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March 23, 2020

Mr. Timothy F. Soltis
Deputy Controller
The White House Office of Management and Budget

Via Email to Timothy.F.Soltis@omb.eop.gov

Re: Proposed revisions to sections of Title 2 of the Code of Federal Regulations (2 CFR)

Dear Mr. Soltis:

Grant Thornton LLP's Public Sector Advisory Practice appreciates the opportunity to comment on the Office of Management and Budget's (OMB) proposed revisions to 2 CFR 25 and 2 CFR 200. We understand the value that the Office of Federal Financial Management seeks to create in updating and modifying this regulatory set. Grant Thornton's Public Sector Advisory Practice works with a myriad of clients, including Federal awarding agencies, recipients, and subrecipients of grant funding, who will be impacted by this guidance.

We believe the impact of federal investments could be dramatically improved through coordinated executive actions that provide flexibility, incentives, and cost-effective tools and technical assistance that build grantee capacity to:

- Access and utilize high quality data across programs to: understand the needs of individuals, families and communities; target services effectively; measure and analyze program trends and performance; and rigorously evaluate alternative approaches to improving impact.
- Integrate funding from multiple funding sources to implement coordinated, cost-effective service delivery and build efficient data and analytics capacity.
- Improve staff capacity to coordinate across functional and program silos and to use data and analytics to measure and manage to outcomes.

- Relieve unnecessary compliance burden and modernize outdated administrative processes so that resources can be redirected to higher value activities.

If implemented, we believe that significant innovation can occur without changes in statute. Such innovation would be consistent with statutory intent while strengthening the government's focus on outcomes and data-informed decision-making. We respectfully submit our comments and recommendations for the OMB's consideration.

PART 25 – UNIVERSAL IDENTIFIER AND SYSTEM FOR AWARD MANAGEMENT

Subpart B - Policy

[\$25.200] Requirements for program announcements, regulations, and application instructions

We believe the requirement to maintain SAM registration could have more specificity in order to help non-Federal entities and Federal agencies that do not have exemption under §25.110 understand how often the entity's SAM registration information must be updated. As currently proposed in §25.200, it is unclear if updates must be made when there is a change in a recipient's immediate and highest-level owner and subsidiaries during the one-year period.

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

[\$200.1] - Definitions – Indian tribe

We request that the definition be revised to reflect the term "Native American" instead of "Indian." This change is requested out of respect for all Native American people and would improve the relationship between the US Federal Government and sovereign tribal governments. This change would signal increased mutual respect, which enhances a climate more conducive to effective subrecipient monitoring.

[\$200.301] Performance measurement

We suggest the following revision (in bold italics) be made to the language of the proposed change:

Performance reporting frequency and content ***must*** be established to not only allow the Federal awarding agency to understand the recipient's progress but also to facilitate identification of promising practices among recipients and build the evidence upon which the Federal awarding agency's program and performance decisions are made.

We suggest this change in order to best align regulation with OMB's goal of developing a strong program design by establishing program goals, objectives, and indicators. We believe a stronger requirement will better keep FAAs accountable to their own guidance.

[\$200.301] Performance measurement

In order to best align with OMB's goal of developing a strong program design by establishing program goals, objectives, and indicators, we suggest the following revision (in bold italics) be made to the language of the proposed change:

"The Federal awarding agency ***must*** provide recipients with clear performance goals, indicators, and milestones as described in §200.211...."

Since this regulation formalizes practices that are already expected of Federal awarding agencies, we believe the language is most effective when saying "must." "Should" is not strong enough to meet the intended outcome of these provisions in providing recipients with clear performance goals, indicators, and milestones.

[\$200.305] Federal payment

It is suggested that the threshold to be met before requiring interest to be remitted to Payment Management System be increased to \$1,000. This is a broad directive which has governance over a large breadth of organizations with varying levels of accounting resources. It is our opinion that the proposed threshold poses an unfair amount of risk of noncompliance for smaller organizations that do not directly draw down from Treasury. The administrative burden of remitting and receiving payment is excessive in comparison to the benefit of \$500 to the Federal Government.

[\$200.319] Methods of procurement to be followed

We find the following language incomplete and inconsistent with other language used throughout the document: (a)(1)(iii) "Micro-purchase thresholds that differ from the FAR."

The preceding and succeeding paragraphs are led with complete sentences. To better achieve the goal of alleviating burden and providing more clear guidance, we propose amending (a)(1)(iii) to eliminate this sentence fragment, or italicize it to make it clear it is the subject of that sub-regulation.

[\$200.343] Closeout

Grant Thornton Public Sector Advisory Practice agrees with the proposed change to 2 CFR 200.343. We believe extending the closeout requirement by an additional 30 days will allow for more complete and accurate closeout reports and reduce the burden on subrecipients. By having additional time to support complete and accurate closeouts, recipients and subrecipients will have more time to produce an accurate and complete document to hold them accountable.

[\$200.413] Direct costs

We agree with the proposed amendment in 2 CFR 200.413. "Program evaluation" has a significant impact on development and improvement. As such, it is a vital component of a program and should be considered a direct cost. Further, this proposed change will align with guidance from other Federal awarding agencies.

[\$200.414] Indirect (F&A) costs

The proposed change to 2 CFR 200.414(f) appears appropriate. We believe this change will allow for reduced administrative burden by providing clear, consistent



guidance on de minimis rates and by alleviating the documentation requirement for proof of payment while using the de minimis rate. This will allow non-Federal entities to focus on their goals and priorities.

[\$200.321] Domestic preferences for procurements

We are generally in favor of efforts to support the American economy through encouraging the purchase, acquisition or use of goods, products or materials produced in the United States. However, we believe it would be appropriate to exempt those purchases below the micro-purchase threshold from requirements in this section to reduce the burden on non-Federal entities. For non-federal entities who regularly are required to make a variety of purchases, including direct assistance, it is not practical to consider the place of origin of all goods.

We applaud the administration's proposed regulatory changes that aim to strengthen results-oriented accountability for grants and advance evidence-based policy making. We would be pleased to discuss our comments with you. If you have any questions, please contact Robert Shea, Principal, at 703-637-2780 or by email at Robert.Shea@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP