

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

AUSPAN

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# Grants Reform

- February 2011 – President directed OMB to reduce unnecessary regulatory and administrative burdens
- October 2011 OMB created the COFAR
  - Council on Financial Assistance Reform

# COFAR

- Council on Financial Assistance Reform
  - To improve delivery, management, coordination and accountability on federal grants and cooperative agreements
  - December 19, 2013 released the new Uniform Guidance
    - Partnership of Federal, State, Indian Tribes, Universities, non-profits and auditors
    - To rethink the rules that govern our stewardship of Federal dollars
    - Included changes not previously indicated in document drafts

# Uniform Guidance

- Supersedes and streamlines requirements from OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133
- Effective December 26, 2014 (all sections except the Audit requirements)
- December 18, 2014 agency implementations of the Uniform Guidance were released
- Applies to all new awards and any modifications (incremental funding) AFTER 12/26

# Auburn's Process

- Implementation committee established
  - Business office and sponsored programs personnel
  - Working subgroups established for specific areas
- Some changes already implemented
- Other changes under discussion
- Many new policies, procedures or modifications anticipated
- Probably will need some additional educational opportunities

# Pertinent Changes

- **Emphasis on internal controls**
- Procurement
- Performance Reporting
- Subrecipient Monitoring
- Compensation
- Indirect Costs

# Internal Controls

Broadly defined as a **process**, effected by an entity's board of directors, management, and other personnel, designed to provide **reasonable assurance** regarding the achievement of objectives relating to **operations, reporting, and compliance**.

Relates to the **aggregate control system of the organization**, which is composed of **many individual policies and procedures**.

# Concern 1

This the new financial certification that University Administrators will have to sign:

*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).”*



## Concern 2

- Generally, Auburn's policies and procedures are the same as our peers
- Education on regulations is often limited to a subset of persons but the regulations impact everyone
- Most people are consumed with work and time for new opportunities is difficult to find

# Pertinent Changes

- Emphasis on internal controls
- **Procurement**
- Performance Reporting
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- Indirect Costs

# Procurement

- Purchases of supplies AND services under \$3,000 do not require quotes
- Purchases of supplies AND services between \$3,000 and \$150,000 **require** quotes from an “adequate number of qualified suppliers”
- Purchases over \$150,000 require sealed bids or competitive proposals
- Note that the State of Alabama bid law threshold for requiring bids is \$15,000

# Auburn Response

- PPS changed the small purchase threshold for purchases which do NOT require a purchase order from the current \$2500 to \$3000 and modified the spending policies accordingly
- Auburn's practice of using preferred vendor contracts will relieve the requirement for quotes on many types of purchases

# Pertinent Changes

- Emphasis on internal controls
- Procurement
- **Performance Reporting**
- Subrecipient Monitoring
- Compensation
- Indirect Costs

# Performance reporting

- We MUST monitor activities under Federal awards to assure compliance with applicable Federal requirements and that performance expectations are being achieved

# Pertinent Changes

- Emphasis on internal controls
- Procurement
- Performance Reporting
- **Subrecipient Monitoring**
- Compensation
- Indirect Costs

# Subrecipient Monitoring

- We MUST monitor the subrecipient to ensure the funds are used for authorized purposes and **that the subaward performance goals are achieved**



# Pertinent Changes

- Emphasis on internal controls
- Procurement
- Performance Reporting
- Subrecipient Monitoring
- **Compensation**
- Indirect Costs

# Compensation

- Emphasis is placed on internal controls over personnel related expenditures and less prescription on specific documentation
- More flexibility on frequency
- Records **MUST** reflect the work performed

# Pertinent Changes

- Emphasis on internal controls
- Procurement
- Performance Reporting
- Subrecipient Monitoring
- Compensation
- **Indirect Costs**

# Indirect Costs

- Federal Agencies MUST honor our negotiated F&A rate agreements unless statute prohibits such
- For entities without a negotiated rate agreement, a 10% de minimus rate may apply
- We MUST honor the negotiated rates of our subrecipients, negotiate one with them or provide the de minimus 10% unless statute prohibits such

# Other changes that are helpful

- Funding announcements
  - Standard 60 day lead time with standard format and posting information
  - Standard forms across all programs
- Award notices
  - Unique identifier government-wide
  - Terms and conditions clearly communicated including deliverables
- Cost Sharing
  - Voluntary cost share not expected and required MUST be included in RFP
  - May NOT be used in review criteria
- Absence of PI for more than three months
  - Clarification that prior approval is required only for “disengagement” and not physical absence

# Allowability of costs

- Same criteria apply in new guidance as was in A-21
  - Must be necessary and reasonable for the performance of the project and be allocable to the work
  - Must be consistently treated as a direct or indirect costs when incurred for the same purpose in the same circumstance
  - Must comply with the requirements in the guidance
  - Must be documented in records in compliance with institutional policy or procedure and the Uniform Guidance

# “Good” news

- **Administrative and Clerical salaries**
  - may be charged IF services provided are integral to the award, specifically identified with the activity, explicitly included in the budget or have prior written approval of the Federal agency
- **Computing Devices**
  - allowable for devices that are essential and necessary for the performance of the project
- **Publication Costs**
  - Allowable after the award end date but before closeout
- **Visa Costs**
  - Costs of short term travel visas are allowable

# Uniform Guidance Implementation

## Next Steps

- Patience – large amount of information to digest and new procedures to implement/communicate across campus
- Still need to evaluate the implementation plans from each Federal Agency
- Will continue to follow OMB communications and guidance from professional associations
- Hope to have Faculty Investigators and departmental administrators as partners in determining best practices that are compliant and fit within the culture of our institution



Questions?