



OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards



RA Town Hall Update

October 2014



Background – when, why, who?

- Fall 2009, Executive Order 13520 on reducing improper payments and eliminating waste in Federal programs and Presidential memorandum on promoting administrative flexibility.
- Set in motion the single biggest regulatory change in the last 50 years of research administration.
- In the documents, President directed OMB to work with Executive Branch agencies and other key stakeholders to evaluate potential reforms to Federal grants policies.
- The Council on Financial Assistance Reform (COFAR) was established in October 2011 and has led efforts to improve delivery, management, coordination, and accountability of Federal grants and cooperative agreements, which includes the development of the uniform guidance.



Background – what did COFAR do ?

- OMB Advance Notice – Spring of 2012
- Proposed guidance issued February 1, 2013
- Final guidance issued December 26, 2013
- Federal agencies had 6 months (to June 26, 2014) to submit THEIR draft(s) of “implementing regulations” to OMB.



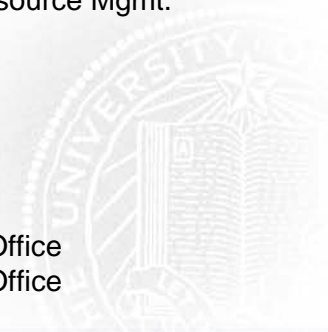
Overview of UCSF review and campus coordination process

- Meet every two/three weeks to review guidance and make initial assessment
- Form UCSF position and stay connected with UCOP to share concerns and stay abreast of UCOP review process
- Coordinate UCSF concerns with Council on Government Relations (COGR)
- Establish and maintain communication plan with campus stakeholders
- Vet concerns of Grant Reform Task Force with campus administrators and academic community
- With stakeholders, establish campus priorities and develop implementation plans
- Execute, track, and communicate status of implementation processes



Parts of UG & who is reviewing it

<u>Final Rule Section Title</u>	<u>Champion</u>	<u>Department</u>
Subpart A – Acronyms and Definitions	ALL	All
Subpart B – General Provisions	NM	Budget & Resource Mgmt.
Subpart C – Pre-Federal Award Requirements	JR& MO	Office of Sponsored Research
Subpart D – Post Federal Award Requirements	MC	Controller’s Office
Subpart E – Cost Principles	NM	Budget & Resource Mgmt.
Subpart F – Audit Requirements	MC/TP	Controller’s Office/Audit
Appendices		
Notice of Funding Opportunity	ALL	All
Contract Provisions	JR& MO	Office of Sponsored Research
F&A Costs...for Institutions of Higher Education	NM	Budget & Resource Mgmt.
F&A Costs...for Nonprofit Organizations	N/A	
State/Local Gov’t and Indian Tribe Service Allocation	N/A	
Public Assistance Cost Allocation Plans	N/A	
States and Local Gov’t and Indian Tribe IDC	N/A	
Nonprofit Orgs Exempted from Subpart E	N/A	
Hospital Cost Principles	N/A	
Data Collection Form (Form SF-SAC)	MC	Controller’s Office
Compliance Supplement	MC	Controller’s Office



Review Timeline

		Calendar Year		2014												2015						2016
		Fiscal Year		2014						2015						2016						
Review and Implementation Process and Timeline		FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL			
1.0	Administrative																					
1.1	Establish sub-committee																					
1.2	Set communication meetings every 2 weeks																					
1.3	Champions to develop review plan																					
1.4	Establish campus communication process																					
1.5	Send second announcement to campus (task force formed)																					
2.0	Review OMB Final Guidelines for campus impact																					
2.1	Form initial assessment																					
2.2	Review with sub-committee																					
2.3	Strategize / determine options/ priorities																					
2.4	Vet with stakeholders																					
2.5	Communicate to leadership on priorities by FYE 2014																					
3.0	Prioritize and create draft implementation plan schedule																					
4.0	Brief leadership on initial implementation plans																					
5.0	Revise campus communication process																					
6.0	Establish progress tracking process and check in with Costing Policy Group																					
7.0	UCSF Compliant with New Guidance																					

Administrative Requirements and Cost Principles

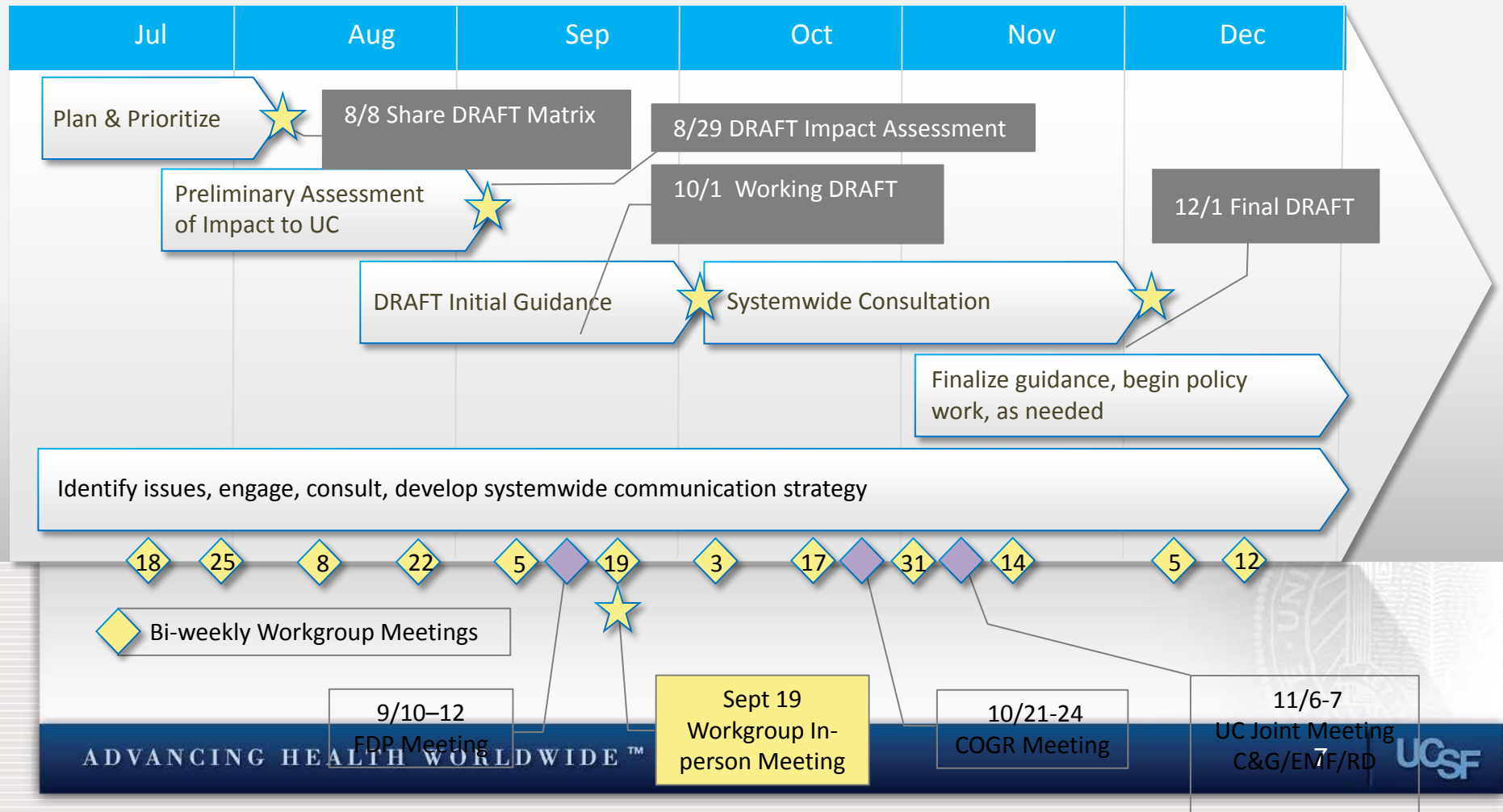
Audit Requirement



UC Approach to Uniform Guidance, Phase One (6 months)

- **Identify major issues** and areas where systemwide guidance or policy will need to be updated.
- Determine key issues/approaches to **inform and engage local campus constituencies**.
- **Issue systemwide guidance**, where appropriate, and/or begin work to update policies, as needed.

2014



Uniform Guidance Applicability

Applicability and Dates (200.110)

Uniform implementation date of 12/26/14 for all Subparts, except Subpart F

Subpart F, Audit Requirements, will be effective the first FY beginning after 12/26/14; for the UC, this will be FY 2016 (July 1, 2015 – June 30, 2016)

The UG will be applicable to all **NEW AWARDS** and extensions / additions to **EXISTING AWARDS** with award dates on or after 12/26/14

December 2014						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



Uniform Guidance Applicability

Question: Will the Uniform Guidance changes apply ONLY to awards made after the effective date (December 26, 2014), or do the changes apply to awards made earlier?

Answer: Once the Uniform Guidance goes into effect, it will APPLY TO AWARDS or FUNDING INCREMENTS AFTER THAT DATE (December 26, 2014). It will NOT retroactively change the terms and the conditions for funds (awards) already received.

Note: Existing federal awards will continue to be governed by the terms and conditions of that Federal award.



Some top highlights and key issues

200.112 Conflict of Interest

200.301 Performance Management

- Researchers must relate Financial Data to Performance Accomplishments of the federal award
- Researchers MUST provide COST INFORMATION to demonstrate COST EFFECTIVE PRACTICES (e.g. – unit cost data). Objective is to improve program outcomes, share lessons learned, and spread adoption of best practices.
- Higher reporting bar overall for Federal contracts.
- Stronger certification language reminds signers of statutory penalties for false certifications.

NOTE: Alert your PI's now of these requirements...

200.303 Internal Controls

- Strong emphasis on IA as well as understanding “must” versus “should”
- Requires recipients to have strong internal controls; should be in compliance with...
 1. Internal Control Integrated Framework (COSO)
 2. The Federal “Green Book” – Protecting Personally Identifiable Information
 3. Federal statutes, regulations and conditions (Comptroller General of the U.S.)

Some top highlights and key issues

200.306 Cost Sharing

- Voluntary committed cost-sharing is not expected in Federal research proposals.
- Cost-sharing obligations must be included in FOA's (Funding Opportunity Announcements).
- Cost-sharing may not be used as a factor in the merit review of applications or proposals.

200.307 Program Income

200-313 Equipment

- **“Conditional Title”** is new. Not a new concept, but designed to clarify, among other things, Federal equipment should move with the PI if they transfer between Universities. Also clarifies that conditional title is calculated using project costs including mandatory cost sharing.
- **“Percentage of Federal participation in the project costs”** (A-110 required the “percentage of Federal participation in the cost of the equipment”) and **“use and condition”** (“use” is not included in A-110) are new. Preliminary assessment is that the subtle changes in terminology will NOT require systems changes to the institution’s equipment inventory system.

Some top highlights and key issues

200.317-326 Procurement Standards

- Effective July 1, 2016 (or FY17), but work ahead
- One year grace period before implementation

200.330 Sub-recipient and Contractor Determinations

- New option for each Federal agency to require us to document how we decided each transaction is either a Subrecipient versus a Contractor.
- Characteristics of a Subrecipient / Contractor have not changed.
- In new agreements with Subrecipients, be certain to reference the terms and conditions found in the new “Uniform Guidance”, effective December 26, 2014.
- If you want reports from your “subrecipient”, you must include that requirement in your sub-award documentation.
- The provisions of the prime sponsor usually flow through to the “sub-awardee”. Additional provisions may be added by the awardee.

Some top highlights and key issues

200.331 Requirements for Pass-through Entities

- Subrecipients must be monitored to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.
- The Uniform Guidance provides recommendations, but does not specify how the pass-through entity should conduct that monitoring.
- Any monitoring would need to comply with the overall need for sufficient internal controls to meet the requirements in this section.
- Pass-through entities must honor subrecipient negotiated F&A rate or use 10% de minimis rate, or negotiate one with the subrecipient.



Some top highlights and key issues

200.332 Fixed Amount Subawards

- The uniform guidance allows for the use of fixed amount (fixed-price) subawards but:
 - 1) Only with the prior approval of the Federal awarding agency
 - 2) Only up to the Simplified Acquisition Threshold (\$150,000)
- Prior approval may be inferred if the intent is included in a proposal submission and awarded.
- The \$150,000 cap may be problematic for some projects.

200.343 Closeouts

- Campuses must complete final reporting, invoicing, and cash draws within 90 days of the end of the performance period or risk not being able to recover funds expended
- Although this requirement is not new, the Uniform Guidance codifies it and imposes a hard stop to adjustments
- This could prove challenging in the management of subawards

Some top highlights and key issues

200.413 Direct Costs – Clerical & Administrative

- The Uniform Guidance allows for the direct charging of administrative and clerical salaries, so long as certain 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
 - 4) The costs are not also recovered as indirect costs
- A justification should be included in proposals that addresses the criteria above to facilitate the required agency approval for these charges
- Any post-award addition of administrative salaries to a budget would require prior written approval of the funding agency

Some top highlights and key issues

200.414 Indirect Costs

- 4-year extension, 1.3% UCA

200.419 Cost Accounting Standards and DS-2

- 11th hour push and cautious optimism

200.430 Compensation – personal services

- Opportunities and challenges

200.456 Participant Support Costs

- Now a federal-wide concept.
- Are defined as direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.
- Participant support costs will be an exclusion in the MTDC base.

Some top highlights and key issues

200.461 Publication and Printing Costs

- The Uniform Guidance provides institutions additional flexibility to charge Federal awards after the performance period for page charges in professional journals
- This may require a system/procedure change to allow costs to post to an award after the performance period
 - 1) Late charges can create issues for meeting 90 day closeout requirement for Federal awards



What's next?

- Phase One (Jan – Dec 2014)
 - 1) Assess & analyze the Uniform Guidance
 - 2) Inform the campus and discuss approaches
 - 3) Issue interim guidance, as needed
 - 4) Issue Assessment document

- Phase Two (Jan – June 2015)
 - 1) Update guidance & policies as needed
 - 2) Update DS2s (?)
 - 3) Update training & support, as needed

- Phase Three (Jul – ~Dec 2015)
 - 1) Update support systems, as needed
 - 2) Other long-horizon actions needed



Thoughts on Implementation Planning

Understand
(Uniform Guidance) and
Agency Regulations

Influence

Plan (Uniform Guidance)
Policy Changes

- Read, share, talk, listen, absorb, interpret, compare, query, probe, evaluate

- Engage, clarify, impact
 - Key stakeholders (OMB, COGR, FDP, etc.)
 - Cross-agency implementations
 - Reinstatement of Research Terms and Conditions

- Organize for success
- Find and tackle opportunities
- Identify system changes
- Identify policy and procedure changes
- Identify business process changes
- Identify training changes
- Prioritize large scale opportunities
- Determine action plan

More to
come!

Primary UCSF Grant Reform Task Force Contacts

1. **Nilo Mia** - Budget and Resource Management Office
2. **MC Gaisbauer** - Controller's Office
3. **Marge O'Halloran** - Research Management Services, Office of Sponsored Research
4. **John Radkowski** - Government and Business Contracts, Office of Sponsored Research



Key Websites

Uniform Guidance, Title II CFR Part 200

www.ecfr.gov

Federal Register Notice with Preamble

<https://federalregister.gov/a/2013-30465>

Council on Financial Assistance Reform

www.cfo.gov/cofar

Questions and Concerns about the UG

cofar@omb.eop.gov



OMB circulars consolidated into UG

1. A–21, "Cost Principles for Educational Institutions" (2 CFR Part 220);
2. A–87, "Cost Principles for State, Local and Indian Tribal Governments" (2 CFR Part 225) and also Federal Register notice 51 FR 552 (January 6, 1986);
3. A–89, "Federal Domestic Assistance Program Information";
4. A–102, "Grant Awards and Cooperative Agreements with State and Local Governments";
5. A–110, "Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations" (codified at 2CFR 215);
6. A–122, "Cost Principles for Non-Profit Organizations" (2 CFR Part 230);
7. A–133, "Audits of States, Local Governments and Non-Profit Organizations,"; and
8. Those sections of A–50 related to audits performed under Subpart F— Audit Requirements of this Part.