

Budget Preparation under Uniform Guidance 2 CFR 200

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Governing Regulations

Some awards to Institutions of Higher Education continue to be governed by:

- OMB circular A-110 (2 CFR 215) – Administrative Requirements for Grants ...
- OMB circular A-21 (2CFR 220) – Cost Principles for Educational Institutions
- OMB circular A-133 – Audit Guidance

New awards & incremental actions are now governed by:

- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

First audit under the UG will be for FY 2016

Overarching Principle

Focus is on Internal Controls rather than prescriptive edicts

- Discussion of internal controls moved from audit requirements (which are often considered only after money has been spent) to administrative requirements and descriptions of desired results
- Demonstrate compliance with Federal statutes, regulations, and terms and conditions of Federal award
- Intended 'to encourage non-federal entities to better structure their internal controls earlier in the process'

Future audits will determine whether 'should' (a best practice) becomes 'must' (a required action)

These changes have resulted in greater administrative flexibility for the grantee and also greater responsibility in maintaining internal controls

Prior Approvals

- Increased emphasis on including costs in proposal budget (with justification)
 - Award of proposed budget with cost and justification indicates sponsor approval of cost
 - Will eliminate need for sponsor prior approval after award
- Potential Issues:
 - Some agency budget guidelines don't provide option to include detail that is needed for approval (e.g., NIH modular budgets)
 - Research Terms and Conditions wasn't incorporated so proposal budget needs to be well-thought and inclusive to meet project needs

Administrative Salaries

Allowable as direct charges if:

- Administrative and clerical salaries are integral to a project or activity, *and*
- Individuals involved can be specifically identified with the project or activity, *and*
- Such costs are explicitly included in the budget (include a justification statement), *and*
- The costs are not also recovered as indirect costs

Major project requirement is eliminated, *but*

- Allowable, allocable and reasonable criteria still apply

Computing Devices

- Allowable as direct cost if the devices is integral, essential and allocable but not solely dedicated to the performance of a federal award
 - Computing device must be necessary and reasonable for the performance of the work
 - Do not have to be used exclusively on the funded project to be considered a direct cost
 - It must be charged to the project in some manner that reasonably relates to its use on the project
 - It is still not okay to buy the latest version of every tablet that comes along
- Institution will have responsibility to maintain documentation of allowability of computer device (how it is 'integral')

Subawards

Subrecipient or Vendor Relationship

- Must make a case-by-case determination of the relationship
- Rationale should be documented (and that *may* increase administrative burden)

Subawardee F&A

- Budget must include subrecipient's negotiated F&A rate, or
- Subawardee can include 10% F&A rate in budget *if* they do not have a negotiated rate, or
- Pass-through entity may negotiate a rate with the subrecipient
- Will have possible financial implications if not included in proposal budget

Subawards

Fixed Amount Subawards

- Sponsor prior approval may be inferred if the intent to issue a fixed price subaward is included in the proposal budget
- Cost principles and historical info about the work should be used as a guide when proposing (pricing) work scope
- Budget should be based on milestones
- Acceptable to propose more than one fixed amount subaward with the same subrecipient
 - Each subaward must have own distinct work scope
 - Each subaward cannot exceed \$150,000

Other Costs

Participant Support costs

- Allowed on projects with an educational component, if included on the proposal budget by sponsor.
- Participant support costs are excluded from the F&A base

Short-term Visa charges

- Are allowable for project staff
- Expediting fees, dependent visa fees etc., are not allowable

• Publication Costs

- Charges can be incurred after project end date, but *before* closeout.
- Costs should be included in the proposal budget

Cost Sharing

- Program announcements must
 - State whether required Cost Share is an eligibility criterion
 - Explicitly state if Cost Share is *not* required
 - Clearly state restrictions on types of acceptable Cost Share
 - Reveal if Cost Share will be considered in review process
 - Not include vague statements that “Cost Share is encouraged”
 -
- Voluntary cost share is not expected and cannot be used as a factor during merit review process
 - but may be considered only if in accordance with federal agency regulations and specified in notice of award

Questions and/or More Discussion



OMB Uniform Guidance – Additional Information

- Council on Financial Assistance Reform (COFAR) www.cof.gov/cofar/
- Electronic Code of Federal Regulations http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl