

OMB Uniform Guidance 2 CFR Part 200

Learning Objectives

Today's presentation will focus on:

- Understanding the major changes under the new OMB Uniform Guidance 2 CFR Part 200
- How the changes may directly impact your daily activities
- Resources available for implementing the OMB Uniform Guidance 2 CFR Part 200 requirements

OMB Uniform Guidance – 2 CFR Part 200

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- The final guidance was issued on December 26, 2013 and supersedes and streamlines requirements from OMB Circulars A-21, A-110, A-133 and 5 other circulars.
- The OMB Uniform Guidance 2 CFR Part 200 became effective on December 26, 2014
 - With the exception of the procurement provisions which due to an election become effective as of July 1, 2016
 - The guidance for the Audit Requirements becomes effective for the RF with the fiscal year that begins July 1, 2015

OMB Uniform Guidance – 2 CFR Part 200

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- The interim joint final rule was issued on December 19, 2014 implementing the OMB Uniform Guidance 2 CFR Part 200 published by OMB on December 26, 2013.
- 2 CFR Part 200 is effective for new awards and selected funding increments issued on or after December 26, 2014

Key Considerations

- Prior Approvals
- Administrative and Clerical Charges
- Effort Reporting
- Procurement
- Other Direct Charges
- Cost Sharing
- Closeout
- Subrecipient Management and Monitoring
- Other Considerations

Prior Approvals

200.407

- New emphasis on agency prior approvals
 - May slow down research activities. Not clear that Federal agencies have adequate staffing to respond quickly
- Examples where prior approval is required:

Unrecovered F&A as cost sharing	Rebudgeting
Fixed price Subawards	Pre Award Costs
Charging administrative salaries	Unusual cost items
Participant support costs	

Charging Administrative and Clerical Salaries

200.413

- “The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are 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.”
- “Major Project” requirement for direct charging is removed

Effort Reporting

200.430

- Same concepts as circulars but less prescriptive
 - A-21 examples of acceptable systems were removed
 - “Confirmation”, “statement...signed by the employee”, “report...signed by the employee” all removed
- Requires a consistent written definition of institutional base salary (IBS).
- Charges for salaries and wages must be based on records that are supported by a system of internal controls.

Effort Reporting (cont.)

200.430

- The current effort reporting process, including ECRT, is compliant with the Uniform Guidance.
- A subgroup will be evaluating the effort reporting process after more information is released by federal agencies, the audit community, organizations such as COGR, and other institutions.

Procurement Standards

200.317 – 200.326

Outlines 5 procurement methods:

- (1) Procurement by Micro-Purchases (up to \$3,000)** – no need to solicit competition if price deemed reasonable
- (2) Procurement by Small Purchase Procedures (\$3,000 to \$150,000)** – requires solicitation of quotations from an “adequate number” of sources
 - This is the biggest & potentially most onerous change
 - Current RF policy requires competition at \$50,000
 - Could potentially require significant additional effort resulting in delays in acquiring goods and services

Procurement Standards (cont.)

(3) Procurement by Sealed bids (more than \$150,000)

– preferred in construction or other purchases where price is the major component (formal advertising required)

(4) Procurement by Competitive Proposals (more than \$150,000) – RFP must be publicized and awarded to most advantageous offer with price and other factors considered

(5) Noncompetitive purchases (single source) – used when product or service is only available from one source or in other limited instances

Procurement Standards (cont.)

Other changes of interest include:

- Listing of detailed “affirmative action steps that must be taken” to assure that MWBEs and labor surplus firms are used when possible
- Cost or price analysis required for all procurements above the simplified acquisition threshold (\$150k)
- Negotiation of profit required for each contract over \$150k in which there is no competition (single source procurements)
- Must maintain records sufficient to detail the history of the procurement (rationale for the method of the procurement, selection of contractor type, reasons why contractors selected and basis for the contract price)

Procurement Standards (cont.)

- OMB recognized that these changes may take significant effort to implement which has resulted in them providing a one year grace period for implementing the Procurement Standards
- RF has opted to comply with A-110 for FY16 and has documented in the procurement policies
- New standards only apply to procurements for goods and services charged directly to a Federal award so consideration is being made to have exceptions in some areas when indirect or non-Federal awards are used
- Campus team is reviewing proposed revisions to procurement policy & procedures that will be effective 7/1/2016

Other Direct Charges

- Computing devices now allowable
 - need to be “essential and allocable”
 - Not necessarily solely dedicated to the performance of the award
- Employee health and welfare costs
 - elimination of “employee morale”
- Participant support costs
 - needs prior approval

Other Direct Charges (cont.)

- Short term travel visa costs
 - allowed if directly connected to an award
- Publication and Printing Costs
 - allowed if incurred prior to closeout
- Travel dependent care costs
 - allowed but must be consistently applied

Cost Sharing

200.306

- Office of Management and Budget (OMB) Uniform Guidance 2 CFR Part 200 defines the federal requirements on sponsored programs
- 200.306 Cost Sharing or Matching:
 - Clarifies policies on voluntary committed cost sharing
 - Stipulates that voluntary committed cost sharing is not expected under federal research proposals and cannot be used as a factor during the merit review of the proposal

Cost Sharing

200.306

- Restrictions on Voluntary Committed
 - “voluntary committed cost sharing is not expected”
 - “cannot be used as a factor during the merit review of applications”
 - Exceptions (but those must be specified in notice)
- Only cost share that is mandatory or committed in the project budget must be included in the organized research base for computing F&A
- 2/12/14 FAQ states that OMB Memorandum 01-06, Clarification of Uncommitted Cost Sharing is still in effect

Closeout

200.343

No stated change for recipient, but...

- All reports due “no later than 90 calendar days after the end date of the period of performance”
 - New emphasis on progress reports
- New circumstances
 - Pressure on agencies (OMB 7/2012 Controller Alert)
 - Changes in NIH and NSF financial reporting – award by award
 - Enforcement through 90 days for cash draw
 - Frustration over progress reports
- Closeout is the focus of a new FDP/COGR working group

F&A and DS-2s

- Third-party cost sharing needs to be in the base (denominator)
- 10% de minimis F&A rate
- Acceptance of Negotiated Indirect cost rates. Deviations must have agency head approval with notification to OMB

F&A and DS-2s (cont.)

- One-time F&A extension for up to 4 years
- DS-2s for schools with over \$50 million in federal awards (SBU, UB, UA)
- New 1.3% utility cost adjustment (UCA)
- Only mandatory cost sharing included in the base but 2001 OMB memo still applicable

Subrecipient Management and Monitoring

- Definitions: Subaward § 200.92, Subrecipient § 200.93 and Fixed Amount Awards § 200.45
- Subrecipient Monitoring and Management: § 200.300-332
 - Subrecipient and contractor determinations § 200.330
 - Requirements for pass-through entities § 200.331
 - Fixed Amount subawards § 200.332

Subrecipient Management and Monitoring

- **Pre-Award** (2 CFR Part 200.330)
 - Subrecipient vs. contractor determination must be made and documented
 - Perform a risk assessment of the subrecipient
- **More prescriptive Post-Award requirements** (2 CFR Part 200.331)
 - Add a lengthy list of elements to the subaward terms
 - Establish a monitoring plan for the subrecipient and enforcement action against noncompliant subrecipients
 - Financial review
 - Programmatic review
 - Must use subrecipient's negotiated F&A rate or provide a 10% MTDC "de minimis" rate (or another negotiated rate with the subrecipient)
- **Fixed amount subawards require written prior approval from the federal agency** (2 CFR Part 200.332)

5 Step Toolkit

Subrecipient Monitoring and Management

The Research Foundation must comply with any prime award's specific requirements for issuance of subawards.

- All of the terms and conditions applicable to the subaward must be flowed down to the subrecipient.
- The 5 step toolkit was developed to assist in determination, risk assessment and periodic monitoring of subrecipients.
- These steps are required for federal awards and are considered best practice for all others.

Additional Federal Requirements

2 CFR Part 200 places certain additional requirements for monitoring and managing subrecipient activities on federally-funded awards. In order to ensure that the Research Foundation is in compliance with federal regulations, the requirements at 2 CFR 200.330-332 shall apply to subrecipient arrangements funded with federal funds.

5 Step Toolkit

Subrecipient Monitoring and Management

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 / Sponsored Programs and Research Compliance / Subrecipient Monitoring and Management

Subrecipient Monitoring and Management

The Research Foundation must comply with any prime award's specific requirements for issuance of subawards.

All of the terms and conditions applicable to the subaward must be flowed down to the subrecipient. The [Subrecipient Policy](#) outlines responsible parties.

A 5 step toolkit has been developed to assist in determination, risk assessment and periodic monitoring of subrecipients. These steps are required for federal awards and are considered best practice for all others. The resources provided may be used to satisfy these requirements.

Additional Federal Requirements

2 CFR Part 200 places certain additional requirements for monitoring and managing subrecipient activities on federally-funded awards. In order to ensure that the Research Foundation is in compliance with federal regulations, the requirements at 2 CFR 200.330-332 shall apply to subrecipient arrangements funded with federal funds.

5 Step Toolkit		
Step	Description	Resources
1.Subrecipient/Contractor Determination 2 CFR Part 200.330	A pass-through entity must make a case-by-case determination whether each agreement it makes for the disbursement of Federal program funds cast the party receiving the funds in the role of a subrecipient or a contractor.	RF Subrecipient vs. Contractor Decision Tree

Subrecipient and Contractor Determinations 200.330

- Pass-through entities must make determinations
- “Contractor” has replaced “vendor”
- Characteristics of a subrecipient and of a contractor (formerly vendor) have not changed

- **Subrecipient:**
 - Has performance measured against the objectives of the Federal program
 - Has responsibility for making programmatic decisions
 - Has responsibility for adherence to Federal program compliance requirements
 - Uses Federal funds to carry out a program of the organization, not to provide goods or services for a program of the pass-through entity
 - Determines who is eligible to receive Federal financial assistance
- **Contractor:**
 - Provides the goods or services within normal business operations
 - Provides similar goods or services to many different purchasers
 - Operates in a competitive environment
 - Provides goods or services that are ancillary to the operation of the Federal program
 - Is not subject to compliance requirements of the Federal program

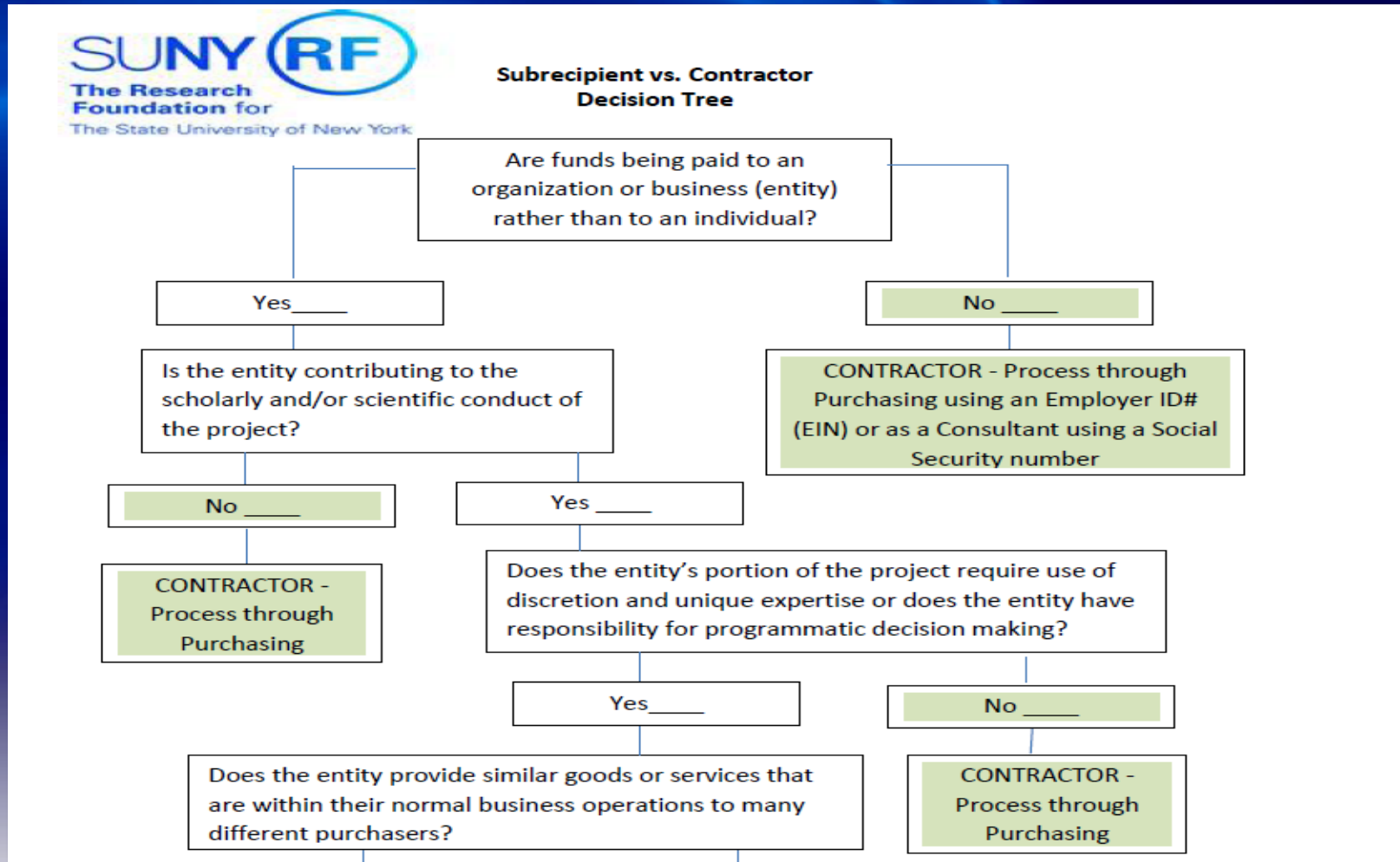
Subrecipient and Contractor Determinations 200.330

Toolkit - Step 1 (Subrecipient/Contractor Determination)

- RF Subrecipient vs. Contractor Decision Tree
- Federal agencies may supply and require specific support for determinations
 - Could create a significant documentation burden
 - Could result in unintended agency influence on determinations

Toolkit - Step 1

RF Subrecipient vs. Contractor Decision Tree



Requirements for Pass-through Entities

200.331

- All pass-through entities must...
 - Include required information in the subaward § 200.331(a)(1)
 - Honor subrecipient federally recognized, IDC rate
 - If no rate exists
 - Negotiate a rate or use the de minimus rate of 10% MTDC § 200.331(a)(4)

Toolkit - Step 2 (Risk Assessment)

- Evaluate subrecipient risk to determine appropriate monitoring § 200.331(b)

Toolkit - Step 2

RF Subrecipient Risk Assessment Questionnaire



Subrecipient Risk Assessment Questionnaire

This questionnaire will be used to assess the subrecipient's risk and provide the necessary information for issuance of a subaward agreement.

Section A -Core Information

Subrecipient Legal Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Subrecipient PI Name: _____

E-mail: _____ Phone: _____ Fax: _____

Address where research will be performed:

City: _____ State: _____ Zip: _____

Performance Period Begin Date: _____ End Date: _____

RFSUNY PI Name: _____

Prime Sponsor: _____

Requested Sub Amount: Year One: _____ All Years: _____

Subrecipient's Federal Employer Identification Number (EIN) Subrecipient's DUNS number

Requirements for Pass-through Entities

200.331 (continued)

- All pass-through entities must...
Toolkit - Step 3 (Risk Mitigation)
 - Consider imposing specific conditions upon subrecipient if appropriate § 200.331(c)

Toolkit - Step 3

RF Subrecipient Risk Analysis-High Low Risk Entities



Subrecipient Risk Analysis - High/Low Risk Entities

General Instructions

- Complete the risk analysis using the completed Subrecipient Risk Assessment Questionnaire provided by the subrecipient.
- The risk analysis must be applied each time a new subaward is issued or a modification is made to an existing award.
- This procedure applies to any subaward activity initiated after December 26, 2014. Existing subawards will need to be assessed and/or monitored as new modifications are requested or required.
- The weighted score will determine actions required.
- Financial thresholds are cumulative. Therefore, modifications may trigger the need to reassess risk.
- Campus is responsible for gathering information on whether or not the subrecipient requires additional monitoring.
- Any circumstance not covered in this version of the risk assessment can be marked in the *notes section of this form. The circumstance may increase the assessed risk of the subaward.

Subrecipient Name: _____
 Prime Sponsor: _____
 Subaward #: _____

Date: _____
 Contract Officer: _____
 Risk Level Assigned: _____

Assign an assessment rating (0, 1 or 2) for each Criteria listed below.

Criteria	Lower Risk	Higher Risk	Weight	Assessment Rating 0 = low 1 = med 2 = high	Weighted Score (Weight X Assessment Rating)
Foreign or Domestic	Domestic	Foreign	4		0
Maturity of Subrecipient's Organization	Mature	Start-up	4		0
Organization Type	University or non-profit	Industry	4		0
Award type	Grant	Contract or Subcontract	4		0

Requirements for Pass-through Entities

200.331 (continued)

- All pass-through entities must...
Toolkit - Step 4 (Monitoring)
 - Monitor the activities of the subrecipient
§ 200.331(d)
 - Review financial and programmatic reports § 200.331(d)(1)
 - Follow up and ensuring that timely action on all deficiencies are taken
§ 200.331(d)(2)
 - Issue a management decision for audit findings § 200.331(d)(2)

Toolkit - Step 4

RF Subrecipient Invoice Checklist, Performance Monitoring, and Final Payment Authorization



Subrecipient Name: _____

RF Project/Task/Award: _____

Subrecipient Invoice Checklist

	Comments:
<input type="checkbox"/> Invoice #	
<input type="checkbox"/> Review Invoices	
<input type="checkbox"/> Amount is correct in accordance with budget	
<input type="checkbox"/> Sufficient detail is provided to permit identification of	

Subrecipient Performance Monitoring Checklist

Monitoring the activities of the subrecipient is necessary to ensure that the subaward is used for authorized purposes.

Subrecipient Information

Subrecipient PI _____
 Subrecipient Contact _____
 Invoicing Frequency: Monthly Quarterly

Name and position of the person responsible for overseeing this record _____

Scheduled Reporting Dates: (based on the terms of the subaward)

Date Due	Actual Date Received	Comments

RF PI Authorization for Subrecipient Final Payment

I certify that invoices and reports due by the above referenced subrecipient have been completed and the technical requirements have been accomplished.

 RF SUNY Project Director Name (Print)

 RF SUNY Project Director Signature Date:

 Additional Comments:

Requirements for Pass-through Entities

200.331 (continued)

- All pass-through entities must...
Toolkit - Step 5 (Enforcement)
 - Consider taking enforcement action against noncompliant subrecipients § 200.331(h)

Toolkit - Step 5

RF Subrecipient Enforcement Measures



Subrecipient Name: _____

RF Project/Task/Award: _____

Subrecipient Enforcement Measures – Post-Award

***If problems are encountered with the subrecipient, one or more of the following steps may be taken**

	Comments:	Initial
<input type="checkbox"/> Contact subrecipient officials to discuss areas of concern		
<input type="checkbox"/> Make site visits to review supporting documentation to support invoiced expenditures		
<input type="checkbox"/> Review backup documentation to support invoice expenditures		
<input type="checkbox"/> Copies of paid invoices		
<input type="checkbox"/> Detail of travel charges		
<input type="checkbox"/> Payroll registers		

Fixed Amount Subawards – Limits 200.332

- Fixed amount awards defined at 200.45
- Allowed “with prior written approval from the Federal awarding agency up to the Simplified Acquisition Threshold” currently \$150,000

Other Considerations

- Overall focus on Internal Controls
- Electronic records are now acceptable for collection, transmission and storage
- Conflict of Interest

The following chart reflects Research Foundation Policies created and updated to comply with OMB Uniform Guidance 2 CFR Part 200. All policies can be found at RF Polices A to Z.

Policy	Change
Subrecipient Policy	New policy was created. The A-133 Monitoring Subrecipients procedure is applicable to awards prior to December 26, 2014.
Procurement Policy	Updated indicating election of grace period.
Cost Transfer Policy	Citation change. Language change but not substantive. Name of policy changed from Transfer of Costs Policy.
Assigning Extra Service Policy	Citation change. Language change but not substantive.
Cost Sharing Policy	Citation change.
Effort Reporting Policy	Citation change.
Electronic Record Management Policy	Citation change.
Records Management Policy	Citation change.
Salary Rules and Policies When Assigning Regular Employees	Citation change.
Unrestricted Fund Expense	Citation change.

The following chart reflects key Research Foundation procedures or other documents created or updated to comply with OMB Uniform Guidance 2 CFR Part 200.

Policy/Document	Change
Principal Investigator Handbook	Citation Changes
Charging Administrative and Clerical Salaries to Sponsored Programs	Updated for changes in requirements
Cost Sharing Guide	In process
Determining Direct and F&A Costs	Citation changes and some minor language changes related to direct cost and admin and clerical.
Unallowable Costs 2 CFR Part 200	New document
Closing an Award or Project	Citation change and updates.
F&A Cost Primer	Citation changes and updates for F&A changes (1.3% utility cost adjustment, etc)
Several Procurement Procedures	Updated to indicate election of grace period
Write-offs	Citation change and updated for payroll overpayments

Questions?

Resources

Public webpage on the Research Foundations website:

- OMB Uniform Guidance
 - COGR Implementation and Readiness Guide for OMB Uniform Guidance
 - COFAR FAQs

OMB Uniform Guidance - Webpage

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/ Sponsored Programs and Research Compliance / OMB Guidance

Office of Management & Budget

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 78 FR 78590 - December 26, 2013

The [Principal Investigators Handbook](#) has been revised to reference OMB Uniform Guidance 2 CFR Part 200.

OMB issued final guidance on Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in the Federal Register on Thursday, December 26, 2013. 2 CFR Chapter I, Chapter II, Part 200, et al. ([78 FR 78590](#))

This final guidance supersedes and streamlines requirements from OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133. The final guidance consolidates the guidance previously contained in the aforementioned citations into a streamlined format that aims to improve both the clarity and accessibility.

The interim joint final rule implementing the OMB Uniform Guidance is now available in the Federal Register ([Vol 79, No. 244, Friday, December 19, 2014](#))

It is effective for new awards and for selected funding increments, issued on or after December 26, 2014. The 240-page Federal Register notice is structured with introductory comments at the beginning followed

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