

UNIFORM GUIDANCE IMPLEMENTATION GUIDE

The Office of Management and Budget (OMB) has combined many federal circulars, including Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, into a single Uniform Guidance document, or 2 CFR 200. These new regulations became effective December 26, 2014, and focus on an institution’s “internal controls” and accountability in minimizing waste, fraud, and abuse.

The following table highlights a few of the major changes in Uniform Guidance that the Principal Investigator (PI) should consider, in conjunction with the Funding Opportunity Announcement (FOA), as the PI prepares proposal budgets for federally sponsored projects with start dates of December 26, 2014, and beyond and for continuing projects.

<p>Administrative / Clerical Salary Costs</p> <p>Applicable Uniform Guidance (UG) Section: 200.413(c)</p>	<p>Administrative and clerical salaries (in certain circumstances) may be direct-charged on competitive proposal budgets if all of the following conditions are met:</p> <ol style="list-style-type: none"> 1. Administrative or clerical services are “integral” to a project or activity; 2. Individuals involved can be specifically identified with the project or activity; 3. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and 4. The costs are not also recovered as indirect costs. <p>IMPORTANT</p> <p>Tennessee Tech University (TTU) recovers administrative and clerical salaries as indirect costs and has a formal agreement with the federal government that establishes its indirect cost rate. Therefore, TTU will continue its practice of not directly charging administrative and clerical salaries in sponsored programs, except in rare cases described in another document titled “Guidance About Charging Salaries of Administrative and Clerical Personnel on Grants and Contracts” posted at https://www.tntech.edu/research/research-compliance/policies/.</p>
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<p>Computing Devices (Under \$5,000 Unit Cost)</p> <p>Applicable UG Sections: 200.20 200.94 200.453(c)</p>	<p>Computing devices, including accessories, can be included on competitive proposal budgets. Computing devices (e.g., computers) under \$5,000/unit may be direct charged to the project or activity under the following circumstances:</p> <ul style="list-style-type: none"> • 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. <p>Proposal Stage: If these two requirements are met, the PI should include this information in the proposal budget justification. The detailed justification should include an explanation of why and how the device is essential for and beneficial to the performance of the project, and that no existing resources are reasonably available.</p> <p>Award Stage: If the request for the computing devices was clearly justified in the proposal, then no further action is necessary. If the need for computing devices was not anticipated at the proposal stage, the PI will need to provide documentation that the computing device is essential and allocable to the project.</p> <ul style="list-style-type: none"> • 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.
<p>Equipment</p> <p>Applicable UG Sections: 200.33 200.48</p>	<p>Capitalized computer equipment (i.e., costing \$5,000 or more per unit) is still considered general purpose equipment and normally may not be charged as a direct cost unless approved by the awarding agency.</p>

<p>Participant Support Costs</p> <p>Applicable UG Sections: 200.75 200.456</p>	<p>Participant support costs are not routinely allowed on competitive research project budgets but can be charged if the project includes an education or outreach component, and the agency provides prior approval of such costs. These 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.</p> <p>Proposal Stage: Include the request for participant support in the proposal budget and justification. When calculating the F&A costs, exclude these costs from the Modified Total Direct Cost (MTDC) base.</p> <p>Award Stage: If the request for participant support was included in the proposal, then a sub-project will be set up to separate these funds from the other project funds. If there is a need to rebudget and move any of the participant support funds out of the category into another budget category, then prior approval from the sponsor must be received before the funds are moved. If these funds were not requested at the proposal stage, agency approval will be needed after the award has been made.</p>
<p>Visa Costs</p> <p>Applicable UG Section: 200.463(d)</p>	<p>Short-term, travel visa costs can be included on competitive proposal budgets and may be allowable by the agency if they are critical and necessary to the project. These visas allow employees and students to engage in field research or attend meetings in foreign locations, or allow foreign visitors to visit TTU in support of the project. Since these visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a federal award and can be directly charged.</p> <p>Proposal Stage: Include the request for visa costs in the proposal budget and justification.</p> <p>Award Stage: If these costs were not anticipated at the proposal stage, a justification must be provided to the Office of Research for consideration of approval.</p> <p>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.</p>
<p>Cost share</p> <p>Applicable UG Sections: 200.29 200.99 200.306</p>	<p>Cost sharing, or matching, should be solicited for research proposals only when required by regulation and when it is transparent in the notice of funding opportunity. Voluntary committed cost sharing is not expected under federal research proposals and is not to be used as a factor in the review of applications or proposals unless it is specifically stated as such in the funding opportunity announcement. Only mandatory cost sharing or cost sharing specifically committed in the budget must be included in the research base for computing F&A cost rate or reflected in any allocation of indirect costs.</p> <p>Proposal Stage:</p>

	<p>Research proposals for Federal grants must include cost sharing only when it is required by the solicitation.</p> <p>Award Stage: Any funded award with cost sharing is required to maintain a separate account for costs to be counted as cost sharing.</p>
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<p>Subawards</p> <p>Subrecipient or Contractor Determination</p> <p>Applicable UG Sections: 200.22 200.23 200.92 200.93 200.330</p>	<p>For proposed subawards, the determination of a participant as a Subrecipient or Contractor must be made at the proposal stage and documented.</p> <p>The new guidance has established clear terminology for awarding subawards to subrecipients or contractors and provides criteria for making a determination. The guidance no longer uses the term “vendor.”</p> <p>TTU must make a determination as to whether a subawardee is a subrecipient or contractor and must document the decision.</p> <ul style="list-style-type: none"> • Subrecipient: performs activities that will have a significant impact on the total project with distinct deliverables for work that is unique to the project with minimal supervision from the PI at TTU. • Contractor: provides a service or good that is routinely provided to the general public and, therefore, is not unique to the project. <p>Proposal Stage: Include the request for subawards in the proposal budget with justification. The determination of whether the subawardee is a subrecipient or contractor must be made and documented. The most important element of the determination is the relationship between TTU and the subawardee.</p> <p>For the proposal budget, if the subawardee is a subrecipient, TTU will receive F&A on the first \$25,000 of the subaward; any funding above the first \$25,000 will be excluded from the MTDC base for the life of the subaward. If the subawardee is a contractor, then TTU includes the entire amount of the subaward in the MTDC base for F&A calculation. The F&A calculation should not be a factor in the determination of the role of the subawardee.</p> <p>Award Stage: If the subaward was included in the proposal budget, then the PI needs to follow the internal procedures to request a subaward. If the subawardee is a contractor, then the PI should contact the Office of Research. If the subaward was not contemplated in the original budget, most agencies require prior approval before entering into a subaward agreement.</p>
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<p>Subawards</p> <p>Subrecipient F&A Rates</p>	<p>A pass-through entity is obligated to pay a subrecipient’s federally negotiated F&A rate, unless the awarding federal program is subject to a reduced F&A rate (e.g., statutory or regulatory F&A reduction or exception granted by the federal agency head per 200.414), or if the subrecipient has never had a federally negotiated rate, to either give a <i>de minimus</i> F&A rate of 10% MTDC, or to</p>
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<p>Applicable UG Sections: 200.331 200.414</p>	<p>negotiate an F&A rate with the subrecipient. A subrecipient can voluntarily opt to forgo F&A, but a pass-through entity cannot force or entice a subrecipient to give up the 10% MTDC to which they are entitled.</p>
<p>Subawards</p> <p>Pass-through Entities</p> <p>Applicable UG Sections: 200.330 200.331 200.332</p>	<p>As a prime recipient and a pass-through entity of federal awards, TTU is responsible for monitoring subrecipients to ensure proper stewardship of federal funds. Subrecipient monitoring is performed at all stages of the subagreement from proposal to award closeout. Pass-through entities are required to:</p> <ul style="list-style-type: none"> • Provide subaward documents to the subrecipient, with special terms and conditions, as appropriate (refer to the Federal Demonstration Partnership form); • Perform risk assessment to determine appropriate monitoring procedures; • Monitor subrecipient’s activities and performance goals; • Verify subrecipient has audits when necessary; • Consider actions to address subrecipient noncompliance.
<p>Subawards</p> <p>Subrecipient Risk Assessment</p> <p>Applicable UG Section: 200.331</p>	<p>TTU is required to perform risk assessment regarding its subrecipients to determine appropriate monitoring procedures. Some factors to be included in the risk assessment are whether the subrecipient</p> <ul style="list-style-type: none"> • Has an A-133 Single Audit report and the results of the Single Audit; • Is a foreign or domestic entity; • Is an institution of higher education, foundation, or corporation; • Has export control regulations in the subaward agreement; • Has compliance terms, such as human subjects, animal care and use, etc., in the subaward agreement; • Has committed to cost share in the project; • Has new personnel or new substantially changed systems; • Has prior experience with the same or similar awards; • Has a history of non-performance; • Has previously received and managed federal funds.
<p>Subawards</p> <p>Subrecipient Monitoring Guidelines</p> <p>Applicable UG Section: 200.331</p>	<p>Section 331 (d) specifies both mandatory and as-needed subrecipient monitoring obligations. Mandatory monitoring obligations include the pass-through entity</p> <ul style="list-style-type: none"> • Reviewing subrecipient’s technical and financial reports; • Ensuring the subrecipient takes timely and appropriate action on deficiencies detected through audits/on-site reviews and other means; • Issuing a management decision for audit findings as required in UG section 200.521; • Verifying that a subrecipient received its mandatory Single Audit if the entity exceeded the \$750,000 threshold for federal funds expended in the previous fiscal year; • Considering whether monitoring findings require pass-through entity’s records to be adjusted;

	<ul style="list-style-type: none"> Determining whether enforcement action is needed against noncompliant recipient (Section 200.338).
<p>Subawards</p> <p>F&A on Subawards</p> <p>Applicable UG Section: 200.331(4) 200.414(f)</p>	<p>The subrecipient’s negotiated F&A rate or an alternative rate as described below must be used for all subawards included in competitive proposals.</p> <p>If a federal program has a published statutory F&A cap, that rate must be used both by TTU and all of its subrecipients. For all other federal programs, if a subrecipient has a federally negotiated F&A rate, it must be used.</p> <p>If the entity does not have a negotiated F&A rate, a 10% <i>de minimus</i> F&A rate must be used instead, or the PI/department may request that SRA negotiate an F&A rate with the subrecipient. PIs may not negotiate or agree to lower rates with their subrecipients.</p> <p>There is no change to TTU’s recovery of its own F&A costs; this remains limited to receiving F&A on the first \$25K of each subaward under federal awards.</p> <p>Note: For awards received from the State of Tennessee agencies, TTU’s indirect costs are restricted and the Total Direct Cost (TDC) base is used to calculate the F&A costs allowed. When using the TDC base, all subaward costs are included in the F&A calculation.</p>
<p>Subawards</p> <p>Fixed Price/Rate Subawards</p> <p>Applicable UG Sections: 200.45 200.201 200.332</p>	<p>Agency prior approval is required to enter into a fixed price/rate subaward rather than a cost-reimbursement subaward, and the total value of each fixed price/rate subaward may not exceed \$150K.</p> <p>Fixed amount awards that include fixed price or fixed rate awards and subawards have:</p> <ul style="list-style-type: none"> A total cost limit per fixed subaward amount of \$150,000 The need to obtain prior approval to enter into fixed amount subawards A restriction that a fixed amount subaward may not be used if it involves mandatory cost-sharing A requirement to certify to the pass-through entity at the end of the federal award that the project or activity was completed or the level of effort was expended. <p>Proposal Stage: To expedite agency approval, PIs/departments should add a justification statement to proposals contemplating a fixed price/rate subaward. A statement is not needed for other subawards.</p> <p>Award Stage: If the subaward was not contemplated in the original budget, then agency approval is required prior to issuing a fixed price/rate subaward.</p>

<p>Program Income</p> <p>Applicable UG Section: 200.307</p>	<p>Income may be earned on activities supported by sponsored projects to defray program costs where appropriate.</p> <p>Federal sponsors may specify in their regulations and/or terms and conditions of an award that program income may be used in one of the following ways:</p> <ol style="list-style-type: none">1. Program income will be deducted from the total project costs, and the federal share of the total project costs will be reduced by any excess program income earned;2. Program income will be added to the federal funds awarded and may be used for the purposes and under conditions of the award;3. Program income may be used to meet the cost-sharing requirements of the award. <p>If the awarding agency does not specify how program income must be used in its regulations or the terms and conditions of the award, the program income will be added to the federal funds awarded to be used for the purposes and under the terms and conditions of the award once prior approval has been granted by the awarding agency.</p>
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