Uniform Guidance

Dec 17, 2014
Introduction

- 90% of sections read through by the subcommittee members!
- Existing internal controls model (COSO) will be maintained
- Subcommittees have made their recommendations
- Initial focus areas listed below
- Two sets of plans
  - For Dec 26, 2014 to June 2015
  - For Fy16 and after
Focus areas

• 200.210 - Research Terms and Conditions
• 200.305 – Payments
  • Payments to subrecipients within 30 days of invoice receipt
• 200.308 – Revision of budget & program plans
  • Requirement for prior approval to transfer amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, has been removed
  • Disengagement from project for more than 3 months
  • 25% reduction in time devoted to the project
• 200.318 & 200.319 – General procurement standards
  • Micro purchases limit lowered to $3000
  • Small purchases between $3000 - $150000
  • Sealed bids > $150000, construction projects
  • Competitive proposals > $150000, RFP with evaluation methods
  • Sole Source – unique, public emergency, authorized by agency, no competition
Focus areas contd.

• 200.327 – Financial Reporting
  • Minimum of annual reporting
  • Monitoring carve outs for NCEs and SNAP awards

• 200.328 – Performance Reporting
  • All federal agencies moving towards RPPR
  • Pass through entity monitoring will include reviewing financial and programmatic reports required by the pass-through entity

• 200.330 & 200.331 – Subrecipient & contractor determinations and requirements for pass through entities
  • Risk assessment required – but we are already doing that since our UOP
  • We should start requesting, reviewing & confirming subrecipients’ F&A rate from their rate agreements

• 200.343 – Closeout
  • We should consistently include Invention statements & equipment inventory reports during closeouts
  • Separate milestones to capture that information
Focus areas contd.

• 200.400 – 200.475 – Cost Principles
  • Prior approval requirements
    • More cost types are allowable with prior approval (Entertainment, Refreshments)
    • Pre-award costs require prior approval
    • Confirming budget justification in an approved award equates to a prior approval (COGR)

• Cost Policy implications
  • Administrative and clerical salaries.
  • Computing devices
  • Participant support costs not subject to F&A
  • Publication costs after end date

• 200.414 - De minimis F&A rate of 10%
  • Pertinent to subrecipients who do not have a negotiated rate

• 200.415 – Required certifications
  • Delegation required for financial reports & invoice
Focus areas contd.

• 200.430 – Compensation of personnel services
  • Continue with Plan-confirmation method (Quarterly reviews, annual certification)
  • “Director” and other administrative appointments affect IBS
  • Institutional Base Salary (IBS) in an official University system
  • Retroactive payroll increases/decreases affect on labor distribution results

• 200.431 – Fringe benefits
  • Allowability of UVM to charge unpaid leave on actual basis
  • Pending technical correction by OMB
Focus areas contd.

Indirect Costs (Appendix III)
- Defending the 1.3 points Utility cost Adjustment in On-campus research rate

- Cost Accounting Disclosure Statement (DS-2) implications
  - Uniform Guidance considerations
  - Pending voluntary cost accounting changes
  - Timing
Process changes Dec 26, 2014 to June 30, 2015

- Research terms and conditions
- Unpaid vacation for Terminated/Retirees
- Direct charging of Administrative Salaries
- Computing devices
- Participant support costs
- Publication costs
- Prior approvals
- Pre award costs
- De minimis F&A rate
- Subrecipient performance reports monitoring
- Misc.
Research Terms & Conditions

- Research Terms and Conditions will not be applicable for research awards issued after 12/26/2014.
- Until new Research Terms and conditions are available, Federal awarding agencies may incorporate general terms and conditions either in the Federal award or by reference.
- These awards issued may include varying prior approval requirements either in the award agreement or in the agency’s implementation of the UG.
- SPA will continue to read the award docs really closely and figure out the implications.
Unpaid vacation

• Current practice: Accrued vacation pay is charged based on the employee current effective dated labor distribution percentages

• Effective Dec 26th
  • Uniform Guidance and related FAQs specifically currently disallow the direct charging of accrued vacation pay
  • OMB has confirmed that a technical correction to the guidance will allow the direct charging of unpaid leave on an actual basis (current UVM business practice)
Direct charging admin salaries

• Direct charging of administrative salaries is allowed as long as
  • Administrative or clerical services are integral to a project or activity;
  • Individuals involved can be specifically identified with the project or activity;
  • Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
  • The costs are not also recovered as indirect costs.

• Direct cost justification form – Define the integral nature of the work.
  • Include details of any administrative salaries that were not included in the original budget justification in the next progress report.
  • If the proposal includes the administrative salary, then the Direct cost justification form needs to be completed and approved before the proposal is submitted.
  • Work with SPA to request prior approval from sponsor if they have not been justified in the proposal.
  • Ensure that all such administrative staff, if integral, are included in the proposals that are going on starting Dec 26th.
Computing devices

- Computers classified under materials & supplies
- Direct charging is allowable if
  - Such devices are essential
  - Allocable
  - But not solely dedicated to the performance of the federal award
- Continue the completion of the Direct Cost Justification Form
- Requirement of 90-95% usage on the grant discontinued and will not be used for review of the DCJF
- Allocation on multiple grants to be based on
  - PI Effort
  - Other personnel effort
- Inclusion of computing devices in proposal as much as possible
Participant support costs

- Not part of Modified Total Direct Costs (MTDC) and not subject to F&A
- Prior approval required for incurring such expenses
- Starting Dec 26th
  - F&A tree to be changed to exclude Participant support costs from BASE A (MTDC)
  - All participant F levels will be set to control with the $ amount proposed
  - Any rebudgets in and out of it will be treated carefully and will probably trigger prior approval request
  - Work with SPA to request prior approval for any proposed deviations from Jan 2015
- Should be clearly defined in all outgoing proposals and progress reports
- Budget worksheets for continuations and new awards need to reflect the exclusion from base
Publication costs

- Publication costs incurred after the end date of the award and before closeout can be charged to the grant
- No impact till July 2015
Prior approvals

• Too many instances of prior approval allowed in the new guidance
• As an institution we should be consistent about when we are seeking prior approval and what we are not allowing to go to the sponsor.
• Basic guidelines
  • All requests for prior approvals have to go through SPA to the administrative contact of the grant.
  • Any approval for direct charging of expenses has to be approved by SPA before being forwarded to the Sponsoring agency.
  • The following expenses will not be allowed to be charged if not included in the budget justification, except in a very few cases, in other words prior approval cannot be sought after the award has been received and processed
    • Refreshments
    • Entertainment expenses
    • Audit services
    • Exchange rates
    • Fines, penalties & damages
  • In addition to all of the above, only requests for expenses greater than $5000 will be sought for prior approval. Requests for reduction of effort/disengagement will continue to be sent out.
Pre award costs

• All awards received after Dec 26th, review the award doc closely before allowing the pre award expenses.
• As of now, we cannot simply sign the pre spending memo and deem it allowable.
• These expenses have to be included in the budget justification or we have to obtain prior approval before incurring/charging them.
• A generic sentence to be included in every proposal where there is a chance of delayed receipt of award about the beginning of work and incurring of expenses prior to the start date of the award.
**Deminimis F&A rate**

- All subrecipients without a negotiated rate are entitled to get a deminimis F&A rate
- In all instances where we are creating sub amendments after 12/26/2014 & giving new monies to the subrecipient, we should consider the applicability of the deminimis rate
  - Awards issued after 12/26/2014, let the subrecipient know that they can rebudget monies to support 10% indirect costs
  - The PI also has an option to offer additional dollars to subrecipients to cover the 10% indirect costs
- For all proposals going out after 12/26/2014, the subrecipient commitment form will include the wording about option of charging deminimis indirect rate on federally funded grants.
Subrecipient performance reports

- Documenting the review of performance reports
- Sub awards should include language about submission of final performance reports at the minimum. No format specified for pass through entities, so the report can be an email
- When the PI is signing off on final financial reports/final reports from the subrecipient, they note in the invoice
  - Approved for payment
  - Final Performance report reviewed and approved
- SPA will include the language to be incorporated for the above approval in invoices they are sending out for PIs signature.
- For the invoices that come to the PI/department directly, the language for approval will be included in our uniform guidance website - “Performance report deemed satisfactory and final invoice approved for payment”
Misc.

- All references to circulars in Policies & UOPs changed to “applicable federal guidelines”
- Helpful information added to SPA website
  - Direct charging of admin salaries
  - Computing devices
  - Participant support
  - Prior approval
  - Subrecipient performance reports review
- Flag awards issued after the effective date of Uniform Guidance
Process changes Fy16 and after

- Policies & UOPs to be substantively updated
  - Cost policy
  - Procurement or Lease of Goods and Services and Contract Approval and Signatory Authority for Procurement or Lease of Goods and Services
- Procurement standards
- Prior approval requests
- Pre award costs
- Payments to subrecipients within 30 days
- Closeout requirements
- Documentation for IBS streamlined and strengthened
- Deminimis F&A rate
Next Steps

- Assess OMB Uniform Guidance update and federal agency plans
- Subcommittees possibly re-convene in January
- Make bigger policy changes
- Submit DS-2
- Communication/campus training
Wish you a happy and restful holiday season & a prosperous new year!