Uniform Guidance

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• What is Uniform Guidance (UG)?
• Effective dates
• Structure of the Uniform Guidance
• Significant changes
• UA’s implementation
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

– Issued by the White House Office of Management and Budget (OMB)

– Codified under Title 2 of the Code of Federal Regulations, Part 200 (2 CFR, 200)
Supersedes and streamlines requirements from 8 OMB Circulars:

- **A-21**: Cost Principles for Educational Institutions
- **A-110**: Uniform Administrative Requirements for Grants & Agreements with Institutions of Higher Education, Hospitals, Non-Profits
- **A-133**: Audits of States, Local Governments and Non-Profit Organizations
- **A-89**: Catalog of Federal Domestic Assistance
- A-87: Cost Principles for State, Local, and Indian Tribal Governments
- A-122: Cost Principles for Non-Profit Organizations
- A-102: Grants and Cooperative Agreements with State & Local Governments
- A-50: Audit Followup
• **Nov. 2009:** Executive Order: Reduce Improper Payments

• **Feb 2011:** Presidential Memo: Reduce Administrative Burden

• **Feb 2012:** Advance Notice of Proposed Guidance (public comments)

• **Feb 2013:** Notice of Proposed Guidance (public comments)

• **Dec 2013:** Final Uniform Guidance
Why is change good?

The goal of Uniform Guidance is to reduce administrative burden and risk of waste, fraud, and abuse.


Objectives:

1. Eliminate duplicative and conflicting guidance
2. Focus on performance over compliance for accountability
3. Encourage efficient use of information
4. Provide for consistent and transparent treatment of costs
5. Limit allowable costs to make best use of Federal resources
6. Set standard business processes using data definitions
7. Encourage non-Federal entities to have family-friendly policies
8. Strengthening oversight
9. Target audit requirements on risk of waste, fraud, and abuse
Effective Dates

• Issued on December 26, 2013

• Effective December 26, 2014
  – For new awards and for incremental funding awarded on or after December 26, 2014

• Federal agencies should complete their implementation guidelines on or before December 26, 2014

• The audit requirements effective FY16 (July 1, 2015 to June 30, 2016)
How is Uniform Guidance structured?

6 Subparts A-F

• Subpart A – Acronyms and Definitions (§200.0 – §200.99)
• Subpart B – General Provisions (§200.100 – §200.113)
• Subpart C * – Pre-Federal Award Requirements and Contents of Federal Awards (§200.200 – §200.211)
• Subpart D * – Post Federal Award Requirements (§200.300 – §200.345)
• Subpart E ** – Cost Principles (§200.400 – §200.475)
• Subpart F – Audit Requirements (§200.500 – §200.521)

11 Appendices, e.g.

• Appendix II: Contract provisions
• Appendix III: IDC calculation

* Not applicable for contracts awarded under the Federal Acquisition Regulations and subcontracts issued under these contracts except for subrecipient monitoring sections
** Not applicable for fixed amount awards and fixed price contracts
Subpart A: Definitions
  • One set of definitions applicable to all requirements and all types of grantees

Use of “should” and “must”
  • Should = best practices or recommended approach
  • Must = required

Emphasis on Internal Controls
  • Mentioned 103 times
Significant Changes

• §200.68: Modified Total Direct Costs (MTDC)
  – Participant support costs* are excluded from the MTDC
  – This means no indirect costs will be allowed for participant support costs
  – New object codes for participant support costs (3251/stipend; 3252/supplies; 3253/travel; 3254/other)

• §200.112: Conflict of Interest
  – Requires Federal awarding agencies to establish a conflict of interest policy. Non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity

*Participant support costs means 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.
• §200.201: Fixed Amount Awards
  – Use of fixed amount awards to minimize compliance requirements in favor of requirements to meet performance milestones

• §200.207: Specific Conditions
  – Requires Federal awarding agencies to evaluate the merit and risks associated with a potential Federal award and to impose specific conditions necessary to mitigate potential risks of waste, fraud, and abuse, before the money is spent.
• §200.303: Internal Controls
  – Requires recipients to have strong internal controls in compliance with “Standards for Internal Control in the Federal Government” and “Internal Control Integrated Framework” issued by COSO (Committee of Sponsoring Organizations of the Treadway Commission)

• §200.306: Cost Share
  – Voluntary committed costs sharing may never be considered during the proposal merit review.
  – May be considered only when in accordance with federal awarding agency regulations and specified in a notice of funding opportunity
• §200.320: Methods of Procurement

- Requires small purchases between $3k and $150K to obtain price or rate quotations from an adequate number of qualified sources.
- No price quote is needed for vendors under strategic sourcing contracts
- 12 month extension for implementation
- January 1, 2015 to June 30, 2016: under current method covered by OMB Circular A-110
- July 1, 2016: have to comply with the new guidance
• §200.331: Subrecipient Monitoring
  – Provides detailed monitoring procedures such as reviewing financial and programmatic reports, performing on-site reviews, and engaging external auditor to perform agreed-upon-procedures for subrecipient monitoring

• §200.332: Fixed Amount Subawards
  – Written approval required for fixed amount subawards up to $150K
  – Fixed amount subawards not allowed when cost share is required
Significant Changes – Cont’d

- §200.343: Closeout
  - 90-day closeout is strictly enforced now by Federal awarding agencies
  - Ability to draw funds via Letter of Credit is removed on day 91
  - Affects subcontract final payment and effort report due date
  - Unilateral closeout is allowed, meaning sponsor can closeout award without agreement from recipient
  - Performance reports must be submitted on time
  - Agencies vowed to use every compliance and enforcement tool available including debarment of Principal Investigators
  - Agencies will keep track of the number of late closeout to evaluate the risk level of grantees
• §200.407: Prior Written Approval
  – Provides a list of the UG sections that contain prior approval requirements

• §200.413: Administrative and clerical salaries can be treated as direct costs only when all conditions are met:
  - Services are integral to a project
  - Individuals can be specifically identified with the project
  - Costs are explicitly budgeted or have prior written approval
  - Costs are not also recovered as indirect costs
• §200.415: Required Certification
  – The annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which read as follows:
  – “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”
• §200.430 Compensation – personal services
  – Removed examples of acceptable payroll distribution systems
  – Removed certification frequency requirements
  – Removed first hand knowledge requirement
  – No requirement for independent internal evaluations of payroll distribution system
  – Documentation requirements are similar to A-21
  – Switched the emphasis to internal controls
• §200.430 (i) Standards for Documentation of Personnel Expenses
  – Must be based on records that accurately reflect the work performed.
  – These records must:
    • Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
    • Be incorporated into the official records of the non-Federal entity;
    • Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
    • Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis
    • Comply with the established accounting policies and practices of the non-Federal entity
    • Budget estimates alone do not qualify as support for charges to Federal awards
    • Processes to review after-the-fact interim charges made to a Federal awards based on budget estimates are required
• §200.431: Fringe Benefits
  – UG before 12/19/14: The costs of unused leave upon termination may not be directly charged to Federal awards
  – UG current language allows direct charge of unused leave
  – UA will switch to fringe benefit method starting 7/1/15

• §200.438: Entertainment Costs
  – Entertainment costs that have a programmatic purpose and are approved in budget or with a prior written approval are allowable

• §200.453: Computing devices
  – Computing devices costing less than $5,000 are treated as supplies. As long as the devices are essential and allocable, the costs are allowed as direct costs even when the devices are not solely dedicated to the performance of an award.
• §200.461: Publication and printing costs
  – 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
  – Implementation issues – hoping for additional clarification

• §200.463. Recruiting costs
  – Short-term, travel visa costs (as opposed to longer-term, immigration visas) may be allowed but must:
    • Be critical and necessary for the conduct of the project;
    • Be allowable under the applicable cost principles;
    • Be consistent with the non-Federal entity's cost accounting practices and non-Federal entity policy; and
    • Meet the definition of “direct cost” as described in the applicable cost principles
• A workgroup was formed in April 2014 with subject matter experts representing grants management, contracting, subcontracting, payroll accounting, accounts payable, property management, procurement, intellectual property, rate studies, record management, conflict of interest, risk management, and formula grant management.

  – Study the Uniform Guidance
  – Identify changes
  – Recommend actions
  – Continue to observe Federal implementation and clarification
• In July 2014, a report summarizing changes and recommended actions was submitted to ORD and OSVPBA.

• In October 2014, an executive update was submitted to the Provost Office, ORD, and OSVPBA.

• A web page on Research Gateway is maintained to provide campus information about Uniform Guidance implementation and news release from the Federal Government.
Next Step

- Continue to observe information published by OMB and Federal awarding agencies

- Engage campus research community via training, listserv, and website communication
  - What our faculty need to know

- Work with campus research community to Implement actions required to comply with the Uniform Guidance
Challenges

- Short time frame to implement changes required
  - Systems may need to be updated to include new data elements, e.g. Federal Award Identification Number (FAIN)
  - Policies and procedures need to be developed and implemented, e.g. fringe benefit rates, procurement, 90-day closeout
- Training and communication
  - Federal awarding agencies just released their implementation of the Uniform Guidance
  - Research community continues to struggle with unclear languages in the Uniform Guidance
• UA’s Uniform Guidance web site:
  http://rgw.arizona.edu/resources/omb-uniform-guidance

• Uniform Guidance: 2 CFR, Part 200:
  http://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5

• Federal Register: Uniform Guidance issued on 12/26/2013:
  https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards
Questions?