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**October 2014 COGR Meeting Presentation Thursday Morning - Sara Bible, Mike Ludwig
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OMB Uniform Guidance

Institutional Implementation of Uniform Guidance – Part II

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COGR

What Our Faculty Need to Know

- Allowable, allocable and reasonable still apply
- New regulations and university policies on:
 - Cost sharing
 - Direct charging of administrative and clerical salaries
 - Direct charging of computing devices
 - Subawards and subrecipient monitoring responsibilities
 - Visa charges
 - Publication costs
 - Temporary dependent care
 - Compensation – Fringe Benefits (*Terminal Leave*)

What Our Faculty Need to Know

- 2015 and beyond:
 - Procurement – *grace period for implementation*
 - Compensation-Personal Services – *replaces effort reporting*
 - Internal Controls
 - More...

Additional Uniform Guidance Implementation

- Revision of budget and program plans
- Modified Total Direct Costs (MTDC)
- Requirements for pass through entities
- Required certifications
- Effective/applicability date
- Prior approval requirements
- Conflict of Interest in procurements
- Faculty Disengagement: PI absence from project/campus

200.306 Cost Sharing

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

- It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.
- Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.

Cost Sharing: Implementation

- Policy considerations
 - Update for Uniform Guidance changes
 - Consider whether your institution will allow, not allow or discourage voluntary committed cost sharing
 - Check federal agency implementation regulations when issued to determine if voluntary cost sharing is allowed
 - FAQ .458-2 confirms applicability of voluntary uncommitted cost sharing (VUCS), Jan 5, 2001 OMB memo
- Train staff
- Inform faculty

200.413 Charging Administrative and Clerical 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.

Charging Administrative and Clerical Salaries:

- Develop/edit policy **Implementation**
 - Include minimum threshold for charging administrative salaries?
 - Decide if you will have a threshold over which you will require the PI to get additional approval (Minnesota picked our ol' favorite 25%)
 - Define “integral”?
 - Provide examples of “integral”?
 - Require a budget justification?
 - Provide different policy for non-federal awards?
 - Provide FAQs?
- Create flag in pre and post award systems to indicate when

200.453 Materials and Supplies Costs, Including Costs of Computing Devices

- *“(c)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.”*



Materials and Supplies Costs, Including Costs of Computing Devices: Implementation

- Should there be separate budgeting/charging instructions for computer devices?
- What guidance should be given for allocation of these costs?
- Should there be documentation and/or a review process when computing devices are allocated 100% to a single federal award?
- Develop a campus communication plan

Computing Devices: Implementation

- Determine definition of “essential”

One institution’s definition

- necessary 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.
- The project does not have reasonable access to other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference.
- PIs and departments should maintain documentation that describes how the proposed computing device meets the above requirements

200.331 Subrecipient F&A Rates

200.331

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this Part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this Part.

200.414 Any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in

Appendix VII to Part 200—States and Local Government and Indian Tribe

Indirect Cost Proposals, paragraph (d)(1)(B) may elect to charge a de

Subrecipient F&A rates: Implementation

- Consider adding an attribute in your system denoting whether the award/subaward is or is not under the UG
- How will we administratively handle proposals submitted under the old rules and awarded under the UG when we don't have sufficient funds to pay the F&A of a subrecipient?
 - Same question for modifications to existing awards, if the agency decides the award becomes subject to the UG?
- Consider adding a business process to document when your organization will agree to negotiate an F&A rate with a proposed subrecipient
- Consider documenting that a subrecipient who agrees to

200.332 Fixed Price Subaward Approvals

- 200.332 With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold
- OMB FAQ 332-1. It is acceptable to have more than one fixed amount subaward with the same subrecipient if necessary to complete work contemplated under a Federal award. It is expected, however, that each fixed amount

Fixed Price Subaward Approvals: Implementation

- Determine magnitude of the impact to your institution
 - At Minnesota, we determined about 20% of our subaward volume is fixed price
 - How many of these are over \$150K?
- Decide how and when to obtain agency prior approvals
 - At Minnesota, we created a justification statement that departments can put in their proposals
 - How are you going to get agency prior approvals so that it doesn't hold up the science?
- Consider adding an attribute to your system to code whether a subaward is fixed price or cost reimbursement

200.331 Subrecipient Progress Reports

- 200.331 Subaward must include any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports.
- 200.331 Pass-through entity monitoring must include (1) reviewing financial and programmatic reports required by the pass-through entity

Subrecipient Progress Reports:

Implementation

- Decide if you will use a manual or electronic system for identifying:
 - when subaward progress reports are due
 - documenting when they are received and reviewed (PI, departmental or central?)
 - Who will store them?
- Decide who will identify and track down missing reports?
- Could the pass-through entity ask for progress reports on an “as needed” basis? If so, do you need to document that you asked for one?

200.305 Pay subaward invoices on C/R subs within 30 Days of Receipt

200.305

When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

Payment of Subaward Invoices:

Implementation

- May wish to consider testing your invoices now to see if they are being paid within 30 days of receipt
 - Can you tell when you received them?
 - Business process change needed?
- Check to see if your payment system is set to a certain payment delay cycle (net 30 = net 30 from what date?)
- Consider whether you need to expand guidance to campus for how to handle improper invoices

Easy for auditors
to test

200.331 Subaward Risk Assessment and Monitoring Obligations

Risk Assessment: Mandatory to do this, but mechanisms used are at discretion of the pass-through entity (suggested alternatives included in this section)

Mandatory monitoring obligations include:

- the pass-through entity's review of subrecipient technical and financial reports;
- following up and ensuring that the subrecipient takes timely and appropriate action on deficiencies detected through audits/ on-site reviews, and other means;
- issuing a management decision for audit findings as required in Section 200.521;
- verifying that a subrecipient received its mandatory Single Audit if the entity exceeded the \$750,000 threshold (increased from \$500,000) for federal funds expended in the previous fiscal year.
- considering whether monitoring findings require the pass-through entity's records to be adjusted;

Risk Assessment and Subrecipient Monitoring

Obligations: Implementation

- Determine if your risk assessment and subrecipient monitoring procedures need to change to meet the updated requirements
- Determine how you are going to do risk assessment on expanded population of subrecipients who don't need an audit (because of threshold change from \$500K to \$750K in expended federal funds)
- Determine mechanism to determine when you are going to check subrecipient's audit in the Federal Audit Clearinghouse

200.201 (New) Certification of completion at end of fixed price award or subaward

- The non-Federal entity must certify in writing to the Federal awarding agency or pass-through entity at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

Fixed Price Award and Subaward Certifications: Implementation (Later)

- Will require new business process or an adaptation our existing closeout process
- Review internal policies/procedures to ensure clarity about who has to pay any costs not covered by the agency in these circumstances

200.463 Recruiting Costs (d) Visa Costs

Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost.

- Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award. For these costs to be directly charged to a Federal award, they must:
 - (1) Be critical and necessary for the conduct of the project;
 - (2) Be allowable under the applicable cost principles;
 - (3) Be consistent with the non-Federal entity's cost accounting practices and non-Federal entity policy; and

Visa Costs: Implementation

May directly charge visa application fees to a grant provided the researcher being recruited is critical and necessary for the conduct of the project.

- In general, there are four types of temporary non-immigrant visas that would be used to bring a researcher to the US “for a specific period and purpose”:

- J-1 (exchange visitors) – *don't see a fee to the university to charge to a sponsor*

The following are for a specific period of time and for a specific purpose:

- H-1B (temporarily employ foreign workers in specialty occupations)

Visa Costs: Implementation - *continued*

- Only visa application fees (or fraud fees if required) may be direct charged to a federal award
- The following fees may NOT be charged to a federal award:
 - premium or expediting processing fees
 - renewal application fees
 - dependent application/processing fees
 - institutional charge for processing



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200. 461 Publication Costs

The non-Federal entity may charge the Federal award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.



Publication Costs: Implementation

- Will you remind faculty in your award terms or before the end date that they have this option?
- Determine maximum amount of time that you will allow charges to post after the award end date
 - One institution: End date + 60 days
- How will you message this to faculty?
- Determine how to handle after-end-date publication charges

200.474 Travel Costs (c)(1) Temporary Dependent Care

Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

(i) The costs are a direct result of the individual's travel for the Federal award;

(ii) **The costs are consistent with the non-Federal entity's documented travel policy for all entity travel;** and

(iii) 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. See also § 200.432 Conferences.

Travel/Dependent Care: Implementation

- Review institutional policy on dependent care costs
- Check to determine if institution wants to change policy to reflect UG
 - Consider preparing analysis of cost to institution
- Consider as an addition to the fringe benefit rate?
- What documentation/process will be required to be paid/reimbursed for these costs?

200.431 Direct Charging Terminal Leave Costs

COGR 10/9 Letter to Collin and Tran:

- *“(b)(3)(i) When a non-Federal entity uses the cash basis of accounting, the cost of the 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. Use of the accrual basis for accounting represents an effective practice and can be considered when charging these costs to Federal awards. However, it is permissible for non-Federal entities to*

Direct Charging Terminal Leave Costs: Implementation

- COFAR is encouraging (but not requiring) charging on an accrual basis
- Charge as a Fringe Benefit? Cost/time to implement?
- If direct charging, is there an upper limit? What is your process for allocating the cost?
- If direct charging, is your allocation process documented and followed?

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. The Federal awarding agency or pass-through entity may approve

Closeout

A-21

- Financial closeout within 90 days
- No time limit currently
- No time limit currently

Terms and Conditions (Breaking News)

- 120 Days....

No promises yet

Uniform Guidance

- Financial closeout reports within 90 days including all final billings



Closeout: Implementation

- What guidance should be provided for cut off for final charges?
- Will that guidance be different for Federal vs. non-Federal awards?
- Will that guidance be different for prime awards vs. subawards?
- How to deal with timing differences between project closeout and effort certification?
- What will be required of subrecipients? What contract language should be included in the subcontract?

Additional Uniform Guidance Topics

- Modified Total Direct Costs (MTDC)
- Required certifications
- Effective/applicability date
- Prior approval requirements
- Conflict of Interest in procurements
- Faculty Disengagement: PI absence from project/campus

200.68 Modified Total Direct Cost (MTDC)

- *“MTDC excludes.....participant support costs...”*

Modified Total Direct Cost (MTDC): Implementation

- System changes necessary to budget and account for participant support costs as an exclusion to the MTDC base?
- Change burden schedule so participant support costs don't incur F&A costs

200.415 Required Certifications

- *“(a) ...the annual and final fiscal reports or vouchers requesting payment under the Federal award must include a certification signed by an official who is authorized to legally bind the non-Federal entity,...”*

Required Certifications: Implementation

- Determine who will be signing these certifications and what delegations are necessary?
- Systems changes to incorporate required certifications on annual and final financial reports and payment vouchers?
- Consider a simpler or no certification for non-Federal awards?

200.110 Effective/applicability date

- *“FAQ 200.110-7 The new rules apply as of the Federal award date to new awards and , for agencies that consider incremental funding actions on previously made awards to be opportunities to change award terms and conditions, the first increment issued on or after 12/26/14.”*

Effective/applicability date: Implementation

- System changes to add an attribute for tracking awards subject to the Circulars vs. UG?

200.407 Prior Approval Requirements

- Provides a list of each of the sections within the UG where prior approval requirements are included.

Prior Approval Requirements: Implementation

- Review/update procedures to reflect new prior approval requirements

200.112 Conflict of Interest in procurements (as proposed in COGR 10/9/14 letter to Collin and Tran)

- *“The Federal awarding agency must establish conflict of interest 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 in accordance with applicable Federal awarding agency policy. This refers to conflicts that might arise around how a non-Federal entity expends funds under a Federal award. These types of decisions include, for example, selection of a subrecipient or procurements as described in section 200.318.”*

Conflict of Interest in procurements: Implementation

- Review processes for identifying and managing conflicts of interest in the procurement process and when choosing subaward recipients?

200.308 Principal Investigator/Project Director

Disengagement

- For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:
 - (1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
 - (2) Change in a key person specified in the application or the Federal award.
 - (3) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

Principal Investigator/Project Director Disengagement: Implementation

- Review and edit policies
- Review and edit “Faculty Handbook”
 - Work through appropriate channels, i.e., Provost’s Office, etc.
- Communication plan for administrators and faculty

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