Uniform Guidance for Federal Awards:

Preaward, Budgets, Allowable Costs, Cost Share, F&A

Wed., Oct. 21, 2015, 2 pm to 3:30 pm
Curry Student Center, Room Nos. 442-444-448

Presenters: Larry Barnett, John Counts, Barb Gardner, Carrie Main, Doris Schultz
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<tr>
<th>Date</th>
<th>Topic</th>
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<tr>
<td>September 16, 2015;</td>
<td>Direct costs: Travel, Equipment and Supplies (including Computers);</td>
<td>Curry Student Center Room # 318-320-322</td>
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<tr>
<td>12noon to 1:30 pm</td>
<td>Internal Controls</td>
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<td>October 21 2015;</td>
<td>Budgets, Allowable Costs, Cost Share, F&amp;A</td>
<td>Curry Student Center Room # 442-444-448</td>
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<td>November 18, 2015;</td>
<td>Salary and Effort reporting; Participant Support; Closeout</td>
<td>Curry Student Center Room # 440</td>
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<td>12 noon to 1:30 pm</td>
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<td>December 2, 2015;</td>
<td>Contracting and Procurement</td>
<td>Curry Student Center Room # 348</td>
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1. Overview
2. Compliance
3. Budgets
4. Allowable costs
5. Cost share
6. F&A and F&A waiver requirements
7. Case Studies
8. Questions
The Federal government expects fund recipients to demonstrate a high commitment to create an environment that promotes responsible conduct by embracing standards of excellence, trustworthiness and lawfulness.
Compliance is everyone’s responsibility

Financial Stewardship
- Cost sharing
- Effort Reporting
- Accepted Accounting Practices
- Financial Reporting

Business Stewardship
- Purchasing
- Property management
- Subcontracting
- Subrecipient
- Monitoring
- Socio-economic

Research Compliance

Research Integrity
- Conflict of Interest
- Intellectual Property
- Export Controls
- Animal Welfare
- Biosafety
- Misconduct
- Data Management
- Human Participants
- Technical Reporting
- Radiation Safety
- Chemical Safety
Non-compliance can lead to:

- Disallowed costs
- Reduction in funding
- Award termination
- Additional compliance requirements / oversight
- Sanctions
- Suspension
- Debarment
- Criminal Penalties
October 2015

A former University of Pennsylvania researcher was sentenced to 12 months and one day in prison for theft from a program receiving federal funds.

Steven W. Johnson, 50, of Elkins Park, Pa., pleaded guilty in April to one count of misusing federal funds for cancer research to conduct a for-profit business. In addition to the prison term, U.S. District Court Judge Paul S. Diamond also ordered Johnson to pay restitution of $69,379.
Preaward requirements (200.200 - 211)

§200.200 Purpose
§200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts
§200.202 Requirement to provide public notice of Federal financial assistance programs
§200.203 Notices of funding opportunities
§200.204 Federal awarding agency review of merit of proposals
§200.205 Federal awarding agency review of risk posed by applicants
§200.206 Standard application requirements
§200.207 Specific conditions
§200.208 Certifications and representations
§200.209 Pre-award costs
§200.210 Information contained in a Federal award
§200.211 Public access to Federal award information
§200.212 Reporting a determination that a non-Federal entity is not qualified for a Federal award.
§200.213 Suspension and debarment
Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation 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.
Budgets

Whether you are putting together a proposal for federal funding or preparing an application for submission to a foundation, the proposal guidelines will almost always have specific directions and restrictions for preparing a budget.

Budgets must include:
- Travel details
- Participant support
- Equipment defined
- Supplies – must be specific with respect to computers, printing

Terminology:

**Prior Approval:** NU must ask sponsor for permission to take an action; NU cannot take the action until sponsor explicitly approves.

**Expanded Authority:** Sponsor delegates approval authority to NU; NU can take action with proper justification/documentation.
Budget Review and Reconciliation

- Process to review budget
  - Day 1 review to ensure that the proposed budget does not have material changes or errors
  - Budget vs actual to ensure that the expenses align with the contractual requirements to adhere to the budget

- Process to reconcile each month and at closeout
## Administrative and clerical salaries (200.413)

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<tr>
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<tr>
<td>Administrative and clerical salaries could not be charged to a sponsored project funded by the federal government unless the activity was deemed a “Major Project.”</td>
<td>The salaries for administrative and clerical staff may now be charged to the federal government if the following conditions are met: 1. The administrative or clerical services are integral to the project or activity; 2. The individuals involved must be specifically identified with the project or activity; 3. The salary costs for these personnel must be explicitly included in the budget or have the prior written approval of the federal awarding agency; and 4. The costs must not also be recovered as indirect costs.</td>
<td>The principal investigator (PI) must: provide a budget justification in the proposal that explains why administrative/clerical services are essential, i.e., indispensable, for the success of the project and above and beyond what is typically provided within the PI’s department/unit. The staff member’s effort should reflect this involvement, e.g., 10% for one budget year. The sponsor will then determine if this explanation is persuasive. Administrative/clerical staff members who have effort charged to a federally funded project must report/certify this effort in the campus Effort Reporting System.</td>
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### General Purpose Computing Devices (200.453)

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<td>The cost of general-purpose computing devices costing &lt; $5,000 could not</td>
<td>1. Computing devices not solely dedicated to the award costing &lt; $5,000 may now be</td>
<td>The PI should provide a budget justification in the proposal that explains why the device/s is necessary—not just needed for convenience or personal preference—for the success of the project. Acceptable reasons include:</td>
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<td>be charged to the federal sponsor.</td>
<td>included as a direct project cost as long as the following conditions are met:</td>
<td>1. To acquire, store, analyze, process, and publish data and other information electronically</td>
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<tr>
<td></td>
<td>1. The machines must be essential and allocable to the project in that they are</td>
<td>2. To acquire accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.</td>
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<tr>
<td></td>
<td>necessary to acquire, store, analyze, process, and publish data and other information</td>
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<tr>
<td></td>
<td>electronically, including accessories (or “peripherals”) for printing, transmitting</td>
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<tr>
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<td>and receiving, or storing electronic information.</td>
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<tr>
<td></td>
<td>2. Computer devices may not be purchased for reasons of convenience or preference.</td>
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# Participant Support Costs (200.456)

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| Participant Support Costs were allowable costs for some projects (such as NSF) only and were excluded from F&A calculations. | Other federal sponsors may allow charges for participant support if the PI obtains prior sponsor approval and the project scope or work supports these costs. Under the Uniform Guidance, participant support costs include 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. | When appropriate, PIs should include participant support costs as a specific line item on the project budget. Such costs are limited to: 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 costs should not be included as part of a research project budget unless the project includes an educational or outreach component. Human subject payments are not considered participant support costs. Participant support costs should be
Visa (200.463(d))

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<tr>
<td><strong>Long-term visa costs were allowable.</strong></td>
<td><strong>Short-term visa costs may be allowable.</strong></td>
<td>Provide a budget justification that indicates that visa costs are</td>
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<td>The Uniform Guidance allows visas to be charged to a federal award as part of the cost of</td>
<td>critical/necessary for the conduct of the project</td>
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<tr>
<td>This included visas (for example “J” and “H-1B” visas) that enabled individuals to obtain employment at the University.</td>
<td>recruiting individuals who will receive salary from the federal award. Short-term, non-</td>
<td>Allowable</td>
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<td></td>
<td>immigration visa costs also are allowed for a specific period and purpose as direct costs on</td>
<td>Consistent with Northeastern’s policies</td>
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<td>federal awards if these costs are critical and necessary.</td>
<td>Meet the definition of “direct cost”</td>
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**Fixed Price Subcontracts (200.332)**

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<tbody>
<tr>
<td>Fixed subawards from Northeastern to other entities could be issued without prior approval or financial limitation.</td>
<td>Fixed price subawards are now subject to additional limitations/approval.</td>
<td>The PI must include a justification for issuing a fixed cost subagreement of any amount at the proposal stage.</td>
</tr>
<tr>
<td>The determining factor governing a fixed price transaction was the PI’s ability to realistically estimate of the costs and risks of performance.</td>
<td>Fixed price agreements are limited to a maximum of $150,000 (the simple acquisition threshold.) Prior sponsor approval also must be obtained.</td>
<td>The cost of such subagreements may not exceed $150,000 inclusive of F&amp;A costs.</td>
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<td>A fixed price agreement cannot be issued if cost sharing is mandatory under the award issued to Northeastern.</td>
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**OMB FAQ 332-1.** It is acceptable to have more than one fixed amount subaward with the same subrecipient if necessary to complete work contemplated under a Federal award.
NIH Interim UG Conditions: Expanded Authority

• Carry-forward of unobligated balances (if allowed in the NOA)
• 90-day pre-award spending
• No-cost extension: First, for up to 12 months, and notification before end date
• Provide fixed-price subawards
  o If the project scope is specific
  o If adequate pricing data is available
• Direct charging of administrative and clerical salaries
  o If services are integral to the project
  o If individuals can be specifically identified with the project
  o If such costs are explicitly included in the budget
  o If the costs are not also recovered as indirect costs
NIH Interim UG Conditions: Prior Approval

• Change in Scope
• No-cost extension: Second, for longer than 12 months or notification after end date
• Change in status of PI or key personnel name in the NOA;
• New foreign component

NIH Interim UG Conditions: Computers

Charging as a direct cost is allowable (materials & supply):
• If essential and allocable
• Does not need to be dedicated solely to the project
NIH Interim UG Conditions: F&A Rates – Other than federally-negotiated rates

<table>
<thead>
<tr>
<th>Types of recipients</th>
<th>Percentage</th>
<th>Type</th>
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<tbody>
<tr>
<td>10% MTDC</td>
<td></td>
<td>Does not have a negotiated rate</td>
</tr>
<tr>
<td>8% MTDC</td>
<td></td>
<td>Foreign Organizations</td>
</tr>
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</table>

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<thead>
<tr>
<th>Types of projects</th>
<th>Percentage</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>8% MTDC</td>
<td></td>
<td>Institutional Training</td>
</tr>
<tr>
<td>0%</td>
<td></td>
<td>Individual Fellowships</td>
</tr>
<tr>
<td>0%</td>
<td></td>
<td>Conferences</td>
</tr>
<tr>
<td>0%</td>
<td></td>
<td>Construction</td>
</tr>
<tr>
<td>0%</td>
<td></td>
<td>Genomic Arrays</td>
</tr>
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NIH Interim UG Conditions: Closeout

Due within 120 calendar days of the project end date:

- Final Federal Financial report
- Final Progress Report
- Final Invention Statement
Preaward Case Study

Which of the following are considered Participant Support costs?

A. An Ipad for every conference participant
B. An Ipad for every student to use during the training program

1. $10k in gift cards for survey participants
2. $1,500 honoraria for conference speaker

I. $5k for meals for conference participants
II. $500 for participants to travel to attend our PI’s conference
Direct Costs

Can be directly assigned to any one activity

- PI
- Research Associates and Admins
- Lab Technicians
- Fringe Benefits
- Subcontract cost (first $25K)
- Other special: VISA
- Project related materials & supplies
- Equipment
F&A Costs

NU Services: Accounting, Human Resources, Budgeting, Procurement, Facilities, etc.
*non federal building, equipment & Depreciation
Allowability of Costs (200.403 – 405)

(a) Necessary and Reasonable
   • Necessary for the performance
   • Reasonable: does not exceed that which would be incurred by a prudent person under the circumstances:
   • Allocable to the award

(b) Conforms to limitations or exclusions
(c) Consistent with policies and procedures (see policy website)
(d) Treated consistently
   • A cost cannot be assigned as a direct cost for the same purpose that it has been allocated as an indirect cost
(e) Determined in accordance with (GAAP)
(f) Not used to meet cost sharing requirements
(g) Adequately documented

Costs must conform to any limitations or exclusions set forth in Uniform Guidance, the award’s Terms and Conditions and University Policy
Generally Unallowable Costs (200.421 – 475)

- Advisory councils
- Alcohol
- Alumni/ae activities
- Bad debts
- Building Utilities and Maintenance
- Commencement and convocation costs
- Contributions and donations
- Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements
- **Entertainment costs**
- Fines, **penalties**, damages and other settlements
- Food
- Fund raising and investment management costs
- Interest payments (ATM fees)
- Library (books)
- Proposal costs (requires prior approval)
- Selling and marking costs
- Student activity costs

*Items included in F&A as an indirect cost are generally unallowable; if they are unallowable on the award, they are unallowable for cost share*
Sometimes Allowable Costs

- Administration and Clerical salaries are allowable if work is necessary for the project and sponsor specifically approves the cost
- Advertising
- Disposal of equipment/scrap/surplus materials
- Equipment (requires prior approval)
- Exchange rates (requires prior approval)
- IP costs (if required by the federal award)
- Program outreach
- Public relations (if specifically required by the award)
- Recruitment
- Rental cost
- Student aid, scholarship
- Termination costs for a subcontract
- Tuition remission

If a cost cannot meet the factors affecting allowability, it is unallowable, not matter what it is for!
Generally Allowable Costs

- Conferences
- Maintenance and repair costs
- Material & Supply cost
- Participant support cost
- Preaward cost (p to 90 days with approval)
- Professional services (consultants)
- Publication and printing
- Recruiting costs
- Specialized service facilities (computing, reactors, wind tunnels, etc.)
- Training and education
- Transportation cost
- Compensation
- Equipment Threshold is now $5,000. Items <$5,000 should be categorized as supplies.
- Computing devices, if needed for the project, now no longer needs to be used exclusively for the project.
- 10% OH allowed for entities without an established rate/foreign entities (NIH – 8%).
- Human subject participation costs: Allowable, needs a justification. (Subject to institutional IRB rules)
Unacceptable practices

- Purchasing items to exhaust unobligated balances at the end of an award
- Assigning charges on the basis of the remaining balance to resolve availability of funding issues or to avoid loss of carry-forward balances
- Assign charges to an award before the cost is incurred
- Charge an expense exclusively to a single award when the expense clearly has supported other activities
- Rotate charges among sponsored projects without establishing the proportional direct benefit to each project
- Assign charges to a sponsored project on the basis of ability to pay (i.e. largest budget)
- Charge the budgeted amount rather than the amount based on actual usage
- Describe a cost as something other than what it is (e.g. describing office supplies as lab supplies)
- Transfer an overdraft from one project to another
- Sell equipment funded by the government and transfer the proceeds to a Banner index
- “Park” expenses on an existing grant until a new grant is set up
Publication costs (200.461)

Northeastern may charge the Federal award for the costs of publication or sharing of research results if the costs are incurred after the period of performance of the Federal award but before closeout.
Entertainment costs (200.438)

Uniform guidance clarifies that entertainment costs are only allowable if:

- There is a programmatic purpose
- Must be authorized either in the approved budget or by prior written approval
Selling & Marketing costs (200.467)

This is allowable as a direct charge on an award when necessary for the performance of the Federal award.

- It must have a programmatic purpose
- Must be authorized either in the approved budget or by prior written approval
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

Only costs that are allowable under the Federal award may be considered cost share expenses.
Equipment maintenance Fees

Equipment service & maintenance fees are generally part of the indirect cost pool and should not be charged directly to a Federal award.

Exceptions:
If equipment is purchased by and fully dedicated to specific award and costs are budgeted & approved.
If equipment is shared by more than one user, but proportional benefit can be clearly established and documented by the department for each user, and all users are charged using the same methodology.
In the Past | Under the New Guidance | What Does This Mean?
--- | --- | ---
Federal agencies might not accept the University’s federally negotiated F&A rate/s. | The University’s federally negotiated rate must be accepted by all federal sponsors. | 1. This means that a sponsor’s representative cannot require the PI to use a rate different from Northeastern’s negotiated rate unless: A different rate is required by federal statute/regulation or 2. The rate has been approved by the federal sponsor’s head/delegate and the justification for this rate is made public.
## F&A Rate - Subawards

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<td>Subrecipients without a federally approved F&amp;A agreement had to negotiate a federal F&amp;A rate agreement before being reimbursed/paid for any F&amp;A costs.</td>
<td>Subrecipients without a federally approved F&amp;A agreement may charge a De Minimis F&amp;A rate of 10% MTDC.</td>
<td>PIs should advise subrecipients that have never had a federally negotiated rate that: 1. The University will not negotiate an F&amp;A rate with the subrecipient on behalf of the federal government. 2. If the subrecipient charges above the De Minimis rate at the proposal stage and fails to obtain a federally negotiated rate at the time of the establishment of the subaward, the De Minimis rate will be applied up until the issuance of the first subaward amendment that occurs after the subrecipient has obtained a federally negotiated rate. 3. If the subrecipient charges the De Minimis F&amp;A rate at the proposal stage, the subrecipient’s F&amp;A recovery will be limited to the De Minimis rate throughout the life of the Northeastern project.</td>
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</table>

Without an approved federally negotiated F&A rate, subrecipients were limited to a 0% F&A recovery rate.

For subrecipients that have never had a federally negotiated F&A rate. The De Minimis rate can be used indefinitely until a federally negotiated rate has been obtained.
Case Studies
You are a departmental administrator. Your PI, Dr. Funded, is halfway through the current budget period of an NSF grant. It is underspent by approximately $30,000.

Due to recent scientific developments, Dr. Funded would like Dr. Smart to work on Specific Aim #1. Dr. Smart works at the University of Exotic Foreign Location, which has an F&A rate of 50%.

Dr. Funded would also like you to work on the grant, specifically to coordinate with Dr. Smart. You estimate that would take 2% of your time. Due to the time zone difference, you might need to work from home some evenings.

Can you subcontract with University of Exotic Foreign Location?
• What F&A rate would you use?
• Is this a change in scope?
• Can you direct-charge your time?
• Can you direct-charge a laptop?
Can you subcontract with University of Exotic Foreign Location?

• What F&A rate would you use? – 8% or 10%
  • Prior approval required to add a foreign subcontract
• Is this a change in scope?
• Can you direct-charge your time?
  • Is 2% beyond the support you normally provided to a sponsored project
  • Do you need additional information to make a decision
• Can you direct-charge a laptop?
  • Can you do your work without the laptop
Dr. Smart submitted a proposal to the NIH that committed 20% effort to the project, including 20% salary budgeted. Dr. Smart received an award from NIH and the overall budget was reduced by 40%. Now that the budget is reduced, Dr. Smart has decided that he will change the way he supports his effort commitment. He will directly charge only 10% of his salary to the grant. Dr. Smart’s current salary exceeds the NIH cap.

What are some considerations in this case?

Does Dr. Smart have funds available to redistribute 50% of his effort commitment to the project?

Budget reduced by 40% -- Determine if the reduced award reflect a corresponding reduction in the scope of work. In some cases it may be prudent to prepare and submit a revised budget and scope document.

If the scope of work is reduced, Dr. Smart should consider reducing his overall effort commitment. Note: changing effort may require sponsor notification/approval

The difference between Dr. Smart’s full salary and the NIH salary cap is also accounted for as cost sharing. An institution may pay an individual’s salary amount in excess of the salary cap with non-federal funds.
Doctor Testudo, a premier African linguist at the University of Maryland has received a contract from the DoD to do field study. Dr. Testudo is to travel to Kenya and 3 other African countries to document various dialects. While in Africa, Dr. Testudo will hire research assistants to help with the needed recordings. Dr. Testudo will buy recording devices, a laptop and special speech recognition software to be loaded onto the laptop and taken to Africa to aid in the research.

As a department administrator, what issues do you need to be aware of?
Warranty

Sponsor: NSF
Date: 10/21/15
Project ends: 12/31/15
Computer is purchased 6/1/15 - $2,000
3 year extended warranty is purchased - $400

As a department administrator, what issues do you need to be aware of? How are you going to charge the purchases
Maintenance

Northeastern has title to lab equipment in that was originally purchased by a NIH grant. The grant has ended and the title vested with NU.

Lab equipment is shared by 5 programs or units – 3 of which are funded through federal awards (NSF, NIH, DOD)

The annual maintenance for this equipment is $5,000

Should this fee be charged to the award or to F&A
If it is charged directly, what is the documentation required to support this charge
Your PI has asked you to stop at Office Depot on your way in to work to pick up a few of his favorite kind of ink pen. He also asks you to stop at the bakery for brownies and cookies for the lab meeting that day. As you do not order through the NU purchasing portal, sales tax is charged.

When you get to work he tells you to turn in the receipts and charge his NSF grant.

Do you think these are allowable charges to a sponsored project?
A PI invited her Co-PI (an expert from another university) on an DoD Award to give a talk at Northeastern about the unique discovery they have made on their project.

After the seminar, the PI and several other Northeastern faculty members have dinner with the speaker at a local restaurant before the flight home.

What, if any, expenses incurred, can be charged to the DoD award.
Allowable Expenses

Grant: NSF

Project end date: 8/31/16

On Oct. 21, 2015, the PI for this project submitted an expense in Concur as follows:

1. 24 month membership dues ($410) to a professional association
2. 12 month membership dues ($247) to a professional association
3. 2 licenses for Microsoft Office Home & Student 2016 for MAC

You are reviewing this expense submission. What, if any, expenses incurred, can be charged to the NSF Grant.