OMB Uniform Guidance ("UG") Briefing

ASRSP & OSR Brown Bag
Tuesday, January 27th
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](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/signchanges.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
  » Pilot project
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

We will keep you informed as information is available!
Questions?

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