




UG QUICK GUIDE (Version 1.2)

MAJOR CHANGES IN THE UNIFORM GUIDANCE AFFECTING PROPOSAL BUDGETS, CHARGING OF DIRECT COSTS AND AWARD MANAGEMENT - Updated February 2015

The Office of Management and Budget (OMB) has combined many of the federal circulars including A-110, A-21, A-122 and A-133 into a single document called the “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards”, most commonly referred to as Uniform Guidance (UG). These new federal requirements became effective on December 26, 2014.

The information included in this Quick Guide (Version 1.2) is intended to provide the most current and cumulative information available to date regarding specific topics under the UG to support and assist with proposal submission and award management.

AWARD CLOSEOUT


<p>UG §200.434</p> 	<p>Submission of Award Closeout documents will remain at 90 days at Fred Hutch.</p> <p>NIH and NSF have indicated that the timeframe for submission of closeout documents has been extended from 90 days as reflected in the UG, to 120 days, consistent with what is anticipated to be reflected in the new Research Terms and Conditions (RTC’s). Updated RTC’s will reflect these changes for participating Federal agencies. Additional agency-specific Federal guidance on this topic is anticipated.</p> <p>For Federal awards from agencies not participating in the RTC’s, until further agency clarification is provided, the 90-day requirement stipulated in the UG will prevail.</p> <p>Although additional time is provided by some agencies for submission of final award closeout documents, due to the increased risk for nonpayment if closeout documents are submitted after the final due date, and the fact that many agencies may opt to maintain the 90-day requirement stipulated in the UG, Fred Hutch will continue to maintain its 90-day closeout practice to ensure full recovery of costs from the funding Agency.</p>
--	--

COMPUTING DEVICES (UNDER \$5,000 UNIT COST)

<p>UG §§: 200.33 200.48 200.89 200.439 200.453(c)</p>	<p>Computing devices can be included on competitive proposal budgets.</p> <p>Computing devices under \$5,000/unit may be direct charged to the project or activity under the following circumstances:</p> <ul style="list-style-type: none"> • The machines are <u>essential</u>* and allocable to the project in that they are necessary 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. • The project does not have reasonable access to other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference. • Items costing more than \$5,000 per unit are considered equipment and follow federal equipment rules for when they can be direct charged. (See §§ 200.33, 200.48, 200.89, 200.439) <p>*PI’s are responsible for determining whether or not the device is “essential” and to what extent the cost of the device is allocable to the sponsored project. PI’s and departments should maintain documentation that describes how the proposed computing device meets the above requirements.</p>
--	---



DIRECT CHARGING ADMINISTRATIVE/CLERICAL SALARIES

 **Help**

Click on the Help icon for additional information, recommended wording, and/or FAQs.

UG §§ 200.413 and 200.430

Administrative and clerical salaries (in certain circumstances) AND programmatic salary costs can be included on competitive proposal budgets.

In general, administrative and clerical salaries should still not be direct charged, but the rules governing “major project or activity” exceptions have been dropped and replaced by the following criteria, all of which 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 (*currently known as F&A*).

If all of these requirements are met, PI’s/Departments should add to new proposals a new justification statement that references the new UG requirements and outlines specifics of the position in sufficient detail. In order to facilitate securing such approval, the following sample 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 Fred Hutchinson Cancer Research 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.**”

*Fred Hutch has determined that integral means that the services are essential, vital, or fundamental to the project or activity.

Programmatic Salary Costs

Costs related to protocol development and maintenance, managing substances/chemicals, managing and securing project-specific data, and coordination of research subjects are allowable direct costs when they are “contributing and directly related to work under an agreement.” Thus, these programmatic costs may be direct charged using the same underlying requirements as other types of direct costs, and are **not** subject to the extra approval requirements required of administrative and clerical costs. They are still subject to all regular costing requirements (e.g., allocability, reasonableness, allowable by terms of the award, incurred within award period).

F&A ON SUBAWARDS

 **Help**







Click on the Help icon for additional information, recommended wording, and/or FAQs.

UG §200.331

The subrecipient’s negotiated F&A rate or an alternative rate as described below must be used for all subawards included in competitive proposals.

If a federal program has a published statutory F&A cap, that rate must be used both by Fred Hutch and all of its subrecipients. For all other federal programs, if a subrecipient has a federally negotiated F&A rate, it must be used. If the entity does not have a negotiated F&A rate, a 10% *de minimis* F&A rate must be used instead, or the PI/department may request that Fred Hutch negotiate an F&A rate with the subrecipient. PI’s may not negotiate or agree to lower rates with their subrecipients. There is no change to Fred Hutch’s recovery of its own F&A – this remains limited to receiving our F&A on the first \$25K of each subaward.



	<p>For Foreign Subawards</p> <div data-bbox="331 285 1468 415">  <p>NIH will continue to utilize the statutory 8% rate that is currently reflected in the Grants Policy Statement (GPS).</p> </div> <div data-bbox="331 436 1468 567">  <p>NSF has updated their terms and conditions to reflect the use of the 10% <i>de minimis</i> rate in accordance with the UG to replace their previous rate of 0% for foreign subawards.</p> </div> <p>Updated Research Terms and Conditions will reflect these changes for participating Federal agencies. Additional agency-specific Federal guidance on this topic is anticipated.</p> <p>For Federal proposals submitted to agencies other than NIH and NSF, until further agency clarification is provided, OSR recommends that the 10% F&A rate be used in budgeting for all subaward entity types that do not have a federally negotiated F&A rate.</p>
<p>FIXED PRICE (FIXED AMOUNT) SUBAWARDS</p>	
<div data-bbox="142 846 224 905">  <p>Help</p> </div> <p>Click on the Help icon for additional information, recommended wording, and/or FAQs.</p> <p>UG §200.332</p> 	<p>Agency prior approval is required to enter into fixed price subawards, which may not exceed \$150K.</p> <p>Agency prior approval is required to enter into a fixed price (fixed amount) subaward rather than a cost reimbursement subaward, and the total value of each fixed price subaward may not exceed \$150K. This will impact a smaller portion of all subawards issued by Fred Hutch, which are most commonly used for clinical trial site agreements, foreign subrecipients, and small businesses. General research collaborations are not likely to be issued as fixed price. Consult with OSR for further guidance.</p> <p>To expedite agency approval, PI's/departments should add a new justification statement to proposals contemplating a fixed price subaward. The following sample justification may be used:</p> <p><u>Sample Justification</u> “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. Fred Hutch will consider this subaward approved if an award is made and no contrary guidance from the agency is included in the award notice.”</p> <p>For NIH and NSF Awards subject to UG, the prior approval requirement for fixed amount subawards is waived provided that the subawards meet the requirements stipulated in 45 CFR 75.201 and UG §200.201, respectively.</p>
<p>FOREIGN TAX COSTS - INCLUDING VALUE ADDED TAX (VAT)</p>	
	<p>UG §200.470</p> <p>Under awards subject to UG, VAT (tax charged for purchase of goods or services that must be paid in a foreign country) is considered to be an allowable cost, provided the goods or services are an allowable expense, with the following exceptions:</p> <ul style="list-style-type: none"> • Taxes for which exemptions are directly available or which are available based on an exemption afforded the federal government, and when the federal awarding agency makes available the necessary exemption certificates; • Special assessments on land that represent capital improvements; and • Federal income taxes. <p>For NIH awards subject to UG, VAT can now be charged in accordance with UG. For existing NIH awards not subject to UG, VAT is still considered an unallowable cost for foreign components. Additional agency-specific Federal guidance on this topic is anticipated.</p>



VISA COSTS

UG §200.463(d)

Short-term, travel visa costs can be included on competitive proposal budgets.

Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award and can be directly charged. They must be critical and necessary (directly benefit the project) and be allowable by the agency. Typically, these visas allow employees and students to engage in field research or attend meetings in foreign locations, or allow foreign visitors to visit Fred Hutch in support of the project. Long-term visa costs, such as those that enable employment at Fred Hutch (for example “J” and “H1B” visas) are not allowable as direct charges.



Additional Information, Recommended Wording, and FAQs



CHARGING ADMINISTRATIVE AND CLERICAL (§200.413) AND PROGRAMMATIC SALARY COSTS (§200.430)

AT TIME OF PROPOSAL

If it is determined that the administrative and clerical services are essential, vital, or fundamental to the project or activity or there are documented special circumstances*, PI's/departments must explicitly flag or list in proposal budget justifications administrative and clerical costs that meet the direct charging definitions, explain why these costs are integral (SEE below for examples) to the project, and include the statement below shown in **bold**. For example:

“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 Fred Hutchinson Cancer Research 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.**”

*Administrative and clerical services included as a direct cost in a budget should be well justified in the budget justification to support that the positions are integral to the project. Explain any special circumstances that support such services being proposed as a direct cost to the project.

Examples of projects that could meet the definition of “integral”:

- Large, complex programs, such as General Clinical Research Centers, program projects, research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
- Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective studies of clinical records).
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Projects where the principal focus is the preparation and production of manuals and large reports, books, or monographs (excluding routine progress and technical reports).
- Projects that are geographically inaccessible to normal departmental administrative services, such as field research remote from campus.
- Projects requiring significant amounts of project-specific database management; individualized graphics or manuscript preparation; human or animal protocols, and multiple project-related investigator coordination and communications.



AT TIME OF AWARD

- If a proposal is submitted with the required statement/justification (as shown above), and an award is subsequently issued by the federal agency without explicitly deleting the administrative cost, the NOA will reflect approval to charge the requested cost. After award issuance, unless prohibited by the terms of the award, any post-award addition in the percentage of effort that does not exceed 25% of the amount approved by the sponsor may be incurred without additional federal approval. An addition greater than 25% must be requested from the federal sponsor as shown below. Reductions may be incurred without agency approval; however, PI's must recognize that this may still be questioned by auditors since the proposal indicated that such costs were necessary. PI's should be prepared to explain how the function was performed or why it was no longer needed.
- An administrative or clerical employee's time may be fully or partially charged to sponsored projects with the balance charged to non-sponsored fund sources.
 - For example, an employee's effort might be direct charged 25% time to one PI's project, 20% to another PI's project, and 55% to non-sponsored activities.
 - If any portion of the employee's time is direct-charged to a sponsored project, the employee must certify his or her effort in accordance with Fred Hutch policy.

AGENCY APPROVALS NEEDED DURING THE AWARD

- If new or additional (over 25% of the amount previously approved) administrative or clerical support is needed during the life of the award, PI's must write a letter to their federal program officer and/or federal grants officer (as dictated by the federal agency) requesting approval to direct charge the new/additional administrative services. These letters must be signed by the PI, be prospective (not retroactive) and include the following:
 - The percentage of effort, time period needed, and estimated cost to the project (salary, fringe benefits, and associated indirect cost)
 - An explanation from what budget category funds will be rebudgeted
 - How the services are integral to the projectThe letter must be countersigned by OSR, who will then submit the request to the agency. PI's should allow a minimum of 30 days for an agency response.



F&A ON SUBAWARDS (§200.331)

- When Fred Hutch is the subrecipient, the pass-through entity (the organization that receives a federal award directly) is obligated to honor Fred Hutch's negotiated F&A rate and may not impose additional restrictions or limitations on F&A unless the program has a statutory or other rate reduction approved by the head of the federal agency and publically posted per 2 CFR 200.414(c).
- PI's may **not** negotiate rates with their subrecipients. Questions about appropriate F&A should be referred to OSR.
- If a federal program has a statutory F&A rate or a posted F&A rate exception (e.g., K-awards, etc.) as outlined in 2 CFR 200.414(c), the Center will use the federally approved rate for its work and will allow its subrecipients to use that same rate. All remaining proposals must use the subrecipient's federally negotiated rate or the 10% MTDC *de minimis* rate unless OSR has agreed to negotiate a rate with the subrecipient.



- Fred Hutch will, in rare circumstances, negotiate a rate with a proposed subrecipient when the subrecipient (1) does not qualify to receive a rate directly from the federal government (currently, this means the entity does not receive direct federal funding of \$750K or more per year); (2) is expected to do at least \$750,000 of business annually with Fred Hutch; and (3) there is reason to believe the F&A rate will be substantially higher than 10% MTDC. Please contact the Director of OSR for further detail.
- Entities that have previously received negotiated rates with Fred Hutch are grandfathered in and Fred Hutch will continue to negotiate rates with these entities until they qualify to negotiate a rate directly with the federal government.
- **For foreign subawards, NIH will continue to utilize the statutory 8% rate that is currently reflected in the Grants Policy Statement (GPS).** NSF has updated their terms and conditions to reflect the use of the 10% *de minimis* rate in accordance with the UG to replace their previous rate of 0% for foreign subawards. Updated Research Terms and Conditions will reflect these changes for participating Federal agencies. Additional agency-specific Federal guidance on this topic is anticipated.
- For Federal proposals submitted to agencies other than NIH and NSF, until further agency clarification is provided, OSR recommends that the 10% F&A rate be used in budgeting for all subaward entity types that do not have a federally negotiated F&A rate.



FIXED PRICE (FIXED AMOUNT) SUBAWARDS (200.332)

AT TIME OF PROPOSAL

- The following justification statement should be utilized in proposals or prior approval requests containing subawards that are anticipated to be issued as fixed price and the cumulative estimated cost of the fixed price subaward is expected to be less than \$150K:
 - “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. Fred Hutch will consider this subaward approved if an award is made and no contrary guidance from the agency is included in the award notice.”
- **Fixed Price vs. Fixed Fee Contract Definitions**
 - **Fixed Price Contract:** Those contracts that provide for a price which normally is not subject to any adjustment. Fixed price contracts are negotiated usually where reasonably definite specifications are available, and costs can be estimated with reasonable accuracy. A fixed price contract places minimum administrative burden on contracting parties, but subjects a contractor to maximum risk arising from full responsibility for all cost escalations.
 - **Fixed Fee Contract:** A Fixed-fee contract is a cost-reimbursement contract that provides for payment to the contractor of a negotiated fee for certain costs that is fixed at the inception of the contract. The fixed fee does not vary with actual cost, but may be adjusted as a result of changes in the work to be performed under the contract. An example may be a clinical trial where per patient costs are negotiated and fixed at the onset of the contract (fixed fee), but the number of patients to be enrolled in the study is unknown, so a cost-reimbursement mechanism is necessary.
- General research collaborations are not likely to be issued as fixed price. Consult with OSR for further guidance.

Gratitude to the University of Minnesota for their collaboration in providing this material.