



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



Department of Medicine

May 15, 2014



When and why did this process begin?

- Uniform Guidance developed in response to November 23, 2009 EO 13520 on *Reducing Improper Payments* and the February 28, 2011 Presidential Memorandum on *Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments*.
- 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.

What is COFAR?

- The Council of Financial Assistance Reform is comprised of an interagency group of Executive Branch officials to coordinate financial assistance.
- Includes the Controller OMB and senior policy officials from eight Federal agencies that provide the largest amount of financial grants assistance and one agency that serves a two-year term to represent the perspective of other agencies that administer grants and cooperative agreements.
- The guidance is the culmination of a two-year collaborative effort across the Federal government, State and local governments, Indian tribes, research and higher education institutions, nonprofits, and the audit community to rethink and reform rules that govern the stewardship of Federal dollars.

How does UG improve on current policy?

- Streamlines eight OMB circulars into one consolidated set of guidance in the code of Federal regulations.
 - ✓ Intent is to eliminate duplicative and conflicting language
 - ✓ Focus on performance over compliance for accountability
 - ✓ Encouraging efficient use of IT and shared services
 - ✓ Provide for consistent and transparent treatment of costs
 - ✓ Limiting allowable costs to make the best use of Federal resources
 - ✓ Setting standard business processes using data definitions
 - ✓ Encouraging non-Federal entities to have family-friendly policies
 - ✓ Strengthening oversight, and
 - ✓ Targeting audit requirements on risk of waste, fraud, and abuse

Important dates to remember

- December 26, 2013 effective date.
- June 26, 2014 Federal Agencies submit draft implementing regulations to OMB.
- December 26, 2014 effective date for Non Federal entities (UCSF) compliance with Uniform Administrative Requirements for new awards and amendments to existing awards.
- July 1, 2015 Effective date for audit requirements under UG.



Some highlights and key issues

Pre Award Requirements

- Create a consolidated uniform set of administrative requirements.
- Require consideration of each proposal's merit and each applicant's financial risk in advance of funding/award determination.
 - ✓ Merit and risks associated with a potential award must be evaluated prior to making the award.
 - ✓ Criteria used to evaluate an award shall be described in the funding opportunity announcement.
 - ✓ Proposal reviews include a risk-based approach.
 - ✓ Merit based selection criteria are distinguished from eligibility criteria to guide the review and selection of federal awards.

Some highlights and key issues

Pre Award Requirements (continued)

- Notices of funding opportunities.
 - ✓ All funding opportunities must generally be open for application for at least 60 days, with some exceptions; but no funding opportunity should be available for less than 30 days.
- Provide a standard format for announcement of funding opportunities.
 - ✓ A standard set of data elements in all federal notices of funding opportunities including criteria used in evaluation of applications and how they will be used.
 - ✓ Agencies cannot add additional application requirements beyond OMB-approved data elements.

Some highlights and key issues

Pre Award Requirements (continued)

- Provide a standard set of information in Federal awards.
 - ✓ A federal award must include General Federal Award Information, General Terms and Conditions, Federal Awarding Agency, Program or Federal Award specific T&C and Federal Award Performance Goals.



Some highlights and key issues

Cost Principles

- Effort reporting.
 - ✓ General principles of time and effort still apply but institutions have the ability to implement independent practices for certifying time and effort as long as they adhere to federal guidelines.
 - ✓ Institutions now have flexibility to determine the frequency of their effort reporting procedures that is best aligned to their institutional calendar and policies and procedures. However processes must still reflect after-the-fact review or budget estimates.
 - ✓ The complex language and example methods have been eliminated, clarifying the federal requirements for institutions. Standards for documentation and who certifies effort reports have greater flexibility, however, the principle remains the same that the institution has records that accurately reflect the work performed.

Some highlights and key issues

Cost Principles (continued)

- Direct charging.
 - ✓ Administrative and clerical staff salaries may be directly allocable if they are integral to a project or activity and these salaries are explicitly included in the budget or have the prior written approval of Federal awarding agency.
 - ✓ Computing devices allowable direct cost supplies when cost is lesser of entity's capitalization level or \$5,000. Do not have to be solely dedicated to the performance of the Federal award.
 - ✓ Budgeting for Contingency Funds on certain awards, for construction or upgrades to large facilities or instruments and IT systems. Budgeting for and disbursing funds for costs associated with possible events or conditions arising from causes which are undeterminable at the time of budgeting are allowable.

Some highlights and key issues

Post Award Requirements

- Cost sharing.
 - ✓ Voluntary cost sharing will not be used as a factor in the review of applications.
 - ✓ Voluntary committed cost sharing is prohibited for Federal research proposals except where otherwise required by statute.
- Procurement Standards.
 - ✓ Non-federal entities must avoid acquisition of unnecessary or duplicative items.



Organization 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	JD	Controller's Office
Subpart E – Cost Principles	NM	Budget & Resource Mgmt.
Subpart F – Audit Requirements	JD	Controller's Office
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)	JD	Controller's Office
Compliance Supplement	JD	Controller's Office



How will UCSF review and campus coordination process

- Meet every two weeks to review policy and make initial assessment
- Form UCSF position and discuss/coordinate concerns with UCOP
- 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



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



Primary UCSF Grant Reform Task Force Contacts

1. **Nilo Mia** - Budget and Resource Management Office
2. **Jean De Martini** - 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



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.

Questions?

