



Award Administration


UG Subpart D Post-Federal
Award Requirements



Federal Demonstration Partnership (FDP)

(thefdp.org)

- Cooperative initiative among 10 Federal agencies, 154 institutional recipients
- convened by the Government-University-Industry Research Roundtable of the National Academies
- Purpose: reduce the administrative burdens
- Standardized and Simplified terms and conditions
 - Developed Expanded Authorities
 - Created subaward templates
 - Expanded Clearinghouse / Subrecipient Monitoring



Expanded Authorities - UG200.308

Revision of Budget and Program plans

– for awards that support research

- Unless provided otherwise in the award or agency regulation
- Allow for 90 day pre-award costs
- One-time no cost extension up to 12 months
- Carry forward of unobligated balances to subsequent funding periods
- Waiver of some cost-related prior approvals



Award Administration Project Monitoring

- Payment Receipt
- Progress Reporting
- Rebudgeting Needs
- Subrecipient Performance
- Project End Date
- Unobligated Balances



Award Administration Project Monitoring

- Change in Project Status
 - ☐ PI Change
 - ☐ No Cost Extension
- Monitor Account Balance
 - ☐ Burn Rate
- Sponsor Prior Approvals



Sponsor 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 three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.



Sponsor Prior Approvals

- inclusion, unless waived by the Federal awarding agency, of costs that require prior approval
- transfer of funds budgeted for participant support costs as defined in §200.75 Participant support costs to other categories of expense.
- Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work



Post Award Requirements

- Reports

- ☐ Technical
- ☐ Financial Progress
- ☐ Invention
- ☐ Equipment and Property

- Closeout Process



200.301 Performance Management

- Required to use OMB-approved standard information collections when providing financial and performance information
- Required to relate financial data to performance accomplishments
- Provide cost information to demonstrate cost effective practices



200.302 Financial Management Accounting System Requirements

- Identification of Federal Awards in its accounts
- Accurate, current, and complete disclosure of the financial results of each Federal award
- Records that identify adequately the 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
- Records retention



200.303 Internal Controls

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.



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 reasonable measures to safeguard protected personally identifiable information and other information considered as sensitive



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

NIH Policy

- *Cost transfers to NIH grants by recipients, consortium participants, or contractors under grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the recipient, consortium participant, or contractor. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.*



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



200.305 Payments

- Advance payments of Federal funds must be deposited and maintained in insured and interest bearing accounts whenever possible
- Interest amount up to \$500 per year may be retained by the non-federal entity for administrative expenses
- Any additional interest earned on Federal advance payments must be remitted annually to the Department of Health and Human Services Payment Management System (PMS)
- Most Federal research grants to universities are awarded on a cost –reimbursable basis



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
- Voluntary uncommitted effort - is effort that is over and above that which is committed and budgeted for in a sponsored agreement.



200.306 Cost Sharing or Matching

- the portion of total project costs that is not provided by the sponsor
- 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



Cost Sharing or Matching

- (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 under Subpart E—Cost Principles of this part



Cost Sharing or Matching

- 5) Are not paid by the Federal Government under another Federal award, except where the Federal statute allows
- (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.



Cost Sharing or Matching

- Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.
- Unrecovered IDC means the difference between the amount charged to the award and the amount which could have been charged under the organization's NICRA



Value of Donated Property

- value of the donated property for cost sharing or matching must be the lesser of:
 - (1) The value of the remaining life of the property recorded in the non-Federal entity's accounting records at the time of donation
 - (2) The current fair market value.




Volunteer Services

- if the service is an integral and necessary part of an approved project or program
- Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity




Third Party Cost Share

- Services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable
- And Indirect costs at the entity's NICRA



200.307 Program Income – Definition

- Defines program income as "gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award during the period of performance."



200.307 Program Income - Examples

- Fees earned from services performed under the project, such as laboratory tests.
- Conference fees charged when a grant funds the conference.
- Income from registration fees, consulting, and sales of educational materials.



Program Income - Is Not

- Taxes, special assessments, levies, fines, raised by a non-Federal entity.
- Proceeds from the sale of real property, equipment, or supplies.
- license fees and royalties for copyrighted material, patents, trademarks, and inventions.
- Earned after the period of performance



Program Income - Deduction

- Default if method is not specified and awardee is Not a IHE or non-profit.
- (1) *Deduction*. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise.
- Reduces the federal contribution.

Program Income Example

Deductive Option

- **Deductive**

\$ 100,000 amount of award from agency

-\$ 25,000 program income

\$ 75,000 federal share of funds available

+\$ 25,000 program income funds available

\$ 100,000 total funds available for spending

-\$ 99,000 total funds expended

\$ 1,000 Excess funds-return to agency



Program Income - Additive


- Standard for awards made to IHEs and nonprofit research institutions, if not otherwise specified in the award.
- Program income may be added to the Federal award by the Federal agency and the non-Federal entity.

Program Income Example

Additive Option

■ Additive

\$100,000 award
+ 25,000 program income
125,000 total funds available
- 124,000 total spent
\$ 1,000 Excess funds-return to agency



Program Income – Cost Sharing or Matching

- With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award.
- The amount of the Federal award remains the same.

Program Income Example Cost Share Option

■ Cost Share

\$100,000 Federal funding
+ 20,000 Cost share requirement
- 10,000 program income
= \$10,000 remaining amount of cost share

Program Income Example Funds Not Reportable to Agency

- Three months after ending date of Navy award, a follow-up conference was held
 - Participant fee was \$500 and 100 participants attended, yielding \$50,000 in conference fee revenue
 - Even though conference was related to Navy project, as it was **held after the ending date** of Navy award, **there is no accountability to Navy**



200.310 Property Standards - **Insurance Coverage**

- The non-Federal entity must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the non-Federal entity. Federally-owned property need not be insured unless required by the terms and conditions of the Federal award.



Property Standards - Title

- Title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity.
- When no longer needed for original program may be used for other activities in the following order:
 - Federal award activities from the same federal awarding agency
 - Activities under federal awards from other federal agencies
 - Use for non-federally funded projects is also permissible. User fees should be considered if appropriate.




Property Records Management

1. Records must be maintained that include:
description of the property

- ☐ serial number or other identification number,
- ☐ the source of funding for the property (including the FAIN),
- ☐ who holds title,
- ☐ the acquisition date, and cost of the property

2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years



3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

4. Adequate maintenance procedures must be developed to keep the property in good condition.

5. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.



Equipment Disposition

- If no longer needed non-federal entity must request disposition instructions from the Federal awarding agency.
- Unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.



Supplies Title & Disposition

- Title to supplies will vest in the non-Federal entity upon acquisition.
- Residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and are not needed for any other Federal award, the entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share.



200.318 Procurement Standards

- States can follow their procurement policies.
- All other non-federal entities must follow UG 200.318-326
- All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section.



Examples of Restrictive Competition

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;



Restrictive Competition

- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.



Written procedures

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- Enough qualified sources to ensure maximum open and free competition.



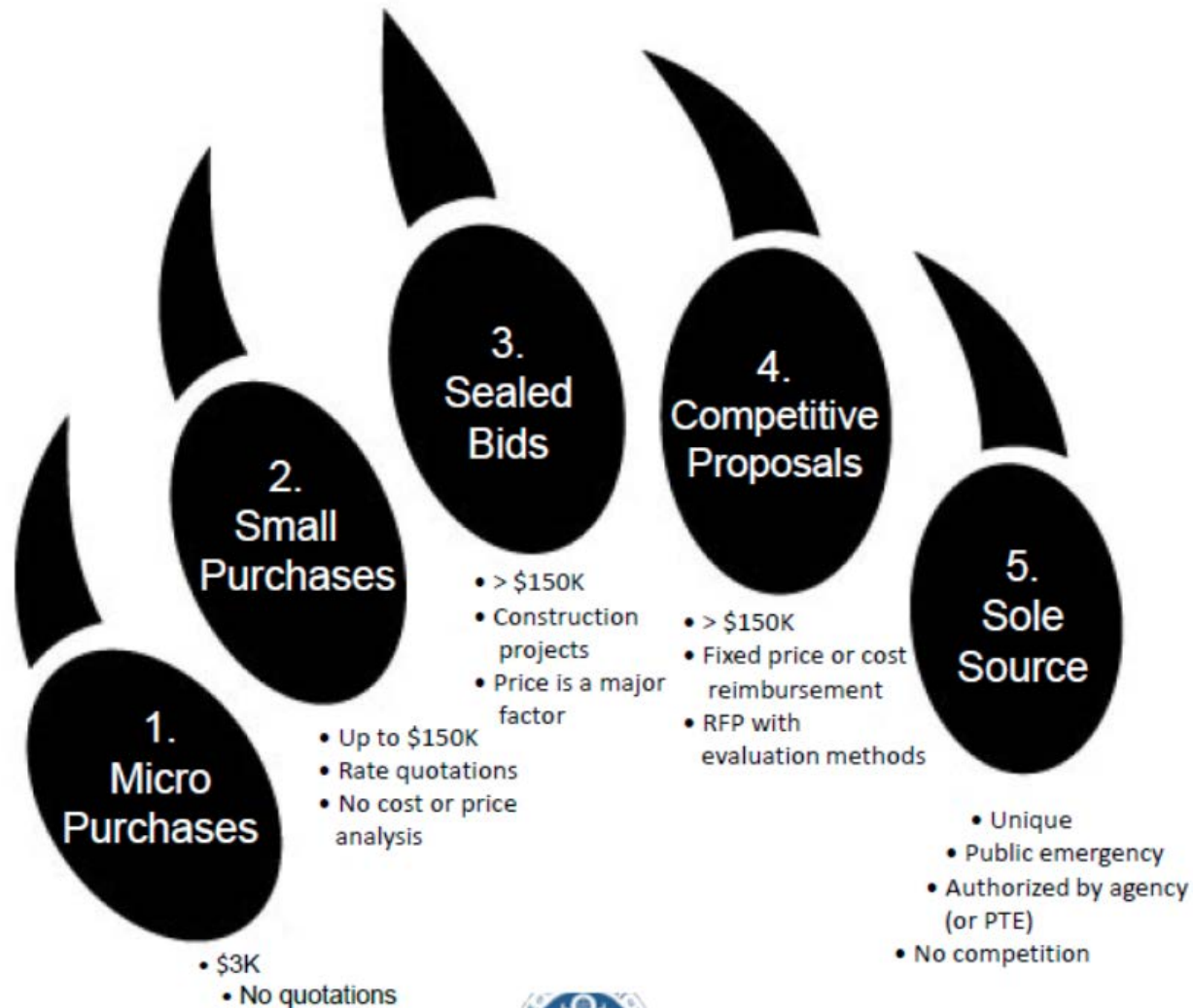
Methods of Procurement

- Procurement by micro-purchases.
- Procurement by small purchase procedures.
- Procurement by sealed bids (formal advertising).
- Procurement by competitive proposals.
- Procurement by noncompetitive proposals (sole source).

Micro is now \$10,000

Small Purchase is now up to \$250,000

Procurement “Claw” (Section 200.320)





New Threshold for Purchases

- OMB Memo M-18-18 Dated June 20, 2018
- Micro threshold raised to \$10,000.
 - Allows a higher threshold if approved by the head of the relevant executive agency.
- Simplified Acquisitions raised to \$250,000



Contracting with Small & Minority Business

- Affirmative steps must include:
 - (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists
 - (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

Affirmative steps must include:

- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises

Affirmative steps must include:

- (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section

200.323 Contract Cost and Price

- Must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition.
 - **Cost Analysis** is a breakdown and examination of constituent costs.
 - **Price Analysis** is the process of deciding if the asking price for a product or service is fair and reasonable, without examining the specific **cost** and profit calculations the vendor used in arriving at the price. It is basically a process of comparing the price with known indicators of reasonableness.



Contract Cost and Price

- The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.
- The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.



200.325 Bonding Requirements

Bid Bond


- A bid guarantee from each bidder equivalent to 5% of the bid price.
- Assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.



Bonding Requirements

Performance Bond


- A performance bond on the part of the contractor for 100 percent of the contract price.
- A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract



Bonding Requirements

Payment Bond

- A payment bond on the part of the contractor for 100 percent of the contract price.
- A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.



Performance and Financial Reporting and Monitoring Section 200.327

- Annual reports due 90 days after reporting period
- Final reports due 90 days after reporting period



200.330 Subrecipient and Contractor Determinations

- 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.



Subrecipients

- A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient



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.



Contractors

- A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor



Characteristics 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.



Subrecipient Monitoring and Management

- Responsibility of pass-through entity
- Evaluate each subrecipient's risk of non-compliance. (Perform risk assessment)



200.333 Record Retention

- Must be retained for a period of three years from the date of submission of the final expenditure report.
- The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts.



200.338 Remedies for Noncompliance

- (a) Temporarily withhold cash payments pending correction of the deficiency
- (b) Disallow (that is, deny both use of funds and any applicable matching credit
- (c) Wholly or partly suspend or terminate the Federal award
- Initiate suspension or debarment proceedings
- Withhold further Federal awards for the project or program
- (f) Take other remedies that may be legally available



200.339 Termination

- if a non-Federal entity fails to comply with the terms and conditions of a Federal award
- By the Federal awarding agency or pass-through entity for cause
- With the consent of the awardee
- By the non-Federal entity upon sending to the Federal awarding agency or pass-through entity written notification setting forth the reasons for such termination
- Report the termination to the OMB-designated integrity and performance system (FAPPIIS)



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)
- 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.



Post Closeout Adjustments

Closeout of a Federal award does not affect any of the following:

- disallow costs and recover funds on the basis of a later audit or other review
- obligation of the non-Federal entity to return any funds
- Retention requirements for records
- Restrictions on public access to records



Audits of Sponsored Projects

Preparation for SRA Research
Administration Certification

UG Subpart F / OMB Circular A-133

- 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
- Alternative - Program-Specific audit if awards are only under one agency and agency approves)



Does Not Apply to:

- non-U.S. based entities expending Federal awards received either directly as a recipient or indirectly as a subrecipient.
- For-Profit Organizations
- The pass through entity is responsible for establishing requirement as necessary to ensure compliance by for-profit subrecipient



An auditee's responsibilities

- Identify federal awards
- Maintain internal controls
- Comply with laws, regulations, provisions of awards
- Procure audit services
- Prepare summary schedule of prior audit findings
- Follow- up and corrective action on all audit findings (corrective action plan)



Pass-Through Entity Responsibilities

- Evaluate a subrecipient's risk of noncompliance with federal regulations and terms and conditions of the subaward
- Monitor subrecipient programmatic and financial reports
- Ensure subrecipient has met audit requirements for the fiscal year
- Issue a management decision for audit findings related to the specific subaward



Cognizant Audit Agency

- Non-federal entity expending more than \$50M/yr in federal awards must have cognizant agency for audit.
- Cognizant agency must be the federal awarding agency that provide the predominant amount of direct funding.



An auditor's primary responsibilities

- Conduct audit in accordance with Generally Accepted Government Auditing Standards
- Determine adequacy of financial statements
- Perform testing of internal controls
- Determine auditee's compliance with laws, regulations, provisions
- Follow up on prior audit findings
- Report findings
- Use requirements in 2CFR Part 200, Appendix XI Compliance Supplement



Single Audit Report

- Auditor's opinions on fair presentation of financial statements
- Schedule of Expenditures of Federal Awards (SEFA)
- Observations, Recommendations and Management Responses
- <https://www.sao.texas.gov/Reports/Main/16-317.pdf>



Schedule of Expenditures of Federal Awards (SEFA)

- List individual Federal programs by Federal agency.
- For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- Provide total Federal awards expended for each individual Federal program and the CFDA number.
- Include the total amount provided to subrecipients from each Federal program.
- Loan or loan guarantee programs described in §200.502 Basis for determining Federal awards expended.
- Include notes that describe that significant accounting policies



Federal Audit Clearinghouse

- Web-accessed data base
- Disseminates audit information to Federal agencies and the public
- Helps auditors and auditees minimize the reporting burden of complying with audit requirements
- <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