

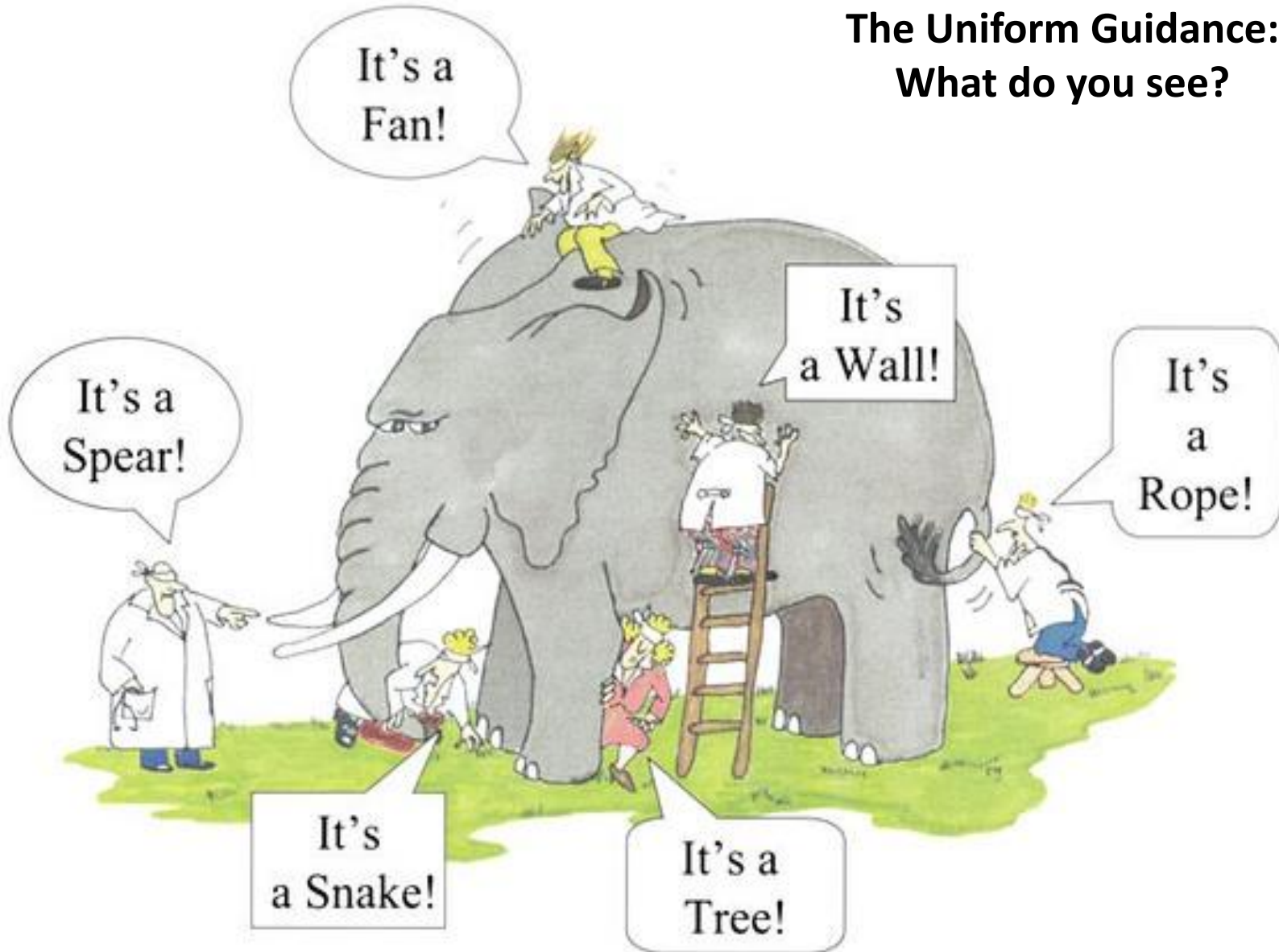
The Uniform Guidance: A Top Ten List

2 CFR PART 200—UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT
REQUIREMENTS FOR FEDERAL AWARDS

3G MEETING

SEPTEMBER 19, 2014

**The Uniform Guidance:
What do you see?**



What is the Uniform Guidance (UG!)?

- ❖ OMB's consolidation of circulars for costing, administration and audit of Federal awards
 - 2 CFR 200 replaces 8 circulars and applies to universities, state and local governments, nonprofits, native tribes
 - Issued on December 26, 2013
 - Effective largely on December 26, 2014
- ❖ Biggest change in Federal regulations in 50 years
- ❖ Some good news, some new administrative burdens
- ❖ Each Federal agency will implement a slightly different version of the UG
- ❖ UG is still being interpreted and clarified

#1 – Subawards 200.330-332

❖ Highlights

- More prescriptive requirements
 - Perform a risk assessment of the subrecipient
 - Add a lengthy list of elements to the subaward terms
 - Establish a monitoring plan for the subrecipient
 - Financial review
 - Programmatic review!
- Must use subrecipient's negotiated F&A rate or provide a 10% MTDC “de minimis” rate

❖ Possibility of delays in issuing subawards

#2 – Closeout 200.343

❖ No stated change for recipient, but...

- All reports due “no later than 90 calendar days after the end date of the period of performance”
 - *New emphasis on progress reports*
- New circumstances
 - Pressure on agencies (OMB 7/2012 Controller Alert)
 - Changes in NIH and NSF financial reporting – award by award
 - Enforcement through 90 days for cash draw
 - Frustration over progress reports
- Closeout is the focus of a new FDP/COGR (Federal Demonstration Partnership/Council on Governmental Relations) working group

#3 – Fringe Benefits 200.431

- ❖ *When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable as indirect costs in the year of payment.*
- ❖ OMB issued a clarification in the Aug. 29 FAQ's
 - Will soon issue a clarification of the clarification
- ❖ Some schools will migrate to a fringe benefit component for unused terminal leave
 - Long process that requires multiple Federal interactions.

#4 – Effort Reporting 200.431

- ❖ Did NOT eliminate effort reporting
 - Appears OMB was constrained by OIGs
- ❖ Requires adherence with internal controls
 - No specific guidance on acceptable standards for internal controls
- ❖ Any significant changes will require auditor input over time

#5 – Procurement 200.317-326

- ❖ Significant problems with procurement and property
- ❖ Requires use of specific procurement methods
 - Highly prescriptive
 - Derived from state government circular
- ❖ Micro-purchase – exempt from competitive bid if purchase is \$3,000 or less
- ❖ OMB has now provided a grace period before implementation
- ❖ Most schools report no changes in purchasing policy at this point

#6 – Prior Approvals

- ❖ New emphasis on agency prior approvals can slow down research activities
 - Not clear that Federal agencies have adequate staffing to respond quickly

- ❖ Examples where prior approval is required:
 - Unrecovered F&A as cost sharing
 - Fixed price subawards
 - Charging administrative salaries
 - Participant support costs on research awards
 - Unusual cost items

200.413 Direct Costs (c)

7 – Clerical & Admin Salaries

- ❖ “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 costs.”
- ❖ PIs may include these costs in proposal budgets now with a strong justification. Approval is NOT automatic.

200.430 Compensation

#8 – Allowable Activities - Salaries

- ❖ Allowable activities. These functions are normally direct cost items if they are directly related to a Federal award:
 - delivering special lectures about specific aspects of the activity; writing reports and articles
 - developing, maintaining protocols (humans, animals, etc.)
 - managing substances/chemicals
 - managing and securing project-specific data
 - coordinating research subjects
 - participating in appropriate seminars
 - consulting with colleagues and graduate students
 - attending meetings and conferences
- ❖ Guidance is under development

#9 – Computing Devices

- ❖ *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. (200.20)
 - A supply is an item with an acquisition cost less than \$5,000
- ❖ 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. (200.453)
- ❖ Guidance is in draft form for review. PIs can include these costs with a justification in proposal budgets now.

#10 – Implementation

❖ Applicability of the UG

- New awards issued after 12/26/14
- New award increments after 12/26/14
- Other awards depending upon agency decisions

❖ Guidance is being drafted

