

Uniform Guidance Implementation

September 11, 2014



Jim Luther, Duke University

Sara Bible, Stanford University

Dan Evon, Michigan State University

Joe Gindhart, Washington University in St. Louis

FDP - Administrative Cost Working Group

- Financial, Audit and Costing Policy Standing Committee
 - Leadership: Joe Gindhart (Co-chair) - Washington University & Michelle Bulls (Co-Chair) – National Institutes of Health
 - Initiatives
 - Project Certification
 - Procurement Working Group
 - Administrative Cost Working Group
- Administrative Cost Working Group 
 - Charge of the Committee: The administrative cost working group is focused on identifying ways to recover more of the administrative costs related to individual sponsored project activities. The primary interest in doing so is to address the faculty concern that too much of their time is spent dealing with administrative tasks rather than research.
 - Presenters:
 - Sara Bible (co-chair) Stanford University (Next co-chair of Financial, Audit, & Costing Standing Committee)
 - Jim Luther (co-chair) Duke University
 - Dan Evon – Michigan State University
- Current Focus:
 - Uniform Guidance, SubAcct Transition & Closeout Requirements

Uniform Guidance: Priorities

- Develop and issue policies/guidance on proposing costs based on the Uniform Guidance
 - For projects expected to be awarded on or after December 26, 2014
- Train faculty and staff on new policies/guidance
- Create flag(s) to identify awards operating under the UG or A-21
- Consider system modifications, blocking/removing blocking on certain costs
- CAS Disclosure Statement revisions to be submitted after 12/26/14
- Other?

Uniform Guidance: More Issues/Priorities

- Institutional management of multiple sets of policies / regulations at the same time
 - See FAQ .110-7
- Magnitude and expanse of change
 - Technology: May impact lead time
 - Business Process: may have broad consequences, impact other areas of the university beyond research, and/or beyond the institution (e.g. state systems)
 - Breadth of impact:
 - Business Lines: Procurement – Finance – Research Admin – etc. etc.
 - Management Lines: Department – Division – School – Institution – etc. etc.
 - Role: PI's – Research Administrators – Payroll Clerks/Staff Assistant – Management
 - Training and Communication: everything changes...
- Interpretation and integration into existing Internal Control environment
- Integration into DS-2
- Readiness for the Compliance Supplement and “A-133” Audit
- How “harmonized” will agencies be? Will there be deviations? Will we have to create separate guidance by sponsor?

Uniform Guidance: Additional FAQs issued on August 29th

Introduction to FAQs

.... Please note that in case of any discrepancy, the actual guidance at 2 CFR 200 governs. If there is a question pertaining to the application of the guidance to a particular Federal award, that question should be addressed to the Federal awarding agency or pass-through entity in the case of a subrecipient....

FAQs

- Proposing costs for awards on/after December 26, 2014 should be developed per the Uniform Guidance
 - Don't need to follow DS-2, e.g. administrative/clerical salaries or computing devices may be proposed
- Procurement – one year delay in implementation
 - *Read the fine print for compliance in the interim year*
 - Clarification on requirements provided

Uniform Guidance: More FAQs

- Terminal Leave – OMB to issue technical correction, clarifying that the unused leave, etc. can be charged to fringe benefits – *read the fine print*
- Program income – conflict with Bayh-Dole resolved
 - Income from license fees and royalties funded by a Federal award should be excluded from the definition of program income.
- Depreciable assets – institutional contribution is allowed; may either depreciate or count as cost sharing/matching
- DS-2 submissions to start after December 26, 2014
- Federal agencies may allow no-cost extensions, as long as they don't violate applicable laws and regulations

Uniform Guidance: More FAQs

- Compensation – Personal Services
- Property – clarifications provided
- Base year for F&A rates and other F&A clarifications provided
- Effective date and incremental funding
- Conflict of interest applies to types of decisions around selection of subrecipients and procurements
- FAQs available at:

<https://cfo.gov/wp-content/uploads/2014/08/2014-08-29-Frequently-Asked-Questions.pdf>

UG: Priorities – which policies?

- Administrative and Clerical Salaries
- Computing Devices
- Visa Charges
- Subawards: 10% de minimis F&A rate
- Faculty Disengagement
- Participant Support
- Cost Sharing
- Publication Costs
- Dependent Care
- 90 day close out
- Employee Health & Welfare
- COI flag for vendor files
- Compensation- Personal Services
- Terminal Leave
- Procurement

200.210 – Terms and Conditions for Federal Awards

- Requires the awarding agency to incorporate general terms and conditions either in the award or by reference – nothing new, BUT!
 - Research Terms and Conditions (RTC) expire December 25, 2014
 - FDP is forming a group to work with federal officials to secure new or existing RTC terms

Charging Administrative and 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.



UG
200.413

Stanford's new Policy

Charging Administrative Costs to Sponsored Projects

- Added a requirement for a budget justification and described *integral*
- Other non/salary administrative costs that are required to perform the technical scope of work and are allocable, essential and reasonable may be directly charged to the project.
- **Non-federally Sponsored Projects:** Direct charging of administrative or clerical salaries to a non-federally sponsored project is appropriate if the services benefit the sponsored project. Some non-federal sponsors may have specific requirements for direct charging of administrative costs. Such requirements need to be addressed in proposals.

Charging Computing Devices To Sponsored Projects

A-21

- Listed in A-21 F.6.b
- Specifically identified to a project



Uniform Guidance

- Now considered a “supply”
 - Devices under the lesser of \$5,000 or equipment capitalization threshold
- Essential and allocable, but not solely dedicated, to the performance of a Federal award.

UG
200.453

Charging Computing Devices to Sponsored Projects

- “*Supplies* means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.”
- *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)
- Materials and supplies used for the performance of a Federal award may be charged as direct costs. 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.

Stanford's new Policy

Charging Computing Devices to Sponsored Projects

- **Computing Devices** are machines that cost less than \$5,000¹ and are 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.
- a) Charging computing devices as direct costs is allowable for devices that are essential and allocable (provide benefit), but are not solely dedicated, to the performance of a federal award.
 - Such devices are also allowable if solely dedicated to the performance of a federal award
- b) Federal sponsors may impose requirements for these costs to be included in the proposal budget and may require a budget justification. Until the federal agencies release specific information, budget justifications may be used at the discretion of the principal investigator. Requirements may be forthcoming from each sponsoring agency in fall 2014 or winter 2015.
- c) Inventory tags may be affixed to computing devices at the discretion of the department; inventory tagging facilitates accountability, availability for reuse, and appropriate disposal.
- **Non-federally Sponsored Projects:** Direct charging of computing devices to a non-federally sponsored project is appropriate if the computing device benefits the sponsored project. Some non-federal sponsors may have specific requirements for direct charging of computing devices. Such requirements need to be addressed in proposals.

PI/PD Disengagement

A-21

- Prior approval required for the absence by the approved project director or principal investigator for more than three months.

Uniform Guidance

- New language added to reflect that project directors can be away from campus and remain engaged in the project at the proposed and awarded levels.



Am I
disengaged?

PI/PD Disengagement

- For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:
- (1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- (2) Change in a key person specified in the application or the Federal award.
- (3) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

Note: the requirement to transfer amounts from indirect costs to direct costs has been removed.

Travel and Dependent Care Costs

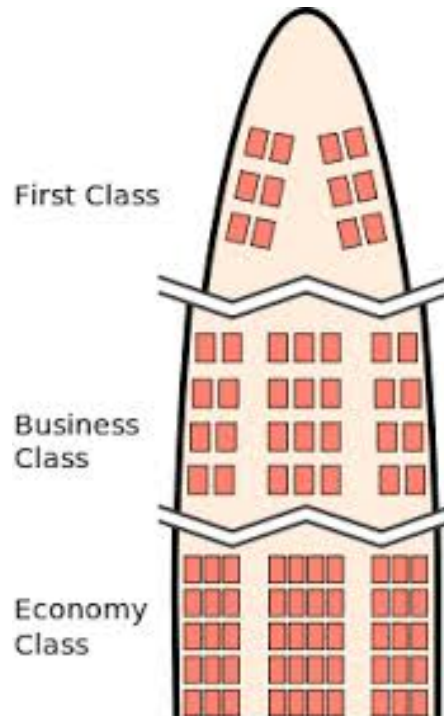
1. Commercial Airfare - least expensive unrestricted accommodations class offered by the commercial airline
2. Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:
 - (i) The costs are a direct result of the individual's travel for the Federal award;
 - (ii) **The costs are consistent with the non-Federal entity's documented travel policy for all entity travel;** and
 - (iii) Are only temporary during the travel period.

Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also § 200.432 Conferences.

Charging Travel Costs to Sponsored Projects

A-21

- Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare (where authorized and available), or the lowest commercial discount airfare are unallowable except....



Uniform Guidance

1. Least expensive unrestricted class
2. Provides, under specific and limited circumstances, a family friendly policy that should allow for individuals with dependent care responsibilities to better balance their responsibilities to both their families and the Federal award

Charging Publication Costs to Sponsored Projects

A-21

- Allowable if the costs were incurred within the period of performance

Uniform Guidance

- We can charge anticipated publication charges that will occur outside of the period of performance



Publication Costs

The non-Federal entity may charge the Federal award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

How will we know?



Visa Costs

A-21

- Silent
- NIH allowed under recruiting costs



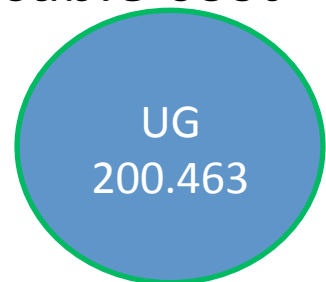
Uniform Guidance

- Costs associated with visas when critical skills are needed for a specific award may be proposed and charged as a direct cost
- Stanford considering allowing costs for J, F, and H visas

Visa 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.



Direct Cost Matrix

Stanford is creating a resource to display whether costs are allowable to the following:

- Federally sponsored projects
- Non-Federally sponsored projects
- Stanford resources

Cost Sharing

A-21

- No prohibition on cost sharing included in merit review of proposals
- NSF implemented similar guidance effective January 18, 2011

Uniform Guidance

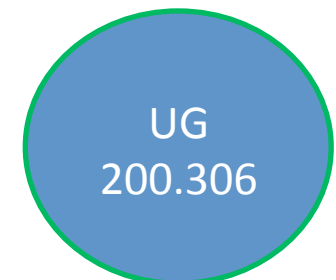
- Cost sharing cannot be used during the merit review of proposals, unless specified in a notice of funding opportunity



Cost Sharing

Under Federal research proposals, voluntary committed cost sharing is not expected.

- It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.
- Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.



Compensation (200.430) - Summary

- Key Elements
 - **More flexibility** but a requirement to “comply with a **stringent framework of internal control** objectives and requirements”
 - Acknowledges that many entities may continue to rely on existing procedures and systems
 - Emphasis on written policies and “consistent definition of work covered by IBS”
 - Continued focus on “processes to review after-the-fact.” Must reflect the work performed
 - Allowable activities:
 - Added language to allow for “developing and maintaining protocols,” “managing and securing project-specific data, coordinating research subjects...”
 - Section (h) is specific to Higher Ed - Identifies special conditions for
 - Allowable Activities, Incidental Activities, Extra Service Pay, periods outside the academic year, etc.
 - Section (i) is “Standards for Documentation of Personnel Expenses”

Compensation (200.430) – Next Steps

- FAQ (200.430-1, pg 21)
 - Question: Can institutions make incremental changes? What is the role of the DS-2?
 - Answer: “any change will require a corresponding change in the DS-2”; “In most cases, this simply means that the non-Federal entity would revise its current DS-2 and provide a high level summary of the processes that meet paragraph (i).”
- Where do we go from here?
 - Evaluate your current process/system and potential new systems. Do you want to consider changes around the margins?
 - Review current system in light of Internal Control standards (COSO)? How strong are your written policies?
 - Do you need to do a CASB DS-2 change?
 - Do you need to define certain terms that are integral to your control environment?
Institutional Base Salary, Supplemental Pay

Closeout

A-21

- Financial closeout within 90 days
- No time limit currently imposed on final billings

Uniform Guidance

- Financial closeout within 90 days including all final billings

Terms and Conditions (Breaking News)

- 120 Days....



Closeout

- The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award.
- The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.
- Unless the Federal awarding agency or pass-through entity authorizes an extension,
 - a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

SubAcct Update

- NIH Delay to 10/1/15
 - Rock Talk: More About Subaccounts for NIH Award Payments – We Heard You!
 - <http://nexus.od.nih.gov/all/2014/09/05/subaccounts-for-award-payments/>
- Other HHS non-NIH are transitioning now
- NIH has signaled that:
 - Some awards, possibly those with complex subawards, may have the opportunity to extend the deadline beyond 90 days
 - Functionality would be added to ERA Commons to request extension for exceptional situations
- Awards transferred in from other institutions, will be via SubAcct
- PMS still operationalizing
 - e.g. what happens if you attempt to draw down after 90 days after award-end?
- NSF is enforcing now: all draws >\$10k & >90 days will likely require additional justification (narrative explanation and detailed transactional documentation)

Procurement "Claw" (Sections 200.317-326)



Record Retention

A-21

- Silent on electronic records

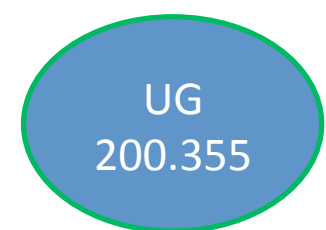
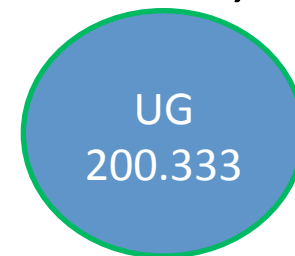
Uniform Guidance

- Allows for electronic record retention
- Does not apply to FAR covered contracts



Record Retention

- “The Federal awarding agency and the non-Federal entity should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper.”
- “When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.”



Stanford's new Policy

Records Retention

- Departments and central offices must be prepared to do “periodic quality control reviews” and [provision] “of reasonable safeguards against alteration”(UG 200.335)
- Consolidating all retention policies on one web page

Duke Strategy

- Highlights provided to various business/grant manager groups
 - Clerical & Admin Salaries, Computers, Publication costs, 10% F&A rate, Subaward/Subrecipient management responsibilities, Procurement standards, Fixed-price Subawards capped at \$150k
- Slow and steady so as not to unduly compete with eRA@Duke Project
 - Regular communication and website
- Large Forum Discussions
 - Town halls in planning
 - Annual Symposium
- What can you expect:
 - Change
 - Many policies, procedures and training classes will be impacted
 - More consistency across agencies
 - Communication in the Very Near Future
 - Some changes need to be included in proposals now
 - Some items could have a longer lead time
 - However...
 - Some items may be refined via the “harmonization” process and by agencies
 - “Interpretation” and clarification will occur via federal agencies, OIGs, and professional organizations
 - Some confusion is likely...2 sets of rules...