

RARA/River Rats April 2013

Proposed OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards



Draft OMB Circular

- Costing Principles
 - Positive and Negative
- Audit Requirements
 - Positive and Negative
- Administrative Requirements
 - Positive and Negative



Costing Principles





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Costing Principles

POSITIVE

- Effort Reporting is more principles-based
- Salaries of administrative or clerical staff are allowable as a direct charge when integral to the project (when explicitly budgeted)
- Requires six month certifications for employees who are allocated 100% to a sponsored project





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Costing Principles

POSITIVE

- Requires effort allocations to be reviewed at least quarterly for potential modification
- Eliminates plan confirmation system review





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Costing Principles

POSITIVE

- Residual inventory of less than \$5,000 may be retained upon completion of a federal project
- Computing devices less than \$5,000 are allowable as a direct charge when essential and allocable (even if not solely allocable) to a project





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Costing Principles

POSITIVE

- Entities may apply for a one-time, four-year extension of their negotiated F&A rate
- Eliminates Cost Accounting Standards (CAS) and DS-2 requirements, except if federal contracts awarded exceed \$25 million in a year



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Costing Principles

NEGATIVE

- Eliminates dual role of students and resulting benefit to federal research
- Allows a cognizant or awarding agency to exclude a cost item from the Modified Total Direct Cost base (thus application of the F&A rate)



Audit Requirements



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- Raises threshold for Single Audits (\$750,000)
- Raises threshold for audit findings in Single Audits (\$25,000)
- Reduces the number of compliance requirements to be tested (from 14 to 6) and the number of Type B programs that must be tested



Administrative Requirements



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Administrative Requirements

POSITIVE

- Requires negotiated F&A rate to be passed through from the prime recipient to the subrecipient
- Voluntary committed cost sharing is not expected and is not to be used as a factor in the review of applications.



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Administrative Requirements

POSITIVE

- Provides more detail regarding requirements for public notice and announcements of funding opportunities and standardized application requirements
- Prohibits agencies from imposing any other prior approval requirements without OMB approval



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Administrative Requirements

POSITIVE

- Eliminates need to create and retain paper copies when original records are electronic. When originals are paper and copies are made to electronic media, the electronic records may be substituted for the original records, subject to certain conditions.



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Administrative Requirements

NEGATIVE

- Contains overly prescriptive requirements of prime recipients to monitor the activities of subrecipients, without regards to Single Audits
- Emphasizes relating financial data to performance accomplishments whenever practicable



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Administrative Requirements

NEGATIVE

- Requires notification to awarding agency whenever the amount of federal authorized funds is expected to exceed the needs of the recipient for the project period by more than \$5,000 or 5% of the award.
- When equipment purchased with federal funds is no longer needed for federal projects and the fair market value is more than \$5,000, the agency has the right to collect that amount from the recipient.



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Administrative Requirements

NEGATIVE

- When unused supplies exceeding \$5,000 purchased with federal funds are not needed for federal projects, the recipient shall retain the supplies for use on non-federal sponsored projects, or sell them, but shall, in either case, compensate the federal government for its share.



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Next Steps

- Write UR's response, once guidance is obtained from COGR and AAMC
- Response deadline is June 2,
- Release of final Circular by end of calendar 2013
- Federal agencies will have one year after the Circular's release to implement the provisions



Comments?

