

OMB Uniform Guidance 2 CFR Part 200

Costing and Administrative Requirements

WebEx

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OMB Uniform Guidance - 2 CFR Part 200

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

- ❑ The [final guidance](#) was issued on December 26, 2013 and supersedes and streamlines requirements from OMB Circulars A-21, A-110, A-133, and 5 other circulars [RF OMB Guidance Public Webpage](#)
- ❑ The guidance for the Administrative Requirements and the Cost Principles became effective for nonfederal entities on December 26, 2014
 - With the exception of the procurement provisions which become effective as of July 1, 2016
 - There will be a transition period (potentially up to five years) where both the current regulations and the new OMB Uniform Guidance will be applicable.
- ❑ The guidance for the Audit Requirements becomes effective for the RF with the fiscal year that begins July 1, 2015

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

- ❑ The interim joint final rule issued on December 19, 2014 in the [Federal Register](#) implementing the OMB Uniform Guidance is effective for new awards and selected funding increments issued on or after December 26, 2014.
- ❑ The interim joint final rule included introductory comments as well as technical correction/amendments to [2 CFR Part 200](#).
- ❑ The remainder of the [Federal Register](#) notice is a posting of each Agency's implementation plan.
- ❑ The OMB Uniform Guidance [2 CFR Part 200](#) will be updated to reflect the technical corrections/amendments.

Overview of 2 CFR Part 200

Uniform Guidance

Costing and Administration

Objectives

- ❑ Understand the major changes related to costing and administration under the new OMB Uniform Guidance – 2 CFR Part 200
- ❑ Be aware of those changes that may have a direct impact to your daily activities
- ❑ Know where to find resources should you have questions

Key Considerations

- ❑ Prior Approvals
- ❑ Administrative and Clerical Charges
- ❑ Effort Reporting
- ❑ Procurement
- ❑ Other Direct Charges
- ❑ Cost Sharing
- ❑ Closeout
- ❑ Other Considerations
- ❑ Summary/Policy and Procedure Changes

Prior Approvals

200.407

- ❑ New emphasis on agency prior approvals
 - May 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
 - Rebudgeting
 - Pre Award Costs
 - Unusual cost items

Charging Administrative and Clerical Salaries

200.413

- ❑ “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.”
- ❑ “Major Project” requirement for direct charging is removed

Effort Reporting

200.430

- ❑ Same concepts as circulars but less prescriptive
 - A-21 examples of acceptable systems were removed
 - “Confirmation”, “statement...signed by the employee”, “report...signed by the employee” all removed
 - Internal controls are emphasized
- ❑ Requires a consistent written definition of institutional base salary (IBS).
- ❑ Charges for salaries and wages must be based on records that are supported by a system of internal controls.

Effort Reporting (cont.)

200.430

- ☐ The current effort reporting process, including ECRT, is compliant with the Uniform Guidance.
- ☐ A subgroup will be evaluating the effort reporting process after more information is released by federal agencies, the audit community, organizations such as COGR, and other institutions.

Summary of Procurement Changes

One of 5 procurement methods must be used:

- (1) **Micro-purchase (less than to \$3,000)** – no need to solicit competition
- (2) **Small purchase (\$3,000 to \$150,000)** – requires solicitation of quotations from “an adequate number of sources”
- (3) **Sealed bids purchases (more than \$150,000)** – preferred in construction or other purchases where price is the major component
- (4) **Competitive proposal purchases (more than \$150,000)** – RFP must be publicized and awarded to most advantageous offer with price and other factors considered
- (5) **Noncompetitive purchases (single source)** – used when product or service is only available from one source or in other limited instances

Procurement (cont.)

The biggest and potentially most onerous change is the requirement for competition for items over \$3,000

- ❑ Current RF policy requires competition at \$50,000
- ❑ Could potentially require significant additional effort
- ❑ Researchers could encounter long delays in acquiring goods and services needed.

Other areas of interest include:

- ❑ Listing of detailed “affirmative action steps that must be taken” by entities to assure that minority and women’s business enterprises, and labor surplus firms are used when possible.

Procurement (cont.)

- ❑ Cost or price analysis required for all procurements above the simplified acquisition threshold (\$150k)
- ❑ Negotiation of profit as a separate element of the price for each contract over \$150k in which there is no competition (single source procurements)
- ❑ Must maintain records sufficient to detail the history of the procurement (rationale for the method of the procurement, selection of contractor type, contractors selected or rejected, and basis for the contract price)

Procurement (cont.)

- ❑ COFAR recognized that some of these changes may take significant effort to implement which has resulted in them providing a one year grace period for implementation of the Procurement Standards only
- ❑ RF has opted to comply with A-110 for FY16 and has documented in the procurement policies
- ❑ New standards only apply to direct federal funding so consideration is being made by campus team to have exceptions in some areas when non-Federal funds are being used
- ❑ Campus team will be reviewing proposed revisions to procurement policies and procedures that will be effective 7/1/2016

Other Direct Charges

- ❑ Computing devices now allowable
 - need to be “essential and allocable”
 - Not necessarily solely dedicated to the performance of the award
- ❑ Employee health and welfare costs
 - elimination of “employee morale”
- ❑ Participant support costs
 - needs prior approval

Other Direct Charges (cont.)

- ❑ Short term travel visa costs
 - allowed if directly connected to an award
- ❑ Publication and Printing Costs
 - allowed if incurred prior to closeout
- ❑ Travel dependent care costs
 - allowed but must be consistently applied

Cost Sharing

200.306

- ❑ Restrictions on Voluntary Committed
 - “voluntary committed cost sharing is not expected”
 - “cannot be used as a factor during the merit review of applications”
 - Exceptions (but those must be specified in notice)
- ❑ Only cost share that is mandatory or committed in the project budget must be included in the organized research base for computing F&A
- ❑ 2/12/14 FAQ states that OMB Clarification of Uncommitted Cost Sharing is still in effect

F&A and DS-2s

- ❑ Third-party cost sharing needs to be in the base (denominator)
- ❑ 10% de minimis F&A rate
- ❑ Acceptance of Negotiated Indirect cost rates.
Deviations must have agency head approval with notification to OMB

F&A and DS-2s (cont.)

- ❑ One-time F&A extension for up to 4 years
- ❑ DS-2s for schools with over \$50 million in federal awards (SBU, UB, UA)
- ❑ New 1.3% utility cost adjustment (UCA)
- ❑ Only mandatory cost sharing included in the base but 2001 OMB memo still applicable

Closeout

200.343

- ❑ No stated change for recipient, but...
 - All reports due “no later than 90 calendar days after the end date of the period of performance”
 - *New emphasis on progress reports*
 - New circumstances
 - Pressure on agencies (OMB 7/2012 Controller Alert)
 - Changes in NIH and NSF financial reporting – award by award
 - Enforcement through 90 days for cash draw
 - Frustration over progress reports
 - Closeout is the focus of a new FDP/COGR working group

Other Considerations

- ☐ Overall focus on Internal Controls
- ☐ Electronic records are now acceptable for collection, transmission and storage
- ☐ Conflict of Interest

The following chart reflects Research Foundation Policies created and updated to comply with OMB Uniform Guidance 2 CFR Part 200.

All policies can be found at [RF Policies A to Z](#).

Policy	Change
Subrecipient Policy	New policy was created. The A-133 Monitoring Subrecipients procedure is applicable to awards prior to December 26, 2014.
Procurement Policy	Updated indicating election of grace period.
Cost Transfer Policy	Citation change. Language change but not substantive. Name of policy changed from Transfer of Costs Policy.
Assigning Extra Service Policy	Citation change. Language change but not substantive.
Cost Sharing Policy	Citation change.
Effort Reporting Policy	Citation change.
Electronic Record Management Policy	Citation change.
Records Management Policy	Citation change.
Salary Rules and Policies When Assigning Regular Employees	Citation change.
Unrestricted Fund Expense	Citation change.

**The following chart reflects key Research Foundation procedures
or other documents created or updated to comply with
OMB Uniform Guidance 2 CFR Part 200.**

Policy/Document	Change
Principal Investigator Handbook	Citation Changes
Charging Administrative and Clerical Salaries to Sponsored Programs	Updated for changes in requirements
Cost Sharing Guide	In process
Determining Direct and F&A Costs	Citation changes and some minor language changes related to direct cost and admin and clerical.
Unallowable Costs 2 CFR Part 200	New document
Closing an Award or Project	Citation change and updates.
F&A Cost Primer	Citation changes and updates for F&A changes (1.3% utility cost adjustment, etc)
Several Procurement Procedures	Updated to indicate election of grace period
Write-offs	Citation change and updated for payroll overpayments

Resources

- Public webpage on the Research Foundations website
[Research Foundation OMB Uniform Guidance](#)
 - COGR Implementation and Readiness Guide for OMB UG
 - COFAR FAQs

Costing and Administration Subgroup

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