



ARKANSAS GOVERNMENT FINANCE OFFICERS ASSOCIATION
46TH ANNUAL CONFERENCE




AGFOA Grants Update



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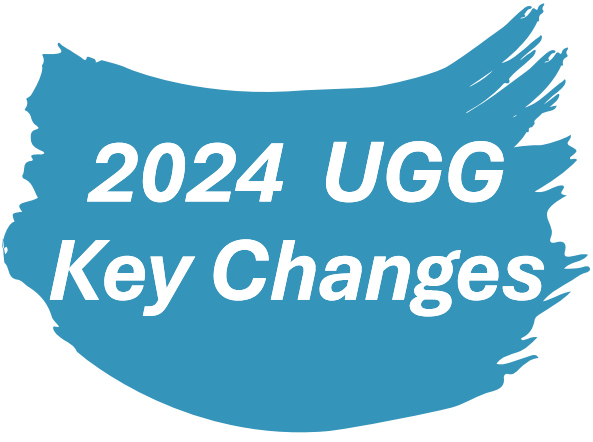


Agenda

1. 2024 UGG Key Changes
2. State & Local Cybersecurity Grant Program (SLCGP) Update
3. ARPA Update
4. Miscellaneous

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2024 UGG Key Changes

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Background



- UGG - 2013
- OMB required review of UGG every 5 years
 - First significant revisions took effect in Nov 2020
 - Will take effect on Oct 1, 2024, unless fed agency implements sooner

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Background (cont.)



- The changes aim to:
 - Reduce the burden on both grantors grantees
 - Enhance transparency
 - Improve oversight
 - Clarify, big emphasis on plain language
- <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>

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GFFA



- Subpart A – Acronyms & Definitions
- Subpart B – General Provisions
- Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements

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GFFA (cont.)



- Appendix I – Full Text of NOFO
- Appendix II – Contract Provisions Under Federal Awards
- Appendix III – Indirect Costs Identification & Assignment for IHEs
- Appendix IV – Indirect Costs Identification & Assignment for Nonprofits
- Appendix V – State/Local Gov. Central Service Cost Allocation Plans
- Appendix VI – Public Assistance Cost Allocation Plans
- Appendix VII – States and Local Gov. & Indian Tribe Indirect Cost Proposals
- Appendix VIII – Nonprofit Organizations Exempted from Subpart E of Part 200
- Appendix IX – Hospital Cost Principles
- Appendix X – Data Collection Form (Form SF-SAC)
- Appendix XI – Compliance Supplement
- Appendix XII – Award Term & Condition for Recipient Integrity & Performance Matters

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Terminology




- Out with “non-federal entity”
- In with “recipient” and/or “subrecipient”

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Terminology (cont.)

- Out with “match/matching”
- In with “cost share/cost sharing”

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Increases in Threshold Amounts

2 CFR § 200	Current	Revised
.1 Modified Total Direct Cost (MTDC) SUBS	\$25K	\$50K
.313 & .439 Equipment	\$5K	\$10K
.314 Supplies	\$5K	\$10K
.333 Fixed Amount Subawards	\$250K	\$500K
.414 <i>De Minimis</i> Indirect Cost Rate	10%	15%
.501 Single Audit Threshold	\$750K	\$1M
.518 Major Program Determination	\$750K	\$1M

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Modified Total Direct Cost (MTDC)


When figuring the MTDC:

- Raised the amount permitted on subawards from \$25K to \$50K
- (The MTDC is first figured before determining indirect costs. It includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50K of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$50K).

200.1

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De Minimis Indirect Cost Rate


- Raised the *de minimis* rate from 10% to 15%
- Feds and pass-through entities may **NOT** require recipients and/or subs to use a *de minimis* rate lower than the *negotiated* indirect cost rate or unless required by fed stat or reg
- Most cities in Ark. do not claim indirect costs.

.414

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Ex. Sub Costs MTDC + De Minimis




UGG:		Revised GFFA:	
Subaward	\$100,000	Subaward	\$100,000
MTDC	\$25,000	MTDC	\$50,000
De Minimis Rate	10%	De Minimis Rate	15%
Indirect Cost Recovery	\$2,500	Indirect Cost Recovery	\$7,500
		Additional Cost Recovery	\$5,000

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Equipment




- Increased the threshold value from \$5K to \$10K
- When equipment is purchased at the cost of \$10K or <, it can be expensed instead of capitalized (unless state or local laws are lower)

.313 & .439

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Supplies




- Increased threshold for unused supplies from \$5K to \$10K
- Title to supplies vests upon acquisition
- If unused > \$10K in total aggregate value upon end of the grant & they are not needed for any other fed award, the entity must retain & use on other activities or sell them, but it must compensate the feds for its share

.314

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Fixed Amount Subawards



- Increased the threshold from \$250K to \$500K

.333

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Single Audit Threshold

- Increased from \$750K to \$1M
- TIMEFRAME – In Ark. will apply starting 2025 for the audit due Sept. 30, 2026

.501

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Major Program Determination

- Increased the threshold for determining Type A programs from \$750K to \$1M

.518

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Whistleblower Protections

- Incorporates statutory requirement (41 USC 4712)
- Non-reprisal against employee reporting
- Bases of reporting:
 - Mismanagement
 - Waste
 - Abuse
 - Noncompliance
- Required employee notification

.217 (NEW)

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Whistleblower Protections (cont.)

- An employee of a recipient or sub must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 USC 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of fed funds, an abuse of authority relating to a fed contract or grant, a substantial & specific danger to public health or safety, or a violation of law, rule, or regulation related to a fed contract (including the competition for or negotiation of a contract) or grant. The recipient and subs must inform employees in writing of employee whistleblower rights and protections under 41 USC 4712

.217 (NEW)

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Internal Controls



- Recipients and subs must include cybersecurity and other measures to safeguard information in their internal controls

.303

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Interest



- All interest > \$500 per year must be returned to the Payment Management System (PMS). If not receiving \$ directly from feds, ck with fed program manager

.305

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Program Income (PI)



- Clarified, allowing the use of PI for certain closeout costs
- Remove reference of deductive PI

.307

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Modifications to Period of Performance



- Clarified that when a fed agency decides not to continue an award with multiple budget periods, the period of performance *must* be amended to end at the completion of the current authorized budget period

.309

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Equipment - Records



- Adds additional requirement for recipients & subs to maintain and update property records when there is a change in the status of the property

.313(f) (NEW)

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Conflicts of Interest



- Board members are now required to be included, along with employees, officers, and agents, in conflicts of interest standards
- (Ck. your subs' conflict of interest policy)

.318(c)

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Strategic Sourcing



- **Strategic sourcing**, shared services, & other similar procurement arrangements between state & local intergovernmental agreements or inter-entity agreements satisfies the competition requirements under General Procurement Standards

.318(e)

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Procurement Methods



- Revised to clarify that a recipient or sub must maintain documents that support its conclusion when awarding micro-purchase awards without soliciting competitive price or rate quotations
- Sealed bids no longer must be opened in public (check state and local laws)
- Proposed changing “small purchases” to “simplified acquisitions” to further align with standard terminology

.320


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Procurement Methods




Informal		Formal		Noncompetitive
Micro-Purchase	Simplified Acquisition	Sealed Bidding	Proposals	Sole-Sourcing
Up to \$10K	Up to \$250K	Usually over \$250K	Usually over \$250K	Dependent on circumstances
Award directly to 1 vendor if price is fair	Obtain price/rate quotes from adequate # of sources	Needs are known & specific – award to lowest price bid	Some unknowns – award to most advantageous proposal	Award directly to 1 vendor – justification required

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Socioeconomic Contracting



- Small, Minority, Women’s Businesses, & Labor Surplus Area Firms
- Adds “veteran-owned businesses” to the types of businesses that recipients and subs are encouraged to consider for procurement contracts

.321

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Socioeconomic Contracting




Must take ALL affirmative steps to ensure that they are used when possible:

1. Include target firms on solicitation lists
2. Ensure target firms are solicited whenever they are potential sources
3. Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by target firms (Ex: Rather than 100K bottles of water, deliver 10K bottles every 2 weeks)
4. Establish delivery schedules, where the requirement permits which encourages participation by target firms
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration (SBA) and Minority Business Development Agency (MBDA) of the U.S. Dept. of Commerce
6. **Require the prime contractor, if subcontracts are anticipated or used, to take these affirmative steps via clause in contract**

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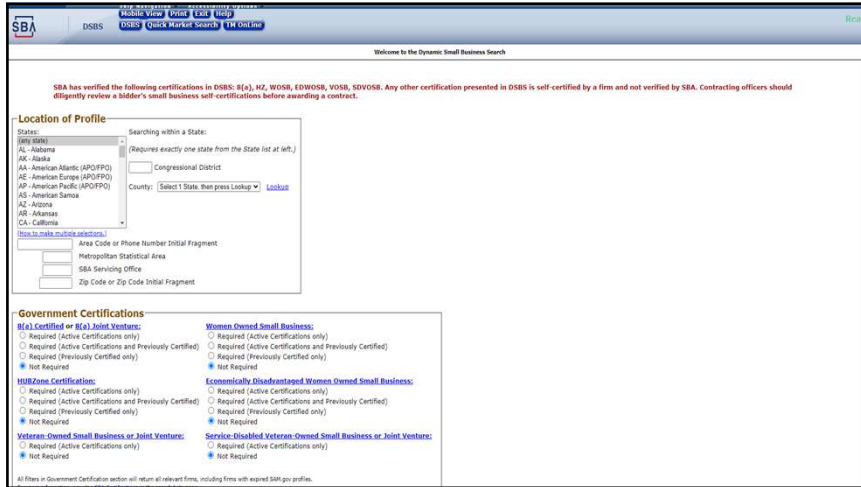
Links




- SBA – https://web.sba.gov/pro-net/search/dsp_dsbs.cfm
- MBDA – <https://www.mbda.gov/>

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Socioeconomic Contracting

- **Sample Contract Clause:**

If subcontracts are to be let, the prime contractor is required to take all necessary steps identified in 2 CFR § 200.321(b)(1)-(5) to ensure that small and minority businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms are used when possible.
- **DISCLAIMER – Have your attorney check this**

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Procurement

- **Regular – All 6 .321 steps**
- **Cooperative Agreement – All 6 .321 steps (check to be sure they did this, not all do)**
- **Must document in addition to compliance with Ark. Laws .321**

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Procurement

- **Removes the “no geographic preference” requirement**

.322

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Subrecipients

- Clarified subs
- Must get UEI, but not full SAM registration (2 CFR 25)
- Should be paid in advance
- Amount necessary for immediate needs

.305

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Subrecipients

- Subs vs. Contracts
- Assistance / Procurement
- List of characteristics
- No single one determines
- Consider all factors
- Pass-through makes decision

.331

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Subrecipient Reporting

- Quarterly Financial Reporting (SF-425)
- Are to report on same basis unless awarding agency thinks they need special conditions (.208)
- Form? Undetermined

.328 & .415(b)

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Subrecipient Reporting

- Requirement that sub must certify report as true & correct

.328 & .415(b)

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Financial Reporting



- Financial reports must be submitted no later than 90 days after the reporting period (annually) and no later than 30 days after the reporting period (quarterly & semiannually)
- Final financial reports must be submitted no later than 120 days after the conclusion of the period of performance (recipients) and no later than 90 days after the conclusion of the period of performance (subs)
- Federal or pass-through agency may extend due date

**.328 &
.415(b)**

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Requirements for Pass-Through Entities



- To confirm that potential subs are not suspended, debarred, or otherwise excluded from receiving federal grants (**2 CFR § 180.300**)

.332

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Administrative Closeout Costs



- Allows applicable admin closeout costs incurred until the due date of final report(s), instead of approved budget period, and charged to final budget period

.403(h) & .472(6)(b) (NEW)

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Template for NOFO




- 2 CFR Part 200 Appendix I (MAJOR REVISION)
- Sea Change – Huge
- Simplify – Reduce burden and encourage underserved & small local gov's
- Developed by 24 Council on Fed. Financial Assistance (COFFA)

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Template for NOFO

- All NOFOs have to be put on grants.gov
- Standard Sections – Links
- Reduces wording by 25%
- Phase these in over next 2 years
- Includes:
 - Go / no go criteria
 - Disqualifying factors

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No More Prior Written Approval

2 CFR § 200	Subject
.201(b)(5)	Use of Grant Agreements (including Fixed Amount Awards), Cooperative Agreements, and Contracts
.311	Real Property
.313	Equipment (\$10K or less)
.413(c)	Direct Costs
.438	Entertainment costs
.454(c)	Memberships, Subscriptions, and Professional Activity Costs
.456	Participant Support Costs
.467	Selling and Marketing Costs
.470	Taxes (including Value Added Tax)

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No More Prior Written Approval

- Clarification of who has the authority to grant prior approval
 - Feds vs. Pass-Through

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Not Adopted, but

- OMB originally proposed new language that stated that gov or department entities receiving more than \$35M are not allowed to use the *de minimis* rate
- However, Appendix VII(D)(1)(b) addresses this topic and explains that governmental departments or agencies receiving more than \$35M in direct fed funding during its fiscal year **must** submit its indirect cost rate proposal to its cognizant agency for indirect costs
- The proposed language was **NOT ADOPTED** in 2 CFR § 200.414(f)

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Other Revisions

- OMB's other changes to Title 2 include:
 - Part 25 – Universal Identifier & System for Award Management (SAM)
 - Part 170 – Reporting Subaward & Executive Compensation Information
 - Part 175 – Award Term for Trafficking in Persons
 - Part 180 – OMB Guidelines to Agencies on Governmentwide Debarment & Suspension (Non-procurement)
 - Part 182 – Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)
 - **Part 183 – Never Contract with the Enemy**
 - Part 184 – Buy America Preferences for Infrastructure Projects

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Other Revisions

- OMB's other changes to Title 2 include:
 - There are a lot of changes regarding Labor, but I will distribute information about these changes before Oct. 1, 2024.

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Next Steps Recap

- Revise your written policies, procedures, internal controls, and contract documents accordingly

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State & Local Cybersecurity Grant Program (SLCGP) Update

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Background

- AR Division of Emergency Management (ADEM) & the Division of Information Services (DIS)
- Partnership with the Assoc. of Ark Counties (AAC) and the Arkansas Municipal League (AML)

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Background (cont.)

- Based on 2022 Arkansas Cybersecurity Implementation Plan
- Goes with the 2023 Arkansas Cybersecurity Board Act

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Cybergrant Funding

- Assessments
- Training
- Address Remediation

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Assessments

- Assessments by Mainstream Technologies (\$1.17M)
- Not a “gotcha!”
 - Help with documenting a need to update security practices
 - Receive a written guide for suggested improvements
 - Identifies next steps

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Pre-Assessment



- Opt-in email sent to City Mayor or City Manager
- Sign Statement of Work
- Pre-Visit Questionnaire
- Schedule On-Site Visit

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Assessments (cont.)



- Analyzes current security measures and recommends enhancements to comply with ALA framework standards
- Scope of Assessment:
 - All city/county departments
 - If water dept. or sewer is part of the city/county, it is included in the assessment at no cost
 - It will cover any finance system, payroll, assessments, etc.

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Benefits of Assessments



- Vulnerability Assessments Benefits:
 - Identify weaknesses
 - Prioritize remediations
 - Comply with regulations

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On-Site Assessments



- Internal Vulnerability Scans
 - Information gathering / agent based vulnerability scanning
 - Reporting / documentation
- External Vulnerability Scans
- ALA Best Practice Questionnaire will cover:
 - Review of Cybersecurity Practices
 - Review of Policies and Procedures
 - Review of Physical Access Security

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SLCGP Update

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On-Site Assessments (cont.)



- Kick-Off Meeting
- Meet with City Officials
 - ALA Best Practice Questions
 - 230 Questions
 - 78 Questions Custom Software Development
- Walk through of the office
- Install agent on each PC and server

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Assessments (cont.)



- Survey based on Leg. Audits' Best Practices + insurance questions
- If you do not have written policies for cybersecurity, Mainstream will provide sample policies (required by UGG effective Oct. 1)

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Remote Assessments



- 459 smaller cities
- Telephone-based
- ALA Best Practice Questionnaire
 - 230 Questions

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What You Get



- Executive Summary Report
- ALA Recommended Remediations Report
- Detailed and Prioritized Vulnerability Reports
- CIS Compliance Reports
- Cybersecurity Scorecard
- Policy Guidance and Templates

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Participation



- All counties are participating
- Cities can decide if they want to participate
 - Some may opt out because of recent assessments, etc.
- Should not eat up a lot of staff time

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Timeline



- Start Date – Around Sept. 1
- Hope to be finished in 1 year!
- Must be completed by 2026

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Confidentiality



- Assessments can be kept confidential
- Assessments *are not* subject to the FOIA
- The League is not required to receive a copy of assessments for cities

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Costs



- Free to participants
- For some cities, assessments could be a value exceeding \$10K

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Training



- **Cities & Counties**
 - 2 years of training for employee computer users on cybersecurity
 - If you already have this, opt out
- **Company – Ninjio (\$260K)**

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Cost-Share



- **May use employees' time as a cost-share**
- **If so, we will want each employee to complete a form that indicates if his/her salary is paid by fed grant**

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Next Steps



- **Next steps will be to partially fund the riskiest next steps**
- **Probably limited to those that participated in the assessments**

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Future Funding



- **Next year's funding for counties/cities is \$4M+**
- **Training**
- **Implement next steps**
- **Etc.**

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ARPA Update

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ARPA Update




- **Must obligate by 12/31/2024**
- **Must expend by 12/31/2026**

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ARPA Update (cont.)



- **Treasury FAQ #17 - Obligation**
- **FAQs updated to address the obligation Interim Final Rule**
- **Latest Revision – March 29, 2024**

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New AML Grants Listserv

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Grants Listserv - Cities

- Forum for discussions of all things grants, including:
 - Descriptions of upcoming grant funding opportunities
 - Discussions of any changes to relevant grant rules
 - Opportunities for networking and collaboration
 - Access to valuable resources
 - Much more!
- Email Dylan McLeod (dmcleod@arml.org) with your name, title, city/town, and email address to be added

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UGG Update Webinars

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NLC UGG Update Webinar

- August 13th at 12 PM
- Free to all
- Register: <https://www.nlc.org/events/updated-uniform-grants-guidance-explained-for-local-officials/>

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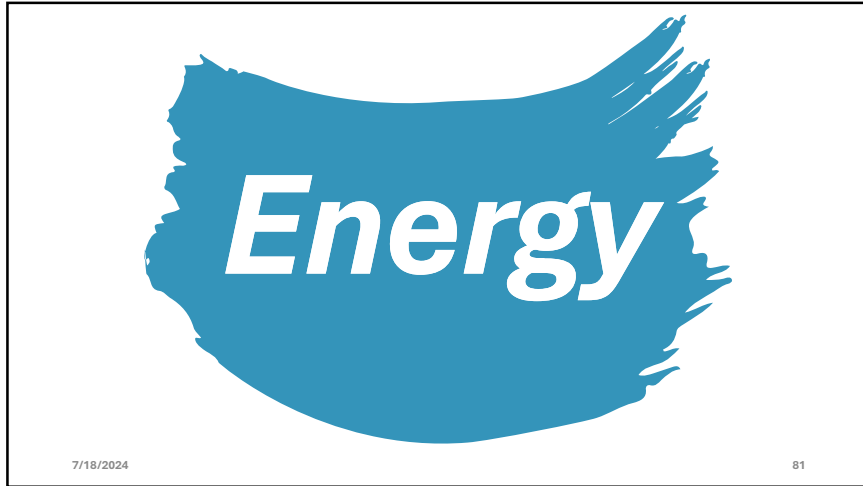


AML UGG Update Webinar

- August 15th – Time TBD
- Free to all

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Arkansas Advanced Energy Association (AAEA)



- Promotes economic growth, environmental responsibility, and energy independence through advanced energy initiatives throughout the state
- Works with energy efficiency, demand response, solar, wind, hydro, nuclear, electric vehicles, alternative fuels, and smart grid solutions
- Institutional Membership (government entities) - **\$500**


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Energy

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Energy Efficiency & Conservation Block Grant (EECBG)



- Entitlement Cities – Due Oct.
- Non-Entitlement Cities – Due in Fall
- Link: <https://www.energy.gov/scep/energy-efficiency-and-conservation-block-grant-program>

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Energy

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Questions?

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