
March 2014
Agenda for this Session

- Background
- Highlights from Uniform Guidance – Subparts A thru F, and Appendix III!
- Next steps
Background

- 12/26/13, OMB published final guidance in the Federal Register entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”
- Hundreds of pages!
What does the super circular mean for Dartmouth?

- **Effective date**
  - Federal Agencies: 12/26/13
    - Draft policies to OMB: 6/26/14
  - Recipients: Not later than 12/26/14
  - Subpart F only (Audit): Fiscal year following 12/26/14

- **Applicability**
  - New awards and additional funding (funding increments) to existing awards made after 12/26/14.

- Circular does not include “Research Terms & Conditions” (a/k/a: FDP Terms & Conditions)

- Dartmouth will need to understand new guidance, monitor agency announcements, update policies and procedures
Grant Regulatory Framework

- Sources of grant requirements
  - Public Law – e.g. PL 106-107
  - Code of Federal Regulations (CFR)
  - Office of Management & Budget (OMB) Circulars – e.g., A-21, A-110, A-133
  - Hospital Cost Principles (OASC-3)
  - Award terms & conditions, sponsor policies, institutional policies

- CFR vs. OMB
  - CFR: codification of general, permanent rules published in the Federal Register (FR) by the executive departments & agencies of the federal government
  - OMB Circulars: give general policy direction to government agencies. Also published in FR
A-81: Super or Consolidated Circular

- Response to directive from White House for greater transparency & efficiency
- Six Subsections
  - A: Acronyms and Definitions
  - B: General Provisions
  - C: Pre-Federal Award Requirements & Contents of Federal Awards
  - D: Post Federal Award Requirements
  - E: Cost Principles
  - F: Audit Requirements
- Should” and “must” used throughout
  - Should: best practice or recommended approach
  - Must: required
- No intention of reopening circular in response to questions
  - Clarification through FAQ
Themes

- Accountability and transparency
- Consistency across agencies
- Reduction/elimination of burdensome requirements
- Reduction of fraud and abuse
- Risk assessment
- Performance management
  - Change from monitoring compliance to monitoring results
- Internal controls
- Linking finances to performance
- “Empowering” pass-through entities
Some Quick Basics

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
Appendices – I Funding Opportunities
   II Contract Provisions
   III Indirect Costs (F&A)
Good, Bad and Possibly Ugly*

- Bob Lloyd, Report on Research Compliance (2/2014)
- Good
  - Requirements for Adherence to Paperwork Reduction Act (200.206)
  - Content of a federal award (200.210): Lists things that need to be contained in a federal award...another move towards standardization?
  - Cost Sharing or Matching (200.306) Clarified policy on cost sharing to ensure that cost sharing is solicited only when required by regulation
Good, Bad, and Possibly Ugly

- **Bad**
  - Pre-award risk assessment (200.205) financial evaluations of recipients at preaward stage might impact questions asked at preaward stage (Unlikely to impact Dartmouth since we have been around since 1769!)
  - Specific conditions (applied to awards based on risk (200.207) Derivative of the preaward assessment for recipients that have poor performance
  - Performance Management: Emphasizing some aspects of performance management and financial information. New language. Uncertain what it means but seems to be a new emphasis.
  - Internal Controls (200.303) Always an expectation to have good controls. Section introduces new language and makes reference to a specific government document called “Green Book”
Good, Bad, and Possibly Ugly

- Possibly Ugly
  - Conflict of Interest (200.112) Section states that each federal awarding agency must establish conflict of interest policies for federal awards.
  - Close-out and Continuing Accountability (200.343) Closeout must occur within one year after end date.
  - Compensation for Personal Services (200.430) A very hot topic is the section on effort reporting:
    - Guess what: It was never actually called effort reporting in the regs.
    - It’s not going away but it’s changing.
    - Some feeling in the community that we will need to continue what we are doing.
    - NIH (Sally Rockey) states that new guidelines “give grantees much more flexibility in how investigators document their time and effort on their award.”
Definitions

- 200.33 **Equipment**
  - 200.12 **Capital assets** – includes software
  - 200.20 **Computing devices**
  - 200.48 **General purpose equipment** – includes information technology equipment and systems
  - 200.58 **Information technology systems** – includes computing devices and software
  - 200.89 **Special purpose equipment**
  - 200.94 **Supplies** – clarifies when a computing device is a supply.
Definitions

- **200.67 Micro-purchase** – Current threshold set at $3000.
- **200.68 Modified Total Direct Cost (MTDC)** – excludes participant support costs, rental costs (not rental of facilities) and Other items may only be excluded when necessary to avoid a serious inequity in the distribution of IDC and with approval of the cognizant agency for indirect costs.
- **200.80 Program Income** – includes license fees and royalties on patents and copyrights.
- **200.94 Supplies** – COGR request to include software as a supply and references to intangible property and inventions were not included.
Highlights: Subpart A – Definitions & Acronyms

- 99 definitions
- Key Definitions
  - 200.38 Federal award: $ or document/instrument
  - 200.40 Federal Financial Assistance: Assistance non-Federal entities receive or administer in the form of
    - Grants
    - Cooperative Agreements
    - Non-cash contributions
    - Direct appropriations
  - 200.69 Non-Federal Entity: State, local government, Indian tribe, institution of higher education or nonprofit that is the recipient or subrecipient of federal funds.
  - 200.74 Pass-through entity: Non-federal entity that subs to a subrecipient.
Highlights: Subpart A – Definitions - con’t

- 200.93 Subrecipient: A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program.
- 200.23 Contractor: Entity that receives a contract (i.e., procurement/purchasing document as defined in 200.22)

- Definitions that require review & perhaps comparison to later sections or close monitoring of agency policies
  - Equipment
  - Micro-purchase level of $3K
  - All procurement related definitions
  - 200.80 Program Income: No change from A-110 but lacks later revision excluding licensing and royalty income.
    - “Gross income earned by the non-Federal Entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance... includes... license fees and royalties on patents and copyrights.”
Highlights: Subpart B – General Provisions

- Agencies have no authority to impose additional or inconsistent requirements unless requirement is based on federal statute, regulation or Executive Order
  - Limited exceptions allowable through agency head
  - Exception process through OMB

- Two new requirements
  - 200.112 Conflict of Interest
    - Awarding agency must establish COI policies for awards
    - Recipient must disclose in writing to agency or pass-through entity in accordance w/agency policy
  - 200.113 Mandatory Disclosures
    - Must disclose all violations of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award.
    - Already implemented by NSF and HUD
Highlights: Subpart C: Pre-Federal Award & Contents of Federal Award

- **200.201 Greater flexibility for fixed amount awards**
  - Agency determines appropriate award instrument
  - Accountability based on performance & results
  - No gov’t review of cost incurred
  - Significant changes (PI, scope) require agency approval

- **200.204: Federal awarding agency review of merit of proposals**
  - Agencies w/out merit review process must design & execute
  - Process must be describe din funding opportunity

- **200.205: Agency review of applicant’s degree of risk**
  - Includes consideration of audit reports, history of performance

- **200.210 Information contained in federal award**
  - Agencies must include indication of timing & scope of expected performance as related to intended outcomes.
    - Allows for limitation to submission of technical performance reports in “discretionary research award.”
Highlights: Subpart D: Post Award Requirements, Standards for Financial & Program Management

- **200.301 Performance Management**
  - Agency required to provide clear performance goals, indicators & milestones.
  - Recipients must relate financial data to performance accomplishments, and must also provide cost information to demonstrate cost effective practices.
  - Requires use of standard OMB data collection documents
    - 200.328 language allows use of RPPR for research; no cost data language.

- **200.303 Internal Controls**
  - Establish & maintain internal controls
  - Evaluate and monitor compliance
  - Take prompt action on audit findings
  - Safeguard protected personally identifiable information

- **200.306 Cost Sharing**
200.309 Period of Performance

200.313 Equipment
- New data requirements for property inventory systems
- Lack of clarity in changes

200.317-326 Procurement Standards & Requirements
- Extends state requirements (A-102) to all recipients.
- New documentation requirements related to micro-purchasing could require greater documentation on P-card purchases. And bids for small purchases (circa $3K)
- Sole source purchasing requirements lack clarity.

200.327 Financial Reporting
- All agencies to OMB-approved government-wide data elements
- Submission frequency unchanged although new language allows agency to require more frequent reporting to improve monitoring and program outcomes.
Highlights: Subpart D continued

- **200.330 Subrecipient Monitoring**
  - Specific obligation to assess risk
  - Explicit obligation for financial and programmatic/performance review.
    - Document challenges
  - Obligated to use clearinghouse
  - Vendor/sub classification: pass-through not agency decides
  - 16 mandatory data elements in subcontract agreement

- **210.332 Fixed Amount Subawards**

- **200.335 Collection, Transmission & Storage of Information**
  - New section focused on electronic records
  - No need for paper records when electronic records cannot be altered

- **200.338-342 Remedies for Noncompliance**
  - Extended to pass-through entity
Highlights: Subpart E Cost Principles

- **200.413(c) Direct Costs**
  - Direct charging administrative staff under certain circumstances.

- **200.430 Compensation Personal Services**
  - Effort reporting flexibility (?)

- **200.431a (3) (i) Fringe Benefits Accounting**

- **200.432 Conferences**
  - Allows cost of “identifying but not providing local dependent care”

- **200.474 Travel Costs**
  - Direct charging of temporary dependent care costs as a direct result of travel for federal award.

- **200.440 Exchange Rates**
  - Cost increases for fluctuations in exchange rates are allowable subject to availability of funding & prior approval.

- **200.461 Publication and Printing Costs**
  - May charge award before close out if costs are not incurred during award performance period.
Highlights: Subpart F Audit Requirements

- Increases audit threshold to $750,000
- Strengthens risk-based approach.
  - Focuses audits on areas with internal control deficiencies
  - Updates to compliance supplement will reflect this focus
- Single audit report submission online & available on web
- Agencies required to designate Senior Accountable Official to oversee Single Audit Process.
Recommendations

- Continue to monitor COGR, FDP and OMB/COFAR for guidance, clarification, FAQs, implementation, etc., for communication to Dartmouth,

- Convene Working Groups to address
  - Equipment/property inventory requirements
  - Procurement
  - Subrecipient monitoring

- Working groups focused on particular topics to review
  - OSP
  - Procurement
  - Controller’s Office
  - Department Grant Managers

- PwC outreach for indication of how circular will impact their auditing.

- Revise policies and SOPs seeking guidance from DRAs as needed

- Develop education plan for research community for implementation in Fall 2014.
"I'll be happy to give you innovative thinking. What are the guidelines?"
Questions/Discussion