

**THE UNIVERSITY OF TENNESSEE
PRESENTATION TO RAOR FORUM
BRIEFING – UNIFORM GUIDANCE
January 21, 2015**

WHERE WERE WE?

OMB issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, known as Uniform Guidance or 2 CFR, Part 200. This circular consolidated eight previous circulars into one. Three of these previous circulars applied to colleges and universities; A-21, Cost Principles, A-110, Administrative requirements, and A-133, Audit Requirements. The final rule was issued December 26, 2013.

This new uniform guidance and the previous guidance are the rules concerning how we administer, account for and audit federal grant and contract funds (sponsored projects). Grant and contract funds represent the university's largest source of revenue. These funds are highly regulated and audited. This area is one of the biggest compliance risks for the university.

The university is a member of an organization, Council on Governmental Relations, (COGR) that watches and tries to influence federal regulations that impact research. COGR is the national leader in analyzing and reporting about this new guidance.

The University has a long history of compliance with federal regulations. In 2003, then President Johnson created a working group to address federal compliance issues. That effort resulted in the creation of several new university policies. These policies were conflict of interest, cost sharing, cost transfers, effort certification, program income, sponsored grants and contracts, and subcontract monitoring.

When this new, revised guidance was issued, Mr. Peccolo asked that we create a similar working group to address any challenges presented by the revised guidance. To that end, we contacted each campus/ unit and they nominated persons to help work on this project. We have had over 30 volunteers help from each campus and institute.

Our charge was to review the new uniform guidance and to revise or develop University fiscal policies as appropriate. We read and attempted to understand the new uniform guidance and we reviewed and recommended policies to help get the university in compliance with the new regulations. This process was inclusive and transparent.

The guidance is applicable for new awards and incremental funding awarded on or after December 26, 2014.

WHAT ARE SOME OF THE BIG CHANGES?

- New concept of micro purchases of \$3,000 or less without competition. We are currently at \$5,000 and the state has moved to \$10,000. We allow P Card purchases of up to \$5,000. *Purchasing requirement has been delayed for one year*
- More subrecipient monitoring is required, including a risk assessment. *We are revising the policy and creating tools to identify risk.*
- The single audit threshold has been increased from \$500,000 to \$750,000.

- Some previously unallowed direct charging is now allowed - some clerical and administrative costs, some computers. *We are creating a new policy to address this.*
- Required certifications – reports contain extremely strong language. We are developing signature delegation to address this requirement.
- Termination pay may not be allowable as a direct charge any longer for those of us that use a cash basis of accounting for leave. *We have some work to do in this area.* This is supposed to be removed.
- Internal controls – recipients are required to have internal controls in compliance with guidance in “Standards for the Internal Control in the Federal Government” issued by COSO. *This could cause issues between universities and auditors.*
- F & A – new 10% de minimis rate for entities that do not have a rate and a one-time extension of negotiated rates for up to four years will be allowed. This is a positive change.

WHAT IS THE PLAN and WHERE ARE WE NOW?

The committee has been meeting on a monthly basis since March 2014. We divided into 17 work groups mostly according to current policy. (see attached list) The individual groups have been meeting weekly or biweekly.

Before the initial meeting, the following information was provided to the group:

- The link for the uniform guidance and several other helpful items <https://cfo.gov/cofar/>
- The PowerPoint presentation from the Feb 27, Thursday morning COGR costing session
- The COGR document, “*An Implementation Plan for a Major Research University*”
- A COGR matrix of areas of interest to pursue.
- A HURON client update: OMB Uniform Guidance
- A listing and links to the current UT policies that might be affected by this guidance.
- COFAR FAQs for the New uniform guidance.

COGR has since issued a 42 page 2nd look document that suggests what action to take and if we need to wait on further clarification.

COGR had issued a Readiness Guide as of December 12, 2014.

We have issued two policies. Three are being considered by the CBOs. 3 more are in final draft status. Purchasing may still be a big deal.

UNIFORM GUIDANCE WORKING GROUPS

Subrecipient Monitoring

Cindy	Virginia
Miriam	Maria
Debbie S.	Petra
Debbie H.	Gerri
Bill #	Carol
Ron #	Eve

Direct Charging

Miriam #	Mary
Maria #	Joan
Gerri	Virginia
Amy	Melanie
Emily	Michelle
Beth	

Sponsored Projects

Sherri	Mary
Debbie S. #	Gerri
Debbie H.	Meredith
Carol	Cindy
Miriam	Joan

Code of Bus. Ethics

Sherri	Joan
Debbie S.	
Debbie H. #	

Salary

Rob Chance	Harriet
Jody Huff	Meredith
James Price	Ron
Kim McCulloch	
David Stone	Virginia
Missy Kitts	Gail
Nikki Bonnington	
Karen Gunter	
Brenda Murrell	

Purchasing

Gail #	Harriet #
Lindsay	Melanie
Bill	Mary
Emily	Virginia
Amy	Michelle

Effort Certification

Robert	Debbie H.
Cindy	Carol
Mary #	
Gerri #	

Conflict of Interest

Robert	Meredith
Debbie S.	Teresa
Melanie	Ron

F&A

Melanie #
Ron
Verna

Equipment

Petra

Audit

Robert #

Cost Sharing

Sherri	Melanie
Cindy #	Emily
Miriam	Meredith
Petra	

Terminal Leave

Gail	Harriet
Bill	Meredith
Mary	Ron #
Melanie	

Cost Transfers

Sherri
Petra
Carol #

Unused Supplies

Emily	Eve
Harriet	
Virginia	

Program Income

Disclosure Statement

Robert#
Theresa Sears

Carol

Jay Taylor

*Included in Sub recipient monitoring

Denotes chair of committee

Unallowable Costs for Federal and Federal Flow-through Funded Grants and Contracts

These costs should never be proposed or charged to a federal or federal flow-through sponsored project. For more detailed information about these unallowable costs, see Uniform Guidance, Subpart E, Section 200.420 to 200.475. Unallowable expenses include (but are not limited to):

1. Advertising (except some job recruiting and subject recruitment for clinical trials)
2. Alcoholic beverages
3. Alumni activities
4. Bad debts
5. Commencement or convocation costs
6. Donations and contributions made to other organizations
7. Entertainment costs
8. Fines and penalties
9. Fund raising
10. Goods or services for personal use, including personal use of vehicles
11. Housing and personal living expenses of current and past officers
12. Interest expense
13. Lobbying activities
14. Losses or cost sharing on other sponsored agreements or contracts
15. Memberships in civic or community organizations, country clubs, social or dining clubs
16. Pre-agreement costs, unless specifically allowed
17. Public relations (except where directly related to the sponsored project)
18. Selling and marketing expenses (except some job recruiting and proposal expenses)
19. Severance pay in excess of UT's normal practices
20. Student activity costs, including publications, clubs, etc.
21. Airfare other than lowest available discount commercial airfare. UT's travel policy FI0705, specifically limits airfare to standard coach fare – no first-class or business fares are allowable.

EXAMPLES

Requires Proposal

Budget Detail

or documented

sponsor prior approval

Normally
Direct Costs

Normally
F&A Costs

SALARIES, WAGES, & RELATED STAFF BENEFITS <i>Appendix III B6</i> \$200 413 \$200 430 \$200 431	Technical work performed by: Principal investigator Post docs Graduate students College work study students Clinical lab technicians Undergraduate student	Technical work integral to and directly allocable to Statement of Work performed by: Business Manager/Budget Director Administrative Assistant Accountant Department administrator Staff assistant	Clerical or administrative work performed by: Business Manager/Budget Director Administrative Assistant Accountant Department administrator Staff assistant
TRAVEL \$200 474 \$200 456 \$200 463	Directly applicable to project requirements Meetings required by sponsor (e.g. kickoff meeting) Travel within the grant period to disseminate project results	Short-term travel visas	Travel not directly applicable to project requirements Longer term immigration visas Marketing/development
SERVICE CENTER CHARGES \$200 468	Animal care Lab testing services	Printing / copying / graphic arts Materials Integral and directly allocable to the Statement of Work (SOW)	Printing / copying / graphic arts Computer maintenance Computer file storage Port / line charges
FACILITIES & UTILITIES Appendix III B4		Utilities required by unusual circumstances such as rental of non-UT or foreign facility Facilities upgrades if required by the statement of work, identified in the budget, budget justification and approved by the sponsor	Utilities General facilities maintenance
COMMUNICATIONS Appendix III B6(b)	Freight / express deliveries: Transport technical project material Telephone charges: Long distance		Postage: Express delivery of routine reports U.S. non-priority mail Telephone charges: Basic line charge Local calls Cellular phones Pagers Voice mail
EQUIPMENT MAINTENANCE \$200 452	Scientific equipment maintenance research, medical and technical equipment and related maintenance contracts)	Essential and allocable maintenance on essential equipment required for use on the project	General equipment maintenance General computer hardware maintenance (and related maintenance contracts)
PUBLICATIONS & SUBSCRIPTIONS \$200 454 / \$200 461	Project-specific	Identifiable cost with specific cost objective and report work supported by project	General
DUES AND MEMBERSHIPS Appendix III B6(b) \$200 454		Business, technical, and professional organization memberships if directly identified with work supported by the project	Dues & memberships
CONSULTING \$200 459	Project-specific consulting services		General consulting services

ADVERTISING \$200 421 / \$200 463	Recruit project participants Recruit project specific employees, such as postdocs	Public Notices specifically required by the Federal award	Employment Public notices
SUPPLIES & MATERIAL \$200 453 Appendix III B6(b)	Medical, scientific, & laboratory supplies: Lab notebooks Zip disks used to store specific project data Glass and plastic ware, culture dishes, beakers, syringes Chemicals Radioactive substances Scientific software Educational supplies Pharmaceutical supplies	Materials and supplies directly necessary to carry out specific statement of work activities of Federal award Participant instructional materials required for educational sessions	Office supplies: Pens, pencils, paper, tablets, files, folders, binders, transparencies, staples, post-it-notes General purpose computer supplies: Diskettes, printer paper, toner cartridges Word processing software Spreadsheet software
STUDENT COSTS \$200 466 \$200 469	Stipend Tuition & fees Other related expenses		
MEALS & REFRESHMENTS \$200 432 / \$200 438		Project conference or seminar specifically required on project	
PARTICIPANT SUPPORT COSTS \$200 456		Participant Support Costs such as stipends, subsistence allowances, travel allowances, and registration fees and approved educational and cultural activities	
CONTRACTUAL SERVICES \$200 459 \$200 432 \$200 330	Other contractual services: Speaker Fees Expert trainer or advisor for project External evaluator for project Photographic development Airport pickup of specimens		
EQUIPMENT \$200 439 \$200 453	Special Purpose equipment: Scientific, medical, research, and technical Project-specific computer hardware: Specially required due to technical nature of the project and not already available	Essential and Allocable computer hardware Desktop & laptop PC's and related supplies such as servers, scanners, and printers that are essential and allocable but not necessarily solely dedicated. Only allocable costs may be charged.	General purpose computer hardware: Servers, scanners, printers, desktop and laptop PC's General purpose equipment: Copier Office furniture
SUBCONTRACT \$200 330	Subcontract costs		

November 8, 2014



University of Tennessee– Justification Statement Examples

CHARGING ADMINISTRATIVE AND CLERICAL (200.413)

“This award includes management of 15 subawards. This volume and the tight timeline of the project mandate more extensive monitoring than the services routinely provided by the department. A XX% time program assistant is needed to oversee the subrecipients’ activities, including working on performing risk assessment and subrecipient monitoring, ensuring timely delivery and review of invoices, acquiring progress reports and ensuring their review, resolving mid-project issues, monitoring compliance approvals, ensuring timely payments, and handling subaward modifications. **We are therefore requesting agency approval for a [List % time appointment here] [List position title here] as an administrative cost allowed under 2 CFR 200.413.**”

FIXED PRICE/RATE SUBAWARDS (200.332)

“The subaward to [Name the subrecipient here] documented in this proposal meets the criteria described in Subpart C- 200.201(b) and the University of Tennessee is therefore requesting prior agency approval of this Fixed Price Subaward. The University will consider this subaward approved if an award is made and no contrary guidance from the agency is included in the award notice.”