Uniform Guidance (UG) Overview

On December 26, 2013, the Office of Management and Budget (OMB) released a final regulation called the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200). This guidance, most often referred to as the Uniform Guidance (UG), supersedes requirements from OMB Circulars including A-21, A-110 and A-133, combining much of these regulations with others and incorporating a number of changes in how colleges and universities are expected to do business. With two exceptions as explained below, the new federal regulations will become effective on December 26, 2014.

The intent of the new regulations is to streamline and simplify the federal requirements for recipients of federal funding, but the 900+ page guidance has necessitated a major effort to understand and react to the many significant changes that will result. As mentioned below, WPI has chosen to assemble a task force of individuals from departments across the University as a means to deciphering the new language and providing a response that will pass under future audits.

Impact and Implementation Schedule

The Uniform Guidance (UG) will impact the administration of federal awards at institutions of higher education that conduct federally-funded research and other activities. In addition to the Office of Sponsored Programs and the research community at-large, other aligned departments at the University, such as Accounting, Human Resources, Purchasing, and Property Management, will be most affected.

As stated above, implementation of the primary UG will take effect on December 26, 2014. The two exceptions to this date are delays to sections of the regulation relating to procurement and Subpart F, Audit Requirements. Changes to procurement will become effective for the first full fiscal year that begins on or after December 26, 2014. Similarly, the new audit requirements will go into effect starting with the fiscal year following the December 26, 2014 implementation (For WPI, the first full fiscal year will begin July 1, 2015).

WPI’s Implementation Plan

The Office of Sponsored Programs has been tasked with defining the many expected impacts of the UG and determining how the University will respond. To accomplish this, a task force is being created to review, prioritize, and plan for implementation of the new regulations as close as possible to the December 26, 2014 primary effective date. The UG Task Force is expected to be comprised of individuals from departments having functional alignment with the WPI research community, as well as selected research-active faculty members. In addition to interpreting the UG, the Task Force will be charged with accomplishing the following tasks:

- Developing new and revising current policies, procedures and business processes, as needed
- Making technology changes, where necessary
- Scheduling a program of education and outreach for the WPI research community

A complete list of UG Task Force Members will be announced shortly.

Projected Impact on WPI Policies and Procedures
The UG Task Force will be assessing the effect of the new regulations on WPI’s administration of sponsored awards. In the late fall or early winter, the Task Force will complete its initial review and make recommendations to modify and implement new or revised policies, procedures and business processes. Below is a summary of some “hot topics” already identified in the new regulations:

- The UG goes into effect on 12/26/14, as mentioned above. It will apply to new awards and additional funding (funding increments) to existing awards, when the increments are made after 12/26/14. Existing awards will continue under the current rules. What this means is that, for a period of time that could be several years, the University will be required to adhere to two different bodies of regulations.

- Under the UG, federal agencies must accept a university’s negotiated indirect cost rate. Exceptions can be made, but the agency must have federal agency head approval and OMB must be notified. This should result in fewer federal programs that restrict F&A recovery (and thus fewer proposals without full F&A).

- Federal agencies must post funding opportunity announcements at least 60 days prior to submission deadlines. No postings less than 30 days will be allowed. It is expected that this will allow the University more time to respond to posted opportunities.

- Voluntary committed cost share is not expected under Federal research proposals and cannot be used as a factor during the merit review of the proposal. This means that agencies cannot include language in a Request for Application (RFA) or other solicitation, such as “cost share is not required, but is preferred.” It must be required (mandatory) cost sharing or it will not be considered in the merit review process.

- Some changes to the language in the UG about procurement could prove to be challenging. There is a requirement for universities to document a “procurement history,” which could create a new administrative burden. In addition, the UG mandates five procurement methods with dollar thresholds, which could make sole source procurement more difficult than in the past.

- There are significant changes to the language on subrecipient monitoring, which will require additional documentation.
  
  o The pass-through entity (i.e. the institution receiving the direct award from the federal government) will be responsible for determining whether the relationship between itself and a third party is that of a recipient/subrecipient or a vendor/contractor. There is an additional administrative burden requirement to provide documentation of how and why this determination was made.

  o Pass-through entities must honor a subrecipient’s negotiated Facilities and Administrative (F&A, indirect cost) rate, if they have one; if the entity does not have a negotiated indirect cost rate, the subrecipient may use a 10% Modified Total Direct Cost (MTDC) de minimus rate, as established by the UG.

  o Pass-through entities will have to perform a risk assessment on each subrecipient, and use this assessment to determine appropriate levels of monitoring. The UG also specifies that subrecipient monitoring should include financial and programmatic reports.

- Clerical and administrative salaries will be allowable as direct charges to federal awards if they are specifically allocable to the project, reasonable, and necessary to conducting the work, and provided that the costs are explicitly explained in the budget and/or have prior approval from the sponsor. The NIH is currently considering how to handle such costs on projects utilizing modular budgets since these projects do not have line item budget justifications.
• In the section on personnel compensation in the UG, there is an acknowledgement of the institutional base salary (IBS) concept at universities. In addition, the requirements for effort reporting have changed and language was removed that required “certification” and “independent internal evaluation;” there is, however, a continued focus on “review after the fact”.

• Computers and computing devices will be allowable as direct charges to federal awards if they are allocable and necessary to complete the project work. Most computing devices fall well below the federal equipment threshold of $5,000 and, thus, are considered supplies in a line item budget. There will no longer be a requirement that computers and computing devices below the $5,000 threshold be solely used for the project on which they are purchased, which will make it less difficult to purchase computers, tablets, and other devices needed for projects.

• Participant support costs will be a standard exemption from Modified Total Direct Costs (MTDC, which is the base used for calculation of indirect costs in budgets) across all federal executive agencies. Prior to the UG, only NSF exempted participant support from the MTDC base; now all federal sponsors will do so.

There are many other issues of concern that the UG Task Force will be reviewing. As WPI develops its implementation plan, announcements will be made to the community and additional information and resources will be posted to this website.

Questions about the UG

Questions about the UG can be directed to resadm@wpi.edu or by calling X5359. Links to additional resources, documents, and reference tools are also provided below.

Office of Management and Budget (OMB)

- OMB Policy Statements: Uniform Grant Guidance
- Uniform Guidance Crosswalk from Existing Guidance to Final Guidance
- Uniform Guidance Crosswalk from Final Guidance to Existing Guidance
- Audit Requirements Comparison Chart — OMB Circular A-133 and Proposed Uniform Guidance Subpart F
- Definitions Comparison Chart
- Administrative Requirements Comparison Chart

Other Federal Resources

- COFAR’s 2nd FAQs on Uniform Guidance (August 29, 2014)
- COFAR’s FAQs on Uniform Guidance (February 12, 2014)
- Federal Register Notice announcing new Regulations

Council on Governmental Relations (COGR)

- COGR Guide to the Uniform Guidance Version 2 (September 17, 2014)
- COGR’s response to the NSF implementation in the NSF PAPPG (July 1, 2014)
- Proposed FAQs with answers to OMB (June 26, 2014)
- COGR/COFAR Review: OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (June 23, 2014)
Procurement and Fringe Benefits implementation request to OMB (June 17, 2014)
COGR/FDP White Paper on the Uniform Guidance (June 6, 2014)
COGR Guide to the Uniform Guidance (April 24, 2014)
COGR Implementation Plan for a Major Research University (April 24, 2014)
COGR Preliminary Assessment – OMB Uniform Administrative Requirements (January 14, 2014)

Agency Implementation Plans

- NSF’s Draft Proposal & Award Policies and Procedures Guide