

## Compliance Today – June 2018

### Now arrived: Procurement changes to OMB uniform guidance

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The Office of Management and Budget (OMB) originally issued its Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance or UG) in December 2013.<sup>[1]</sup> The Uniform Guidance applies to state and local governments, American Indian tribes, higher education institutions, and not-for-profit organizations (nonfederal entities) for all federal awards or funding increments to existing federal awards made on or after December 26, 2014. Uniform Guidance Section 200.38 defines a federal award as a “grant from a Federal agency or pass-through entity (a nonfederal entity that provides a subaward to a [nonfederal entity] to carry out part of a Federal program)” or a “cost-reimbursement contract under the Federal Acquisition Regulations (FAR) that a nonfederal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity.”

Significant changes in the Uniform Guidance procurement requirements have been coming for some time, with the OMB delaying the requirement for three years from the original effective date. That is, if a nonfederal entity operates on a June 30 tax year-end, the first year the procurement standards would be applied is Fiscal Year 2019 (July 1, 2018, through June 30, 2019).<sup>[2]</sup> The UG procurement standards represent a major shift in the way nonfederal entities must approach procurement. Many are struggling with these changes, and finding themselves unprepared to handle the strict new compliance requirements, policy overhauls, training needed, and the cultural shift the standards introduce.<sup>[3]</sup> The standards place emphasis on procurement methodology to achieve the goals of increased responsibility and competition.

Although the UG includes various provisions that a nonfederal entity must abide by, this article focuses on the procurement standards enumerated in Subpart D of the regulation.

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