

FY22 Post-Award Reporting and 2 CFR 200 Changes

November 21, 2024



Natural Gas Distribution Infrastructure Safety and Modernization Grant Program



U.S. Department of Transportation
Pipeline and Hazardous Materials
Safety Administration

PHMSA: Your Safety is Our Mission



Webinar Overview

Today we will discuss:

- Program Updates
- Effective Dates
- Post Award Requirements and Administration
 - Overview of 2 CFR 200
 - Significant Changes to 2 CFR 200
 - Build America, Buy America (BABA)
 - Performance and Financial Management Reporting
 - Monitoring
 - Audits



FY 2023 Program Updates

- Provisionally selected applicants with expected issuance dates on or after October 1, 2024, should be aware of revisions to the [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(2 CFR Part 200\)](#) effective from that date.
- All NGDISM awards issued on or after October 1, 2024, will be subject to the revised regulations.
- Uniform Guidance states that a recipient must have “written” or “documented” policies and procedures that address a specific requirement. It is imperative that recipients ensure their policies and procedures meet these requirements. Failure to adequately document or update existing policies could result in potential findings.



Post-Award Reporting Requirements and Administration



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Significant Changes to 2 CFR 200

Significant changes to 2 CFR Part 200 include:

- An increase in the de minimis indirect cost rate from 10% to 15% of Modified Total Direct Costs (2 CFR § 200.414 [f]).
- An increase in the threshold for determining equipment from a per unit cost of \$5,000 to \$10,000 (2 CFR § 200.313).
- An increase in the upper limit for computers as supplies from \$5,000 to \$10,000.
- An increase in the threshold for reporting unused supplies from an aggregate value of greater than \$5,000 to \$10,000 (2 CFR § 200.314).



Significant Changes to 2 CFR 200

- An increase in the threshold for excluding subaward costs from the modified total direct cost base from \$25,000 to \$50,000, if established in the Negotiated Indirect Cost Rate Agreement prior to award.
- A requirement that recipients verify that subrecipients are not suspended, debarred, or otherwise excluded from receiving Federal funds (2 CFR § 200.332).
- An increase in the Single Audit Threshold from \$750,000 to \$1 million (2 CFR § 200.501).



Significant Changes to 2 CFR 200

- A requirement that a recipient take “reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information” (2 CFR §200.303).
- Change in terminology to be consistent with standard terminology to change “small purchases” to “simplified acquisitions”. Clarification that “micro-purchases” and “simplified acquisitions” are types of “informal procurement methods for small purchases” (2 CFR § 200.320).



Significant Changes to 2 CFR 200

- Includes slight revisions to include “the recipient or subrecipient may exercise judgment in determining what number is adequate” when referring to the number of estimates or quotations to be obtained (2 CFR §200.320).
 - In order to maintain compliance with grant requirements, the recipient must follow or develop internal procurement policies.
- In recognition of Tribal sovereignty, revision to permit Indian Tribes to be treated the same as States, thereby allowing them to follow their own procurement policies and procedures as opposed to those in section 2 CFR § 200.318-200.327.



Build America, Buy America (BABA) Updates



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Build America, Buy America (BABA) Overview

- The Build America, Buy America (BABA) provisions of the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58, §§ 70911-70917) apply to PHMSA funding obligated after May 14, 2022, for PHMSA funded infrastructure projects.
- 2 CFR 184: Final OMB guidance on BABA applies to Federal awards obligated on or after October 23, 2023.
- NGDISM funding may *not* be used for an infrastructure project unless all iron and steel, manufactured products, and construction materials that are consumed in, incorporated into, or affixed to the infrastructure project are produced in the United States.
- The BABA preference requirement applies to an entire infrastructure project, even if it is funded by both Federal and non-Federal funds.



BABA Waivers

- **General Applicability (Programmatic):** PHMSA has proposed a general applicability waiver for specific non availability circumstances for gas service risers, regulators and gas service meters.
 - The federal register notice for the Build America, Buy America programmatic waiver for gas service risers and gas meters was published on August 13, 2024.
 - The public comment period ended August 28, 2024, seven comments were received.
- **Project Specific:** Grantees may also request specific waivers from PHMSA for a limited, case-by-case basis, after consultation and review with the Made In America Office (MIAO) at the Office of Management and Budget (OMB).
- **De Minimis:** The De Minimis Costs Waiver applies to projects where the total value of non-compliant products used in the project is no more than the lesser of \$1,000,000 or 5% of total applicable costs for the project.



Submitting a Waiver Request

- Phone call with PHMSA to discuss possibility of a waiver.
- Conduct market research.
- Submit a written request to PHMSA with justification for the waiver.
 - **Nonavailability:** The materials are not produced in the United States in sufficient quantities or of a satisfactory quality.
 - **Unreasonable Cost:** Including the materials would increase the cost of the project by more than 25%
 - **Public Interest:** Applying the BABA preference would be inconsistent with the public interest.
- PHMSA drafts waiver text (in consultation with awardee).
- Waiver posted for public comment.
- PHMSA issues final waiver.



NIST MEPNN Supplier Scouting Services

- The National Institute of Standards and Technology's Manufacturing Extension Partnership (MEP) is offering scouting services, by connecting domestic suppliers with purchasers, responding to the specific needs of agencies to meet Build America, Buy America requirements.
- NIST MEP will conduct a nationwide search for U.S. manufacturers with the capabilities and business interests to supply the needed item.
- The results are summarized by NIST MEP and reported to the organization that submitted the request. MEPNN Supplier Scouting typically takes 30-45 days to return results.
- NGDISM grantees can use the [MEPNN Supplier Scouting service](#) by:
 - Completing a [Supplier Scouting Opportunity Synopsis form](#).
 - Contacting a [local MEP Center](#).



Penalties for Non-Compliance with BABA Regulations

- Compliance with the BABA domestic preference requirement is a term and condition grantees agree to comply with.
- If PHMSA determines that the Recipient may have failed to comply with the terms and conditions of the grant agreement, PHMSA may notify the Recipient of a proposed determination of noncompliance.
- If PHMSA makes a final determination of noncompliance after undergoing the process set forth in Article 9 of the Terms and Conditions, PHMSA may impose a remedy, including:
 - (1) additional conditions on the award;
 - (2) any remedy permitted under 2 C.F.R. 200.339-200.340, including withholding of payments; disallowance of previously reimbursed costs, requiring refunds from the Recipient to PHMSA; suspension or termination of the award; or suspension and disbarment under 2 C.F.R. part 180; or
 - (3) any other remedy legally available.



Performance and Financial Management Reporting



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NGDISM Performance Reporting

- NGDISM grantees are required to submit a quarterly progress report, which will be used to track project activities and progress against the approved project plan. Grantees should record and report progress for the current reporting period.
- Recipient quarterly reports should be submitted by the 30th calendar day after the quarterly reporting period ends.

Reporting Period Start Date	January 1	April 1	July 1	October 1
Reporting Period End Date	March 31	June 30	September 30	December 31
Report Due Date	April 30	July 30	October 30	January 30

- Progress reports are submitted online at the links below:
 - [PHMSA NGDISM Progress Reporting Form](#)
 - [PHMSA NGDISM Progress Reporting Form \(Equipment Only\)](#)



NGDISM Performance Reporting

- Calculating Methane Emissions
 - Your Environmental Assessment has emissions savings already calculated.
 - The calculations vary based on the amount of venting during construction, the type of material being replaced, and the year the pipe was installed.
 - Go to the Air Quality calculations in the Environmental Assessment (Appendix B or Appendix C) and review the Proposed Action Leak Rate table.
- Environmental Assessments are available online at <https://www.phmsa.dot.gov/about-phmsa/working-phmsa/grants/pipeline/tier-2-site-specific-environmental-documents>.



NGDISM Performance Reporting

Table 3 Proposed Action Leak Rate

Pipeline Material Type	Average Rate (kg/mile/year)	Miles	New Methane Leak Rate (kg/year)
Plastic	28.8	2.6	75
Year 1 Methane Reduction			403
Annual Methane Reduction			421
20-year Methane Reduction			8,429

- Example 1: The grantee is saving approximately 403 kg of methane in the first year (to account for blowdown) and then 421 kg of methane per year after that.
 - Year 1 post construction: 403 kg reduced.
 - Year 2 post construction: 403 kg + 421 kg = 824 kg reduced.
 - Year 3 post construction: 403 kg + 421 kg + 421 kg = 1245 kg reduced.



NGDISM Performance Reporting

Table 3 Proposed Action Leak Rate

Pipeline Material Type	Average Rate (kg/mile/year)	Miles	New Methane Leak Rate (kg/year)
Plastic	28.8	2.6	75
Year 1 Methane Reduction			403
Annual Methane Reduction			421
20-year Methane Reduction			8,429

- Example 2: For partial construction, use the percentage of construction completed.
 - Year 1 construction 40% complete: $40\% * 403 \text{ kg} = 161.2 \text{ kg}$ reduced.
 - Year 2 construction 80% complete: $80\% * 421 \text{ kg} = 336.8 \text{ kg} + 161.2 \text{ kg} = 498 \text{ kg}$ reduced.
 - Year 3 construction 100% complete: $161.2 \text{ kg} + 336.8 \text{ kg} + 421 \text{ kg} = 919 \text{ kg}$ reduced.



Federal Financial Reports (SF-425)

- NGDISM grant agreements require that grantees submit a complete Standard Form 425 (SF-425), “Federal Financial Report,” on a quarterly basis.
- PHMSA uses the financial report to compare the rate of a grantee’s actual expenditures to the planned amounts in the approved project budget.
- PHMSA may analyze financial information against performance data to verify that expenditure amounts align with project activities.
- The SF-425 is due within 30 days after the end of each quarter.
- Submit the SF-425 to PHMSAPipelineBILGrant@dot.gov; please cc: your Grants Management Specialist (GMS).
- Only provide activity updates for the quarter for which you are reporting.



Monitoring

- PHMSA monitors grant performance by phone calls and emails and requiring grant recipients to submit quarterly financial and progress reports.
- PHMSA will also conduct site visits and desk audits to be sure federal regulations, and the terms and conditions of the grant agreement are being followed.
- Additionally, awardees expending over \$1 million of federal funds within a year are required to complete a single or program specific audit.
- A single audit is an organization-wide audit, where an independent auditor reviews a sampling of programs and management practices to develop a picture of whether the organization is financially healthy and in compliance with grant and other legal requirements.



Single Audits

- For a single audit, the auditor must determine whether the:
 - Recipient's financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
 - Schedule of Expenditures of Federal Awards (SEFA) is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole.
 - Recipient has complied with laws, regulations, and provisions of the grants and contracts that may have a direct and material effect on each of its major programs.
- Arranging for and procuring the services of the independent auditor to perform the single audit falls to the auditee. The auditee is responsible for preparing the financial statements and the SEFA.
- A corrective action plan will ensue to bring the grantee into compliance if deficiencies are found.



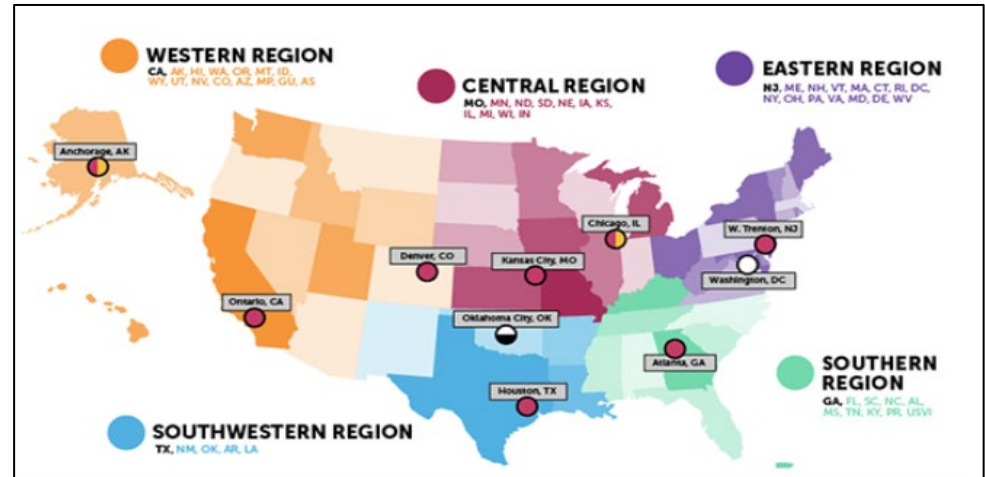
Program Specific Audits

- A program-specific audit is an alternative to a single audit when the auditee has only one federal program (2 CFR 200.501 and 2 CFR 200.507)
- [A program-specific audit guide for the NGDISM program](#) is available to provide specific guidance to the auditor concerning internal controls, compliance requirements, suggested audit procedures, and audit reporting requirements.
- Reach out to the program office to confirm that your organization is eligible to conduct a program specific-audit.



NGDISM Staff Directory

- **Program Director**
 - Shakira Mack Shakira.Mack@dot.gov
- **Sr. Technical Advisor, Buy America Liaison**
 - Louis Cardenas Louis.Cardenas@dot.gov
- **Senior Environmental Protection Specialist**
 - Matt Fuller Matt.Fuller@dot.gov
- **Grants Attorney**
 - Vacant
- **Team Lead, Sr. Grants Officer, Western Region**
 - Matthew Hufford Matthew.Hufford@dot.gov
- **Southern Region Sr. Grants Officer**
 - Damond Smith Damond.Smith@dot.gov
- **Eastern Region Grants Officer**
 - Renée Taylor Renée.Taylor@dot.gov
- **Southwestern Region Grants Officer**
 - Dana White Dana.White@dot.gov
- **Central Region Grants Officer**
 - Jasmine Carr Jasmine.Carr2@dot.gov
- **Equipment Only Grants Officer**
 - Tracy Hanks Tracy.Hanks.ctr@dot.gov
- **Program Analyst**
 - Dana Decker Dana.Decker.ctr@dot.gov
- **NGDISM PowerApps Support**
 - Christian Solomon Christian.Solomon@dot.gov



NGDISM Program Email and Program Phone

PHMSAPipelineBILGrant@dot.gov

202-366-7652



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Resources

NGDISM Website:

<https://www.phmsa.dot.gov/about-phmsa/working-phmsa/grants/pipeline/natural-gas-distribution-infrastructure-safety-and-modernization-grants>

Managing Your NGDISM Grant (Resources and Forms):

<https://www.phmsa.dot.gov/about-phmsa/working-phmsa/grants/pipeline/manage-your-ngdism-grant-award>

Procurement and BABA Guidance:

[*De Minimis* and Small Grants FAQs \(March 7, 2024\)](#)

[Buy America Webinar Slides for FY 2022 Grant Recipients \(December 15, 2023\)](#)

[Procurement Best Practices for Recipients \(November 9, 2023\)](#)

[Procurement Office Hours for FY 2022 Recipients \(August 30, 2023\)](#)

[Procurement Office Hours for FY 2022 Recipients \(August 29, 2023\)](#)

