidance? Does the "should" in section 200.303 referencing guidance provided by GAO and COSO really mean "must"?

See should vs must answer in .303-2 below for the meaning of “should” in the Uniform Guidance. COFAR will review the guidance and consider whether technical corrections are needed related to the use of "should".

.303-2 (previously Q III-5) Should vs. Must In General

The word “should” is used throughout section 200. Does it really mean “must”?

No. The word “must” is used throughout part 200 to indicate requirements. The word “should” is used to indicate best practices or recommended approaches that the COFAR wanted non-Federal entities to be aware of, but not necessarily required to comply with.

200.320

.320-1 Methods of Procurement – Micro vs Small vs Over Threshold

How are procurements of micro-purchase and small purchases under the simplified acquisition threshold less burdensome than those above it?

In summary, all purchases under the simplified acquisition threshold (including micro-purchases) require fewer terms and conditions, have a lesser competition standard than purchases over the simplified acquisition threshold, can be solicited informally, and do not require a cost or price analysis. Section 200.320 describes the five methods of procurements – (1) micro-purchase (less than to \$3,000), (2) small purchase (less than \$150,000), (3) sealed bids purchases (more than \$150,000), (4) competitive proposal purchases (more than \$150,000), and (5) Noncompetitive purchases (special circumstances which are applicable for all purchase levels).

All five procurement types must comply with the Procurement Standards in section 200.318, which can be summarized generally as follows: (1) the purchase complies with the non-Federal entity’s documented procedures in place, (2) purchases are necessary, (3) open competition (to the extent required by each method), (4) conflict of interest policy and (5) proper documentation for the purchases.

Purchases of supplies or services under \$3,000 are treated as “micro-purchases.” The purchase orders may be awarded without soliciting any competitive quotations if the non-Federal entity considers the costs to be reasonable. The non-Federal entity must, to the extent practicable, distribute these purchases equitable among qualified suppliers. For example, a purchase of computer paper in the amount of \$2,000 can be treated as “a micro-purchase.” No rate competitive quotations are necessary for the purchase. A cost or price analysis is not required. However, in accordance with the non-Federal entity’s written policies, which may include strategic sourcing or bulk purchase arrangements as described in section 200.318 and addressed in FAQ .320-4, the non-Federal entity must consider whether to make the purchase from any

one of a number of office supply stores.. Such policies may dictate the purchase of computer paper to rotate among qualified suppliers if they offer the same rates.

Purchases under the simplified acquisition threshold are purchases for goods or services meeting the small purchase threshold (currently at \$150,000). Therefore, all purchases between \$3,000 and \$150,000 can use the “small purchase procedures” stated in section 200.320 (b) which describes the procedures as “relatively simple and informal.” It states that “price or rate quotations must be obtained from an adequate number of qualified sources.” It leaves the discretion of the non-Federal entity written policy to determine the “adequate” number of qualified sources (i.e., any number greater than one) and the methods of methods of obtaining the price or rate quotations (e.g., it can be in writing, orally, vendor price list on website, or generated via online search engine). Section 200.323 also excludes the small purchases from any requirements for cost or price analysis.

For example, a purchase order for chlorine supplies in the amount \$10,000 can treated a small purchase order. This purchase order requires a rate quote from at least two sources, which can be obtained in writing from two suppliers or research done on a public websites. A cost or price analysis is not required. In addition, if the chlorine is of special quality that is offered by only one company or only one company can deliver in the time frame required for the project, the purchase order can be made under the sole source purchase provision in section 200.320 (f).

For purchases over the simplified acquisition threshold (currently at \$150,000), the more prescriptive methods of either sealed bids (if the non-Federal entity has very specific parameters for the purchase) or competitive proposals apply. For a visual of this FAQ, see the Procurement Bearclaw attachment.

[.320-4 Methods of Procurement and Charge Cards](#)

Does the Uniform Guidance require non-Federal entities to limit charge card purchases to a particular threshold amount?

No. The Uniform Guidance provides requirements for the internal control framework that surround any purchase, but does not provide any guidance around whether the non-Federal entity uses cash, charge cards, checks, or any other payment medium for the transaction.

[.320-5 Methods of Procurement and Indirect Costs](#)

Does the Uniform Guidance procurement standards apply to procurements made for indirect costs (for example: would a non-Federal entity need to follow them when hiring a plumber to fix a broken pipe in the headquarters building?)

No. The Uniform Guidance procurement standards do not apply to procurements made in indirect cost areas. They apply to procurements for goods and services that are directly charged to a Federal award.

[.331-10 Requirements for Pass-Through Entities. Timing of Subrecipient Risk Assessments *](#)

Section §200.331 (b) indicates that pass-through entities must “evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring...” Are pass-through entities required to assess the risk of non-compliance for each applicant prior to issuing a subaward?

No. While section §200.331 (b) requires risk assessments of subrecipients, there is no requirement for pass-through entities to perform these assessments before making subawards. Under the Uniform Guidance, the purpose of these risk assessments is for pass-through entities to determine appropriate subrecipient monitoring. Pass-through entities may use judgment regarding the most appropriate timing for the assessments. Regardless of the timing chosen, the pass-through entity should document its procedures for assessing risk. Section §200.331 (b) (1) – (4) includes factors that a pass-through entity may consider when assessing subrecipient risk.

While section §200.205 imposes requirements for a Federal awarding agency to review the risk posed by applicants prior to making a Federal award, there are no corresponding requirements for a pass-through entity; however, it is a best practice for pass-through entities to evaluate risk prior to making a subaward.

200.430

.430-1 Authorization of Changes to Time and Effort Systems

Section 200.430(a) provides new guidance for the costs of salaries and wages. What processes do non-Federal entities need to follow to be authorized to change their current systems for documenting payroll charges? Can non-Federal entities make incremental changes that reduce burden but maintain the spirit of their current processes? For those institutions that are required to file a DS-2, what is the role of the DS-2 in this process?

Changes to the process through which payroll charges are documented are allowable and can be implemented when the non-Federal entity complies with the guidance in this section, including standards defined in paragraph .430(i) Standards for Documentation of Personnel Expenses. For non-Federal entities that disclose their current process in a DS-2, any change will require a corresponding change in the DS-2. In most cases, this simply means that the non-Federal entity would revise its current DS-2 and provide a high level summary of the processes that meet paragraph (i). The DS-2 should be comprehensive enough to document the non-Federal entity's accounting practices without further information. Non-Federal entities can develop solutions that meet the requirements in paragraph (i) and reduce the burden related to their current process whether they be incremental or more significant, including complete elimination of current systems.

.510-1 Organizing Content of Schedule of Expenditures of Federal Awards (SEFA) *

Would a non-Federal entity that organizes its Schedule of Expenditures of Federal Awards (SEFA) by various departments within the entity be compliant with the requirement to list individual Federal programs by Federal Agency in §200.510(b)(1)?

Yes. The intent of the requirement for the SEFA in §200.510(b)(1) to list individual Federal programs by Federal Agency is to organize the schedule in the most readable and useful manner for Federal Agency purposes. Although non-Federal entities may organize the SEFA in an alternate way such as by state agency or departments of an organization, they should ensure that the SEFA is clear and organized.

510-2 Subtotals by Agency in the Schedule of Expenditures of Federal Awards (SEFA) *

Are non-Federal entities required to include subtotals of expenditures by Federal Agency in the SEFA?

No. Including subtotals of expenditures by Federal Agency is not an explicit requirement in the Uniform Guidance; however, including such subtotals is a best practice.

[.510-3 Schedule of Expenditures of Federal Awards. Expenditures Occur in Only One program Within a Cluster of Programs *](#)

Section §200.510 (b) (1) states that for clusters of programs, the SEFA must “provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name.” If a non-Federal entity has incurred expenditures under only one program within a cluster of programs, must the auditee still identify the expenditure as being a part of cluster of programs and provide the cluster name on the schedule of expenditures of Federal awards?

Yes. Section §200.510 (b) (1) requires the name of the cluster of programs to be provided on the schedule of expenditures of Federal awards, regardless of whether the expenditures were incurred under only one program or multiple programs within the cluster of programs.

[.511-1 Auditee Responsibility for Preparing the Summary Schedule of Prior Audit Findings and Corrective Action Plan *](#)

Can an auditee fulfill its responsibility (described in §200.511 Audit findings follow-up) to prepare a summary schedule of prior audit findings and a corrective action plan for current year audit findings by having its auditor prepare these documents?

No. An auditor must be independent of the auditee. Section §200.511 states that the auditee must prepare the summary schedule of prior audit findings and the corrective action plan. Therefore, the auditor should not prepare these documents for the auditee. The auditee must submit the corrective action plan on auditee letterhead.

Also, according to §200.511(c), the auditee must prepare the corrective action plan in a document that is separate from the auditor's findings. Therefore, an auditee may not simply reference the “views of responsible officials” section of the findings to fulfill its responsibility for the preparation of a corrective action plan.

The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

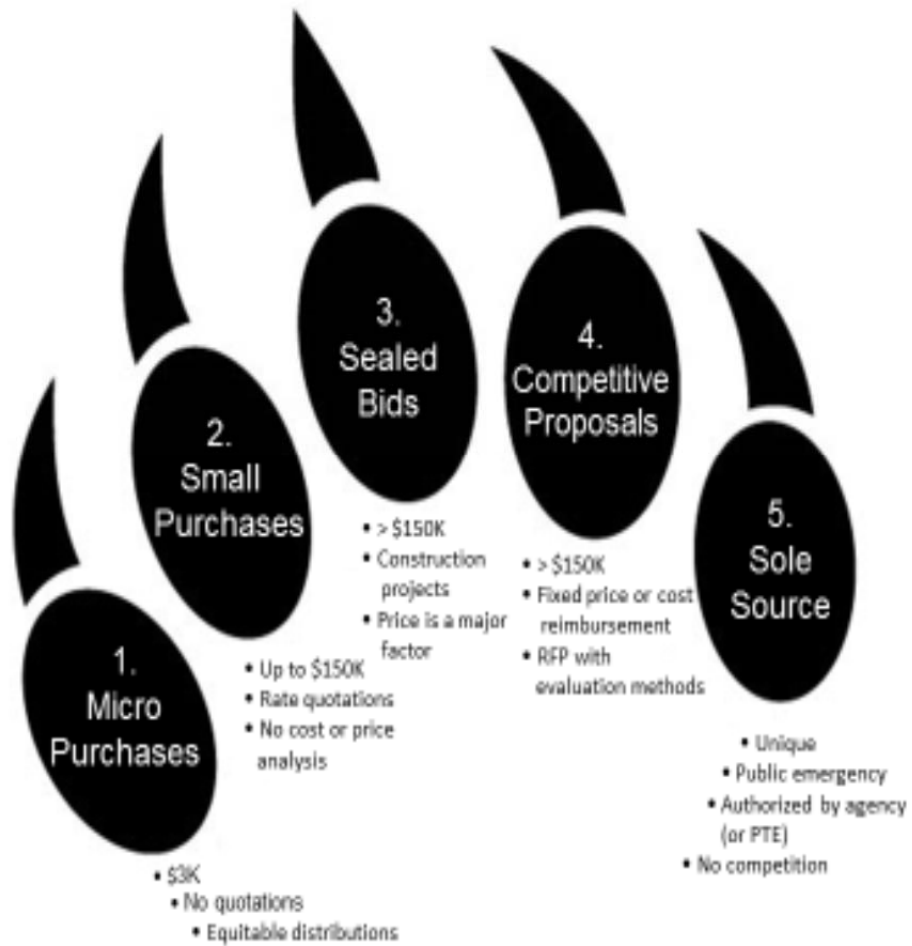
[200.513](#)

[.513-1 Government Wide Audit Quality Project](#)

Section 200.513(a)(3)(ii) of the Uniform Guidance states that a government-wide audit quality project will be used to determine the quality of single audits and must be performed once every 6 years beginning in 2018 or at such other interval as determined by OMB. Does the 2018 date signify the year that the first study must be performed?

No. The single audit quality project will examine single audit engagements under the Uniform Guidance that are submitted to the Federal Audit Clearinghouse no earlier than 2018 and will, therefore, occur in 2019 or 2020 as determined by OMB.

Procurement “Claw” (Section 200.320)



Procurement "Claw" (Sections 200.317-326)

