

2014 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

# The Changing Tide of Federal Regulations That Impact Research Administration

April 1, 2014 11:30 AM – 12:30 PM

**UIC** UNIVERSITY OF ILLINOIS  
AT CHICAGO

**UIC**

Lincoln Hall

707 South Morgan Street

# Workshop Presenters

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# Please ...

- Turn off cell phones.
- Avoid side conversations.
- Sign the attendance roster.
- Ask questions at any time.
- Complete a survey throughout the workshop.
- Complete the evaluation at the end of the workshop.

# Workshop Objectives

- Introduce major changes in federal regulations that impact sponsored awards
- Examine impact to research administration at UIC
- Solicit input from Campus to facilitate change

# Topics

- New DHHS requirement on segregating cash drawdown to award-by-award basis and implication on cash draw requests after 90 days of project end date
- Overview of new OMB “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”

# NIH is transitioning

From  
Pooled  
Drawdown



To  
Award-by-  
Award Basis  
Drawdown

# Why the Changes?

In response to U.S. Department of Health and Human Services (HHS) directive to Agencies intended to enhance financial data integrity and financial closeout for all awards.

- Remove our ability to perform pooled cash draw
- Tighten our payment requests beyond 90 days of project end date
- Enable the government to do award-by-award burn rate monitoring
- Enable agencies to redirect resources to other projects



# What is changing?

## Federal FY 14

- **NIH issues competitive awards in “P” accounts for the following award types:**
  - Type 1 – New award
  - Type 2 – Competing continuation (renewal)
  - Type 3\* - Competing revision or non-competing administrative supplement
  - Type 7 – Change in grantee institution
  - Type 9 – Change of NIH awarding IC for renewal application

\*Type 3 – competing revisions and supplements will be issued in the same account as the primary award (pooled or subaccounts)



# PMS Account Type on NGA

**SECTION I – AWARD DATA – 1R01HL118068-01A1**

SUMMARY TOTALS FOR ALL YEARS		
YR	THIS AWARD	CUMULATIVE TOTALS
1	\$521,828	\$521,828
2	\$579,810	\$579,810
3	\$579,810	\$579,810
4	\$579,810	\$579,810


Recommended future year total cost support, subject to the availability of funds and satisfactory progress of the project

**Fiscal Information:**

CFDA Number: 93.838

EIN: 1376000511A5

Document Number: RHL118068A

PMS Account Type: P (Subaccount) 

Fiscal Year: 2014

# What is changing?

## Federal FY15

- **All other award types will be issued in “P” accounts**
  - Type 5 – Non-competing continuation
  - Type 8 – Change of NIH awarding institute or center (IC) for a non-competing record

# How will the transition to subaccounts affect your competitive segment?

For continuing domestic awards issued in FY15 (October 1, 2014 and after) the competitive segment will become two mini “competitive segments”:

- First Segment
  - ✓ Project Start date: Same as original segment
  - ✓ Project End date: FY14 award budget period end date
- Second Segment
  - ✓ Project Start date: FY15 award budget period start date
  - ✓ Project End date: Same as original segment

# How Does It Impact You?

Current Process	New Process (In Transition year)
<ul style="list-style-type: none"> <li>• Single competitive segment</li> <li>• Example:               <ul style="list-style-type: none"> <li>Award Number: 5 R01 HL123456-02</li> <li>Budget Period: 11/01/2013 – 10/31/2014</li> <li>Project Period: 11/01/2012 – <b>10/31/2017</b></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Two mini competitive segments</li> <li>• Example:               <ul style="list-style-type: none"> <li>FY2014 Notice of Award                   <ul style="list-style-type: none"> <li>Award Number: 5 R01 HL123456-02</li> <li>Budget Period: 11/01/2013 – <b>10/31/2014</b></li> <li>Project Period: 11/01/2012 – 10/31/2017</li> <li><b>New Project End Date: 11/01/2012 – 10/31/2014</b></li> </ul> </li> <li>FY2015 Notice of Award                   <ul style="list-style-type: none"> <li>Award Number: <b>4</b> R01 HL123456-03</li> <li>Budget Period: 11/01/2014 – 10/31/2015</li> <li>Project Period: 11/1/2012 – <b>10/31/2017</b></li> </ul> </li> </ul> </li> </ul>

# How Does It Impact You?

Current Process	New Process (In Transition year)
<ul style="list-style-type: none"><li>• Same Grant/Fund for the life of the project</li></ul>	<ul style="list-style-type: none"><li>• New Grant/Fund will be assigned for the non-competing continuation year award (the Type 4 award for the transition year)</li></ul>
<ul style="list-style-type: none"><li>• Same subcontract encumbrance number for the life of the project</li></ul>	<ul style="list-style-type: none"><li>• Will need new encumbrance numbers due to new grant/fund</li></ul>

# How Does It Impact You?

Current Process	New Process (In Initial Transition year)
<ul style="list-style-type: none"> <li>• One project close out at the end of project period</li> </ul>	<ul style="list-style-type: none"> <li>• Two close outs due to two mini competitive segments</li> </ul>
<ul style="list-style-type: none"> <li>• All applicable expenses must be posted prior to final FFR submission</li> </ul>	<ul style="list-style-type: none"> <li>• All applicable expenses, cost transfers, adjustments, etc. must be posted to Banner within <b><u>75 days</u></b> of the project end date in order to request a final drawdown</li> </ul>

# How Does It Impact You?

Current Process	New Process (In Initial Transition year)
<ul style="list-style-type: none"> <li>One final FFR 90 days after the end of project period</li> </ul>	<ul style="list-style-type: none"> <li>Two final FFRs               <ul style="list-style-type: none"> <li>First one 90 days after the end of first mini segment</li> <li>Second one within 90 days after the end of project period</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Final drawdown is <b>independent</b> of final FFR submission date</li> </ul>	<ul style="list-style-type: none"> <li>Final drawdown is <b>dependent</b> on final FFR</li> <li>Final drawdown from Payment Management System (PMS) <b>must</b> occur within 90 days of the project end date</li> </ul>



# What's the big deal?

Significant impact on processing of final cash draw requests:

For all awards issued under the “P” account (in FY14 or FY15), **payment requests will be withheld pending agency approval** if the drawdown and/or FFR is submitted 90 days or more beyond the project end date.

# No More Excuses!

- Closeout is now a competing priority
- All encumbrances must be liquidated 15 days prior to final FFR due date
- Partnership between GCO and Units is key in this transition
- New closeout tools are being developed

# How Does It Impact You?

Current Process	New Process (In Initial Transition year)
<ul style="list-style-type: none"> <li>• Carryover is automatic in PMS during non-competing continuation years for award that has automatic carryover authority</li> </ul>	<ul style="list-style-type: none"> <li>• Final FFR for the end of first mini competitive segment is required. If the award has automatic carryover authority, the unobligated balance reported on the FFR will be transferred from PMS G to P account automatically</li> </ul>
<ul style="list-style-type: none"> <li>• For awards that do not have carryover authority, a prior approval request is required (see NIH Grants Policy Statement (GPS) Section 8.1.1.1)</li> </ul>	<ul style="list-style-type: none"> <li>• Same as current process. If prior approval is required, the unobligated balance on the FFR will be restricted until the carryover is requested and approved</li> </ul>

# Impact to the Central Offices

Office of Research Services (ORS)	Grants and Contracts (GCO)
<ul style="list-style-type: none"> <li>Increased volume of proposal type “New”; Decrease in volume of proposal type “Continuation”</li> </ul>	<ul style="list-style-type: none"> <li>Higher volume of FFRs in 2015</li> </ul>
<ul style="list-style-type: none"> <li>Increased administrative burden for compliance related issues (i.e., IRB, FCOI, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Higher volume of Closeouts in 2015</li> </ul>
<ul style="list-style-type: none"> <li>Reconciling awarded amount in UIeRA due to two PAFs created for one competitive segment</li> </ul>	<ul style="list-style-type: none"> <li>Tracking of carryover amount from G to P accounts</li> </ul>
<ul style="list-style-type: none"> <li>Higher volume of subcontract amendments</li> </ul>	<ul style="list-style-type: none"> <li>Running two letter of credit processes during transition</li> </ul>
<ul style="list-style-type: none"> <li>Increased level of review</li> </ul>	<ul style="list-style-type: none"> <li>Reconciling two quarterly PMS reports during transition</li> </ul>

# Resources

- NIH Domestic Awards to Transition to Payment Management System Subaccounts in FY 2014 and FY2014

<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-120.html>

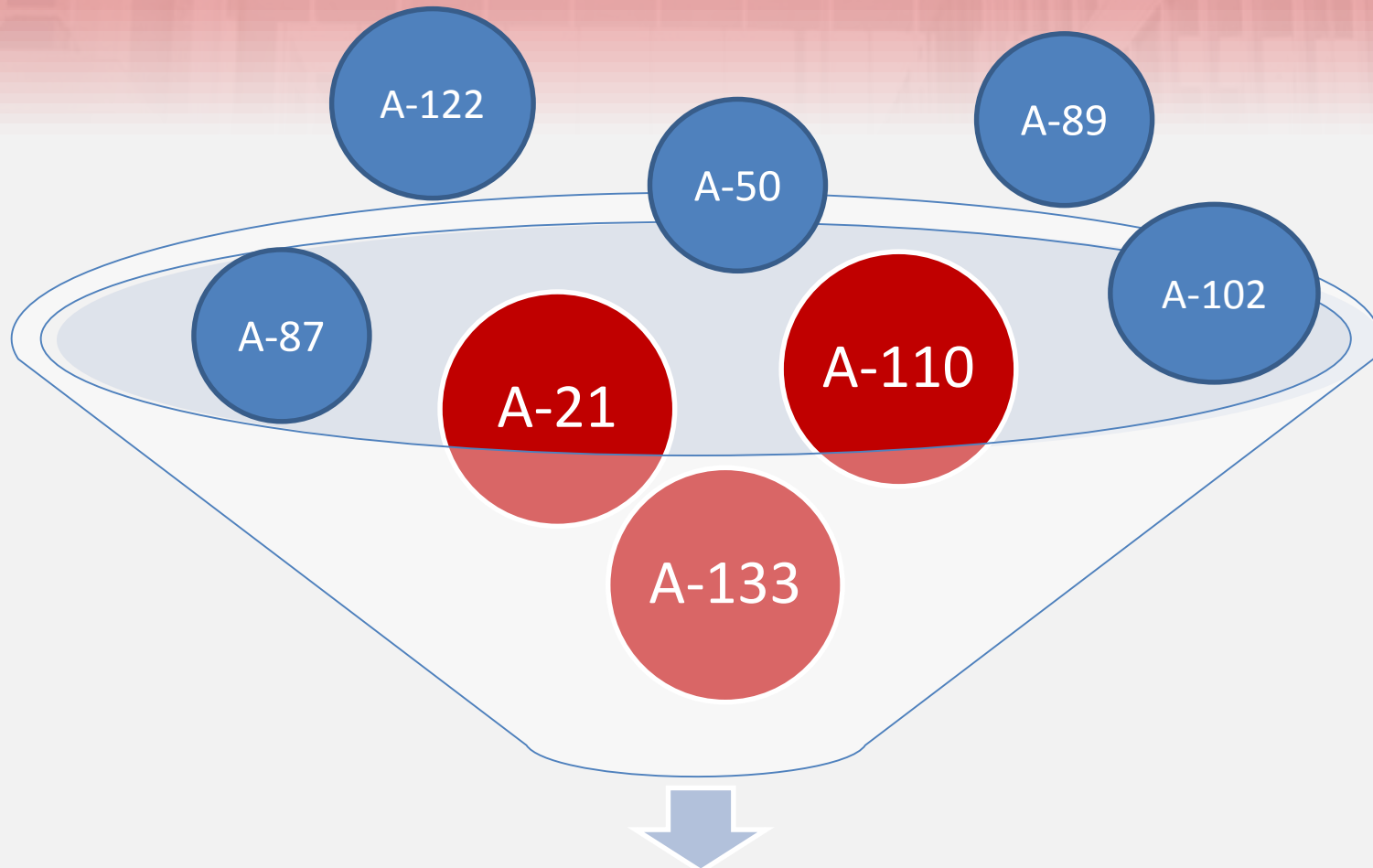
- Frequently Asked Questions – Payment (PMS Subaccount)

- <http://grants.nih.gov/grants/payment/faqs.htm#3791>

# Next Up...

## Office of Management & Budget (OMB) Uniform Guidance

# What is changing?



Uniform Administrative Requirements, Cost Principles, and  
Audit Requirements for Federal Awards



# Where to Find It

## 2 CFR Part 200

Section	Title
Subpart A	Acronyms and Definitions
Subpart B	General Provisions
Subpart C	Pre-award Requirements & Contents of Federal Awards
Subpart D	Post Federal Award Requirements
Subpart E	Cost Principles
Subpart F	Audit Requirements
Appendices	I. Funding Opportunities, II. Contract Provisions, III. Indirect Costs for Institutions of Higher Education (F&A)

# Key Dates – 200.110

12/26/2013

- Final Uniform Guidance published by OMB

06/26/2014

- Federal agencies release revised policies

12/26/2014

- Effective date of new Uniform Guidance

7/01/2015

- Effective date of audit section
- FY 2016

Applies to new awards or incremental funding issued on or after this date

# Key Focus Areas

## Things to Consider:

Is this a small,  
medium or large  
change?

Will this result in a  
change in process,  
policy or both?

Is this a change for  
the better or a  
change for the  
worse?

Will this increase or  
decrease the  
administrative  
burden on faculty?

Other comments,  
questions,  
examples?

# Performance Measurements & Reporting

## 200.301 – Performance Measurement

- Use of OMB-approved, government-wide standard information collections for financial and performance data
- Requirement to relate financial data to performance accomplishments
- Provide cost information to demonstrate cost effective practices (e.g. unit cost data)

# Compensation (Effort Reporting) - 200.430

More flexibility but a requirement to “comply with a stringent framework of internal control objectives and requirements”

## Flexibility

- Removed prescriptive examples of acceptable methods of certification
- Based on records that accurately reflect work performed
- Defined Institutional Base Salary (IBS)

## Internal Controls

- Supported by a system of internal controls which provide reasonable assurance that charges are accurate, allowable and properly allocated
- Emphasis on written policies and “consistent definition of work covered by IBS”
- Continued focus on “processes to review after-the-fact” to reflect the work performed

# Sub-Recipient Monitoring & Management

## 200.330 - Contractor vs. Sub-Recipient Classification

- Clarification that pass-through entity determines the classification
  - Sub-recipient – carryout a portion of a federal award and creates an assistance relationship
  - Contractor – obtain goods or services and creates a procurement relationship

## 200.331 & 200.332 – Issuing a Sub-Award

- New mandatory list of data elements that have to be included in each sub-award
- Use of negotiated F&A rate, or in the absence of a negotiated rate, use de minimis rate of 10% of MTDC, or rate negotiated with pass-thru entity
- Clarifies that if reports are desired from the sub-recipient, these must be included in the sub-award terms and conditions
- Agency prior approval required before using a fixed price sub-awards and limited to simplified acquisition threshold (\$150k)

# Sub-Recipient Monitoring & Management (cont)

- **Mandatory Monitoring**

- Used for authorized purposes in compliance with Federal statutes, regulations and terms and conditions
- Determine if performance goals were achieved
- Review of financial and programmatic reports
- Issuance of audit management decision (200.521)
- Ensure timely corrective actions taken on detected deficiencies

- **Optional, Risk-based Monitoring**

- Provide training and technical assistance on program-related matters
- On-site review of programmatic operations
- Consider taking enforcement action against non-compliant sub-recipient



# Clerical & Admin Salaries – 200.413(c)

“The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

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.”

# Materials and Supplies

Acknowledgement of computing devices as a supply cost

- **Section - 200.94:** “*Supplies* means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.”
- **Section- 200.453(c):** “In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.”

# Travel Costs – 200.474 (c)(1)

“Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

- (i) The costs are a direct result of the individual’s travel for the Federal award;
- (ii) The costs are consistent with the non-Federal entity’s documented travel policy for all entity travel; and
- (iii) Are only temporary during the travel period”

# How is UIC Responding?

## Uniform Guidance Task Force

- Joint initiative between GCO & ORS
- Subject Matter Experts
- Participation of Business Managers and Administrators
  - Call for Volunteers

# Task Force Goals

Discover and report differences between current and new guidance

Provide timely and regular communications to faculty and staff impacted by this transition

Develop training and informational tools

Update policies, procedures and system changes at UIC

# Resources

eCFR – 2 CFR Part 200:

<https://www.ecfr.gov/current/title-2/part-200>

OMB Crosswalks:

[http://www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs)

COFAR Mailing List and FAQs:

<https://cfo.gov/cofar/>

# Questions / Concerns?