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OFFICE OF MANAGEMENT AND BUDGET

2 CFR Parts 25 and 200

[Docket No. 2020-17468]

Guidance for Grants and Agreements

AGENCY: Office of Management and Budget.

ACTION: Correcting amendments.

SUMMARY: The Office of Management and Budget (OMB) is correcting the final guidance that appeared in the **Federal Register** on August 13, 2020. That document incorrectly cited specific sections or laws and inadvertently omitted specific language from the revisions. This amendment fixes citations and references and clarifies specific language.

DATES: Effective on February 22, 2021.

FOR FURTHER INFORMATION CONTACT: Nicole Waldeck or Gil Tran at the OMB Office of Federal Financial Management at GrantsTeam@omb.eop.gov or 202-395-3993.

SUPPLEMENTARY INFORMATION: This is a summary of the revisions to OMB's Guidance for Grants and Agreements published August 13, 2020 (85 FR 49506).

List of Subjects in 2 CFR Parts 25 and 200

Accounting, Administrative practice and procedure, Colleges and universities, Grant programs, Grants administration, Hospitals, Indians, Loan programs, Nonprofit organizations, Reporting and recordkeeping requirements, State and local governments.

Accordingly, 2 CFR parts 25 and 200 are corrected by making the following correcting amendments:

PART 25—UNIVERSAL IDENTIFIER AND SYSTEM FOR AWARD MANAGEMENT

■ 1. The authority citation for part 25 continues to read as follows:

Authority: Pub. L. 109-282; 31 U.S.C. 6102.

■ 2. Revise paragraph 3 of item C of Appendix A to Part 25 to read as follows:

Appendix A to 2 CFR Part 25—Award Term

* * * * *

C. * * *

3. *Entity* includes non-Federal entities as defined at 2 CFR 200.1 and also includes all of the following, for purposes of this part:
a. A foreign organization;
b. A foreign public entity;
c. A domestic for-profit organization; and
d. A Federal agency.
* * * * *

PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

■ 3. The authority citation for part 200 continues to read as follows:

Authority: 31 U.S.C. 503.

■ 4. In § 200.1, add in alphabetical order the definition of *Federal awarding agency* and revise the definition of *oversight agency for audit* to read as follows:

§ 200.1 Definitions

* * * * *

Federal awarding agency means the Federal agency that provides a Federal award directly to a non-Federal entity.

* * * * *

Oversight agency for audit means the Federal awarding agency that provides the predominant amount of funding directly (direct funding) (as listed on the schedule of expenditures of Federal awards, see § 200.510(b)) to a non-Federal entity unless OMB designates a specific cognizant agency for audit. When the direct funding represents less than 25 percent of the total Federal expenditures (as direct and sub-awards) by the non-Federal entity, then the Federal agency with the predominant amount of total funding is the designated oversight agency for audit. When there is no direct funding, the

Federal awarding agency which is the predominant source of pass-through funding must assume the oversight responsibilities. The duties of the oversight agency for audit and the process for any reassignments are described in § 200.513(b).
* * * * *

§§ 200.2 through 200.99 [Removed]

■ 5. Remove §§ 200.2 through 200.99.

■ 6. In § 200.101, revise paragraphs (e) introductory text and (f) introductory text to read as follows:

§ 200.101 Applicability.

* * * * *

(e) *Program applicability.* Except for §§ 200.203, 200.216, and 200.331 through 200.333, the requirements in subparts C, D, and E of this part do not apply to the following programs:
* * * * *

(f) *Additional program applicability.* Except for §§ 200.203 and 200.216, the guidance in subpart C of this part does not apply to the following programs:
* * * * *

■ 7. In § 200.102, revise paragraph (c) to read as follows:

§ 200.102 Exceptions.

* * * * *

(c) The Federal awarding agency may adjust requirements to a class of Federal awards or non-Federal entities when approved by OMB, or when required by Federal statutes or regulations, except for the requirements in subpart F of this part. A Federal awarding agency may apply less restrictive requirements when making fixed amount awards as defined in subpart A of this part, except for those requirements imposed by statute or in subpart F of this part.
* * * * *

■ 8. In § 200.206, revise paragraph (a)(1) to read as follows:

§ 200.206 Federal awarding agency review of risk posed by applicants.

(a) * * * (1) Prior to making a Federal award, the Federal awarding agency is required by the Payment Integrity Information Act of 2019, 31 U.S.C. 3301 note, and 41 U.S.C. 2313 to review information available through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information as appropriate. See also suspension and debarment requirements at 2 CFR part

180 as well as individual Federal agency suspension and debarment regulations in title 2 of the Code of Federal Regulations.

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■ 9. In § 200.318, revise paragraph (e) to read as follows:

§ 200.318 General Procurement standards.

* * * * *

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

* * * * *

■ 10. In § 200.332, revise paragraph (d)(4) to read as follows:

§ 200.332 Requirements for pass-through entities.

* * * * *

(d) * * *

(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

* * * * *

■ 11. In § 200.416, revise paragraph (c) to read as follows:

§ 200.416 Cost allocation plans and indirect cost proposals.

* * * * *

(c) The requirements for development and submission of cost allocation plans (for central service costs and public

assistance programs) and indirect cost rate proposals are contained in appendices V, VI and VII to this part.

* * * * *

■ 12. In § 200.509, revise paragraph (a) to read as follows:

§ 200.509 Auditor selection.

(a) *Auditor procurement.* In procuring audit services, the auditee must follow the procurement standards prescribed by the Procurement Standards in §§ 200.317 through 200.327 of subpart D of this part or the FAR (48 CFR part 42), as applicable. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in § 200.321, or the FAR (48 CFR part 42), as applicable.

* * * * *

■ 13. In § 200.514, revise paragraph (c)(4) to read as follow:

§ 200.514 Scope of audit.

* * * * *

(c) * * *

(4) When internal control over some or all of the compliance requirements for a major program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing described in paragraph (c)(3) of this section are not required for those compliance requirements. However, the auditor must report a significant deficiency or material weakness in accordance with § 200.516, assess the related control risk at the maximum, and consider whether additional compliance tests are required because of ineffective internal control.

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■ 14. Revise Appendix IX to Part 200 to read as follows:

Appendix IX to Part 200—Hospital Cost Principles

Until such time as revised guidance is proposed and implemented for hospitals, the existing principles located at 45 CFR part 75 Appendix IX, entitled "Principles for Determining Cost

Applicable to Research and Development Under Grants and Contracts with Hospitals," remain in effect.

Deidre A. Harrison,
Deputy Controller (Acting).

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DEPARTMENT OF AGRICULTURE

Farm Service Agency

7 CFR Parts 761

[Docket ID USDA-2019-0007]

RIN 0560-AA16

Farm Loan Programs, Debt Settlement

AGENCY: Farm Service Agency, USDA.

ACTION: Correcting amendments.

SUMMARY: The Farm Service Agency (FSA) amended the Farm Loan Programs Debt Settlement regulations in through a final rule published in the **Federal Register** on June 17, 2020. This correction is to remove a certain word that erroneously appeared in the regulation.

DATES: *Effective:* February 22, 2021.

FOR FURTHER INFORMATION CONTACT: Bill Cobb; telephone (202) 720-4671; email: *Bill.Cobb@usda.gov*. Persons with disabilities who require alternative means for communication should contact the USDA Target Center at (202) 720-2600 (voice).

SUPPLEMENTARY INFORMATION: This document corrects the regulations in 7 CFR part 761, which was implemented in the final rule that was published in the **Federal Register** on June 17, 2020 (85 FR 36670-36714). This correction is to remove the word "or" at the end of the sentence and to end the sentence with a period in 7 CFR 761.403(c)(3).

List of Subjects in 7 CFR Part 761

Accounting, Administrative practice and procedure, Loan programs-agriculture, Reporting and recordkeeping requirements, Rural areas.

Accordingly, 7 CFR part 761 is corrected by making the following correcting amendment:

PART 761—FARM LOAN PROGRAMS; GENERAL PROGRAM ADMINISTRATION

■ 1. The authority citation for part 761 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.