**CHAPTER 34**

**2 CFR Part 200, *Uniform Administrative Requirements, Cost***

*Principles, and Audit Requirements for Federal Awards*

 34-1 APPLICABILITY. This Chapter is designed to monitor the following CPD programs subject to the uniform administrative requirements, cost principles, and audit requirements in 2 CFR part 200:

1. Community Development Block Grant (CDBG) Entitlement, Small Cities, Non-Entitlement CDBG Grants in Hawaii, and Insular Areas Programs;
2. State CDBG Program;
3. Section 108 Loan Guarantee Program;
4. CDBG Disaster Recovery (CDBG-DR) Supplemental Grants;
5. HOME Investment Partnerships Program (HOME);
6. Housing Opportunities for Persons With AIDS (HOPWA):
7. Emergency Solutions Grants (ESG) Program;
8. Continuum of Care (CoC) Program (grants awarded in the FY 2015 competition and later);
9. Appalachia Economic Development Initiative (AEDI);
10. Border Community Capital Initiative (BCCI);
11. Delta Community Capital Initiative (DCCI);
12. Self-Help Homeownership Opportunity Program (SHOP);
13. Rural Capacity Building for Community Development and Affordable Housing (RCB);
14. Capacity Building for Community Development and Affordable Housing (Section 4); and
15. Community Compass Technical Assistance and Capacity Building Program (TA Program), including programs linked to its Catalog of Federal Domestic Assistance (CFDA) Number, 14.259.

The part 200 requirements are divided among four Exhibits: Financial Management/Audits, Cost Allowability, Procurement; and Equipment Management/Disposition. However, the 2020 update to this Handbook introduces enhanced exhibits 34-1a, 34-2a, and 34-3a to replace exhibits 34-1, 34-2, and 34-3, respectively, **for CDGB-DR grants only as of calendar year 2020** and for all CPD programs as of calendar year 2021.

With respect to the Section 8 Moderate Rehabilitation Single Room Occupancy Program for Homeless Individuals (SRO), CPD staff have limited involvement in its administration, primarily related to programmatic areas unique to the homeless nature of the population served. Because of this limited oversight role, CPD staff do not monitor the program for compliance with the requirements of 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The TA Program is jointly monitored by Headquarters staff in CPD’s Technical Assistance Division (TAD), staff in HUD’s PIH Procurement and Contract Services (PCS) Office, and staff in other HUD offices who were involved with the development, delivery, or oversight of TA services. HUD field office staff are generally not responsible for monitoring activities for the TA Program, unless the staff were involved in the development or delivery of TA services.

34-2 BACKGROUND. The Uniform Requirements superseded, consolidated, and streamlined requirements from eight Office of Management and Budget (OMB) Circulars:

* A-21, *Cost Principles for Educational Institutions*,
* A-87, *Cost Principles for State, Local and Indian Tribal Governments*,
* A-89, *Catalog of Federal Domestic Assistance*,
* A-102, *Grants and Cooperative Agreements With State and Local Governments*,
* A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*,
* A-122, *Cost Principles for Non-Profit Organizations*,
* A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and
* The guidance in OMB Circular A-50, *Audit Followup,* on Single Audit Act followup.

OMB published on December 26, 2013, (at 78 Federal Register 78590; https://federalregister.gov/a/2013-30465) its final guidance, which is codified at 2 CFR part 200. OMB and the Federal awardmaking agencies published a joint interim final rule implementing the final guidance as requirements for recipients of Federal financial assistance on December 19, 2014 (at 79 Federal Register 75871; https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-andbudgets-uniform).

HUD adopted the Uniform Requirements at a new part, 2 CFR part 2400. The Uniform Requirements removed: 2 CFR parts 215, 220, 225, and 230. HUD amended 24 CFR parts 84 and 85, which had codified OMB Circulars superseded by 2 CFR part 200, by removing all substantive provisions and including a saving provision that provides that Federal awards made prior to December 26, 2014, will continue to be governed by parts 84 or 85 as codified in the 2013 edition of the Code of Federal Regulations (CFR) or as provided under the terms of the Federal award.

OMB has subsequently published several technical corrections and amendments to the Uniform Requirements:

* July 22, 2015 (80 Federal Register 43301, <https://www.gpo.gov/fdsys/pkg/FR-2015-07-22/pdf/2015-17753.pdf>);
* July 30, 2015 (80 Federal Register 45395; https://www.gpo.gov/fdsys/pkg/FR-2015-07-30/pdf/2015-18745.pdf);
* August 14, 2015 (80 Federal Register 48683; <http://www.gpo.gov/fdsys/pkg/FR-2015-08-14/pdf/2015-20044.pdf>);
* September 10, 2015 (80 Federal Register 54407; <https://www.federalregister.gov/articles/2015/09/10/2015-22074/universal-identifier-and-system-of-award-management-corrections>); and
* November 9, 2015 (80 Federal Register 69111; <https://www.gpo.gov/fdsys/pkg/FR-2015-11-09/pdf/2015-28441.pdf>).

HUD published conforming changes to its program regulations on December 7, 2015 (80 Federal Register 75931; <https://www.gpo.gov/fdsys/pkg/FR-2015-12-07/pdf/2015-29692.pdf>). The rule substituted references to appropriate sections of 2 CFR 200 for the references to the requirements that were superseded by 2 CFR part 200. The effective date of HUD’s conforming rule is January 6, 2016.

HUD’s Office of Community Planning and Development (CPD) also published Notice CPD-16-04, on April 13, 2016, “Additional Transition and Implementation Guidance for Recipients of Community Planning and Development (CPD) Funds for 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” (https://www.hud.gov/sites/documents/16-04CPDN.PDF). This Notice discusses the December 7, 2015, conforming amendments to CPD’s program regulations that replaced citations to the superseded requirements with citations to the Uniform Requirements in part 200. It also provides program-by-program guidance with respect to when the Uniform Requirements are effective.

34-3 STRUCTURE AND PURPOSE. This Chapter contains four Exhibits for monitoring compliance with the Uniform Requirements of 2 CFR part 200: Financial Management and Audits; Cost Allowability; Procurement; and Equipment Management and Equipment Disposition. These Exhibits are designed to be used to monitor any of the programs listed in Section 34-1 above, to facilitate monitoring requirements that are largely uniform across CPD’s programs. Exhibit selection is based on risk analysis results.

Program-specific requirements, exceptions, or differences, as identified in HUD’s conforming rule or in Notices of Funding Availability (NOFAs), are NOT included in these four Exhibits but are retained in the applicable program Chapter Exhibit(s). HUD reviewers, therefore, will need to ensure that they use the appropriate program Exhibit(s), as needed, to supplement their review of the Uniform Requirements.

34-4 TERMINOLOGY. The terminology used to reference the entities receiving the Federal awards mirrors the language in 2 CFR part 200 and uses “recipient” to mean the entity that directly received the Federal funds, e.g., program participant, Participating Jurisdiction, or grantee, and “subrecipient” to mean the entity that receives funds through a pass-through entity (see §§200.74, 200.86, and 200.93). The definition of “subrecipient” for certain programs, e.g., the CDBG and HOME programs, differs from the part 200 definitions. The reviewer must use the program definition, if it is different. Where an Exhibit question pertains to both a recipient and a subrecipient, the term “non-Federal entity” is used (see §200.69).

34-5 IDENTIFYING DEFICIENCIES. If deficiencies are identified, HUD reviewers will need to correctly cite governing program regulations, NOFAs, and/or grant agreements, which make the funds subject to these uniform requirements, along with the applicable

2 CFR part 200 citation. Program-specific citations are included either on a question-by-question basis, or in a single reference at the beginning of each Exhibit, depending on how the Uniform Requirements apply.

To ensure that the requirements in these Exhibits are correctly applied to funds awarded before January 6, 2016, HUD reviewers should review Notice CPD-16-04 at https://www.hud.gov/sites/documents/16-04CPDN.PDF. For example, HUD reviewers need to take note of Section 4.b of Notice CPD-16-04, which states that for CDBG, CDBG-DR, ESG, or HOME funds used between December 26, 2014 and January 6, 2016, HUD will not make findings of noncompliance with the part 200 requirements if a grantee used the funds in accordance with comparable requirements under parts 84 or 85 (2013 edition).

34-6 DOCUMENTATION. Recipients are required to maintain records that fully demonstrate compliance with applicable requirements. Monitoring documentation obtained by the HUD reviewer becomes part of HUD's official files and also becomes an administrative record to support the need for corrective and remedial actions.

34-7 FILE SELECTION AND SAMPLING. Because it is unlikely that the HUD reviewer will be able to monitor all of a program participant’s activities, projects and/or functions, or even review activities in a specific area spanning a participant’s entire program year, sampling is generally expected to form the basis for drawing conclusions about the recipient’s performance. The sampling guidance provided in the introductory text to the applicable program Chapter(s) and in this Chapter’s exhibits must be followed.