OMB Uniform Guidance
Hot Topics & Implementation
June 12, 2014

- David Kennedy, COGR
- Sara Bible, Stanford University
- Dan Evon, Michigan State University
- Kim Moreland, University of Wisconsin
- Pamela Webb, University of Minnesota
THIS SESSION: Representatives from the Costing and RCA Committees will continue the panel discussion from the February meeting and provide updated insights and perspectives on the OMB Uniform Guidance.

Special attention will be paid to those sections of the Uniform Guidance that carry the most uncertainty and that may require significant institutional planning and preparation.

This is a “members only” session and audience participation is encouraged to raise issues and concerns with the Uniform Guidance.
Hot Issues and Status

- **200.110** Effective/Applicability Date
  
  *More clarification needed*

- **200.112** Conflict of Interest
  
  *Procurement conflicts, not objectivity in research*

- **200.307** Program Income
  
  *Bayh-Dole, statutory supersedes UG*

- **200.317-326** Procurement Standards
  
  *Request for grace period and then explore solutions*

- **200.431** Compensation - fringe benefits
  
  *Terminal leave language (indirect) as “tech error”*
Hot Issues and Status

- **200.343 Closeouts**
  Strict enforcement of 90-days has elevated this topic

- **200.313 Equipment**
  New terms (e.g., conditional title) need clarified

- **200.332 Fixed amount subawards**
  Prior approval and > SAL ($150k) need addressed

- **200.436 Depreciation**
  Institutional share clarified as allowable (“tech error”)

- **200.419 CAS and disclosure statement**
  Approval mechanism still uncertain
Next Steps

- Procurement and Terminal Leave flagged by COGR as highest priority to COFAR - July deadline?
- COGR-crafted FAQs to COFAR (e.g., Equipment) - June
- FDP-COGR engagement - Ongoing
- Responses to Agency Plans: NSF - July 8 and DOD?
- COFAR outreach to be renewed - July & August
- This session and COGR updates/guidance to the membership - Ongoing
What should we be doing?

- Check in regularly with: https://cfo.gov/cofar/
- Follow the Federal Register and agency plans
- Pay close attention to advice from your professional associations
- By now, institutions should have a “Point of Contact” and Plan
- Leverage many in the Institution Plan: PIs, all levels of Admin, IT, and your experts from Purchasing, Payroll, etc.
- Start developing your Institution Training program
- Find comfort with uncertainty; there still is a lot to learn!
Sara Bible

- Stanford Implementation
- CAS DS-2 Issues
- Potential Format for Revised Policies
- 200.430 – Compensation - Personal Services
Stanford: Uniform Guidance Implementation

- Committee established in January 2014 – subcommittee of Research Policy Working Group
- Matrix created with current A-21 reference, Uniform Guidance section, Stanford policy reference, assignments for analysis of issues and drafting edits to policies
- Second matrix indicating system modifications needed, flags, new object codes, dependencies, training, etc.
- Three policy revisions drafted so far
- Some informational meetings held in spring
- University wide meetings planned for summer and fall
- Ready to submit one DS-2 revision
Stanford: Uniform Guidance Implementation

- Identify intersections of Uniform Guidance & CAS DS-2
- Edit institutional policies to reflect:
  - A-21 for awards received prior to 12/26/14, and
  - Uniform Guidance for awards received on or after 12/26/14
- Edit DS-2 to reflect:
  - A-21 for awards received prior to 12/26/14, and
  - Uniform Guidance for awards received on or after 12/26/14
- Issue sponsored projects proposal guidance to campus
Potential impact to institutions – each institution is unique and level of detail in DS-2 is different

DS-2 Part I - General Information

DS-2 Part II - Direct Costs

2.1.0 Continuation Sheet -- Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives

A-21 F.6.b. and UG 200.413 Direct Costs

Equipment – need for edits depends on detail
Intersections: Uniform Guidance & DS-2

DS-2 Part II - Direct Costs – continued
  2.5.0 Method of Charging Direct Salaries and Wages
    A-21 J.10 and UG 200.430
    DS-2 format will need to be edited

DS-2 Part III - Indirect Costs
  3.4.0 Composition of Indirect Cost Pools
    Utilities Cost Allocation – need for edits depends on detail
  3.5.0 Composition of Allocation Bases
    Utilities Cost Allocation – depending on detail
    MTDC – may need to add Participant Support Costs as exclusion - depends on detail
Intersections: Uniform Guidance & DS-2

- DS-2 Part IV - Depreciation and Use Allowances
- DS-2 Part V - Other Costs and Credits
  - 5.1.0 Method of Charging Leave costs - UG 200.431
- DS-2 Part VI - Deferred Compensation and Insurance Costs
- DS-2 Part VII - Central System or Group Expenses
Potential Format for Revised Policies

For awards issued prior to December 26, 2014

- Main points of policy requirements
  1.
  2.
  3.
  4.

Link to policy based on A-21

For awards issued on or after December 26, 2014

- Main points of policy requirements
  1.
  2.
  3.
  4.

Link to policy based on UG
200.430 Compensation – Personal Services

Goals:

- Identify and implement a more efficient and more effective method that ensures salaries charged directly to federally sponsored projects are appropriate and accurate
- Provide useful information to certifiers & reviewers
- Minimize faculty/administrator burden

Administrator input: discussions have begun

Faculty input: will plan meetings and/or survey
Considerations:

Implement FDP Project Certification?
  - Time period: once per year at the anniversary date of the award or more often?
  - Require certification or confirmation?

Provide certifiers with useful report(s) at the time of certification or between certification periods
  - What reports would be useful to certifiers?
    - 100% payroll distribution - $ and %
    - Matrix displaying how employees are charged to sponsored projects and other activities
    - Other?
200.430 Compensation – Personal Services

- Dependencies
  - Discussion with cognizant agency – Office of Naval Research for Stanford
  - Audit reports for FDP Project Certification pilot institutions
  - Faculty and administrator input
  - Systems modifications
Pamela Webb

- 200.330 - 200.332 - Subawards
- Minnesota Implementation
- Insights so Far
200.331 - Subawards – F&A

- Issue internal guidance this summer that all proposals with subs must use 10% MTDC if no negotiated rate
- Will likely discontinue or minimize negotiating F&A for those subrecipients without F&A rates
  - Considering whether to “grandfather” in the subrecipients for whom we already negotiate rates – some have multiple subs and rates much higher than 10%
  - May set a dollar threshold before we would negotiate a rate

- Open Issue
  - Transition issue - how to handle F&A on subs for existing awards expecting new increments and for proposals priced under the old rules
    - Wait for guidance from feds/agencies on this.
    - Doing some data collection now to figure out how many of these we have
200.330 – Subaward Determinations

- **Open Issue**: Will individual agencies opt to require classification documentation (vendor vs. subaward)? If yes, how can this practically be accomplished?
  - Don’t want to jump the gun on this one; if and only if needed, FDP could propose a universal template

- **INTERNAL**:
  - We will likely assign this responsibility to department/PI
  - Will likely ask for this at time of award (unless agency dictates otherwise)
    - Would some agencies want this recorded at proposal, and others at award?
    - Might need to change our internal proposal routing form to “remind” people (timing issue for system change)
  - Need to figure out where/how to store this documentation
200.331 Subawards – Data Elements

- Expect to use FDP template with FAIN, subrecipient DUNS, federal award date, prime award amount, prime F&A rate, R&D designator, embedded
- In process of adding FAIN to Peoplesoft Award record
  - Oracle is expected to add it in a future release; will need to plan to migrate data from our chosen attribute to their data element at that time
- Agencies not consistently using FAIN yet so hard to add it now
  - Disconnect now between USASpending.gov and Award Notices
- Need to review how SEFA is generated (200.510)
200.331 Subaward – Risk Assessment & Monitoring

- Anticipate using FDP standard once that is created
- Reviewing our existing risk assessment process to see what needs to be changed (initial observation: probably not much)
  - Potentially add more active PI decision-making about upfront reporting requirements on subs
  - Potentially add internal requirement for PIs to record receipt/approval of sub progress reports & create oversight process
- Trying to work with Federal Audit Clearinghouse for 2013 audits
  - It is difficult to work with; unclear that it currently meets the needs
  - Trying to get a FAC representative to September FDP meeting to discuss
- FDP – Looking at an Expanded Clearinghouse tool
Need to issue guidance to campus about what language should be used in proposals and for after-the-fact approvals if they already know their sub will be fixed price

Need to alert faculty that subaward issuance could be delayed

Need to revise internal business process so that this approval is obtained before issuing subaward

Need to update our subaward training classes

Need to begin coding subawards as “fixed price”
  - Don’t know now how many of our ~1500 subawards are fixed price
  - Need to do manual data analysis on subs over $150K already to figure out if they are fixed price – may need to pull them manually
200.332 Subaward – Fixed Amount

Open Issues
- Is “Fixed Amount” really the same as “Fixed Price/Fixed Rate”?
- What practical standards will agencies use to approve fixed amount subs? (See 200.201)
- How are we supposed to handle existing fixed price subs that will be incrementally funded? Need approval? Ones over $150K?

Internal
- Do we need to reconsider our willingness to do foreign subawards if we can’t issue them as fixed price awards?
- Do we need to change staffing to allow this to occur safely (e.g., add tech assistance and training?) How could we fund that?
Organizing for Success
# U of Minnesota Uniform Guidance Implementation Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>12/26/13 Release</td>
</tr>
<tr>
<td>2014</td>
<td>6/26/14 Agency plans due to OMB</td>
</tr>
<tr>
<td>2015</td>
<td>12/26/14 Implementation (all but audit)</td>
</tr>
<tr>
<td>2016</td>
<td>7/1/15 Audit provisions go into effect for UMN</td>
</tr>
</tbody>
</table>

- **Understand (UG)**
- **Influence**
- **Plan (UG)**
- **Understand (Agency)**
- **Plan (Agency)**
- **Implement**
- **Evaluate**
- **Refine**
Roles and Responsibilities

U-wide Steering Committee
- Steer institutional decision-making
- Generally understand UG structure; review Sections B&E
- Create overall communications strategy
- Critically review work group materials
- Review and accept/revise/deny work group recommendations
- Prioritize recommendation implementation, if needed
- Identify recommendations that require higher level institutional review
- Also serve as working group leads, members, liaisons, or subject matter experts

Specialists

Topic-Focused Work Groups
- Analyze in detail the portion of the Uniform Guidance and agency implementations specific to its topical area
- Understand national developments and implementation strategies promulgated at other Universities
- Identify places where university policy, procedures, practices, systems or business processes are out of alignment with new guidance
- Make recommendations to Uniform Guidance Steering Committee about changes that need to be made
- Engage in the University consultative process
- Identify impacts of recommendations
  - Policy & Procedures
  - Training & Job Aids
  - Business Process Flows
  - System Changes
  - Propose communication strategy (stakeholders directly impacted by change)
  - Training (if applicable) recommendations

Contributors

- Costing
- Pre-Award/Subaward
- Post-Award
- Purchasing
- Property
- COI
- HR/Effort
Critical Changes Template (in development)

- 2 CFR 200 Section(s) and Title(s)
- Primary Work Group
- Secondary Work Group (if any)
- Contact Person

- Proposed Priority
- Severity of Impact
- How Many People and What Audience(s) are Impacted?
- Frequency of Impact
- Expected Cost (if any)

- List of Policies & Changes
- List of Procedures & Changes
- List of Training Courses & Changes
- System Impact (what System(s) and what changes) Dependencies?
- Other Business Processes Impacted

- Open Issues (any sense of when there will be closure?)
- Preferred Timeline

- Consultation Required (what groups)
- Approved Required? (who?)
- Background - Existing Regulation and how we handle it now (Citation and brief description of process)

- Recommendation
- Any other alternatives or other information you care to provide?
- Workaround?
- Agency Specific deviations or special provisions?
Insights so Far

- **U Policy/Procedure Consultation and Approval Processes**
  - Simple citation changes should just be done
  - We can “bundle” policies/procedural changes for consultative groups
    - Faculty should weigh in on what ones should be discussed
    - Background info posted on a web site

- **Managing System Changes**
  - Need to get to a master list of most important system changes
  - Need to understand all the tentacles to subsystems
  - May be most effective to bundle these too
    - For U of M – challenge as to how to approach this while we are in the midst of a massive Peoplesoft upgrade
Insights (continued)

- Communication Process Critical
  - Need to really think through how to present/manage change
  - Need overarching strategy
    - E.g., Regular articles, faculty consultative groups, regular meetings, use of “Research Blog” and on-line feedback opportunities

- Should We Try to Influence our Major System Vendors?
  - Oracle/PeopleSoft
  - Banner
  - SAP
Worries So Far – Implementation Ooze

- Where to focus? Create early guidance to campus or complete proper analysis of change?
- Creating campus guidance for proposals to be submitted now but for award post-UG
  - Prelim and then update later?
- Proper treatment for previously submitted competitive proposals that will be awarded post-UG and existing awards expecting funding increments post-UG
- Pre-award spending for proposals with start dates after 12/26/14 but before agency implementation plans are released
- How to rapid-fire review agency implementation plans if they are all released at once, and mere days/weeks before 12/26/14
- Synchronicity between DS-2 and U policies and practices
- DHHS Subaccount changes – how to manage at the same time?
Kim Moreland

- Wisconsin Implementation
- 200.453 - Computing Devices
- Internal Controls
- 200.310 – 200.326 – Procurement
- 200.413 – Admin and Clerical Costs
- 200.430 – Compensation – Personal Services
The View from Wisconsin – Madison

- There’s a lot of critical information we don’t know
- We need to prepare to live with this uncertainty
  - Consequences for our decisions
  - There are many shades of gray in the Guidance
  - It’s hard to explain subtleties
- When in doubt, create a website:
  www.rsp.wisc.edu/UG
General UW Approach: Caution

- Analyze the Guidance and compare to our policies
- Compile questions
- Describe fits and gaps
- Address the key question:
  - What will we do if we don’t get more information?
- Project Team led by RSP
  - Use different campus participants based on issues
  - Minimize faculty burden
  - Work with established entities – Research Policy Advisory Committee, Associate Deans, Central Administration
  - Train and educate
  - Do no harm!
Research Administrators With Blindfolds

The Uniform Guidance: What do you see?
A Quick Example
Computing Devices – UG

- 200.94 Definition of Supplies

Supplies means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $5,000, regardless of the length of its useful life.

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)
Current UW Policy on Computing Devices

- Policy was based on A-21 and required:
  - The need has been included in the original proposal and completely justified as to the reason it is being included.
  - It has been approved by the sponsor as part of the budget approval.
  - If the item to be purchased was not described in the budget, there is a complete explanation of the reasons its need was recognized at a later date.
  - The project needs sufficiently justify use of the item in a way that is unlike typical purchases of the item.
  - The purpose and benefit to the specific project have been fully described in the College/School Authorization Form.
  - The project will be negatively impacted by not purchasing the computer or electronic device.

- In general, by Federal standards, computers and electronic devices are not an allowable direct cost on federally sponsored projects.
Key Issues with the Guidance

- Charging computers as a direct cost is allowable!
- Complete reversal of A-21 philosophy
- Qualifiers:
  - Essential to the project
  - Allocable to the project
- What standards will we use for determining essential and allocable – range of options:
  - The computing devices are in the budget (hurray!)
  - There is a short justification provided by the PI
  - If the PI buys it, it’s essential and allocable
- Internal Controls
Internal Controls and the Guidance

- COSO – Committee of Sponsoring Organizations
- Basic tenets
  - Control Environment
  - Risk Assessment
  - Control Activities
  - Information and Communications
  - Monitoring Activities
- Internal Controls – campus-wide project at UW
- Is the emphasis on internal controls a gift or a trap?
- How much control is enough?
- How do we know what it takes to survive an audit?
## Procurement – A Cooperative Approach

### Meeting #1 Introduction to Uniform Guidance
- Assignments

### Meeting #2 Property Standards
- 200.310 Insurance coverage
- 200.311 Real property
- 200.312 Federally-owned and exempt property
- 200.313 Equipment
- 200.314 Supplies
- 200.315 Intangible property
- 200.316 Property trust relationship.

### Meeting #3 Procurement Standards
- 200.317 Procurements by states
- 200.318 General procurement standards
- 200.319 Competition

### Meeting #4 Procurement Stds, cont.
- 200.320 Methods of procurement to be followed
- 200.321 Contracting with small and minority businesses, women’s business enterprises,
- 200.322 Procurement of recovered materials
- 200.323 Contract cost and price.

### Meeting #5 Procurement Stds, cont.
- 200.324 Federal awarding agency or pass-through entity review
- 200.325 Bonding requirements
- 200.326 Contract provisions (reference within 200.326 to Appendix II)
200.413 Direct Costs (c)  
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.”
Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as:

- delivering special lectures about specific aspects of the ongoing activity
- writing reports and articles
- developing and maintaining protocols (human, 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
Direct v. Indirect Costs

- “Allowable activities” v. Admin/Clerical costs
- How do we distinguish?
- Will position titles help to differentiate?
- Do we create some minimum threshold for the admin/clerical costs so they are easily “specifically identified” and obviously “integral”?
- Written justification if not in the budget?
  - Examples => rules
Summary Approach to Big Issues – Today

Closeouts
Continue to work with OMB, DHHS, and NIH. Prepare for NIH subaccounts

Effort Reporting
Continue to use our current e-system. Monitor developments with FDP demonstrations on payroll confirmation

Fringe Benefits
Initiate planning for a new fringe component for unused terminal leave. Hope for OMB clarification that fringes can be direct costs.
Summary Approach to Big Issues – Today

Purchasing & Property
Analyze Guidance and UW systems. Perform a fit-gap analysis and hope for information from OMB. Wait to implement.

Subawards & Monitoring
Analyze Guidance and UW processes. Work with FDP on common templates for subawards, risk assessments, etc.
Now let’s try and see what OMB really wants us to do this year!
Dan Evon

- Procurement
- Fringe Benefits
- Closeouts
- Timing and MSU Organization
- Campus Response
200.320 Procurement

- A new **micro-purchase** method for items that don’t exceed $3,000 if the price is considered reasonable
- A new **small purchase** procedure for items between $3,001 and $150,000 - price or rate quotations **must be obtained** from an adequate number of qualified sources
- Likely to impact P-Cards with limits > $3k
  - Some will consider creating a separate federal group within Purchasing
  - Due to the significant increase in volume, turn around on orders will be slowed.
- **Procurement by noncompetitive method – sole source:**
  - If available from only one source
  - Need for public exigency or emergency that will not permit a delay from competitive solicitation
  - Needs sponsor approval
  - Does not recognize the importance to some experiments of maintaining the same source, to avoid discrepancies in results, i.e. control reasons.
Terminal Leave Payout

(i) When a non-Federal entity uses the cash basis of accounting, ... payments for unused leave when an employee retires or terminates employment are allowable as indirect costs in the year of payment.

- Moved from a direct cost to an indirect cost?
- Did the COFAR mean fringe benefits instead of F&A?
- Can we add a component to our fringe rates?
- Do we have to modify our DS2 or just implement?
- How long will this take to bring clarity
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 by or the terms and conditions of the Federal award.

- Awards with sub-awards and sub sub awards.
  - Does the 60 day FDP template give the prime enough time?
  - Do we need to review policies for timely payments? Travel Reimbursements, Service Contracts, Internal Billings

- What is different from the old regulations?
  - Federal agencies now have the systems to automatically turn off draws at day 91. NSF ACM$ NIH conversion from
  - Did we miss an opportunity to change the UG to 120?
Timing and Organization

- When do we rollout information to our campus?
  - OMB is likely to hold all non-NSF agency regulations in a Big-Bang like release maybe as late as December 2014!
  - How likely is it that OMB/COFAR will fix some of the issues we have identified?
  - How do we keep the anxiety level of the unknown to a manageable level?

- Do you create a committee or series of committees to parse the UG into manageable pieces?
- MSU will have committees
- We have web site
- We are holding campus informational sessions for administrators and faculty
Campus Response

- Departmental administrators want to know – even if we don’t know how it will finally turn out!
- Program Income is in conflict with Bayh-Dole
- The 10% de minimis will be implemented with new funding
- Travel dependent care costs – above and beyond regular
- Budget transfers from direct to F&A - no approval needed
- Currency Exchange Fees - require agency approval
- We are allowing the budgeting of clerical and administrative in budgets. Yes there is a risk they may be written out at funding.
  - No real excitement associated with this.
  - Should we calculate F&A without clerical to avoid the claim of unlike circumstances? How much would that cost?