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Federal Grant Compliance: Navigating the Significant Changes to the Uniform Guidance and Organizational Sustainability

For the State of Maine

September 28, 2026

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Today's compliance journey

1. **The Current Compliance Landscape**
2. **Why Compliance Matters**
3. **Core Elements of Compliance Success**
4. **Futureproofing**

The Current Compliance Landscape

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Timing of the Uniform Guidance update

- May 29, 2026 OMB-2026-0034 Federal Register: Regulation for Federal Financial Assistance was released
- Comments due on or before July 13, 2026. Late comments considered only to the extent practicable.
- Final Rule to be issued - TBD
- Planned effective date was October 1, 2026
- On hold until December 11, 2026

Uniform Grant Guidance proposed changes

- Under the proposed rule, OMB will issue the "Uniform Grants Regulation" as an OMB regulation with one government-wide effective date to provide government-wide grants management requirements.
- Federal agency review of merit of proposals.
- Removes language providing that internal controls should align with GAO or COSO standards
- Completely removes the provision allowing fixed amount subawards with prior approval and replaces it with a prohibition against them.
- Restructures 200.340(a) Termination provisions to clarify separate grounds for termination

The new reality of grants management

Can your organization sustain?

Funding Volatility	**Administrative policy and executive order changes**	**Uniform Guidance Revisions**
Rising Fraud Risk	**Increased competition for limited funding**	**Economic Pressure**

The compliance landscape is layered

1

Government-wide rules

2 CFR Part 200 establishes the common baseline for federal awards.

Funder specific uniform guidance.

State, local, organizational regulations and policies

2

Award-specific terms

Notices of award, agency instructions, special conditions, and approved budgets can add requirements.

3

Project reality

New data requests, partner obligations, systems, staffing, and timelines create execution risk.

What the current Uniform Guidance expects

Financial reporting	Use required award reporting; annual reports due no later than 90 - 120 days after the period, quarterly or semiannual reports no later than 30 days.
Performance reporting	Relate financial data and accomplishments to award goals and objectives.
Monitoring	Recipients and subrecipients monitor every program, function, or activity for compliance and performance.
Final reporting	Recipient final financial report due no later than 120 days after the period of performance; subrecipient final report due to the pass-through entity no later than 90 days.

Why Compliance Matters

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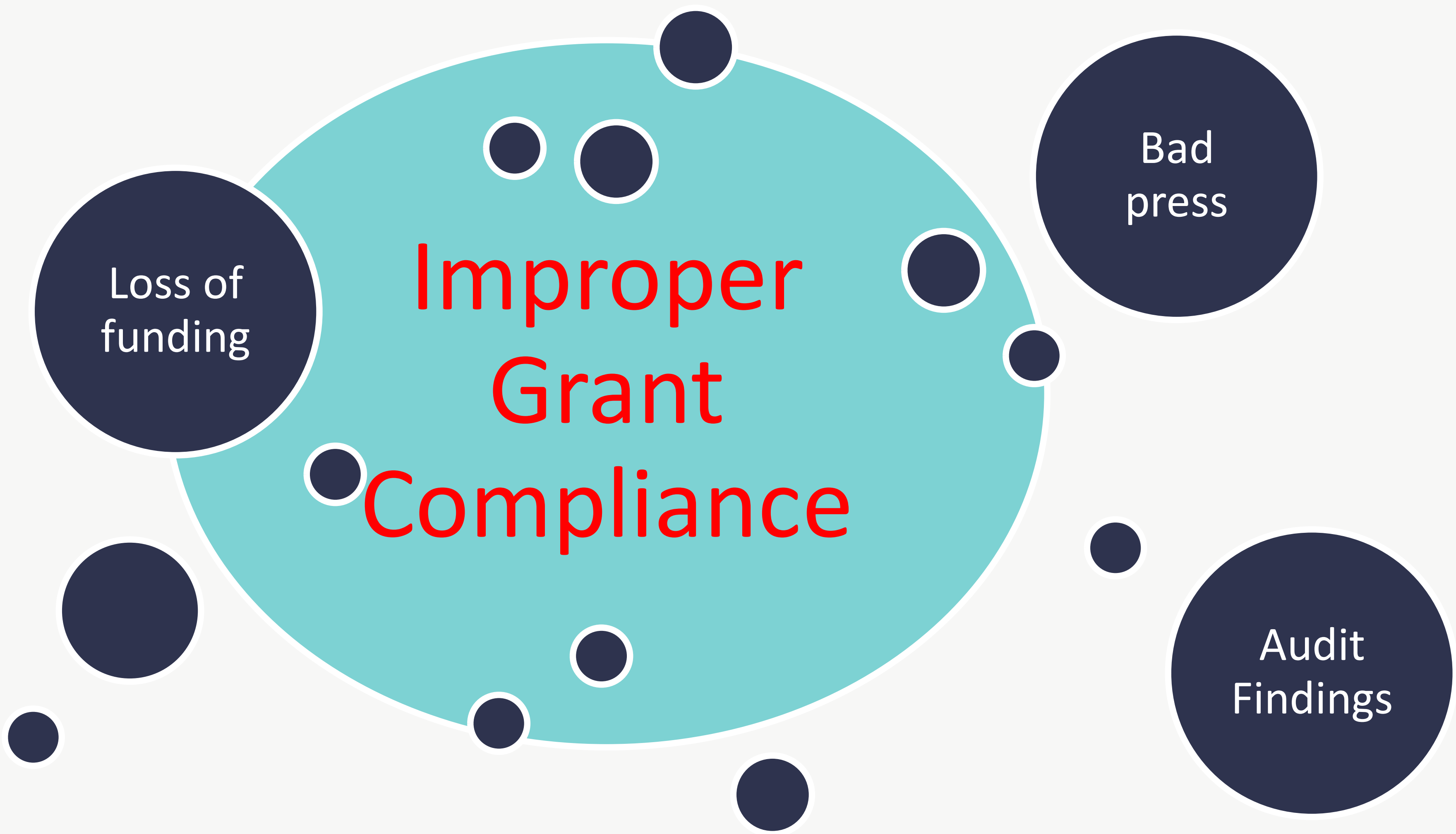
What is grant compliance?

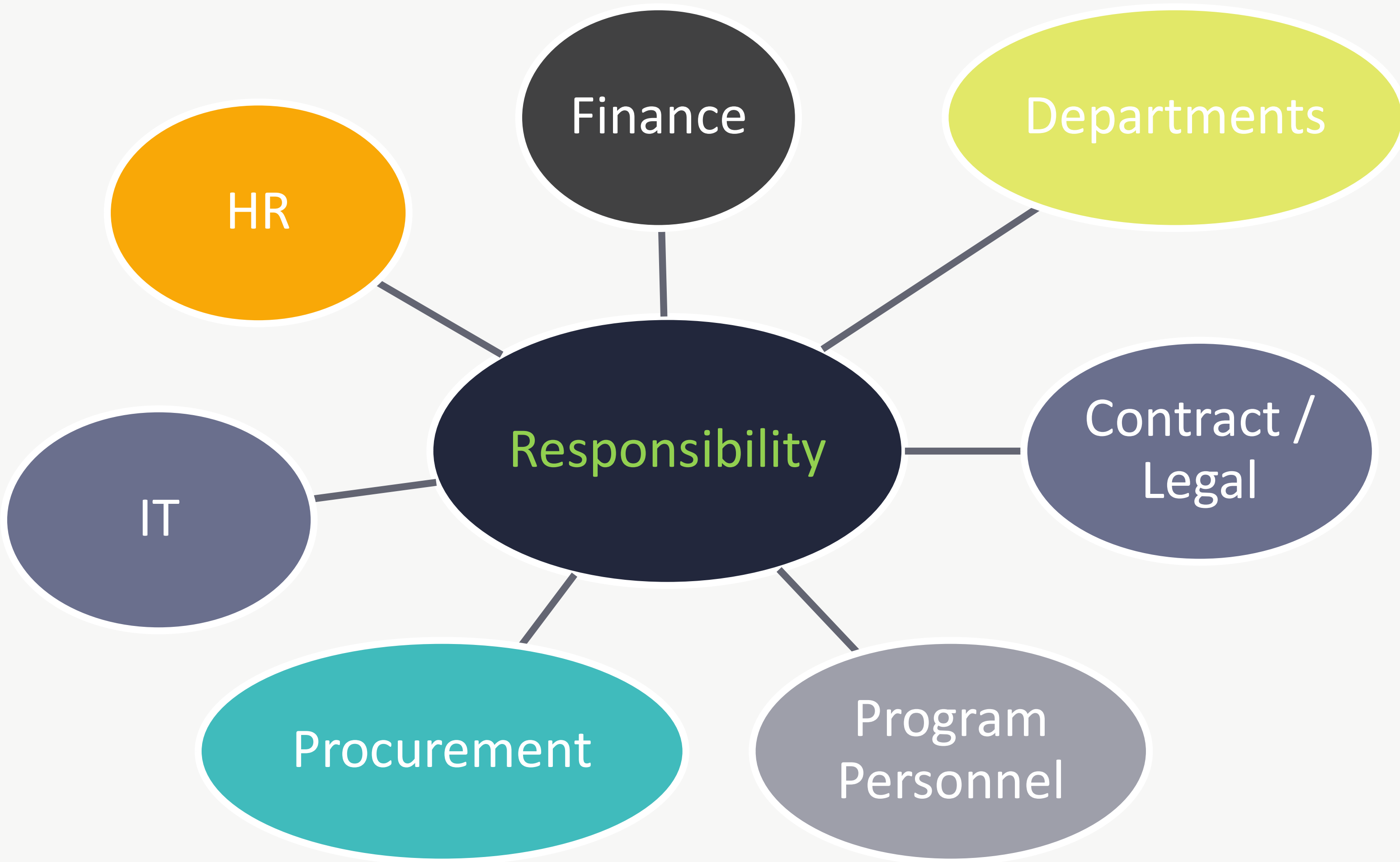
Grant compliance means consistently meeting the financial, administrative, programmatic, and reporting requirements associated with a grant throughout its entire lifecycle, from award acceptance through closeout

Why is grant compliance important?



When is grant compliance important?

Who is responsible for grant compliance?

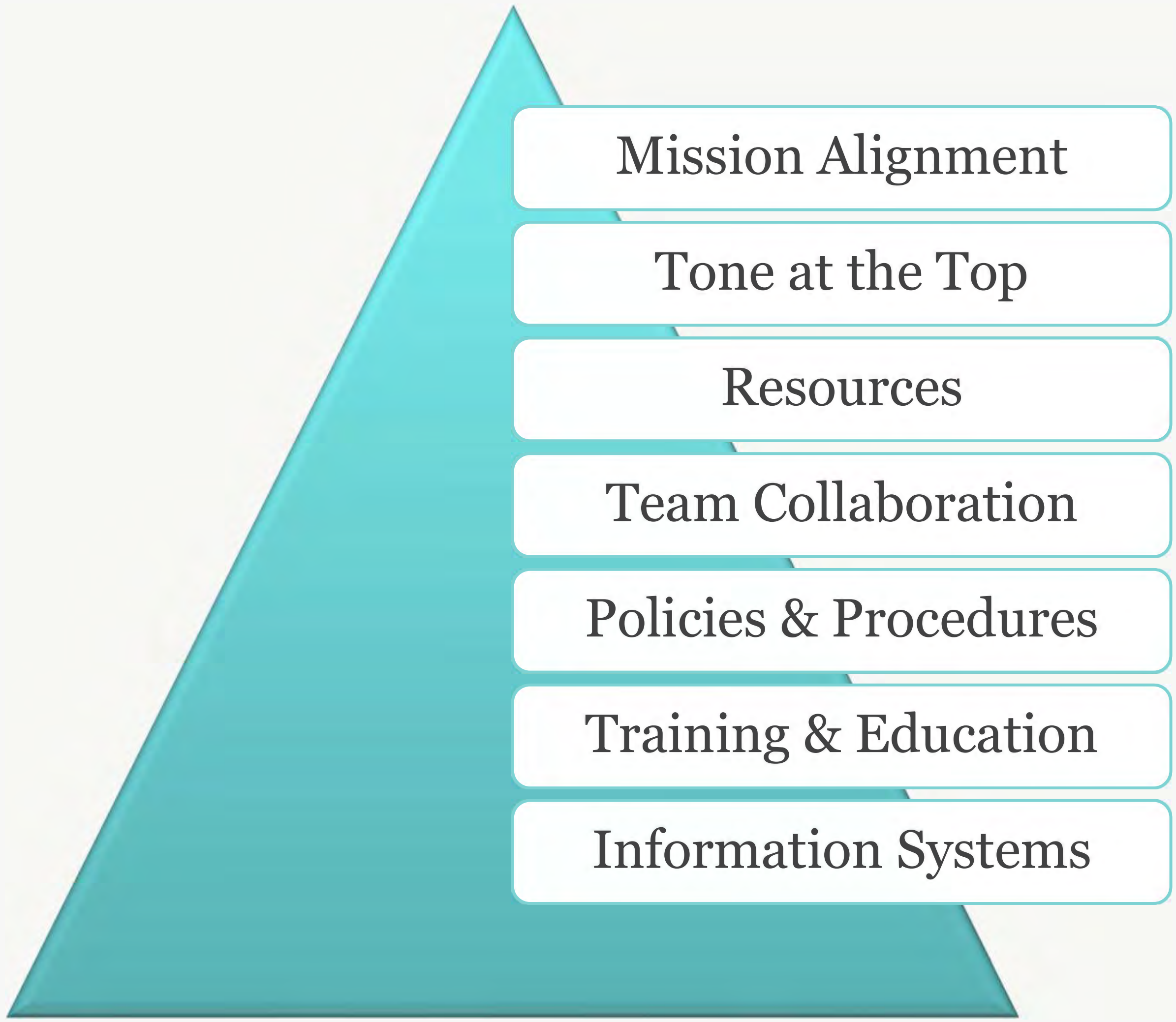


How do you achieve effective grant compliance?

Effective grant compliance relies on having:

An in-depth understanding of the grant requirements	Proper policies and procedures in place	Strong internal controls	Resources and personnel

Considerations for proper grants management



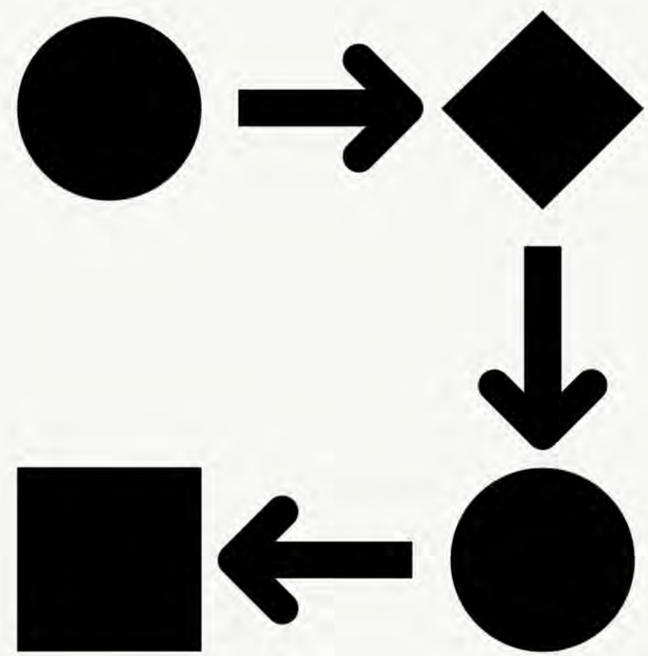
What is subject to compliance?

Federal financial assistance means assistance that recipients and subrecipients receive or administer in the form of:

- (1) Grants;
- (2) Cooperative agreements;
- (3) Non-cash contributions or donations of property (including donated surplus property);
- (4) Direct appropriations;
- (5) Food commodities; and
- (6) Other financial assistance
- Does not include amounts received as reimbursement for services rendered to individuals (e.g. Medicare / Medicaid)

Who is subject to grant compliance?

Regulations are applicable to both prime recipient and subrecipients of federal financial assistance



Core Elements of Compliance Success

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Analyze prior to applying

Go From grant chasing to grant seeking

Grant Chasing ***REACTIVE***	Grant Seeking ***PROACTIVE***
Apply for every grant opportunity	Pursue strategically aligned opportunities
Focus on immediate needs	Focus on organizational priorities
Develop programs around available funding	Align funding to existing goals
Ignore long term sustainability	Plan for sustainability
Overextend staff and resources	Protect organizational capacity

Communication is a key success factor

Effective communication connects people, decisions, and accountability throughout the grant lifecycle.

1

Internal stakeholder alignment

Shared priorities and expectations

2

Funder engagement

Clear, proactive updates

3

Partner coordination

Defined handoffs and dependencies

4

Roles and decision rights

Clear ownership and approvals

5

Cadence and channels

Right message, time, and format

6

Documentation and transparency

Accessible records and status

7

Feedback and issue escalation

Early resolution of risks

Build a sustainable grant portfolio

Use opportunity forecasting to monitor funding trends and recurring opportunities before they are released

Maintain an ongoing relationship with funding agencies, partners, and stakeholders

Continuously prospect for opportunities to reduce redundancy on individual awards

Be grant ready and maintain current organization documents and policies to reduce response time

Improve internal controls

Purpose of Internal Controls

Internal controls ensure compliance, accuracy, and accountability in grant management, preventing errors and detecting irregularities.

Key Control Areas

Budget monitoring, procurement, time reporting, and subrecipient oversight are critical areas of internal control focus.

Integrating Controls into Operations

Embedding internal controls into daily workflows fosters accountability and continuous organizational improvement.

Benefits of Strong Controls

Strong controls support audit readiness, regulatory compliance, and enhance organizational resilience and futureproofing.

Develop a practical compliance operating system

People	Defined owners, segregation, training, escalation
Process	Requirement register, calendar, reconciliations, review
Technology	Access controls, workflow, version control, exception alerts
Evidence	Source support, approvals, correspondence, submission proof

Implement best practice policies

Grant Proposal Policy	Award Acceptance Policy	Financial Management Systems Policy
Documentation of Internal Controls	Cost Sharing and Matching Policy	Program Income Policy
Budget and Program Revisions Policy	Property and Equipment Standards Policy	Monitoring and Reporting
Subrecipient Procedures Policy	Record Retention Policy	Grant Closeout Policy

Assess your financial management system

Financial management system must include:

- Records that identify the source and application of funds
- Effective control over, and accountability for all funds and property
- Comparison of expenditures with budget amounts
- Written procedures to implement the requirements for cash management
- Written procedures for determining the allowability of costs in accordance with cost principles
    - Reasonable
    - Allocable
    - Necessary

Minimize fraud risk

Focus on conditions, not accusations

Pressure
Funding gaps, performance pressure, or unrealistic deadlines

Opportunity
Weak segregation, poor review, excessive system access

Rationalization
"The program needed it" or "we will fix it later"

Provide training and increase competency

Internally:
- Create a training plan
- Monthly grants training
  Become the expert or designate someone as the expert
- Create a grants oversight committee

Externally:
- Conferences/webinars/Linked In Learning
- Use LinkedIn as a resource
- Stay informed on executive orders and administrative changes

"Compliance is a people issue"

Audit Readiness

Ask yourself and your team these questions:

Governance and Oversight

- Have we performed a recent grants compliance risk assessment?
- Where are our highest compliance risks?
- Are all grant compliance responsibilities clearly assigned and documented?

Internal Controls

- Can you show me our documented internal controls over grant compliance?
- What control deficiencies have been identified and how were they corrected?
- Where would an auditor find evidence that our controls were performed?

Financial Management

- Does our SEFA reconcile to the general ledger?
- Are indirect costs being charged correctly?
- Are there any unusual transactions that auditors may question?

Documentation & Record Retention

- Are grant files centralized and organized?
- Do we maintain grant agreements, amendments, approvals, correspondence, and reports in one place?
- Have we verified that required records are being retained according to policy?

Audit Readiness (continued)

Reality Check

Ask questions that quickly expose weaknesses

Show me the three grants that worry you most and why.

What audit finding would surprise us today?

Which grant has the weakest documentation?

Which process depends on one person?

What keeps us from getting a clean Single Audit?

If auditors asked for procurement support, payroll support, and subrecipient monitoring files right now, how quickly could we provide them?

Are we audit-ready every day, or only when auditors are coming?

Cybersecurity and AI

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Definitions

Cybersecurity

- Cybersecurity is the practice of protecting computers, networks, and data from unauthorized access, attacks, or damage.

Artificial Intelligence

- Artificial intelligence (AI) is the simulation of human intelligence by machines to perform tasks such as learning, reasoning, and problem-solving.

Regulatory Trends

- 2 CFR now includes cybersecurity requirements for funders and recipients
    - Limited implementation guidance and support
- Increased monitoring and other oversight
- Funding clawbacks possible if recipients not aligned with administration priorities (which we know includes cybersecurity)
- Documentation and process maturity now vital for compliance and competitiveness
- Relevant across federal, state, local, nonprofit ecosystems

Key compliance steps for recipients

Know what your entity needs to do to be cybersecure and compliant.

Implement cybersecurity controls aligned with regulatory requirements and industry best practices.

Document and communicate your entity's cybersecurity maturity in a language and format that funders can quickly and easily understand.

Why is Cybersecurity Important to Grants Management

- Data is sensitive and valuable (PII, financial records, proprietary data)
- Maintains trust with funders and stakeholders
- Supports continuity of grant-funded missions
- Reduces risk as AI and other automations are adopted
- Aids in audit readiness
- Ensures compliance with ever-changing regulatory requirements
  - 2CFR, grant terms, state/local data protection laws, record retention requirements,
  - field-specific requirements such as HIPAA

Tools and resources

For a grants and accounting environment—especially one handling financial data, donor information, and federal compliance requirements (e.g., CDBG, 2 CFR 200)—the strongest cybersecurity tools typically focus on access control, data protection, monitoring, and compliance alignment (often NIST-based).

- Identity & Access Management
- Endpoint & Network Protection
- Data Protection & Encryption
- Monitoring and Logging
- Compliance & Risk Management
- Secure Accounting & Grant Systems

Common grant NOFO language

Recipients and subrecipients must maintain appropriate **cybersecurity safeguards and internal controls** to protect Federal funds, sensitive data, and information systems and align the plan with recognized frameworks, such as: **NIST Cybersecurity Framework (CSF) and a**pplicable federal security guidance (e.g., Executive Order 14028)

The recipient must implement safeguards, including encryption and secure storage, to protect sensitive data such as personally identifiable information and financial records.

The recipient must enforce role-based access controls and multi-factor authentication to ensure that only authorized personnel can access grant-related systems and data.

The recipient must continuously monitor systems for potential threats and maintain an incident response plan to detect, contain, and remediate cybersecurity incidents.

The recipient must promptly report any cybersecurity incidents impacting grant-funded systems to the awarding agency and document all response and corrective actions.

The recipient must regularly review and update its cybersecurity plan and controls to address evolving risks and ensure ongoing effectiveness.

The pass-through entity must ensure that all subrecipients implement and maintain cybersecurity controls that meet or exceed the requirements applied to the primary recipient.

Potential risks of AI

- Data leakage
- False confidence/inaccurate outputs
- Lack of traceability/auditability
- Loss of human judgement

Futureproofing

What is futureproofing?

Concept of Futureproofing

Futureproofing means designing systems to remain stable and effective despite uncertainty or change.

Proactive Risk Management

Organizations anticipate risks like funding cuts and regulatory changes and incorporate safeguards.

Ongoing Organizational Mindset

Futureproofing is a continuous mindset influencing decision-making at every organizational level.

Key Components of Futureproofing

Includes long-term goals, flexible operations, financial resilience, and mission alignment.

What can futureproofing prevent?

Funding Loss

Compliance Failures

Program Disruptions

Staff Turnover Risks

Operational Inefficiencies

Fraud, Waste, and Abuse

Strategic Misalignment

External Shock Impacts

Reactive to proactive

A *REACTIVE* organization will often:

- Scramble to meet reporting deadlines
- Address audit findings after they occur
- Pursue funding opportunities without assessing capacity
- Rely heavily on a few key employees
- Manage cash flow problems as they arise
- Update policies only after compliance issues are identified
- Focus on short-term funding needs rather than sustainability

A *PROACTIVE* organization will often:

- Conduct risk assessments before issues emerge
- Build contingency plans for funding, staffing, and operational disruptions
- Forecast resource, staffing, and cash flow needs
- Establish strong internal controls and monitoring processes
- Maintain documentation and knowledge-sharing systems
- Evaluate grant opportunities for mission fit and organizational capacity
- Continuously monitor regulatory and funding

Reactive to proactive

How a ***REACTIVE*** organization operates:

- Audit finding → Fix issue
- Staff leaves → Recreate process
- Grant ends → Search for funding
- Compliance problem → Write policy

How a ***PROACTIVE*** organization operates:

- Risk assessment → Mitigation plan
- Cross-training → Workforce continuity
- Sustainability strategy → Funding diversification
- Internal controls → Compliance consistency

Strategic planning

Mission Alignment

Ensures grant opportunities, programs, and investments support the organization's long-term mission and priorities.

Resource Forecasting

Projects future staffing, technology, operational, and financial needs to support sustainable growth and program delivery.

Funding Diversification

Reduces reliance on a single funding source by building a balanced portfolio of federal, state, foundation, corporate, and earned revenue opportunities.

Capacity Planning

Aligns organizational infrastructure, workforce, and systems with future program demands and funding opportunities..

Strategic planning for diverse revenue streams

Funding volatility

Delays, cancellations, policy shifts, and uncertain award timing can disrupt staffing, cash flow, and program delivery.

Competition is expanding

As organizations pursue more private and corporate funding, success depends on sharper positioning and stronger relationships.

Compliance is more complex

Each revenue source brings different restrictions, reporting expectations, cost rules, performance measures, and documentation needs.

THE STRATEGIC RESPONSE

Forecast the portfolio • set concentration limits • assess full cost and capacity • build compliance into each stream • maintain contingency triggers

Outcomes of good strategic planning

A strong plan connects revenue strategy, operational capacity, and compliance into one sustainable operating model.

1

A more resilient revenue portfolio

A balanced mix of federal, state, local, foundation, corporate, and earned revenue reduces dependence on any single source.

2

Stronger funding decisions

Opportunities are screened for mission fit, full cost, capacity, restrictions, risk, and long-term sustainability before commitment.

3

Compliance built into operations

Requirements translate into clear owners, policies, controls, reporting calendars, documentation standards, and escalation paths.

4

Greater continuity and credibility

Better forecasting, contingency planning, and cross-functional accountability support consistent delivery, audit readiness, and funder confidence.

The result: fewer reactive decisions, stronger compliance consistency, and more sustainable mission delivery.

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Risk management

Risk Identification
Systematically identify financial, operational, compliance, staffing, technology, and external risks that could affect grants, programs, or organizational objectives.

Risk Analysis and Prioritization
Evaluate the likelihood and potential impact of identified risks to focus resources on the most significant threats to organizational sustainability and grant compliance

Mitigation and Control Strategies
Implement internal controls, monitoring activities, policies, and contingency measures designed to reduce risk exposure and strengthen organizational resilience

Continuous Monitoring and Improvement
Regularly reassess risks, monitor changing conditions, and update mitigation strategies to address evolving funding, regulatory, operational, and environmental challenges.

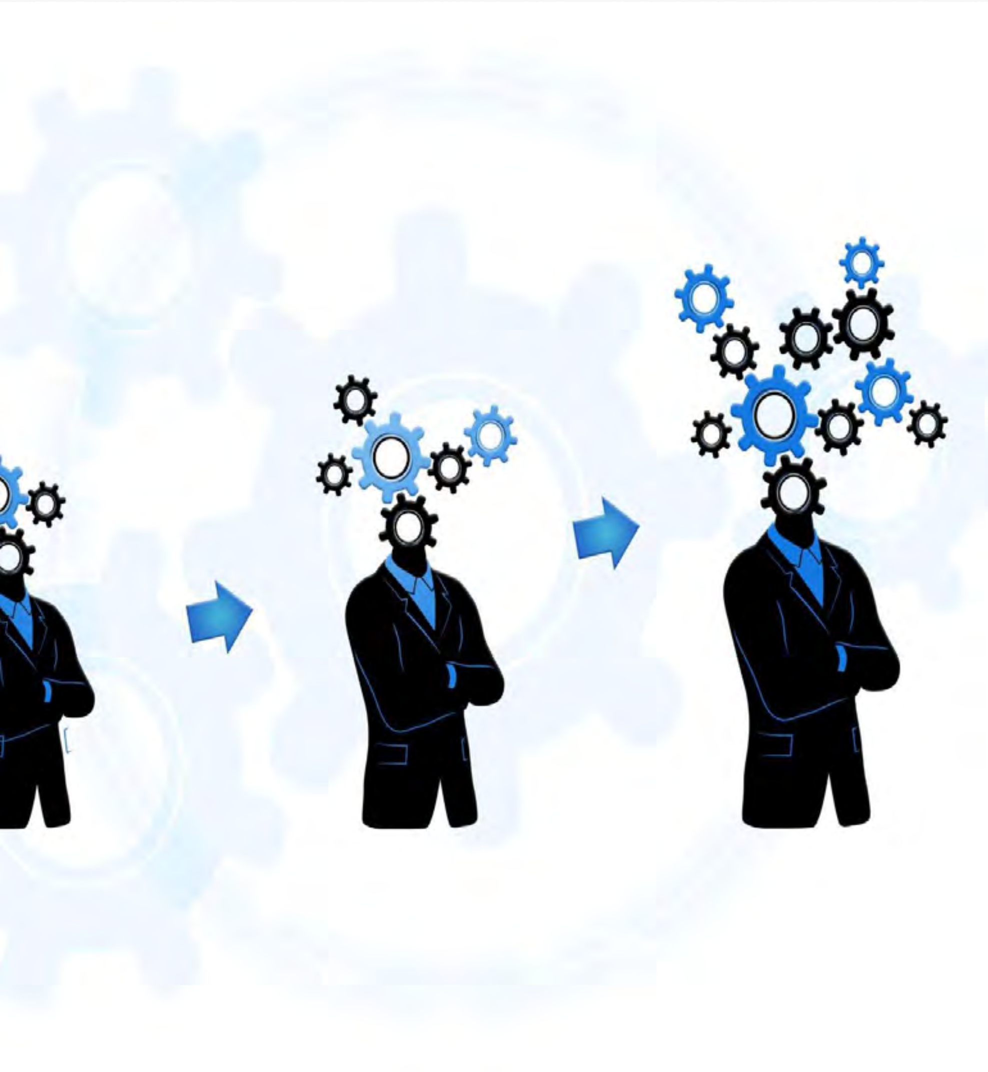
Risk assessment objectives

- Develop and maintain clear understanding of processes
- Facilitate shared perspective on risk
- Subjectively identify risk exposure and internal control gaps
- Rationalize the system of internal control
- Communicate risk and control perspectives to personnel

Risk landscape in grants

"Risk management is not about eliminating risk—it's about understanding it, managing it, and preparing for it."

Contingency planning



Risk Identification

Contingency planning starts with identifying potential risks that could disrupt operations.

Response Strategy Development

Develop clear response strategies that minimize risk impact and ensure operational continuity.

Communication and Documentation

Well-documented plans communicated to stakeholders enable rapid, coordinated responses during disruptions.

Continuous Review and Updates

Regularly review and update contingency plans to address emerging risks and changing conditions.

Type of contingency plans for better future grants management

Funding Freeze or Termination Plan	Delayed Reimbursement / Cash Flow Plan	Key Personnel Loss Plan	Compliance Failure Response Plan
• Prioritize mission-critical activities • Establish minimum staffing levels • Identify alternative funding sources • Prepare communication templates for funders and partners • Create cost-reduction triggers	• Cash reserve thresholds • Line of credit strategy • Payroll prioritization • Expenditure approval restrictions • Drawdown monitoring schedule	• Succession plan • Cross-training matrix • Documentation standards • Backup approval authorities • Emergency access to grant systems	• Corrective action team • Investigation procedures • Funder notification process • Documentation recovery • Root cause analysis

Type of contingency plans for better future grants management

Subrecipient Failure Plan	Technology Failure Plan	Staff Vacancy and Hiring Freeze Plan	Grant Concentration Risk Plan
• Alternative subrecipient list • Contract transition procedures • Participant service continuity • Emergency monitoring procedures • Budget reallocation options	• Data backup procedures • Offline reporting methods • Alternative communication channels • Recovery priorities • Cyber incident reporting requirements	• Prioritized grant responsibilities • Outsourcing options • Temporary reassignments • Workload reduction triggers • Compliance task prioritization	• Revenue diversification targets • Funding concentration thresholds • Alternative funding pipeline • Reserve requirements • Scenario modeling

Type of contingency plans for better future grants management

Legislative or Regulatory Plan	Program Continuity Plan
• Regulatory monitoring team • Policy update process • Training schedule • Risk assessment matrix • Stakeholder communication plan	• Essential vs. non-essential services • Participant prioritization criteria • Service reduction roadmap • Community partner coordination • Outcome preservation strategy

How to build a practical contingency plan

1. **Identify priority disruptions**

   Assess funding reductions, delayed reimbursements, staffing gaps, system outages, compliance failures, and partner interruptions.

2. **Define triggers and tolerances**

   Set measurable thresholds that activate the plan, such as cash-flow limits, award changes, missed milestones, or vacancy duration.

3. **Design response options**

   Document actions to pause, continue, scale, fund, communicate, and preserve compliance evidence for each priority scenario.

4. **Assign authority and ownership**

   Name decision-makers, action owners, alternates, escalation channels, and required approvals across program, finance, HR, IT, and leadership.

5. **Test, communicate, and update**

   Use tabletop exercises, capture lessons learned, train key personnel, and refresh assumptions as awards, risks, and operations change.

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Outcomes of good contingency planning

Program continuity
Critical services and grant-funded activities continue through funding, staffing, technology, or partner disruptions.

Faster, clearer decisions
Predefined triggers, authority, and response options reduce uncertainty and support coordinated action.

Financial resilience
Cash-flow strategies, reserves, cost priorities, and diversified funding options reduce the impact of disruption.

Compliance consistency
Required approvals, notifications, documentation, and records are maintained even when normal operations change.

Future-Ready organizations

Strong Leadership and Structure

Effective leadership and clear decision-making structures are essential for building a resilient organization.

Cross-Functional Collaboration

Collaboration across teams enables better information sharing and coordinated responses to challenges.

Continuous Improvement

Regular reviews and training programs help organizations adapt and maintain high performance.

Technology and Tools

Investing in forecasting, risk management, and reporting tools enhances efficiency and risk reduction.

CLA grant compliance resource center

http://www.claconnect.com/resources/tools/resources-to-ease-the-burden-of-grant-compliance

Articles

Tools

Recorded Webinars

Three key takeaways

1. Stay aware of changing administrative requirements and every requirement, not just Uniform Guidance.

2. Take steps to futureproof

3. Be proactive and prepared.

We'll get you there

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Questions?

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