

Good News for Stragglers: OMB Issues a Uniform Guidance Procurement Grace Period Extension

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Good news for organizations that receive federal funding subject to Uniform Guidance (UG), 2 CFR 200: If you haven't updated your procurement standards, you have a little more time.

In May, the Office of Management and Budget (OMB) issued a [correcting amendment](#) to extend the grace period for non-federal entities, including nonprofits, to implement changes to their procurement policies and procedures in accordance with the UG procurement standards for **one additional fiscal year**.

The implementation date for organizations that opt to take advantage of the extension will start for fiscal years beginning on or after December 26, 2017. An entity with a fiscal year ending December 31, 2017, should be ready to implement the Uniform Guidance procurement standards by January 1, 2018.

As we've covered on the Nonprofit Standard, the UG procurement standards represent a major shift in the way nonprofits approach procurement. Many early adopters are still struggling with these changes, finding themselves unprepared to handle the stringent new compliance requirements, policy overhauls, training needed at all levels and—most importantly—the cultural shift the standards introduce.

Organizations that haven't already adopted new procurement policies should take steps to get compliant now, well in advance of the implementation deadline. And don't bank on getting another extension. The OMB has stated this will be the final grace period for compliance.

It's down to the wire now. If you still need to update your procurement process—or if the changes you already made have given rise to new challenges—consider these best practices:

- **Conduct a gap assessment.** Review your current policies and procedures and compare them to the new requirements under Uniform Guidance.
- **Formalize the changes.** Based on the flags raised during the assessment, revise your procurement policy. Be sure to include written standards of conduct covering conflicts of interest.
- **Think about your culture.** How do you buy goods and services? Who are the buyers within your organization? How will this new policy affect them? What practices can be used to be sure that your programs and mission are not negatively impacted?
- **Understand when cost and/or price analysis is necessary.** Additionally, consider how it can be documented. For example, how does your organization document sole source cost analysis during an emergency procurement?
- **Raise awareness and mandate training.** Ensure everyone involved in the procurement process understands the new requirements and policy. Provide multiple rounds of training at every level of your organization.
- **Check yourself before you wreck yourself.** Once your policy changes have been effective for a reasonable amount of time, use your internal audit function to ensure your new procedures and controls are operating effectively.
- **Don't go it alone.** Many nonprofit organizations have limited resources to identify compliance issues and craft policy updates and solutions. Seeking outside help often proves to be an efficient way to be honest about your compliance, identify any flaws and get compliant quickly.

Please [contact us](#) with any questions or if we can assist you in this area.

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