

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

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Fight On

Currently 3 main circulars covering grants, contracts and agreements with higher education institutions:

- A-21 – Cost Principles – What and how can we charge awards?
- A-110 – Administrative Requirements – What are the pre and post-award requirements?
- A-133 – Audit Requirements – How are awards audited?



OMB Role in Grants Management

- OMB provides key support to President in oversight of agency performance, Federal procurement, financial management, and information/IT (including paperwork reduction, privacy, and security). OMB is responsible for development of all cost circulars. (e.g., A-21, A-110, A-133)
- In 2011, Obama administration issued an executive order instructing agencies to simplify and harmonize their regulations, and required OMB to revise its cost circulars by eliminating unnecessary or inconsistent regulations and reduce reporting and planning requirements.
- OMB worked through the Chief Financial Officers Council (COFAR), an organization of the CFO's and Deputy CFO's of the largest Federal agencies, senior officials of OMB, and Department of Treasury to accomplish this goal.

OMB Uniform Guidance – A-81



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- Combines A-21, A-110, A-133 and 5 other circulars into one circular, A-81
- Intended to reduce administrative burden and streamline operations

2/28/12 – Advanced Notice of Proposed Guidance

2/1/13 – Federal Register Notice

6/2/13 – Comments from research community submitted to OMB

12/26/13 – Uniform Guidance released

12/26/14 – Uniform Guidance effective

OMB Uniform Guidance – A-81



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- Although OMB has issued A-81, agencies have yet to specify how they will implement its new requirements.
- By **June 26, 2014**, agencies are required to submit their implementation plans to OMB and the research community.
- On May 9, 2014, NSF issued its proposed guidance on how it will implement A-81, but other agencies have not to date.
- Therefore, while A-81 is final, there is still uncertainty about how agencies will implement.



Conflict of interest

The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.



Administrative Requirements (A-110)

- Require Pre-award consideration of merit/risk
- At least 30-day notice of funding opportunities
- Standard format for notices of funding opportunities
- Requirements to use standardized information collections
- Streamline guidance on subrecipient monitoring



Performance measurement

The Federal awarding agency must require the recipient to use OMB-approved governmentwide standard information collections when providing financial and performance information ... the Federal awarding agency must require the recipient to relate financial data to performance accomplishments of the Federal award. Also, in accordance with above mentioned governmentwide standard information collections, and when applicable, recipients must also provide cost information to demonstrate cost effective practices ...



Cost Principles (A-21)

The salaries of administrative and clerical staff should still normally be treated as indirect (F&A) costs. However, “major project” limitation has been eliminated, and direct charging of these costs may be appropriate 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.*



Cost Principles (con't.) --Materials and supplies

Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices under 5k, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.



Procurement Standards (A-110)

All procurements must be conducted in a manner that provides full and open competition, including:

- Micro-purchases (below 3k) do not require competitive bidding*
- Purchases between 3k and 150k must occur via sealed bid process*
- Purchases in excess of 150k must occur via competitive proposals*

Unclear what the standards are on sealed and competitive bidding until agency and OMB guidance is issued.



Implementation at USC

Current working group: Department of Contracts and Grants, OFA, SPA, and Office of Compliance analyzing rule and possible changes.

June 26, 2014: *Agencies must submit their implementation plans to OMB.*

July/August 2014: Working group to develop implementation strategy, working with key research administrators to develop.

Fall 2014: Develop guidelines, training, and necessary documentation to meet implementation deadline of December 26, 2014.