Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (New Uniform Guidance)

Spring Research Administrators Series
March 19, 2015

Agenda

• Background
• UW-Madison Uniform Guidance Implementation
• Highlights from the Uniform Guidance
Background

• November 23, 2009: E. O. 13520 – Reducing Improper Payments and Eliminating Waste in Federal Programs
• February 28, 2011: Presidential Memorandum on Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments
• May 2011: A-21 Task Force established
• October 2011: COFAR created
Recent History

- February 1, 2013: Proposed Guidance
- June 2013: OMB/COFAR receive 300+ responses
- December 26, 2013: Uniform Guidance released
- December 19, 2014: Joint Interim Final Rule published
- December 26, 2014: Uniform Guidance effective

What is the Uniform Guidance (UG)?

- OMB’s consolidation of circulars for costing, administration and audit of Federal awards
  - 2 CFR 200 replaces 8 circulars and applies to universities, state and local governments, nonprofits, Indian tribes
- Biggest change in Federal regulations in decades
- Some good news, some new administrative burdens
- Each Federal agency will implement a slightly different version of the UG
- UG is still being interpreted and clarified
Also known as...

• Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
• 2 CFR Part 200, et al. or 2 CFR Part 200
• Uniform Guidance or UG

2 CFR 200, et al. replaces OMB Circulars:

• A-21: Cost Principles for Educational Institutions
• A-87: Cost Principles for State, Local, and Indian Tribal Governments
• A-110: Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
• A-122: Cost Principles for Non-Profit Organizations
• A-89: Federal Domestic Assistance Program Information
• A-102: Awards and Cooperative Agreements with State and Local Governments
• A-133: Audits of States, Local Governments, and Non-Profit Organizations
• A-50: sections related to audits performed under the Single Audit Act
Overall Structure: 2 CFR 200

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendices I – XI

Goals of Uniform Guidance

- Streamline guidance for Federal Awards to ease administrative burden
- Strengthen oversight over Federal funds to reduce risks of waste, fraud, and abuse
Resources

• [http://www.cfo.gov/cofar](http://www.cfo.gov/cofar)
• Preamble/Uniform Guidance, 12/26/13: [https://federalregister.gov/a/2013-30465](https://federalregister.gov/a/2013-30465)
• e-CFR, Title 2, Part 200: [http://www.ecfr.gov/cgi-bin/text-idx?SID=ee873e1aa906cf3b0d7474d25be3b5a9&node=2:1.1.2.2.1&rgn=div5](http://www.ecfr.gov/cgi-bin/text-idx?SID=ee873e1aa906cf3b0d7474d25be3b5a9&node=2:1.1.2.2.1&rgn=div5)

UW-Madison Uniform Guidance Implementation
UW-Madison Uniform Guidance Implementation Efforts

- Spearheaded by RSP
- Working groups
  - Divisional, departmental staff
  - Business Services staff
  - RSP staff
- Communications
  - With various campus stakeholders
  - RSP website

UW-Madison Implementation: Matrix of subjects/status


<table>
<thead>
<tr>
<th>Subject</th>
<th>Priority</th>
<th>Policy/Practice</th>
<th>Electronic Tool Development</th>
<th>Completion Date</th>
<th>Status/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and Clinical</td>
<td>Immediate</td>
<td>Major revisions</td>
<td>None</td>
<td>2/1/2015</td>
<td>Completed.</td>
</tr>
<tr>
<td>Policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowable expenses</td>
<td>Intermediate</td>
<td>Need a short due</td>
<td>None</td>
<td>3/28/2015</td>
<td>Need to be a short due to emphasize this is a major activity.</td>
</tr>
<tr>
<td>Facilities</td>
<td>Intermediate</td>
<td>Need minor changes</td>
<td>None</td>
<td>3/31/2015</td>
<td>For the time being, this is a minor change.</td>
</tr>
<tr>
<td>University</td>
<td>Intermediate</td>
<td>Need a short due</td>
<td>None</td>
<td>4/30/2015</td>
<td>Need to be a short due to emphasize this is an important activity.</td>
</tr>
<tr>
<td>Computing devices</td>
<td>Immediate</td>
<td>Major revisions</td>
<td>None</td>
<td>11/28/2014</td>
<td>Completed.</td>
</tr>
<tr>
<td>Conferences</td>
<td>Intermediate</td>
<td>Minor revisions</td>
<td>None</td>
<td>4/30/2015</td>
<td>In process. Verifying consistency between current and new guidance.</td>
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<tr>
<td>Travel</td>
<td>Long term</td>
<td>Minor revisions</td>
<td>None</td>
<td>6/30/2015</td>
<td>Minor changes in cost sharing.</td>
</tr>
<tr>
<td>Disability statement</td>
<td>Intermediate</td>
<td>Revisions</td>
<td>None</td>
<td>2/4/2015</td>
<td>Waiting for OMB to release their new OMB 2-45 guidance.</td>
</tr>
<tr>
<td>Effective/applicability date</td>
<td>Immediate</td>
<td>Minor revisions</td>
<td>None</td>
<td>1/31/2015</td>
<td>New award set up practices established, updating guidance on awards.</td>
</tr>
</tbody>
</table>
RSP Uniform Guidance website

https://www.rsp.wisc.edu/UG/index.html

UW-Madison Guidance

https://www.rsp.wisc.edu/UG/index.html

What is UW Madison doing to implement the Uniform Guidance?

The Office of Research and Sponsored Programs has developed strategies for implementation of the Uniform Guidance. Working groups are addressing high priority subjects. A matrix of subjects and their current status is available here.

Updated UW-Madison Guidance

- Computing Devices Guidance, FAQs, Request Form
- Direct Charging of Administrative and Clerical Salaries Guidance, FAQs
- Procurement Standards
Key Comparisons: OMB Circulars & Uniform Guidance

https://www.rsp.wisc.edu/UG/Key_comparisons_Circulars_UG.pdf

**Applicability of the Uniform Guidance**

- Administrative requirements and cost principles
  - New funding awarded on or after December 26, 2014.
  - Some Federal agencies will apply UG to **incremental** funding awarded after December 26, 2014.
- Carryover funds may or may not be subject to UG, dependent on Federal agency
- Existing Federal awards = governed by the terms and conditions under which they were awarded
- Audit requirements = audits for Fiscal Year 7/1/15 - 6/30/16 and future
WISDM Example: New Award

• Uniform Guidance applicable as of award start date

WISDM Example: Modification to an Existing Award

• Effective date will be entered under “Explanation or Additional Details”
Highlights from the Uniform Guidance

Cost Principles, Subpart E

• Allowable
• Necessary and reasonable
• Allocable
• Consistently treated
• In accordance with terms and conditions of award
• Consistent with institutional policies and procedures
• Adequately documented
Cost Sharing 200.306

- For research proposals, voluntary committed cost sharing is not expected
- Cost sharing cannot be considered during merit review process unless specified in notice of funding opportunity

Effort Reporting 200.431

- Did NOT eliminate effort reporting
  - Appears OMB was constrained by OIGs
- Requires adherence with internal controls
  - No specific guidance on acceptable standards for internal controls
- Any significant changes will require auditor input over time
- ECRT system will continue
Procurement Standards 200.317-200.326

- Requires use of specific procurement methods
  - Highly prescriptive
  - Derived from state government circular
- Micro-purchase – exempt from competitive bid if purchase is $3,000 or less
- OMB has now provided a grace period before implementation
- No changes in UW purchasing policy at this point

Procurement Standards – Delayed until 7/1/16

http://www.bussvc.wisc.edu/purch/ipp/ippindx.html

Current Purchasing Policies & Procedures will apply until July 1, 2016.
Subawards 200.330-200.332

- **Highlights**
  - More prescriptive requirements
    - Perform a risk assessment of the subrecipient
    - Add a lengthy list of elements to the subaward
    - Establish a monitoring plan for the subrecipient
      - Financial review
      - Programmatic review
  - Must use subrecipient’s negotiated F&A rate or provide a 10% MTDC “de minimis” rate
- **Possibility of delays in issuing subawards**

Computing Devices

- *Computing devices* means machines used 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. (200.20)
  - A supply is an item with an acquisition cost less than $5,000
- 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)
200.413 Direct Costs (c)

Admin & 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."
• PIs may include these costs in proposal budgets now with a strong justification. Approval is NOT automatic.
Guidance on Direct Charging of Administrative and Clerical Salaries

https://www.rsp.wisc.edu/UG/ug_admin_clerical_guidance.html

Prior Approvals 200.407 and Revision of Budget and Program Plans 200.308

- New emphasis on agency prior approvals may slow down research activities
  - Not clear that Federal agencies have adequate staffing to respond quickly
- Examples where prior approval is required:
  - Unrecovered F&A as cost sharing
  - Fixed price subawards
  - Charging administrative salaries
  - Participant support costs on research awards
  - Unusual cost items
Federal Agency Terms & Conditions

https://www.rsp.wisc.edu/UG/index.html

Temporary Federal Prior Approval and Other Requirements Matrix

PI Absences/Changes

- Prior approval required for change of PI
- Prior approval required for disengagement from the project for more than 3 months or 25% reduction in effort
- Away from campus does not automatically mean that a PI is disengaged

Closeout 200.343

- No stated change for recipient, but...
  - All reports due “no later than 90 calendar days after the end date of the period of performance”
  - New circumstances
    - Pressure on agencies (GAO Study, April 2012)
    - Changes in NIH and NSF financial reporting – award by award
    - Enforcement through 90 days for cash draw
  - Agency authorized extensions
    - NIH: 120 days (Final Federal Financial Report; Final Progress Report; Final Invention Statement and Certification)
    - NSF: 120 days (final financial disbursements only); 90 days for final project reports
Questions?

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