




# Rules, Rules, Rules Understanding the Basics

An Overview of  
Uniform Guidance  
2CFR Part 200



# Ansrs4u

## Presented By TAMU

### Sponsored Research Services

#### Presenters

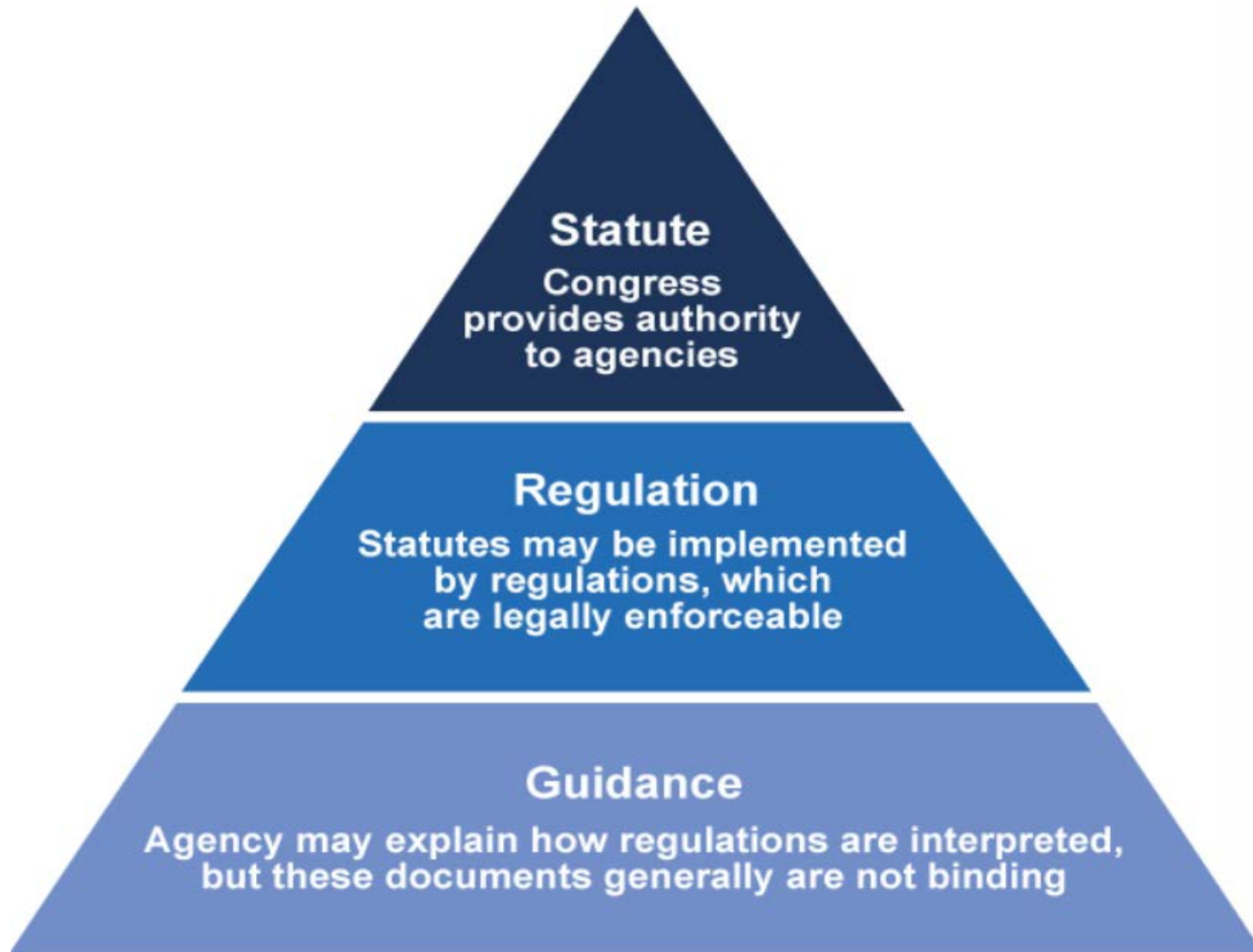
- Kelsi Acosta, Senior Project Administrator
- Carolyn Engledow, Associate Director Post-award
- Victoria Henry, Assistant Director Post-award
- David Hollingsworth, Director Pre-award



# Reasons to Follow Uniform Guidance

- To avoid sanctions, fines penalties, and/or imprisonment
- To reduce risk of reputational harm to our faculty and our institution
- To preserve public confidence in research
- To achieve noble social and economic goals
- To help our researchers do the right thing.

# Hierarchy Pyramid of Statutory and Regulatory Authority



# Order of Precedence

Federal Regulations



Sponsor Terms & Conditions



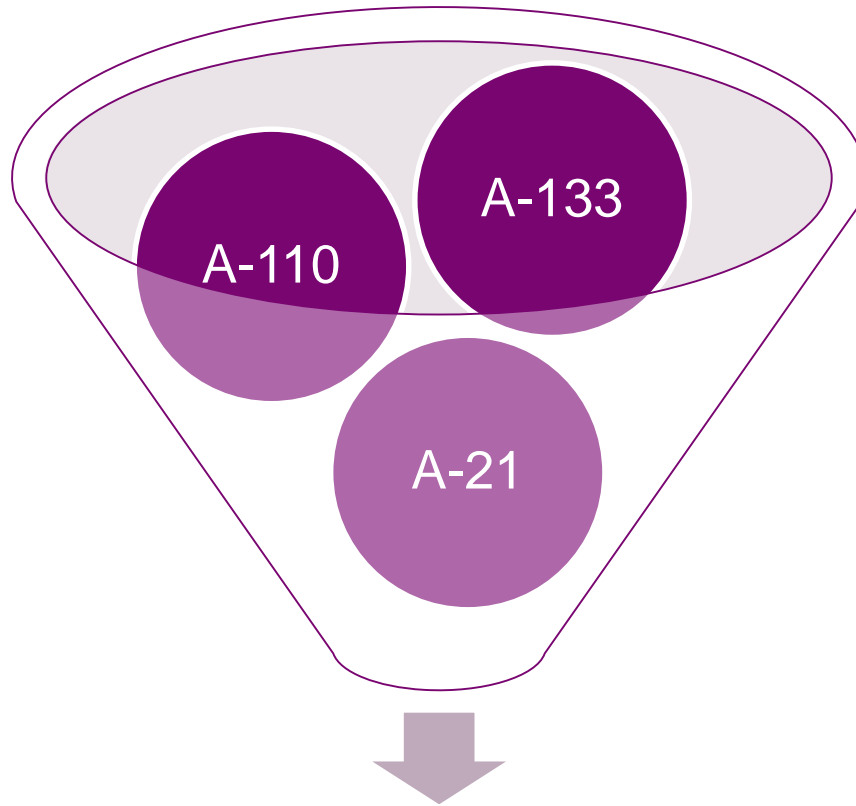
Award Terms & Conditions



Institutional Policies & SAPs

# What did it replace?

For a —	Use the Cost Principles in:	Use the Admin. Requirements in:	Use the Audit Requirements in:
State, local, or Indian tribal government	OMB Circular A-87	OMB Circular A-102	OMB Circular A-133
Educational institution	OMB Circular A-21	OMB Circular A-110	OMB Circular A-133
Non-Profit Organization	OMB Circular A-122	OMB Circular A-110	OMB Circular A-133



**Uniform Guidance**



# What is Uniform Guidance?

- 2CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Applies to federal financial assistance agreements (Grants and Cooperative Agreements)
- Effective December 26, 2014





# What is Financial Assistance?

## ■ Grants

- For transfer of money, property or services to the recipient
- To provide support to accomplish a public purpose of support
- Anticipates no substantial programmatic involvement of the sponsor
- Assistance relationship

## ■ Cooperative Agreements

- Similar to a grant
- Substantial sponsor involvement

# Contents of Uniform Guidance

- **Supplementary Information**
  - Objectives and Background
  - Major Policy Reforms
- **Subpart A**
  - Acronyms and Definitions
- **Subpart B**
  - General Provisions
- **Subpart C**
  - Preaward Requirements
  - Contents of Federal Awards
- **Subpart D**
  - Post Award Requirements
- **Subpart E**
  - Cost Principles
- **Subpart F**
  - Audit Requirements
- **Appendices**
  - Funding Opportunities, F&A, etc.



# UG200.200 Subpart C Preaward

- Requirement to provide public notice of Federal financial assistance programs
- Requirements for Notice of Funding Opportunity (NOFA) – Appendix I
- Standard application requirements
- Merit review process
- Risk assessment of applicants
- Standard Information in the federal award



## UG200.330 Subrecipient and Contractor Determination

- Entity may concurrently receive as a recipient, a subrecipient, and a contractor
- A pass-through entity must make case-by-case determinations whether each agreement it makes casts the party receiving the funds in the role of a subrecipient or a contractor.



# Characteristics of a Subrecipient Relationship

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award;
- (5) Uses the Federal funds to carry out a program for a public purpose, as opposed to providing goods or services for the benefit of the pass-through entity.



# de minimis rate

- UG 200.414f Non-Federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC)



# UG 200.331 Subrecipient Monitoring

- Perform risk assessment of subrecipient
- Reviewing financial and performance reports submitted by subrecipient
- Ensuring subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award.
- Verify that every subrecipient is audited as required by Subpart F.
- Issuing a management decision for audit findings.

## UG 200.23 Def: Contractor

- *200.22 Contract* means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.
- Providing goods and services
- Not subject to the award requirements
- F&A charged on full amount





# Contract Characteristics Indicative of a Procurement Relationship

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement.



# Subpart D: Post Award Requirement (Section 200.3xx)

- Selected items will be discussed
- Learning Resource

Post Award – Implementation, Reporting,  
and Closeout. Reference can be found at:  
<https://www.grants.gov/web/grants/learn-grants/grants-101/post-award-phase.html>



# UG 200.305 Payments

- Cost Reimbursable

- Reimbursement based on actual expenses incurred up to an agreed upon amount
- Residual funds revert to the sponsor

- Fixed-Price

- Payment is not subject to adjustment based on cost incurred
- Billing(s) are not based on actual expenditures
- Residual funds should be insignificant



# UG200.302 Requirements for Financial Management Systems

- Identification of Federal Awards in its accounts
- Accurate, current, and complete disclosure of the financial results of each Federal award
- Records that identify source and application of funds
- Effective control over, and accountability for, all funds, property, and other assets
- Comparison of expenditures with budget amounts
- Written procedures for payments
- Written procedure for determining the allowability of costs



# UG200.303 Requirements for Internal Controls

- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards
- Evaluate and monitor compliance
- Take prompt action when instances of noncompliance are identified
- Take measures to safeguard sensitive information

# UG 200.306 Cost Sharing

- UG 200.29 Def: the portion of project costs not paid by federal funds
- Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals,
- but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity

# Types of Cost Share

- Mandatory – required by the sponsor
- Voluntary Committed - cost sharing specifically pledged in the proposal's budget or award on the part of the recipient
  - Per TAMUS policy 15.01.05 Cost Sharing on Sponsored Agreements: Voluntary committed cost sharing is strongly discouraged on all proposals.
- Voluntary uncommitted effort - is effort that is over and above that which is committed and budgeted for in a sponsored agreement.



# Cost Share Requirements

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable





# Cost Share Requirements

- 5) Are not paid by the Federal Government under another Federal award,
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.



# UG200.308 Prior Approvals

- Change in the scope or the objective of the project
- Change in a key person specified in the application or the Federal award
- The disengagement from the project for more than 3 months or a 25% reduction in time devoted to the project, by the approved project director or principal investigator



# More Sponsor Prior Approvals

- Inclusion of costs that require prior approval
- Transfer of funds budgeted for participant support costs to other categories of expense.
- Unless funded in the approved Federal awards, the subawarding out of any work
- Changes in cost sharing or need for additional funds



# UG 200.318-325 Purchasing

- Procurement by micro-purchases. Up to \$10,000.
- Procurement by small purchase procedures. Up to \$250,000
- Procurement by sealed bids (formal advertising).
- Procurement by competitive proposals.
- Procurement by noncompetitive proposals (sole source).

# UG 200.343 Closeout

- Non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the award. (NIH and NSF allow 120 days)
- Make a settlement for any upward or downward adjustments to the Federal share of costs
- Federal agency should complete all closeout actions no later than one year after receipt and acceptance of all required final reports.



# UG 200.400-475

## Subpart E Cost Principles

- Allowable = Sponsor guidelines
- Reasonable = “Prudent person” test
- Allocable = The items charged to a project should benefit that project
- Consistently treated = Treating like costs the same in like circumstances



# UG 200.403 Allowability of Costs

- The tests of allowability of costs under these principles are:
  - a) they must be reasonable;
  - b) they must be allocable to sponsored agreements;
  - c) they must be given consistent treatment ... appropriate to the circumstances;
  - d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement



# Cost Transfers

- A cost transfer is an expense that is transferred from one account to another after the expense was initially recorded in the financial accounting system.
- The institution must be able to explain and justify all charges transferred onto federal awards, whether the costs are transferred from some other federal account, a non-federal account, or a university account.
- Any necessary cost transfers should be completed in a timely manner and with a complete explanation





# Acceptable Reasons

- To correct a clerical or bookkeeping error
- When work on a project has started but official notification is delayed
- To move payroll off suspense




# Unacceptable Reasons

- Reduce overruns if the transfer is from one federal project to another
- Reasons of accessibility
- Use unspent funds in a project
- PI was on sabbatical or insufficient oversight of the project



# Documentation of Personnel Expenses (Effort Reporting)

- UG200.430 Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.
- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- TAMUS Policy Effort Reporting 15.01.04 and Member Rules provide guidance



# UG200.413 (c) 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. Integral to a project or activity
  2. Individuals involved can be specifically identified with the project or activity;
  3. Costs are explicitly included in the budget or have the prior written approval of the awarding agency.
  4. Costs are not also recovered as indirect costs

# What is considered Equipment?

- **UG 200.33** *Equipment* means tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.
- UG 200.313 Equipment – contains information on title to equipment, requirements for property management system and disposition of equipment

# Computing Devices

- *Def 200.20 Computing devices* means machines used 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.
- A computing device is a supply if the acquisition costs is less than \$5,000.
- UG 200.453 Can be charged as a direct cost if they are essential and allocable; do not have to be solely dedicated to the performance of a Federal award.

# UG 200.474 Travel Cost

- Transportation, lodging, subsistence, and related items incurred by employees
- May be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination
- GSA maximum allowed per diem rates for lodging, meals and incidentals  
<https://www.gsa.gov/travel/plan-book/per-diem-rates>



# Commercial Air Travel

Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

- (i) Require circuitous routing;
- (ii) Require travel during unreasonable hours;
- (iii) Excessively prolong travel;
- (iv) Result in additional costs that would offset the transportation savings; or
- (v) Offer accommodations not reasonably adequate for the traveler's medical needs.



# UG 200.75 Participant Support Costs

- Direct costs for 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 sponsored conferences, or training projects.
- Requires Prior Agency Approval
- F&A is not charged on these costs



# UG200.420 Unallowable Costs

- Advertising and public relations
- Advisory councils
- Alcoholic beverages
- Alumni activities
- Bad debts
- Entertainment costs
- Fines, penalties
- Fund raising
- Lobbying



# UG Subpart F / Audit Requirements

- 200.500 Set standards for obtaining consistency and uniformity for the audit of States, local governments, and non-profit organizations expending Federal awards.
- 200.501 Organizations that expend \$750,000 (UG) or more annually in federal awards must have a Single Audit annually
- Schedule of Expenditures of Federal Awards (SEFA)
- Federal Audit Clearinghouse  
<https://harvester.census.gov/facweb/>



# Potential Impact on Institution

- Loss of funding
- Fines and Penalties
- Damage to University's Reputation
- Susceptibility to False Claims Allegations



# Direct Costs

- UG 200.413 Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award.
- Or that can be directly assigned to such activities relatively easily with a high degree of accuracy.



# Facilities & Administrative(F&A) Costs

- UG 200.56 *Indirect (F&A) costs* means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.



# Modified Total Direct Costs (MTDC)

UG 200.68 Definition: Subset of direct costs on which indirect is charged

- Direct Costs that DO NOT get charged Indirect Costs:
  - Capital equipment
  - Participant Support
  - Patient Care Cost
  - Tuition
  - Rent (off-site locations)
  - Scholarships and fellowships
  - Subrecipient charges after first 25k



# UG 200.414 F&A Cost Components


- “Facilities” components include:
  - Depreciation on buildings, equipment and capital improvement
  - Interest on debt associated with certain buildings, equipment and capital improvements
  - Operations and maintenance expenses
  - Library





# F&A Administrative Components

- Administration capped at 26% of MTDC includes:
  - General administration and general expenses such as the director's office, accounting, personnel
  - Departmental administration
  - Sponsored project administration
  - Student administration and services and all other types of expenditures not listed specifically under one of the subcategories of “Facilities”



# UG Appendix III – Computing F&A Rates for IHEs

## Major Functions of an Institution

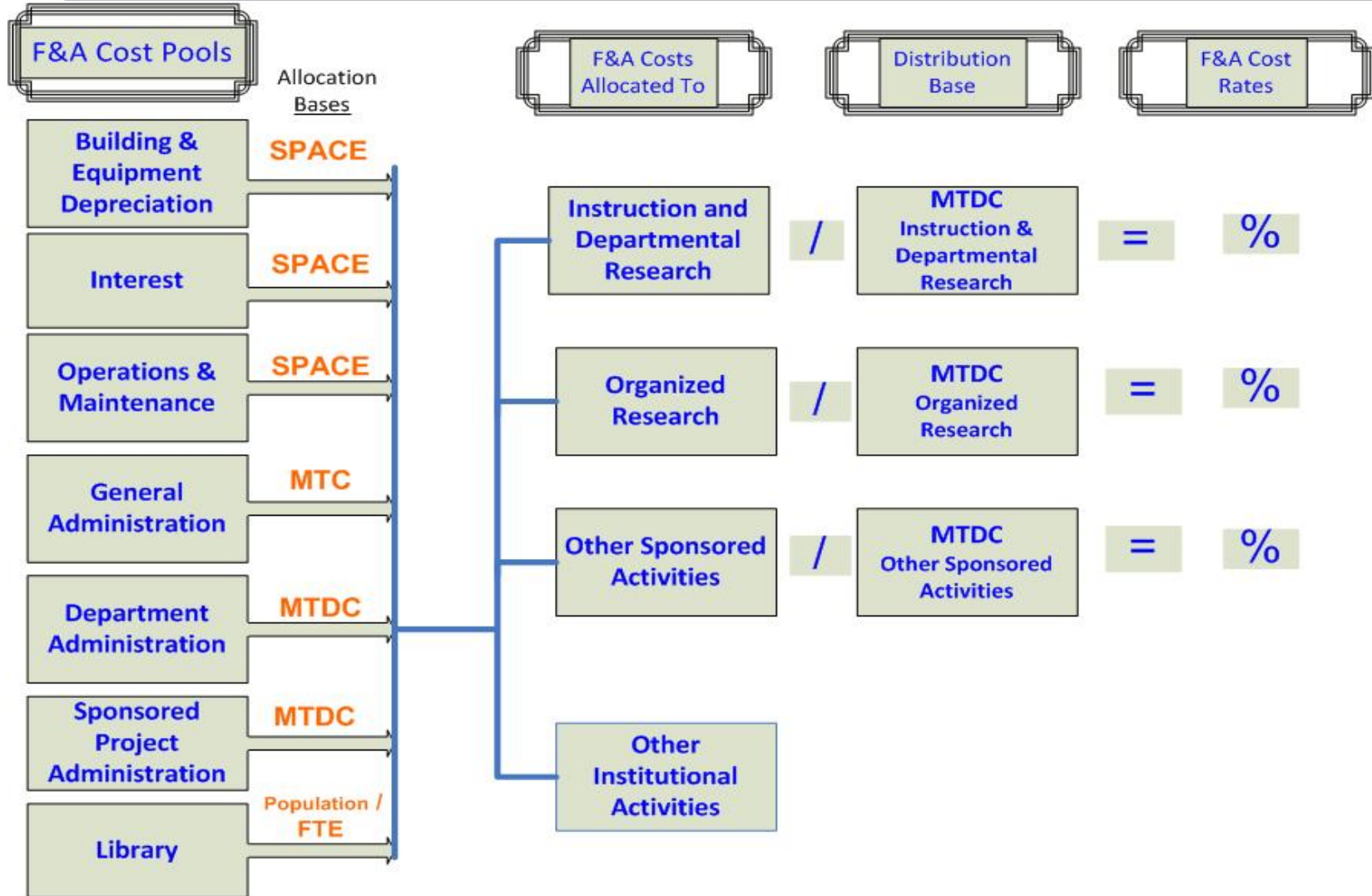
- Instruction
- Organized Research
- Other Sponsored Activities
- Other Institutional Activities



# Space Surveys

- Space related costs are allocated to buildings and then to units on the basis of assigned square footage, then to function by a space survey
- Used to calculate the % of space that is used to support Organized Research
- Used to allocate Building and Equipment Depreciation, Interest and O&M

# FACILITIES & ADMINISTRATIVE COST CALCULATION



**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN: 1746000531A1

DATE:08/07/2019

ORGANIZATION:

FILING REF.: The preceding agreement was dated 12/17/2018

Texas A & M University - College Station  
200 Technology Way  
A & M System Bldg, Suite 1281  
College Station, TX 77845-3424

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

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**SECTION I: Facilities And Administrative Cost Rates**

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RATE TYPES:      FIXED                  FINAL                  PROV. (PROVISIONAL)      PRED. (PREDETERMINED)

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	09/01/2018	08/31/2019	48.50	On Campus	Organized Research & Instruction
PRED.	09/01/2019	08/31/2020	50.00	On Campus	Organized Research & Instruction
PRED.	09/01/2020	08/31/2022	51.50	On Campus	Organized Research & Instruction
PRED.	09/01/2018	08/31/2022	30.00	On Campus	Other Sponsored Activities
PRED.	09/01/2018	08/31/2022	10.50	Off Campus	IPA Programs
PRED.	09/01/2018	08/31/2022	26.00	Off Campus	All Programs



# On-Campus vs. Off-Campus

- On-Campus

- Organized research
- Instruction
- Other sponsored activity

- Off-Campus definition: for all activities performed in facilities not owned by the institution and to which rent is directly allocated to the projects(s).

- Off campus – all programs
- The off campus rate only includes the administration portion of the F&A rate which is capped at 26%.

# Resources – Grants.gov

- <https://www.grants.gov/web/grants/learn-grants.html>
  - Link to the e-CFR
- <https://www.govinfo.gov/>
- <https://maximus.com/umb-uniform-guidance-federal-awards>
- NCURA <https://www.ncura.edu/>
  - Uniform Guidance Desk Reference - \$55.00