



# The New Federal Uniform Guidance

## *Quick Guide: What you need to know*

The Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards from the Office of Management and Budget (2 C.F.R. § 200) ("Uniform Guidance") is intended to reduce the administrative burden and cost of compliance for federal grantees. It introduces new reforms and incorporates some important concepts from the current circulars that generally provide for more flexibility in directly charging federal awards. In doing so, the Uniform Guidance emphasizes the importance of institutional controls that proactively ensure compliance with the terms and conditions of the awards. The Uniform Guidance is applicable to all new funding (new awards and appropriations to existing awards) received on or after 12/26/2014. This Quick Guide highlights some of the more significant changes that may impact your new awards.

## PROCUREMENT

The Uniform Guidance provides detailed and prescriptive methods by which research institutions should procure goods and services under a federal award costing \$3,000 or more. This includes stricter requirements for sole-source purchases. The Guidance emphasizes the documentation requirements and internal written procedures for procurement (UG 200.317-326). Although the Office of Management and Budget has provided a one-year grace period to comply with these standards, the University is modifying and developing procurement procedures to become consistent with the Uniform Guidance with an effective date of July 1, 2015. Please look for announcements that clarify new University procurement procedures in the near future.

## SUBRECIPIENT MONITORING

The Uniform Guidance requires institutions to perform a risk assessment of subrecipients prior to issuing the subaward in order to determine the appropriate level of monitoring. Factors to be considered may include:

- Prior Experience;
- A-133/Uniform Audits;
- Personnel or system changes; and
- Monitoring by federal agencies

Recent federal audits and enforcement actions continue to reinforce the need for ongoing monitoring of subrecipients, regardless of the risk level assigned at the pre-award stage. The University has developed a comprehensive Subrecipient Monitoring Guide designed to assist Departments with meeting this obligation, available at:

[HTTP://WWW.CONTROLLER.JHU.EDU/POLICY\\_PROCEDURES/SPON\\_POLICY\\_PROCEDURES.HTML#ONE](http://www.controller.jhu.edu/policy_procedures/spon_policy_procedures.html#one)

## SUBAWARDS

With prior approval, fixed price subawards of up to \$150,000 are permissible under the Uniform Guidance. Additionally, the Guidance clarifies that if a subrecipient does not already possess a negotiated Indirect Cost Rate, it may apply a *deminimis* 10% rate. NIH has waived prior approval requirements for fixed price subawards, and has maintained the 8% F&A rate for foreign subrecipients.

## CLOSEOUT

The Uniform Guidance requires that financial closeout reports be submitted no later than 90 calendar days after the end date of the performance period. All final billings must be included in the financial closeout report unless an extension is authorized by the Federal sponsor (UG 200.343). Both NIH and NSF have extended this date to 120 calendar days past the period of performance.

## COMPUTING DEVICES

The Uniform Guidance clarifies that Computing devices are generally considered “Supplies” and can therefore be directly charged to federally sponsored projects as long as they are essential and allocable to the performance of a federal award (UG 200.33). No longer must they be solely dedicated to a specific award. Any computing device costing more than \$5,000 should be treated as “Equipment.”

## ADMINISTRATIVE & CLERICAL SALARIES

The Uniform Guidance clarifies that salaries of administrative and clerical staff should be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate if the following conditions are satisfied:

- The services are integral to a project or activity;
- 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 from the federal agency; and
- The costs are not also recovered as indirect costs (F&A) (UG 200.413).

Compared to previous positions, the Uniform Guidance does not identify any specific type of grants on which administrative/clerical salaries would be appropriate. Conversely, such costs may be sought on grants that are not designated as a “major project.”

## COST SHARING

Cost sharing is the portion of the total project costs of a sponsored agreement borne by the University or third party, rather than by the sponsor. Two important types of cost sharing are: mandatory cost sharing required by the sponsor as a condition of the award and explicitly enumerated in the proposal and voluntary committed cost sharing, which is not required by the sponsor, but offered in the proposal by the applicant.

The Uniform Guidance restates the fact that voluntary committed cost sharing is neither expected nor considered during merit review of the proposal. Federal agencies must require mandatory cost share or not consider it at all. (UG 200.306)

## VISA COSTS

The Uniform Guidance clarifies that costs associated with short-term visas when critical skills are required for a specific award may be proposed and charged as a direct cost as long as:

- The visitor’s skills are critical and necessary for the project
- The costs are considered direct and allowable under Cost Principles; and
- Treatment is consistent with University cost accounting policy and procedures.

Expedited processing fees generally remain unallowable under the new guidance.

## PRINCIPAL INVESTIGATOR DISENGAGEMENT

The Uniform Guidance recognizes that PIs can be away from campus and remain engaged in the project. Prior approval from federal awarding agencies must be obtained for the following program or budget-related reasons (UG 200.308):

- Change in scope or objective of the project, or change of a key person identified in the grant application
- Disengagement from the project for more than 3 months or 25% reduction in effort.

## INTERNAL CONTROLS

Strong internal controls provide assurance that The Johns Hopkins University is managing their awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

## VAT

Value Added Tax (VAT) -- Foreign taxes charged for the purchase of goods or services that a non-Federal entity is legally required to pay in country is an allowable expense under Federal awards.

ANONYMOUSLY REPORT NON-COMPLIANCE BY CALLING THE JOHNS HOPKINS  
COMPLIANCE HOTLINE AT: 1-877-WE-COMPLY (932-6675)  
or by going to [www.mycompliancereport.com](http://www.mycompliancereport.com) using the access ID JHU.

For more information, please contact JHURA at [jhsph.ora@jhu.edu](mailto:jhsph.ora@jhu.edu)