

Office of Sponsored Projects Dartmouth College

Overview of OMB “Super Circular” Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (78 Fed. Reg. 78,590)

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!
- Supersedes and combines the requirements of eight existing [OMB Circulars](#) (A-21, A-50, A-87, A-89, A-102, A-110, A-122 and A-133)
- Follows the OMB’s Advanced Notice of Proposed Guidance (“ANPG”), published 12/26/12 and Notice of Proposed Guidance 2/1/13.

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...[I]ncludes...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 in 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**

Highlights: Subpart D continued

- **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.



Questions/Discussion