

## MAJOR CHANGES IN THE UNIFORM GUIDANCE

---

### Uniform Guidance Overview

The Office of Management and Budget (OMB) has combined eight existing federal circulars into a single guidance document (known [as Uniform Guidance \(UG\), or 2 CFR 200](#)) that can be used by all agencies. This is a major reform of how the federal government provides assistance awards (e.g., grants and cooperative agreements) with the goal of increasing accountability and transparency while reducing the administrative burden borne by the parties.

These new regulations will become effective for new awards or increments of funding issued after December 26, 2014.

\*The Uniform Guidance (UG) is still being interpreted and clarified by Federal agencies, the Council on Government Relations and the Federal Demonstration Partnership. Therefore please be advised that there will be updates made to this document during the implementation of these new guidelines. UCOP convened a systemwide workgroup comprised of representatives from OP, the 10 campuses and UC ANR to identify concerns, clarify issues, and develop approaches. You may see some changes in UC policies, systems, or internal controls as these guidelines are implemented.

In the case of any discrepancy, the actual guidance at 2 FRA 200 governs. If there is a question pertaining to the application of the guidance to a particular Federal award, that question should be directed to the Federal awarding agency or pass-through entity if ANR is the Subrecipient.

### How to Use this Guide

This guide is divided into 3 parts:

- 1) Snapshot of Key Changes for PIs and Research Administrators
  - This is a very brief summary of a few of the key changes affecting ANR. The purpose of this is to be a quick reference which you can print out and have handy. See the 'Details' section for more information and further guidance and procedural changes.
- 2) Detailed List of Changes / Requirements in the UG
  - This section provides a more comprehensive list of the requirements in the UG including additional topics not highlighted in the 'Snapshot' section. This section also goes into greater detail regarding procedural changes on the various topics.
- 3) Resources
  - This section provides links to the complete Uniform Guidance, a side by side comparison with previous circulars, the UCOP workgroup page, as well as other helpful resources.

## Table of Contents

---

.....	1
Uniform Guidance Overview.....	1
How to Use this Guide This guide is divided into 3 parts: .....	1
1) Snapshot of Key Changes for PIs and Research Administrators .....	1
2) Detailed List of Changes / Requirements in the UG .....	1
3) Resources .....	1
Snapshot of Key Changes for PIs and Research Administrators .....	4
Detailed List of Changes.....	6
Allowable / Un-Allowable Direct Costs.....	6
1. Charging Administrative/Clerical Salary Costs (UG §200.413 – Direct Costs).....	6
2. Supplies Costs – Computing Devices (UG §200.20 - Computing Devices) .....	7
3. Participant Support Costs (UG §200.75 and - §200.456 Participant Support Costs) .....	7
4. Programmatic Salary Costs (UG §200.430 – Compensation – Personal services) .....	8
5. Publication & Printing (UG §200.461 – Publication and Printing Costs).....	9
6. Visas (UG §200.463 – Recruiting Costs) .....	9
Conflict of Interest (COI) Requirements .....	10
Cost Sharing .....	10
Subrecipient Monitoring .....	10
Procurement.....	11
Prior Approvals .....	12
1. Unrecovered F&A as Cost Sharing .....	12
2. Fixed Price Subawards .....	12
3. Charging Administrative Salaries .....	12
4. Participant support costs on research awards .....	12

5. Program Income.....	12
6. Revision of budget and program plans .....	13
7. Equipment and Other Capital Expenditures.....	13
8. Exchange Rates.....	13
9. Fund Raising and Investment Management Costs.....	13
10. Goods or Services for Personal Use .....	13
11. Membership, Subscriptions and Professional Activity Costs .....	13
12. Pre-Award Costs.....	13
13. Selling and Marketing Costs .....	14
14. Travel Costs.....	14
Internal Controls .....	14
Financial Management and Reporting .....	15
1. Closeout: .....	15
2. Post-close adjustment:.....	15
3. Certification: .....	15
4. Program Performance.....	15
5. Program Income.....	15
6. Unused Supplies.....	16
Resources .....	17

## Snapshot of Key Changes for PIs and Research Administrators

Topic	Snapshot (See Details link for more information on each topic)
<b>Charging Administrative/Clerical Salary Costs</b> <a href="#">(See Details)</a>	Removes the "Major Project" determination, but in general, you still should not budget for administrative/clerical costs. Can be an allowable if: 1) "Integral" to the project; 2) individuals can be specifically identified with the project; 3) Costs must be explicitly included in the budget; 4) approved by the federal agency.
<b>Supplies Costs – Computing Devices</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Computing devices (under \$5,000) are an allowable cost provided that the device is essential and allocable, but not solely dedicated, to the performance of the project.</li> </ul>
<b>Participant Support Costs</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Allowable as a direct cost with prior approval: include as a separate line item on your budget and budget justification or approved by the agency after the award is made.</li> <li>• This includes stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.</li> <li>• Will now be a standard exemption category for modified total direct costs. Exclude this line item from the base when calculating indirect costs.</li> </ul>
<b>Programmatic Salary Costs</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Costs related to protocol development and maintenance, managing substances/chemicals, managing and securing project-specific data, and coordination of research subjects are allowable direct costs when they are "contributing and directly related to work under an agreement."</li> <li>• These programmatic costs may be direct charged using the same underlying requirements as other types of direct costs, and are not subject to extra approval requirements.</li> </ul>
<b>Publication &amp; Printing</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Costs related to publication or sharing of research results can be charged to a Federal award after the period of performance but before the end of the 90-day closeout period.</li> <li>• This can create issues for final invoicing. If you plan on having publication charges after the end date you need to notify BOC and Extramural Accounting right away.</li> </ul>
<b>Visas – Recruiting Costs</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Short-term, non-immigration visa costs for a specific period and purposes are generally allowable expenses as a direct cost provided these costs are critical, necessary and clearly identified as directly connected to the work performed on the federal award.</li> <li>• J1 and H1B visas are for a specific period and purpose and therefore may be allowable</li> <li>• As Visas are a Recruiting Cost, only the initial visa cost is allowable.</li> </ul>
<b>Conflict of Interest</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Requires all federal agencies to adopt COI policies. As the Federal agencies implement their COI policies, changes to the ANR Conflict of Interest forms will follow.</li> </ul>
<b>Cost Sharing</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Clarifies that voluntary committed cost share isn't expected and cannot be used as a factor during the merit review of applications or proposals.</li> <li>• Mandatory cost share requirements must be stated in the funding announcement.</li> </ul>
<b>Subawards and Subrecipient Monitoring</b> <a href="#">(See Details)</a>	<ul style="list-style-type: none"> <li>• Indirect Costs: Pass through entities must: Honor the subrecipient's federally negotiated indirect cost rate; Negotiate an indirect cost rate; Or use a de minimus indirect cost rate of 10% modified total direct costs.</li> <li>• Subrecipient Risk assessments are required. During the project period the PI is responsible for:             <ul style="list-style-type: none"> <li>• Documented review of financial and programmatic reports</li> <li>• Greater emphasis on detecting and addressing deficiencies (i.e. slow or no performance, financial management issues, slow or no spending, etc.)</li> </ul> </li> </ul>

<p><b>Procurement</b>  <a href="#">(See Details)</a></p>	<ul style="list-style-type: none"> <li>• Standard thresholds will trigger additional purchase documentation and requirements.           <ul style="list-style-type: none"> <li>• &lt;\$2,999.99 (inclusive of tax and shipping) – exempt from competitive bid</li> <li>• \$3,000 - \$149,999.99 (inclusive of tax and shipping) – Price Reasonableness and the history of the purchase must be documented. (Note: California State law, Public Contract Code 10507.7, requires a bid threshold of \$100,000. Buyers should check with their campus Procurement Department to determine which law prevails).</li> <li>• &gt;\$150,000 (inclusive of tax and shipping) – Competitive bidding required</li> </ul> </li> <li>• Get Procurement involved early on in the transaction to help navigate the new processes.</li> </ul>
<p><b>Prior Approvals</b>  <a href="#">(See Details)</a></p>	<ul style="list-style-type: none"> <li>• New emphasis on agency prior approvals which may slow down research activities</li> <li>• New or Revised circumstances requiring prior approval:           <ul style="list-style-type: none"> <li>• Unrecovered F&amp;A as cost sharing; Fixed price subawards; Charging administrative salaries; Participant support costs on research awards; Unusual cost items; Program Income; Revision of budget and program plans; Equipment and Other Capital Expenditures; Exchange Rates; Fund Raising and Investment Management Costs; Goods or Services for Personal Use; Membership, Subscriptions and Professional Activity Costs; Pre-Award Costs; Selling and Marketing Costs; Travel Costs</li> </ul> </li> </ul>
<p><b>Internal Control</b>  <a href="#">(See Details)</a></p>	<ul style="list-style-type: none"> <li>• Emphasis placed on the importance of Internal Controls by defining them and identifying best practices.</li> <li>• Requires entities to safeguard protected personally identifiable information (PII) and other sensitive information as the loss of PII can result in substantial harm to individuals, including identity theft or other fraudulent use of the information.</li> <li>• PIs should familiarize themselves with campus internal control best practices and take necessary steps to comply.</li> <li>• The consequences of noncompliance, as stated in section 200.338, may include withholding funds, cost disallowances, suspension or termination of the award, and could affect future funding.</li> </ul>
<p><b>Financial Management and Reporting</b>  <a href="#">(See Details)</a></p>	<ul style="list-style-type: none"> <li>• Changes will be forthcoming in the campus guidelines and system configuration to properly account, record and report program income activities.</li> <li>• PI will be responsible for identifying sources of actual and potential program income at the proposal stage, developing the budget for using program income, generating program income, monitoring the receipt and recording of program income, and ensuring that the expenditure of program income is compliant with award restrictions.</li> <li>• Potential adverse impact of buying items in bulk or purchasing supplies toward the end of an award.</li> <li>• Increased importance of timely progress reporting including the reporting of both significant positive and negative impacts on projects.</li> <li>• Final financial reports (and other technical reports) must be submitted on time, which will require the PI to closely monitor expenditures especially towards the end of the award performance period. PI must work closely with departmental administrators to review the award activities and make the necessary changes timely.</li> </ul>
<p><b>Closeouts</b>  <a href="#">(See Details)</a></p>	<ul style="list-style-type: none"> <li>• All final reports due no later than 90 calendar days after the award end date.</li> <li>• New pressure on agencies to ensure closeout compliance.</li> <li>• Enforcement techniques may include withholding future awards or inability to draw down funds beyond 90 calendar days after the award end date.</li> </ul>

## Detailed List of Changes

### Allowable / Un-Allowable Direct Costs

Uniform Guidance (UG) defines direct costs as those costs that can be identified specifically with a particular final cost objective or sponsored agreement. For costs to be directly charged to federal awards they must be allowable, reasonable and allocable to the award.

#### 1. Charging Administrative/Clerical Salary Costs (UG §200.413 – Direct Costs)

##### Summary of Changes

- In general, administrative and clerical salaries should NOT be direct charged, however, the 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.
- Administrative/clerical salaries are different from programmatic salaries which may include costs related to protocol development and maintenance, managing substances/chemicals, managing and securing specific project data, and coordination of research subjects are allowable direct costs when they are contributing and directly related to work under the agreement. These programmatic salaries are not subject to the extra approval requirements of administrative and clerical salaries.

##### Pending Action Items

- \*UC Definition of “integral” may follow for consistency purposes in charging expenses to federal projects.
- NIH will provide further guidance for modular budgets.

##### Frequently Asked Questions Related to Charging Administrative Costs

- What should I include in the budget justification if I plan on charging administrative/clerical salaries to my Federal project?
  - You must be able to clearly show what makes the administrator’s role “Integral” to the performance of the project. In the budget justification you should include:
    - a description of the administrator’s role and the benefit to the project
    - the level of effort expressed as a percentage of FTE
    - any other information that will aid the sponsor in evaluating and funding the proposed salary.
- Does “Integral” criteria apply to non-federal sponsors?
  - Some non-federal sponsors may adopt the Uniform Guidance or “Integral” requirement. Check the terms and conditions in the RFA/RFP when creating your proposal budget as well as the award document to determine allowable costs.
- What would be considered Integral? Do you have examples?
  - In general, administrative costs would most likely be associated with projects that significant administrative complexity such as center grants or projects that involve multiple faculty across many disciplines and/or multiple institutions.
  - Example: Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars. Projects that require monitoring and management of a large number of subawards.

## 2. Supplies Costs – Computing Devices (UG §200.20 - Computing Devices)

### Summary of Changes

- Computing devices (under \$5,000) are an allowable cost provided that the device is essential and allocable, but not solely dedicated, to the performance of the project.
- Prior Approval is no longer required, however still have to follow same practices for determining and documenting allocability.
- The machines are essential and allocable to the project in that 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.
- 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.
- The cost of computing devices that meet the above requirements may be charged 100% to an award or may be allocated to several awards.

### Pending Action Items

- UC definition of “essential” may follow for consistency purposes in charging expenses to federal projects.

### Frequently Asked Questions Related to Charging Computing Devices

- I’m submitting a proposal prior to the UG Effective Date of 12/26/2014. Can I include a computing device such as an I-Pad on my proposal budget now?
  - The UG Effective Date is for Awards or increments of funding issued after 12/26/2014. So if you are currently working on a proposal, follow the new guidelines as your award will most likely be issued after the 12/26/14 effective date. To charge the computing device the costs must be under \$5,000, it must meet be essential and allocable to the project, and the project must not have reasonable access to other devices that can achieve the same purposes.
- I have a Federal Award issued after 12/26/2014. I did not originally budget for a computing device, but due to circumstances in order to complete the project I need to purchase one. Can I do so?
  - Prior Approval is no longer required in order to purchase computing devices and the computing device is no longer required to be solely dedicated to the performance of the project. For audit purposes, when purchasing the device you will need to be able to document how the computing device is essential and allocable to the project.

## 3. Participant Support Costs (UG §200.75 and - §200.456 Participant Support Costs)

### Summary of Changes

- Participant support costs are allowable with prior approval of the Federal awarding agency. These costs should be explicitly listed in the proposal budget or approved by the funding agency after the award has been made.
- Participant support costs means direct 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) in connection with conferences, or training projects.
- Participant support costs are not routinely allowed on research projects but can be charged if the project includes an education or outreach component and the agency approves such costs.
- Standard exemption category for modified total direct costs. Exclude this line item from the base when calculating indirect costs using our federally negotiated rate.

#### Pending Action Items

- New account codes may be set up to properly identify the costs in Federally sponsored awards.

#### Frequently Asked Questions Related to Charging Participant Support Costs

- We are holding a large training conference in which trainees will be both University employees as well as other participants. Can I include all the trainee stipends and travel costs under Participant Support?
  - No, Participant Support costs does not include costs for University employees. Those costs must be budgeted under different line items. For example, the travel costs for the employee attending the training would be budgeted under travel and subject to indirect costs.
- I didn't budget for enough Participant Support Costs. Can I shift funds from another line item into Participant Support?
  - Participant Support costs require prior approval. Budget revisions involving this line item should be submitted to the sponsor for their approval.
- How do I exclude participant support costs from the base when calculating indirect costs?
  - If you are using our standard federally negotiated rate, then you would take your Direct Cost Total and subtract the line items for: participant support costs, equipment, each subaward (not vendors) in excess of \$25,000, tuition remission, and off-campus rental costs. This will give you the Modified Total Direct Cost (MTDC) Base. From there, take the MTDC Base and multiple that by the applicable indirect cost rate.
  - Some sponsors/programs may use a different base to calculate indirect costs, such as a Total Direct Cost or a Total Cost Base. If that is the case then this line item would not be subtracted from the base when calculating the indirect costs. Also, some guidelines may say to use the lessor of either our Federally Negotiated Rate or the cap in the guidelines. So you may need to calculate out the indirect costs both ways to see which would be the lessor amount.
  - Remember the Office of Contracts and Grants is here to help if you have questions calculating the indirect costs.

#### 4. Programmatic Salary Costs (UG §200.430 – Compensation – Personal services)

##### Summary of Changes

- Complex language and specific examples in OMB Circular A-21 has been removed.
- Emphasis is placed on internal controls for meeting the Standards for Documentation of Personnel Expenses outlined in the UG.

- Costs related to protocol development and maintenance, managing substances/chemicals, managing and securing project-specific data, and coordination of research subjects are allowable direct costs when they are “contributing and directly related to work under an agreement.”
- These programmatic costs may be direct charged using the same underlying requirements as other types of direct costs, and are not subject to the extra approval requirements required of administrative and clerical costs.

## 5. Publication & Printing (UG §200.461 – Publication and Printing Costs)

### Summary of Changes

- Costs related to publication or sharing of research results can be charged to a Federal award after the period of performance but before the end of the 90-day closeout period.
- Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the non-Federal entity.
- Page charges for professional journal publications are allowable where:
  - The publications report work supported by the Federal government; and
  - The charges are levied impartially on all items published by the journal, whether or not under a Federal award.
  - The non-Federal entity may charge the Federal award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

### Pending Action Items

- System changes may need to be implemented to allow costs to post to an award after the performance period.
- Late charges can create issues for meeting final invoicing deadlines (90 days on federal awards or shorter if ANR is a subcontractor). Procedures may need to be put in place in order to help avoid late invoicing.

### Frequently Asked Questions Related to Charging Publication & Printing Costs

- I have publication charges that were incurred after the end date of the period of performance. How do I charge those costs to my Federal project?
  - The publication charges must be allowable and incurred prior to the 90 day closeout period. However, you will need to work with BOC or your Account Manager and Extramural to coordinate the final invoice. Stricter closeout requirements and invoicing deadlines are included in the UG. Therefore it is very important to notify the account and fund managers as soon as you know you expect to incur publication charges after the project end date.

## 6. Visas (UG §200.463 – Recruiting Costs)

### Summary of Changes

- Short-term, non-immigration visa costs (as opposed to long-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost. Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award. For these costs to be directly charged to a Federal award, they must:
  - Be critical and necessary for the conduct of the project;
  - Be allowable under the applicable cost principles;
  - Be consistent with the non-Federal entity's cost accounting practices and non-Federal entity policy; and
  - Meet the definition of "direct cost" as described in the applicable cost principles.
- J1 and H1B visas are for a specific period and purpose and therefore may be allowable if the specific conditions are met.
- As Visas are a Recruiting Cost, only the initial visa cost is allowable.

### **Conflict of Interest (COI) Requirements**

#### Summary of Changes

- The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

#### Pending Action Items

- As the Federal agencies implement their COI policies, changes to UC policies and COI forms will follow.

### **Cost Sharing**

#### Summary of Changes

- Clarifies that voluntary committed cost share isn't expected.
  - Mandatory cost share requirements must be stated in the funding announcement.
  - Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity. Furthermore, only mandatory cost sharing or cost sharing specifically committed in the project budget must be included in the organized research base for computing the indirect (F&A) cost rate or reflected in any allocation of indirect costs.

### **Subrecipient Monitoring**

#### Summary of Changes

- Increased administrative burden
- Requires that pass through entities make a documented determination regarding the classification of an entity as a Subrecipient or contractor (i.e. vendor)

- Indirect Costs: Pass through entities must:
  - Honor the subrecipient's federally negotiated indirect cost rate
  - Negotiate an indirect cost rate
  - Use a de minimus indirect cost rate of 10% modified total direct costs
- Subrecipient Risk assessments are required to determine appropriate monitoring
  - Examples of factors used to assess risk
    - Previous experience as a federal awardee or subawardee
    - Audit Review (Either A-133 or independent auditor report)
    - Review of financial systems and internal controls
  - Management decisions must be issued when the Subrecipient has audit findings.
- Monitoring required during the project period
  - Documented review of financial and programmatic reports
  - Greater emphasis on detecting and addressing deficiencies (i.e. slow or no performance, financial management issues, slow or no spending, etc.)
- Prior approval is required to issue fixed amount subawards up to \$150,000. See Prior Approval Section for more information.

## Procurement

\*\*Note: As allowed in the Uniform Guidance ANR is delaying the implementation of the Procurement changes to 12/26/2015.

### Summary of Changes

- Institutions must use one of the five procurement methods:
  - micro-purchases
    - Acquisition of supplies or services if the aggregate dollar amount (inclusive of tax and shipping) does not exceed \$3,000 (or \$2,000 for Davis-Bacon Act)
    - Could have implications on procurement card programs.
  - small purchases
    - Source selection on federal orders under \$150,000 (Note: State contract law is more restrictive and limits use of these procedures up to \$100,000. Buyers should check with their campus Procurement Department to determine which law prevails.)
    - Purchases using this selection should only be used when the product or services are commercial in nature; that is, readily available (sold on the commercial market with established market pricing.)
    - Quotes will need to be obtained from two or more suppliers.
  - sealed bids (formal advertising), competitive proposals and noncompetitive proposals (sole source)
    - Detailed instructions associated with these three processes.
- These methods are much more detailed and prescriptive in comparison to A-110

- Non-federal entities must perform cost or price analysis in connection with every procurement action **in excess** of Simplified Acquisition Threshold.
- While purchases **under** the Simplified Acquisition Threshold do not require costs analysis, they still require purchase documentation history and price reasonableness (200.318(i) and 320(a)).
- UC should do everything it can to be inclusive during the solicitation process to ensure that maximum open and free competition is available and widely used.
- Contact your campus Procurement Department early on in the transaction process to help navigate the new processes.

### Prior Approvals

New or Revised circumstances requiring prior approval (not an exhaustive list of prior approval requirements):

#### 1. Unrecovered F&A as Cost Sharing

- If cost sharing is permitted prior approval of the federal agency is required to use the unrecovered indirect costs to meet the cost sharing or matching.

#### 2. Fixed Price Subawards

- Prior Approval is required to issue fixed price subawards. Include in the proposal budget justification if known at time of proposal.
- Subaward cannot exceed the Simplified Acquisition Threshold (currently set to \$150,000).
- Fixed price subawards cannot be used when there is mandatory cost share.

#### 3. Charging Administrative Salaries

- Prior approval is required to charge administrative/clerical salaries. See more information/requirements above under Allowable and Un-Allowable Direct Costs.

#### 4. Participant support costs on research awards

- Prior approval is required to charge Participant Support Costs. See more information/requirements above under Allowable and Un-Allowable Direct Costs.

#### 5. Program Income

- UC would need to secure prior approval for the treatment of program income.
- PI would need to identify sources of actual and potential program income at the proposal stage and develop the budget using program income.
- PI would be responsible for monitoring the receipt and recording of program income and making sure expenditure is compliant with the award restrictions. Would need to work with BOC and Extramural Accounting to appropriately track the program income.
- Examples of program income include but are not limited to: Fees charged for participation in a workshop or conference paid for by grant funds; the sale of items fabricated or produced under a sponsored program; fees from services provided under a sponsored program; and membership fees charged for grant related activities.
- There are no requirements to report program income earned after the end of the period of performance for the award. The terms and conditions of an award will generally provide instructions on what to do with program income generated after the expiration of an award.

## 6. Revision of budget and program plans

- PD/PI Disengagement from the project for more than 3 months or a 25% reduction in effort devoted to the project.
  - "Absence" is replaced with "disengagement" in the UG. This means the PI can be away from campus, but still remain engaged in the project. This could result in increase monitoring of the PI's contact with a project when away from campus for extended periods.

## 7. Equipment and Other Capital Expenditures

- Excess and surplus property – University is encouraged to use Federal excess & surplus property instead of purchasing new equipment.
- There is no change from the current policy. General purpose equipment must be pre-approved. If the possibility exists that equipment will need to be shipped back to the Government or another agency, funds need to be reserved in the award for such costs, prior to closeout, or be allowable additional costs.

## 8. Exchange Rates

- Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding, and prior approval by the Federal awarding agency. The Federal awarding agency must however ensure that adequate funds are available to cover currency fluctuations in order to avoid a violation of the Anti-Deficiency Act.
- The non-Federal entity is required to make reviews of local currency gains to determine the need for additional federal funding before the expiration date of the Federal award. Subsequent adjustments for currency increases may be allowable only when the non-Federal entity provides the Federal awarding agency with adequate source documentation from a commonly used source in effect at the time the expense was made, and to the extent that sufficient Federal funds are available.

## 9. Fund Raising and Investment Management Costs

- Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency.

## 10. Goods or Services for Personal Use

- Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.

## 11. Membership, Subscriptions and Professional Activity Costs

- Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.

## 12. Pre-Award Costs

- Pre-award costs are those incurred prior to the effective date of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

### 13. Selling and Marketing Costs

- Costs of selling and marketing any products or services of the non-Federal entity are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.

### 14. Travel Costs

- §200.474 Section (c)(1) Temporary dependent care costs is new. At this juncture, UC has no policy that addresses this issue and therefore campuses are not able to include these charges in awards. Guidance to that effect will need to be issued.
- The overall travel section is still being compared with current UC and Campus travel policies/procedures.

## Internal Controls

### Summary of Changes

- In the Uniform Guidance, OMB clearly emphasizes the importance of Internal Controls, by defining them, clearly identifying source documentation for best practices, and including internal controls in the post award management standard requirements.
- Effective internal controls help mitigate risks of waste, fraud and abuse.
- PIs should familiarize themselves with campus internal control best practices and take necessary steps to comply.
- The consequences of noncompliance, as stated in section 200.338, may include withholding funds, cost disallowances, suspension or termination of the award, and could affect future funding.
- Personally Identifiable Information (PII)
  - PII is defined as information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public Web sites, and university listings. This type of information is considered to be Public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual. Protected PII is defined as an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, biometrics, date and place of birth, medical and financial records, and/or educational transcripts.
  - The loss of PII can result in substantial harm to individuals, including identity theft or other fraudulent use of the information and we have a special responsibility to protect that information from loss and misuse. The Uniform Guidance explicitly requires non-Federal entities to take reasonable measures to safeguard PII.
  - Entities are responsible for protecting personally identifiable information as well as any information designated as sensitive. As such, UC must take reasonable measures to safeguard Protected PII and other information deemed sensitive. In addition, UC must ensure and certify audit reporting packages do not contain Protected PII.

## Financial Management and Reporting

### Summary of Changes

- The Uniform Guidance requirements include an increase in breadth of necessary monitoring, more prescriptive progress reports that utilize OMB-approved reporting templates and specifically identifying that both negative impacts and delays as well as significant project successes that speed up timelines or decrease overall costs of the projects must be immediately reported to the federal sponsoring agency.
- Recipients must provide cost information to demonstrate cost-effective practice. Performance must be measured in a way that will help the federal awarding agency and entities to improve program outcomes, share lessons learned, and spread the adoption of promising practice.

#### 1. Closeout:

- The 90 day closeout requirement is not a new requirement; however, it requires the Federal awarding agency or pass-through entity to complete closeout within one year of receipt of final reports. This new language introduces a definite standard on federal awarding agencies to closeout awards timely.

#### 2. Post-close adjustment:

- Federal agency or pass-through entity must make cost disallowance determination and notify the non-Federal entity within the record retention period. This section does not relieve the non-Federal entity of the obligation to return any funds due as a result of refunds, corrections or indirect rate adjustments, nor does it relieve the recipient's post-closing responsibilities.

#### 3. Certification:

- Fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which contains language that the official may be subject to criminal, civil or administrative prosecution for fraud, false statements, false claims or otherwise.

#### 4. Program Performance

- The UG emphasizes the institutional requirement to ensure progress is being made on federal programs in accordance with all federal requirements and adds that the institution monitor the achievement of performance expectations. Because performance is normally captured in progress reports, the emphasis in the new monitoring language appears to expect institutions to have a mechanism in place to ensure the timely preparation and submission of progress reports in accordance with sponsor requirements.
- The new rules are more prescriptive to Federal agencies about the format and content of the progress reports. Therefore, PIs should expect to see new templates issued by the Federal agencies to meet these new requirements.
- The frequency (at least annually and no more frequently than quarterly) and timing of federal reports remains unchanged with 90 days after project end date for delivery of final progress reports and 30 days after an identified term for interim reports.

#### 5. Program Income

- PI should expect changes in the campus guidelines and system configuration to properly account, record and report program income activities. PI will be responsible for the following:
  - Identifying sources of actual and potential program income at the proposal stage and check the "Program Income is anticipated" box on the Proposal Review Form.

- Developing the budget for using program income.
  - Generating program income.
  - Monitoring the receipt and recording of program income.
  - Ensuring that the expenditure of program income is compliant with award restrictions.
- Examples of program income include but are not limited to: Fees charged for participation in a workshop or conference paid for by grant funds; the sale of items fabricated or produced under a sponsored program; fees from services provided under a sponsored program; and membership fees charged for grant related activities.

#### **6. Unused Supplies**

- The PI should be aware of the potential adverse impact of buying items in bulk or purchasing supplies toward the end of an award.
- It should be rare that a PI purchases supplies which will not be completely consumed by the project under which they were purchased. Direct costing rules generally dictate that all supplies purchased to support a specific project are used entirely in support of that project.

## Resources

[Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

[Uniform Guidance Crosswalk from Existing Guidance to Final Guidance](#): Highlights policy changes, clarifications and updates to policy provisions.

[UCOP working group includes representatives from all 10 campuses and ANR](#)

[Council on Financial Assistance Reform FAQs August 29, 2014](#)

[COGR Guide to the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Version 2: September 17, 2014](#)

[Understanding Internal Controls – UCOP A Reference Guide for Managing University Business Practices](#)