

Uniform Guidance at the Institutional Level

A Diagnostic Analysis

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MAXIMUS®

MAXIMUS Higher Education Practice

- Practice was established in 1985
- Headquartered in Northbrook, IL
- Backed by a \$1.3 billion multinational corporation
- Serve over 150 colleges, universities, and university hospitals in 49 states plus universities in Puerto Rico and the US Virgin Islands
 - 90 top 100 research institutions
 - Less than \$1M to \$1B in research

MAXIMUS Higher Education Practice

HBCU's recently served:

- Howard University – Indirect Cost Rate Increase
- Clark Atlanta University – Indirect Cost Rate Increase
- Norfolk State University – Indirect Cost Rate; Direct and Indirect Cost Policies
- Florida A&M – Effort Reporting – Review of policies and Procedures and Business Process Review (BPR)
- Morgan State University – UG Training/Policy-Procedure
- Xavier University of Louisiana – F&A Assessments
- Savannah State — Indirect Cost Rate, Policy Assistance
- Fayetteville State – Proposal Writing Training
- South Carolina State University- F&A/Contract in Process

MAXIMUS Products and Services

F&A Consulting Services

- F&A Cost Rate Proposal Preparation (Long and Short Form)
- Space Surveys/Reviews
- Negotiations with DHHS-CAS & ONR/DCAA, as well as Prime/Subrecipient Negotiations
- Fringe Benefit Rate Proposals
- Assistance with Federal Disclosure Statement (DS-2) and Direct Costing Policy
- Reviews of Service Centers and/or Recharge Centers Rates and Policies

MAXIMUS Products and Services

- **Effort Reporting Consulting and Software, ERS**
- **Pre and Post Award and Compliance Consulting Services and Training includes:**
 - Uniform Guidance Diagnostic
 - Research Operational Reviews – Business Process Review and Improvement
 - Policy and Procedure Review and Writing
 - Federal Compliance/Risk Assessment
 - Transition Staffing
 - Audit Response Assistance

UG Diagnostic: Partnering with Institutions

Service provides institutions with an process for assessing risk and strategically planning for risk mitigation efforts.

- Preaward
- Postaward Standards and Internal Controls
- Postaward Procurement
- Postaward Property
- Postaward Record Retention
- Postaward Subrecipient Monitoring
- Cost Principles – Direct Costs
- Cost Principles – Indirect Costs
- Human Resources – Pre and Postaward Compliance

Process

Self Assessment and Disclosure

The analysis begins by compiling an organization's responses to a series of questions regarding its policies, procedures and processes. The assessment poses 176 questions regarding institutional proposal and award management compliance.

Consultant Compliance Review

Review, compliance requirement citation and process improvement recommendation.

Risk Assignment Determinations

Risk: 1 = Risk	4 = No Risk
2 = Moderate Risk	D = Discussion
3 = Low Risk	Required

Leadership Executive Summary of Compliance and Risk

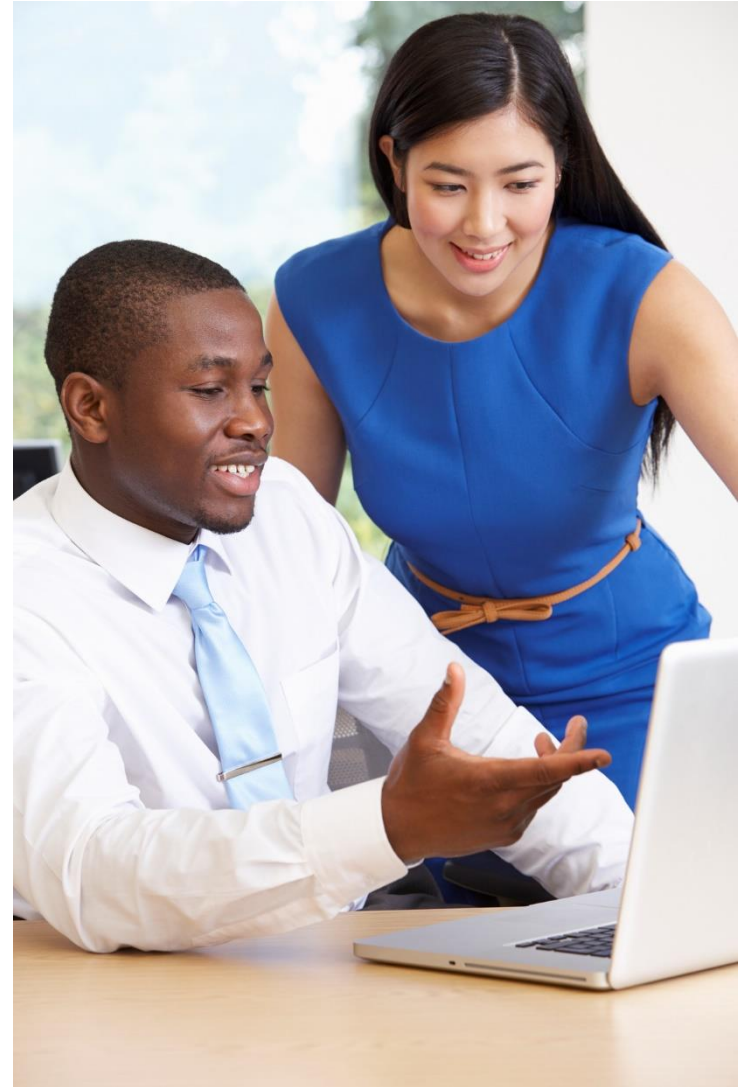
Overview of The Approach

Compiling the information requires coordination across departments which have proposal and award management implications. During the process, individual diagnostic tables are distributed to the process owners within the organization to ensure responses reflect current policies and processes.

The Diagnostic is divided into appropriate sections to support distribution, but as responsibilities vary across departments, some of the diagnostic questions repeat across organizational units.

The Sections

- Preaward
- Procurement
- Property
- Record Retention
- Subrecipient Monitoring
- Cost Principles – Direct Costs
- Cost Principles – Indirect Costs
- Human Resources
- Audit Requirements



Four Stage Process

- **Client Self Disclosure of Control Environment:** MAXIMUS provides the UG Diagnostic Assessment Questionnaire tables to the client point of contact. The client point of contact should secure senior leadership support in the distribution and completion expectation of the Diagnostic Assessment Questionnaire tables, along with the establishment of a completion deadline for return of the response to the client point of contact.
- **MAXIMUS Initial Review:** The client point of contact can return tables to MAXIMUS as they are received from the responsible policy/process owners. Once the tables are returned to MAXIMUS for review, organizational compliance risks are identified and change recommendations are made.
- **Client-MAXIMUS Concurrence on the Compliance Control Environment:** As MAXIMUS receives the individual tables and we complete our initial review the tables are returned to point of contact for redistributions to the policy/process owners for review the comments and recommendations. If MAXIMUS has misinterpreted any of client responses regarding internal controls, once we have clarification from the client we will revise the associated comments in our report.
- **Finalized Report and Recommendations:** Once all of the diagnostic tables are received with the finalized risk statements they are compiled into a completed report which is accompanied by a risk assessment executive summary which can be shared with senior leadership. The University can then define their processes for mitigating the identified risks.

Pre Award Diagnostic Excerpt

Pre Award	Response	Comments	Reference
Does the Entity have guidance on the allowability of costs associated with advisory councils?	No	Should be addressed in the list of unallowable costs in the Direct Cost Policy. The only allowable advisor council costs are those with sponsor prior approval.	§200.422
Does the Entity have written guidance on its compensation practices?	No	Compensation practices must be detailed in writing under the UG.	§200.430
Does the Entity have written guidance on projecting raises in proposal budgets?	Yes, see hyperlink.	Adequate, in fact very solid documentation on university-wide raise practices, but guidance should discuss projecting raises across the years required in a SPA proposal.	§200.430

Pre Award Diagnostic Responses

Pre Award	Response	Comments	Citation
Does the Entity have a guidance to support the budgeting of “To Be Hired” positions	Yes see hyperlink.	Adequate	§200.430
Does the Entity have a guidance on the allowability/unallowability of “Entertainment” costs?	Yes see hyperlink	This was a curious statement in the policy “since University state accounts do not specifically allow the purchase of business related entertainment, therefore discretion must be exercised when charging such expenses to sponsored restricted accounts. Also it should be noted that entertainment costs are allowable with prior approval.	§200.438

Costing Disclosure

Pre Award and Postaward	Yes/No	Response/Policy Excerpt
Does the Entity have written guidance on budgeting for the following costs?		
Cost sharing		
Valuation of third party cost sharing		
Subaward monitoring activities		
Fixed amount subawards		
Computing devices		
Advertising and public relation costs		
Advisory councils		
Compensation		
Raise projections		
Salaries for to be hired positions		
Fringe benefits		
Entertainment costs		
Equipment		
International transactions carried out in a foreign country		
Memberships		
Professional service, consulting costs		
Graduate assistantships		
Student activity costs		
Travel		

Post Award Standards Excerpt

Post Award - Standards	Yes/No	Response/Policy Excerpt	Reference
<p>Does the financial system identify the following for each federal award:</p> <ul style="list-style-type: none"> - Federal program, - Award number, - CFDA Title and number, - Award year, - Name of federal agency, and - Name of pass through entity, if applicable 			§200.302(b)1
<p>Does the financial system produce records that identify adequately the source and application of funds for federally-funded activities?</p>			§200.302(b)3
<p>Do the records contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and are the records supported by source documentation?</p>			§200.302(b)3

Property Standards Excerpt

Post Award – Property	Yes /No	Response/ Policy Excerpt
Does the Entity have an asset control system to ensure the tracking and appropriate use of property and other assets?		
<p>Does the asset system record identity the following:</p> <ul style="list-style-type: none"> – Description of the property – Serial Number or other ID – Source of funding (FAIN) – Who holds title – Acquisition date – Percentage of Federal participation – Location – Use – Condition – Disposition status – date of sale and price, if applicable 		
Does the Entity conduct a physical inventory at least once every two years?		
Does the Entity have a control system with safeguards to prevent loss, damage or theft of property?		
Does the Entity provide guidance on unused inventory at the end of an award?		

Procurement Standards Excerpt

Post Award – Procurement	Response	Comments	Reference
How does the Entity's procedures prevent the acquisition of unnecessary or duplicative items?		Adequate procedure. It is recommended that a comment be added to the direct costing guide indicating the acquisition of unnecessary or duplicative times would not meet the reasonableness expectation required for the allowability of costs.	§200.318(d)
Does the Entity address termination for cause and for convenience, including the manner by which it will be affected and the basis for settlement, in its contract provisions for contracts above \$10,000?		For federally funded contracts in excess of \$10,000 UGA needs to have a clause that provides for termination for convenience, 2 CFR 200 Appendix II indicates - All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.	§200.326 / Appendix II (b)

Procurement Standards Excerpt

Post Award – Procurement	Response	Comments	Reference
<p>What are the Entity's processes to ensure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible?</p>		<p>Adequate, it is assumed that the Business Development Coordinator understand the responsibilities outlined in the UG for encouraging the use underrepresented business, including the affirmative steps to be take to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. See §200.321</p>	<p>§200.321</p>
<p>How does the Entity ensure the contracts are only awarded to responsible contractors?</p>		<p>Adequate, but some of the presumption included in the guidance in 2 CFR 200.318(h) reflects an unstated expectation that we maintain internal records of past contractor performance which would be a consideration in the evaluation process.</p>	<p>§200.318(h)</p>

Human Resources Standards Excerpt

Human Resources	Response	Comments	Reference
<p>How does the Entity ensure that individuals who are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities are not being compensated on Federal awards?</p>	<p>See hyperlink</p>	<p>Entity should confirm that the background checks include verification for not debarred or suspended. If not, the University should mandate that be a background check criteria; at minimum if background checks do verify whether the individual is debarred or suspended then all new hires being paid with federal funds should be validated as eligible in SAM.gov</p>	<p>§200.205(d)</p>
<p>How does the Entity currently account for effort expended on federal awards?</p>	<p>See hyperlink</p>	<p>Providing salary is distributed based solely on institutional base salary there should be no risk and fringe benefits do not include tuition waivers for dependents there should be little to no risk and there is process for verification that the effort charged is consistent with the effort devoted to the project</p>	<p>§200.430</p>

Human Resources Standards Excerpt

Human Resources	Response	Comments	Reference
<p>For nonexempt employees, does the supporting documentation identify the sources by which the individuals are being compensated, if they are compensated across multiple sources and does source documentation indicate the total hours worked each day?</p>	<p>See hyperlink</p>	<p>Adequate, providing the hours worked are record on an after the fact basis and acknowledge as an accurate representation of the individual's time.</p>	<p>§200.430 (8)(3)</p>
<p>Does the Entity have a policy for accounting for terminal leave? If yes, how does the Entity handle the accounting for terminal leave (unused leave when an employee retires or terminates)? Is the expense accrued as the leave is earned and recorded as liability?</p>	<p>See hyperlink</p>	<p>While the UG no longer indicates that terminal leave either be accrued or treated as an indirect, organizational risk exists in the event an employee has vacation/PTO accrued prior to the time working on federally funded projects could results in a disproportionate share of leave been charged to a federal award.</p>	<p>§200.431(i)</p>

Audit Standards Excerpt

Audit	Response	Comments	Reference
Does the Entity issue management decisions related to audit findings identified for its subrecipients?	Yes, see hyperlink	Responsibility for coordination on finding is moderately addressed, but the guidance would be strong if it incorporate the expectation for 1) issuance of management decisions, 2) the time requirements for issuing the management decision, 3) the expectation for corrective action and the timeliness of corrective action as required by 2 CFR 200.521(c) when a subrecipient's Single Audit findings may have implications for subawards issued by the entity.	§200.521 (c)

Audit Standards Excerpt

Audit	Response	Comments	Reference
Does the Entity expend \$750,000 or more during the fiscal year in Federal awards?	Yes, see hyperlink	Ensure that a Single Audit/Subpart F Audit is performed.	§200.501 – Single Audit
Do management decisions issued by the Entity describe the expected auditee action and the appeal process?	Yes, see hyperlink	This related to subrecipient Single Audit findings and should have implications for subaward agreement language.	§200.521 (a)

Sample Leadership Summary

- The report reflects that the University has solid policies and procedures in place to support organizational compliance grant and agreement management expectations and more specifically compliance with the Uniform Guidance, 2 CFR 200. In conducting the assessment we found no instance of a response by the University which would result in a designation of “High Risk” based on the MAXIMUS Uniform Guidance Diagnostic Review and our team’s professional assessment.
- While none of the risks reached the threshold of “high risk” from the MAXIMUS point of view, a few of the areas are audit targets. It is also possible that some of the area identified as moderate risk, upon clarification will be determined to be adequate. The attached report provides recommendations for addressing each of the risk area noted.

Leadership Summary Report of Risks Identified

Moderate levels of organizational risk were identified with the University's ability to or processes for:

- Relating award performance to financial metrics.
- Cash Draws Policy, which needs to be updated to reflect the organization minimizes the time which elapses between draws.
- Valuing of third party cost share commitments may need improvement.
- Treatment of program income.
- Maintenance, disclosure, and reporting of the loss, damage, or theft of property.
- Micro-purchase threshold.
- Distinguishing subawardees and vendors could be improved.
- Determination of high risk subrecipient could be improved.
- Subrecipient monitoring appears to need expanding.
- Record retention.
- Effort reporting risk could be mitigated by periodic conduct of faculty interviews.
- Inclusion of Employee Moral costs in the F&A proposal.
- Direct charging of administrative staff to awards should require prior approval.
- Library study and other users.
- Participant support cost management could be improved.

Agency Specific Compliance Review

MAXIMUS also offers agency specific compliance reviews:

- **NIH**
- **NSF**
- **DOL**
- **ED**
- **Others**



NIH Compliance Analysis Excerpt

Item	Requirement, Objective, or Appropriation Mandate	Risk Status pending assumptions in comments are accurate	MAXIMUS Comments & Assumptions
7	Nondelinquency on Federal Debt 4.1.21	2	Entity is certifying that the organization is not delinquent on any federal debt when the agreement is signed. It should be confirmed that there is no delinquency in paying Unrelated Business Income Taxes (UBIT) if the hospital carries out activities that are outside its mission. The operation of a gift shop in the hospital would likely constitute UBIT income.
10	Metric System 4.1.18	3	Reports and publications must be in metric, no policy required.
11	Lobbying (Appropriation Mandate) 4.2.6	3	Awarded funds cannot be used for lobbying, no policy required.

NIH Compliance Analysis Excerpt

Item	Requirement, Objective, or Appropriation Mandate	Risk Status pending assumptions in comments are accurate	MAXIMUS Comments & Assumptions
12	Limited English Proficiency 4.1.2.5	3	Requires Entity to take steps to ensure that people with limited English proficiency can meaningfully access health and social services. A program of language assistance should provide for effective communication between the service provider and the person with limited English proficiency to facilitate participation in, and meaningful access to, services. I would think Entity complies with already as a recipient of Medicare/Medicaid funding.
14	Salary Limitation/Cap (Appropriation Mandate) 4.2.10	N/A	NIH appropriated funds may not be used to carry out any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug; as this is a Stent study this should not be applicable.

NIH Compliance Analysis Excerpt

Item	Requirement, Objective, or Appropriation Mandate	Risk Status pending assumptions in comments are accurate	MAXIMUS Comments & Assumptions
16	Select Agents (see Public Health Security & Bioterrorism Preparedness and Response Act) 4.1.24.1.1	N/A	I assume this not applicable to the study, but the possession of any biological agent, toxin, or delivery system of a type or in a quantity that is not reasonably justified by a prophylactic, protective, bona fide research, or other peaceful purpose constitutes a criminal act. The Act also establishes restrictions on access to specified materials. "Restricted persons," as defined by the Act, may not possess, ship, transport, or receive any biological agent or toxin that is listed as a select agent (see Public Health Security and Bioterrorism Preparedness and Response Act in this section).

Questions



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