

OMB Uniform Guidance (“UG”) Briefing

ASRSP & OSR Brown Bag
Tuesday, January 27th



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Background

- The UG is the single biggest regulatory change in the last fifty years in research administration
- Interesting lesson in public policy
 - Driven by 2011 Executive Order signed by President Obama on “Improving Regulation and Regulatory Review”
 - It’s taken some time for us to get here
 - It’s difficult to make change, and there are always tradeoffs and compromises with change
- What’s the point of the UG?
 - Make regulations “more effective” and “less burdensome”
 - Does it achieve this? It will take some time to tell...



Background

- Note the stakes of the situation: federal (taxpayer-funded) awards, totaling \$500B annually
- Note the continued uncertainty of the situation: despite 12/26/14 effective date, there are still major unknowns about implementation
- Remember, federal funding (and federal regulation) comes to us through the prism of 26 different grantmaking agencies
- While we are very familiar with the Uniform Guidance (white light), we have not yet received specifics from the majority agencies



What is the “Uniform Guidance”?

- The OMB “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” was released on December 26, 2013
- The “Uniform Guidance” consolidates the eight federal circulars that govern financial assistance (grants), including A-21, A-110 and A-133, also effectively consolidating grantee communities
- Meant to ease administrative burden and strengthen oversight over Federal funds to reduce risks of waste, fraud and abuse
 - Effective December 26, 2014



Institutional Preparations for Uniform Guidance Implementation

- Over the last months (and year), weekly meetings have occurred of OSR, ASRSP and other central administration offices to examine guidance, review peers' responses and recommend changes at Northwestern
- UG page on ASRSP website:
<http://www.northwestern.edu/asrsp/federal-initiatives/uniform-guidance.html>
- Review of policies and procedures is continuing
- Northwestern has been partnering over the last year with organizations such as NCURA, FDP and COGR in interpreting the guidance
- Targeted communication to faculty forthcoming



Major Challenges

- The only federal agency that had issued its UG implementation plan was NSF prior to the end of December
- NSF largely adopted the UG in its implementation:
<http://www.nsf.gov/pubs/policydocs/pappguide/nsf15001/sigchanges.jsp>
- NIH, DOD, DOE, etc. implementation plans came out in December, but the agency specific terms and conditions were not necessarily updated
- COFAR FAQs specify that funding increments on existing awards, issued post 12/26/14, may be subject to the UG at the agency's discretion; if incremental funding is subject to the UG, it will be issued with modified terms and conditions



FDP Research Terms and Conditions

- Federal Demonstration Project (FDP) is a cooperative initiative among federal agencies and institutional recipients of federal funds
 - Established to increase research productivity by streamlining administrative process and minimizing administrative burden on PIs while maintaining effective stewardship of federal funds
- Research Terms and Conditions (RTC)
 - Developed as a direct result of agency and institution partnerships through the FDP
 - Standard terms and conditions across federal agencies, special terms and conditions per agency
 - Prior approval matrix



FDP Research Terms and Conditions

- RTC is in the process of being updated through collaborations between federal agencies
- NIH and NSF are leading this
 - RTC information will still be housed on the NSF website
- In addition to NIH & NSF, other participating agencies
 - Agriculture (NIFA), Commerce (NIST/NOAA), Energy, Transportation (FAA), Environmental Protection Agency, NASA
- Notably, Department of Defense (DOD) does not have plans to participate



FDP Research Terms and Conditions

- Items to be Updated
 - Implementation Plans
 - Agency Specific Requirements
 - National Policy Matrix
 - Subaward Matrix
 - Prior Approval Matrix
- How's this going?
 - Agencies working on draft format
 - Will engage FDP members
 - Publish in Federal Register for comment
 - Initiate formal clearance process
 - Implement



NU Implementation Plan

- NU Implementation Plan document in table format showing UG changes and current NU implementation plan
- Will evolve in upcoming months – please refer to UG website for most current version
- Given that there are still many unknowns, today's session is focused on providing an overview of major changes where appropriate
- Forthcoming dedicated sessions as appropriate
 - Held NSF session on revised GPG
 - Agency-specific sessions depending on implementation of changes
 - FDP RTC
 - Sessions focusing on specific UG topics
 - Subcontracting, Procurement



Charging Administrative/Clerical & Programmatic Salary Costs

- Normally treated as indirect costs
- May now be included if the following conditions are met-
 - Integral to the project or activity
 - Individuals can be specifically identified with project or activity
 - Costs are explicitly included in the approved budget or have the prior written approval of sponsor
 - Costs are not also recovered as indirect costs
- No change to costs in the “programmatic salaries” category
- No formal defined percentage threshold



Computing Devices

- Now classified as supplies
- Must be essential and allocable
 - No longer need to be “solely dedicated”
- Cannot be purchased for convenience - project must not have reasonable access to other devices or equipment that can achieve the same purpose
- PIs and departments responsible for including appropriate justification at proposal or award stage
- Computing devices over \$5k should be proposed as capital equipment



- Software over \$5k is also an asset that may be capitalized

Procurement

- Implementation delay of one year
 - September 1, 2016 (FY2016)
 - Still apply OMB Circulars
- Northwestern emphasizes the use of preferred vendor contracts for all purchases
 - Purchases between \$3k and \$150k, departments/schools or Purchasing may manage the process of soliciting bids and making an award decision
 - Purchases over \$150k, Purchasing may manage the formal process of sending out an RFP for bids and proposals, as well as coordination and evaluation of award decision
- P-card single-transaction limit may be adjusted from \$5k to \$3k
- Engagement and payment of consultants



Subrecipient Monitoring

- Increased scrutiny for monitoring subrecipients
 - Risk assessments
 - Technical and financial reporting
 - Use of fixed price
 - De minimus F&A rate of 10% MTDC for subs w/o federally-negotiated rate
- Northwestern working to implement changes to both risk assessment and ongoing monitoring
- Emphasis on distinguishing between subrecipient categorization/selection and vendor categorization/selection
- System tracking associated with cost reimbursable and fixed price
- Emphasis that changes related to review of technical and financial reports may require increased engagement at PI/department levels



Internal Controls

- Requirement to establish and maintain effective internal controls
- Reasonable assurance that the non-Federal entity is managing awards in compliance with federal statutes, regulations, and terms and conditions
- Distinction between use of the word “should” and “must”
- Northwestern continues to evaluate current processes for potential updates to policy and procedure as appropriate



Compensation –Effort Reporting

- Reasonable assurances that charges are accurate, allowable, and properly allocated
- Emphasis on written policies and consistent definitions of work covered by Institutional Base Salary
- No changes to Effort Reporting Policies planned at this time
- Re-evaluation approximately one year after implementation



Compensation – Fringe Benefits

- Costs for unused (terminal) leave cannot be direct charged to an award
- Cost of leave should be recognized in the period that the leave is taken and paid for
- Northwestern is incorporating terminal leave benefit into fringe benefits rate, as opposed to direct charging sponsored project at time of employee separation
- Not anticipated that this change in methodology will significantly affect fringe benefits rates



Closeout

- Guidance enforces the 90 day closeout – i.e., all financial, performance, and other reports as required by terms and conditions
- Units must be conscious of this closeout period
 - Particularly important with outgoing subs
- Purchases made within the last 60-90 days of an award should receive additional scrutiny
- ASRSP must draw/invoice awards *in full* within 90 days of award end date



Participant Support Costs

- 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)
- Not routinely allowable on research projects
- Separate chart strings at the award stage to manage and track on participant support-related costs
- UG opens up this category of costs to other agencies for use in a consistent manner (we are familiar with seeing this for NSF)



- F&A rate for PSC is 0%

Visa Costs

- Short-term travel visa costs may be proposed, budgeted, and charged on resulting awards
- Must directly benefit the project and be allowable by the agency
- Northwestern advises that initial long-term visa cost (e.g., “J” or “H1 B” visa) may be allowable as long as it’s an initial recruiting expense



Cost Sharing

- Cost sharing is only required and evaluated in mandatory situations when a solicitation includes it as a requirement of eligibility
- Voluntary cost sharing will not be a consideration in the review of applications
- Only mandatory cost sharing or cost sharing that has been explicitly referenced in the project budget must be included in the organized research base



Awards at Northwestern under UG

- How will we know an award is under UG?
 - How will the agency tell us?
 - How will OSR tell the community?
- Will new chart strings be created for existing awards if they move under UG?
- Do we expect that agencies will issue amendments moving awards under UG as a matter of course?



Timeline – Looking Back

- December 26, 2013
 - OMB issued the final rule of the UG
 - June 26, 2014
 - Due date for federal agencies to submit proposed implementation plans to OMB to allow for review and public comment
- December 26, 2014
 - Uniform Guidance goes into effect
 - Applies to new awards or additional funding to existing awards made after this date.
 - Existing federal awards received prior to December 26, 2014, NU will adhere to the stated terms and conditions of the award



Timeline – Looking Forward

- TBD – Agency-specific terms and conditions to be released
 - Notably, NIH has not yet released specific terms and conditions associated with UG
- TBD – FDP RTC updated to reflect UG
- September 1, 2015 – Uniform Guidance *audit* requirements are applicable to NU awards
- September 1, 2016 - Uniform Guidance *procurement* standards are applicable to purchases on NU awards



Questions?

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