

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

AU SPAN

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Grants Reform

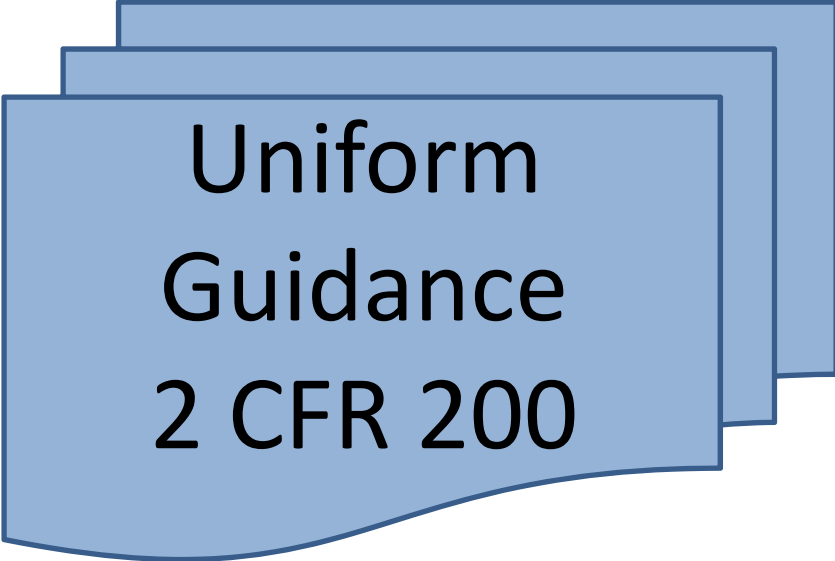
- February 2011 – President directed OMB to reduce unnecessary regulatory and administrative burdens
- October 2011 OMB created the COFAR

COFAR

- Council on Financial Assistance Reform
 - Efforts 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)
- Applies to all new awards and any modifications (incremental funding) AFTER 12/26
- Also referred to as Omni Guidance, A-81, UG(h), Circzilla...



**Uniform
Guidance
2 CFR 200**

What Researchers Need to Know

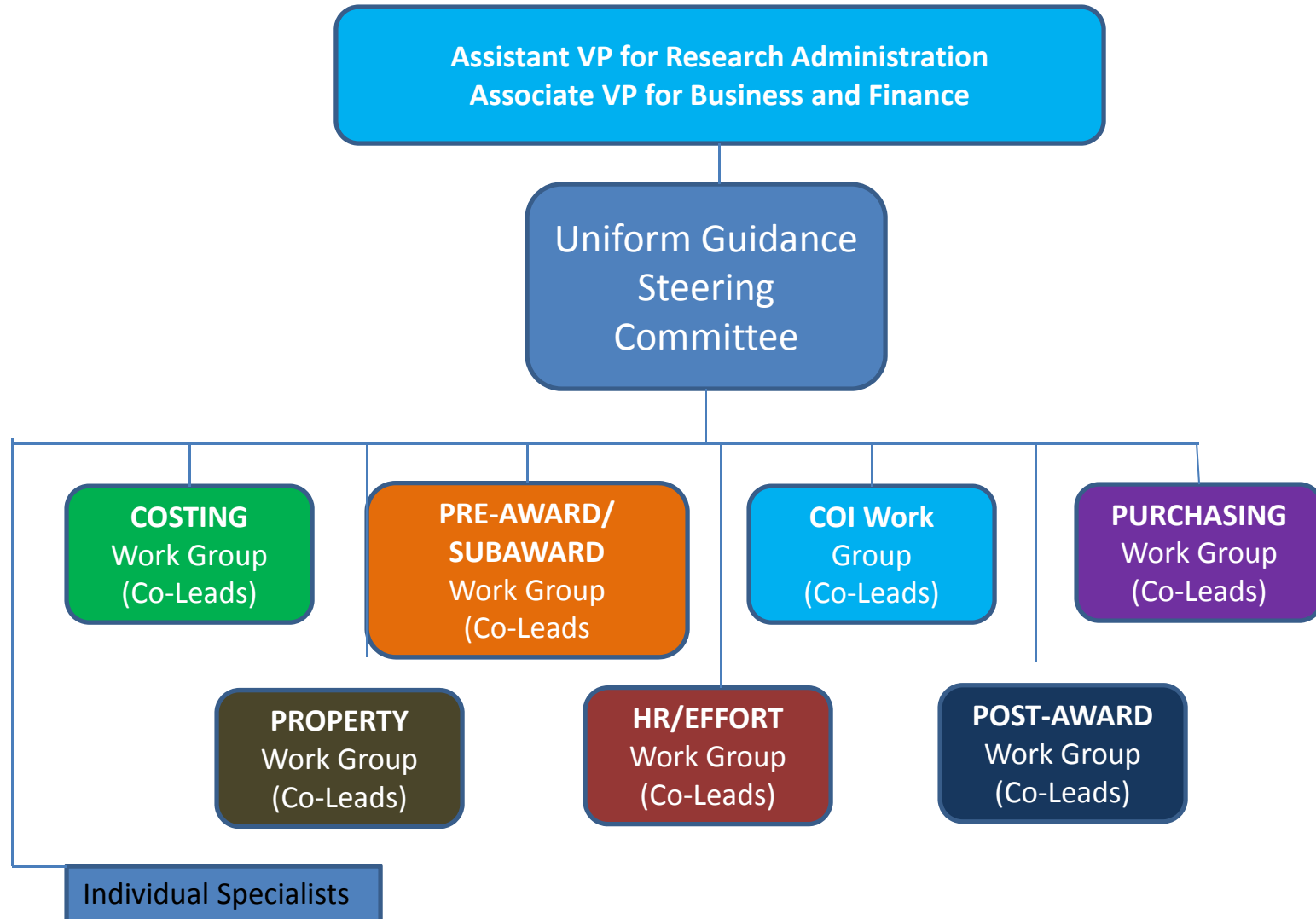
(and Organizing your UG Implementation)

Susan Sedwick, University of Texas at Austin

Dan Evon, Michigan State

Pamela A. Webb, University of Minnesota

Uniform Guidance Implementation



Uniform Guidance Implementation

- Committee and work groups will be populated with inclusive representation
- Close monitoring of national developments and implementation strategies promulgated at other Universities

Internal Controls

BAD

- Uniform Guidance uses the phrase “internal Controls” 103 times! This implies an environment of increased scrutiny.

REFRESHER: THE CONTROL ENVIRONMENT

ORGANIZATIONAL CULTURE

FIRST LINE OF DEFENSE

- Tone at the top
- Competency
- Proper authority
- Empowerment

REFRESHER - WHO IS RESPONSIBLE?

EVERYONE!!

- PRESIDENT
- PROVOST & ASSOCIATE PROVOSTS
- DEANS, DEPARTMENT HEADS
- FACULTY, PRINCIPAL INVESTIGATORS
- ADMINISTRATORS & STAFF
- STUDENTS

REFRESHER – LIMITATIONS

GOOD CONTROLS CANNOT GUARANTEE SUCCESS

- POOR DECISION MAKING
- POOR MANAGERS
- UNETHICAL BEHAVIORS
- INADEQUATE KNOWLEDGE
- CONTROL OVERRIDE

REFRESHER – KEY COMPONENTS

- CONTROL ENVIRONMENT,
- RISK ASSESSMENT,
- CONTROL ACTIVITIES,
- INFORMATION AND COMMUNICATION, AND
- MONITORING.

Internal Controls

BAD

- Yes, you can anticipate efforts to limit cost transfers and late appointment forms.
- 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).”*

Funding Opportunity Announcements (FOA)

GOOD

- Standard minimum 60 day lead time
 - Minimum number of days will be 30 unless a different period is required by statute or exigent circumstances as dictated by the agency head
- Announcement will be in a standard format & posted
 - Specified summary data
 - Specified full text announcement data
- Proposal application forms pre-approved by OMB

Award Notices

GOOD

- Create a unique, government-wide identifier number
 - “FAIN” for Federal Award Identification Number (e.g., for NIH, R01-GM123456)
- Terms and conditions are spelled out
 - Including deliverables (reports or other) and any milestones

Cost-Sharing

GOOD

- Voluntary committed cost-sharing is not expected in research proposals
- Cost-sharing obligations must be included in FOAs
- Cost-sharing may normally not be used as a factor in the review of applications.

Performance Measurement (Financial and Performance Reporting)

BAD

- Increased focus on obligation to relate progress/performance to per-unit cost where possible
 - Seeking OMB FAQ/agency implementations to confirm that the Research Performance Progress Report (RPPR) will meet this requirement

Conflict of Interest Requirements

UNCLEAR

- New obligation for every federal agency to have COI regulations in place and require reporting for “potential” conflicts
 - Unclear how significant an impact this will have

Absence of PI for more than 3 months

GOOD

- Clarification that the prior approval is needed for “disengagement” not physical absence

Changes in Indirect /F&A Costing Rules

MIX

- Federal agencies are expected to honor negotiated F&A rates

- F&A improvements
 - F&A rate agreement honored if one exists
 - Subrecipients (e.g., foreign, small businesses, school districts, etc.) without a negotiated rate can get an automatic 10% MTDC F&A rate
- Increased subrecipient monitoring burdens
 - New obligation to be able to prove that you received/reviewed your subrecipient's performance and financial reports

Changes in Direct Costing Rules

MIX

- Admin and Clerical Salaries
 - Can be direct charged under certain circumstances (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).
- Publication Costs (Page Charges)
 - Page charges are still allowable costs after award end date but before closeout (in essence, adoption of the NSF model)
- Computing Devices
 - Devices under \$5,000 may be direct charged (allocable portion only) if essential to the performance of the Federal award.
- Program Income
 - Definition now includes license fees and royalty income earned on patents and copyrights during the award period of performance

Purchasing

- Use of statutorily imposed state or local geographical preferences prohibited in procurements
- Language that implies that purchases over \$3K require competitive quotes (potential major purchasing delays)
- Confusion not resolved about whether F&A will be charged on vendor purchases over \$25K

Uniform Guidance Implementation

Next Steps

- Patience – large amount of information to digest and large amount of uncertainty.
- Watch implementation plans from each Federal Agency.
- Stay abreast of conversations between professional associations and OMB.