



The Uniform Guidance: Impact for UNC Institutions of Higher Education

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Background

- Uniform Guidance (2 CFR 200) consolidates the regulations previously codified in Federal circulars applicable to non-Federal entities for administrative requirements, cost principles and audit into a single set of regulations.
<http://www.ecfr.gov/cgi-bin/text-idx?SID=ed90f54836feb6a994f657188eb05e33&node=2:1.1.2.2.1&rgn=div5>
- COFAR Frequently Asked Questions
<https://cfo.gov/wp-content/uploads/2014/11/2014-11-26-Frequently-Asked-Questions.pdf>
- Streamline and reduce administrative burden

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Higher Education Policy Organizations

- Council on Government Relations (COGR)
- Federal Demonstration Partnership (FDP)
- American Association of Universities (AAU)
- Association of Public and Land-grant Universities (APLU)

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Timeline

- Comments Round 1, April 2012
- Comments Round 2, May 2013
- UG released December 26, 2013
- Agency implementing regulations by December 26, 2014

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Application of the UG

- New awards after this date are subject
- Incremental funding on existing awards made after this date may be subject
- Existing awards with no further funding will be subject to the current OMB Circulars
- Non-Federal entities are NOT required to segregate and track old and new funds but may do so at their discretion

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Important Dates

- July 1, 2015
Beginning of the FY subject to the audit requirements under the UG
- July 1, 2016
Procurement Regulations become effective
 - FDP is working on recommendations for micro purchases

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Organization of the Uniform Guidance

- Subpart A, 200.xx Acronyms and Definitions
- Subpart B, 200.1xx General Provisions
- Subpart C, 200.2xx Pre-award Requirements and Contents of Federal Awards
- Subpart D, 200.3xx Post Federal Award Requirements
- Subpart E, 200.4xx The Cost Principles
- Subpart F, 200.5xx Audit Requirements
- Appendices (11 total)

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Concepts in the UG

- UG informs the maximum requirements Federal agencies can impose
- UG informs minimum standards that non-Federal recipients must adhere to
- UG reduces duplicative and conflicting provisions that were in the circulars
- Use of should and must
 - Should – best practice for non-Federal entity
 - Must – actual requirements for Federal and non-Federal entities

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Subparts A - Definitions

- 200.1-99 Definitions – applicable to all sections of the UG and types of awards
- 200.12 Capital Assets and intellectual property (including software) whether acquired or purchased
- 200.20 Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (peripherals) for printing, transmitting and receiving, or storing electronic information

Definitions

- 200.48 General purpose equipment means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment and motor vehicles.
- 200.58 Information technology systems means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services) and related resources.

Definitions

- 200.67 Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro purchase threshold. The micro purchase threshold is currently \$3,000.

Definitions

- 200.68 Modified total direct cost means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25K of each subaward or contract. MTDC excludes **equipment**, capital expenditures, charges for patient care, **rental costs**, tuition remissions, scholarships, fellowships, **participant support costs** and the portion of each subawards and subcontracts in excess of \$25K. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Definitions

- 200.75 Participant support costs means direct costs of items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.
- 200.94 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 \$5K, regardless of the useful life.

Administrative Requirements

- 200.112 Conflict of interest - The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any “potential” conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.



Administrative Requirements

- 200.205 Federal awarding agency review of risk posed by applicants
 - SAM.GOV registry to determine eligibility – feds must have a framework for evaluating risk posed by applicants prior to award. Agencies may take a risk based approach and may consider:
 - Financial stability
 - Quality of management systems
 - History of performance
 - Reports and findings from audits performed under UG
 - Applicant’s ability to effectively implement statutory, regulatory or other requirements

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Administrative Requirements

- 200.301 Performance management
 - Federal awarding agencies must require recipients to use OMB-approved standard government-wide information collections to provide financial and performance information.
 - Recipients must be required to relate financial data to performance accomplishments, and must also provide cost information to demonstrate cost effective practices.

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Administrative Requirements

- 200.303 Internal Controls: non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and terms and conditions of the Federal award.)
 - Compliance with Federal regulations, terms and conditions
 - Evaluate and monitor compliance
 - Prompt action when non-compliance is identified including identified in audit findings
 - Institute reasonable measures to safeguard PPII

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Administrative Requirements

- 200.308 - Revision of budget or program plan
 - Prior approval needed to rebudget from PSC
 - Restriction of rebudgeting training costs is removed
 - PI can be away from the campus and remain engaged in the project. Prior approval is only required when PI is “disengaged” from the project for more than 3 months or there is a 25% reduction in time devoted to the project

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Administrative Requirements

- 200.313 Equipment
 - Property records must be maintained that include a description of the property, a serial number or other identifier, the source of funding (including Federal award number), who holds title, the acquisition date, the cost of the property, and the percentage of Federal participation in the project costs of the Federal award under which the property was acquired, the location, use and condition of the property, and ultimate disposition data, including date of disposal and sale price.

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Administrative Requirements

- 200.314 Supplies
 - Title to supplies will vest in the non Federal entity upon acquisition. If there is a residual inventory of unused supplies exceeding \$5K in total aggregate value upon termination or completion of the project and the supplies are not needed for another Federal award, the non Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal government for its share of the residual supplies.

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Administrative Requirements

- Procurement Standards
 - OMB has issued a one-year grace period for implementation of the procurement standards
 - 200.318(c)(1) the non-Federal entity must maintain written standards covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts
 - Procurement by micro purchase (200.320)

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Administrative Requirements

- Procurement Standards
 - Procurement by micro purchase is the acquisition of supplies or services, the aggregate dollar amount which does not exceed \$3K (or \$2K in the case of acquisition for construction subject to David-Bacon). To extent practicable, the non-Federal entity must distribute micro purchases equitably among qualified suppliers. Micro purchases may be awarded without soliciting competitive quotations if the non Federal entity consider the price to be reasonable.

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Administration Requirements

- Procurement Standards
 - New category of micro purchase which appears to allow purchases up to \$3K without competition
 - Implication is that purchases of >\$3K would have to be competitive in some way
- 200.320 5 methods of procurement
 - Micro purchases: require no competition if cost is reasonable, are \$3K or less and can be equitably distributed among qualified suppliers
 - Small Purchase: can be up to the simple acquisition threshold of \$150K, price and rate quotes must be obtained (more than one), no cost or price analysis is required

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Administrative Requirements

- Procurement Standards
 - Sealed bids: preferred method for construction, used for procurements over \$150K, price is a major factor (lowest bid)
 - Competitive proposals: procurements over \$150K, utilizes an RFP that includes evaluative methods, awarded with either a firm fixed price or cost reimbursement type contract

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Administrative Requirements

- Procurement Standards
 - Non-competitive bid (sole source): may be used when one or more of the following apply:
 - The item is available only from a single source
 - The public exigency or emergency for the requirements will not permit a delay resulting from a competitive process
 - The Federal awarding agency (or pass through) expressly authorizes this method in response to a written requires from the non-Federal entity
 - After solicitation of a number of sources, competition is determined inadequate
 - For scientific reasons

Administrative Requirements

- Subrecipient Management
 - 200.330 explains the roles of subrecipients and contractors so that the non-Federal entity can determine the relationship and the applicable requirements
 - A non-Federal entity provides a subaward to a subrecipient based on a Federal assistance relationship between the non-Federal entity and the subrecipient
 - A non-Federal entity provides a contract to a contractor for the purpose of obtaining goods or services and creates a procurement relationship
 - What the document is called does not matter, it's the relationship between the non-Federal entity and the subrecipient or contractor

Administrative Requirements

- Subrecipient Management
 - Pass through entities must make case by case determinations whether each agreement it makes for disbursement of Federal program funds casts the party receiving the funds in the role of subrecipient or contractor

Administrative Requirements

- Subrecipient Risk Assessment
 - Evaluate each subrecipient's risk of non-compliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring which may include considers such as:
 - Experience with similar awards
 - Results of previous audits
 - Whether subrecipient has new personnel or new or substantially changed systems
 - Extent and result of Federal awarding agency monitoring of the subrecipient



Administrative Requirements

- Subrecipient Risk Assessment
 - Pass through entities are required to use the Federal Audit Clearinghouse to verify audit reports (200.512)
 - Depending on risk assessment
 - Provide subrecipient with training and technical assistance
 - Perform on site reviews
 - Arrange for agreed upon procedure engagements (requires prior approval 200.425)

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Administrative Requirements

- **200-331 Requirements for pass through entities** – pass-throughs must include specific information in the subaward, or when the subaward changes
 - FAIN, DUNS, F&A rate for the Federal award, requirements imposed by the pass through, requirements to provide access to records for audit
 - Conduct a risk assessment to determine appropriate monitoring and must monitor the subrecipient
 - Consider if specific subaward conditions are needed
 - Verify subrecipients have audits in accordance with Subpart F of 2 CFR 200
 - Make necessary adjustments to the pass through entity's records based on reviews and audits of subrecipients
 - Consider actions to address subrecipient noncompliance
 - Report in accordance with FFATA

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Administrative Requirements

- Subrecipient Monitoring
 - 200.331(d) When monitoring ensure financial and programmatic reports are received and reviewed
 - Follow up to ensure subrecipients take appropriate action on all deficiencies pertaining to the subaward from the pass through entity identified through audits, onsite reviews and other means
 - Issue a management decision (timely) for audit findings pertaining to subawards made by the pass through entity
 - Verify that subrecipients are audited, as required
 - If applicable, arrange for agreed upon procedures for audit

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Administrative Requirements

- Subrecipient Monitoring
 - 200.425 Audit services
 - pass throughs may charge Federal awards for the cost of agreed upon procedures engagements to monitor subrecipients who are exempted from requirements of the Single Audit Act and Subpart F

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Subpart E-Cost Principles

Items of Interest to UNC Campuses

- Administrative/Clerical Salaries
- Indirect Cost Rates
- Compensation – personal services, time & attendance, terminal leave payout
- Publication Costs, Losses on Other Awards, Taxes, Computing Devices, Cost Accounting Standards
- 200.407 lists the 22 items that require prior approval (including administrative salaries)

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Cost Principles

- 200.413 Direct Costs
 - Salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charge may be appropriate if ALL of the following conditions are met:
 - The administrative or clerical services are integral to the project or activity
 - Individuals involved can be specifically identified with the project or activity
 - Such costs are explicitly included in the proposal budget or have the prior written approval of the agency. The costs are not also recovered as an indirect cost

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Cost Principles

- 200.414(f) - Indirect costs
 - 200.414(f) afford the 10% de minimis rate that can be used by non-Federal entities that do not have a negotiated F&A rate and can be used indefinitely

Cost Principles

- 200.419 Cost Accounting Standards
 - Cost Accounting Standards (CAS) 501, 502, 505 and 506 apply to Universities that receive \$50M or more in Federal awards over a fiscal year
 - The Disclosure Statement (DS-2) Threshold is \$50M in annual Federal awards.
 - Amendments to the DS-2 must be filed six months in advance of a disclosed practice being changed – cognizant agency then has six month time frame to approve or express concerns

Cost Principles

- 200.430 (h) Compensation - IHE Allowable Activities
 - Delivering special lectures about specific aspects of ongoing activity
 - Writing reports and articles
 - Developing and maintaining protocols (animals, humans, etc.)
 - Managing substances/chemicals
 - Managing and securing project specific data
 - Coordinating research subjects
 - Participating in appropriate seminars
 - Consulting with colleagues and graduate students
 - Attending meetings and conferences

Cost Principles

- 200.430(8)(c)(x) Compensation
 - It is recognized that teaching, research, service and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected

Cost Principles

- 200.430 (i) Compensation Standards of Documentation
 - Periodic certifications of effort (time and effort reporting) are no longer explicitly required
 - Must be supported by a system of internal controls
 - Must be incorporated into the entity's official records
 - Must reasonably reflect total activity (Federal and non-Federal)
 - Must comply with institution's accounting policies
 - Must support the distribution of employee's salary among specific activities

Cost Principles

- Significant changes in activity are entered into the entity's records timely
- System of internal controls includes processes to review after-the-fact interim changes. Final amount charged is accurate, allowable and properly allocated
- For records that meet these standards, the non-Federal entity will NOT be required to provide additional support or documentation for work performed



Cost Principles

- 200.431(b) Compensation – Fringe Benefits
 - The cost of fringe benefits in the form of regular compensation paid to employees during period of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, etc., are allowable if all of the following criteria are met:
 - They are provided for under established written leave policies
 - The costs are equitably allocated to all related activities, including Federal awards
 - The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by non-Federal entity or special grouping of employees

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Cost Principles

- 200.431 (b) Compensation – Fringe Benefits
 - (i) when a non-Federal entity use the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminated employment are allowable ~~as indirect costs~~ in the year of payment.
TECHNICAL CORRECTION EXPECTED

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Cost Principles

- 200.451 Losses on Other Awards
 - Any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable. All losses are not allowable indirect (F&A) costs and are required to be included in the appropriate indirect cost rate base for allocation of indirect costs.

Cost Principles

- 200.453 (c) Material and Supplies Costs
 - Charging computing devices (laptop and desktop computers and associated supplies) as direct costs are allowable for devices that are essential and allocable, but not solely dedicated, to the performance of the Federal award
 - Computing devices, defined as supplies when the cost is the lesser of the entity's capitalization level of \$5K, are subject to the less burdensome administrative requirements of supplies (as opposed to equipment) if the acquisition cost is less than the capitalization threshold.

Cost Principles

- 200.461 – Publication and Printing 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.

Cost Principles

- Taxes (including value added tax)
 - Value Added Tax (VAT) Foreign taxes charged for the purchase of goods or services that a non-Federal entity is legally required to pay in country is an allowable expense under Federal award.

Subpart F –Audit Requirements

- Modifications have been made in an effort to
 - Strengthen oversight and the risk-based approach to determine major programs
 - Shift the audit focus to areas at greatest risk of fraud, waste and abuse
 - Increase transparency of audit results
 - Increase accountability

Audit

- 200.051 – Audit Requirements
 - non-Federal entities that expend \$750K or more in Federal awards during their fiscal year must have a single audit conducted unless they elect to have a program-specific audit.

Audit

- 200.512 – Report Submission
 - The Federal Audit Clearinghouse (FAC) is the repository of record and all auditees are required to submit the reporting package and the data collection form electronically to the FAC
 - All Federal agencies, pass-through entities and other interested in a reporting package and data collection form must obtain it from the FAC
 - Auditees are required to submit the Single Audit Report to the FAC for publication online with safeguards for protected personally identifiable information
 - The FAC must make the reporting packages available to the public

Audit

- 200.516(a)(3) Increases the threshold for reporting known and likely questioned costs to \$25K
- 200.516(b)(6) Requires that questioned costs be identified by CFDA number and applicable Federal award identification number
- 200.516(b)(8) Requires identification of whether audit finding is a repeat from the immediate prior audit and if so the prior year audit finding number
- 200.516(c) Requires audit finding numbers be in the format prescribed by the data collection form

Summary

- **Definitions and Administrative Requirements**
 - Computing Devices/General purpose equipment/Supplies
 - Compensation/Fringe Benefits
 - Micro Purchase
 - Subrecipient risk assessment and monitoring
- **Cost Principles**
 - Administrative/clerical salaries, compensation
 - materials/supplies, publications, losses on other awards,
- **Audit**
 - Increased single audit threshold