Uniform Guidance (2 CFR Part 200) Overview

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Reform Goals and Impacts

On December 26, 2013, the White House Office of Management and Budget (OMB) issued final guidance entitled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

This is a major reform of how the federal government provides assistance awards (e.g., grants and cooperative agreements) with the goal of *increasing accountability and transparency while reducing the administrative burden on non-federal entities receiving federal awards.*

Located at 2 CFR 200, this guidance *supersedes and streamlines the following eight existing OMB Circulars:*
Reform Goal and Impacts (cont.)
Implementation Timeline

• Final guidance issued 12/26/2013.

• Federal agency implementation plans due to OMB 6/26/14 for OMB approval.

• Final guidance effective 12/26/2014.
  – Applicable to new awards and funding increments awarded on or after 12/26/14.
  – Audit: The first Fiscal Year under the new guidance begins July 1, 2015.
Uniform Guidance Structure

- Subpart A-Definitions
- Subpart B-General Provisions
- Subpart C-Pre Award
- Subpart D-Post Award
- Subpart E-Cost Principles
- Subpart F-Audit Requirements
- Appendices I-XI
Highlights for Administrators

• Funding Opportunities
  – Agencies must post opportunities at least 60 days prior to a deadline for submission
  – No opportunity should be available for less than 30 days

• Terms and Conditions
  – Research Terms and Conditions (formally known as the FDP Terms and Conditions) expire 12/26/14
  – FDP will form a working group to implement updated research terms and conditions based upon the Uniform Guidance; will be RTC Phase VI.

• Conflict of Interest
  – Requires all federal agencies to adopt COI policies
Highlights for Administrators (cont.)

• Performance Data
  – Requires federal agencies to relate financial data to performance requirements

• Internal Controls
  – More emphasis placed on internal controls
  – Heavily emphasized throughout the guidance

• Compensation-personal services
  – Provide more flexibility for awardees to implement methods to certify salary and wage charges (payroll certification) and/or certify activity/effort.
Highlights for Administrators (cont.)

• Cost Sharing
  – Clarifies that voluntary committed cost share is not expected and cannot be used as a factor during the merit review of proposals
  – Mandatory cost share requirements must be stated in the notice of funding opportunity
  – Provides guidance for valuation of third party cost share and unrecovered F&A as cost share
Highlights for Administrators (cont.)

• Supplies Costs-Computing Devices
  – Guidance states they are an allowable direct cost provided that the device is “essential and allocable, but not solely dedicated to” the performance of the federal award

• Participant Support Costs
  – Standard exemption category for modified total direct costs
  – NSF’s definition is used in the guidance

• Administrative Salary Costs
  – Are an allowable direct cost provided they are allocable and necessary for the project
  – Cost must be explicitly included in the budget and budget justification and approved by the federal agency
  – Prior approval is required to charge administrative costs after award
  – NIH will provide guidance for modular budgets.
Highlights for Administrators (cont.)

• Subawards and Subrecipient Monitoring
  – Increased administrative burden
  – Requires that pass through entities (prime awardees) make a documented determination regarding the classification of an entity as a subrecipient or contractor (i.e. vendor)
  – Indirect costs
    • Pass through entities must:
      – Honor the subrecipient’s federally negotiated indirect cost rate
      – Negotiate an indirect cost rate
      – Use a de minimus indirect cost rate of 10% modified total direct costs
Highlights for Administrators (cont.)

Subawards and Subrecipient Monitoring (cont.)

- Subrecipient risk assessments are required to determine appropriate monitoring
  - Examples of factors used to assess risk
    - Previous experience as a federal awardee or subawardee
    - Audit review (either A-133 audit or independent auditor report)
    - Review of financial systems and internal controls

- Monitoring required during the project period
  - Documented review of financial and programmatic reports
  - Greater emphasis on detecting and addressing deficiencies (i.e. slow or no performance, financial management issues, slow or no spending etc.)

- Management decisions must be issued when the subrecipient has audit findings
Highlights for Administrators (cont.)

• Closeouts
  – All reports due no later than 90 calendar days after the award end date
  – New pressure on agencies to ensure closeout compliance
  – Enforcement techniques may include:
    • Withholding future awards
    • Inability to draw down funds beyond 90 calendar days after the award end date

June 25, 2014
C&G Meeting
UC Working Group

Pre and Post award representatives from UCOP, UCSD, UCI, UCSB, UCD, UCSF and UCLA have assembled to discuss the new guidance.

• Cora Diaz is UCSB’s representative to the UC working group

Working group’s current activities and timeline:

• Communication to OMB that seeks clarification on certain items in the guidance has been prepared and submitted 6/16/14.

• Draft guidance for UC campuses will be prepared and distributed to campuses for comment – date TBD
UCSB’s Approach

UCSB has assembled a Uniform Guidance Project Team with representatives from Business and Financial Services, Equipment Management, Budget and Planning, Office of Research, Department Liaisons, Audit, Procurement, Internal Controls, and Graduate Division.

Special Addition! Melissa Waver will begin September 15th and will serve as the Federal Compliance Liaison. She will be the general campus contact through the transition.

The Project Team was assembled to:
• Discover differences between the current and new federal requirements
• Inform the campus and responsible units of changes and impacts to policies, procedures and systems
UCSB’s Approach (cont.)

Communications and updates to the campus will be provided via
• CGLink list serve announcements
• UCSB’s Uniform Guidance website
• Other ways the Project Team feels appropriate - TBD

UCSB’s Uniform Guidance Website:
• This website can be found on the Business and Financial Services main webpage. See the QuickLink at the bottom “New OMB Uniform Guidance effective 12/26/2014”: http://www.bfs.ucsb.edu/
• The direct URL is : http://www.bfs.ucsb.edu/omb/omb-uniform-guidance

The website contains links to the new Uniform Guidance (2 CFR 200), webinars, tools to help you review the new guidance.
Questions?