

January 21, 2015
RAOR Forum

Uniform Guidance Update
Presented by Ron Maples, UT System Controller

This session will be a “high level” overview of what Uniform Guidance (UG) is and what the University has done about it. Then, we’ll dive into the policies and how they are organized.

12/26/2013: OMB issued final rule.

Consolidating 8 circulars into 1 was done to be efficient, to control costs, and to do things better. They did have advanced rule making which we got to comment on and COGR commented extensively. (COGR is a group of 151 of the largest research Universities and meets in Washington 3 times a year to discuss regulation.)

These rules are significant to us because for the last two to three years, sponsored grants and contracts have been our largest revenue source as a whole – larger than student fees, which is even larger than state appropriations. So accounting for grants and contracts is a big deal. It represents one of our biggest compliance risks.

Therefore, a Uniform Guidance Task Force was created to review the guidance and revise our policies as appropriate. UT has since received our first continuation award under UG.

Good news about Uniform Guidance:

- The Government is trying to help us
- They took 8 circulars and combined them into 1
- 3 of those circulars affect us:
 - A-21 Cost Principles
 - A-110 Administrative Requirements
 - A-133 Audit Requirements

Bad things:

- For those who charge terminal leave on a cash basis, we can no longer charge that as a direct cost. It must be covered under F&A, which means we have to cost share all terminal leave. This was not in the advanced rulemaking but has been included.

What are some of the big changes?

- The deadline for this change has been extended to December 26, 2015.
The government has introduced the concept of “micro purchases” of \$3k or less without the need of competition. UT has been doing Pcard purchases up to \$5k and the state is moving towards doing \$10k. How to be compliant on purchases between \$3k and \$10k with differing policies?
 - Additionally, UT is working on a new shopping cart purchasing system which will be similar to Amazon (Amazon-like but not exactly the same). Everything in that shopping cart will have been pre-bid so those items should be okay for Pcard purchases. Purchases included in the contract should also be okay. But for those purchases up to \$5k on Pcards, if they are on federal awards, you will need to show documentation that will show that you did bidding or a cost comparison.

- More sub recipient monitoring and risk assessments.
- Single audit thresholds increased from \$500k to \$750k.
- Previously unallowed direct charging that with proper justification and approval may be allowed: Computers, clerical and admin pay
- Internal Controls – while we have internal controls in place, auditors may not always agree.
- Residual supplies – if there is an aggregate total exceeding \$5,000 at the end of the project, it has to be reported.

What is the plan and where are we now?

- We've issued 3 new policies:
 - Sponsored projects code of ethics
 - Sponsored projects sub recipient monitoring
 - Sponsored projects direct charging policy
- More to come:
 - Effort certification
 - Direct charging salary
 - Cost sharing
 - Cost transfers
 - Program income

UT Fiscal Policy Page

- Sort by policy number or alphabetical order
- Everything Sponsored Projects related will be changed to have "Sponsored Projects" in the title
- Sponsored Projects Code of Ethics – did not change a great deal. Call the Hotline if you see a violation.
- Sponsored Projects Sub award origination and monitoring – this one changed significantly
 - One of the things we have to do now is do a risk assessment of our sub awardees.
 - How do we do that? How does that work?
 - We'll collect A-133 audits for everyone we paid money to, get Title 6 assurances...
 - Make a list of all past sub awardees and rate them high or low risk. This list is not yet public but the Pre and Post award offices both have access to the list.
 - Risk assessment is important if we have a NEW sub awardee that wasn't previously part of the list (i.e. an entity we've never done business with before). If you don't know, then we have some tools – see at the bottom of the policy page Exhibits 01-04.
 - Sub recipients are to be paid within 30 days of invoice receipt
- Sponsored Projects – Distinguishing Direct vs Indirect Costs
 - This is a brand new policy created by the UG committee
 - Some new rules about things that used to be under F&A and now with proper justification and sponsor prior approval may be direct charged:
 - Clerical and Administrative costs that meet very specific conditions
 - Computing devices
 - We have been very cautious about charging computing devices to sponsored projects. UG has opened some doors for some of these charges.

- You still cannot charge a faculty refresh computer to the project but if it is specifically for a project and it is pre-approved and meets all of the other requirements, that door is open.
- Work with your Pre/Post award offices. This is new to us so it is going to take a while to figure it out and do it right.
- See links to tools at the bottom of the policy page
 - PI quick guide- shows major changes and costs
 - Examples of direct vs F&A cost
 - Unallowable costs for federal and federal flow through
 - UT justification statement examples

Q: Does the 30 day requirement apply to ALL sub recipients?

A: Yes. One should start date stamping your sub recipient invoices because that starts the clock on the 30 day due date.

Q: What if the sub starts sending invoices even before the contract has been signed? Does the 30 day rule still apply?

A: No, that is a valid reason not to pay.

Q: How can you tell if a particular administrative position's cost has been recovered?

A: We don't on our E-accounts. Some schools state if a % of the budget comes from tuition or F&A, etc. We don't do it that way. We don't say where the funds come from.

If something has normally been covered under F&A for years and all of a sudden it is being charged to an R account, that is low hanging fruit for an auditor.

Q: You mentioned VISA costs. What's the change there?

A: For travel, some of those costs can be charged if for a specific time period and directly connected to the work. No H1B costs allowed unless specifically in the budget proposal and approved.

Q: So, if we get a brand new federal award that comes in today, it is under UG. But if we are in the middle of an older award that is incrementally funded, which guideline does it fall under?

A: The sponsor will tell us. It should be stated on the award document.

Q: How are we going to know which accounts are under UG and which aren't?

A: Some schools have decided they are going to start putting a new attribute under the new accounts. That seems senseless to us because all awards going forward will be UG. What UT is looking at is putting an attribute under all the *existing* accounts that are under the old way.

For specific information on UG please refer to: <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf> and UT fiscal policy: http://policy.tennessee.edu/fiscal_policy/

Other Announcements:

- Info sessions/trainings available online
- February RAOR forum will be on 2/18/2015; topic will be "NIH Updates" by Betsy Saylor and Amber Hardie
- Ron's presentation/slides will be available on the website shortly
- See you all next week at the town hall meeting