

Uniform Guidance (2 CFR Part 200) UCI Implementation Update

Nancy Lewis

Director, Sponsored Projects
Administration

Background

- Presidential Directives for Reform:
 - November 2009 Executive Order 13520-“Reducing Improper Payments and Eliminating Waste in Federal Programs
 - February 2011 Presidential Memorandum to Executive Departments and Agency Heads
“Administrative Flexibility, Lower Costs and Better Results for State, Local and Tribal Governments”

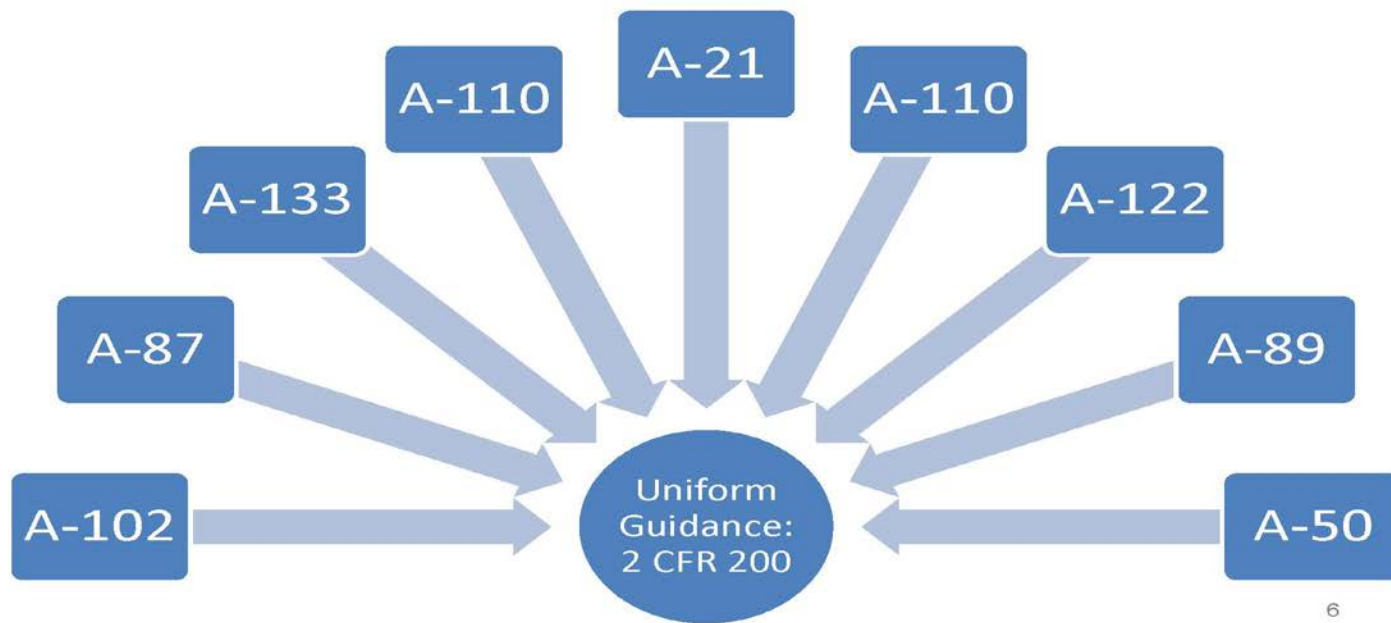
Reform Goals and Impacts

Reduce Administrative Burden and Risk of Fraud, Waste and Abuse by:

- Eliminating duplicative and conflicting guidance
- Promoting performance, compliance and **accountability**
- Consistent and **transparent** cost treatment to promote the best use of federal resources
- Standardizing business processes and data definitions

Reform Goal and Impacts (cont.)

Eliminating Duplicative and Conflicting Guidance



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Implementation Timeline

- Final guidance issued 12/26/2013
- Federal agency implementation plans due to OMB June 26, 2014
- **Final guidance effective 12/26/2014 for all Subparts except Audit Requirements and Procurement Standards**
 - Generally applicable to new awards and funding increments awarded on or after 12/26/14

Highlights for Faculty and Administrators

- Funding Opportunities
 - Agencies must post opportunities at least 60 days prior to a deadline for submission
 - No opportunity should be available for less than 30 days
- Terms and Conditions
 - Research Terms and Conditions (formally known as the FDP Terms and Conditions) expire 12/26/14
 - Federal agencies (let by NSF and NIH) have formed a working group to implement new research terms and conditions based upon the Uniform Guidance
 - Officials from NIH and NSF have made it clear that expanded authorities will be included in their implementation of the guidance

Highlights for Faculty and Administrators (cont.)

- Performance Data
 - Requires federal agencies to relate financial data to performance requirements
- Internal Controls
 - More emphasis placed on internal controls
 - Heavily emphasized throughout the guidance
- Compensation-personal services
 - Provide more flexibility for awardees to implement methods to certify salary and wage charges (payroll certification) and/or certify activity/effort

Highlights for Faculty and Administrators (cont.)

- Cost Sharing
 - Clarifies that voluntary committed cost share isn't allowed
 - Mandatory cost share requirements must be stated in the RFA
 - Provides guidance for valuation of third party cost share and unrecovered F&A as cost share

Highlights for Faculty and Administrators (cont.)

- Supplies Costs-Computing Devices
 - Are an allowable direct cost provided that the device is essential and allocable to the performance of the project
- Participant Support Costs
 - Standard exemption category for modified total direct costs
 - NSF's definition is use in the guidance
- Administrative Salary Costs
 - Are an allowable direct cost provided they are allocable and necessary for the project
 - Cost must be explicitly included in the budget and budget justification and approved by the federal agency
 - Prior approval is required to charge administrative costs after award
 - NIH will provide guidance for modular budgets.

Highlights for Faculty and Administrators (cont.)

- Subawards and Subrecipient Monitoring
 - Increased administrative burden
 - Requires that pass through entities (prime awardees) make a documented determination regarding the classification of an entity as a subrecipient or contractor (i.e. vendor)
 - Indirect costs
 - Pass through entities must:
 - Honor the subrecipient's federally negotiated indirect cost rate
 - Negotiate an indirect cost rate
 - Use a de minimus indirect cost rate of 10% modified total direct costs

Highlights for Faculty and Administrators (cont.)

Subawards and Subrecipient Monitoring (cont.)

- Subrecipient risk assessments are required to determine appropriate monitoring
 - Examples of factors used to assess risk
 - Previous experience as a federal awardee or subawardee
 - Audit review (either A-133 audit or independent auditor report)
 - Review of financial systems and internal controls
- Monitoring required during the project period
 - Documented review of financial and programmatic reports
 - Greater emphasis on detecting and addressing deficiencies (i.e. slow or no performance, financial management issues, slow or no spending etc.)
- Management decisions must be issued when the subrecipient has audit findings

Highlights for Faculty and Administrators (cont.)

- Closeouts
 - All reports due no later than 90 calendar days after the award end date
 - New pressure on agencies to ensure closeout compliance (compliance focus currently)
 - Enforcement techniques may include:
 - Withholding future awards
 - Inability to draw down funds beyond 90 calendar days after the award end date

Federal Agency Implementation

- NSF will implement the Uniform Guidance in its next Proposal and Award Administration Guide (PAPPG). The Guide has yet to be released but we expect it prior to the end of the year.
- NIH has indicated that their implementation of the Guidance will be released on December 26, 2014.
- Some Department of Defense agencies have submitted their implementation of the Guidance to OMB for review.
- Other Federal Agency implementation dates are unknown.

UC Workgroup

- Representatives from all UC campuses
- Working group's current activities and timeline:
 - October, 2014 communication to campuses requesting review and comment of the “Initial Assessment of Impact on UC” document. Document is intended to serve as a “road map” for campuses for implementation of the Uniform Guidance.
 - Final “Initial Assessment” document will be issued in early December.

UCI's Implementation Plan

- Steering Committee formed
 - Representatives from Office of Research, Accounting, AB&S, Budget Office, Materiel and Risk Management
- Workgroups will be formed to:
 - Review and assess the guidance and its impact on UCI's policies and procedures
 - Prepare campus guidance and modify local policies and procedures
 - Conduct outreach and training

UCI UG Workgroups

UCI Uniform Guidance Workgroup	Chair/Co-chair	Unit/s	
A. Allowable/Unallowable Direct Costs	Rich Lynch	Budget	
B. Procurement (Includes COI)	Rick Coulon	M&RM	
C. Equipment	Helen Chang	M&RM	
D. Subawards (include subrecipient monitoring)	Nancy Lewis	OR - SPA	
E. Facilities and Administration Costs	Rich Lynch/Bent Nielson	Budget; C&G Accounting	
F. Prior Approvals	Rich Lynch/Bent Nielson	Budget; C&G Accounting	
G. Pre-award: Mandatory Disclosures	Nancy Lewis	OR - SPA	
H. Internal Control	Bent Nielsen	Accounting	
I. Financial Management and Reporting	Rich Lynch/Bent Nielson	C&G Accounting; Budget	

Communication and Training

- Communications and updates to the campus will be provided through list serve announcements and the UCI Uniform Guidance website (to be launched December 1st)
- Town Hall meetings are planned prior to the Winter Recess
- Training for PI's, Administrators, Central Administration staff (SPA, C&G Accounting, Materiel and Risk Management, Budget Office etc.) planned for early 2015

Questions??