

OMB Super Circular

Proposed Uniform Guidance



RAC Forum
April 10, 2013

Change is Coming



- Good news – A-21 is gone!
- Bad news – It's back and bigger than ever



Circular Consolidation



- Super Storm?
- Extreme Makeover: OMB Edition?
- Proposed OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards
- Super Circular

Source of Initiative



- Presidential Memo – Feb 2011:
 - Federal program requirements over the past several decades have sometimes been onerous, and they have not always contributed to better outcomes. With input from our State, local, and tribal partners, we can, consistent with law, reduce unnecessary regulatory and administrative burdens and redirect resources to services that are essential to achieving better outcomes at lower cost.



OMB Proposal



- Developed through Council on Financial Assistance Reform (COFAR)
 - OMB/Off Fed Financial Mgt, HHS, USDA, ED, DOE, DHS, HUD, DOL, DOT + rotating member (NSF)
- Advance Notice of Proposed Guidance (Feb. 2012)
- Proposed Guidance (Feb. 2013)
- Comments due – June 2, 2013

Consolidation



- OMB Circulars **A-21, A-110, A-133**
+
A-50, A-87, A-89, A-102, A-122
- Commenters w/ many kinds of subrecipients (states) supported consolidation
- Universities didn't see benefit – requirements that are more onerous will extend beyond limited grantees

Organization of Guidance



- Subch. A – (100) General Requirements
- Subch. B – (200) Pre-award Requirements
- Subch. C – (300) Fed Award Notice
- Subch. D – (400) Terms and Conditions in Fed Award Notice
- Subch. E – (500) Post Federal Award Req.
- Subch. F – (600) Cost Principles
- Subch. G – (700) Audit Requirements

Administrative Requirements

Subchapters B-E (Based on A-110)



- Funding announcements with limits on negotiated F&A rate
 - Must be required by statute or regulation or
 - Be approved by agency head and OMB
- Designed to limit departures from negotiated rates
- Stronger controls may be needed

Subchapter E – Post Federal Award Requirements



- Subrecipient/subawardee vs. Contractor determination
 - Institution (not Federal agency) makes case-by-case determination in classifying the relationship
 - Agency may issue guidance that is not inconsistent with circular.

Pass-through of Negotiated Rates



- All pass-through entities (e.g. State of California)
 - Ensure that every subaward includes
 - Approved Federally-recognized negotiated IDC rate; or
 - *If no such rate exists*, a rate negotiated between pass-through and sub; or
 - De minimis rate of 10%

Subrecipient Monitoring



- Monitor activities as necessary to ensure funds are used for authorized purposes
 - Analyze financial and programmatic reports
 - analyses to identify patterns and trends of program activity
 - Follow up on subawardee's corrective action
 - Issuance of management decision for audit findings
 - Other prescriptive requirements

Performance Accomplishments



- Agency to require recipients to relate financial data to performance accomplishments whenever practicable.
 - Agencies to provide recipients with clear performance goals, indicators, and milestones
 - Recipient's performance should be measured in a way that will help agencies improve program outcomes

Cost Sharing



- Voluntary committed cost sharing is not expected under research proposals and is not to be used as a factor in proposal review
- Unrecovered IDC may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency

Role of Students



- A-21, A.2.c The dual roles of students engaged in research and the resulting benefits to sponsored agreements are fundamental to the research effort. . .
- Language has been eliminated

Allocable Costs



- A-21, C.4.b Cost of purchase of equipment may be assignable to sponsored agreement (where specifically authorized) regardless of the subsequent use
- Language eliminated

Direct Charging of Administrative Staff



- Admin and clerical staff normally treated as indirect (F&A) costs
- May be direct charged where all are present:
 - Admin or clerical services integral to project
 - Individuals can be specifically identified
 - Such costs are “explicitly included” in budget
 - Such costs are not also recovered as indirect costs

Agency Use of Negotiated F&A Rates



- Negotiated rates shall be accepted by all agencies unless:
 - Exception provided by law or regulation
 - Approved by agency head
 - Agency head shall “notify” OMB of approved deviations
 - Agencies shall make publicly available policies and procedures used to justify deviations

Flat Rate Option (F&A)



- Using flat indirect rates instead of negotiated rates.
- Mandatory flat rate would be discounted from current negotiated rates
- Option of accepting a flat rate or negotiating a rate
- Entities without rates may use 10%.
- Entities may apply for one-time extension of current rate for four years.

Modified Total Direct Costs



- Cost item may be excluded from MTDC (and application of F&A rate) when cognizant or awarding agency determines it is necessary to avoid serious inequity
- Genomic array example

Effort Reporting



- Significantly revised
- Elimination of “examples”
- More prescriptive language (e.g., definition of full-time workload, review budget estimate quarterly)
- Fringe benefits section updated

Equipment and Supplies



- Equipment definition includes software
- Computing devices <\$5K allowable as direct charge when essential and allocable (even if not solely dedicated to project)
 - Definition of “general purpose equipment” still includes “telephone networks, information technology equipment and systems”.
- Residual inventory of <\$5K may be retained upon completion of Federal project with no further obligation to Federal government

Utilities



- 1.3% Utility Cost Adjustment (UCA) is eliminated (UCB received it)
- Two options
 - Sub-building metering based on research activities
 - Effective square footage weighted research space via energy use index (based on LBNL's "Labs for the 21st Century")

Comments



- Deadline – June 2, 2013
- Adoption by end of year?