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Federal Agency Implementation Guidelines

UG Summary

Office of Management and Budget (OMB)

What You Need to Know Guidance to Federal Agencies

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Why the Changes? The Federal Perspective

- Streamline guidance on federal awards: NIH, NSF, etc.
- Reduce administrative burden, minimize paperwork
- Strengthen oversight of federal funds to reduce risk of waste and abuse
 - ✓ Increase the efficiency and effectiveness of Federal and best use of funds
 - ✓ Set standard requirements for financial management of awards across entire Federal government

Uniform Guidance: Concepts that have Changed

The Office of Management and Budget (OMB) issued the Uniform Guidance to supersede OMB Circulars

A-21, A-110 and A-133 for federally sponsored agreements and new funding increments incorporating the Uniform Guidance awarded on or after December 26, 2014.

OMB Circulars A-21 and A-110 are still effective for federally sponsored agreements awarded before December 26, 2014.

Cost Principles – What has changed

The definition of what constitutes an allowable cost remains essentially the same.

- Necessary, reasonable, allocable, allowable and consistently treated.

Most costs that were unallowable before remain unallowable now.

What has changed?

Certain costs must now be included in your proposal budgets in order to be allowable or they will require agency prior approval after the award has been issued.

Cost Principles

The cost is allocable to a sponsored agreement of:

- It is incurred solely to advance the work under the sponsored agreement
 - If the costs benefits more than one project, if proportions can be made without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.
- The cost is reasonable if it does not exceed that which would be incurred by a prudent person under the same circumstances.
- The cost is allowable if it complies with tests of allowability
 - Must be reasonable
 - Must be allocable
 - Treated consistently by the institution

Cost Principles-Administrative Costs as Direct Costs

These types of charges are generally treated as F&A cost
Direct charging of these may be appropriate only if all of the following conditions are met:

- 1.) Administrative or clerical services are **integral** (essential) to the project of activity
- 2.) Individuals involved can be specifically identified with the project or activity
- 3.) Such costs are explicitly included in the budget and justification and are in the terms and conditions of your award or have the prior written approval of the Federal awarding agency

Computer Devices

- Now considered supply
- Essential and allocable, but not solely dedicated, to the performance of a Federal award
- 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 \$5,000
- 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



Entertainment Costs – allowable?

Visa Costs

- Costs associated with visas when critical skills are needed for a specific award may be proposed and charged as a direct cost
- Short term visas are issued for a specific period and purpose, so they can be clearly identified as directly connected to the work performed on a Federal award. For these costs to be directly charged to a Federal award, they must:
 - Be critical and necessary for the conduct of the project
 - Be allowable under the applicable cost principles

Principal Investigator Disengagement

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

Prior approval is required for the following situations:

- Change in the scope or the objective of the project (even if there is no associated budget revision requiring prior written approval).
- Change in a key person specified in the application or the Federal award
- The disengagement from the PI for more than 3 months or a 25% reduction in time devoted to the project

Sub-recipient versus Contractor

There is a difference between the two

A non-federal entity provides a sub-award to a sub-recipient for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship between the non-Federal entity and the sub-recipient.

A non-Federal entity provides a contract to a contractor for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship between the non-Federal entity and the contractor.

Increased emphasis on risk analysis prior to issuing a sub-award

Sub-Awards Continued

SPS conducts a detailed analysis at both the entity and project levels as required by the Federal government. We are reviewing:

- Previous audit results
- Entity-level controls, established systems, infrastructure
- Maturity and experience
- Scope of work and deliverables (e.g. reports vs. tangible items)
- Amount of the sub-award and percentage of our award that is being subcontracted

Sub-recipient Monitoring – Post Award

Monitor the activities of the sub-recipient as necessary to ensure that the sub-award is used for authorized purposes, in compliance with federal statutes, regulation and the terms and conditions of the sub-award; and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

- 1.) Reviewing financial and programmatic reports required by the pass-through entity.
- 2.) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass-through entity detected through audits, on-site reviews, and other means.

Closeout

- This section should be clearer because the timeframes are based on “period of performance” which must be stated in the Federal award
- Reports are due 90 days after the “period of performance” - unless modified by agency implementations
- Obligations must be liquidated in 90 days

There are the financial reporting deadlines as well as the PI generated reports