

Uniform Guidance Policies and Procedures

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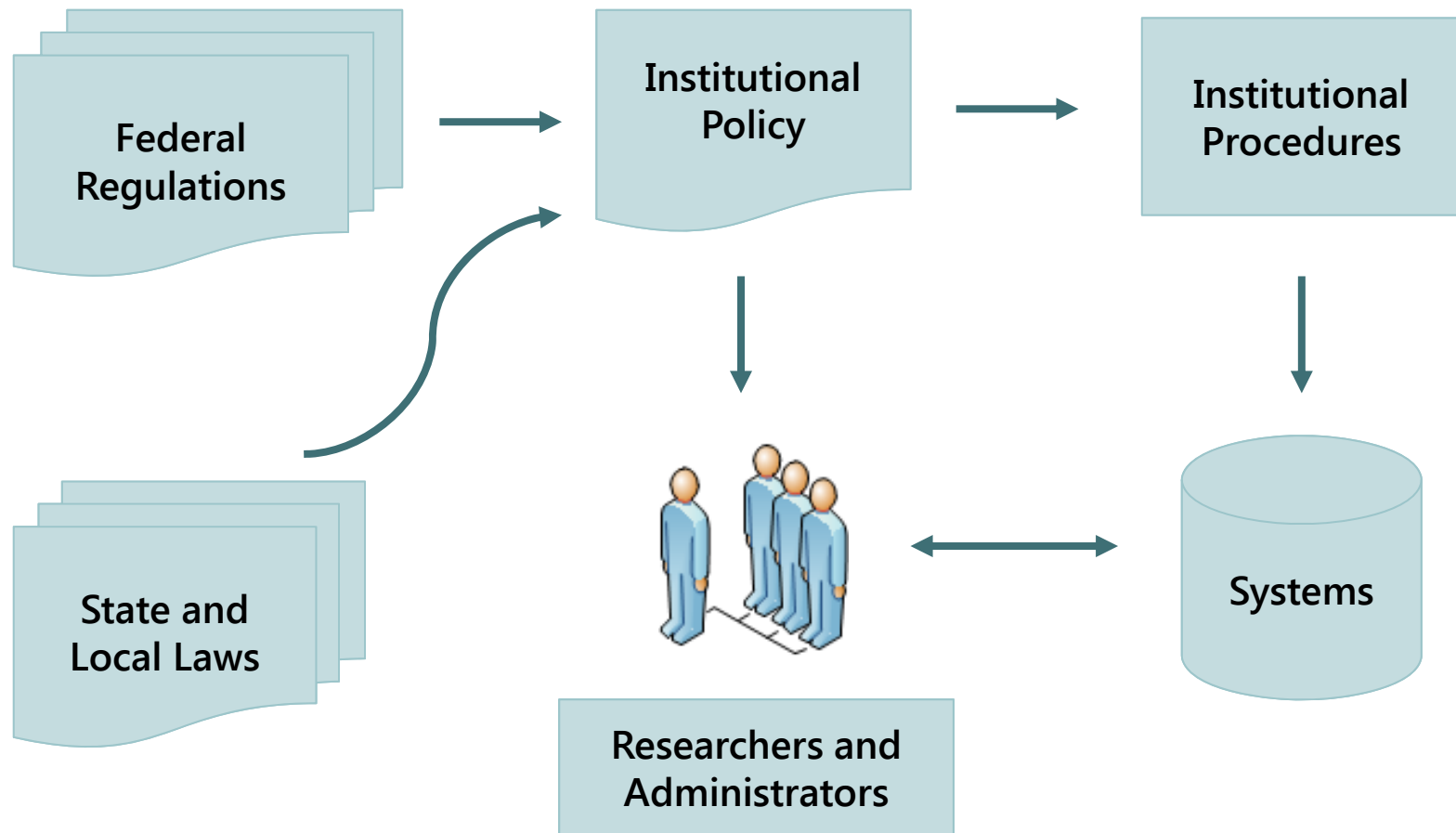


2 CFR 200 Uniform Guidance



Calibrating Policies with your Processes

How Regulations Influence Policies, Procedures, Systems and Behavior



Applicability to FAR-based Contracts

- FAQ _101-1 The **cost principles in Subpart E**, and the **audit requirements in Subpart F**, of the Uniform Guidance are applicable to the FAR based contracts awarded by a Federal agency to a non-federal entity that is an educational institution; state, local, or Federally recognized Indian Tribal government; or nonprofit organization.
- FAQ _101-2 As a practical matter, an **audit conducted in accordance with Subpart F** of the Uniform Guidance which implements the Single Audit Act (SAA) requirements **satisfy the contract audit requirements** of FAR based contracts awarded by a Federal agency. Authority for contract audits is extended to the Federal agency, Inspector General, or the Government Accountability Office (GAO) the authority to conduct additional audits beyond the single audit required by the SAA when the additional audits are necessary for the agency to carry out its responsibilities under Federal law or regulation.

2 – WAY COMPARISON - COST PRINCIPLES

	IHE'S	HOSPITALS
	UNIFORM GUIDANCE 2 CFR PART 200 APPENDIX III	45 CFR PART 75 APPENDIX E
ITEM	(formerly Circular A-21)	(formerly OASC-3)
Documentation of Personnel Expenses	After-the-Fact certification	Monthly Effort Reporting
F&A / Indirect Cost Proposal Submission Requirements	Multi Year Predetermined Rates	Annual Rates
Applied F&A / Indirect Cost Rate	Existing Rate(s) at time of award	Current Rate
Indirect Cost Administrative Cap	26% MTDC	Uncapped
Capital Interest Costs	Allowable	Not Allowable (needs specific approval)
UCA (Utility Cost Adjustment)	1.3 points	Not Available
Movable Equipment Capitalization Level	\$5,000	\$3,000
Cost Accounting Standards	CAS 501, 502, 505, 506 and DS-2	If federal contracts exceeds \$50 million



Significant Changes

Internal Controls

§200.303

Recipients **must** maintain effective internal controls over federal awards

Controls **should** be in compliance with COSO and Green Book

Recipients **must** comply, evaluate and monitor compliance, and take action when non-compliance is identified

Recipients **must** take reasonable measures to safeguard personal data

Cost Sharing

§200.206

Under Federal research proposals, voluntary committed cost sharing is not expected.

Cost sharing cannot be used as a factor during the merit review of applications or proposals unless statutorily require. Criteria for considering voluntary committed cost sharing and any other program policy factors must be explicitly described in the notice of funding opportunity

PI/PD Disengagement

§200.308

For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in a key person specified in the application or the Federal award.

(3) The **disengagement** from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator

Procurement

§200.317-326

.320 - Methods of procurement to be followed.

(a) ...micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold...may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b)-(d) small purchase, sealed bids, etc. requiring competitive quotations

(f) Noncompetitive proposals (sole source)

Procurement Con't

§317-326

OMB FAQ 320-6 indicates the procurement standards apply to direct charges only, i.e. not F&A. Allows for separation of federal procurement policies, if desired but still creates issues with transfers from non-federal to federal projects.

OMB FAQ 320-6 clarified that strategic sourcing is compliant/needs no individual additional documentation

§ 200.318(c)(1) No employee, officer, or agent must participate in ...if he or she has a real or apparent COI. Issue for purchases from a vendor with an employee (faculty) interest/ownership

Procurement Next Steps

- OMB FAQ, September 2015
- *Guidance on effective/applicability date is revised to allow a grace period of two fiscal years for non-Federal entities to implement changes to their procurement policies and procedures in accordance with guidance on procurement standards.*
 - For an institution with a June 30th fiscal year-end, this means implementation is not required until July 1, 2017.

If a non-Federal entity chooses to use the previous procurement standards for an additional two fiscal years before adopting the procurement standards in this part, the non-Federal entity must document this decision in their internal procurement policies.

Procurement Next Steps Con't

- FDP
 - Data collected was appreciated. Potential for demonstration/pilot under discussion.
- COGR
 - Continued advocacy. Not just micro-purchase threshold.
 - Letter quantifying the costs submitted to OMB
- NRC - Committee on Federal Research Regulations and Reporting Requirements (interim report) recommended
 - OMB amend UG §200.329 to define micro-purchase level as not to exceed \$10,000.
 - Addition to criteria for noncompetitive bids for quality needed for research.

Certification of Completion Fixed Price Award or Subaward

§200.201

The non-Federal entity must certify in writing to the Federal awarding agency or pass-through entity at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

Prohibition on “profit”

Payment of Subaward Invoices within 30 Days of Receipt

§200.305

When the reimbursement method is used, the Federal awarding agency or pass-through entity **must** make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

Subrecipient Indirect Costs

- **§ 200.331** (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this Part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this Part.
- **§ 200.414** Any non-Federal entity that has **never received** a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200—States and Local Government and Indian Tribe
- *Indirect Cost Proposals, paragraph (d)(1)(B) may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.*
- Consistent with 45 CFR 75.414(f), any non-Federal entity that has never received a negotiated indirect cost rate, except for certain types of non-Federal may elect to charge a **de minimis rate of 10% of modified total direct costs (MTDC).**
- NIH continues to provide F&A costs without the need for a negotiated rate under the following classes of awards:
 - Research Training and Education Grants (e.g., R25), and K Awards
 - Grants to Foreign Organizations and International Organizations

Subaward Risk Assessment & Monitoring and Fixed Price Prior Approvals

§200.331 Requires documentation of a risk assessment and mandates additional monitoring for those not low risk.

The FDP has developed a model Risk Assessment Questionnaire (RAQ).

§200.332 With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold.

§200.721 Among other criteria listed in the Criteria for a Low Risk Auditee is that a non-Federal entity that has biennial audits does not qualify as a low-risk **auditee**.

Subrecipient Reporting Documentation

§200.331

Subaward must include any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports.

Pass-through entity monitoring must include reviewing financial and programmatic reports required by the pass-through entity

Subaward Risk Assessment & Monitoring

Mandatory monitoring obligations include:

- review of subrecipient technical and financial reports;
- following up and ensuring that the subrecipient takes timely and appropriate action on deficiencies detected through audits/ on-site reviews, and other means;
- issuing a management decision for audit findings as required in § 200.521;
- verifying that a subrecipient received its mandatory Single Audit if the entity exceeded the \$750,000 threshold (increased from \$500,000) for federal funds expended in the previous fiscal year.
- Additional monitoring/T&Cs up to desk and site audits
- determining whether enforcement action is needed against noncompliant subrecipients (See § 200.338).

Fixed Priced Subaward Prior Approvals

- OMB FAQ 332-1. It is acceptable to have **more than one fixed amount subaward with the same subrecipient** if necessary to complete work contemplated under a Federal award. It is expected, however, that **each fixed amount subaward will have its own distinct statement of work** and be **priced for the work and deliverables that will be due under that subaward**, and **that prior approval of the Federal awarding agency is required for each subaward** issued under funding received on or after 12/26/14, as outlined in 200.332. Non-Federal entities having special circumstances, including an unanticipated need to increase a fixed price subaward above the threshold, should consult with their Federal awarding agency for guidance on how to complete the planned scope of work with the least amount of administrative burden.
- Note: NIH has waived prior approval of subawards based on fixed amounts, provided that the subawards meet the requirements for fixed amount awards in 45 CFR 75.201.

Closeout

§200.343

(a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by, or the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.

(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligation incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

Implementation by agencies such as NIH and NSF require submission of the Final Financial Report (FFR), final progress report, and Final Invention Statement and Certification within 120 calendar days of the end of grant support. The reports become overdue the day after the 120 day period ends.

Closeout Con't

- Uniform Guidance includes the same 90 day reporting requirement that was included in A110
- Some agencies have issued their guidance with 120 reporting requirements (technical and financial)
 - Provides some relief with new Payment Management System drawdown requirements
 - PMS/HHS requires all drawdown request by day 120
 - Requests can be made after day 120 but are subject to additional approvals and may not be approved
 - Requires a transition of all current awards (requiring a transition (closeout) financial report)
 - All funds will be drawn by award going forward

Charging Administrative Salaries

§200.413

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs.

Direct charging of these costs may be appropriate only if **all** of the following conditions are met:

1. Administrative or clerical services are **integral** to a project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; **and**
4. The costs are not also recovered as indirect.

F&A Rate Extensions

§200.414

The extension will be subject to the review and approval of the institutions cognizant agency: ONR or DHHS.

Any non-Federal entity may apply for a one-time extension of a current negotiated indirect cost rate for a period of up to 4 years.

Predetermined and final rates only

Materials and Supplies Costs, Including Costs of Computing Devices

§200.453

(c)In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.

Determine definition of “but not solely dedicated”

- De minimis threshold for other use where you can charge 100% of the cost?
- Maximum number of funding sources for one device?

Materials and Supplies Costs, Including Costs of Computing Devices Con't

➤ Examples of "essential"

- **Necessary** to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.
- The project does not have reasonable access to other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference.
- PIs and departments should maintain documentation that describes how the proposed computing device meets the above requirements

Publication Costs

§200.461

The non-Federal entity may charge the Federal award **before closeout** for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

Recruiting Costs (d) Visa Costs

§200.463

Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost.

Since short-term visas are issued for a **specific period and purpose**, they can be clearly identified as directly connected to work performed on a Federal award. For these costs to be directly charged to a Federal award, they must:

- (1) Be critical and necessary for the conduct of the project;
- (2) Be allowable under the applicable cost principles;
- (3) Be consistent with the non-Federal entity's cost accounting practices and non-Federal entity policy; **and**
- (4) Meet the definition of "direct cost" as described in the applicable cost principles.

Temporary Dependent Care

§200.474

(c)(1) Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

(i) The costs are a direct result of the individual's travel for the Federal award;

(ii) **The costs are consistent with the non-Federal entity's documented travel policy for all entity travel;** and

(iii) Are only temporary during the travel period.

Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also § 200.432 Conferences.

Documentation of Personnel Expenses

§200.621

C-10 (9) requires after-the-fact certification of compensation for personal services (direct and cost shared)

The term “effort reporting” is not found in the UG.

Based on initial feedback, OMB proposes to establish a review process to determine how best to update and align hospital cost principles with this guidance. Until such time as revised guidance is proposed and implemented for hospitals, the existing principles located at 45 CFR 74 Appendix E, entitled “Principles for Determining Cost Applicable to Research and Development Under Grants and Contracts with Hospitals,” remain in effect.

Effort Reporting Alternatives – FDP Update

FDP Project Payroll Certification versus Effort Reporting

- 2 NSF OIG reports issued (George Mason and Michigan Tech)
 - No findings to indicate Payroll Certification is not a compliant means of documenting salary charges to federal awards
- HHS OIG reports
 - UC Irvine – no audit/opinion
 - UC Riverside – pending
- Expecting a Capstone Report

Project Payroll Certification is permitted and cognizant agency approval is not needed.

thefdp.org

Effort Reporting Alternatives – NCURA Initiative

In January of 2016, NCURA funded a research project to establish a **cohort of universities** to develop an effective **model policy** for **alternatives** to effort reporting in compliance with 2 C.F.R.§200.430(I). The purpose of this project is to establish a nationally recognized cohort of universities to develop efficient and effective model policies, procedures, and practices designed to reduce administrative burden for both faculty and the institution, minimize audit risk, and most importantly, facilitate research within an ethical and appropriate compliance framework.

Deliverables Include:

- A National Model Policy with flexibility and options that can be tailored by institution
- Risk Assessment to establish minimum compliance requirements
- Analysis of Audits and opinions for alternatives to effort reporting
- Best Practices Guide for “internal controls” and related procedures. ...

For additional information, please contact Lisa Mosley, lisa.mosley@asu.edu, Jeremy Forsberg, j.forsberg@uta.edu or David Ngo, david.ngo@utsouthwestern.edu.

Participant Support

§200.68

Definition of MTDC excludes Participant Support Costs

§200.75

Participant Support Costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of the participants or trainees (but not employees) in connection with conferences or training projects.



Good to Know

Federal Research Terms and Conditions

Do not yet exist for awards issued under UG

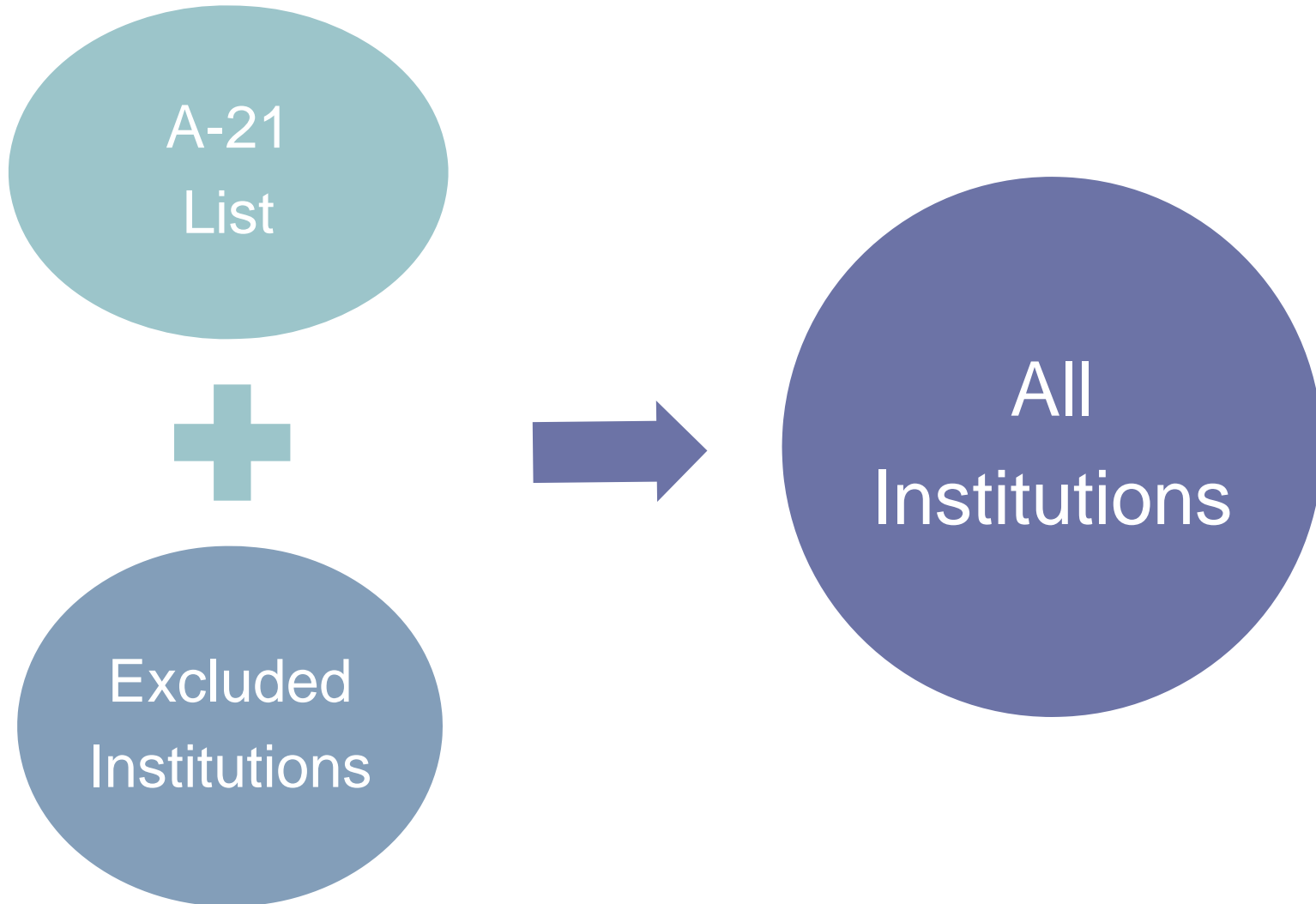
- For now, have to look at each Agency's T&Cs/rules for prior approval (e.g. admin and clerical, equipment, rebudgeting, etc.)
- New Research T&Cs will not be Federal-wide
- Status update
 - Published in the Federal Register October 14, 2015
 - **Request for Public Comment, ended 12/14/15**
 - Some dialog with FDP working group on RTCs
 - COGR and others had input too

Disclosure Statements (DS-2)

- CAS and Disclosure Statements (DS-2's) Required for IHE's Receiving \$50M or More In Federal Awards in a Fiscal Year
- Complex rules on timing of submission.
- New DS-2 form:
 - CASB is responsible;
 - Will require public comment and COFAR policy update.
- Approach Until then:
 - Update the old DS-2 form and describe changes in the Continuation Sheet;
 - Describe the changed accounting practices in a cover letter or a separate document in the F&A cost proposal identifying the changed sections of the DS-2

After the new DS-2 has been published, any IHE that has completed such filings shall complete and file a revised DS-2 within 90- days.

Utility Cost Adjustment (UCA)



Utility Cost Adjustment (UCA) Con't

- Calculating the UCA is straightforward; fundamentally it really is not difficult.
- The intent is not to maximize the UCA but maximize the identified cost to research and meters still play an instrumental role.
- There are intricacies around properly calculating the UCA (which go beyond the level of today's discussion)
 - Calculation needs to be done on a room by room basis, not at a building or campus level.
 - How utility costs are allocated to 'pools of buildings' is not straight forward and how institutions/competitors calculate the UCA may not be defensible.



Questions

Contact Information



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