Department of Pediatrics OB/GYN
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Nicole Pilman, Uniform Guidance Implementation Coordinator
Sue Paulson, Assistant Controller
Pamela A. Webb, Associate VP for Research
Goals of Updated Regulations

Reduce fraud, waste, and abuse vs. Streamline
OmniGuidance Implementation Plan

2013 | 2014 | 2015 | 2016

- **12/26/13** Release
- **6/26/14** Agency plans due to OMB
- **12/26/14** Implementation (all but audit)
- **7/1/15** Audit provisions go into effect for UMN

**Understand (OmniGuidance)**

**Influence**

**Plan (OmniGuidance)**

**Understand (Agency)**

**Plan (Agency)**

**Implement**

**Evaluate**

**Refine**
Recent Developments

• NSF releases draft implementation plan for comment (5/9/14)
• COGR (including UMN) proposes FAQs to OMB (6/24/14)
• UMN responds to NSF’s draft (7/2/14)
• OMB puts out 30 pages of FAQs (8/29/14)
• UMN releases *PI Quick Guide* (9/4/14)
• COGR (including UMN) puts out updated implementation tracking guidance (9/17/14)
Known **Effective Dates** (as of 10/27/14)

- **Uniform Guidance will apply to:**
  - All New and Renewal awards issued on or after 12/26/14 (even if costed/budgeted and submitted under the old rules)
  - UMN’s upcoming F&A rate proposal (to be submitted Spring 2015 against a FY14 base year)
  - Single (A-133) Audit for UMN’s FY16 (July 2015 – June 2016)

- **Old Rules (A-21, A-110, A-133) will apply to:**
  - All active awards that do not get incremental funding or another award action (until they expire)

- **Uniform Guidance may apply to:**
  - All non-competing awards (agencies may decide on a case-by-case basis)
PI Quick Guide on Proposal Budgeting

Sent on 9/4/14 to:
- All federal PIs and co-PIs (57% opened the email)
- AEL list (63% opened)
- All Certified Approvers
- All Grants Management User Network Users
- All SPA and SFR staff
- Posted on SPA website
- Referenced in UM Brief

Please help by also distributing the information to your PIs!
Charging Administrative/Clerical and Programmatic Salary Costs

• Rules governing “major project or activity” exceptions have been dropped and replaced by the following criteria, all of which must be met:
  – Administrative or clerical services are integral to a project or activity;
  – Individuals involved can be specifically identified with the project or activity;
  – Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
  – The costs are not also recovered as indirect costs.

• If all requirements are met, add a new justification statement to proposals to facilitate the required agency approval.
Charging Administrative/Clerical and Programmatic Salary Costs cont.

• UMN has determined that integral means:
  – the services are essential, vital, or fundamental to the project or activity; AND
  – a minimum of 15% FTE is budgeted in the grant’s budget year or there are documented special circumstances

• Justification Statement example:
  – “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 with SPA to perform 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.”
Charging Administrative/Clerical and Programmatic Salary Costs cont.

• Examples of Projects that might meet definition of “integral”:
  – Large, complex programs, such as General Clinical Research Centers, program projects, research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
  – Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective studies of clinical records).
  – Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
  – Projects where the principal focus is the preparation and production of manuals and large reports, books, or monographs (excluding routine progress and technical reports).
  – Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, and other field research remote from campus.
  – Projects requiring significant amounts of project-specific database management; individualized graphics or manuscript preparation; human or animal protocols, and multiple project-related investigator coordination and communications.
After the award has been issued, seek agency approval through a letter prepared by the PI and countersigned by SPA if:

- New or additional support is needed that is greater than 25% of approved effort at time of award (reductions are not subject to approval)

PIs should allow 30 days for this process

- Therefore, no new or additional support can start until after agency approval is received.

If approved, SPA will revise the budget if a PeopleSoft friendly budget accompanies the letter request.

- Otherwise, it is assumed that the Certified Approver will make the budgetary revision.
Charging Administrative/Clerical and Programmatic Salary Costs cont.

• **Programmatic Costs...**
  
  – may be direct charged using the same underlying requirements as other types of direct costs
  
  – are **NOT** subject to the extra approval requirements required of administrative and clerical costs

• **Examples of Programmatic Costs:**
  
  – protocol development and maintenance
  
  – managing substances/chemicals
  
  – managing and securing project-specific data
  
  – coordination of research subjects
Computing Devices
(Under $5,000 Unit Cost)

• Computing devices under $5,000/unit may be direct charged under the following circumstances:
  – The machines are essential* and allocable to the project
  – They are necessary to acquire, store, analyze, process, and publish data and other information electronically,
    • including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information
  – The project does not have reasonable access to other devices or equipment that can achieve the same purpose
    • devices may not be purchased for reasons of convenience or preference.

• Items costing more than $5,000 per unit are considered equipment and follow federal equipment rules

* PIs are responsible for determining whether or not the device is “essential” and to what extent the cost of the device is allocable to the sponsored project. PIs and departments should maintain documentation that describes how the proposed computing device meets the above requirements.
Participant Support Costs

• Participant support costs are not routinely allowed on research projects but can be charged with agency approval and the project includes:
  – An education or outreach component and the agency approves such costs.

• Participant support costs may include:
  – Stipends or subsistence allowances
  – Travel allowances
  – Registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects

• These costs should be explicitly listed in the proposal budget or approved by the funding agency after the award has been made.
Visa Costs

• Since short-term visas are issued for a specific period of time and purpose, they can be direct charged to a Federal award if:
  – They can be clearly identified as directly connected to work performed on a Federal award
  – They are critical and necessary to the project and are allowable by the agency.

• These visas allow employees and students to engage in field research or attend meetings in foreign locations, or allow foreign visitors to visit the University in support of the project.

• Long-term visa costs, such as those that enable employment at the University (for example “J” and “H1B” visas) are not allowable as direct charges.
F&A on Subawards

- UMN and all of its subrecipients must use a federal program’s rate if it has a published statutory F&A cap.
- For all other federal programs, the subrecipient’s federally negotiated F&A rate must be used if there is one.
- If there is no negotiated F&A rate, a 10% de minimus F&A rate must be used, or the PI/department may request that SPA negotiate an F&A rate with the subrecipient.
- Entities that have previously received negotiated rates with UMN are grandfathered in and UMN will continue to negotiate rates with these entities until they qualify to negotiate a rate directly with the federal government.
- PIs may not negotiate or agree to lower rates with their subrecipients.
- There is no change to UMN’s recovery of its own F&A – this remains limited to receiving our F&A on the first $25K of each subaward.
F&A on Subawards cont.

- SPA will, in rare circumstances, will negotiate a rate with a proposed subrecipient when the subrecipient:
  - Does not qualify to receive a rate directly from the federal government (currently, this means the entity does not receive direct federal funding of $750K or more per year)
  - Is expected to do at least $750,000 of business annually with UMN
  - There is reason to believe the F&A rate will be substantially higher than 10% MTDC.

- If SPA agrees to negotiate a rate, 60 days advance notice (before the proposal is due to SPA) is required.
Fixed Price/Rate Subawards

- Agency prior approval is required to enter into a fixed price/rate subaward and the total value of each fixed price/rate subaward may not exceed $150K.
- This will impact approximately 20% of all subawards issued by UMN, which are most commonly used for clinical trial site agreements, foreign subrecipients, and small businesses.
- General research collaborations are not likely to be issued as fixed price.
- To expedite agency approval, PIs/departments should add a new justification statement to proposals contemplating a fixed price/rate subaward. (A statement is not needed for other subawards.)
Fixed Price/Rate Subawards cont.

• Justification Statement:
  - “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 Minnesota 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.”
Fixed Price/Rate Subawards cont.

• Consult your SPA GA if:
  – If you are uncertain about how to set up the subaward at time of proposal
  – If you need multiple fixed price subawards to the same subrecipient to stay under the $150K threshold per subaward.

• Other things to note:
  – You will be able to do an after-award-issuance request if it is determined that a fixed price subaward is needed, but not included in the proposal.
  – SPA reserves the right to make the final determination at time of subaward issuance whether to issue the subaward on a fixed price basis or cost-reimbursement basis.
    • This is true regardless of whether a fixed price justification statement was included in the proposal.
Possible Topics of Next PI Quick Guide

• Subrecipient Progress Reports
• Subrecipient Invoices
• Procurement
• Publication Costs
• 90 Day Enforced Closeouts
Subrecipient Progress Reports

• Track and document review of subrecipient progress reports
  – Various options depending upon type of report (soft vs. hard copy):
    • Document review by email response, save email with report in local space
    • Save review notes, date and store with report in local space
    • Sign/initial document and store in local space
    • Submit to SPA
    • Upload to ImageNow
Subrecipient Invoices

• Payment of invoice from subrecipient within 30 days of receipt
  – Proposed process and considerations:
    • Create University email/drop box for submission of all subrecipient invoices
    • Ensure invoices route through U of M process within 30 days (PI approval)
    • How to manage situations where the invoice request seems improper
    • How to handle missing invoices
There are five procurement types and all must comply with the Procurement Standards which can be summarized as follows:

1. The purchase complies with the non-Federal entity’s documented procedures
2. Purchases are necessary
3. Open competition (to the extent required by each method)
4. Conflict of interest policy
5. Proper documentation for the purchases
Procurement

- How to follow new Procurement rules that will take effect one fiscal year after UG implementation (July 1, 2016)??
  - UG states that for purchases between $3K and $150K, price or rate quotations must be obtained from an “adequate” number of qualified sources
    - “Relatively simple and informal”
    - UMarket & University-wide Contracts are already competitively bid and meet requirements
    - The logistics associated with “adequate” is to be determined by institutions
Procurement

FY14 Transaction data – Purchase Orders
• Breakdown of Non-Sponsored/Sponsored Data
• Purchase Order and UMarket transactions
• Does not include Non-PO, Expense Reports or PCard transactions

<table>
<thead>
<tr>
<th>TRANSACTION TYPE</th>
<th>Up to $2,999</th>
<th>$3,000 to $9,999</th>
<th>$10,000 to $24,999</th>
<th>$25,000 to $49,999</th>
<th>$50,000 and over</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Sponsored</td>
<td>81,893</td>
<td>29,888</td>
<td>633</td>
<td>5,895</td>
<td>87</td>
<td>809</td>
</tr>
<tr>
<td>Sponsored</td>
<td>39,156</td>
<td>14,239</td>
<td>186</td>
<td>1,703</td>
<td>23</td>
<td>828</td>
</tr>
<tr>
<td>TOTAL</td>
<td>121,049</td>
<td>44,127</td>
<td>819</td>
<td>7,598</td>
<td>110</td>
<td>937</td>
</tr>
</tbody>
</table>

PCard Spend in FY14

<table>
<thead>
<tr>
<th>Total Number of Transactions</th>
<th>Approximately 280,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dollars</td>
<td>Approximately $64 million</td>
</tr>
<tr>
<td>Number of Transactions between $2,500 and $49,999</td>
<td>642</td>
</tr>
<tr>
<td>Dollars for transactions between $2,500 and $49,999</td>
<td>$2,193,851</td>
</tr>
</tbody>
</table>
Publication Costs

• Publication costs can be directed charged between award end date and date of final financial report
  – Must be charged to the project within 60 days after the award has ended (UMN determination)
  – Assumes there are unspent funds after the award has ended
90 Day Enforced Closeouts

• Must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports
  – Potentially will not be able to draw on expenses after 90 days
  – Need to understand financial & reputational risks
    • Expenses are still hitting the project after day 90 – most common are payroll & subrecipient invoices
## 90 Day Enforced Closeouts

### Medical School vs UMN Expenses over 90 days old

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Minnesota</td>
<td>$4,865,590.30</td>
<td>$2,593,634.90</td>
<td>$7,459,225.20</td>
</tr>
<tr>
<td>Medical School</td>
<td>$1,539,765.37</td>
<td>$1,212,260.42</td>
<td>$2,752,025.79</td>
</tr>
<tr>
<td>% of Medical School</td>
<td>31.65%</td>
<td>46.74%</td>
<td>36.89%</td>
</tr>
</tbody>
</table>
### 90 Day Enforced Closeouts

#### Expenses over 90 days

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Sponsors</td>
<td>$4,865,590.30</td>
<td>$2,593,634.90</td>
<td>$7,459,225.20</td>
</tr>
<tr>
<td>Federal Sponsors</td>
<td>$1,798,944.90</td>
<td>$1,318,640.05</td>
<td>$3,117,584.95</td>
</tr>
<tr>
<td>% of Federal versus All Sponsors</td>
<td>36.97%</td>
<td>50.84%</td>
<td>41.80%</td>
</tr>
</tbody>
</table>

#### Federal Agency Expenses over 90 days old by type of expense

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Equipment</td>
<td>$3,635.68</td>
<td>$17,183.22</td>
<td>$20,818.90</td>
</tr>
<tr>
<td>F&amp;A</td>
<td>$1,177,874.04</td>
<td>$313,566.10</td>
<td>$1,491,440.14</td>
</tr>
<tr>
<td>Non Salary</td>
<td>$73,091.62</td>
<td>$132,742.26</td>
<td>$205,833.88</td>
</tr>
<tr>
<td>Salaries &amp; Fringe</td>
<td>$375,827.96</td>
<td>$371,080.46</td>
<td>$746,908.42</td>
</tr>
<tr>
<td>Subcontract payments</td>
<td>$168,515.60</td>
<td>$484,068.01</td>
<td>$652,583.61</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$1,798,944.90</td>
<td>$1,318,640.05</td>
<td>$3,117,584.95</td>
</tr>
</tbody>
</table>
Next Steps...

- UMN UG Steering and Work Groups working on policy/procedure changes that will go through the review process soon
- Still waiting on Federal agency implementation plans (for 12/26/14 implementation)
- Hopefully, a Prior Approvals matrix will available soon
- Another PI Quick Guide may focus on subawards
Questions???

• Additional information available at: