

# Uniform Guidance: The Challenges of Implementation

# Today's Panel

- **Michelle Christy**
  - ❖ Director, Office of Sponsored Programs, Massachusetts Institute of Technology
- **Mark Davis**
  - ❖ Vice President for Higher Education, Attain, LLC
- **Cindy Hope**
  - ❖ Assistant Vice President for Research, University of Alabama
- **David Kennedy**
  - ❖ Director of Costing Policies and Studies, Council on Governmental Relations
- **Jim Luther**
  - ❖ Associate Vice President, Research Cost Compliance, Duke University
- **Kim Moreland**
  - ❖ Assoc. Vice Chancellor for Research and Sponsored Programs, University of Wisconsin - Madison

# Noting our Achievements

- What have we been doing?
  - ❖ The work of universities in relation to the UG
  - ❖ Working with the national community of universities
  - ❖ Engaging our campuses
  - ❖ Useful tools and good practices
  - ❖ Reference sites



# Looking Ahead

- What are the challenges that remain? What information do we have?
  - ❖ Research Terms and Conditions
  - ❖ Closeouts
  - ❖ Subrecipient Monitoring
  - ❖ DS-2 and F&A
  - ❖ Compensation (effort reporting)
  - ❖ Procurement
  - ❖ Agency Deviations
  - ❖ Other Issues



*Jimmie Katherine's  
Coconut Cake  
– or is it?*



# Where's the recipe?



# Making my Grandmother's Cake

- Too many recipes and lack of uniformity
  - Real coconuts or coconut flakes?
  - A hammer or heat gun?
  - Band-aids or plastic wrap or both?
  - Cake flour or generic flour?
  - 8 egg whites or 10?
  - 2 layers or 3?
  - Cream cheese frosting or marshmallow?
  - Toasted coconut or not?
- What if I misunderstand the rules?
- What will happen in an audit at the County Fair?



# Uniform Guidance Logistics and Timeline

David Kennedy  
Council on Governmental Relations



# Dates, Timeline, Logistics

OMB Final Rule  
published 12/26/2013

OMB Final Rule  
updated in Federal  
Register (FR), with  
“technical corrections”,  
on 12/19/2014 and  
published in 2 CFR  
Part 200

Agency implementation  
of 12/19/2014 FR  
Notice considered  
“Interim Final Rule”,  
but effective  
immediately

Public Comments  
(including 2/13/15  
comments by COGR)  
to the 12/19/2014 FR  
Notice were submitted  
to OMB

# Dates, Timeline, Logistics

- Procurement, DS-2, and other areas are being considered this summer by OMB and COFAR
- Will we see one more round of “technical corrections”?  
FAQ updates?
- Research Terms and Conditions, applicable to NIH, NSF, and others; Federal Register later this summer?
- DOD Terms and Conditions; under final review at DOD prior to OMB and Federal Register

# Dates, Timeline, Logistics

- Single Audit (formerly, A-133) Compliance Supplement (CS) to be available in June; CS should cross-reference the November 2014 FAQs
- OMB expects to report on “metrics” and other indicators at the end of year-one (early 2016) to gauge the “success” of the UG implementation
- COGR and Research leaders expect regularly to engage with OMB and COFAR in 2015, 2016, and beyond; with a focus on UG impact on administrative and faculty burden, documenting agency deviations, proposing UG updates that will improve the UG, and other related initiatives

# What have we been doing?

Michelle Christy  
Massachusetts Institute of Technology  
Cindy Hope  
University of Alabama

# Key things to Know about UG

Replaces existing circulars:

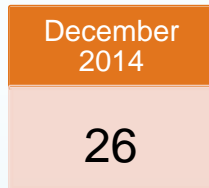


Applies to: “Non-federal Entities”

- Institutions of Higher Education (IHE)
- States
- Non-Profits
- Tribal Nations



Effective Date:



Guidance for Federal and Non-Federal Entities that applies to:



Federal contracts follow the FAR, plus UG for cost principles only



# How to Implement



- Differences in Institutions:
  - ❖ Centralized or Decentralized?
  - ❖ Public or Private?
  - ❖ Big or Not So Big?
  - ❖ Taking full advantage of policy flexibility or measured, risk averse approach?
- Very different approaches may be equally appropriate!



# A Sample Communication Strategy

## Cross functional team

- OSP, procurement, internal audit, financial ops, payroll, controller

## Coordinated communication across campus

- Pls, working groups to provide feedback on changes, other administrators

## High visibility to senior leadership

- provost, vpr, risk and audit committee



# Another Sample Centralized Communication Strategy

**Big  
News!**

We have it  
under control

You'll see a  
change here  
and there

**By the  
Way,**

One-on-one,  
just-in-time

Educate  
Faculty  
through  
revised forms





# What have we been doing?

## What does the UG actually *mean*?

Working group meeting regularly to read the federal policies including agency update, comparing them against our policies. Where do we have wiggle room?

What changes do we need to make? Relatively few material changes so far

Coordinated approach to implementation; “connecting the dots” for the community

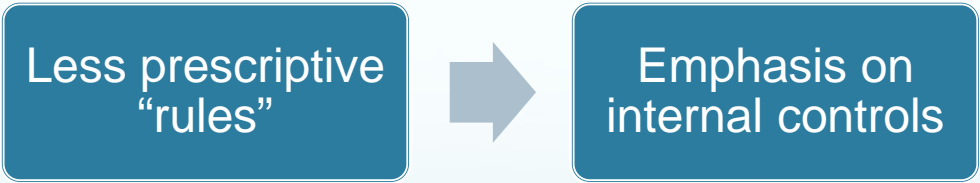
## AND streamlining policies and procedures to make things easier, for example:

Tracking and executing on Closeouts, report tracking, reviewing electronic records retention policies, reviewing internal controls. Where are our weak spots?



# Internal Controls

- What are we doing?
  - ❖ Our internal controls are already being evaluated for adequacy and effectiveness – A-133 audits
    - Ask about audit program changes during the entrance conference
    - First UG subpart F audit for fiscal year beginning after 12/26/14
    - Current audit is A-133 BUT, must comply with applicable rules
  - ❖ Focus on Internal Controls when revising policies and procedures



# Implementation Experiences and Ongoing Challenges

- Fear and concern are settling down but still much work to do; some uncertainty continues
- Uncertainty/Areas of Concern
  - ❖ Agency exceptions!!
  - ❖ External auditor interpretation of UG
  - ❖ Single auditor interpretation
  - ❖ Organizational adoption ability
  - ❖ Research Terms and Conditions?
  - ❖ Expectations for Internal Controls



In the meantime, we're moving forward!

# A 21 v UG, Wisconsin

## Key Comparisons: OMB Circulars and the Uniform Guidance

Key changes that impact proposing and management of federal awards include the following:

| Subject   | Previous Requirements  | Uniform Guidance Requirements   |
|---|--|---|
| <a href="#">Administrative and Clerical Salaries as Direct Costs on Awards</a>      | <ul style="list-style-type: none"> <li>▪ Permissible in limited circumstances for major projects (per A-21, F.6.b.(2) and Exhibit C)</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Must be integral to the project</li> <li>▪ Explicitly included in proposed budget or prior written approval from awarding agency required</li> <li>▪ Individuals specifically identified with the project</li> <li>▪ Costs not also recovered as F&amp;A</li> </ul>  |
| Allowable Activities (normally direct costs if directly related to a Federal award) | <ul style="list-style-type: none"> <li>▪ Delivering special lectures about specific aspects of the ongoing activity</li> <li>▪ Writing reports or articles</li> <li>▪ Participating in appropriate seminars</li> <li>▪ Consulting with colleagues and graduate students</li> <li>▪ Attending meetings and conferences</li> </ul> | <ul style="list-style-type: none"> <li>▪ Delivering special lectures about specific aspects of the ongoing activity</li> <li>▪ Writing reports or articles</li> <li>▪ Developing and maintaining protocols (human, animals, etc.)</li> <li>▪ Managing substances/chemicals</li> <li>▪ Managing and securing project-specific data</li> <li>▪ Coordinating research subjects</li> <li>▪ Participating in appropriate seminars</li> <li>▪ Consulting with colleagues and graduate students</li> <li>▪ Attending meetings and conferences</li> </ul> |



# Subrecipient v. Contractor, Alabama

Type of Organization: (i.e. nonprofit, for-profit, individual) \_\_\_\_\_

PI/Sponsor \_\_\_\_\_ / \_\_\_\_\_

**Check all that apply. This assessment should be considered in determining the type of agreement.**

## **SUBRECIPIENT**

\_\_\_\_ Will carry out a portion of the award (e.g. conduct research)

\_\_\_\_ Will be responsible for programmatic decision making

\_\_\_\_ Will have performance measured in relation to meeting objectives of the program

*NOTE: Subrecipients have responsibility for adherence to applicable program requirements*

## **CONTRACTOR (e.g. Professional Service Agreement)**

\_\_\_\_ Provides similar good/services to many different purchasers within normal business operations

\_\_\_\_ Provides goods/services that are ancillary to the project (supports the primary activity)

\_\_\_\_ Operates in a competitive environment

# Honeycomb of UG issues, MIT



# Other Resources

The University of Minnesota has prepared a comprehensive site with clear guidance and materials, including links to other sites –

See: <http://www.ospa.umn.edu/documents/UG.html#Other>

- Columbia University: <http://spa.columbia.edu/uniform-guidance>
- Emory University: <http://www.ogca.emory.edu/ugep/index.html>
- Harvard : <http://osp.fad.harvard.edu/content/new-omb-uniform-guidance>
- MIT: <http://osp.mit.edu/grant-and-contract-administration/sponsored-programs-basics/ombs-uniform-guidance>
- Michigan State University: <https://www.cga.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0AMgA5ADkA>
- University of Maryland College Park: <http://www.ora.umd.edu/resources/federal/uniform-guidance>
- University of Michigan: <http://orosp.umich.edu/policies/federal/omb-guidance/>
- University of Minnesota: <http://www.ospa.umn.edu/documents/UG.html>
- University of Pennsylvania: <http://www.upenn.edu/researchservices/OMB%20Announcement.html>
- University of Tennessee - Knoxville: <http://research.utk.edu/osp/ug/>
- University of Wisconsin: <https://www.rsp.wisc.edu/UG/>
- Virginia Commonwealth University – College of Humanities and Sciences: <http://wp.vcu.edu/bspfister/2014/05/20/updates-on-new-omb-uniform-guidance-ug/>

# Research Terms & Conditions

Kim Moreland  
University of Wisconsin – Madison



# Research Terms & Conditions

- RTC = Federal-wide Research Terms & Conditions
- Originally the FDP Terms & Conditions
- Provided consistency across major agencies in waiving certain requirements of A-21 and A-110
- RTCs disintegrated with the implementation of the UG

**POOF!**

# What's missing?



- Without the RTC, we rely on separate agency implementations of the UG
  - ❖ Many variations among agencies
- Institutions have created temporary plans to fill the gap
- Each institution is left trying to create its own matrix of agency prior approvals

**Federal Prior Approval and Other Requirements Matrix\* -- Updated April 14, 2015**

- 1) For use on UW-Madison awards subject to the Uniform Guidance until new Research Terms and Conditions are available.
- 2) If agency is not listed, the award should be managed in accordance with the terms and conditions of the award and the Uniform Guidance.
- 3) A post-award prior approval request should be routed through the Dean's or Director's office to the RSP accountant, who will submit it to the Federal agency.
- 4) All information is subject to change as agency implementations and policies are released.

\* Any of the waivers noted on this chart may be over-ridden by a special term or condition of the award.

|  | Uniform Guidance Citation(s)           | Uniform Guidance determination | EPA                        | NH   | NSF  | ONR | Comments   |
|--|--|--------------------------------|----------------------------|------|------|-----|--|
| <b>General Requirements</b>  |  |                                |                            |      |      |     |  |
| Change in Scope  | 200.308(c)(1) & 200.308(g)(1)          | R                              | R                          | R    | R    | R   |  |
| Disengagement or Change of PI  | 200.308(c)(2) & 200.201(b)(5)          | R                              | R                          | R    | R    | R   | Disengagement of more than 3 months or 25% or greater reduction in level of committed effort |
| Change in key persons specified in the award   | 200.308(c)(2)                          | R                              | R                          | R    | R    | R   |  |
| Change in key persons specified in the application   | 200.308(c)(2)                          | R                              | R                          | W    | R    | R   |  |
| Need for Additional Funding  | 200.308(c)(8) & 200.308(g)(2)          | R                              | R                          | R    | R    | R   |  |
| New subawards not already approved in awarded budget   | 200.308(c)(6)                          | R                              |                            |      |      |     | Required per State of WI regulations   |
| Transferring of scope of work  | 200.308(c)(6)                          | R                              | R                          | R    | R    | R   |  |
| Issuing fixed amount subawards up to Simplified Acquisition Threshold  | 200.308(c)(6) & 200.332                | R                              | R                          | R    | R    | R   |  |
| Pre-award costs (90 days)  | 200.308(d)(1), 200.308(d)(4), & 200.45 |                                |                            | W    | W    | W   |  |
| Pre-award costs (more than 90 days)  | 200.308(d)(1)                          | R                              | R                          | R    | R    | R   |  |
| Initial no-cost extension of up to 12 months (per competitive segment)   | 200.308(d)(2) & 200.308(d)(3)          | W                              | W                          | W    | W    | R   |  |
| Subsequent no-cost extension or extension of more than 12 months   | 200.308(d)(2) & 200.77                 | R                              | R                          | R    | R    | R   |  |
| Carry-forward of unexpended balances to subsequent periods of performance  | 200.308(d)(3) & 200.308(d)(4)          | W                              | W                          | W    | W    | W   |  |
| <b>Cost-related Requirements</b>   |  |                                |                            |      |      |     |  |
| Rebudgeting among budget categories  | 200.308(e)                             | May be required                | UG                         | W    | W    | UG  | Follow agency terms & conditions   |
| Rebudgeting between direct and F&A costs   | 200.308(e)                             | May be required                | UG                         | W    | W    | UG  | Follow agency terms & conditions   |
| Rebudgeting of funds allotted for training allowances (direct payment to trainees) and participant support costs to other categories of expense. | 200.308(c)(5) & 200.466                | R                              | R                          | R    | R    | R   |  |
| Special Purpose Equipment not in approved budget   | 200.439(b)(2)                          | R                              | UG                         | W    | UG   | UG  |  |
| Direct charging of salaries of administrative or clerical staff  | 200.413(c)                             | R                              | UG                         | W*** | R    | UG  |  |
| Rearrangement and reclassification (Alteration & renovation) costs   | 200.462                                | R                              | UG                         | W*** | W*** | UG  |  |
| Foreign Travel   |  | Silent                         | R                          | W    | W    | R   |  |
| Faculty internal consulting compensation that exceeds base salary  | 200.430(h)                             | R**                            | R                          | W*** | R    | R   |  |
| Restrictions on costs not explicitly allowable under Cost Principles   | 200.407                                |                                | If unclear, contact agency |      |      |     |  |

R - Prior approval required. "Prior approval" means prior written approval from the sponsor. Prior approval can take the form of the sponsor's acceptance of the proposal and/or proposal budget and subsequent incorporation into the award, or written approval of a separate request submitted by the recipient.

W - Prior approval requirement waived.

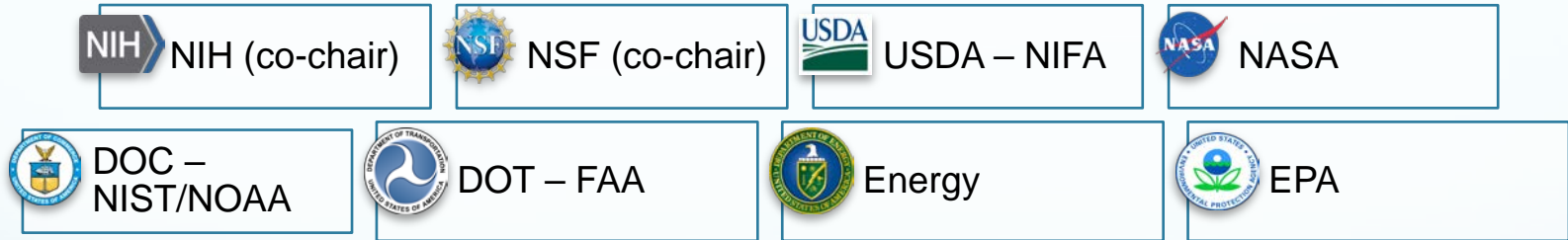
UG - In the absence of specific guidance from the agency, the Uniform Guidance applies.

\*\* Also see guidance in UW-Madison Effort Reporting Guidelines on institutional base salary (<https://www.rsp.wisc.edu/effort/ectraining/GuidelinesForEffortReporting.pdf>), policy on overloads (<http://www.ohr.wisc.edu/pol/proced/UPPP/1101.htm>), and guidance on outside consulting (<https://kb.wisc.edu/gsdminkb/page.php?id=34636>).

\*\*\*Indicates that certain conditions must be met in order for the prior approval to be waived.

# What's the status?

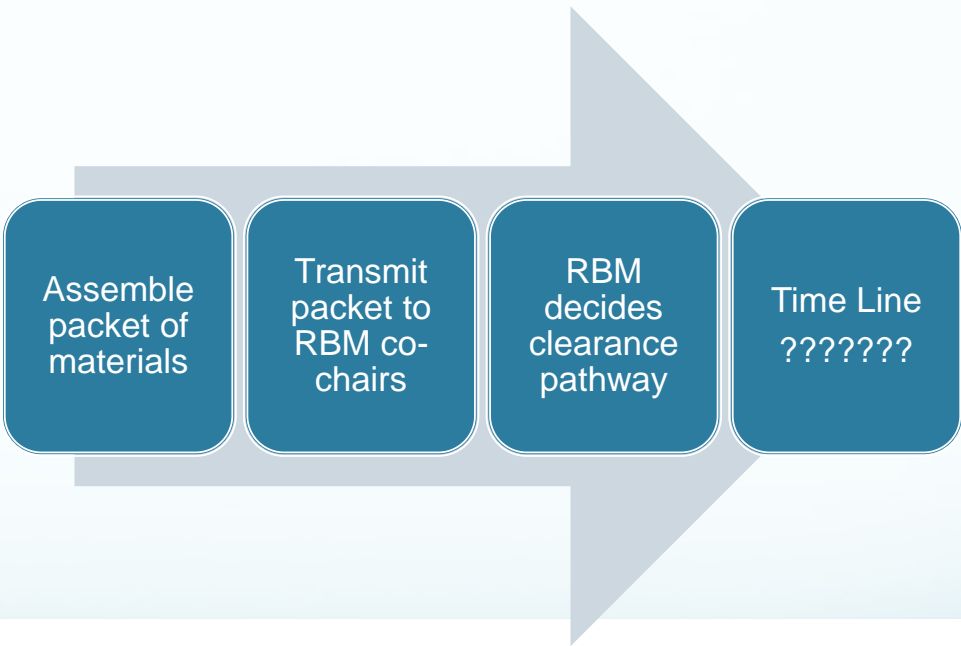
- NSF and NIH leading the efforts – Jean Feldman and Michelle Bulls
- Eight participating Agencies?



# Process for Approval of RTCs

## Packet for Research Business Models

- Transmittal memo
- Draft Fed Register Notice
- Proposed overlay of RTC



# RTCs: What We Might See – or Not

- Financial, performance, other reports due 120 days after the end date
- Generally, no prior approval required for:
  - ❖ Using unrecovered F&A as cost sharing
  - ❖ Pre-award costs of 90 days
  - ❖ One-time extension of 12 months
  - ❖ Fixed price subs up to simplified acquisition threshold (\$150,000)
  - ❖ Purchase of general purpose equipment
  - ❖ Purchase of special purpose equipment >\$5,000



# Closeouts and Reporting

Jim Luther  
Duke University

# The UG and Project Closeout and Reporting

- Review of the UG language
- Recent Developments
- Issues and Concerns
- Where To Now?





# Closeout, Final Reporting, Cash Draw Process & SubAcct Integration

## Sub Accounts

### Transparency

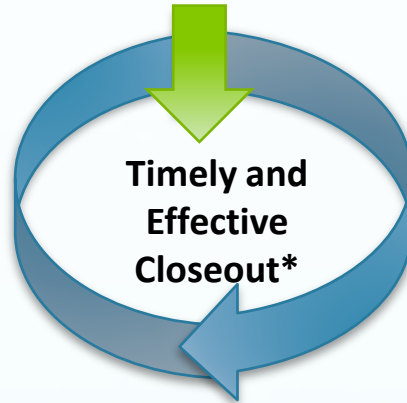
Clear visibility into payments by project

## Agency & Payment Management Groups

are enforcing limitations on drawdowns / liquidation

## The Catalyst

### GAO Report



## Regulatory Guidance

- UG:
  - Reports Due at 90 Days
  - Agencies to proceed to Unilateral Close if needed
  - Includes financial & programmatic reports
- Sponsors/Agencies:
  - Timeline varies

### \* Timely and Effective Closeout & Report Submission:

- *Safeguard sponsor and institutional funds*
- *Accurate & compliant close-out that does not require revisions*

# Uniform Guidance Reporting Requirements

- Uniform Guidance (§200.343 Closeout)

- ❖ “(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... The Federal awarding agency or passthrough entity **may approve extensions** when requested by the non-Federal entity.”
- ❖ “(b) Unless the Federal awarding agency of 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...”



# Agency and Sponsor Implementation



## HHS §75.381 Closeout

- (g) ...complete all closeout actions... **no later than 180 calendar days** after ... final reports...



## NIH GPS - 8.6 Closeout

- Recipients must submit a final FFR, final progress report, and Final Invention Statement and Certification **within 120 calendar days**
- Retro back to all projects ending on/after 10/1/14 (per FAQs) / Unilateral Closeout by Day 270



## NSF PAPPG (open for comments until July 20<sup>th</sup>)

- *...annual project reports should be submitted... no later than 90 days...*
- *...liquidate all obligations incurred under their awards not later than 120 calendar days...*



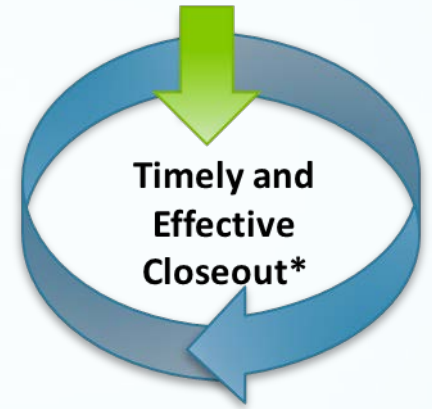
## DoD

- Anticipate 120 days for financial reports and 90 days for programmatic
- **Other - TBD**



# SubAccount Reporting

- NSF Transitioned to “Grant by Grant” in 2011/12
- NIH Transition starts 10/1/15
  - ❖ Previous Communications (multiple NIH Notices)
  - ❖ Recent NIH Communication (*15-105 released May 28, 2015*)
    - Reiterate timeline and **no more delays and no exceptions**
    - **“Grantees with inadequate systems in place** to appropriately manage this transition by October 1, 2015, **may be unable to appropriately access PMS accounts and risk losing their ability to draw down funding...**”





# NIH SubAccount Transition

- **Transition**

- Potential for significant workload increase for departments and central offices
- Transitional FFR & Carry-forward management – details TBD

- **Future – Steady State**

- IT and Business Process investment may be required for future steady state
- New business process in central offices and IT resources may be needed to support code-by-code draw
- Central Office may need to increase frequency of draw (potentially to daily to support 90 Day Issue)





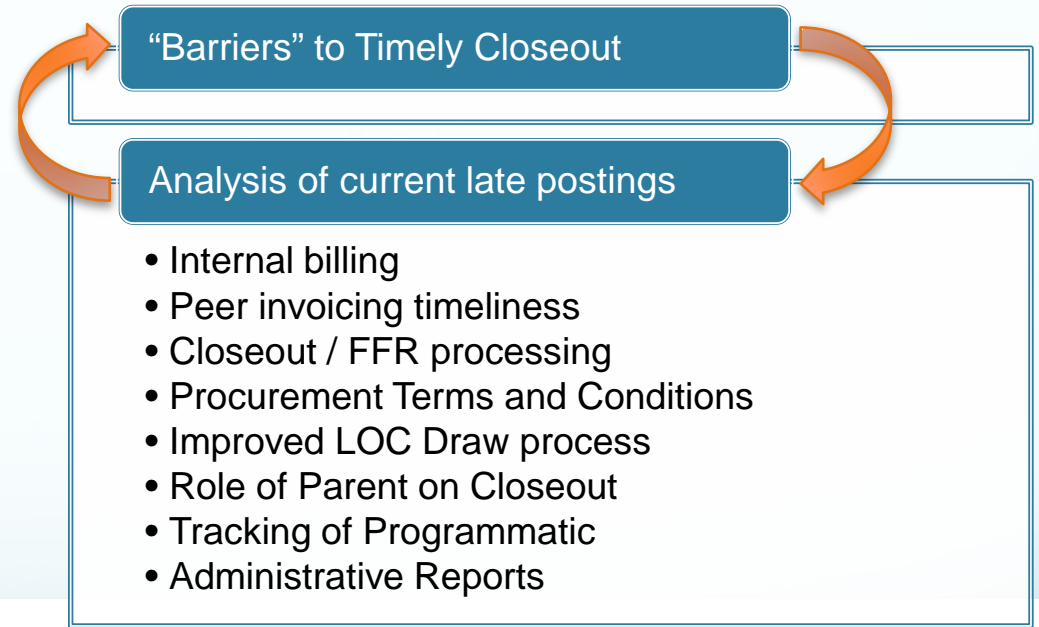
# Where To Now?

## Potential Institutional Challenges to 90/120 Day Deadline

### ■ General Considerations:

- ❖ Lead time for changes (business process & IT), breadth and depth of stakeholder impact, Risk, Faculty & Departmental disruption

### ■ Operational Areas to Consider:



# Checklist – Issues and Concerns

- Implementation and Operationalization
  - Flexibility to manage 90 & 120 days simultaneously
- SubAccount Transition Readiness and Future State
  - Address Volume of increase workload during transition
  - Able to do code-by-code draw on a more frequent basis
- Evaluated “Barriers” to Timely & Effective Closeout
- Evaluated Pattern of Late Postings
- Consider management of Programmatic Reporting Risk
- Review your DS-2 and consider whether changes will be required
- Pay attention to additional communication – still more to come

**Departmental &  
Central Office  
Readiness**



# Subrecipient Monitoring

Cindy Hope  
University of Alabama





# Subrecipient Monitoring

- Subrecipient versus Contractor (previously Vendor)
  - Federal agencies may supply and require specific support for determinations



- New restrictions on fixed amount subawards
  - Only up to Simplified Acquisition Threshold (\$150,000), prior written agency approval required – Agency exceptions?



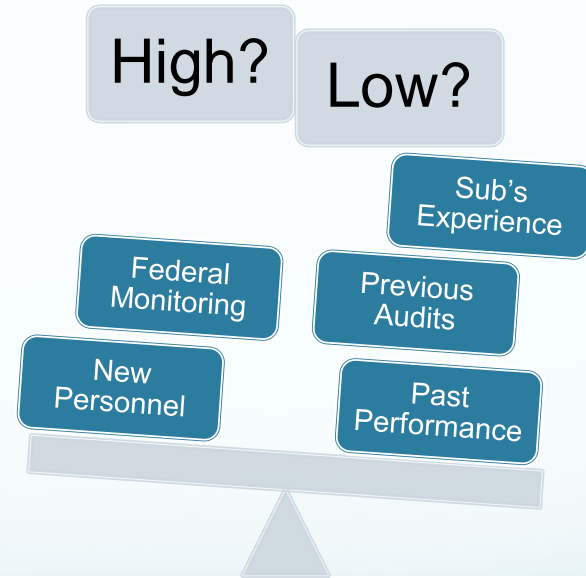
# Subrecipient Monitoring

- Must Include: Federal Identification, Data Elements, Requirements (including technical reports) – see FDP templates *thefdp.org*
- Must use subawardee’s negotiated F&A rate or, absent a negotiated rate:
  - Negotiated a rate or
  - Provide 10% “de minimis” rate



# Subrecipient Monitoring

- Risk Assessment –
  - must...for purpose of determining appropriate sub monitoring
  - Based on risk may:
    - Training & technical assistance, on-site reviews, agreed-upon procedures audits





# Subrecipient Monitoring

- Pass-through entity monitoring must include:
  - Review financial and programmatic reports
  - Related to the Federal award provided from the pass-through:
    - Ensure appropriate action is taken when deficiencies are detected
    - Issue management decisions when the subrecipient has audit findings
  - Verify compliance with Subpart F, Audit, and adjust own records if necessary





# Subrecipient Monitoring

- 200.305(b)(3) Payments to subrecipients within 30 calendar days of receipt of billing, unless the request is improper



# Subrecipient Monitoring

## Things You Can Do:

- Implement subrecipient versus contractor checklist
- Update subrecipient award checklist
- Formalize risk assessment documentation

Look to ***theFDP.org*** for:  
*Forms, Templates, Models*



# Subrecipient Monitoring

Things You Can Do:

- Update language in PI approval of sub invoices
- Update sub monitoring Policies & Procedures and Roles & Responsibilities

*Look to **your colleagues** for:  
Forms, Policies, Procedures,  
Roles & Responsibilities*





# Subrecipient Monitoring

## What Can We Expect?

- Still lacking coordination of audit oversight, including management decisions
  - Maybe a Safe Harbor?
    - For peer-institutions with a current Single Audit report and not currently debarred or suspended
  - Better Federal Level Coordination?

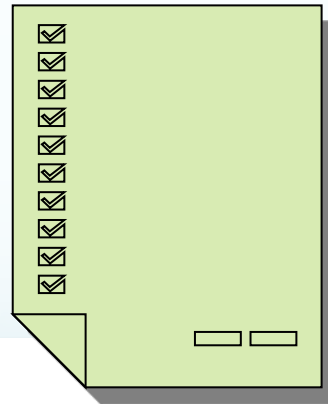




# Subrecipient Monitoring

## What Can We Expect?

- Expanded Clearinghouse
  - Carry on success of FDP FCOI Clearinghouse
  - Provide one location for most commonly required entity information
  - Eliminate unnecessary forms
  - Facilitate risk assessment



# Disclosure Statement (DS-2)

Mark Davis  
Attain, LLC

# Cost Accounting Standards and the 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 DS-2 Revisions and Submissions:

## Situation #1

- **IF** a revision is required **only to Implement UG**
- **AND** the institution does **NOT** meet the CASB CAS-Covered Contact Threshold, **then:**
  - Revise DS-2 ASAP and Keep on File
    - Submit with next F&A proposal, unless earlier submission is requested by the cognizant agency

## Situation #2

- **IF** the IHE meets the CAS-Covered contract threshold, **then:**
  - Revise and Submit DS-2 ASAP, no later than the award of the next CAS-covered contract

# Timing of DS-2 Revisions and Submissions

## Situation #3

- **IF** the DS-2 is being revised for cost accounting changes implemented before 12/26/14, **then:**
  - Revise and Submit DS-2 ASAP

## Situation #4

- **IF** IHE's are making voluntary changes in cost accounting practices other than those required in the Uniform Guidance - or - submitting F&A cost proposals, **then:**
  - Revise and submit the DS-2 six months before the effective date of the proposed changes.

# Timeline

- New DS-2 form:
  - CASB (Cost Accounting Standards Board) is responsible
  - Probably will be released in Summer 2015
  - Will require public comment and COFAR policy update.
- Approach until then:
  - Update the old DS-2 form and describe changes in the Continuation Sheet;
  - Identify the changed sections of the DS-2
  - Describe the changed accounting practices in a cover letter or a separate document in the F&A cost proposal
- *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.

# Compensation

Jim Luther  
Duke University

# The UG and Compensation – Personal Services

- Review of the UG language
- Recent Developments
- Issues and Concerns
- Where To Now?





# Uniform Guidance Themes

- UG offers greater flexibility in account for salaries and wages charged to Federal awards
- UG emphasizes strong Internal Controls with or without an effort reporting system
- UG stresses written institutional policies and procedures







# General, 200.430 (a)

- Documentation is critical. Compensation policies must be maintained in a written format.
  - ❖ Be available and easily accessible
  - ❖ Be up to date and consistent with current systems and practices
  - ❖ Document internal controls and roles and responsibilities
  - ❖ Address specific compensation issues
  - ❖ **Be supported by monitoring** to confirm compliance

# 200.430 Higher Education and Documentation Standards

- Section (h) is specific to Higher Ed - Identifies special conditions for
  - ❖ Allowable Activities, Incidental Activities, Extra Service Pay, periods outside the academic year, etc.
  
- Section (i) is “Standards for Documentation of Personnel Expenses”
  - ❖ Charges must reflect actual work performed and records must
    - Be supported by internal controls & incorporated into official records
    - Reasonably reflect total activity & encompass Federal and other activities on an integrated basis (can use subsidiary records)
    - Budget estimates are allowable if system produces reasonable approximation, significant changes are incorporated in timely manner, the entity’s internal controls support after-the-fact review




Note: For non-Federal entities that do not meet these standards, the Federal government may require personnel activity reports

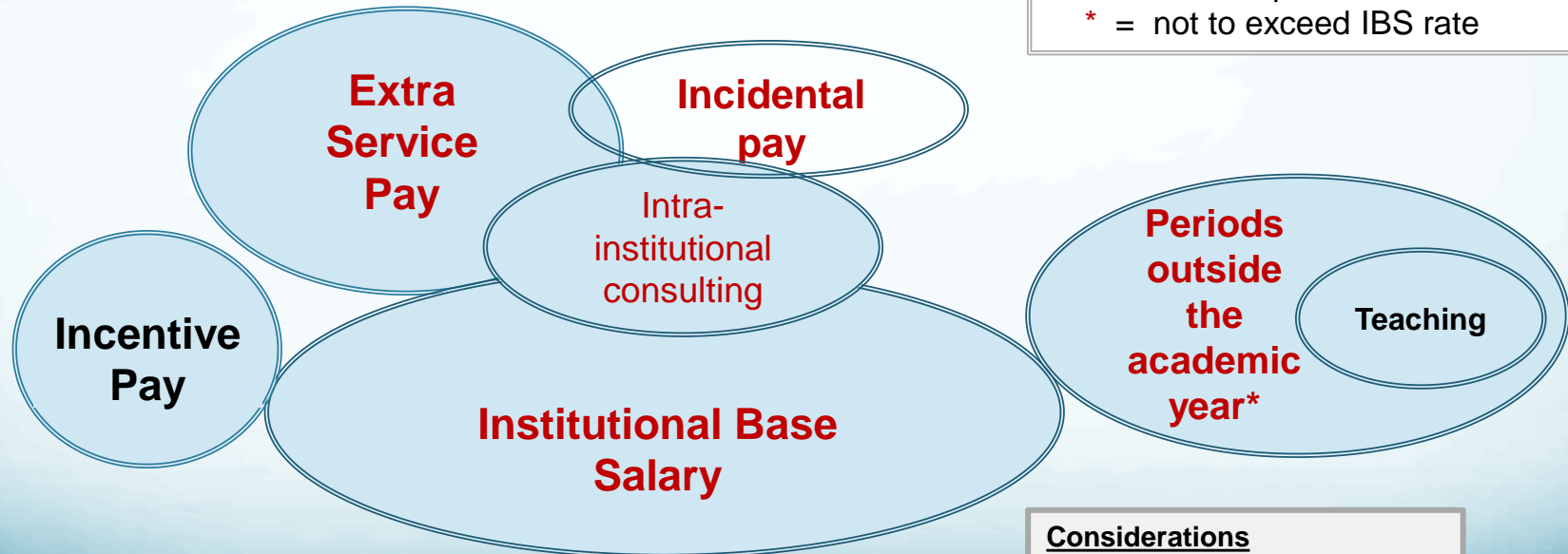
# Institutional Base Salary

- Only for IHEs and specifically defined in the UG: 200.430(h)(2)
- Must be defined in writing by the institution
  - ❖ Components of faculty salaries should be clearly established in appointment letters
- Define the treatment of clinical practice plan compensation in relation to IBS
- Generally, IBS will exclude salary paid by a separate organization – VA appointments, consulting, incidental activities, incentive pay



### Key

-  must be included in Comp. Doc.
- Red = must be paid at IBS rate
- \* = not to exceed IBS rate



### Considerations

- 9 v. 12 months appts
- Relationship to clinical plan
- Documentation standards
- Institutional Culture
- Direct charge allowability
- Consistency



# General

- Costs must “satisfy the specific requirements”
  - ❖ They are reasonable, conform to written policy, and are applied consistently;
  - ❖ They follow an appointment made in accordance with Federal statute and/or written policies; and
  - ❖ They are supported by the Standards for Documentation provided for IHE’s.

| ICE Effort Matrix  | Trigger Events   |                             |                   |                     |               |                                       |                   |                               |                             |                 | General Oversight / PI Meeting |
|--|------------------|-----------------------------|-------------------|---------------------|---------------|---------------------------------------|-------------------|-------------------------------|-----------------------------|-----------------|--------------------------------|
|  | Quarterly Notif. | Annual Effort Certification | Annual TPE Review | Proposal Submission | Award Receipt | NIH Other support / NSF Cur & Pending | Payroll Event (a) | End of Project - Closeout (c) | RCC / SOM Metric Report (b) | Semester Change | Monthly / Qtrly / Annual       |
| Cost reallocations/transfer (timeliness & documentation)       |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Cost Sharing (salary caps & committed cost-sharing)            |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Cross company funding  |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Cross department funding                                       |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Effort changes requiring sponsor approval (e.g. 25% reduction) |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Effort Supporting Duke Hospital (ESDUHS)                       |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Note: Generally School of                                      |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| K-award compliance   |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Note: Generally School of Medicine only                        |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| Meeting awarded effort commitments                             |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| NIH salary cap compliance                                      |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| NIH other support (management of proposed & awarded effort)    |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |
| NSF current and pending support                                |                  |                             |                   |                     |               |                                       |                   |                               |                             |                 |                                |

Duke Version of Effort/Comp Matrix  
"ICE" = Internal Control Environment



# Checklist

- Evaluate adequacy of documentation?
  - Clear Definition of IBS – what’s in and what’s out?
- Evaluate your current process/system from an internal control perspective
- Review your DS-2 and consider whether changes will be required
- Evaluate opportunities to materially change or tweak existing system to reduce burden/survey faculty and admin staff for irritants and low-hanging fruit. Consider:
  - Decrease frequency of certification
  - Review population of who is required to certify
  - Review who has delegated authority to certify for others
  - How can you leverage existing management reports, budget reports, to support/replace/augment aspects of your effort system?



# Procurement

David Kennedy  
Council on Governmental Relations



# Procurement

- Nonprofit organizations and IHEs – one-year grace period (i.e. FY2017) for implementation of 2 CFR 200.317-326
- Institution must specify in documented policies and procedures. Use A-110 or 2 CFR 200.317-326 for FY2016
- Ongoing advocacy by Research leaders and Procurement Directors to address \$3,000 Micropurchase Threshold, per 200.320(a), among other issues

# Procurement

- Faculty perspective. Timeliness of acquiring research supplies and tools may suffer with \$3,000 threshold. Small Purchase tier (\$3,001 to \$150,000 ), per 200.320(b), requires quotes to justify procurement.
- Administration perspective. Adversely impacts institution-wide policies, including P-card. May result in costly redesign of electronic, management and training systems, which have been operating effectively and efficiently for years without any evidence of waste, fraud, or abuse.

# Procurement

- Raise the Micropurchase Threshold to at least \$10,000, with application process for > \$10k?
- FAQs, such as .320-2 (Sole Source for Research) and .320-4 (Strategic Sourcing and Shared Services) to be formalized into 2 CFR Part 200?
- Also to consider:
  - 1) Do State institutions have option to be covered under 200.317, Procurement by States?
  - 2) New burden with intersection of Conflict of Interest (200.112) with sections 200.318(c)(1) and (c)(2)?

# Procurement

- Also to consider (con't):
  - 3) Practicality of Geographic Preferences, per 200.319(b), e.g., State laws?
  - 4) Documentation requirements associated with “distribute micro-purchases equitably”, per 200.320(a), and “price or rate quotations must be obtained from an adequate number of qualified sources”, per 200.320(b)?
  - 5) Practicality of the negotiation of profit requirement under section 200.323(b)?

# F&A Issues

Mark Davis  
Attain, LLC

# F&A Rate Extensions

- 200.414(g) Allows a one-time extension of Federally negotiated F&A rates for up to four years:
  - Subject to the review and approval of the cognizant agency for indirect costs.
  - Multiple extensions may be requested if a rate negotiation has been completed between each extension
- Documentation Requirements:
  - ✓ Audited financial statements and an A-133 audit report
  - ✓ Summary of research base and space activity since the last rate proposal
  - ✓ Rate projections for the period covered by the extension request

# Utility Cost Adjustment (UCA)

- Utility Cost Adjustment: An allowance the government makes to recognize that space used for research consumes more utilities costs than other types of space.

## Circular A-21 Policy

- Flat 1.3% Allowance for only 65 IHEs

## UG Policy

- UCA is allowed for ALL IHEs but it must be justified by cost calculations:
  - Limited to 1.3%
  - Based on single-function metering and space weighting factor for research labs
  - Weighting factor is called Relative Energy Utilization Index (REUI)
  - UCA Weighting Factor/Index currently at 2.0

*To retain currency, OMB will adjust the REUI numbers from time to time (no more often than annually, nor less often than every 5 years), using reliable and publicly disclosed data.*

# Impact of the UG on F&A Rates

When will the New Guidance impact the calculation of F&A rates?

- For the 65 IHE's **receiving** the 1.3% UCA under Circular A-21:
  - ❖ Retain the 1.3% for FY 2014 and FY 2015 F&A rate proposals
  - ❖ Must propose the UCA using the UG methodology for FY 2016 base year and beyond
- For IHEs **not receiving** the 1.3% UCA under Circular A-21:
  - ❖ May propose the UCA for FY 2014 and 2015 Base Years, but it may not be accepted



# Looking Forward

- COGR is working with IHEs and cognizant agencies on the UCA Calculation:
  - ❖ Assess the calculation of the REUI
  - ❖ Utilize an engineering perspective
  - ❖ Emphasize the IHE perspective



# Agency Deviations

David Kennedy  
Council on Governmental Relations

# Agency Deviations

## Conflict of Interest - §200.112

The Federal awarding agency must establish [COI] policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity ...

- ❖ Good news: FAQ 112-1 – not “scientific” COI
- ❖ Bad news: Lack of clarity as agencies begin to roll-out new policies (EPA, Commerce, NEA)

# Agency Deviations: Document & Troubleshoot

## 1) Identify language in Funding Announcement:

*This FOA does not require cost sharing. While there is no cost sharing requirement included in this FOA, AHRQ welcomes applicant institutions, including any collaborating institutions, to devote resources to this effort. An indication of institutional support from the applicant and its collaborators indicates a greater potential of success and sustainability of the project ...*

# Agency Deviations: Document & Troubleshoot

## 2) Provide UG Citation(s):

### **§200.306 Cost sharing or matching.**

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

### **APPENDIX I TO PART 200—FULL TEXT OF NOTICE OF FUNDING OPPORTUNITY**

#### **E. APPLICATION REVIEW INFORMATION**

... If cost sharing will not be considered in the evaluation, the announcement should say so, so that there is no ambiguity for potential applicants. Vague statements that cost sharing is encouraged, without clarification as to what that means, are unhelpful to applicants ...

# Agency Deviations: Document & Troubleshoot

## 3) Statement to Agency:

Per 1) and 2) above, I have asked {name your association, e.g., COGR} to review this language in light of the newly implemented 2 CFR Part 200, effective on December 26, 2014. We are concerned that the vague request for cost sharing may inappropriately compel institutions to commit voluntary cost sharing in the budget proposal ...

# Agency Deviations: Document & Troubleshoot

## 4) Request to Agency:

At your convenience, please provide: a) the basis or justification for the language included in the FOA, and b) a Policy Official point of contact at the agency who is responsible for approving the language. We look forward to working with you and {name your association, e.g., COGR} to resolve any discrepancies with 2 CFR Part 200 ...



# Assorted Cupcakes

Michelle Christy

Massachusetts Institute of Technology





# Travel Costs

- Documenting travel expenses
  - Must have documentation that justifies that travel by the individual is **necessary to the federal award** – clarify who’s traveling and why that person’s travel is necessary. Travelers and/or administrators must document, and retain the documentation, as to why the trip was necessary and how it benefited the project.
- “Flexible” rates may be allowed
  - UG allows us to charge the least expensive unrestricted accommodations class flight offered by commercial airlines; A-21 says costs above the “lowest commercial discount airfare” are unallowable.

*Applicable Uniform Guidance section: [200.474](#)*



# Visas and Exchange Rates

- Visa Costs – Recruitment 200.463
  - Short-term, travel visa costs (as opposed to longer-term, immigration visas) ... are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award; must be “critical”, “allowable”, consistently charged to all sponsors, meet the definition of “direct cost”

*Applicable Uniform Guidance section: [200.463\(d\)](#)*

- Exchange Rates – allowable as budgeted
  - Prior approval needed if rate change increase costs of project or reduce scope of work.

*Applicable Uniform Guidance section: [200.440](#)*



# Dependent Care

- Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:
  - The costs are a direct result of the individual's travel for the Federal award;
  - The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and
  - 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.

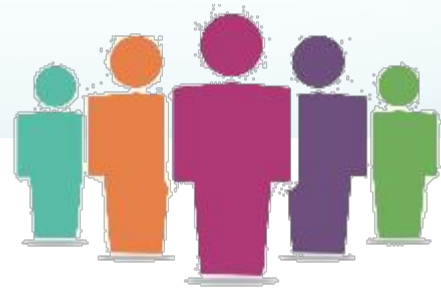
*Applicable Uniform Guidance section: [200.474\(c\)](#)*



# Administrative and Clerical Salaries

- May be direct charged when the services provided are “integral” to the award, specifically identified with the activity, explicitly included in the budget or have prior written approval of the Federal agency; eliminated “major project” reference from A-21
- Do you have a definition of “integral”? Remember: costs must be allowable, allocable and reasonable, and consistently treated at your institution.
- Note: You may still charge programmatic personnel, like project managers, who are not considered Admin and Clerical

Applicable Uniform Guidance section: [200.413](#)



# Computing Devices

- For items under \$5,000, it's easier now!
  - ❖ *Computing devices* means machines used 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..

*Applicable Uniform Guidance sections: [200.20](#), [200.94](#) (Supplies), and [200.58](#) (IT Systems)*

- Devices must be essential and allocable to a project, but not solely dedicated
  - ❖ A-21 said must be “specifically identified” with a project



# Wrap-Up and Questions



Is it time for cake?