

OMB Uniform Guidance at the Individual Institution Level

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Overview

- The Uniform Guidance Diagnostic.
- A 180+ UG compliance questionnaire, supported by expert review, recommendations, and risk assessment.
- In depth onsite support for grant management operations improvement

About The Money & MAXIMUS

Services

- Uniform Guidance Diagnostic
- Operational Review Intensive
- Policy and Procedure Review
- Effort Reporting & Certification
- Subaward Processes & Monitoring
- F&A, Fringe, & Service Center Rates
- Business Process Improvement
 - Service
 - Compliance
 - Efficiency
- Faculty & Staff Training

UG Diagnostic: Partnering with Institutions

An economic approach to assess and document institutional compliance and risk.

- 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
- Audit

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, Moderate Risk, Discussion 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.

Pre Award

- **Conflict of Interest (200.112)**
- **Fixed Amount (Price) Subawards (200.201 (b)2)**
- Cost Sharing- Voluntary Uncommitted (200.306)
- **Computing devices (200.453)**
- Approval Process

Pre Award - Recommendation

Conflict of Interest (200.112)

- At minimum a procedures and requirements document should be developed and adopted that addresses HHS and NSF conflict of interest requirements.
- Procurement conflict of interest policies
- Organizational conflict of interest (OCI).

Pre Award - Recommendation

Fixed Amount (Price) Subawards (200.201 (b)2)

- A written process for how fixed price subaward determinations are made, sponsor prior approval expectations, and subawardee management expectations would improve the control environment.

Pre Award- Recommendation

Computing devices (200.453)

- The University needs to adopt a direct costing / allowable cost policy that address computing devices. The policy should indicate computing devices are normally an indirect cost item, but may be allowable if an unlike circumstance is demonstrated.

Post Award- Standards

- FFATA- Subawards & Executive compensation (200.300(b))
- Financial Records- Grants Management system (200.302(b)1)
- Written procedures (200.302(b)3)
- **Receipt & Disbursement of Funds /Cash Draws (200.302(b)6)**
- **Allowability of Costs procedures (200.302(b)7)**
- **Internal Controls (200.303)**
- **Program income (200.307)**
- **Third party valuation (200.306)**

Post Award Standards- Recommendation

Receipt & Disbursement of Funds /Cash Draws (200.302(b)6)

- 2 CFR Part 200 requires that organizations have a written policy to minimize the elapsed between the receipt and disbursement of funds. The fact that the University does not draw in advance reduces the risk associated with the requirement.

Post Award Standards- Recommendation

Allowability of Costs procedures (200.302(b)7)

- The University has very good procedural guidance, but the procedural guidance is only minimally adequate for the determination of allowability of costs on federal awards. The University should provide guidance on cost allowability expectations and requirements, through a direct costing / allowable costs policy.

Post Award Standards - Recommendation

Internal Control (200.303)

- Does the Entity have a culture and processes in place for internal control over the sponsored project enterprise?
Specifically are
 - risk assessments performed,
 - what types of control activities are in place,
 - what information and communication effort support the organization's control environment , and
 - what monitoring activities are carried by the organization and units within the organization?

Post Award Standards - Recommendation

Program Income (200.307)

- The organization should implement a policy or process and requirements guidance on the reporting and treatment of program income.

Post Award Standards - Recommendation

Third party cost share valuation (200.306)

- It is recommended the existing cost share guidance be expanded to incorporate valuation of 3rd party contributions.

Post Award - Property

- Asset Control system- equipment (200.302(b)4)
- **Physical Inventory (200.313(d)2)**
- Loss, damage and theft (200.313(d)3)
- Federal award - asset tracking (200.436)

Post Award - Procurement

- **Written policy (200.318)**
- **Organization Conflict of Interest (200.318)**
- Record retentions - procurement (200.319)
- Competitive threshold (and competitive bid v. sole source) (200.320(d))
- Purchase Cards (Pcards) (200.67)
- **Termination for convenience language (200.326/Appendix II(B))**

Post Award Procurement - Recommendation

Written policy (200.318)

- Written procedures should include: Oversight, Standards of Conduct, Procedures to prevent duplication, Record maintenance, Full and open bids, Responsible contractors, Micro purchases, Technical requirements, Affirmative action and Cost price analysis.
- If the University procurement division is not maintaining documentation that includes quotes, sole source justification, basis for contract type selection and basis for contract price the organization has a potential procurement audit risk. If these records are maintained in purchasing the risk is negated, but in an audit the records regarding procurements in excess of \$3,000 may be required.

Post Award Procurement - Recommendation

Organization Conflict of Interest- Contracts (200.318)

- It is strongly recommended that an Organizational Conflict of Interest (OCI) policy be developed. Sources for guidance describing types of organizational conflicts:
 - [https://www.hq.nasa.gov/office/procurement/OCI Guide.pdf](https://www.hq.nasa.gov/office/procurement/OCI%20Guide.pdf)
 - The Federal Acquisition Regulation also provide OCI examples in §9.508

Post Award Procurement - Recommendation

- **Termination for convenience language and procurements in excess of the simplified threshold (200.326/Appendix II(B))**
- Procurement policy should ensure that purchases/contracts on federal awards in excess of \$10,000 provide for termination for convenience.
- Procurements in excess of \$150,000 are also required to incorporate Appendix II of 2CFR200. Procurement in excess of \$150,000 must also incorporate provision for termination and resolution processes.

Post Award- Reporting & Records Retention

- **Reporting** - Financial and Performance Reports in compliance with sponsor terms & conditions (200.327)
- **Records Retention** - Record Retention Policy (200.333)

Post Award- Subrecipient Monitoring

- Subrecipient v. Contractor (200.330)
- Pass through recipients (200.331(a))
- Compliance and high risk (200.331 (5)b)
- Training and reviews (200.331)
- Fixed price subawards (200.332)
- IDCR reimbursement to subawardees (200.332 (a)4)

Cost Principles- Direct & Indirect Costs

- **Allowable Cost, unallowable cost, and F&A policy (200.403 (200.420-475))**
- **Prior Approvals process (200.407)**
- Entity official signature and authority (200.415)
- Travel approval process and cost monitoring (200.474)

Cost Principles D/I Costs- Recommendation

Prior Approvals process (200.407)

- Organizations need to have procedures in place which communicate the processes for securing prior approval. Processes should also identify common prior approval requirements.

Costing Disclosure

Pre Award and Postaward	Yes/ No	Response/Policy Excerpt	Reference
Does the Entity have written guidance on budgeting for the following costs?			§200.453
Cost sharing			§200.306
Valuation of third party cost sharing			§200.306
Subaward monitoring activities			§200.331
Fixed amount subawards			§200.332
Computing devices			§200.314 and 453
Advertising and public relation costs			§200.421
Advisory councils			§200.422
Compensation			§200.430
Raise projections			§200.430
Salaries for to be hired positions			§200.430
Fringe benefits			§200.431
Entertainment costs			§200.438
Equipment			§200.439
International transactions carried out in a foreign country			§200.440
Memberships			§200.454
Professional service, consulting costs			§200.459
Graduate assistantships			§200.466
Student activity costs			§200.469
Travel			§200.474

Cost Principles - Indirect/F&A Costs

- Negotiated F&A rate and base year (200.414)
- Aggregate amount of federal awards (200.419)
- DS-2- status of filing and requirements (200.419)
- Utility Cost Adjustment (Appendix III(A)4c)
- Library- Other Users (Appendix III(A)8)
- **Employee Morale Costs (200.437)**
- **Cost Overruns (200.451)**

Cost Principles Indirect/F&A Costs - Recommendation

- **Employee Morale Costs (200.437)**
- If employee morale costs are not scrubbed, then the inclusion represents a risk.

Cost Principles Indirect/F&A Costs- Recommendation

Cost Overruns (200.451)

- As the University prepares for its next base year it may want to consider a process to improve recognition of the overages as part of the research base.

Cost Principles - Institutions of Higher Education

- Effort Reporting (200.430)
- Federal v. Non federal activities (200.430(a)1)
- Accounting for terminal leave (200.431(i))
- Direct charging of administrative costs (200.413(c))
- Participant support costs (200.68)

Cost Principles Institutes of Higher Education

Direct charging of administrative costs (200.413(c))

- Lack of a written processes represent risk; the direct charging of administrative costs should be incorporated into your allowable costing policy.

Cost Principles - Audit

- Federal Awards (>\$750,000) (200.501)
- **Contractor procurement transactions**
(200.501(g))
- Compliance pass through- subrecipients
(200.501(h))

Cost Principles Audit- Recommendation

Contractor procurement transactions (200.501(g))

- Organizations are “responsible for ensuring compliance for procurement transactions which are structured such that the contractor is responsible for program compliance or the contractor’s records must be reviewed to determine program compliance. Also, when these procurement transactions relate to a major program, the scope of the audit must include determining whether these transactions are in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.” It would appear CPC’s procurement policies cover **acceptance/acknowledgement of performance, but procurement should ensure the requirements in Appendix II of 2 CFR 200 are incorporated and CPC may need to conduct periodic compliance monitoring on “major program” procurements.**

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 Uniform Guidance Diagnostic Review and our team’s professional assessment.
- While none of the risks reached the threshold of “high risk”, 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

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.
- 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.
- Participant support cost management could be improved.

Questions & Next Steps

- Wrap Up
- Next Steps
- Institutional Use of Analysis

MAXIMUS and ATM-Grants Services

- **UG Diagnostic** – high level compliance analysis.
- **Federal Compliance Risk Assessment (FCRA)** – comprehensive review and risk matrix determination of organizational risks.
- **Policy and Procedures** – development and reviews for compliance and best practices.
- **Live and Online Training** – onsite training, webinars, workshops, and online grant management courses. Learning management solutions for continuing education.
- **Transition Staffing** – operational staffing support.
- **F&A, Fringe, and Service Center Rates** – rate development outsource and software, space studies and software, and rate negotiation services.

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