

# UNIFORM GUIDANCE IMPLEMENTATION

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October 2014



**FRED HUTCH™**  
CURES START HERE

# Uniform Guidance Implementation...

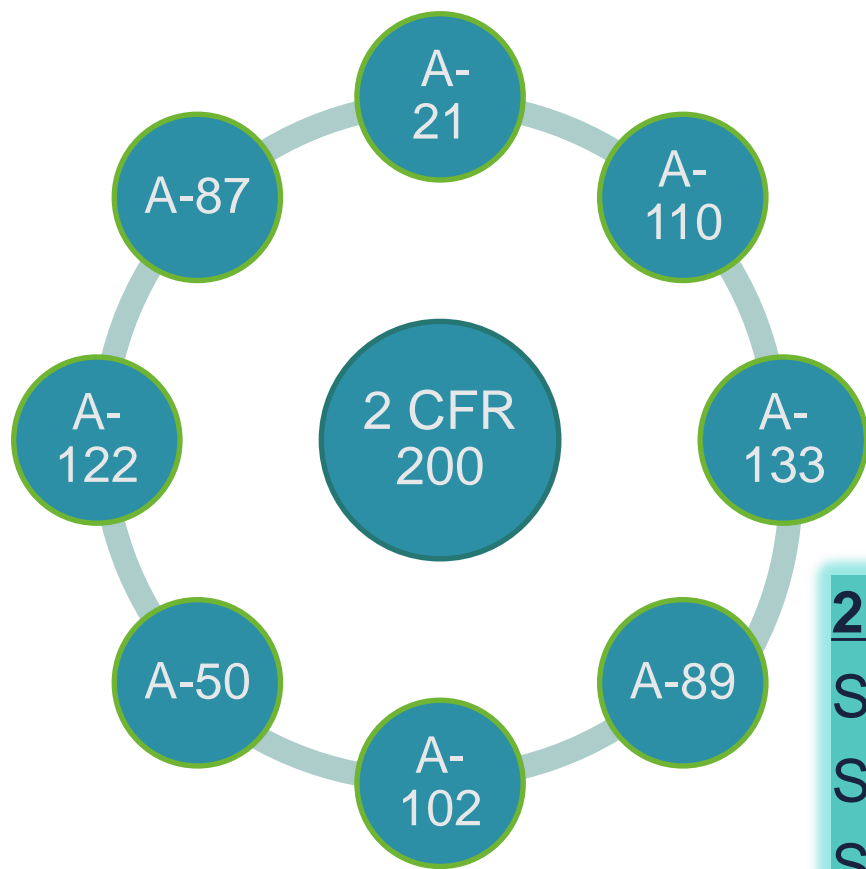
## what we know...and what we're guessing

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## Ready, Set, Go...



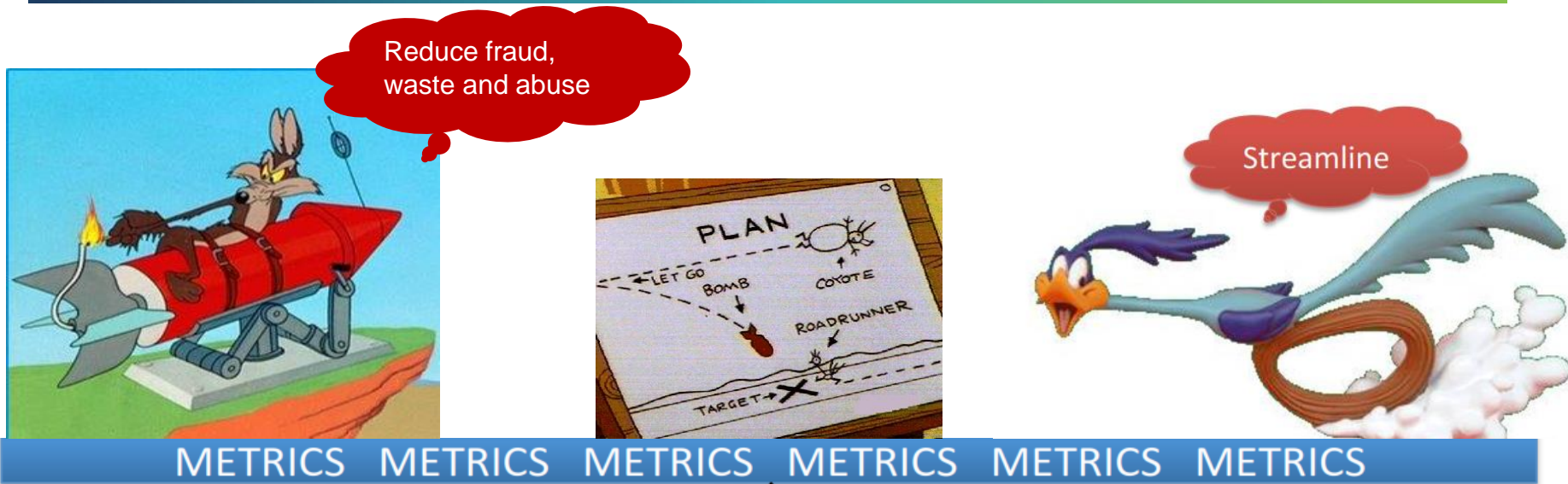
**Uniform Guidance** is a combined, “simplified” version (1,000+ pages) of 8 previous circulars



### 2 CFR 200

Subpart A – Acronyms and Definitions  
Subpart B – General Provisions  
Subpart C - Pre-award Requirements & Contents of Federal Awards  
Subpart D – Post Federal Award Requirements  
Subpart E – Cost Principles  
Subpart F – Audit Requirements  
Appendix

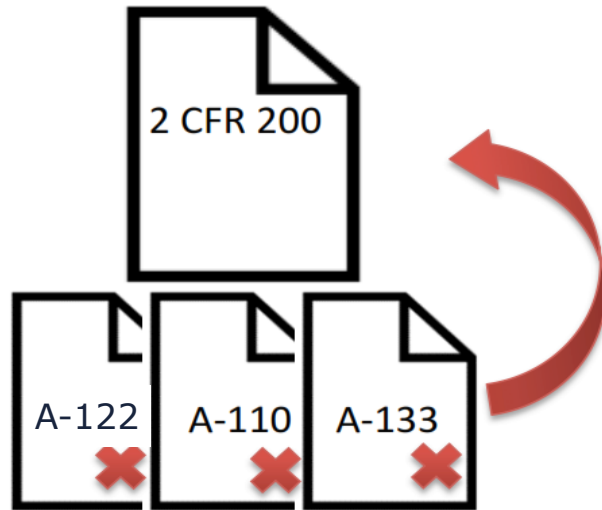
# Uniform Guidance Goals



“To deliver on the promise of a 21st-Century government that is more efficient, effective and transparent, the Office of Management and Budget (OMB) is streamlining the Federal government’s guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards...This reform of OMB guidance will reduce administrative burden for non-Federal entities receiving Federal awards while reducing the risk of waste, fraud and abuse.”

# Uniform Guidance - key things to know

Replaces existing circulars:



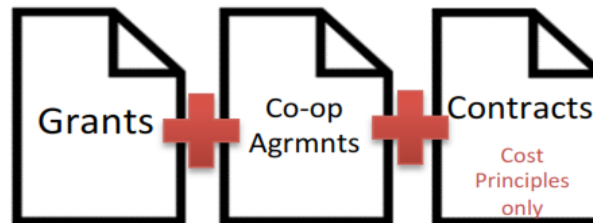
Applies to:  
"Non-federal Entities"

- Institutions of Higher Education (IHE)
- States
- Non-Profits
- Tribal Nations

Effective Date:



Guidance for Federal and Non-Federal Entities that applies to:



Federal contracts follow the FAR, plus UG for cost principles only

# The Good, The not-so-good, and the ????

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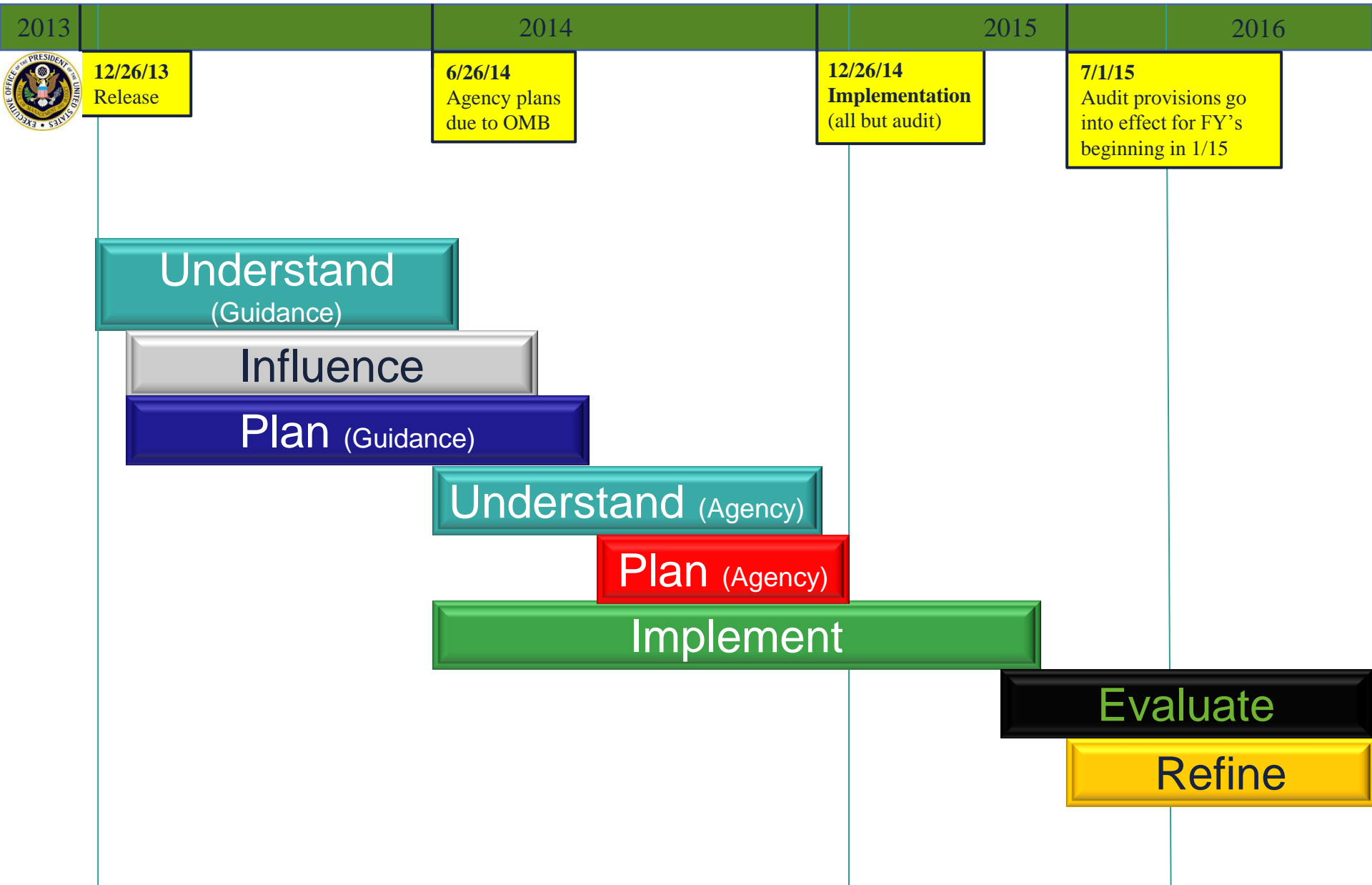
What the guidance says and what we know so far...

# Uniform Guidance Themes

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- MANY IMPROVEMENTS – lots of good things in response to community feedback
- Making the most efficient use of federal funds
- Emphasis on appropriate institutional Internal Controls
- More stringent requirements for documentation of Subrecipient selection, monitoring and payment
- Emphasis on timely closeouts -90 days (hoping for 120 days)
- Major impact on procurement area (implementation delayed 1 year to accommodate)

# Uniform Guidance Implementation Overview





# Uniform Guidance...effective dates

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The new circular becomes effective December 26, 2014

❖ Uniform Guidance will apply to:

- ❖ *All New and Renewal awards issued on or after 12/26/14 (even if proposal/budget submitted under the old rules/circulars in effect prior to 12/26/14)*
- ❖ *Fred Hutch Single Audit (A-133) for FY16 (July 2015 – June 2016)*

❖ Old Rules (A-122, A-110, A-133) will apply to:

- ❖ *All active awards that do not receive incremental funding or another award action until they expire*

❖ Uniform Guidance MAY apply to:

- ❖ *All non-competing awards (agencies may decide on a case-by-case basis)*

❖ Federal Agencies will release their implementation plans prior to the deadline



# Uniform Guidance...what's new?



- ❖ “Uniform Guidance” or “UG” is the generally accepted reference

- ❖ The holidays are cancelled....



- ❖ Lots of FAQ's....



# Uniform Guidance...relevant recent developments

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- ❖ 10/9/14-10/20/14: COGR submits requests to incorporate technical corrections into the final version of the Uniform Guidance (one more meeting in November with COFAR)
- ❖ 9/26/14: COGR submits letter to Council on Financial Assistance Reform (CoFAR) re: MTDC definition clarification and use of “subcontract”
- ❖ 9/17/14: COGR puts out updated implementation tracking guidance
- ❖ 8/29/14: OMB puts out 30 pages of FAQ’s
- ❖ 8/27/14: OMB raises potential new definition of MTDC
- ❖ 6/24/14: COGR proposes FAQ’s to OMB
- ❖ 5/9/14: NSF releases draft implementation plan for comment
- ❖ 4/14/14: FDP & COGR submit FAQ Whitepaper

# OMB FAQ's

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- ❖ Resolved some issues....but FAQ's are not officially incorporated into CFR:
  - ❖ As indicated in the introduction to FAQ's....“Please note that in the case of any discrepancy, the actual guidance at 2 CFR 200 governs. If there is a question pertaining to the application of the guidance to a particular Federal award, that question should be addressed to the Federal awarding agency or pass-through entity in the case of a subrecipient...”
- ❖ COGR and FDP continue to advocate for Uniform Guidance language to be modified to include concepts addressed in FAQ's
- ❖ COFAR website which includes FAQ's:  
<https://cfo.gov/cofar/>

# Pre-Award - Good!

## Standard Information

- Funding Opportunities need to include standard info – not a change but good to know



## Prescribed Elements

- Prescribed format, review criteria, cost share requirements, due dates, deviations in standard terms and conditions, additional reports



## 60 Days Lead Time

- Generally, 60 days lead time for funding announcements, unless shorter notice is specifically approved by agency head – minimum of 30 days lead time



# Pre-Award – more good!

## Pre-Approved Terms & Conditions

- Agencies must use pre-approved terms and conditions, or describe deviations at proposal stage



## Approval of Exceptions

- Any exception to terms and conditions (e.g. limits on F&A, additional reporting) must be approved by agency head and posted on the OMB website



## Tracking of Exceptions

- OMB will be tracking exceptions to policies, evaluating effectiveness of the UG through metrics



# Cost Sharing – Good!

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Voluntary committed cost sharing is not expected, could be basis for exclusion (NSF)



Cost sharing requirements must be included in the funding announcement



Cost sharing may not be used as a factor in reviewing proposals or as merit criteria

# Changes in F & A Cost Rulings – Good!



Federal agencies are expected to honor negotiated F&A rates

- Class or single award exceptions only when required by Federal statute or regulation, or approved by an agency head or delegate
- Exceptions must be reported to OMB
- Policies, procedures, and general decision-making criteria for making exceptions must be published

## Participant Support Costs

- Must be excluded from F&A (similar to NSF model)





# Research Terms and Conditions...fingers crossed

- Current RTCs expire December 26, 2014, includes:



Pre-award costs up to 90 days before start date



One time 12 month cost extension



Re-budgeting costs between line items of up to 10% of total award



Purchases of equipment, foreign travel, renovations < \$25K, between direct and indirect costs



Reducing effort of the PI by up to 25%

# Subrecipient monitoring +/-

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## F&A improvements

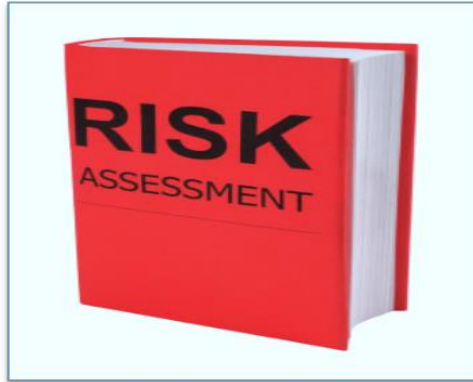
- F&A rate agreement must be honored if one exists
- Subrecipients (e.g., foreign, small businesses, school districts, etc.) without a negotiated rate can get an automatic 10% MTDC F&A rate



## Increased burden for vendor vs. subrecipient classification

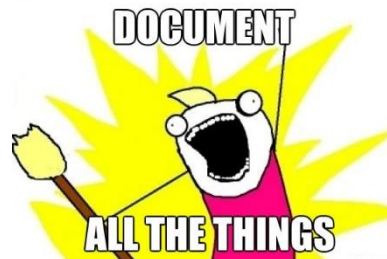
- Prime recipient makes the determination between Subrecipient vs. Professional Services / Vendor and we need to document how we made the decision each time

# Subrecipient monitoring (cont'd)



Fully documented risk assessment for each sub prior to issuance

- ❖ The good news is we already do this!
- ❖ New obligation to **document** that the Hutch has **received and reviewed** the subrecipient's performance and financial reports...
- ❖ New obligation to pay subrecipient invoices in 30 days...eek!



# Award Notices – Good!

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## Terms and Conditions

All federal awards must include clear terms and conditions (for the entire award period), including:

- Reporting requirements
- Format
- Due dates
- Any deviations from agency policy

- ❖ Provides basis for objecting when agency layers on additional requirements (e.g., prior approval, reporting) during the life of award

# Award Terms – Good!

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- ❖ Recognition that technology allows a PI to be away from the institution but still “engaged” in the project
  - ❖ “Disengagement” from the project for more than 3 months rather than “absence”

# Record Retention – Good!

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- 200.335 – Electronic Records states that there is no need to create a paper record for a record that was originally electronic and cannot be altered
- May convert paper to electronic provided the records are:
  - Subject to periodic quality control reviews
  - Provide reasonable safeguards against alteration, and
  - Remain readable
- Still a conflict between UG and FAR, which states that paper records must be kept for a year after paper records are converted to an electronic format

# Purchasing....not-so-good...but we have some time

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- ❖ All procurement between the micro-purchase level (\$3k) and the simplified threshold (\$150k) must be competitive
  - ❖ Procurement rules to be delayed 1 year
  - ❖ Impacts on Fred Hutch under analysis
- ❖ UG emphasizes small and minority owned business issues
- ❖ New obligation to notify federal sponsors when there is a potential for COI for procurement – when a PI wants to purchase from a company in which they have a financial interest



# Internal Controls....good, but we have some work to do

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- ❖ Requires us to have effective internal controls, to communicate them, and follow them
- ❖ Stronger audit scrutiny
- ❖ Emphasis on documentation policies and transactions
- ❖ Federal government moving towards a Sarbanes-Oxley model for financial compliance (COSO and Federal Green Book) as examples of new standards





# Performance reporting – get ready!

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Continued pressure from agencies to relate research progress to financial information and other “data” (e.g. number of students, publications, patents)

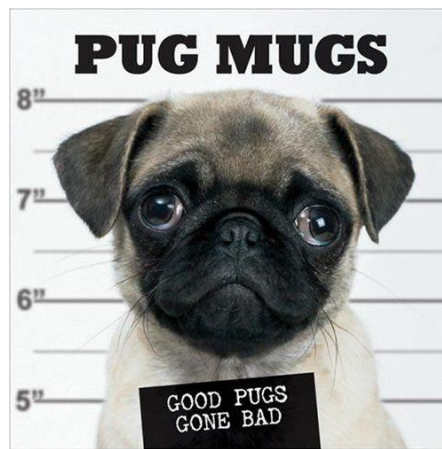


Guidance provides for research sponsors to use standard RPPR format – depends on agency implementation (NSF is on board!)

# Financial reporting

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- ❖ New certification language for financial reports – statutory penalties for false certifications



*I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729–3730 and 3801–3812).*

# How is Fred Hutch Preparing?

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- ❖ Established a Center-wide UG Steering Committee
- ❖ Closely monitoring national level activities
- ❖ Conducting institutional Fit-Gap analysis to inform comprehensive action plan
- ❖ Implementing a comprehensive communication protocol to ensure consistent and timely communication within the institution
- ❖ Engaging stakeholders to provide feedback regarding proposed changes in response to Guidance

# Fred Hutch Uniform Guidance Steering Committee

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- ❖ OSR – Mark Boyer, Shannon Lysen
- ❖ Accounting – Chris Bundesmann, JoAnn Staheli
- ❖ Materiel Management – Mark Burch
- ❖ FPA – Herb Bone, Lisa Nichols
- ❖ Consultant to OSR – Sara Judd
  
- ❖ **NEW WORKING GROUPS!!! We need you!**

# Role of Fred Hutch UG Steering Committee

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- ❖ determine the impact of the new regulations on existing Center policies and processes
- ❖ engage the appropriate Center representatives to revise affected policies and procedures and secure necessary approvals
- ❖ develop a comprehensive Center-wide implementation plan
- ❖ develop and coordinate dissemination of associated training and materials as needed
- ❖ provide ongoing institutional oversight for implementation
- ❖ provide ongoing evaluation of Center implementation and incorporate any necessary adjustments
- ❖ provide timely status reports to Center senior leadership



**New Quick  
Guide!**

# Proposal Preparation Impacts

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- Direct charging of administrative salaries
- Computing device purchase less than \$5,000
- Short-term Visa costs
- Value added tax
- Fixed price subawards
- F&A



# Direct Charging of Administrative/Clerical Salaries

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All conditions must be 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.

# Direct Charging of Administrative/Clerical Salaries

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To Facilitate required agency prior approval, the following sample proposal budget justification may be used:

## SAMPLE JUSTIFICATION

“This award includes management of XX subawards. This volume and the tight timeline of the project mandate more extensive monitoring than the services routinely provided by the department. A XX% time program assistant is needed to oversee the subrecipients’ activities, including working with the Center to perform risk assessment and subrecipient monitoring, ensuring timely delivery and review of invoices, acquiring progress reports and ensuring their review, resolving mid-project issues, monitoring compliance approvals, ensuring timely payments, and handling subaward modifications. **We are therefore requesting agency approval for a [List % time appointment here] [List position title here] as an administrative cost allowed under 2 CFR 200.413.**”



# Computing Device Purchases Less Than \$5,000

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Allowable if less than \$5,000 if the following conditions are met:

1. Computing Device is essential to accomplish a specific aim of the project;
2. Computing Device is above what is normally provided as the Center standard; AND
3. Computing Device is charged to the grant in relative proportion to its use on the project.

# Short-term Travel Visa Costs

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Allowable under specific circumstances:

- Issued for a specific period of time and purpose.
- Can be directly identified with work to be performed on the project or activity.

Long-term visa costs are not allowable as direct costs.

# Value Added Tax (VAT)

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Allowable if:

- Associated with the purchase of goods and services purchased in-country is an allowable expense.

# Fixed Price Subawards

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Subawards may be issued as fixed price only if:

- The cumulative total value is \$150,000 or less, and
- Agency prior approval is secured
- To facilitate the required agency prior approval, the following sample proposal budget justification may be used:

## SAMPLE JUSTIFICATION

*“The subaward to [Name the subrecipient here] documented in this proposal meets the criteria described in Subpart C- 200.201(b) and the Fred Hutchinson Cancer Research Center is therefore requesting prior agency approval of this Fixed Price Subaward. The Center will consider this subaward approved if an award is made and no contrary guidance from the agency is included in the award notice.”*

# Facilities & Administrative Costs on Subawards

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## Subrecipient's negotiated F&A rate must be used

- ❑ Unless the sponsor has a published F&A cap as part of the funding announcement.
- ❑ Absent a negotiated rate, a *de minimis* 10% rate may be used or the subrecipient can request the negotiation of a rate with Fred Hutch.
- ❑ Upon receipt of the subrecipient's budget, ensure F&A rate used is subrecipient's negotiated rate.

# Next Steps for UG Implementation Priorities

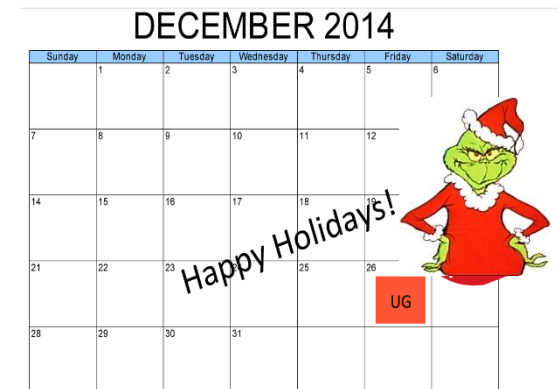
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- ❖ Develop and issue policies/procedures/guidance for proposal preparation in compliance with UG
- ❖ Provide Center-wide training for new policies/procedures/guidance
- ❖ Address institutional management of multiple and concurrent policies applicable to the same award, including how to identify which regulations apply to which award/segment of award
- ❖ Develop and issue policies for new Closeout and Subrecipient Monitoring requirements:
  - ❖ 90 day (or 120 day for NIH and maybe more agencies?) enforced closeout
  - ❖ Process for tracking and documenting review of subrecipient progress reports
  - ❖ Review and approve subrecipient invoices as quickly as possible to meet the new 30 day requirement
  - ❖ Agency prior approval of fixed price subawards added after the award starts (unless the agencies waive this prior approval)
  - ❖ Update Subaward template agreements
  - ❖ Publication costs can be direct charged between award end date and date of final financial report
- ❖ Determine how to follow new Procurement rules (eventually)

# Next Steps for UG Implementation Priorities

- ❖ And, and, and....
- ❖ Develop and issue policies/procedures/guidance once all FAQ's have been answered, responses to requests for clarifications/corrections have been received, and agency implementation plans have been finalized....remember....

❖ The holidays are cancelled!!



# Next Steps for UG Implementation Priorities

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- ❖ Despite the many still pending unknowns, the UG Steering Committee aims to best position the Center for compliance to facilitate a smooth transition by partnering with national colleagues, engaging key institutional stakeholders and communicating information broadly to ensure a well-informed community.

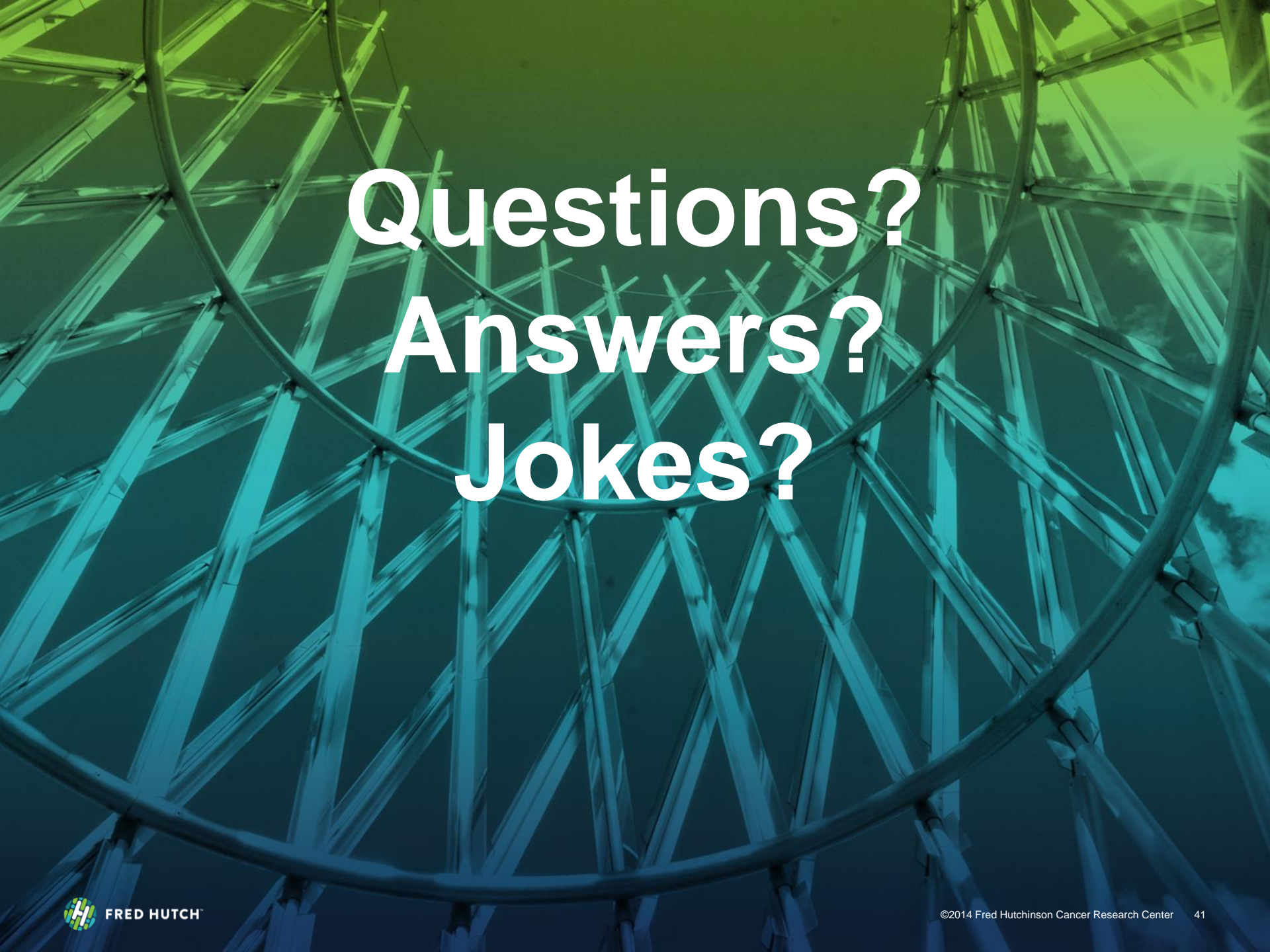




# UG Resources

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- ❖ OMB Website: [http://www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs)
- ❖ FDP/COGR White paper April 2014:  
[http://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga\\_088100.pdf](http://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga_088100.pdf)
- ❖ COFAR website: <https://cfo.gov/cofar/>
- ❖ OSR website: <https://teams.fhcrc.org/sites/osr/Pages/default.aspx>



**Questions?  
Answers?  
Jokes?**

THANK YOU



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