



Summary of 2 CFR Part 200 “Uniform Guidance” for the University of Louisville

Provided by the Office of the Executive Vice
President for Research and Innovation’s
Uniform Guidance Implementation Workgroup
February 2015



What is the “Uniform Guidance”

Purpose

- Supersedes eight previous Federal Circulars (including A-21, A-87, A-110, and A-133) to provide one “omni” Guidance document to all Federal agencies and non-Federal recipients of Federal assistance (awards).
- Eliminates duplicative and conflicting guidance.
- Reduces administrative burden on Federal agencies.
- Strengthens oversight to minimize risk of waste, fraud, and abuse.

“...the single biggest regulatory change in the last 50 years of research administration...” National Council of University Research Administrators (NCURA)



What is the “Uniform Guidance”

Background...

- Office of Management and Budget (OMB) collaborated over three years with public and agency partners to develop **2 CFR Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”**, issued December 26, 2013.
- **EVPRI** established the **Uniform Guidance Implementation Workgroup** in July 2014 to review the impact of the Uniform Guidance on current sponsored programs policies and procedures at the University of Louisville, and facilitate community outreach and education regarding changes to regulations and the impact to the UofL community.
- The **Interim Final Rule** which outlines the federal agencies’ regulatory implementation of Uniform Guidance was released on December 19, 2014.



Summary of 2 CFR Part 200 “Uniform Guidance”

Members of Uniform Guidance Implementation Workgroup

Kevyn Merten, Ph.D.	Assistant Vice President for Research & Innovation
Cheri Jones	Director, Audit Services
Judy Bristow	Director, Office of Sponsored Programs Administration
Larry Zink	Controller and Treasurer
Julie Renn	Assistant Director, OSPA
Andrew French	Grants Management Specialist, OSPA

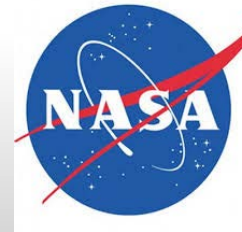
Key Collaborators of the UGI Workgroup

Allison Ratterman	Director, Research Integrity Office, Co-Director of COI Program
Robin Wilcox	Institutional Compliance Officer, Co-Director of COI Program
Dave Barker	Associate Vice President for Audit Services and Institutional Compliance
David C. Martin	Director, Contract Administration & Procurement Services
Susan Wilhelm	Director, Grants and Contracts Accounting
Lauren Goralski	Assistant Director, Office of Industry Engagement
David King	Associate University Counsel

Summary of 2 CFR Part 200 “Uniform Guidance”

Which sponsors will be following Uniform Guidance?

- The new guidance will be used by all Federal agencies issuing sponsored funding (grants and contracts) to non-Federal entities.



Summary of 2 CFR Part 200 “Uniform Guidance”

When does Uniform Guidance go into effect?

- Administrative requirements and cost principles went into effect for any new Federal funding (direct and flow-through) received on or after December 26, 2014.
- Federal agencies have the option to apply Uniform Guidance requirements to existing grants (non-competing continuations) as new budget periods begin. Check Notice of Award for references to Uniform Guidance or agency CFR codes which implement UG standards.

SECTION III – TERMS AND CONDITIONS – 5R21AA022189-02

This award is based on the application submitted to, and as approved by, NIH on the above-titled project and is subject to the terms and conditions incorporated either directly or by reference in the following:

- The grant program legislation and program regulation cited in this Notice of Award.
- Conditions on activities and expenditure of funds in other statutory requirements, such as those included in appropriations acts.
- 45 CFR Part 75**
- National Policy Requirements and all other requirements described in the NIH Grants Policy Statement, including addenda in effect as of the beginning date of the budget period.
- Federal Award Performance Goals: As required by the periodic report in the RPPR or in the final progress report when applicable.
- This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

(See NIH Home Page at <http://grants.nih.gov/grants/policy/awardconditions.htm> for certain references cited above.)

Summary of 2 CFR Part 200 “Uniform Guidance”

How will Uniform Guidance be applied?

- Uniform Guidance provides the “destination” – the bottom-line of institutional compliance for federal awards. The individual sponsor agencies will provide the policies and instructions – the “how”.
- **Uniform Guidance does not mean Uniform Procedures.** Must still rely on federal agencies to provide specifics on award administration.
- As Federal agencies implement policy changes, UofL standards of practice and administration of sponsored programs, contracting and procurement, auditing, and finance may be added or revised in order to maintain compliance with UG.
- OSPA, Departments, Pls, and research administrators will need to be aware of **agency-specific award policies** as well as **award terms and conditions** to be fully compliant on Federal awards.



Summary of 2 CFR Part 200 “Uniform Guidance”

Key Pieces of Uniform Guidance



Summary of 2 CFR Part 200 “Uniform Guidance”

Guidance Highlights...

- **Changes to Cost Allowances**
 - Administrative and Clerical salary support
 - Computing Devices
 - Participant Support Costs
 - Short-term visa costs for recruits
 - Travel costs – new rules on documentation

- **Engaging with Subawards and Contractors**
- **Purchasing and Procurement**
- **Administration and Reporting**



Summary of 2 CFR Part 200 “Uniform Guidance”

Changes in Cost Allowances



Summary of 2 CFR Part 200 “Uniform Guidance”

Administrative and Clerical Support (§ 200.413)

- Allows for certain conditions in which support for administrative and clerical staff may be charged as Direct costs to a sponsored award. *This was previously only allowable as an indirect cost under F&A.*

IMPACT

- If the services are considered essential, vital, or fundamental to the project, the PI must include very specific language in their proposal budget justification if they require Administrative and Clerical support included as direct costs...





Summary of 2 CFR Part 200 “Uniform Guidance”

Administrative and Clerical Support (§ 200.413)

1. Explicitly indicate within the budget narrative how the administrative and clerical services are integral to the performance of the project.
 2. Include the following statement at the end of the justification: “**Based upon this justification, the University of Louisville is requesting agency approval for support of [List % time here] of a [List position title here] as an administrative cost allowed under 2 CFR 200.413**”
- Check with award administrator (GMS/CS) for additional guidance and allowability regarding your proposal.





Summary of 2 CFR Part 200 “Uniform Guidance”

Costs of Computing Devices (§ 200.453)



- Computing devices (§200.20) 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”.
- Allows for the purchase of computing devices as direct costs under ‘materials and supplies’ provided they are essential. Computing devices are no longer required to be solely dedicated to the performance of the federal award, however the share of cost must always be allocable.



Summary of 2 CFR Part 200 “Uniform Guidance”

Costs of Computing Devices (§ 200.453)

IMPACT



- The PI may charge computing devices as a direct cost to the award under the following circumstances:
 1. Device must be justified as being essential for the conduct of the project.
 2. The PI does not have access to other devices or equipment that can achieve the same purpose.
 3. Purchases cannot be made based on preference or convenience.
- PIs are responsible for documenting why the purchase is considered “essential”.
- If unit cost is equal to or exceeds \$5,000, rules regarding Capital Equipment expenditures still apply.
- As with Capital Equipment, there are purchasing restrictions within last 90 days of the award.



Summary of 2 CFR Part 200 “Uniform Guidance”

Participant Support Costs (§ 200.456)

- Participant Support Costs (§ 200.75) are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants (but NOT employees) in connection with conferences or training projects.
- Participant Support Costs are allowable with the prior approval of the federal awarding agency.
- As defined by § 200.68, Participant Support costs are excluded from modified total direct cost (MTDC) base when calculating F&A.



IMPACT

- If Participant Support Costs are specified in the proposal budget, such costs should be exempt from the MTDC base when calculating F&A.
- Participant Support should not be confused with Student/Trainee Support or Research Subject stipends. Define and clarify in budget justification.



Summary of 2 CFR Part 200 “Uniform Guidance”

Short-term Visa (§ 200.463)

- If a visiting scholar’s work is critical and necessary for the conduct of the project, short-term visa costs may be allowable as direct costs.



IMPACT

- Since “short-term” visas are issued for a specific period and purpose, the visiting person’s work must be clearly connected to the work performed on the project in order for costs of their visa to be charged as a direct cost.
- Not applicable for any visas related to long-term residence or employment.



Summary of 2 CFR Part 200 “Uniform Guidance”

Travel Costs (§ 200.474)

- If travel costs are charged to the Federal award, documentation must justify that a) participation of the individual is necessary to the Federal award, and b) costs are reasonable and consistent with the non-Federal entity’s established travel policy.

IMPACT

- **Emphasis on documentation to validate the allowability of travel costs. Additional documentation will need to be filed with the Travel Expense Voucher.**
- **Documentation should demonstrate that the traveler’s participation at a meeting or conference had a direct benefit to the aims of the award. Examples include abstracts of papers presented, copies of poster presentations, letters of invitation, etc.**



Summary of 2 CFR Part 200 “Uniform Guidance”

Travel Costs (§ 200.474)

IMPACT

- Some examples where an individual’s travel would be allowable...
 - Presenting project data as a paper, abstract, or poster presentation.
 - To collaborate with other colleagues who are directly involved in the project (subawards, program projects involving multiple institutions)
 - Required attendance at a meeting as a condition of the federal award.
- Some situations where an individual’s travel may not be allowable...
 - Attendance at a conference for networking purposes with no direct benefit to the award.
 - Attendance of students for the purpose of professional exposure.





Summary of 2 CFR Part 200 “Uniform Guidance”

Travel Costs (§ 200.474)

IMPACT

- If documentation of the necessity of travel is not submitted, the costs may be found unallowable and will have to be transferred to an unrestricted Departmental account. *This has happened before.*



We are recommending a downward financial adjustment of \$51,385 for travel costs. A cost is allocable to a sponsored agreement if it is incurred solely to advance the work under the sponsored agreement (2 CFR part 220, App. A § C.4). According to the travel vouchers, these costs did not appear to benefit the award.



Summary of 2 CFR Part 200 “Uniform Guidance”

Engaging with Subawards and Contracts

Summary of 2 CFR Part 200 “Uniform Guidance”

Subrecipient and contractor determinations (§ 200.330)

- A pass-through entity for a Federal award must make case-by-case determinations whether a third-party recipient would qualify as a Subrecipient or a Contractor based on the substance of the relationship.

IMPACT

- The Office of Sponsored Programs Administration has developed a “Subaward/Contractor Determination Checklist” tool to be used to help determine if the third party should be treated as a contractor or a subrecipient.
- When engaging with parties outside of U of L, Departments should reach out to their GMS or CS early to confirm the appropriate relationship type.
- Award administrators (GMS/CS) will be responsible for completing the determination documentation at time of proposal.



Summary of 2 CFR Part 200 “Uniform Guidance”

Requirements for pass-through entities (§ 200.331)

- Defines the monitoring requirements for primary award recipients as they establish subawards on their research awards.
- Requires subrecipients to provide thorough [scientific and financial reports](#), [audit reports](#), [certifications of COI compliance](#), and follow all other terms and conditions set by the Federal agency.
- The award recipient is required to perform a risk assessment of each subrecipient institution and, if necessary, is empowered to modify the terms and conditions of the subaward agreement based upon the risk assessment.



Summary of 2 CFR Part 200 “Uniform Guidance”

Requirements for pass-through entities (§ 200.331)

IMPACT

- The Office of Sponsored Programs Administration has developed a new “Subrecipient Commitment Form” that subrecipients will have to complete and return. Replaces “Statement of Intent” letter.
- OSPA must review each proposed subrecipient and confirm their compliance with federal requirements before issuing a subaward agreement.
- Departments are responsible for collecting and retaining progress and final performance reports from all subrecipients as part of our monitoring process.
- As a subrecipient, we must diligently follow the primary award recipient’s financial and administrative requirements to maintain a reputation of compliance and cooperation. Submitting timely reports is part of demonstrating our compliance.



Summary of 2 CFR Part 200 “Uniform Guidance”

Subaward Indirect costs (§ 200.414)

- Any non-Federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimus rate of 10% of modified total direct costs (MTDC).



IMPACT

- If we propose an agreement with a subrecipient institution that has not received a federally-negotiated indirect rate agreement, they must default to a 10% MTDC F&A rate on their budget.
- Specific rate limitations for each award mechanism would still apply.



Summary of 2 CFR Part 200 “Uniform Guidance”

Payment (§ 200.305)

- Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of billing, unless request is believed to be improper.



IMPACT

- Departments must make sure that invoices for subawards are reviewed and processed promptly. If the PI has a significant concern that costs do not appropriately reflect work performed, invoice payment may be held until concerns are resolved.
- Must work with subaward institutions to ensure invoices are being directed to the appropriate person \ Department to minimize misdirection.



Summary of 2 CFR Part 200 “Uniform Guidance”

Certification of Subaward Invoices (§ 200.415)

- States that ALL financial reports or vouchers requesting payment must contain a specific certification statement.
- Only an individual who is authorized to legally bind the institution may sign this certification statement.

IMPACT

- Subaward invoices to a pass-through entity are considered a voucher requesting payment.
- Due to these strict requirements, all financial reports and UofL subaward invoices must be centralized through the Office of Sponsored Programs Administration (finance) for signature and submission.
- Does not apply to receiving and paying invoices sent from other parties.





Summary of 2 CFR Part 200 “Uniform Guidance”

Purchasing and Procurement



Summary of 2 CFR Part 200 “Uniform Guidance”

Purchasing and Procurement

- Federal regulations on Purchasing and Procurement (§200.317 – 200.326) require a documented, detailed set of practices focused on full and open vendor competition to maximize cost effectiveness.
- Regulations also standardize purchasing practices and outline five acceptable methods of procurement.

IMPACT

- As per §200.110(a), institutions are given a grace period for implementation of these purchasing and procurement standards. For UofL, we would need to be compliant by beginning of FY2017.
- Any changes to purchasing and procurement requirements for Federal awards will be communicated prior to any implementation.





Summary of 2 CFR Part 200 “Uniform Guidance”

Administration and Reporting



Summary of 2 CFR Part 200 “Uniform Guidance”



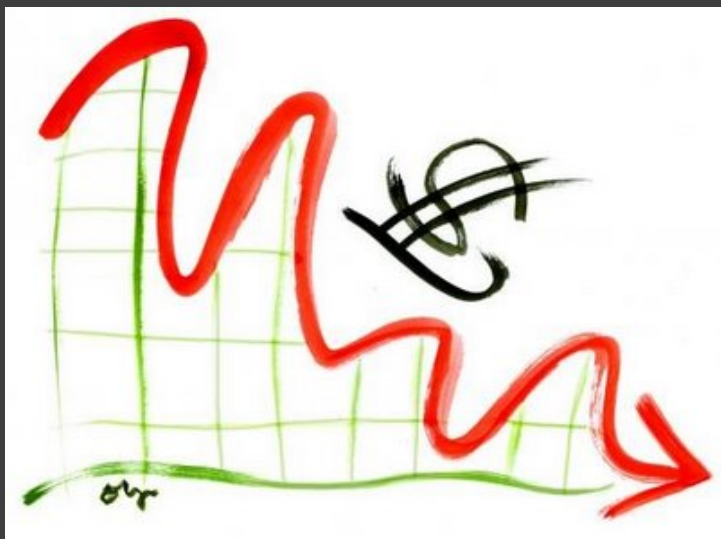
Conflicts of Interest

- All Federal sponsors must establish conflict of interest policies. Recipients must disclose in writing any potential conflict of interest to the Sponsor or the pass-through entity. (§ 200.112)
- No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. (§ 200.318)

IMPACT

- Federal agencies will be implementing updated Conflict of Interest standards and reporting policies.
- We will need to carefully monitor contracting decisions with any businesses or companies affiliated with UofL faculty and staff.

Summary of 2 CFR Part 200 “Uniform Guidance”



Cost Sharing

- Voluntary committed cost sharing means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the Federal award on the part of the non-Federal entity and that becomes a binding requirement of Federal award. (§ 200.99)
- Voluntary committed cost sharing is not expected and is discouraged. It cannot be used as a factor in the merit-review process unless its specified as part of the sponsor's funding opportunity. (§ 200.306)

IMPACT

- Faculty and Departments should not propose to voluntarily cost-share costs beyond the requirements of the Opportunity Announcement.
- Limitations on reimbursement based on the Federal salary cap is not considered a voluntary committed cost-share, therefore proposals should reflect these costs appropriately.



Summary of 2 CFR Part 200 “Uniform Guidance”

Prior written approval (prior approval) (§ 200.407)

- Certain budgetary situations may require prior written approval before they will be allowed.



Some Prior-Approval Cost Types

- Cost sharing or matching.
- Program Income.
- Revision of budget or program plans.
- Allowability of admin or clerical salary.
- Equipment & other capital expenditures.
- Goods or services for personal use.
- Membership subscriptions and professional activity costs.
- Participant Support costs.
- Pre-award costs.
- Travel costs.



Summary of 2 CFR Part 200 “Uniform Guidance”

Prior written approval (prior approval) (§ 200.407)

IMPACT

- Review specifics of award notice and sponsor policy to confirm whether these costs and other costs outlined in 200.407 need to receive prior written approval before action is taken.
- Departments must work with GMS or CS to coordinate institutional requests to the sponsor.
- Budget justification narratives at time of proposal do not necessarily cover the compliance of this requirement.





Summary of 2 CFR Part 200 “Uniform Guidance”

Reporting and Closeout

- Federal awarding agencies must implement standard information collections for reporting financial and performance information. Financial data needs to be related to the performance accomplishments of the Federal award. (§200.301)
- Non-Federal institutions must submit all final narrative and financial reports no later than 90 days after end-date of award. Final financial obligations must be resolved no later than 90 days after the end-date of an award. (§200.343)

IMPACT

- Should expect that some Federal agencies will be updating their requirements for performance and financial reporting.
- Must follow reporting deadlines in order to maintain our compliance with Federal regulations.





Summary of 2 CFR Part 200 “Uniform Guidance”

What are the Next Steps?

- Implementation of Uniform Guidance will be an **ONGOING** process over the next year. OMB may release revisions to Guidance based on current public concerns. Sponsors will release final instructions on how to follow Guidance for their awards. As our understanding of UG evolves, we will reassess policies and procedures to ensure we are compliant.
- Additional guidance will be broadcast from the Office of the EVPRI and the Uniform Guidance Workgroup as further aspects of Uniform Guidance compliance are determined by U of L.
- Departments will need to work with Grants Management Specialists or Contract Specialists as new awards are received, or as new budget years begin, to see how changes in Uniform Guidance will effect the award.



Summary of 2 CFR Part 200 “Uniform Guidance”

Take-aways regarding Federal proposals and awards

- Review Notices of Awards received after 12-26-2014 to determine if awards (both new and continuing) are governed by Uniform Guidance.
- Check for updated Policy Guides, Application Instructions, and progress report requirements at sponsor websites.
- New steps when subs are involved: Sub v. Contractor Determination form, new institutional Subrecipient Commitment Form (replaces SOI).
- Subrecipients without a Negotiated Rate Agreement will receive 10% de minimus indirect costs on modified total direct costs (MTDC).
- Expect more detailed requests when we are applying as a subaward recipient to another institution.
- Must be timely to ensure closeout documentation (narrative reports, final invention statements, etc) is completed and filed by deadline.



Summary of 2 CFR Part 200 “Uniform Guidance”

Take-aways regarding Federal proposals and awards

- Admin & Clerical salary and fringe expenses may be allowed as Direct cost on awards governed by UG; check budget narrative for specific justification language.
- Computer devices may be allowed as Direct costs on awards governed by UG.
- Participant support costs are now allowable with prior sponsor approval, and are excluded from the MTDC base when calculating F&A; check budgets and narratives for appropriateness.
- Specific “short term” visa costs may be allowable on awards.
- Departments must now file supplemental documentation for all travel expense vouchers charged on federal awards to ensure allowability.
- Financial reporting and all invoicing for federally-funded subawards must be centralized through the Office of Sponsored Programs Administration (finance); may only be signed by Julie Renn or Judy Bristow.
- Additional changes to policies & procedures will be announced by EVPRI leadership as they are finalized to address the evolving needs of Uniform Guidance.



Summary of 2 CFR Part 200 “Uniform Guidance”

Further Information

- Text of “2 CFR 200 Uniform Guidance” available online at the Federal Register on www.ecfr.gov.
- Check the Uniform Guidance Implementation Workgroup webpage (<https://louisville.edu/research/spa/guidance/uniform-guidance>) for updates and reference materials (Quick Reference, FAQ document, LISTSERV sign-up)
- Check the research website (<http://louisville.edu/research/spa>) for updated forms and resources.
- **Questions? Email the Uniform Guidance Implementation Workgroup.** Your questions will be discussed in the Workgroup and will be made part of a “Frequently Asked Questions” tool for the University uniform.guidance@louisville.edu



Summary of 2 CFR Part 200 “Uniform Guidance”

Questions & Discussion
