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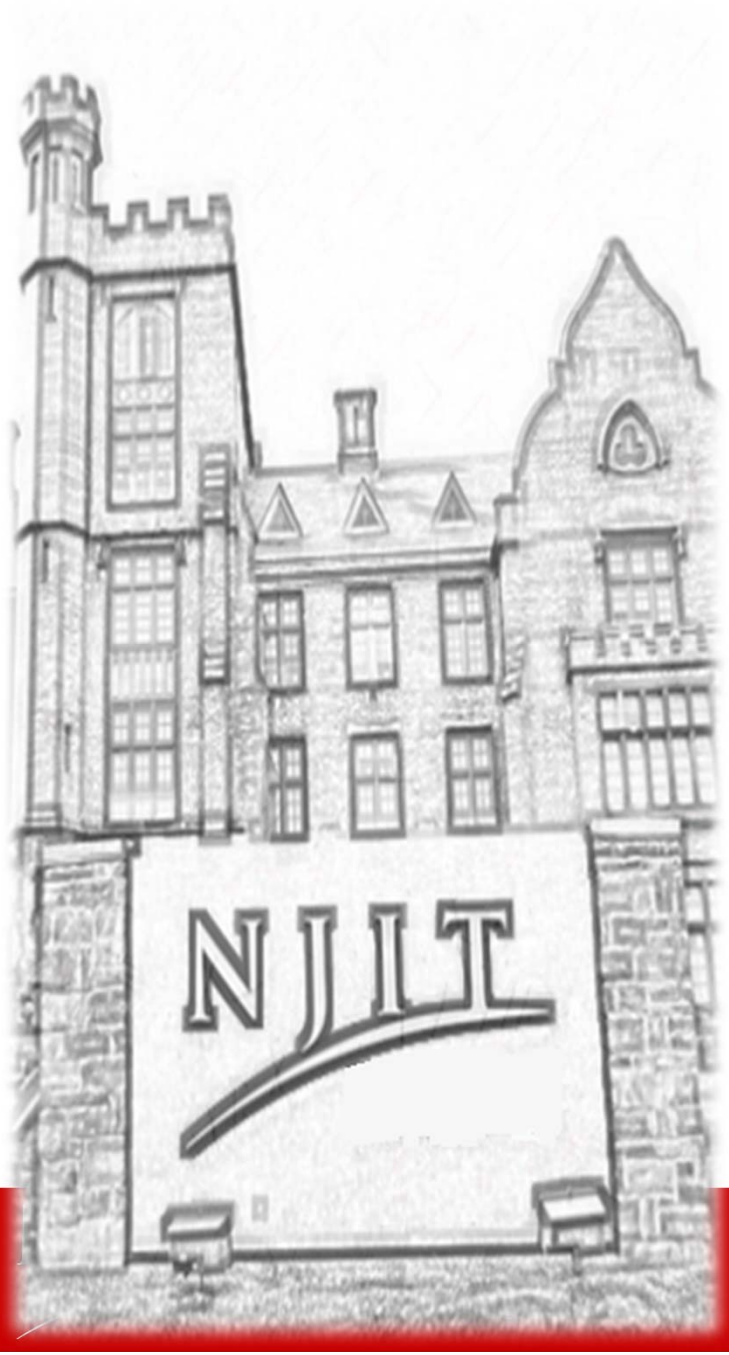

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

at 2 CFR 200

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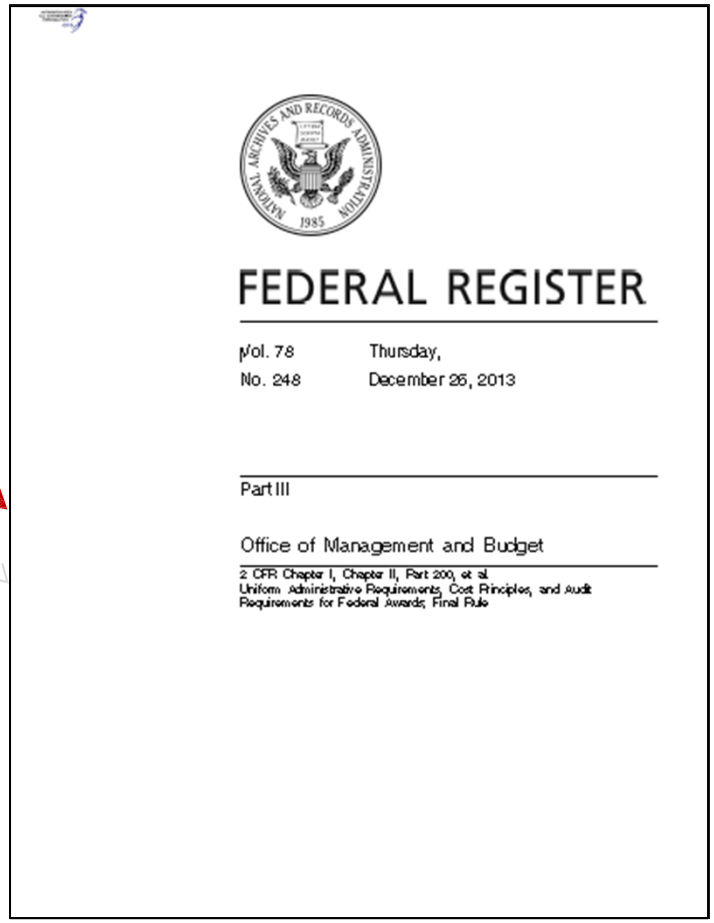
AGENDA

Preparing campus for what is changing and what is not…

- What is *Grants Reform* and when is it effective?
- What changes are most important to faculty and research performers?
- What is ***NOT*** changing?
- Next Steps

WHAT'S CHANGING AND WHEN?



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION 1985

FEDERAL REGISTER

Vol. 78 Thursday,
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Part III

Office of Management and Budget

2 CFR Chapter I, Chapter II, Part 200, et al
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

Grants Reform

- Office of Management and Budget Circulars combined into *Uniform Requirements*
  - A-21, A-110, A-133 replaced
- Effective December 26, 2014 & after

FEDERAL REGULATIONS

- Why is this change taking place?
- Who was responsible for "Grants Reform" and combining the regulations?

COMMITTEE OF SPONSORING ORGANIZATIONS (COSO)[1]

Key concepts of the COSO[1] framework:
- Internal control is a process.
- Internal control is affected by people.
- Internal control can be expected to provide only reasonable assurance, not absolute assurance.
- Internal control is geared to the achievement of objectives in separate but overlapping categories.

Internal control and COSO[1] framework objectives:
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of Assets

Enterprise Risk Management Matrix[2]

1. http://en.wikipedia.org/wiki/Committee_of_Sponsoring_Organizations_of_the_Treadway_Commission
2. http://www.ucop.edu/enterprise-risk-management/procedures/what-is-erm.html

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COUNCIL ON FINANCIAL ASSISTANCE REFORM

Copied From: https://cfo.gov/cofar/

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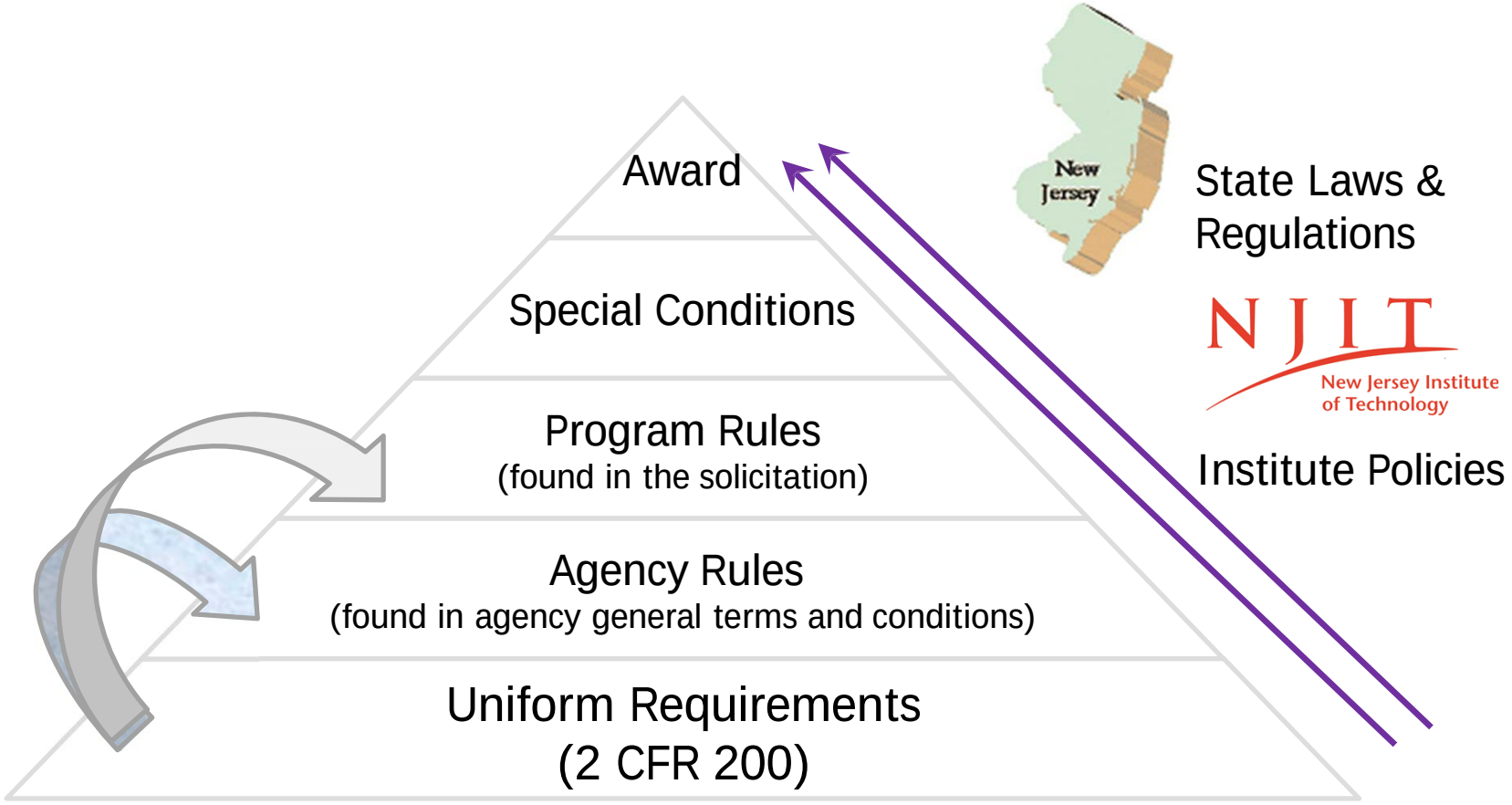
- Is there an organizing principle behind the new regulations?

ORDER OF PRECEDENCE: CONTROL OF A SPONSORED PROJECT



Uniform Requirements – What's Covered

- Administrative Requirements
  - Finance
  - Purchasing
  - Property
- Solicitations, Proposals, and Awards
- Allowable Costs
  - Direct and Indirect
  - Personal Services (Effort Reporting)
  - Space and Utilities
- Facilities and Administrative Cost Calculations

MAJOR CHANGES

Program performance must reflect financial performance

- *More extensive report requirements*

Emphasis is on internal controls and documentation

- *Timely appointments and cost transfers*
- *PI Certification*

Subawards

- *Pre-award documentation required*
- *Limits on fixed price*
- *Payment requirements*
- *Greater financial and programmatic performance monitoring*

Planning is Important!

- *Proposing fixed price*
- *Subawards*
- *Purchasing will require more quotes and bids*
- *Close-out timeline will be compressed*

WHAT CHANGES ARE MOST IMPORTANT TO FACULTY AND RESEARCH PERFORMERS?

Proposals

- Solicitation
- Cost-sharing cannot be considered in review and requires agency head approval
- Agencies are expected to pay the full negotiated F&A rate

Purchasing

- Documentation standards have changed
- Micro-purchasing threshold reduced from $10,000 to $3,000

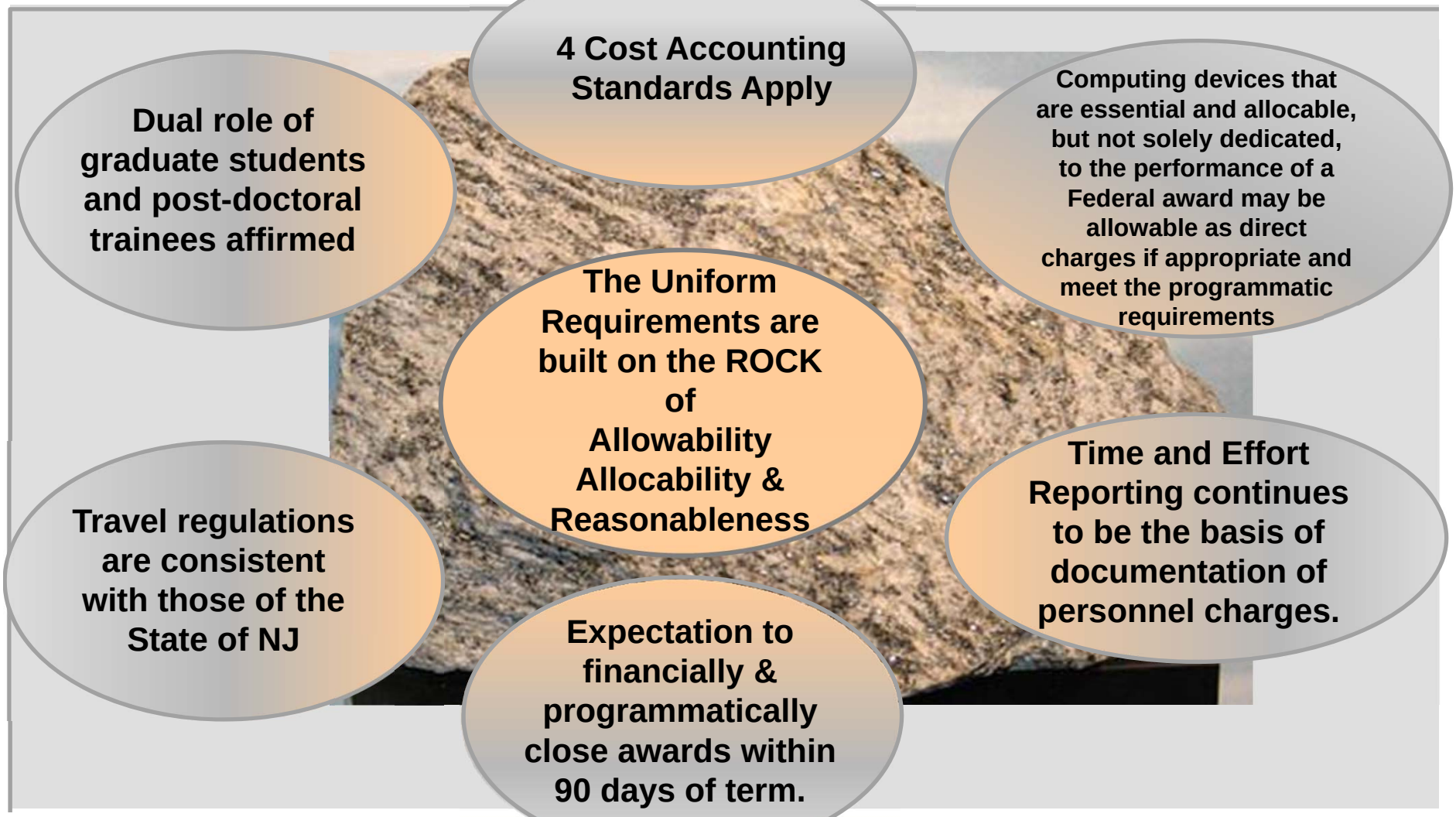
Materials & Supplies

- Accounting for residual supplies and documentation for late-term charges
- New cost-transfer limitations

Equipment

- Equipment purchased with federal funds must be made available to other federally-funded projects
- Additional closeout / disposition requirements

WHAT'S NOT CHANGING?



COST ACCOUNTING STANDARDS

- An institution's practices used in estimating costs in pricing a proposal shall be consistent with the institution's cost accounting practices used in accumulating and reporting costs
- Like costs in like circumstances must be treated in the same manner
- Unallowable costs shall be excluded from any billing, claim, or proposal applicable to a sponsored project
- An institution shall use their fiscal year as their cost accounting period

NEXT STEPS

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 became effective December 26, 2014 for new awards.

- **Agency Specific Requirements**
  - NSF published https://www.nsf.gov/bfa/dias/caar/fed.jsp
  - NIH http://grants.nih.gov/grants/policy/policy.htm#gps
  - NIH Notice http://grants.nih.gov/grants/guide/notice-files/NOT-OD-15-046.html
- **Procurement Requirements delayed until July 1, 2016 for NJIT**
- **F&A changes effective July 1, 2015**
- **Uniform Guidance Implementation Committee will be issuing policy revisions**

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