

UNIFORM GUIDANCE - IMPLEMENTATION 2 CFR 200 SUMMARY

Office of Contracts and Grants

2015

2 CFR 200 - OVERVIEW

- Published in Federal Register 12/26/2013
- Joint effort between OMB and Council On Financial Assistance Reform (COFAR)
- Combines/revises 8 circulars in 1, including:
 - A-110 (Administrative Requirements)
 - A-21 (Cost Principles)
 - A-133 (Audits)



2 CFR 200 – WHY?



- Streamline guidance for Federal awards
- Reduce administrative burden
- Increase transparency & strengthen oversight of federal spending to reduce risk, fraud, waste, and abuse
 - *More focus on project performance and internal controls*

WHEN?

December 26, 2013:
Published

June 26, 2014:
Agency Draft Regulations

December 26, 2014:
Implementation Deadline

July 1, 2015:
Audit Requirement Implementation

July 1, 2016:
Procurement Implementation

2 sets of rules!
Incremental Funding Issues

UNIFORM GUIDANCE SECTIONS

- Preamble: Pages 78590-78608, Supplemental information and discussion of issues
 - Subpart A: Pages 78608-78617, Acronyms and Definitions
 - Subpart B: Pages 78617-78621, General Provisions
 - Subpart C: Pages 78621-78624, Pre Federal Award Requirements and Contents of Federal Awards
 - Subpart D: Pages 78624-78639, Post Federal Award Requirements Standards for Financial and Program Management
 - Subpart E: Pages 78639-78662, Cost Principles
 - Subpart F: Pages 78662-78672, Audit Requirements
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UNIFORM GUIDANCE SECTIONS

- Appendix I: Pages 78672-78675, Full Text of Notice of Funding Opportunity
 - Appendix II: Pages 78675-78676, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
 - Appendix III: Pages 78676-78682, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
 - Appendix IV: Pages 78682-78685, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
 - Appendix V: Pages 78685-78687, State/Local Government and Indian Tribe-Wide Central Service Cost Allocation Plans
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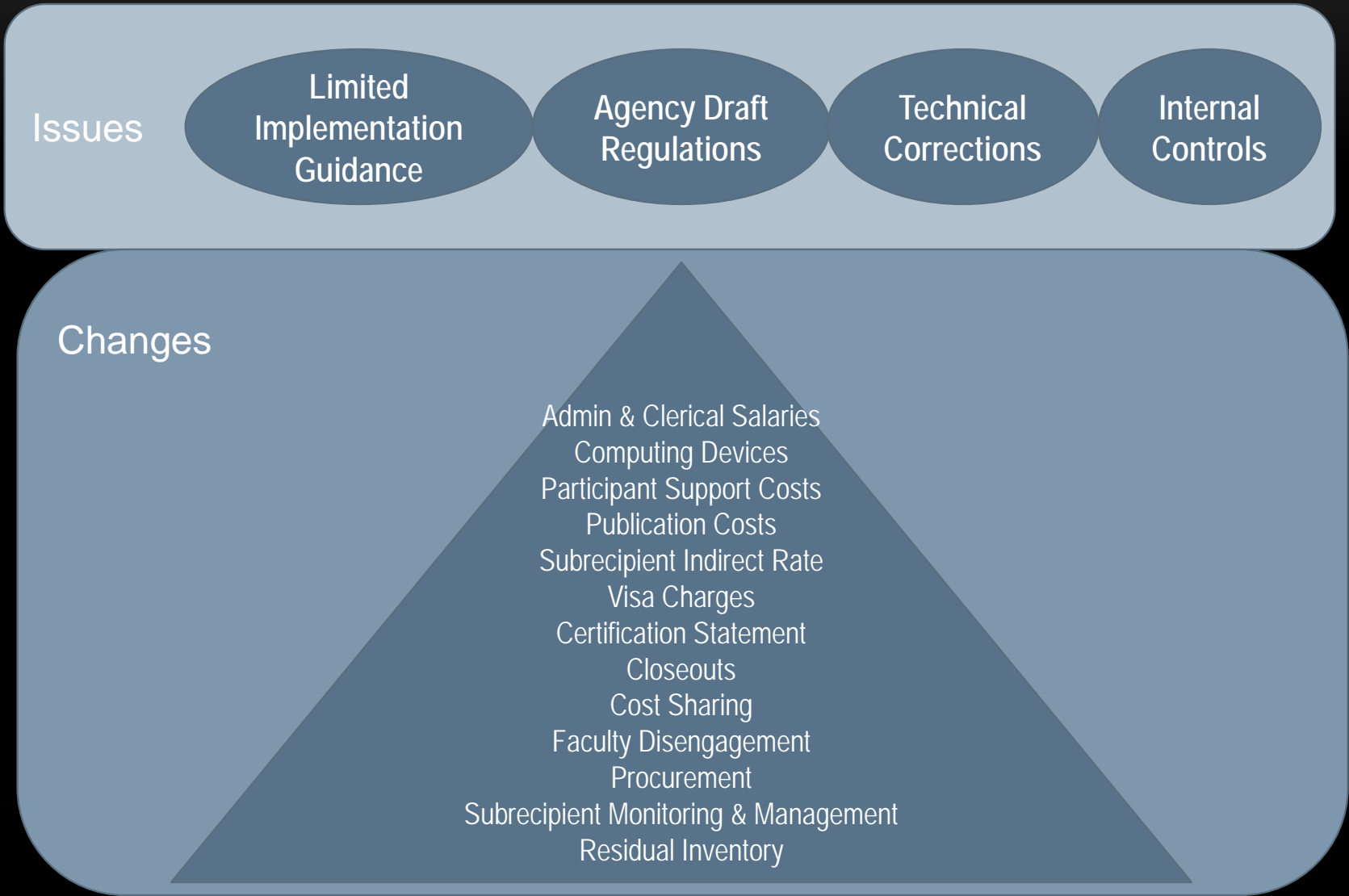
UNIFORM GUIDANCE SECTIONS

- Appendix VI: Pages 78687-78688, Public Assistance Cost Allocation Plans
- Appendix VII: Pages 78688-78691, States and Local Government and Indian Tribe Indirect Cost Proposals
- Appendix VIII: Page 78691, Nonprofit Organizations Exempted From Subpart E-Cost Principles
- Appendix IX: Page 78691, Hospital Cost Principles
- Appendix X: Page 78691, Data Collection Form
- Appendix XI: Page 78691, Compliance Supplement

EFFECTIVE DATE ISSUES 200.110

- Existing Federal awards that do not receive incremental funding with new terms and conditions will continue to be governed by the Circulars.
- Incremental funding on awards that were governed by the Circulars where the Agency modified the terms and conditions will be governed by UG.

KEY ISSUES/CHANGES



CERTIFICATION STATEMENT 200.415(A)

- Financial reports and invoices must be signed by an authorized official:

“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.”

UNLIKE CIRCUMSTANCES CLERICAL AND ADMINISTRATIVE SALARIES 200.413(C)

- Salaries of administrative and clerical staff NORMALLY indirect (F&A) cost. *(no change)*
- Direct charging may be appropriate if **ALL** of the following conditions are met:
 - Services are **integral** to project or activity
 - Individuals can be **specifically identified** with project
 - Costs are **explicitly included in budget** or have **prior written approval** from agency
 - Costs are **not also recovered as F&A** costs

UNLIKE CIRCUMSTANCES CLERICAL AND ADMINISTRATIVE SALARIES

Direct Charge Considerations

- Financial complexities are part of the award. Research Experiences for Undergraduates (REU) – tracking travel, housing, stipends – the department will not get participants if these pieces are not handled. Labeled tasks that have numerous subtasks that have to be tracked as part of the award reporting.
- Administratively integral to the project.
- Documentation is not an administrative burden determined through a cost/benefit analysis.

UNLIKE CIRCUMSTANCES CLERICAL AND ADMINISTRATIVE SALARIES

- Documentation Requirements
 - Clerical and Administrative Salaries that will be charged direct must be disclosed and justified in the proposal budget and budget narrative or through a prior approval request to the sponsor.
 - Documentation supporting direct charge of these costs must be prepared before the expense is charged, not after the fact. Must be signed and dated.
 - Documentation must indicate the essential nature or degree of support.
 - Job titles should also be accurate and clearly convey the work being performed by that individual.
 - Easy and quick retrieval of the support (unlike circumstance) is expected when requested.

UNLIKE CIRCUMSTANCES CLERICAL AND ADMINISTRATIVE SALARIES

If Questioned by the Sponsor:

- Be prepared to explain individual's activity and why unlike/unusual
- Be prepared to explain why individual's activity on THIS grant is different than on another grant, if such individual's time is NOT directly charged on another grant.

UNLIKE CIRCUMSTANCES CLERICAL AND ADMINISTRATIVE SALARIES

Unallowable as a Direct Charge

- A standard or departmental average % added to each award to cover one or more administrative positions.
- Activity that is essentially required in all sponsored awards, such as assembling and copying a technical report.
- Grant proposal writing and preparation work can never be charged to a grant.
- Same need in multiple projects

COMPUTING DEVICES 200.453

(UNDER MATERIALS AND SUPPLIES)

- Computing devices (laptops, desktops, software, etc.) NOT considered a depreciable asset by NCSU may be charged as supplies



- Item(s) must be essential and allocable
- NOT required to be solely dedicated to single project
- Definition: *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.

COMPENSATION (EFFORT REPORTING)

- Myth: Effort Reporting has been eliminated
 - Non prescriptive after the fact certification still required. 200.430



CONFERENCES 200.432

- Very similar to A-21 with these additions:
 - As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable.
 - Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.

COST ACCOUNTING STANDARDS 200.419

- Required to submit revisions 6 months in advance of a change in disclosed practice. May proceed with implementing change only if Cognizant Federal Agency does not respond within 6 months or request more time to review.

ENTERTAINMENT COSTS 200.438

- Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable.
- UG Provides exception. If entertainment costs have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency, the costs are allowable

FEDERAL AGENCY RECOGNITION OF FULL NEGOTIATED INDIRECT COST RATES 200.414(C)(1)

- The negotiated rates must be accepted by all Federal awarding agencies unless a different rate is required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on a justification.
- Federal agency head or delegate must notify OMB of any approved deviations from negotiated rates.
- Agency must include in the notice of funding opportunity the policies relating to indirect cost rate reimbursement, matching, or cost share as approved.

LOSSES ON AWARDS 200.451

- Any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable as direct or indirect costs.
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MTDC DEFINITION 200.68

- Participant Support Costs are specifically excluded from MTDC

PARTICIPANT SUPPORT COSTS 200.456



- Allowable with prior approval of the Federal Awarding Agency
- Definition: *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.

PUBLICATION COSTS (200.461)

- The costs of publication (page charges) or sharing of research results may be charged to the project after the period of performance as long as the costs are incurred prior to closeout.

SHORT TERM VISA CHARGES 200.463 (UNDER RECRUITING 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
 - (4) Meet the definition of "direct cost" as described in the applicable cost principles.

SUBRECIPIENT INDIRECT COST RATE 200.414(F)

- Any non-federal entity (state, local government, Indian tribe, institution of higher education or nonprofit organization) that has never had a negotiated indirect cost rate may use a *de minimis* rate of 10% of modified total direct costs (MTDC) indefinitely. The only exception is a governmental department or agency unit (States and Local Governments and Indian tribes) that receives more than \$35 million in direct Federal funding must submit an indirect cost proposal. This will allow very small entities to recover 10% of MTDC from the federal government to share in the cost of operations.

TRAVEL 200.474

- Commercial airfare, least expensive unrestricted accommodations is allowed (However, we are limited by University travel regulations “Transportation by commercial airlines is limited to actual coach fare, substantiated by receipt”.)

CLOSEOUTS



- All reports (financial and technical) are due TO AGENCY **no later than 90 days** after Period of Performance
- High risk of loss of funds to University if funds are not requested within 90 days

COST SHARING / MATCHING

- Clarifies policies on voluntary committed CS
 - VC CS not expected under proposals and cannot be used in merit review
 - CS can only be considered when required by regulation & transparent in notice of funding opportunity
- Valuation of CS largely unchanged
 - 3rd party
 - Unrecovered F&A
 - Etc.



EXCESS (RESIDUAL) SUPPLY INVENTORY



- Federal government must be compensated for their share of residual supplies remaining on project >\$5,000 (no change from A-110)
 - Based on FMV
 - Computing Devices

FACULTY DISENGAGEMENT

- The Uniform Guidance recognizes that PIs can be engaged in projects even if not physically on-campus.
- A prior approval is required if the PI will be “disengaged” from any project for more than 3 months or if there is a 25% reduction in time committed to the project from the approved budget.
- If a PI is actively engaged in (i.e. working on) a project at the proposed and awarded levels, even if offsite, such approval is not required.

INTERNAL CONTROLS

- Increased focus on maintaining internal controls
 - Must maintain internal controls that provide reasonable assurance of managing awards in compliance with Federal rules and regulations and T&C's. Must evaluate and monitor compliance, must take action on instances of non-compliance.

INTERNAL CONTROLS

- Increased focus on maintaining internal controls
 - COSO & federal “Green Book” principles:

Control Environment

1. Demonstrates commitment to integrity and ethical values
2. Exercises oversight responsibility
3. Establishes structure, authority and responsibility
4. Demonstrates commitment to competence
5. Enforces accountability

Risk Assessment

6. Specifies suitable objectives
7. Identifies and analyzes risk
8. Assesses fraud risk
9. Identifies and analyzes significant change

Control Activities

10. Selects and develops control activities
11. Selects and develops general controls over technology
12. Deploys through policies and procedures

Information & Communication

13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring Activities

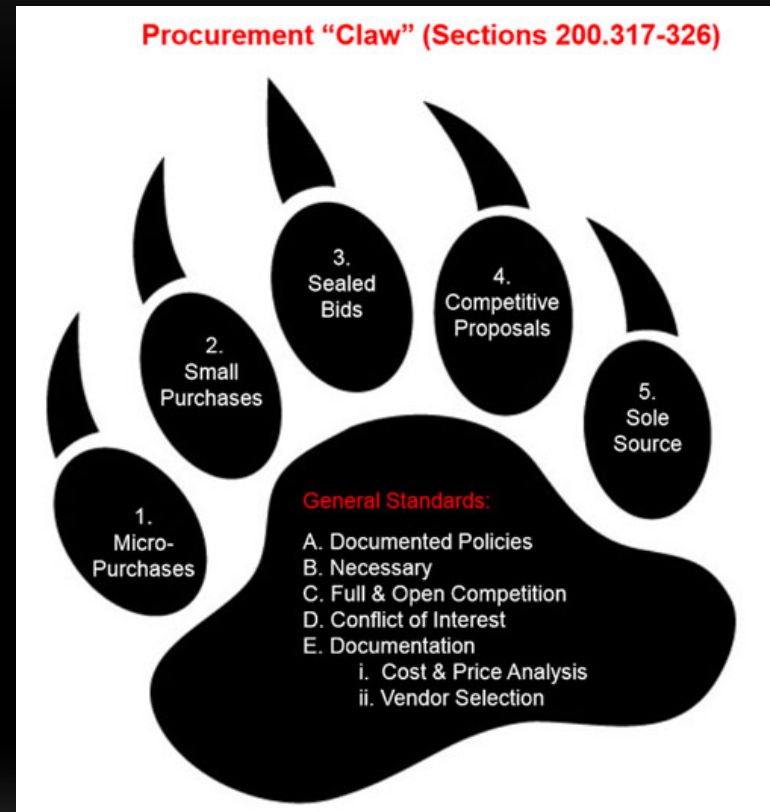
16. Conducts ongoing and/or separate evaluations
17. Evaluates and communicates deficiencies

PRIOR APPROVALS

- New emphasis on agency prior approvals can 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

PROCUREMENT

- NCSU will implement July 1, 2016
- New purchasing threshold: \$3,000-5,000
 - “micropurchases”
 - Will require:
 - Full & open competition
 - Documentation of cost & price analysis and vendor selection



PROGRAM INCOME



- Default method for IHEs – Addition Method
 - Example: \$20k award + \$10k income = \$30k to spend
 - Award amount does not change (\$20k)
 - Invoice sponsor for \$20k
- Awaiting clarification/technical correction – prior approval for addition?
- Read award T&C!
- Can be used as CS to meet requirement

SENSITIVE INFORMATION

- Take reasonable measures to safeguard protected personally identifiable information and any other information the sponsor designates as sensitive

SUBRECIPIENT MONITORING AND MANAGEMENT

- Increased requirements for subrecipient review and monitoring
 - Risk Assessment – changes on SPARCS side
 - Analyze financial and programmatic reports
 - Follow up on all deficiencies
 - Issue management decisions
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QUESTIONS?

Ann Grigg

5-8017 / ann_grigg@ncsu.edu