

The Rollout of OMB A-81 and its Effect on UH

Cris Milligan, Interim Assistant Vice President for Research
Administration

Beverly Rymer, Executive Director, Office of Contracts and
Grants

Implementation Date

- Uniform Guidance (UG, i.e. A-81) becomes effective on December 26, 2014.
- Audit requirements will apply to audits of fiscal years beginning on or after December 26, 2014. For UH, this would be FY2016, which begins September 1, 2015.
- Federal Agencies have already begun to incorporate the new guidance in their Notice of Awards (NOAs).

Equipment

Property records must contain certain information, for example, the percentage of federal participation in the project costs for the federal award that the equipment was purchased, and the use of the equipment.

Additionally, a list of existing equipment in our PS Property Management system should be made available to PIs and punchers for review when making purchasing decisions.

UH is still unclear on how to handle this and will require additional fields in PS Property Management.

Cost Sharing

Voluntary committed cost sharing is not expected.

- It cannot be used as a factor in the merit review of a proposal.
- If cost sharing is expected, the Federal sponsor will stipulate it in the notice of funding opportunity.

UH will continue to discourage voluntary committed cost sharing. Faculty seeking cost sharing when none is required should consult and discuss with their chair/dean.

Direct charging of admin/clerical salaries

- Administrative and clerical salaries may be charged to a grant if their contributions are *integral*.
- Individuals involved can be specifically identified with the project or activity.
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.

Direct Charging of Computing Devices

*Computers and computing devices may be charged as direct costs as long as they are essential and allocable, **but not solely dedicated**, to the performance of a Federal award.*

“Essential”:

- 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.

Subrecipients F&A Rate

University must grant subrecipients F&A cost amounts that either:

- honor the subrecipient Federally negotiated rate, or
- provide de minimis flat rate - 10% Modified Total Direct Cost (MTDC) in the absence of a federally negotiated rate for the subrecipient

Institutional Base Salary (IBS)

University must have a written definition for IBS in order to correctly define and report:

1. Effort - Reasonable reflection of activity (not to exceed 100%) based on total compensation of IBS
2. Extra pay - What is considered *additional compensation* and what is part of IBS to be included in effort reporting.

Time and Effort Reporting

The focus has shifted toward an internal control framework as opposed to requiring specific standardized forms.

In spring 2015, UH plans to implement MAXIMUS, an online electronic system for effort reporting. Payroll and Project data will pull directly from PS.

Fixed Price Subawards

With prior **written approval** from the Federal awarding agency, UH may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold (\$150,000).

Certification is required at the end of the award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

Subrecipient Monitoring

One of the biggest change calling for more monitoring of sub-awards. New for UH are the following:

- Progress Reports -UH faculty must begin asking subrecipients for progress reports, which must be tracked and made available in the event of an audit.
- Invoice deadline - Invoices should be paid within 30 days of receipt.

Visa Costs

Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost.

Costs must be:

1. Be critical and necessary for the conduct of the project
2. Be allowable under the applicable cost principles
3. Be consistent with UH's cost accounting practices

Fees that cannot be charged to a federal award:

1. Premium or expediting processing fees
2. Renewal application fees
3. Dependent application/processing fees
4. Institutional charge for processing

Purchase Limitation

Two new classes of purchases on grants:

1. Micro-purchases \$1 - \$2,999 – must be reasonable (needs purpose and benefit statement)
2. Simplified \$3,000 - \$149,999 – must have documentation of more than one bid

UH will change its policy to make this change effective in early 2015 so that we are ready and compliant for audits of FY2016 expenditures. Items over \$3K must go on a requisition via purchasing; can no longer use P-Cards for amounts over \$3K.

Publication Costs

UH may charge the Federal award for the costs of publication or sharing of research results after the award has expired – during the 90-day closeout period.

UH will limit the charge to **60 days** to allow for posting and timely final reports.

Vacation Leave/Payout

UH began using the accrual basis of accounting for charging severance pay on Federal awards.

A set monthly amount is deducted from the grant cost center an eligible employee is paid on and placed into a pool to be paid out when the employee leaves the university.

Closeout

UH must submit closeout documents no later than 90 calendar days. Failure to do so may result in nonpayment.

There is discussion of extending this to 120 days.

Participant Cost

MTDC excludes participant support costs.

There are cases – such as in large programs – UH may negotiate for an IDC rate that is lower than the official negotiated IDC rate on participant costs.

UH has implemented specific account codes for participant costs.

Prior Approval

When in doubt in regards to an expenditure, the allowability of the charge, or a change in project direction, UH is encouraged to discuss with the program manager and seek written prior approval, which is to be kept for UH official recordkeeping.

Conflict of Interest

This refers to conflicts that might arise around how University PIs decides to select subrecipients, contractors or other vendors for work conducted under the project.

Disclosure of a conflict of interest, or lack thereof, must be documented.

PI Disengagement from a Project

- Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- Change in a key person specified in the application or the Federal award.
- The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

Dependent costs for conference and travel

- These provisions call for policies that are family-friendly to better balance responsibilities to both families and Federal awards.
- Conferences-Childcare
- Travel Costs-Temporary dependent care costs
- UH could consider updating policy and creating an account code for dependent travel and dependent care costs. In absence of a change in policy, these charges will not be allowed.

Thank you.