

# **Introduction to 2 CFR 200 - Uniform Guidance**



University of Colorado  
Denver | Anschutz Medical Campus

## **Introduction of 2 CFR 200 – Uniform Guidance**

### **Course Description**

This courses provides an overview of 2 CFR 200 (Uniform Guidance) by reviewing the provisions most applicable to research administrators at the University. This course will help you to locate provisions within 2 CFR 200, understand the applicability of 2 CFR 200 to federal awards, and know the general governmentwide requirements for federal grants and cooperative agreements.

## **1. Introduction to 2 CFR 200**

### **1.1 Background to 2 CFR 200**

In fiscal year 2017, the federal government expended more than \$675 billion in grants and cooperative agreements, which represents approximately 1/6<sup>th</sup> of all federal spending. To protect federal funding from waste, fraud, and abuse, the federal government establishes requirements for the administration of grant funds.

2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards establishes governmentwide requirements for federal grants and cooperative agreements.<sup>1</sup>

2 CFR 200 is also referred to as:

- The Uniform Guidance (UG)
- Supercircular
- Omniscircular

The Code of Federal Regulations (CFR) is the codification of the general and permanent rules of the federal executive departments and agencies. The CFR is divided into 50 titles that represent broad areas subject to federal regulation. Title 2 of the CFR contains guidance and regulations for federal grants and agreements. Part 200 of Title 2 is the location for the Uniform Guidance.

The Office of Management and Budget (OMB), an agency within the Executive Office of the President, is responsible for issuing governmentwide grants-related guidance for federal departments and agencies. In 2014, OMB released 2 CFR 200, which became applicable to all new federal awards on December 26, 2014.<sup>2</sup>

Prior to the implementation of 2 CFR 200, federal grants requirements were located in multiple OMB Circulars. 2 CFR 200 consolidated the OMB Circulars into one, unified set of requirements for federal awards.

#### **The Electronic Code of Federal Regulations (eCFR)**

Title 2 of the CFR can be found online at: [https://www.ecfr.gov/cgi-bin/text-idx?gp=&SID=ad49d3770e3d0b027a4027d76f8cfb56&mc=true&tpl=/ecfrbrowse/Title02/2tab\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?gp=&SID=ad49d3770e3d0b027a4027d76f8cfb56&mc=true&tpl=/ecfrbrowse/Title02/2tab_02.tpl)

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<sup>1</sup> The federal requirements for federal contracts are found in the Federal Acquisition Regulation (FAR).

<sup>2</sup> 2 CFR 200 became effective to existing awards if an agency amended the award terms and conditions.

## 1.2 Agency Implementation of 2 CFR 200

2 CFR 200 is referred to as the Uniform Guidance because OMB does not have regulatory powers and OMB documents are only binding on federal agencies. To apply 2 CFR 200 to federal award and award recipients, each federal agency had to issue agency-specific implementing regulations.

In a federal notice of award, the agency will almost always reference its own implementing regulation, and not 2 CFR 200. When managing federal awards, it is critical that University personnel adhere to the agency's implementing regulations, as those implementing regulations may deviate from 2 CFR 200.<sup>3</sup>

## 1.3 Structure of 2 CFR 200

2 CFR 200 contains six subparts and twelve appendices. The subparts of 2 CFR 200 are align with the award lifecycle:

- Subpart A – Acronyms and Definitions (2 CFR 200.0 through 2 CFR 200.99)
- Subpart B – General Provisions (2 CFR 200.100 through 2 CFR 200.113)
- Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards (2 CFR 200.200 through 2 CFR 200.213)
- Subpart D – Post Federal Award Requirements (2 CFR 200.300 through 2 CFR 200.345)
- Subpart E – Cost Principles (2 CFR 200.400 to 2 CFR 200.475)
- Subpart F – Audit Requirements (2 CFR 200.500 to 2 CFR 200.521)
- Appendices (Appendix I to Appendix XII)<sup>4</sup>

### **Should vs. Must in 2 CFR 200**

2 CFR 200 uses the words “should” and “must” when identifying federal requirements. The word “should” implies a suggested course of action and is considered a best practice. The word “must” indicates a required action. Failure to comply with a required action may result in an audit finding, the federal awarding agency or pass-through entity imposing special conditions on the award, and/or legal consequences.

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<sup>3</sup> Appendix A, on page 53, provides a list of agency implementing regulations and any deviations from 2 CFR 200.

<sup>4</sup> Appendix B, on page 54, provides the official government Frequently Asked Questions for 2 CFR 200.

## **2. Subpart A - Acronyms and Definition**

Subpart A of 2 CFR 200 identifies and explains key award-related acronyms and terms. It is important to note that the definitions are only applicable to 2 CFR 200, and federal awarding agencies may use slightly different terms for their own awards.

### **2.1 Key Acronyms for 2 CFR 200**

Some key acronyms identified in 2 CFR 200 include:

- **CFDA – Catalog of Federal Domestic Assistance.** The CFDA, now known officially as the Assistance Listings, is a government database that describes all federal assistance programs. Each assistance listing is associated with a unique five digit number, known as the CFDA Number.
- **CFR – Code of Federal Regulations.** The CFR is the codification of federal rules promulgated by executive departments and agencies.
- **F&A – Facilities and Administration.** F&A is another term for indirect costs.
- **FAIN – Federal Award Identification Number.** The unique number assigned to every federal award.
- **FAR – Federal Acquisition Regulation.** The FAR is the source of requirements for federal contracts.
- **FFATA – Federal Funding Accountability and Transparency Act.** Sometimes referred to as the Transparency Act, FFATA requires all prime award recipients to report specific data elements for all subawards of \$25,000 or more. OGC is responsible for FFATA reporting requirements.
- **IHE – Institution of Higher Education.** An IHE is any organization that meets the federal definition of a college or university.
- **MTDC – Modified Total Direct Cost.** MTDC is one cost base used to calculate indirect (F&A) costs.
- **OMB – Office of Management and Budget.** OMB is an office within the Executive Office of the President and is responsible for issuing guidance to federal agencies on the administration and management of federal grants and cooperative agreements.
- **PII – Personally Identifiable Information.** PII is any information that could be used to distinguish or trace and individual's identify. 2 CFR 200 includes multiple provisions to ensure recipient organizations take adequate measures to protect PII.
- **PTE – Pass-through Entity.** A pass-through entity makes a subaward to another entity to carry out part of the prime award. A pass-through entity assumes the roles and responsibilities of both a recipient and an awarding entity.
- **SAM – System for Award Management.** SAM is a federal database used to manage federal financial assistance awards. Recipient organizations are required to maintain an active registration in SAM in order to receive federal funding. SAM also contains the Exclusions Extract which identifies individuals

and organizations that have been debarred or suspended from receiving federal funds. OGC is responsible for maintaining the university's registration and for verifying subrecipient eligibility.

- **U.S.C. – United States Code.** The U.S.C. contains the codification of federal laws.

## 2.2 Definitions for 2 CFR 200

Subpart A of 2 CFR 200 provides definitions for key terms used within the Uniform Guidance. The definitions are listed in alphabetical order from 2 CFR 200.02 through 2 CFR 200.99.

Some important terms to understand when reading 2 CFR 200 include:

- **CFDA Number (2 CFR 200.10).** The CFDA Number is the official government code assigned to each federal program. The CFDA Number consists of five digits in the following format: XX.XXX.
- **Federal Award (2 CFR 200.38).** 2 CFR 200 uses the term “federal award” to refer to either the notice of award document or federal financial assistance to a non-federal entity. The meaning of the word must be inferred by context within 2 CFR 200.
- **Federal Program (2 CFR 200.42).** A federal program refers to an assistance program which funds recipient projects. Each federal program is required to have a CFDA number, though not all agencies are in compliance with this requirement.
- **Non-Federal Entity (2 CFR 200.69).** A non-federal entity (NFE) refers to any recipient or subrecipient organization which receives federal funding.
- **Simplified Acquisition Threshold (2 CFR 200.88).** The Simplified Acquisition Threshold is a dollar threshold established by the Federal Acquisition Regulation (FAR). The threshold applies to procurement (vendor) purchase methods and to fixed amount subawards. Congress authorized an increase of the Simplified Acquisition Threshold from \$150,000 to \$250,000 in 2018.
- **Subaward (2 CFR 200.92).** A subaward is when a recipient of a federal award provides a portion of the federal funding to another entity to carry out a part of the project.

### **Terms and Definitions**

The federal government currently uses over 35,000 terms, data elements, and attributes for federal financial assistance programs. While there has been a governmentwide initiative to standardize the terms, some federal agencies continue to use agency-specific terms and definitions.

The Common Data Element Repository (CDER) is a searchable database providing a definition for each data element and identifies the applicability for each term.

The CDER is found at:

[https://repository.usaspending.gov/cder\\_library/authorized/dataElements](https://repository.usaspending.gov/cder_library/authorized/dataElements)

### **3. Subpart B – General Provisions**

Subpart B explains the purposes of 2 CFR 200, details the applicability to federal awards, and includes key requirements for both federal awarding agencies and non-federal entities.

The table on the following page identifies the provisions in Subpart B. This lesson, however, will focus on the provisions applicable to the University.

### Subpart B of 2 CFR 200 – General Provisions

Section	Title	Notes
§ 200.100	Purpose	Explains why 2 CFR 200 was established
§ 200.101	Applicability	Identifies the applicability of 2 CFR 200 to different types of federal awards
§ 200.102	Exceptions	Requires federal agencies to receive OMB approval before establishing more restrictive agency-specific requirements
§ 200.103	Authorities	Identifies the statutory authorizations for 2 CFR 200
§ 200.104	Supersession	2 CFR 200 supersedes previous OMB Circulars
§ 200.105	Effect on other issuances	Requires federal agencies to suppress former guidance and requirements
§ 200.106	Agency implementation	Requires federal agencies to promulgate regulations to implement 2 CFR 200
§ 200.107	OMB responsibilities	Requires OMB to verify agency implementation
§ 200.108	Inquires	Provides OMB contact information
§ 200.109	Review date	Requires OMB to review 2 CFR 200 at least every five years
§ 200.110	Effective/ applicability date	Requires federal agencies apply 2 CFR 200 requirements for all new awards made on or after December 26, 2014
§ 200.111	English language	Requires the use of English and U.S. dollars for federal awards
§ 200.112	Conflicts of interest	Requires federal agencies adopt conflict of interest policies for award recipients
§ 200.113	Mandatory disclosures	Requires recipients to notify federal awarding agencies or pass-through entities of any potential violations of certain federal laws affecting an award



### 3.1 Purpose (2 CFR 200.100)

This provision explains the purpose of 2 CFR 200 and prohibits federal awarding agencies from imposing additional or inconsistent requirements on non-federal entities unless: required by law, regulation, or Executive Order; or, approved by OMB (2 CFR 200.102).

### 3.2 Applicability (2 CFR 200.101)

2 CFR 200.101 establishes the applicability of the Uniform Guidance to federal awards. The applicability of 2 CFR 200 is identified in the notice of award document by referencing the federal agency's implementing regulations.

### 3.3 Effective/Applicability Date (2 CFR 200.110)

2 CFR 200 became applicable to all new awards on December 26, 2014. Additionally, federal awarding agencies could apply 2 CFR 200 to existing awards only if continuation funding was provided and new terms and conditions were issued.

While it is highly unlikely that any of the University's awards continue to be governed by previous OMB Circulars, it is critical that research administrators and PIs verify the requirements for any award made prior December 26, 2014.

### 3.4 English Language (2 CFR 200.111)

All applications for federal awards must be submitted in English and the budget must be presented in U.S. currency. This provision is particularly relevant if the University plans to make a subaward to a foreign entity. The University must ensure that any budget proposal submitted by a subrecipient foreign entity uses U.S. dollars.

2 CFR 200.111(b) states, in part:

*Where a significant portion of the non-Federal entity's employees who are working on the Federal award are not fluent in English, the non-Federal entity must provide the Federal award in English and the language(s) with which employees are more familiar.*

When working with foreign subrecipients, a part of the subrecipient monitoring responsibilities for PIs, and research administrators, is to ensure foreign subrecipients are in compliance with this requirement. This means that the University verifies the foreign subrecipient has translated the award terms and conditions into the language(s) predominately used by the employees of the foreign subrecipient, when applicable.

2 CFR 200.111 states that when there is a conflict between the award terms and conditions of the English language version and a translated version, the English language version governs.

### 3.5 Conflicts of Interest (2 CFR 200.112)

2 CFR 200 requires federal agencies to establish conflict of interest policies for federal awards. To comply with federal requirements, the Office of Regulatory Compliance (ORC) enforces the University's conflict of interest policies and procedures.

### 3.6 Mandatory Disclosures (2 CFR 200.113)

This provision requires all award applicants and recipients to:

*Disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal Award.*

**Situations which may require University compliance with 2 CFR 200.113 must be handled through the Office of Grants and Contracts and potentially the Office of Legal Counsel.**

#### **NIH Policy on Mandatory Disclosures**

Consistent with 45 CFR 75.113, NIH applicants and recipients must disclose, in a timely manner, in writing to the NIH awarding [IC](#) and the HHS Office of Inspector General (OIG) all information related to violations of federal criminal law involving fraud, bribery, or gratuity violations potentially impacting the federal award. Subrecipients must disclose, in a timely manner, in writing to the prime recipient (pass-through entity) and the HHS OIG all information related to violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Disclosures must be sent in writing to the NIH awarding [IC](#) and to the HHS OIG at the following address:

NIH CGMO listed on the [NoA](#) for the [IC](#) that funded the grant (See [Part III: Points of Contact 20 INSTITUTES AND CENTERS](#))

AND

U.S. Department of Health and Human Services

Office of Inspector General

ATTN: Mandatory Grant Disclosures, Intake Coordinator

330 Independence Avenue, SW, Cohen Building

Room 5527

Washington, DC 20201

URL: <https://oig.hhs.gov/fraud/report-fraud/index.asp>

(Include "Mandatory Grant Disclosures" in the subject line")

Fax: (202) 205-0604 (Include "Mandatory Grant Disclosures" in subject line) or

Email: [MandatoryGranteeDisclosures@oig.hhs.gov](mailto:MandatoryGranteeDisclosures@oig.hhs.gov)

Failure to make required disclosures can result in any of the remedies described in 45 CFR 75.371 Remedies for noncompliance and [Administrative Requirements Enforcement Actions](#), including [suspension or debarment](#) (See 2 CFR parts 180 and 376, 31 U.S.C.3321 and [Public Policy Requirements and Objectives- Debarment and Suspension](#)), as necessary and appropriate.

*Source: NIH Grants Policy Statement 2018, Section 4.1.35*

## **4. Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards**

Subpart C identifies the pre-award requirements for federal agencies, and to a lesser extent for pass-through entities. With limited exceptions, this subpart does not establish requirements for non-federal entities. Instead, the University and departments have established policies and procedures governing the pre-award phase.

This lesson discusses the relevant provisions of Subpart C to the University.

### **4.1 Use of Grant Agreements (Including Fixed Amount Awards), Cooperative Agreements, and Contracts (2 CFR 200.201)**

This provision requires federal awarding agencies and pass-through entities to select the appropriate award instrument under the Federal Grants and Cooperative Agreement Act (FGCAA) when making awards with federal funds.

The FGCAA requires federal agencies, and 2 CFR 200 requires pass-through entities, to apply the principal purpose test when selecting an award instrument. T

The implication for the University is that all procurement contracts (vendors) and subawards (outgoing subcontracts) must comply with the FGCAA. Further discussion on contract and subrecipient determination is found in 2 CFR 200.330.

This provision also addresses the use of fixed amount awards, which provides funding to a recipient when costs can be reliably anticipated. Fixed amount awards can fund, but are not limited to, the following activities:

- Conferences
- Studies
- Workshops
- Policy papers
- Technical development
- Deliverable-based agreements

2 CFR 200.332 addresses requirements for fixed amount subawards.

### **4.2 Requirement to Provide Public Notice of Federal Financial Assistance Programs (2 CFR 200.202)**

2 CFR 200.202 requires federal agencies to publish all federal financial assistance programs in central government database. As of May 2018, the governmentwide database is known as the Assistance Listings. Prior to May 2018, the database was called the Catalog of Federal Domestic Assistance (CFDA).

Federal agencies must use a standard template describing each assistance program. The Assistance Listings can be a useful resource in identifying potential funding opportunities; however, the Assistance Listings generally do not provide competition-related information, such as application deadlines.

#### 4.3 Notice of Funding Opportunities (2 CFR 200.203)

2 CFR 200 requires federal awarding agencies to publish a notice of funding opportunity (NOFO) for each competitive grant and cooperative agreement. The NOFO contains two parts:

- Funding synopsis
- Full funding opportunity

The funding synopsis must identify:

- The federal awarding agency
- Funding opportunity title
- Announcement type
- Funding opportunity number
- CFDA Number(s)
- Key dates, including due dates for proposals

Federal agencies must use the governmentwide template for the full funding opportunity, as explained in Appendix I of 2 CFR 200. Full funding opportunities must provide the following information:

- Section 1: Program Description
- Section 2: Federal Award Information
- Section 3: Eligibility Information
- Section 4: Application and Submission Information
- Section 5: Application Review Information
- Section 6: Federal Award Administration Information
- Section 7: Federal Awarding Agency Contact
- Section 8: Other Information

2 CFR 200 requires federal agencies to publish NOFOs for competitive awards on an OMB designated website, currently Grants.gov. Federal agencies are expected to post NOFOs at least 60 days before the competition deadline; however, unless exigent circumstances exist, NOFOs cannot be posted less than 30 days before the deadline.

Some federal agencies, such as the National Institutes of Health (NIH), have established deadline cycles using a preexisting NOFO, which provides for continuity for applicants.

#### 4.4 Federal Awarding Agency Review of Merit Proposals (2 CFR 200.204)

Federal awarding agencies are required to award competitive grant funds based on merit. 2 CFR 200 requires agencies to publicly announce the merit review process for grant competitions in the NOFO. During the review and selection of grant awards, federal agencies must follow the criteria identified in the NOFO.

For pre-award research administrators, this section of the NOFO is a critical component to review and to share with Pls.

#### 4.5 Federal Awarding Agency Review of Risk Posed by Applicants (2 CFR 200.205)

Before making an award, federal awarding agencies must conduct a pre-award risk assessment on all potential award recipient organizations.<sup>5</sup> 2 CFR 200.205(c) identifies some criteria federal awarding agencies may take into consideration during the review:

- Financial stability
- Quality of management systems
- History of performance
- Audits
- The organization's ability to effectively implement all award requirements

Federal awarding agencies may deny funding, or may impose additional award conditions, as identified at 2 CFR 200.207, for recipient organizations that pose a risk to federal funds.

Per 2 CFR 200.212, should a federal awarding agency determine an applicant is not qualified to receive funding based on the risk assessment, the federal agency must include the finding in the Federal Awardee Performance and Integrity Information System (FAPIIS). FAPIIS is a governmentwide database which federal awarding agencies are required to review before making an award.

#### 4.6 Specific Conditions (2 CFR 200.207)

2 CFR 200.207 identifies award terms and conditions federal awarding agencies and pass-through entities may place on a specific award to mitigate risk. 2 CFR 200.207(a) identifies the following situations in which specific conditions may be considered:

- Based on the award risk assessment
- When the applicant or recipient has a history of failure to comply with award terms and conditions
- When an applicant or recipient fails to meet expected performance goals
- When an applicant or recipient is not otherwise responsible

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<sup>5</sup> 2 CFR 200 requires federal awarding agencies to conduct a pre-award risk assessment; however, pass-through entities may conduct the risk assessment at any point during a subaward's period of performance. The University conducts the risk assessment before issuing a subcontract.

2 CFR 200.207(b) identifies the specific conditions that may be placed on an award:

- Requiring payments as reimbursements rather than advanced payments
- Withholding the authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance
- Requiring additional, more detailed financial reports
- Requiring additional project monitoring
- Requiring the non-federal entity to obtain technical or management assistance
- Establishing additional prior approvals

When imposing specific conditions, 2 CFR 200.207(c) requires a federal awarding agency or pass-through entity to notify the recipient of:

- The nature of the additional requirements
- The reason why the additional requirements are being imposed
- The nature of the action needed to remove the additional requirements, if applicable,
- The time allowed for completing the actions if applicable, and
- The method for requesting reconsideration of the additional requirements imposed

2 CFR 200.207(d) requires the federal awarding agency or pass-through entity to promptly remove the specific conditions once the recipient has corrected any deficiency that lead to the specific conditions being placed on the award.

#### **Imposing Specific Conditions on Subrecipients**

When the University is a pass-through entity, we may impose specific conditions on our subrecipients. Should it be necessary to impose specific conditions on a subrecipient during the post award phase, a PI or research administrator must contact Contracting Services within OGC.

#### **4.7 Information Contained in a Federal Award (2 CFR 200.210)**

2 CFR 200 requires federal agencies to identify specific information within each notice of award; however, the format of each federal agency's notice of awards vary.

When receiving an award notice, pay particular attention to the following information:

- The period of performance and budget period dates
- The amount of funding provided for the related budget period
- The total amount of federal funds obligated for the award
- Amount of required cost sharing, if applicable
- Approved budget
- Federal awarding agency contact information
- Indirect (F&A) cost rate
- Any specific conditions placed on the award

- Specific performance goals, indicators, milestones, or expected outcomes, if applicable
- General award terms and conditions

The general award terms and conditions are usually provided as a reference to 2 CFR 200, the agency's implementing regulations, or other document. For example, NSF notice of awards references the Proposal & Award Policies and Procedures Guide (PAPPG) and NIH notice of awards references the NIH Grants Policy Statement (NIHGPS).<sup>6</sup>

#### 4.8 Suspension and Debarment (2 CFR 200.213)

Federal regulations prohibit federal awarding agencies and recipients from providing federal funding through awards, subawards, or contracts to individuals or entities debarred, suspended, or otherwise excluded from participating in federal assistance programs or activities. The federal government maintains a database, known as the Exclusions Extract, on SAM.gov that identifies those individuals and entities that are debarred or suspended.

#### **Reviewing the Exclusions Extract on SAM.gov**

Contracting Services will review the Exclusions Extract on SAM.gov before issuing a subcontract. The University cannot make a subcontract to any entity or individual, such as a PI, that is identified in the Exclusions Extract.

#### 4.9 Other Provisions of Subpart B

The following table summarizes the other provisions in Subpart B not discussed above.

Citation	Title	Summary and Description
2 CFR 200.200	Purpose	Identifies the applicability of provisions under Subpart B to the pre-award process.
2 CFR 200.206	Standard application requirements	Requires federal awarding agencies to use OMB-approved application forms
2 CFR 200.208	Certifications and representations	Allows federal awarding agencies to require applicants and recipients to complete annual certifications
2 CFR 200.209	Pre-award costs	References the cost principles for the allowability of pre-award costs
2 CFR 200.211	Public access to Federal award information	Identifies information that is made publicly available through federal government websites

<sup>6</sup> Appendix E on page 116 provides the proposed changes to the NIH notice of award.



## **5. Subpart D – Post Federal Award Requirements**

### **5.1 Overview of Subpart D**

Subpart D of 2 CFR 200 contains the administrative requirements for federal grants and cooperative agreements. Subpart D is organized by topical sections:

- Standards for Financial and Program Management, 2 CFR 200.300-200.309
- Property Standards, 2 CFR 200.310-200.316
- Procurement Standards, 2 CFR 200.317-200.326
- Performance and Financial Monitoring and Reporting, 2 CFR 200.327-200.329
- Subrecipient Monitoring and Management, 2 CFR 200.300-200.332
- Record Retention and Access, 2 CFR 200.333-200.337
- Remedies for Noncompliance, 2 CFR 200.338-200.342
- Closeout, 2 CFR 200.343
- Post-Closeout Adjustments and Continuing Responsibilities, 2 CFR 200.334
- Collections of Amounts Due, 2 CFR 200.345

#### **Applicability of Administrative Requirements**

Subpart D of 2 CFR 200 establishes the governmentwide administrative requirements for federal grants and cooperative agreements. Each federal agency has some discretion in modifying the general requirements. It is critical you refer to each agency's requirements for your awards. For example, when managing an NIH award, you would want to review the NIH Grants Policy Statement (NIHGPS) first to determine the award requirements.

### **5.2 Standards for Financial and Program Management (2 CFR 200.300-200.309)**

The following table identifies the provisions under this section.

<b>Citation</b>	<b>Title</b>	<b>Summary and Description</b>
2 CFR 200.300	Statutory and national policy requirements	Requires federal awarding agencies and non-federal entities to comply with public policy requirements
2 CFR 200.301	Performance measurement	Emphasizes the importance of performance measures and identifies requirements for federal awarding agencies
2 CFR 200.302	Financial management	Establishes the requirements for financial systems for non-federal entities
2 CFR 200.303	Internal controls	Requires non-federal entities to establish and maintain effective internal controls
2 CFR 200.304	Bonds	Allows federal agencies to include provisions on bonding and insurance
2 CFR 200.305	Payment	Identifies the payment methods to non-federal entities

2 CFR 200.306	Cost sharing or matching	Discusses acceptable cost sharing or matching methods
2 CFR 200.307	Program income	Discusses the methods on accounting for program income generated from federal awards
2 CFR 200.308	Revision of budget and program plans	Identifies prior approval requirements for all federal awards
2 CFR 200.309	Period of performance	Defines the term "period of performance"

Many of the requirements found in the Standards for Financial and Program Management section, particularly 2 CFR 200.302 and 2 CFR 200.303, are incorporated into the University's financial policies and procedures. Therefore, in order to ensure compliance with federal requirements, University employees must follow the University's financial policies.

#### 5.2.1 Statutory and National Policy Requirements (2 CFR 200.300)

Federal grant recipients are required to comply with numerous federal laws, regulations, and requirements designed to promote public welfare, protect the environment, and prohibit discrimination. Many of the requirements are incorporated into the University's policies and procedures.

Federal awarding agencies generally incorporate statutory and national policy requirements, sometimes referred to public policy requirements, by reference into the notice of award. The NIH, for example, details public policy requirements at 4.1 Public Policy Requirements and Objectives in the NIHGPS.

Examples of public policy requirements applicable to federal awards include:

- Animal Welfare Requirements
- Civil Rights Protections
- Financial Conflict of Interest
- Fly America Act
- Research Misconduct

#### 5.2.2 Performance Measurement (2 CFR 200.301)

One of OMB's primary objectives in implementing 2 CFR 200 was to shift the focus of grants management from compliance to performance. 2 CFR 200 emphasizes the use of performance measures to gauge the impact of federal funds. For federal research awards, recipient compliance is generally limited to the submission of periodic performance reports.

For federal non-research awards, the increased emphasis on performance measures impacts both the pre-award and post award phases in the following ways:

- Pre-Award. Federal agencies are increasingly requiring applicants to identify performance outcomes associated with the proposed project. Additionally, numerous federal agencies are requiring applicants to submit a logic model or a theory of change in the application package.
- Post Award. Award recipients must track and report performance measures required by the notice of award. 2 CFR 200 encourages federal awarding agencies to consider an applicant's prior performance when making awards.

### 5.2.3 Payment (2 CFR 200.305)

2 CFR 200.305 identifies the three payment methods for federal awards:

- Advanced payment
- Reimbursement
- Working Capital Advance

The advanced payment method is generally the type of payment used when the University is a direct recipient of federal funds. OGC is responsible for drawing down funds from the federal Treasury. Reimbursement is generally the method used when the University is the subrecipient of federal funds. The University must submit invoices to the pass-through entity in order to receive payment.

### 5.2.4 Cost Sharing or Matching (2 CFR 200.306)

**Cost sharing or matching** refers to the amount of funding the recipient contributes to an award.<sup>7</sup> Cost sharing may be mandatory or voluntary. **Mandatory cost share** refers to situations when recipients are required to provide a portion of funding to the project. **Voluntary cost share** refers to situations in which a recipient opts to provide funding to the award.

Generally, federal research awards do not require cost sharing or matching. Additionally, 2 CFR 200.306(a) prohibits federal awarding agencies from considering voluntary cost share during the merit review process.

Some considerations for cost sharing include:

- The PI's department is responsible for providing funding for mandatory or voluntary cost sharing
- Voluntary cost sharing included in a funded proposal generally becomes legally binding for the University
- The University **HIGHLY DISCOURAGES** voluntary cost sharing

The University's Fiscal Policy 4-8, Cost Sharing establishes procedures and provides guidance for cost sharing on sponsored projects.

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<sup>7</sup> For most federal awarding agencies, the terms "cost sharing" and "matching" are interchangeable. However, some agencies, such as the U.S. Department of Energy, differentiate between the two terms.

#### 5.2.5 Program Income (2 CFR 200.307)

**Program income** refers to funds directly generated by a sponsored activity or earned as a result of the award. Program include can include:

- Fees earned from services performed under the project, such as laboratory tests
- Income generated from sales of commodities and research materials, such as tissue cultures, cell lines, and research animals
- Registration fees from participants attending a conference or workshop
- Sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment
- Income generated from the sale of software, digital media, or publications

Royalties from patents, copyrights, and trademarks are generally not reportable as program income.

Program income is not profit and, during the period of performance, is the considered the government's funding. Therefore, program income must be used for the project.

2 CFR 200.307(e) identifies the three methods for treating program income:

- Additive method. This method increases the total award by the amount of the project income. The federal agency's contribution for the award does not change.
- Deductive method. This method maintains the level of funding for the award; however, the federal agency's contribution is reduced by the amount of the program income.
- Cost Sharing or matching. With prior approval, a recipient may apply the amount of program income to the cost sharing or matching requirement. The amount of the federal award remains the same.

The notice of award will generally identify the method of treating program income. The additive method is generally used for federal research awards and the deductive method is generally used for federal non-research awards.

During the period of performance of the award, the University must track and report program income generated by each federal award. As 2 CFR 200.307(f) states, there are no federal requirements governing the disposition of income earned after the end of the period of performance, unless the federal awarding agency has incorporated directives into the award terms and conditions.

#### 5.2.6 Revision of Budget and Program Plans (2 CFR 200.308)

This provision establishes certain prior approval requirements for all federal awards. As discussed in 2 CFR 200.308(c)(1), prior approval is required for all federal non-construction awards in the following circumstances:

- Change in scope or the objective of the project, even if there is no associated budget revision requiring prior written approval

- Change in key or senior personal specified in the proposal or notice of award
- The disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the PI or project director
- The transfer of funds budgeted for participant support costs to other cost categories
- Subawarding, transferring, or contracting out any work under a federal award, unless described in the proposal

In addition to the prior approval requirements identified above, federal awarding agencies may also require recipients obtain prior approval before initiating numerous other activities, as identified under 2 CFR 200.407.

Each federal agency has established their own procedures for requesting prior approval. Under 2 CFR 200.308(i), federal agencies must acknowledge receipt of a prior approval request within 30 days. If a federal awarding agency has not approved the request within 30 days, the agency must notify the recipient when to expect the decision.

**Expanded Authorities** are generally provided to federal research awards. Expanded authorities are prior approval waivers that enable recipients to take certain action without first receiving prior approval from the federal awarding agency or pass-through entity. Federal agencies may, at their discretion, determine which prior approvals to waive under expanded authorities. Since each federal agency may have different policies, it is critical to review and understand the terms and conditions for each award.<sup>8</sup>

#### 5.2.7 Period of Performance (2 CFR 200.309)

Without prior approval or expanded authorities, costs may only be charged to a federal award during the period of performance. Costs may be incurred outside the period of performance under:

- **Pre-Award Spending.** With prior approval or under expanded authorities, a recipient may incur costs before the period of performance. Under expanded authorities, pre-award costs may generally incur costs up to 90 days before the beginning date of the initial budget period. Any costs incurred are the responsible of the PI's department should the federal awarding agency or pass-through entity not reimburse the University for the costs.
- **No-Cost Extension.** A no-cost extension enables a recipient to continue the project's activities, and incur project-related costs, after the period of performance; however, no additional money will be made available to the recipient. Under expanded authorities, recipients generally may initiate a one-time no-cost extension for up to twelve months after the period of performance without prior approval.

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<sup>8</sup> Appendix D on page 111 provides a matrix of the expanded authorities granted by federal awarding agency.

### 5.3 Property Standards (2 CFR 200.310-200.316)

The following table identifies the provisions under this section.

Citation	Title	Summary and Description
2 CFR 200.310	Insurance Coverage	Requires non-federal entities to provide the same insurance coverage to property acquired or improved with federal funds as it does to all similar types of property
2 CFR 200.311	Real Property	Explains requirements related to the title, use, and disposition of real property acquired or improved under a federal award
2 CFR 200.312	Federally-owned and exempt property	Describes a recipient's responsibilities for managing federal government property and defines exempt property
2 CFR 200.313	Equipment	Explains requirements related to the title, use, and disposition of equipment acquired or improved under a federal award
2 CFR 200.314	Supplies	Explains requirements related to the title, use, and disposition of equipment acquired under a federal award
2 CFR 200.315	Intangible property	Explains requirements related to the title, use, and disposition of intangible property acquired under a federal award
2 CFR 200.316	Property trust relationship	Requires non-federal entities to hold real property, equipment, and intangible property acquired or improved under a federal award in trust

At the University, Financial Services is responsible for developing and implementing property-related policies and procedures to ensure compliance with 2 CFR 200.

Under the Federal Grant and Cooperative Agreement Act, federal awarding agencies may classify property acquired under a federal research award as “exempt property.” **Exempt property** refers to property acquired in whole or in part with federal funds that the recipient holds title to the property and has no further obligations to the federal government. The University’s Equipment and Government Property Policy applies to exempt property.

Property not classified as exempt property is classified as non-exempt property. For non-exempt property acquired with federal funds, the University must follow the requirements under 2 CFR 200 for title, use, and disposition.

The following table explains federal requirements for non-exempt property.

Non-Exempt Property	Title	Use	Disposition
Real Property	<b>§200.311(a)</b> The title rests with the non-federal entity.	<b>§200.311(b)</b> To be used for the originally authorized purpose as long as needed for that purpose	<b>§200.311(c)</b> The non-federal entity must request disposition instructions from the awarding agency, which may include the retention of the title, sale of the property, or transfer of the title.
Equipment	<b>§200.313 (a)</b> The title rests with the non-federal entity.	<b>§200.313 (b), (c), (d)</b> To be used for the authorized purposes until the grant has ended or until the equipment is no longer needed for the project, at which time the property may be used for other federal projects; must also make available to other federally funded projects if it does not interfere with the original purpose States are to follow the state law for use, management, and disposition.	<b>§200.313 (e)</b> If the value at disposition is less than \$5,000, the nonfederal entity may do with it as it likes with no obligation to the federal government. If it is more than \$5,000, the nonfederal entity must request disposition instructions from the agency. If the agency fails to respond in 120, the equipment may be retained or sold. If the equipment is sold, the agency is entitled a percentage of the sale
Supplies	<b>§200.314 (a)</b> The title rests with the non-federal entity.	<i>Not specifically addressed</i>	<b>§200.314 (a)</b> If residual supplies exceed \$5,000 in value, they should be used on other federally sponsored projects. If not needed for that purpose, the non-federal entity may retain or sell the supplies but must reimburse the government for its share.

Non-Exempt Property	Title	Use	Disposition
Intangible Property	<p><b>§200.315 (a)</b> The title rests with the non-federal entity.</p>	<p><b>§200.315 (a)</b> Must be used for the original, authorized purpose</p> <p><b>§200.315 (b)</b> The government retains a right to use and allow others to use any copyrighted materials developed (or for which copyrights were purchased) under a federal award.</p> <p><b>§200.315 (c)</b> Patents and inventions are subject to 37 CFR 401.</p> <p><b>§200.315 (d), (e)</b> The federal government has a right to obtain, reproduce, publish, and use data produced under an award, and to authorize others to do the same. Also, research data relating to published research findings used by the federal government to develop an agency action having the force and effect of law may be obtained by the public through a Freedom of Information Act (FOIA) request.</p>	<p><b>§200.315 (a)</b> Disposition requirements are the same for equipment at §200.313 (e).</p>



#### 5.4 Procurement Standards (2 CFR 200.317-200.326)

The procurement standards identify the requirements for obtaining goods and services under a federal award. The Procurement Service Center, a University-system office, is responsible for implementing policies and procedures, published in the Procurement Rules, to ensure compliance with federal requirements.

##### **University Procurement Rules**

The University's Procurement Rules are found at:

<https://www.cu.edu/doc/procurement-rules-amended-dec-1-2017-updated-120617pdf?download=true>

The following table identifies and explains the provisions under this section.

<b>Citation</b>	<b>Title</b>	<b>Summary and Description</b>
2 CFR 200.317	Procurement by States	A state must follow the same policies and procedures it uses for procurement from its non-federal funds. Pursuant to Section 24-101-105 of the C.R.S., the Board of Regents adopted a resolution exempting the University of Colorado from the State of Colorado Procurement Codes and Rules, effective July 1, 2005.
2 CFR 200.318	General Procurement Standards	Establishes procurement requirements for non-federal entities.
2 CFR 200.319	Competition	Identifies prohibited actions that limit competition.
2 CFR 200.320	Methods of Procurement to be Followed	Describes the five procurement methods that non-federal entities may use.
2 CFR 200.321	Contracting with Small and Minority Business, Women's Business Enterprises, and Labor Surplus Area Firms	Identifies actions a non-federal entity must take to assure minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
2 CFR 200.322	Procurement of Recovered Materials	Requires state agencies and local governments to comply with section 6002 of the Solid Waste Disposal Act.
2 CFR 200.323	Contract Cost and Price	Requires the use of cost or price analysis with every procurement action in excess of the Simplified Acquisition Threshold.
2 CFR 200.324	Federal Awarding Agency or Pass-through Entity Review	Allows the federal awarding agency or pass-through entity to review a non-federal entity's procurement system and documents in certain circumstances.

2 CFR 200.325	Bonding Requirements	Discusses requirements for construction of facility improvement contracts or subcontracts.
2 CFR 200.326	Contract Provisions	References Appendix II to 2 CFR 200, which identifies the required clauses for contracts.

The Procurement Service Center has established the following solicitation thresholds:

- \$10,000 or less – campus departments have purchasing authority;
- \$10,001 and greater – purchases of Goods are processed at the discretion of the Purchasing Agent; for federally funded purchases, competition is required starting at \$10,001;
- \$10,001 through \$50,000 – purchases of Services are processed at the discretion of the Purchasing Agent; for federally funded purchases, competition is required starting at \$10,001;
- \$10,001 through \$500,000 – competition for Goods is sought via the Documented Quote process;
- \$50,001 through \$500,000 – competition for Services is sought via the Documented Quote process;
- \$500,001 and greater – competition for Goods and Services is sought via either the Invitation for Bids or Request for Proposals process.

#### **Micro-purchase Threshold**

2 CFR 200 and the FAR establish \$10,000 as the micro-purchase threshold.

#### **5.5. Performance and Financial Monitoring and Reporting (2 CFR 200.327-200.329)**

This section identifies the general governmentwide reporting requirements for federal grants and cooperative agreements. The following table summarizes the provisions found in this section.

<b>Citation</b>	<b>Title</b>	<b>Notes</b>
2 CFR 200.327	Financial Reporting	Identifies general financial reporting requirements
2 CFR 200.328	Monitoring and Reporting Program Performance	Discusses the responsibilities for non-federal entities to submit performance reports
2 CFR 200.329	Reporting on Real Property	Requires ongoing reporting on real property for as long as the federal government retains an interest in the property

#### 5.5.1 Financial Reporting (2 CFR 200.327)

2 CFR 200 mandates federal awarding agencies only require non-federal entities to submit financial reports on OMB-approved forms. Additionally, 2 CFR 200.327 limits financial reporting to “no less frequently than annually nor more frequently than quarterly except in unusual circumstances.”

The award terms and conditions will identify, either directly or by reference, the financial reporting requirements for each award. OGC is responsible for completing and submitting financial reports for most federal awards.

#### 5.5.2 Monitoring and Reporting Program Performance (2 CFR 200.328)

2 CFR 200.328 explains the performance reporting and monitoring requirements for federal awards. The following list explains each provision.

- 2 CFR 200.328(a) Monitoring by the Non-Federal Entity. Non-federal entities are required to monitor its own activities under each federal award to assure compliance with federal requirements.
- 2 CFR 200.328(b) Non-Construction Performance Reports. Federal awarding agencies may require performance reporting on OMB-approved forms. Federal awarding agencies should, as appropriate, request the following information from non-federal entities for performance reports:
  - A comparison of actual accomplishments to the goals and objectives of the award. Federal awarding agencies may require non-federal entities to report on unit cost data.
  - The federal awarding agency may require non-federal entities explain why established goals and objective have not been met.
  - The federal awarding agency may request additional information, such as an analysis and explanation of cost overruns or high unit costs.
- 2 CFR 200.328(c) Construction Performance Reports. Federal awarding agencies may conduct technical inspections and request certified percentage of completion data for construction awards.
- 2 CFR 200.328(d) Significant Developments. Non-federal entities are required to inform the federal awarding agency or pass-through entity if any of the following situations occur:
  - Problems, delays, or adverse conditions which will impair the ability to meet the objective of the federal award. Non-federal entities are required to include a statement of the action taken, or contemplated, and any assistance need to resolve the situation.
  - Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.
- 2 CFR 200.328(e). A federal awarding agency may make site visits as needed.
- 2 CFR 200.328(f). A federal awarding agency may waive any performance report if the report is not needed.

**Discussion Question**

Do your subrecipients report significant developments to you or to your PI?

For federal research awards, most federal awarding agencies have adopted the Research Performance Progress Report (RPPR) for performance reporting. For federal non-research awards, most federal awarding agencies require the use of agency-specific performance reports.

**Research Performance Progress Report (RPPR)**

The National Institutes of Health (NIH) provides a FAQ page to assist PIs and research administrators in completing the RPPR. The information is found at:

<https://grants.nih.gov/grants/rppr/index.htm>

**5.5.3. Subrecipient Monitoring and Management (2 CFR 200.330-200.332)**

OMB incorporated this section of 2 CFR 200 to emphasize the importance of subrecipient monitoring. Previously, the requirements in this section were found in the annual Compliance Supplement.

For years, the federal audit community has identified subrecipient monitoring as a significant concern. Federal auditors have faulted federal awarding agencies for failing to provide robust subrecipient guidance to pass-through entities, and have also found pass-through entities failing to adequately monitor subrecipients.

To mitigate the problems associated with a lack of adequate subrecipient monitoring, federal awarding agencies and auditors have increased their scrutiny of pass-through entities' subrecipient monitoring policies and procedures.

**The Importance of Subrecipient Monitoring for the University**

The University must comply with the subrecipient monitoring requirements when a subaward (outgoing subcontract) is issued to another entity. Failure to meet our requirements as a pass-through entity can result in administrative actions and penalties against the University.

The following table identifies the provisions in this section.

Citation	Title	Notes
2 CFR 200.330	Subrecipient and contractor determinations	Identifies the characteristics of a subaward (outgoing subcontract) and a procurement contract (vendor agreement)
2 CFR 200.331	Requirements for pass-through entities	Explains the responsibilities of a pass-through entity
2 CFR 200.332	Fixed amount subawards	Requires prior approval before a fixed amount subaward may be issued.

#### 5.5.3.1 Subrecipient and Contractor Determinations (2 CFR 200.330)

2 CFR 200.330 requires the University to use the correct award instrument when using federal funds. Under a federal award, the University may use federal funds to: obtain goods and services for use on the project, and/or provide federal funds to another entity to execute a portion of the project.

2 CFR 200.330 identifies the characteristics associated with both procurement (vendor) agreements and subawards (outgoing subcontracts). Contracting Services, an office within OGC, is responsible for applying the provisions under 2 CFR 200.330 in determining the nature of the relationship between the University and other non-federal entity.

#### 5.5.3.2 Requirement for Pass-Through Entities (2 CFR 200.331)

2 CFR 200.331 applies when the University makes a subaward under a federal award. Subrecipient monitoring and management responsibilities are divided between OGC and the administrative unit making the subaward.

The following list identifies the responsibilities for subrecipient monitoring and management.

- 2 CFR 200.331(a). This provision requires the University to issue a formal agreement to subrecipients. Additionally, this provision indicates the required elements for the subaward agreement. The terms and conditions included in the prime award to the University must flow down to subrecipients. Contracting Services is responsible for ensuring the University's compliance with 2 CFR 200.331(a).
- 2 CFR 200.331(b). This provision requires the University to conduct a risk assessment for each subrecipient. Contracting Services performs a risk assessment on subrecipients before issuing an award.

- 2 CFR 200.331(c). Pass-through entities should consider applying specific conditions, as described at 2 CFR 200.207, on subrecipients as appropriate.
- 2 CFR 200.331(d). Pass-through entities are required to adequately monitor subrecipients. To comply with this requirement, PIs and administrative units should:
  - Document monitoring activities<sup>9</sup>
  - Review and approve financial and performance reports
  - Maintain regular communications with subrecipients
  - Discuss options with Contracting Services if a subrecipient is failing to meet performance goals or objectives, or may be in noncompliance with federal requirements

This provision also requires pass-through entities to review subrecipient audits and to issue management decisions. This is a shared responsibility between OGC and Financial Services.

- 2 CFR 200.331(e). This provision provides suggestions for monitoring a subrecipient. Recommended monitoring activities include, but are not limited to:
  - Providing subrecipients with training and technical assistance
  - Performing on-site reviews of the subrecipient's program operations
  - Arranging for agreed-upon-procedures engagements for subrecipients exempted from the single audit
- 2 CFR 200.331(f). The University is required to verify that every subrecipient has a single audit conducted, if applicable. Contracting Services is responsible for this requirement.
- 2 CFR 200.331(g). This provision requires the University to update our records as a result of audits, on-site reviews, or other monitoring activities. Generally, this may require amendments to a subaward agreement that imposes specific conditions or remedies for noncompliance.
- 2 CFR 200.331(h). Pass-through entities should impose remedies for noncompliance, as discussed at 2 CFR 200.338, when a subrecipient fails to meet award terms and conditions.

#### 5.5.3.3. Fixed Amount Subawards (2 CFR 200.332)

With prior approval, pass-through entities may make fixed amount subawards up to the simplified acquisition threshold. The simplified acquisition threshold is set by the FAR and the threshold is currently set \$250,000.

#### **NIH Clarification: Fixed Amount Award Definition and Implementation for Clinical Trials**

In September 2018, NIH issued a guidance clarifying the definition of fixed amount awards. Fixed amount awards require prior approval; however, fixed-rate agreements do not require prior approval.

<sup>9</sup> Appendix F on page 119 contains a copy of the University's subrecipient monitoring documents.

The NIH Notice is found at: <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-222.html>.

#### 5.7 Record Retention and Access (2 CFR 200.333-200.337)

2 CFR 200 establishes minimum requirements for retaining award-related documents. The State of Colorado, through the State Archives Records Management Manual, has established longer record retention periods than required under 2 CFR 200. Because the State of Colorado has more restrictive requirements, the University must therefore follow the State of Colorado's time requirements.

#### **Record Retention Schedule for CU Denver | Anschutz Medical Campus**

The record retention schedule for the University is found at:  
<https://www.cu.edu/sites/default/files/RecordRetentionUCD.pdf>

The following table identifies the provisions in this section.

<b>Citation</b>	<b>Title</b>	<b>Summary and Description</b>
2 CFR 200.333	Retention Requirements for Records	Requires non-federal entities to retain financial records, supporting documents, statistical records, and all other non-federal pertinent to a federal award.
2 CFR 200.334	Requests for Transfer of Records	The federal awarding agency may request non-federal entities to transfer certain records to the federal government.
2 CFR 200.335	Methods for Collection, Transmission, and Storage of Information	Non-federal entities should, whenever practical, collect transmit, and store federal award-related information in open and machine readable formats.
2 CFR 200.336	Access to Records	Federal awarding agencies, inspectors general, the Comptroller General and the GAO, and pass-through entities have the right to access award-related documents and records of non-federal entities.
2 CFR 200.337	Restrictions on Public Access to Records	Records under the custody of non-federal entities are not subject to federal FOIA requirements. However, since the University is a public state entity, our records are subject to state laws.

Record retention is both a federal compliance requirement and a legal requirement under state law. Failure to retain award-related records can result in disallowed costs, even after the period of performance is completed.

### 5.8 Remedies for Noncompliance (2 CFR 200.338-200.342)

This section of 2 CFR 200 discusses the options available to federal awarding agencies and to pass-through entities to address noncompliance of recipients and subrecipients and the responsibilities of all parties when sanctions are imposed.

The following table identifies the provisions in this section.

<b>Citation</b>	<b>Title</b>	<b>Summary and Description</b>
2 CFR 200.338	Remedies for Noncompliance	Identifies the actions a federal awarding agency or pass-through entity may take to sanction a non-compliant recipient or subrecipient.
2 CFR 200.339	Termination	Explains the process to terminate an award.
2 CFR 200.340	Notification of Termination Requirement	Identifies the requirements for federal awarding agencies and pass-through entities when terminating an award.
2 CFR 200.341	Opportunities to Object, Hearings, and Appeals	Outlines the rights of award recipients during termination or suspension procedures.
2 CFR 200.342	Effects of Suspension and Termination	Identifies allowable and unallowable costs during award suspension or after award termination.

#### 5.8.1 Remedies for Noncompliance (2 CFR 200.338)

2 CFR 200 provides two provisions to address award management issues:

- 2 CFR 200.207 Specific Conditions; and
- 2 CFR 200.338 Remedies for Noncompliance.

While both provisions identify actions that federal awarding agencies and pass-through entities may take to protect federal funds, there are key differences:

- Specific Conditions may be placed on an award recipient during the pre-award or post award phases, whereas Remedies for Noncompliance may be imposed only during the post award phase;
- Specific Conditions must be removed when the recipient corrects a deficiency;
- Specific Conditions are not as severe as Remedies for Noncompliance; and
- Remedies for Noncompliance are imposed when egregious violations occur and when imposing Specific Conditions would not provide adequate protection of federal funds.

Under 2 CFR 200.338, remedies for noncompliance include:

- Temporarily withholding payments pending correction of the deficiency by the non-federal entity or the imposition of more severe enforcement action;
- Disallowing all or part of the costs associated with the noncompliant action or activity;



- Suspending or terminating the award, either in whole or in part;
- Initiating suspension or debarment procedures;
- Withholding further federal awards for the project or program; and
- Taking other remedies that may be legally available.

When the University acts as a pass-through entity, we may take any of the above actions except suspending or debarring a subrecipient; suspension and debarment are actions only available to federal agencies.

### **What is Suspension and Debarment?**

Under 2 CFR 180, federal awarding agencies and pass-through entities are prohibited from providing federal funds to any individual or entity listed on the SAM Exclusions Extract.

Suspension may be based on indictments, information or adequate evidence involving environmental crimes, scientific misconduct, contract fraud, embezzlement, theft, forgery, bribery, poor performance, non-performance, or false statements. This is a temporary action which may last up to one year and is effective immediately.

Debarments may be based on convictions, civil judgments or fact based cases involving environmental crimes, contract fraud, embezzlement, theft, forgery, bribery, poor performance, non-performance or false statements as well as other causes. The imposition of a debarment period is for a set period of time decided on a case by case basis.

Suspension and debarment are severe punishments, and the affected individual or entity cannot receive federal funding until removed from the SAM Exclusions.<sup>10</sup>

### **5.8.2 Effects of Suspension and Termination (2 CFR 200.342)**

2 CFR 200.342 identifies which costs may be allowable during an award suspension or after an award termination.

- Costs incurred during suspension or after termination are unallowable unless the federal awarding agency or pass-through entity expressly authorizes costs in the notice of suspension or termination or provides subsequent approval.
- Costs resulting from obligations which were properly incurred by the non-federal entity before the effective date of suspension or termination, and were not in anticipation of the suspension or termination, are allowable as long as the costs would have been allowable in absence of the suspension or termination.

<sup>10</sup> Appendix G on page 124 provides an example of a debarment notice from NIH.

### 5.9 Closeout and Post-Closeout Responsibilities (2 CFR 200.343-200.345)

The last sections of Subpart D of 2 CFR 200 addresses closeout and post-closeout requirements and responsibilities. The following table summarizes each provision related to closeout and post-closeout responsibilities.

<b>Citation</b>	<b>Title</b>	<b>Summary and Description</b>
2 CFR 200.343	Closeout	Describes the closeout process and identifies the responsibilities for all parties.
2 CFR 200.344	Post-Closeout Adjustments and Continuing Responsibilities	Identifies post-closeout responsibilities for federal awarding agencies, pass-through entities, and non-federal entities.
2 CFR 200.345	Collection of Amounts Due	Outlines the responsibilities for non-federal entities to repay debts to the federal government.

#### 5.9.1 Closeout (2 CFR 200.343)

Closeout is the process by which a federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work for the federal award have been completed. Under 2 CFR 200.343:

- Non-federal entities must submit, no later than 90 calendar days after the end date of the period of performance, all final financial, performance, and other reports. Non-federal entities may request, and federal awarding agencies may grant, an extension. Some federal awarding agencies, such as the NIH, may provide for a longer closeout period.
- Non-federal entities must liquidate all obligations within the closeout period.
- Federal awarding agencies and pass-through entities must make prompt final payments to recipients for allowable costs under a federal award being closed out.
- Non-federal entities must promptly refund any balances of unobligated cash, if applicable.
- Federal awarding agencies and pass-through entities must make a settlement for any adjustments to the federal share of costs after closeout reports are received.
- Non-federal entities must account for all non-exempt property.
- Federal awarding agencies and pass-through entities should complete all closeout actions no later than one year after receipt and acceptance of all required reports.

**NIH Unilateral Closeout**

Some federal awarding agencies, such as the NIH, have established unilateral closeout policies. For NIH awards, the agency may unilaterally close an award if a non-federal entity has failed to submit all final reports within 120 calendar days after the period of performance.

Additional information about NIH's unilateral closeout policy can be found at:  
<https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-107.html>

**5.9.2 Post-Closeout Requirements (2 CFR 200.344)**

Post-closeout requirements and responsibilities include:

- A federal awarding agency or pass-through entity may disallow costs up to three years after a recipient has submitted final reports. Generally, cost disallowances after closeout occur due to audit findings or other reviews;
- Non-federal entities must return any funds as a result of refunds, corrections, or other transactions;
- Non-federal entities must adhere to property disposition requirements for non-exempt property; and
- Non-federal entities must retain all award-related documents, as described under the record retention provisions.

## **6. Subpart E – Cost Principles<sup>11</sup>**

Subpart E establishes the cost principles for most federal awards, and is organized into the following sections:

- General Provisions
- Basic Considerations
- Direct and Indirect (F&A) Costs
- Special Considerations for States, Local Governments, and Indian Tribes
- Special Considerations for Institutions of Higher Education
- General Provisions for Selected Items of Cost

### **6.1 General Provisions (2 CFR 200.400-200.401)**

This section contains two provisions that provide a policy guidance for the Subpart and explains the application of the Subpart to federal awards. Important provisions to note include:

- 2 CFR 200.400(g). Non-federal entities may not earn or keep profit resulting from federal financial assistance awards unless explicitly authorized by the award terms and conditions.
- 2 CFR 200.401(a)(4). The cost principles for federal awards made to hospitals are found at 45 CFR 75, Appendix IX.

### **6.2 Basic Considerations (2 CFR 200.402-200.411)**

This section explains the fundamentals of the cost principles. The following table identifies the provisions in the section.

<b>Citation</b>	<b>Title</b>	<b>Summary and Description</b>
2 CFR 200.402	Composition of Costs	Defines the term “total cost” as the sum of allowable direct and allocable indirect costs, minus any applicable credits
2 CFR 200.403	Factors Affecting Allowability of Costs	Defines and explains the term “allowability.”
2 CFR 200.404	Reasonable Costs	Provides guidance on determining if a cost is a reasonable charge to a federal award
2 CFR 200.405	Allocable Costs	Defines and explains the term “allocable costs” and provides guidance to allocate costs over multiple awards
2 CFR 200.406	Applicable Credits	Defines the term “applicable credits” and explains how applicable credits should be treated on federal awards
2 CFR 200.407	Prior Written Approval (Prior Approval)	Provides a list of all provisions under 2 CFR 200 that could require prior approval

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<sup>11</sup> Financial Services offers a course entitled “Cost Principles for Sponsored Projects” that discusses this Subpart in greater detail.

2 CFR 200.408	Limitation on Allowance of Costs	Explains that laws limiting the allowability of costs take precedence over 2 CFR 200
2 CFR 200.409	Special Considerations	Explains that there are certain exceptions to the cost principles for institutions of higher education, state, local governments, and Indian tribes
2 CFR 200.410	Collection of Unallowable Costs	Requires recipients to refund the federal government for payments that include allowable costs
2 CFR 200.411	Adjustments of Previously Negotiated Indirect (F&A) in Costs Rates Containing Unallowable Costs	Discusses the procedures to treat unallowable costs discovered in an approved indirect (F&A) cost rate

This section defines and explains the concept of allowable costs. For a cost to be an allowable charge to a federal award, the cost must be:

- Allowable under the cost principles (2 CFR 200.403)
- Necessary and reasonable (2 CFR 200.404)
- Allocable to an award or to multiple awards (2 CFR 200.405)

Additionally, this section explains the term “applicable credits” under 2 CFR 200.406. Applicable credits include: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. Applicable credits must be accounted for and applied to the federal award.

### **2 CFR 200.407 Prior Approvals**

2 CFR 200.407 provides a useful reference for all provision under 2 CFR 200 that could require prior approval. Please note, that you should always refer to your federal awarding agency’s guidance and implementing regulations to determine what actions may require prior approval. For example, federal research awards generally provide expanded authorities, which waive some prior approval requirements.

### **6.3 Direct and Indirect (F&A) Costs (2 CFR 200.412-200.415)**

This section defines direct costs and indirect (F&A) costs. Direct costs, as defined under 2 CFR 200.413, are those costs that are directly attributed to a single federal award or to multiple federal awards. In absence of the federal award(s), the University would not incur those costs. For example, the salary of a PI working on a federal award is a direct cost.

Indirect (F&A) costs, as defined under 2 CFR 200.414, are sometimes referred to as overhead costs. The University would incur these cost regardless of a federal award. For example, electricity and security costs for University buildings would still occur even if the University did not receive a federal award. Charging indirect (F&A) costs to

sponsored projects allows the University to recover costs incurred for operations, facilities, and administration.

2 CFR 200.412 requires non-federal entities to consistently treat costs as either direct costs or as indirect (F&A) costs.

#### **Charging Administrative Costs as Direct Costs**

The salaries for administrative and clerical staff are generally treated as indirect (F&A) costs. However, 2 CFR 200.413(c) explains the requirements for directly charging those costs to federal awards. Direct charging administrative costs may be appropriate only if all of the following conditions are met:

1. The 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 approved budget or have the prior written approval for the federal awarding agency; and
4. The costs are not also recovered as indirect costs.

While administrative costs may be charged directly to an award, it is rare that all four conditions can be met for most projects at the University.

#### **6.4 Special Considerations for IHEs (2 CFR 200.418-200.419)**

The two provisions under this section are related to responsibilities of the Finance Office, and do not affect the daily activities of a research administrator.

#### **6.5 General Provisions for Selected Items of Cost (2 CFR 200.420-200.475)**

This section of 2 CFR 200 identifies common costs associated with federal awards and explains the limits on the allowability of each item and how those costs should be treated. The selected items of cost is not a comprehensive list; omission of a particular item does not indicate that it is allowable or unallowable. Allowability of items of cost that are not listed should be determined according to the treatment of similar cost items.

Appendix C, starting on page 102, provides table from the 2017 Compliance Supplement. This table identifies each selected item of cost in 2 CFR 200, a brief description of allowability, and indication if prior approval may be required.

Please note, that for a charge to be allowable, it must adhere to the requirements that the charge is:

- Allowable under the funding agency's requirements
- Necessary and reasonable for the project
- Allocable to the project
- Consistently treated as either a direct cost or an indirect (F&A) cost

The remainder of this lesson will highlight some common items of cost at the University.

#### 6.5.1 Advertising and Public Relations (2 CFR 200.421)

Advertising and public relations costs are allowable with some restrictions.

##### **§200.421 Advertising and public relations.**

(a) The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

(b) The only allowable advertising costs are those which are solely for:

(1) The recruitment of personnel required by the non-Federal entity for performance of a Federal award (See also §200.463 Recruiting costs);

(2) The procurement of goods and services for the performance of a Federal award;

(3) The disposal of scrap or surplus materials acquired in the performance of a Federal award except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or

(4) Program outreach and other specific purposes necessary to meet the requirements of the Federal award.

(c) The term “public relations” includes community relations and means those activities dedicated to maintaining the image of the non-Federal entity or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

(d) The only allowable public relations costs are:

(1) Costs specifically required by the Federal award;

(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Federal award (these costs are considered necessary as part of the outreach effort for the Federal award); or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.

(e) Unallowable advertising and public relations costs include the following:

- (1) All advertising and public relations costs other than as specified in paragraphs (b) and (d) of this section;
- (2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including:
  - (i) Costs of displays, demonstrations, and exhibits;
  - (ii) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
  - (iii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;
- (3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;
- (4) Costs of advertising and public relations designed solely to promote the non-Federal entity.

#### 6.5.2 Alcoholic Beverages (2 CFR 200.423)

The cost of alcoholic beverages are unallowable. When reviewing meal and travel receipts, the cost of any alcohol must be subtracted from the reimbursement.

However, alcohol used in a research study may be allowable under certain federal awarding agencies, such as the NIH.

#### 6.5.3 Compensation – Personal Services (2 CFR 200.430)

2 CFR 200.430(i) – Standards for Documentation of Personnel Expenses explains the appropriate method for charging salaries to federal awards. Two critical considerations included in the provision related to salaries are:

- Costs must reasonably reflect the total activity for which the employee is compensated by the non-federal entity, not exceeding 100% of compensated activities
- Budget estimates alone do not qualify as support for charges to federal awards

#### 6.5.4 Conferences (2 CFR 200.432)

Costs related to conferences are allowable with restrictions under 2 CFR 200.

### **§200.432 Conferences.**

A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor



or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The Federal awarding agency may authorize exceptions where appropriate for programs including Indian tribes, children, and the elderly. See also §§200.438 Entertainment costs, 200.456 Participant support costs, 200.474 Travel costs, and 200.475 Trustees.

Some federal awarding agencies, such as the NSF, provide additional guidance and restrictions for conference-related costs.

#### 6.5.5 Entertainment Costs (2 CFR 200.438)

Entertainment costs are generally unallowable, unless the costs have a programmatic purpose and are included in the approved budget or have prior approval.

#### 6.5.6 Equipment and Other Capital Expenditures (2 CFR 200.439)

2 CFR 200 places restrictions on the equipment costs and how those costs are categorized.

### **§200.439 Equipment and other capital expenditures.**

(a) See §§200.13 Capital expenditures, 200.33 Equipment, 200.89 Special purpose equipment, 200.48 General purpose equipment, 200.2 Acquisition cost, and 200.12 Capital assets.

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital

improvements, and equipment. See also §200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

(7) Equipment and other capital expenditures are unallowable as indirect costs. See §200.436 Depreciation.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

#### 6.5.7 Goods or Services for Personal Use (2 CFR 200.445)

The costs of goods or services for personal use are unallowable. When reviewing and approving invoices, it is vital that costs are scrutinized to ensure federal awards are not charged for items related to a PI's personal business or for other activities not associated with the award.

#### 6.5.8 Intellectual Property (2 CFR 200.448)

Costs associated with the intellectual property are generally allowable; however, 2 CFR 200 provides some restrictions to charging those costs to federal awards. Please note, PIs are **strongly encouraged** to work with CU Innovations when a project involves intellectual property.

### **§200.448 Intellectual property.**

(a) *Patent costs.* (1) The following costs related to securing patents and copyrights are allowable:

(i) Costs of preparing disclosures, reports, and other documents required by the Federal award, and of searching the art to the extent necessary to make such disclosures;

(ii) Costs of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where title or royalty-free

license is required by the Federal Government to be conveyed to the Federal Government; and

(iii) General counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee intellectual property agreements (See also §200.459 Professional service costs).

(2) The following costs related to securing patents and copyrights are unallowable:

(i) Costs of preparing disclosures, reports, and other documents, and of searching the art to make disclosures not required by the Federal award;

(ii) Costs in connection with filing and prosecuting any foreign patent application, or any United States patent application, where the Federal award does not require conveying title or a royalty-free license to the Federal Government.

(b) *Royalties and other costs for use of patents and copyrights.* (1) Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, necessary for the proper performance of the Federal award are allowable unless:

(i) The Federal Government already has a license or the right to free use of the patent or copyright.

(ii) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid.

(iii) The patent or copyright is considered to be unenforceable.

(iv) The patent or copyright is expired.

(2) Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less-than-arm's-length bargaining, such as:

(i) Royalties paid to persons, including corporations, affiliated with the non-Federal entity.

(ii) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a Federal award would be made.

(iii) Royalties paid under an agreement entered into after a Federal award is made to a non-Federal entity.

(3) In any case involving a patent or copyright formerly owned by the non-Federal entity, the amount of royalty allowed must not exceed the cost which would have been allowed had the non-Federal entity retained title thereto.

6.5.9 Maintenance and Repair Costs (2 CFR 200.452)

Costs for maintenance and repairs to keep equipment in an efficient operating condition are allowable as long as the costs are not also paid through rental or other agreements.

6.5.10 Materials and Supplies Costs, Including Cost of Computing Devices (2 CFR 200.453)

Costs for materials, supplies, and fabricated parts that are necessary for a federal award are allowable. Computing devices may be charged to an award, as long as such devices are essential and allocable. Please note, some federal awarding agencies may have additional restrictions on computing devices.

6.5.11 Memberships, Subscriptions, and Professional Activity Costs (2 CFR 200.454)

Costs for memberships, subscriptions, and professional activity costs are generally allowable as long as those costs are reasonable and necessary for the project.

**§200.454 Memberships, subscriptions, and professional activity costs.**

- (a) Costs of the non-Federal entity's membership in business, technical, and professional organizations are allowable.
- (b) Costs of the non-Federal entity's subscriptions to business, professional, and technical periodicals are allowable.
- (c) Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.
- (d) Costs of membership in any country club or social or dining club or organization are unallowable.
- (e) Costs of membership in organizations whose primary purpose is lobbying are unallowable. See also §200.450 Lobbying.

6.5.12 Pre-Award Costs (2 CFR 200.458)

For federal non-research awards, this provision of 2 CFR 200 would govern pre-award costs. For federal research awards, you will want to review the award terms and conditions to determine if expanded authorities are provided for the project and the extent the terms cover pre-award costs.

**§200.458 Pre-award costs.**

Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such

costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

#### 6.5.13 Publication and Printing Costs (2 CFR 200.461)

Costs associated with publication and printing are generally treated as indirect (F&A) costs. Direct charging of these costs may occur when the costs are allocable to a federal award.

#### **§200.461 Publication and printing costs.**

(a) Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the non-Federal entity.

(b) Page charges for professional journal publications are allowable where:

(1) The publications report work supported by the Federal Government; and

(2) The charges are levied impartially on all items published by the journal, whether or not under a Federal award.

(3) The non-Federal entity may charge the Federal award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

#### 6.5.14 Recruiting Costs (2 CFR 200.463) and Relocation Costs of Employees (2 CFR 200.464)

Costs associated with recruiting project personnel and relocation costs for existing employees or new employees are generally allowable, within certain restrictions, as direct costs to a federal award.

#### 6.5.15 Rental Costs of Real Property and Equipment (2 CFR 200.465)

2 CFR 200 generally encourages non-federal entities to consider renting equipment, when possible, in order to save federal funds. 2 CFR 200.465(c) prohibits “less-than-arm’s-length” leases and provides examples of prohibited transactions.

#### 6.5.16 Scholarships and Student Aid Costs (2 CFR 200.466)

This provision outlines when scholarships and student aid costs may be charged directly to an award. Please note that specific federal awarding agencies may have policies and guidance that differ from 2 CFR 200.

**§200.466 Scholarships and student aid costs.**

(a) Costs of scholarships, fellowships, and other programs of student aid at IHEs are allowable only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that:

- (1) The individual is conducting activities necessary to the Federal award;
  - (2) Tuition remission and other support are provided in accordance with established policy of the IHE and consistently provided in a like manner to students in return for similar activities conducted under Federal awards as well as other activities; and
  - (3) During the academic period, the student is enrolled in an advanced degree program at a non-Federal entity or affiliated institution and the activities of the student in relation to the Federal award are related to the degree program;
  - (4) The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and
  - (5) It is the IHE's practice to similarly compensate students under Federal awards as well as other activities.
- (b) Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages must be subject to the reporting requirements in §200.430 Compensation—personal services, and must be treated as direct or indirect cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis. See also §200.431 Compensation—fringe benefits.

**6.5.17 Transportation Costs (2 CFR 200.473)**

This provision addresses costs associated with shipping goods.

**§200.473 Transportation costs.**

Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation cost may be charged to the appropriate indirect (F&A) cost accounts if the non-Federal entity follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms and conditions of the Federal award, should be treated as a direct cost.

#### 6.5.18 Travel Costs (2 CFR 200.474)

Travel costs are allowable with restrictions. Some federal awarding agencies have adopted more restrictive requirements for travel than those presented in 2 CFR 200.474.

##### §200.474 Travel costs.

(a) General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

(b) Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

(1) Participation of the individual is necessary to the Federal award; and

(2) The costs are reasonable and consistent with non-Federal entity's established travel policy.

(c)(1) Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

(i) The costs are a direct result of the individual's travel for the Federal award;

(ii) The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and

(iii) Are only temporary during the travel period.

(2) Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also §200.432 Conferences.

(d) In the absence of an acceptable, written non-Federal entity policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

(e) Commercial air travel. (1) Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

(i) Require circuitous routing;

(ii) Require travel during unreasonable hours;

(iii) Excessively prolong travel;

(iv) Result in additional costs that would offset the transportation savings; or

(v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a non-Federal entity's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the non-Federal entity can demonstrate that such airfare was not available in the specific case.

(f) Air travel by other than commercial carrier. Costs of travel by non-Federal entity-owned, -leased, or -chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of airfare as provided for in paragraph (d) of this section, is unallowable.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014]



## **6. Subpart F – Audit Requirements**

Subpart F addresses audit requirements for non-federal entities. Under 2 CFR 200, a non-federal entity that expends \$750,000 or more in federal funds in a fiscal year must have a single audit conducted. A single audit reviews the non-federal entity's compliance with federal regulations and statutes and general financial and administrative controls.

As a state entity, the Colorado State Auditor conducts the annual single audit for the University. The Budget and Finance Office at the system-level is responsible for coordinating the single audit for the University of Colorado.

The purpose of this lesson is to explain how Single Audits are used and to highlight relevant information for research administrators.

### **6.1 Why the Single Audit Matters**

For most federal award recipients, the Single Audit is the most comprehensive examination of a non-federal entity's management for federal funds. Federal awarding agencies, pass-through entities, and non-federal sponsors review Single Audits when making award decisions. Thus, audit findings can significantly impact the University's ability to receive awards.

Additionally, to resolve audit findings, the University may have to:

- Repay the federal government;
- Adopt new policies and procedures to comply with federal requirements;
- Mandate training for employees;
- Lose federal funding; and
- Comply with additional award terms and conditions.

Additional information about audit findings is located under 2 CFR 200.516.

### **6.2 The Federal Audit Clearinghouse**

All non-federal entities, with the exception Tribal Organizations, are required to post their Single Audits on the Federal Audit Clearinghouse. The Federal Audit Clearinghouse contains the Single Audit Reporting Form, the SF-SAC form, and, since 2016, the full audit report for each non-federal entity.

OGC is responsible for reviewing the Federal Audit Clearinghouse for the University's subrecipients; however, it could be useful for PIs and research administrators to review potential subrecipients before submitting a contract request.

#### **The Federal Audit Clearinghouse**

The Federal Audit Clearinghouse is found at: <https://harvester.census.gov/facweb/>.

## **7. Appendices to 2 CFR 200**

There are 12 appendices to 2 CFR 200, which provide additional clarification and guidance to the text of 2 CFR 200. The following table identifies each appendix and explains the relevance, if any, for research administrators.

<b>Title</b>	<b>Summary and Relevance for RAs</b>
Appendix I – Full Text of Notice of Funding Opportunity	This appendix provides the standard governmentwide template for the notice of funding opportunity (NOFO). Nearly all federal awarding agencies are in compliance with this requirement of 2 CFR 200, therefore, this appendix may be useful for research administrators to review to learn how to read a NOFO and where to find relevant information within the notice.
Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards	This appendix identifies the required elements of a procurement contract that uses federal funds. The Procurement Services Center is responsible for ensuring the appropriate clauses are contained in the University's procurement contracts.
Appendix III - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)	This appendix outlines how IHEs develop their indirect (F&A) cost rate proposal. The Finance Office is responsible for using this appendix to develop the University's indirect (F&A) cost rate proposal.
Appendix IV - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations	No relevance to the University.
Appendix V - State/Local Governmentwide Central Service Cost Allocation Plans	This appendix explains how state and local governments develop cost allocation plans. The Finance Office incorporates this information into the University's indirect (F&A) cost rate proposal.
Appendix VII – State and Local Government and Indian Tribe Indirect Cost Proposals	No relevance to the University.
Appendix VIII - Nonprofit Organizations Exempted From Subpart E—Cost Principles of Part 200	This appendix addresses the cost principles for 33 non-profit organizations that, due to their size, are treated as for-profit entities. Research administrators should be aware of this appendix if the University is making a subaward to any of these entities.

Appendix IX – Hospital Cost Principles	This appendix references 45 CFR 75, Appendix XII, which lists the cost principles for research awards made to hospitals.
Appendix X – Data Collection Form (SF-SAC)	This appendix references the Federal Audit Clearinghouse as the location of the SF-SAC form.
Appendix XI – Compliance Supplement	This appendix references the OMB website as the location of the Compliance Supplement.
Appendix XII - Award Term and Condition for Recipient Integrity and Performance Matters	This appendix contains the required language for federal subawards exceeding \$500,000. Contracting Services is responsible for including this language in subcontracts.

## **8. Future Amendments to 2 CFR 200**

OMB has indicated that future changes to 2 CFR 200 are coming. Anticipated amendments include:

- Incorporating legal requirements from the GONE Act, DATA Act, the 21<sup>st</sup> Century Cures Act, and the Never Contract With the Enemy Act;
- Revising dollar thresholds;
- Providing additional guidance for charging salaries and wages;
- Expanding subrecipient monitoring guidance; and
- Potentially addressing administrative burden.

Under 2 CFR 200.109, OMB was supposed to provide a review of 2 CFR 200 by December 26, 2018. However, OMB did not provide any public notice of the review, and continues to state that amendments are coming shortly.

## **Appendix A – Agency Implementation of 2 CFR 200**

<b>Federal Agency</b>	<b>2 CFR 200 Implementation</b>	<b>Exceptions to 2 CFR 200</b>
Agency for International Development	2 CFR 700	Yes
Corporation for National and Community Service	2 CFR 2205	Yes
Department of Agriculture	2 CFR 400	Yes
Department of Commerce	2 CFR 1327.101	
Department of Defense	2 CFR 1103 – Interim Regulation	Yes
Department of Education	2 CFR 3474	Yes
Department of Energy	2 CFR 900	Yes
Department of Health and Human Services	45 CFR 75	Yes
Department of Housing and Urban Development	2 CFR 2400	
Department of Homeland Security	2 CFR 3002	
Department of Interior	2 CFR 1402	Yes
Department of Justice	2 CFR 2800	Yes
Department of Labor	2 CFR 2900	Yes
Department of State	2 CFR 600	Yes
Department of Transportation	2 CFR 1201	Yes
Department of Veterans Affairs	2 CFR 802	
Environmental Protection Agency	2 CFR 1500	Yes
Institute of Museum and Library Services	2 CFR 3187	Yes
National Aeronautics and Space Administration	2 CFR 1800	Yes
National Archives and Records Administration	2 CFR 2600	
National Endowment for the Arts	2 CFR 3255	
National Endowment for the Humanities	2 CFR 3374	
National Science Foundation	2 CFR 2500	Implementing guidance in the <i>NSF Proposal &amp; Award Policies &amp; Procedures Guide</i> .

## **Appendix B – Frequently Asked Questions for 2 CFR 200**

The Office of Management and Budget developed the following FAQs for 2 CFR 200.

# Frequently Asked Questions

Updated: July 2017

For The Office of Management and Budget's  
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards  
At 2 CFR 200

The following are frequently asked questions presented by the COFAR on OMB's Uniform Guidance at 2 CFR 200. Please note that in case of any discrepancy, the actual guidance at 2 CFR 200 governs. If there is a question pertaining to the application of the guidance to a particular Federal award, that question should be addressed to the Federal awarding agency or pass-through entity in the case of a subrecipient. This document is intended to provide additional context and background for the guidance as Federal and non-Federal entities seek to understand the policy changes and will be referenced as an addition to the Uniform Guidance at 2 CFR 200 in the 2017 issuance of Appendix XI to Part 200 - Compliance Supplement.

**Note:** 24 New FAQs as of July 2017 are indicated by an \*. 4 Revised FAQs are indicated by \*\*.

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## 200.19

### .19-1 Cognizant Agency for Indirect Cost

If the Federal awarding agency serving as the cognizant agency for indirect costs for a non-Federal entity (as described in section 200.19 Cognizant agency for indirect costs) does not allow the non-Federal entity to claim indirect costs, is this Cognizant agency still responsible for negotiating indirect cost rates?

Yes. When a Federal awarding agency is the Cognizant agency for indirect costs and does not allow recipients to recover indirect costs on their awards, it is the responsibility of the cognizant agency for indirect costs to negotiate indirect costs rates.

## 200.23

### .23-1 Vendor vs Contractor and Generally Accepted Accounting Principles (GAAP)

Does the elimination of the term "vendor" in favor of "contractor" require non-Federal entities (such as states) to change their longstanding practice of awarding "contracts" to nonprofits which they treat substantively as "subawards" for purposes of this guidance? Would continuing this practice be contrary to GAAP?

No, this policy does not require such a change, nor would it be in conflict with GAAP. States may call an agreement with a nonprofit however they like, so long as the agreement is audited according to the appropriate policies under the Uniform Guidance based on the determination made in accordance with section 200.330. See also 200.93 which states “A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.”

### .23-2 (previously Q III-1) Vendor vs Contractor Clarification

What clarification can OMB and COFAR provide regarding changes to the term contractor and the elimination of the term vendor?

- In existing guidance, the COFAR has found that some confusion results from the fact that OMB Circular A-133 makes a distinction between subrecipients and “vendors” while other circulars describe either subawards or “subcontracts”.
- For purposes of the Uniform Guidance, when a non-Federal entity provides funds from a Federal award to a non-Federal entity, the non-Federal entity receiving these funds may be either be a subrecipient or a contractor. The term contractor is used for purposes of consistency and clarity to replace areas in the previous guidance that referred to vendors, though substantively in the previous guidance, these two terms have always had the same meaning.
- Section 200.330 Subrecipient and Contractor Determinations, as well as section 200.22 Contract and 200.92 Subaward provide guidance on making subrecipient and contractor determinations. This language was largely taken from existing guidance in OMB Circular A-133 on subrecipient and vendor determinations.

- As described in the Uniform Guidance in the sections noted above, it is the substance of the award that determines how it should be treated, even though the pass-through entity or non-Federal entity receiving the award may call it by a different name.
- So, if a pass-through entity makes an award that it calls a “contract”, but which meets the criteria under section 200.330 to be a subaward to a subrecipient, the non-Federal entity must comply with the provisions of the Uniform Guidance relevant to subawards, regardless of the name used by the pass-through entity to refer to the award agreement.
- Likewise, any Federal awards that meet the criteria under section 200.330 for the non-Federal entity to be considered a contractor, whether the non-Federal entity providing the funds calls it a “vendor agreement” or a “subcontract”, the non-Federal entity must comply with the provisions of the Uniform Guidance relevant to a contractor.

## 200.33

### .33-1 Capitalization Level for Software \*

Section 200.33 includes information technology systems in the definition of equipment. Section 200.58 includes software in the definition of information technology systems. Does this mean that the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000 applies to software?

Yes, the maximum capitalization level of \$5,000 applies to software. This definition encompasses purchased software that comes with the hardware with a unit cost greater than \$5,000. It does not include internally developed software projects which are to be capitalized in accordance with GAAP for financial statement purposes.

## 200.54

### .54-1 Indian Tribes Removed from Definition of State – Implications for Tribal Law

In section 200.54, of the published guidance, Indian tribes were removed from the definition of state. Several sections of the guidance refer to state law, does this include tribal law?

Yes, in some cases. The COFAR will review the Uniform Guidance and, when Federal agencies issue implementing regulations, make technical edits as necessary to ensure that references to tribal law are explicitly included where intended.

### .54-2 Indian Tribes Removed from Definition of State- GAAP

Also related to section 200.54, the previous guidance allowed non-Federal entities to submit financial statements under a cash basis. Does this new definition scope Indian tribes out of using the cash or modified-cash basis method of submitting financial statements?

No. Neither the Single Audit Act Amendments of 1996 (SAA) nor the Uniform Guidance require non-Federal entities to submit financial statements in accordance with generally accepted accounting principles (GAAP). Cash or modified-cash basis financial statements may be submitted to meet the requirements of 2 CFR 200 subpart F. However, the SAA (31 USC 7502(e)(1)) and the Uniform Guidance (2 CFR 200.514(b)) require the auditor to determine whether the financial statements submitted to comply with the SAA are presented fairly in all material respects in accordance with GAAP. See also section 200.403 Factors Affecting Allowability of Costs, paragraph (e).

### .54-3 (previously Q III-6) Tribes Removed from Definition of State- Implications for Applications

In section 200.54 Indian tribes were removed from the definition of a state. How will this impact the application process for funds reserved for states? Will tribes no longer qualify?

- This should have no impact on the application process for funds reserved for states. These definitions are applicable only to the Uniform Guidance at 2 CFR 200 unless specifically indicated otherwise.

## 200.56

### .56-1 Indirect Costs v. Administrative Costs \*

Federal statutes usually do not have a cap on indirect costs, but sometimes have a cap on administrative costs. Are indirect costs and administrative costs the same thing?

Yes they can be, but it depends on the treatment of the costs. The term administrative is broad and it encompasses the indirect and direct portions of administrative cost. Therefore, the difference is whether the administrative support efforts can be identified directly or indirectly to cost objective. These costs can be both personnel and non-personnel, and both direct and indirect.

As defined in the Uniform Guidance (UG) §200.56, indirect costs include costs such as rent and accounting that are incurred by non-Federal entities and that cannot be readily attributed to a specific program or grant award because they are shared across all programs. However, indirect costs by its nature are a type of administrative costs and are often referred to as general and administrative cost. Whereas, direct administrative costs are associated with the overall program management and administration. They are not directly related to the provision of services to participants and are otherwise allocable to the program cost objectives/categories. Therefore, any limitation or cap applies to the combined claims for indirect costs and direct administration costs. Generally, direct administration costs differ from indirect charges in that the latter are considered organization-wide costs. In some instances, administrative costs are allocable as a direct to a grant (see §200.413 (c) (1) for applicable conditions).

### .56-2 Facilities Costs and Administrative Cap \*

My organization has an approved Facilities and Administrative (F&A) rate and is a subrecipient of a pass-through program that has a 10% administrative cap. (1) As a subrecipient, can I charge my organization's full "facilities" rate to the award? (2) Does an administrative cap mean capping both the "facilities and administrative" component of an indirect cost rate?

(1) Yes. You can charge the full facilities rate to the award, as long as your negotiated and approved rate breaks out the two components (facilities and administrative) distinctively.

(2) No. The terms "administrative costs" and "indirect costs" are sometimes used interchangeably. Therefore, you should review the authorizing program statute to determine if it has a definition of administrative costs and if it aligns with the costs that are contained in the F&A rate. If it aligns and the grant recipient is not incurring direct administrative costs, then all administrative costs that are part of the F&A rate must also align with any cost limitation specified in the program or grant in which these costs are being applied.

## 200.68

### .68-1 Determination of Modified Total Direct Cost (MTDC) for Subaward(s)

In the definition of Modified Total Direct Cost (MTDC) base, does the "regardless of the period of performance of subawards under the award" mean that if the subaward(s) to the subrecipient is made up of several separately executed funding agreements, in the course of the period of performance does each separate subaward agreement require including up to \$25K in the MTDC base for the award segment even if the scope of the subaward(s) remains the same?

Yes. If the subaward needs to be separately negotiated or renegotiated over the period of performance, this would support including an additional \$25K in MTDC for each subaward negotiation. The allowance of \$25K is for the life of the award, or for each period of performance. Renewals of subawards may be considered, for determining the \$25K inclusion in MTDC, if they need to be formally renegotiated within the period of performance of the grant.



#### [.68-2 Determining Modified Total Direct Costs \\*](#)

In determining Modified Total Direct Costs, some non-Federal entities are interpreting the definition of MTDC in §200.68 as only including “direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward.” Others interpret it to mean all allowable direct costs minus “equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.” Since the two methods are not always the same, is one method preferable to the other?

No. The MTDC definition in §200.68 does not have two different methods for determining MTDC. The definition of MTDC in that section must be considered in its entirety. However, the list of direct costs by each entity is different; therefore, the preference would be to state total direct costs and exclude the items listed as per the definition in §200.68. In general, MTDC is the total direct costs *excluding* equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Any other exclusions are for cost items that may skew the equitable distribution of indirect costs and must be approved by the cognizant agency for indirect cost.

#### [.68-3 Are Rental Costs Allowable Costs? \\*](#)

The definition for Modified Total Direct Costs lists rental costs as an exclusion. Does this exclusion mean that rental costs are unallowable?

No. The exclusion of rental costs in the definition of MTDC is to exclude a cost item that may be a distorting item and skew the distribution of indirect costs. According to §200.465 Rental Costs of Real Property and Equipment, rental costs are allowable costs for Federal programs, as long as the costs comply with the requirements set forth in this section.

### [200.70](#)

#### [.70-1 Eligibility of Institutions of Higher Education \(IHE\) for Funding Opportunities which are Limited to Nonprofit Organizations](#)

The definition of nonprofit organizations (200.70) specifically excludes IHEs. IHE's are defined at 20 U.S.C. 1001 and require IHEs to be either ‘...a public or other nonprofit institution’. Does the exclusion of IHEs from the definition of nonprofit organizations in the Guidance render IHE's ineligible for Funding Opportunities, which are limited to nonprofit organizations?

No. The exclusion of IHEs from the definition of nonprofit organizations in the Uniform Guidance was to avoid potential confusion when the provisions of the Uniform Guidance differ from those for IHEs and other non-profit organizations. For example, certain cost principles are different for IHEs than those that apply generally to nonprofit organizations and indirect costs for IHEs are treated separately than those for nonprofit organizations. The exclusion of IHEs in the definition of “nonprofit organization” was not intended to limit the eligibility of IHEs for Funding Opportunities which are available to nonprofit organizations. Accordingly, the exclusion of IHEs from the definition of nonprofit organizations does not change their status as nonprofit organizations when applying for Funding Opportunities. If agencies intend to exclude IHEs from an opportunity that is otherwise open to other nonprofit organizations, they will specify this in the Notice of Funding Opportunity.

### [200.101](#)

#### [.101-1 Applicability of Uniform Guidance to Federal Acquisition Regulation \(FAR\) based contracts](#)

If the Federal agency awards a FAR based contract to the contractor, a non-federal entity, to what extent is the Uniform Guidance applicable to the contract?

The cost principles in Subpart E, and the audit requirements in Subpart F, of the Uniform Guidance are applicable to the FAR based contracts awarded by a Federal agency to a non-federal entity that is an educational institution; state, local, or Federally recognized Indian Tribal government; or nonprofit organization. While the Subpart E cost principles are applicable to FAR based contracts, their practical impact is on negotiated prime contracts and subcontracts thereof; as a practical matter, the cost principles are not applicable in certain instances, e.g., when the contract or subcontract is for the acquisition of a commercial item, a firm, fixed price contract or subcontract is awarded on the basis of adequate price competition without the submission of certified cost or pricing data, or the price is set by law or regulation. While the Subpart F audit requirements are applicable to FAR based contracts, those audit requirements are not sufficient to meet FAR contract audit requirements as a practical matter. (See FAQ 200.101-2 – Audit Requirements of FAR based contracts in addition to the Uniform Guidance Audit Requirement.)

The other subparts of the Uniform Guidance are applicable to the FAR based contracts awarded by a Federal agency, and any subcontracts awarded in accordance with any flow down requirements from the prime contract or higher tier subcontract – but only to the extent that the Uniform Guidance provision is not inconsistent with the terms and conditions of the contract and FAR requirements. The terms and conditions of the contract and FAR requirements must be given effect as they cannot be read out of the contract, modified or superseded by the Uniform Guidance provision. Any Uniform Guidance provision that addresses the same matter as covered by the terms of the contract and FAR requirements are, at the most, supplemental requirements secondary to, and in addition to, the FAR contract requirements.

#### [.101-2 \(also applicable to 200.503\) Audit Requirements of FAR based contracts in addition to the Uniform Guidance Audit Requirement](#)

Does an audit conducted in accordance with Subpart F of the Uniform Guidance which implements the Single Audit Act (SAA) requirements satisfy the contract audit requirements of FAR based contracts awarded by a Federal agency?

Generally, the practical answer is NO; the audit required by Subpart F of the Uniform Guidance does not satisfy the audit requirements required by the terms of the FAR based contract and FAR requirements, including, but not limited to, the Cost Accounting Standards (CAS), Truth in Negotiations Act (TINA), contractor business systems, incurred costs, and indirect costs/overhead rates (see section 200.503(c)). Despite the name which implies a single audit, the SAA (31 U.S.C. 7503(b) – Relation to other audit requirements) gives a Federal agency, Inspector General, or the Government Accountability Office (GAO) the authority to conduct additional audits beyond the single audit required by the SAA when the additional audits are necessary for the agency to carry out its responsibilities under Federal law or regulation. See section 200.503(b) of the Uniform Guidance.

#### [.101-3 \(also applicable to 200.419\) Cost Accounting Standards \(CAS\) and the Uniform Guidance](#)

What is the relationship of the Cost Accounting Standards (CAS) to the Uniform Guidance?

The Cost Accounting Standards Board (CASB) is an independent board in the Office of Federal Procurement Policy (OFPP) in the Office of Management and Budget (OMB) established by statute (41 U.S.C. 1501, et seq.) The CASB has the exclusive authority to prescribe, amend, and rescind cost accounting standards (CAS), and interpretations of the standards, designed to achieve uniformity and consistency in the cost accounting standards governing the measurement, assignment, and allocation of costs to contracts with the Federal Government. The CAS are mandatory for use by all executive agencies and by contractors and subcontractors in estimating, accumulating, and reporting costs in connection with the pricing and administration of contracts and subcontracts when they are subject to CAS.

As provided by its exclusive statutory authority, actions taken by the CASB to prescribe or amend rules, regulations, cost accounting standards (CAS), and modifications thereof, have the full force and effect of law.

Section 200.419 of the Uniform Guidance provides only a brief summary of the CAS regulations; for authoritative CAS guidance and additional details, see 48 CFR 9900, et seq. and 48 CFR Part 30 (FAR Part 30).

## 200.110

### .110-1 Effective Dates and Indirect Cost Rates

How does the effective date apply to indirect cost rates?

Existing negotiated indirect cost rates will remain in place until they are due to be re-negotiated. The “effective date” of changes to indirect cost rates must be based upon the date that a newly re-negotiated rate goes into effect for a specific non-Federal entity’s fiscal year. Therefore, for indirect cost rates and cost allocation plans, Federal awarding and indirect cost rate negotiating agencies will use the Uniform Guidance both in generating proposals for and negotiating a new rate (when the rate is due to be re-negotiated) for non-Federal entity fiscal years starting on or after December 26, 2014.

For example, the Uniform Guidance eliminates the concept of “use allowance” for depreciation. Nevertheless, for non-Federal entities with negotiated rates that are based on “use allowance”, they would continue to use their existing rate, based on “use allowance”, until the rate is due to be re-negotiated.

### .110-2 Effective Dates and Indirect Cost Rate Proposals

When may non-Federal entities begin to submit proposals for indirect cost rates based on the Uniform Guidance?

Non-Federal entities may begin to submit actual cost proposals based on the Uniform Guidance when they are due for fiscal years that begin on or after December 26, 2014. For example, if a non-Federal entity is required to submit a rate proposal based on FY 2014 actual costs to set rates for FY 2016, the rate proposal can be developed using the provisions in the Uniform Guidance.

### .110-3 Effective Dates and Disclosure Statements (DS-2s)

When may institutions of higher education (IHEs) begin to submit revised DS2s based on the Uniform Guidance?

IHEs subject to the requirements of section 200.419 should begin after December 26, 2014 to revise their DS2 statements for fiscal years beginning on or after December 26, 2014. IHE's with \$50 million or more in aggregate of CAS covered-contracts should submit their revised DS-2 as soon as possible after 12/26/2014, but in any event no later than prior to the award of a CAS-covered contract or subcontract. In addition, IHE's making voluntary changes in cost accounting practices other than those required in the Uniform Guidance or submitting indirect cost rate proposals that are currently due should submit their DS-2 (or revised pages of the DS-2 for changes that are not extensive) 6 months before the effective date of proposed changes. IHEs that do not meet the CAS covered contract threshold or are not submitting indirect cost rate proposals and that are only revising their DS-2 to meet the requirements of the Uniform Guidance do not need to submit their revised DS-2 unless requested to do so by their cognizant agency for indirect costs. If not requested by the cognizant agency for indirect costs to submit by an earlier date, the DS-2 must be submitted with the next submission of the IHE's indirect cost rate proposals. The cognizant agency for indirect costs will determine if a review and approval is necessary for the submitted DS-2.

### .110-4 Effective Dates and Applications

Should applications submitted prior to 12/26/2014 for Federal awards which will be made after 12/26/2014 reflect the Uniform Guidance?

Yes. All awards made on or after 12/26/2014 will be made with terms and conditions subject to the Uniform Guidance. Applications that are submitted before 12/26/2014 for Federal awards to be made on or after 12/26/2014 should be developed in accordance with the Uniform Guidance.

#### [.110-5 Effective Dates, Applications, and DS-2s](#)

May IHEs submit applications that are inconsistent with their DS-2 statement if that application is made in order to reflect the Uniform Guidance? For example: May IHE's submit applications with budgets that include administrative support or computing devices in the proposal budget?

Yes. All awards made on or after 12/26/2014 will be made according to the new uniform guidance, and applications for Federal awards that would be granted after that date should reflect the new guidance. The new guidance will apply to new Federal awards made after that date and, if a Federal awarding agency considers its incremental funding actions to be opportunities to change terms and conditions on previously made awards, the new guidance will apply to that Federal awarding agency's incremental funding actions also. DS-2 statements that need to be revised to reflect new policies should be revised as soon as possible after 12/26/2014. Non-Federal entities will not be penalized for discrepancies between their approved DS-2 and actual charging practices in accordance with the new uniform guidance, provided that an updated DS-2 (consistent with actual charging practices) has been revised and submitted in accordance with FAQ .110-3.

#### [.110-6 Effective Dates and Grace Period for Procurement \\*\\*](#)

Will the Federal government provide a grace period after the effective date for non-Federal entities to comply with the procurement standards in the Uniform Guidance?

Yes, in accordance with the Federal Notice published May 17, 2017 (82 FR 22609), a grace period is allowed for three full fiscal years after the effective date of the Uniform Guidance. In general non-Federal entities must comply with the terms and conditions of their Federal award, which will specify whether the Uniform Guidance applies. However, in light of the new procurement standards, for procurement policies and procedures, for the non-Federal entity's first full fiscal year that begins on or after December 26, 2014, the non-Federal entity must document whether it is in compliance with the old or new standard, and must meet the documented standard. For example, the third full fiscal year for a non-Federal entity with a June 30th year end would be the year ending June 30, 2018. The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard. For future fiscal years, all non-Federal entities will be required to comply fully with the uniform guidance.

#### [.110-7 Effective Dates and Incremental Funding](#)

How does the effective date apply to incremental funding? I have an award with three more years of expected funding. Normally I would keep the same account number for all five years, with the incremental funding for each year added as it comes in. Do I have to keep my funding subject to the old OMB Circulars in a separate account from the funding awarded after the Uniform Guidance goes into effect? Or can I just assume that the new rules apply as soon as I get my first post-Uniform Guidance increment of funds? Can I apply those rules to any residual balance of old funds as well as the new monies?

The new rules apply as of the Federal award date (see 200.39) to new awards and, for agencies that consider incremental funding actions on previously made awards to be opportunities to change award terms and conditions, the first funding increment issued on or after 12/26/14. For agency incremental funding actions that are subject to the Uniform Guidance, non-Federal entities are not obligated to segregate or otherwise track old funds and new funds but may do so at their discretion. For example, a non-Federal entity may track the old funds and continue to apply the Federal award flexibilities to the funding awarded under the old rules (e.g., local ability to issue fixed price subawards, non-Federal entity determination of the need to incur administrative and clerical salaries based on major project classification). For Federal awards made with modified award terms and conditions at the time of incremental funding actions, Federal awarding agencies may apply the Uniform Guidance to the entire Federal award that is uncommitted or unobligated as of the Federal award date of the first increment received on or after 12/26/14.

#### [.110-8 Effective Dates and Formula & Entitlement Programs](#)

How does the effective date impact formula and entitlement programs?

The effective date in section 200.110 effective/applicability date applies to formula and entitlement awards that are covered by the Uniform Guidance as it does to other awards.

#### [.110-9 Effective Dates and Consistent Implementation \(Federal\)](#)

What processes and procedures are (or will be) in place to ensure that the changes in the OMB Guidance will be consistent across the different Federal agencies?

OMB is working with the COFAR and other Federal agencies across the government to ensure consistent implementation of the Uniform Guidance across Federal agencies.

#### [.110-10 Effective Dates and Consistent Implementation \(States\)](#)

What processes and procedures are (or will be) in place to ensure that the changes in the OMB Guidance will be consistently interpreted across all of the states?

The COFAR is working with non-Federal stakeholders that includes representatives of state governments to provide outreach and training to facilitate consistent implementation across non-Federal entities. Please visit the COFAR website at [CFO.gov/COFAR](http://CFO.gov/COFAR) for more information.

#### [.110-11 Effective Dates and Subawards](#)

How does the Uniform Guidance apply to Federal awards made prior to December 26 when some subawards are made prior to December 26 and others are made after December 26?

The effective date of the Uniform Guidance for subawards is the same as the effective date of the Federal award from which the subaward is made. The requirements for a subaward, no matter when made, flow from the requirements of the original Federal award from the Federal awarding agency.

#### [.110-12 \(updated from previous Q II-1\) Effective Dates](#)

When does the Uniform Guidance become effective?

The effective date is covered in section 200.110, Effective/applicability date.

- Federal agencies must implement the requirements to be effective by December 26, 2014.
- Subpart F, Audit requirements, will apply to audits of non-Federal entity fiscal years beginning on or after December 26, 2014. The revised audit requirements are not applicable to fiscal years beginning prior to that date.
- Administrative requirements and cost principles will apply to new awards and to funding increments, in cases where the Federal agency considers funding increments to be an opportunity to modify the terms and conditions of the Federal award, to existing awards made on or after Dec 26, 2014.
- Existing Federal awards that do not receive incremental funding with new terms and conditions will continue to be governed by the terms and conditions of the Federal award.

#### [.110-13 \(Previously Q II-2\) Effective Dates and Federal Awards Made Previously](#)

Will this apply only to awards made after the effective date, or does it apply to awards made earlier?

- Once the Uniform Guidance goes into effect for non-Federal entities, it will apply to Federal awards or funding increments after that date, in cases where the Federal agency considers funding increments to be an opportunity to modify the terms and conditions of the Federal award. It will not retroactively change the terms and conditions for funds a non-Federal entity has already received.
- We would anticipate that for many of the changes, non-Federal entities with both old and new awards may make changes to their entity-wide policies (for example to payroll or procurement systems). Practically speaking, these changes would impact their existing/older awards. Non-Federal entities wishing to implement entity-wide system

changes to comply with the Uniform Guidance after the effective date of December 26, 2014 will not be penalized for doing so.

#### [.110-14 \(Previously Q II-3\) Effective Dates and Pre-Existing Guidance](#)

Should we continue using 2 CFR 220, 225, and 230 until December 2014, even though these regulations have now been removed from the CFR?

- The terms and conditions of the Federal award always govern, and even once the Uniform Guidance goes into effect, Federal agencies will need to ensure that all non-Federal entities have full access to the terms and conditions of Federal awards made prior to the Uniform Guidance becoming effective.
- The original circulars are also available on the OMB website at [http://www.whitehouse.gov/omb/grants\\_circulars](http://www.whitehouse.gov/omb/grants_circulars).
- Federal agencies may not impose the Uniform Guidance prior to the effective date.

#### [.110-15 \(Updated from the previous Q II-4\) Single Audit Compliance Supplement and Audit Resolution](#)

What are the next steps for the single audit Compliance Supplement and single audit resolution?

- The COFAR has made a commitment that for the rest of this year, work will focus primarily on initiatives that support smooth implementation of this Uniform Guidance.
- The 2015 Compliance Supplement is expected to be released in April 2015 and will implement changes to complement the Uniform Guidance, such as streamlining the audit objectives and procedures for the 14 types of compliance requirements. OMB outreach in developing the 2015 Supplement is including non-Federal stakeholders.
- The COFAR is also working to draft best practices around cooperative audit resolution, and exploring possibilities for publishing a list of links to Federal agency audit resolution policies.
- The Federal Audit Clearinghouse (FAC) is working to develop additional analytical tools to better support audit resolution and provide data for outcome based metrics to allow Federal agencies to track the effectiveness of audit finding follow-up over time.
- The COFAR will be working with the FAC and the auditing profession to explore ways to combine the single audit reporting package (i.e., Schedule of Expenditures of Federal Awards and Auditor's Summary) with the reporting to the FAC in the data collection form to reduce duplication and improve the accuracy of FAC data.
- Finally, the COFAR plans to consider how to better coordinate the process of issuing management decision letters governmentwide.

### [200.112](#)

#### [.112-1 Conflict of Interest](#)

Section 200.112 states "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." Does this policy refer to scientific conflicts of interest that might arise in the research community?

No, however Federal agencies may have special policies or regulations specific to scientific conflicts of interest, such as HHS's policy at 42 CFR Part 50. The conflict of interest policy in 2 CFR 200.112 refers to conflicts that might arise around how a non-Federal entity expends funds under a Federal award. These types of decisions include, for example, selection of a subrecipient or procurements as described in section 200.318.

#### [.112-2 Conflict of Interest – Scientific Collaborations](#)

Section 200.112 states "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."

FAQ 112-1 confirmed that this requirement does not refer to scientific conflicts of interest that may apply to projects supporting research. Scientific collaborations on research and development projects are generally the result of close collaboration prior to the submission of applications for support. Accordingly, virtually all of these collaborations might be considered to include a potential conflict of interest. The potential conflict is mitigated by the disclosure of these collaborations pursuant to agency requirements.

Does Section 200.112 apply when a pass-through entity awards a subaward to support scientific collaboration on a research and development project?

Yes. When a subaward for scientific collaboration on a research and development project is included in the application for assistance or requested for prior approval and approved by the Federal awarding agency, the disclosure of any potential nonscientific conflict of interest, if required by the Federal awarding agency, provides sufficient information to the Federal awarding agency for the purpose of compliance with section 200.112.

## [200.201](#)

### [.201-1 Fixed Amount Awards](#)

Section 200.201(b)(1) states that fixed amount awards and subawards can be used when there is a “specific” project scope and “adequate cost, historical or unit price data is available” to assure that the recipient or subrecipient will “realize no increment above actual cost.” What standards will an agency use (or should pass-through entities use) when deciding when a project scope is “specific” and what constitutes “adequate” cost, historical, or unit price data?

The wording in this section was not intended to create a new, higher standard for budgeting. Fixed amount (fixed price) awards are appropriate when the work that is to be performed can be priced with a reasonable degree of certainty. Samples of appropriate mechanisms to establish an appropriate price include the non-Federal entity’s past experience with similar types of work for which outcomes and their costs can be reliably predicted, or the non-Federal entity can easily obtain price estimates (e.g., bids, quotes, catalog pricing) for significant cost elements.

### [.201-2 Fixed Amount Awards and Cost-share or Match](#)

Section 200.201(b)(2) states that a fixed amount award (or subaward) cannot be used in programs that require a mandatory cost-share or match. Do salary costs that exceed a Federal awarding agency’s salary cap constitute “mandatory cost-sharing” for the purpose of determining whether a fixed amount award or subaward can be used?

No, salary costs above a Federal awarding agency’s cap are not a mandatory cost-share or match but, instead, are the result of limitations on the amount of salary costs that may be charged to the Federal award, and are paid at the discretion of the non-Federal entity. Since these salary costs above a Federal awarding agency’s cap are not a mandatory cost-share or match, a fixed amount award or subaward can be used.

### [.201-3 Fixed Amount Awards and End of Award Certifications](#)

Section 200.201(b)(3) states: “The non-Federal entity must certify in writing to the Federal awarding agency or pass-through entity at the end of the Federal 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.” What reporting and documentation requirements should the non-Federal entity provide to the awarding agency?

The Federal awarding agency or pass-through entity may specify the form or format required to certify completion or that the level of effort was expended, in the case of Federal awarding agencies through an OMB-approved information collection. If no format is specified, the recipient should certify completion to the Federal awarding agency (or the subrecipient should certify to the pass-through entity) as a part of the closeout process. Consistent



with section 200.308(c)(3), a reduction of more than 25% of the level of effort must be reported to the Federal awarding agency and would require an adjustment. In other cases where an adjustment is necessary, typical mechanisms would include basing the adjustment on the percentage of completed work, actual costs incurred to date, or on another documented basis.

## 200.203

### .203(a) Notices of Funding Opportunities

This section of the guidance specifies that Federal awarding agency must display the following Information posted on the OMB-designated government-wide website for finding and applying for Federal financial assistance. How does this guidance relate to the use of the current federal system called Grants.gov and OMB's requirements that Agencies utilize that system to post funding opportunity announcements and allow applicants to apply through the system?

While the guidance does not specify a particular system for finding and applying for Federal financial assistance, the current system of Grants.gov remains the federal government's central portal for discretionary financial assistance find and apply functionalities. In accordance with OMB Memorandum – M-04-01 and M-04-05 – Federal agencies are required to use Grants.gov "Find" functionality and directed to use the "Apply" functionality for discretionary grants. OMB Memorandum M-10-16 documented the technical boost for Grants.gov in response to the Recovery Act and reinforced expectations for agency use of Grants.gov, stating, "Federal grant-making agencies are instructed to resume using the "Apply" functionality of Grants.gov for all the programs that previously used this functionality prior to the memorandum (M-09-14), by no later than April 30, 2010. Federal agencies shall also continue using the "Find" functionality of Grants.gov to post all discretionary grant opportunities."

## 200.205

### .205-1 Review of Risk Posed by Applicant- Financial Stability

In section 200.205, "Federal awarding agency review of risk posed by applicants," what guidelines are auditors given to determine financial stability?

The guidance in this section applies to Federal awarding agency pre-award review of risk posed by applicants, not the risk assessment process used by auditors. Guidance given to auditors for reviewing risk can be found in Subpart F of the Uniform Guidance and generally accepted government auditing standards (GAGAS).

## 200.210

### .210 – 1 Total Amount of a Federal Award – Federal and Non-Federal Share \*

Does the total amount of the Federal award (in §200.210 (8) include both Federal and non-Federal funding such as cost sharing? What is the difference between the total amount of the Federal award and the total amount of Federal funds obligated (in §200.210 (7)?

Yes. The total amount of the Federal award (in the context of §200.210 (8) includes both Federal and non-Federal funding, such as cost sharing, matching, or a recipient's voluntary contribution. The total amount of Federal funds obligated (in the context of §200.210 (7) includes only the amount of funds obligated by the Federal awarding agency; it does not include non-Federal funds.

## 200.303

### .303-1 Should vs Must and Internal Controls

According to auditing standards, "should" really means "must unless there is a well-documented reason why not". Is this the case in the Uniform Guidance? Does the "should" in section 200.303 referencing guidance provided by GAO and COSO really mean "must"?



See should vs must answer in .303-2 below for the meaning of “should” in the Uniform Guidance. COFAR will review the guidance and consider whether technical corrections are needed related to the use of “should”.

### [.303-2 \(previously Q III-5\) Should vs. Must In General](#)

The word “should” is used throughout section 200. Does it really mean “must”?

No. The word “must” is used throughout part 200 to indicate requirements. The word “should” is used to indicate best practices or recommended approaches that the COFAR wanted non-Federal entities to be aware of, but not necessarily required to comply with.

### [.303-3 \(Previously Q III-4\) Should vs Must and the Green book](#)

In section 200.303 Internal Controls, what is the expectation about a non-Federal entity’s compliance with the guidance in the Green Book?

The requirement is that the non-Federal entity must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulation and the terms and conditions of the Federal award. The Uniform Guidance also refers non-Federal entities to the following three documents for best practices:

- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General.
- “Internal Control Framework” issued by the Committee on Sponsoring Organizations (COSO).
- Appendix XI, Compliance Supplement – Part 6 Internal Control (which currently follows COSO but will consider both the Green Book and COSO in the 2015 update (200.514(c)(1)).

While non-Federal entities must have effective internal control, there is no expectation or requirement that the non-Federal entity document or evaluate internal controls prescriptively in accordance with these three documents or that the non-Federal entity or auditor reconcile technical differences between them. They are provided solely to alert the non-Federal entity to source documents for best practices. Non-Federal entities and their auditors will need to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements.

## [200.305](#)

### [.305-1 Application of 200.305\(b\) advance payments to payments by States](#)

Does 200.305(b), including the requirement to consider advance payments to subrecipients, apply to States?

No, requirements for states are provided at 200.305(a) “For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205 “Rules and Procedures for Efficient Federal-State Funds Transfers” and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.”

### [.305-2 Payments to Non-Federal Entities – Advance or Reimbursement? \\*](#)

Is the intent of §200.305(b)(1) to convert all non-Federal entities, including those that are currently on a cash reimbursement basis, to an advance payment basis for the transfer of funds and disbursements, even if the non-Federal entity has not requested that its funding method be changed?

No. The intent of §200.305(b)(1) is to ensure that if a non-Federal entity requests an advance payment method, the Federal agency must approve this request only if the non-Federal entity maintains financial management systems that meet the standards for fund control and accountability in this section.

The advance payment method is the default payment method, provided the non-Federal entity minimizes the time elapsing between the transfer of funds and disbursement and meets the standards for internal controls and accountability. The Federal awarding agency or the non-Federal entity may switch to reimbursement when:

- 1) the non-Federal entity cannot meet the advance payment requirements of §200.305 (b);

- 2) the Federal awarding agency imposes an award condition requiring reimbursements based on an assessment of risk or as a remedy for noncompliance; or,
- 3) the non-Federal entity requests payment by reimbursement.

## 200.306

### .306-1 Exceptions in Statute for restrictions on cost sharing or matching

Section 2 CFR 215.23(a)(5) stated as one of the criteria for matching is that it cannot be “paid by the Federal Government under another award, except when authorized by Federal statute to be used for cost sharing or matching.” Section 200.306(a)(5) states this criteria a little differently: matching cannot be “paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements.” Is this a change in policy?

No.

## 200.307

### .307-1 Fees and Royalties and Bayh-Dole

According to the Bayh-Dole Act (35 USC 202(c)(7)), for nonprofit organizations (e.g., IHEs, Nonprofit research institutions, other research performers), a portion of the license fees and royalties on patents are required to be returned to the inventor and the balance is to be used for education and research. Therefore, should the income from license fees and royalties be excluded from the definition of program income?

Yes, income from license fees and royalties on research funded by a Federal award should be excluded from the definition of program income. U.S. law or statute takes precedent over the Uniform Guidance.

## 200.309

### .309-1 (Updated from the previous Q III-2) Period of Performance and No-Cost Extension

Section 200.309 Period of Performance says that costs may be incurred only during the period of performance. Does this mean that the agency regulations will no longer be able to allow no-cost extensions as a normal course of business?

No. A Federal agency may allow no-cost extensions of the period of performance to the extent such no-cost extension does not violate applicable laws and regulations.

## 200.313

### .313-1 Equipment and Conditional Title

Section 200.313(a) of the guidance specifies that title for equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity as a “conditional title”. This is new terminology for those non-Federal entities that have followed Circular A-110. What is meant by “conditional title” and will this affect how non-federal entities have historically accounted for equipment ownership?

There is no change intended in the Uniform Guidance for how non-Federal entities should account for equipment ownership. The concept of “conditional title” always has been in effect, and simply means that equipment ownership vests in the non-Federal entity at the time of acquisition and that it is contingent on meeting the requirements for use, management, and disposition of the equipment as required in section 200.313.

### .313-2 Changes to Equipment Inventory Systems

Section 200.313(d)(1) of the guidance specifies the attributes that must be maintained in the property records of the non-Federal entity. For non-Federal entities that have followed Circular A-110, there are two changes:

- “percentage of Federal participation in the project costs” (Uniform Guidance) versus “information from which one can calculate the percentage of Federal participation in the cost of the equipment” (A-110 .34(f)(1)(vi)), and  
- “the location, use and condition of the property” (Uniform Guidance) versus “location and condition of the equipment and the date the information was reported” (A-110 .34(f)(1)(vii)). Are non-Federal entities expected to change the attributes of their property records and ultimately be required to implement costly changes to their existing equipment inventory systems?

No. The requirements for property records have not substantively changed in the Uniform Guidance. The requirements for property records are meant to ensure that the non-Federal entity maintains an equipment inventory system that demonstrates the non-Federal entity has an effective system of controls to account for and track equipment that has been acquired with Federal funds. Non-Federal entities are not expected to change their equipment inventory systems or the data elements contained in those systems, if they are in compliance with the current requirements in Circular A-110. In the examples in the question:

- The percentage of Federal participation in the cost of equipment in Circular A-110 was identical to the percentage of Federal participation in the cost of the original project or program. One could infer that from the amount of compensation a recipient was required under 2 CFR 215.34(g) to make to a Federal agency at the time of disposition—i.e., “compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment.” The A-110 requirement in 2 CFR 215.34 for the recipient’s records to have information from which one could calculate the percentage of Federal participation in the cost of the equipment then required two numbers, the percentage of Federal participation in the original project or program and information from which one could derive the current fair market value. The Uniform Guidance makes that more explicitly clear through the definition of “Federal interest” in 2 CFR 200.41; and

- “the location, use and condition of the property” is referring to an indicator in the property records that the specific equipment item is active and linked with the appropriate Federal award, identical to the requirement in Circular A-110.

The COFAR will review these sections and consider whether any technical corrections are needed for clarity in the Uniform Guidance.

## 200.318

### .318-1 (Previously Q III-7) Equipment and A-110 Screening Procedures

Does the insertion of “or duplicative” in the first sentence of 200.318(d) mean that universities will have to revert to equipment screening procedures that were eliminated under the Federal Demonstration Project over 20 years ago?

- The Uniform Guidance in section 200.318(d) states that the non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- The above language does not require any specific equipment screening procedures.

## 200.320

### .320-1 Methods of Procurement – Micro vs Small vs Over Threshold

How are procurements of micro-purchase and small purchases under the simplified acquisition threshold less burdensome than those above it?

In summary, all purchases under the simplified acquisition threshold (including micro-purchases) require fewer terms and conditions, have a lesser competition standard than purchases over the simplified acquisition threshold, can be solicited informally, and do not require a cost or price analysis.

Section 200.320 describes the five methods of procurements – (1) micro-purchase (less than to \$3,000), (2) small purchase (less than \$150,000), (3) sealed bids purchases (more than \$150,000), (4) competitive proposal

purchases (more than \$150,000), and (5) Noncompetitive purchases (special circumstances which are applicable for all purchase levels).

All five procurement types must comply with the Procurement Standards in section 200.318, which can be summarized generally as follows: (1) the purchase complies with the non-Federal entity's documented procedures in place, (2) purchases are necessary, (3) open competition (to the extent required by each method), (4) conflict of interest policy and (5) proper documentation for the purchases.

Purchases of supplies or services under \$3,000 are treated as "micro-purchases." The purchase orders may be awarded without soliciting any competitive quotations if the non-Federal entity considers the costs to be reasonable. The non-Federal entity must, to the extent practicable, distribute these purchases equitably among qualified suppliers. For example, a purchase of computer paper in the amount of \$2,000 can be treated as "a micro-purchase." No rate competitive quotations are necessary for the purchase. A cost or price analysis is not required. However, in accordance with the non-Federal entity's written policies, which may include strategic sourcing or bulk purchase arrangements as described in section 200.318 and addressed in FAQ .320-4, the non-Federal entity must consider whether to make the purchase from any one of a number of office supply stores.. Such policies may dictate the purchase of computer paper to rotate among qualified suppliers if they offer the same rates.

Purchases under the simplified acquisition threshold are purchases for goods or services meeting the small purchase threshold (currently at \$150,000). Therefore, all purchases between \$3,000 and \$150,000 can use the "small purchase procedures" stated in section 200.320 (b) which describes the procedures as "relatively simple and informal." It states that "price or rate quotations must be obtained from an adequate number of qualified sources." It leaves the discretion of the non-Federal entity written policy to determine the "adequate" number of qualified sources (i.e., any number greater than one) and the methods of obtaining the price or rate quotations (e.g., it can be in writing, orally, vendor price list on website, or generated via online search engine). Section 200.323 also excludes the small purchases from any requirements for cost or price analysis.

For example, a purchase order for chlorine supplies in the amount \$10,000 can be treated as a small purchase order. This purchase order requires a rate quote from at least two sources, which can be obtained in writing from two suppliers or research done on a public websites. A cost or price analysis is not required. In addition, if the chlorine is of special quality that is offered by only one company or only one company can deliver in the time frame required for the project, the purchase order can be made under the sole source purchase provision in section 200.320 (f).

For purchases over the simplified acquisition threshold (currently at \$150,000), the more prescriptive methods of either sealed bids (if the non-Federal entity has very specific parameters for the purchase) or competitive proposals apply. For a visual of this FAQ, see the Procurement Bearclaw attachment.

#### [.320-2 Methods of Procurement- Sole Source for Research](#)

Procurement by noncompetitive proposals: Frequently, researchers need to acquire items from a particular source for scientific reasons (for example when a service or item is only available with the required quality from one source or only one source can provide the items or service in the time frame required). Would this constitute a valid reason for a procurement by noncompetitive proposals? Is this method of procurement available for procurements of any dollar amount?

Yes. This would be a valid reason. This option is available at all dollar amounts, provided it complies with the general procurement standards under section 200.318, including documentation requirements in section 200.318(i).

#### [.320-3 Methods of Procurement and Strategic Sourcing and Shared Services](#)

Do the requirements for competition in the methods of procurement apply to each individual item I purchase, or may I apply them to broader procurement decisions in order to leverage strategic sourcing agreements, shared services arrangements, or other practices that result in more efficient use of the funds?

Yes, the requirements for competition apply to broader procurement decisions. Section 200.318 General Procurement Standards paragraphs (d) and (e) explicitly encourage non-Federal entities to build into their procurement policies practices that consolidate procurements where appropriate to make most efficient use of Federal funds.

#### [.320-4 Methods of Procurement and Charge Cards](#)

Does the Uniform Guidance require non-Federal entities to limit charge card purchases to a particular threshold amount?

No. The Uniform Guidance provides requirements for the internal control framework that surround any purchase, but does not provide any guidance around whether the non-Federal entity uses cash, charge cards, checks, or any other payment medium for the transaction.

#### [.320-5 Methods of Procurement and Indirect Costs](#)

Does the Uniform Guidance procurement standards apply to procurements made for indirect costs (for example: would a non-Federal entity need to follow them when hiring a plumber to fix a broken pipe in the headquarters building?)

No. The Uniform Guidance procurement standards do not apply to procurements made in indirect cost areas. They apply to procurements for goods and services that are directly charged to a Federal award.

### [200.323](#)

#### [.323-1 Negotiation of profit](#)

Section 200.323, paragraph (b) requires that the non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. Is the negotiation of profit required for all sole source procurements above \$3,000 up to the small purchase threshold of \$150,000?

No. Section 200.323, paragraph (a) states that a cost or price analysis is required for procurement actions in excess of the simplified acquisition threshold.

### [200.331](#)

#### [.331-1 Pass-through Entities, Indirect Cost Rates, and State Funds](#)

When a pass-through entity uses Federal and non-Federal funds to make a subaward to a nonprofit as a subrecipient, is the requirement in section 200.331(a)(4) for pass-through entities to provide an indirect cost rate applicable for only for the portion of the funds from Federal award that are utilized or the total funds?

Federal Uniform Guidance including section 200.331(a)(4) applies to Federal funds as specified in the terms and conditions of the Federal award.

#### [.331-2 Limits on layers of Subrecipients for Indirect Costs](#)

Is there a limit on the number of layers of subrecipients at which the requirement to pay indirect costs is no longer applicable? For example, a state may pass-through Federal grant funds to a local government. The local

government may then pass all or some of the funds through to a local nonprofit, which then also utilizes the services of other nonprofit providers as subrecipients.

No, there is no limit under the Uniform Guidance, but the Federal award may have a limit.

#### [.331-3 Delayed Federal funds and Indirect Cost Rates](#)

When the awarding of Federal funds is held up due to the delayed approval of the Federal budget or other reasons, so states must use state funds in order to provide continued services in the interim, are those dollars considered state or Federal with regard to meeting the OMB requirements? For example, if temporarily using state funds while waiting for Federal funds, is the state required to reimburse subrecipients for their indirect costs as directed in the Uniform Guidance?

Yes, any costs ultimately charged to a Federal award must comply with the terms and conditions of that Federal award, including the Uniform Guidance. Pre-award costs are governed by section 200.458, and the Cash Management Improvement Act and its implementing regulations at 31 CFR Part 205.

#### [.331-4 Indirect Cost Rates and Blended Subawards](#)

States often blend several Federal funding streams to pay for services performed by nonprofit organizations. Each Federal funding stream may have a different set of requirements, particularly as it relates to indirect costs — some with statutory caps on indirect costs and others without a cap and are covered by the new provision in the Uniform Guidance. How should a pass-through entity calculate the indirect cost rate it must reimburse the nonprofit?

Each Federal award is subject to its own terms and conditions, and the funding streams would be tracked accordingly. For payments of indirect cost to the subrecipients, the pass-through entity must follow any statutory caps required by the funding streams. If a non-Federal entity wishes to blend funds from multiple Federal awards and apply only one set of terms and conditions to all the funds, the terms and conditions of that arrangement must be agreed to in advance by all participating Federal awarding agencies.

#### [.331-5 Indirect Cost Rates and Entities Who Do Not Have Indirect Costs](#)

2 CFR 200.210(a)(15), 2 CFR 200.331(a)(1)(xiii) and (a)(4) all make reference to indirect cost rates as a requirement for recipients and subrecipients. Not all entities charge indirect cost rates. Will they now be forced to establish such rates?

No. Non-Federal entities that are able to allocate and charge 100% of their costs directly may continue to do so. Claiming reimbursement for indirect costs is never mandatory; a non-Federal entity may conclude that the amount it would recover thereby would be immaterial and not worth the effort needed to obtain it.

#### [.331-6 Pass-through Entities and Indirect Cost Rate Negotiation](#)

This section states that pass-through entities are expected to honor a subrecipient's negotiated F&A rate agreement, or use a 10% MTDC de minimis rate, or negotiate an F&A rate with the subrecipient. Is it acceptable to require a subrecipient to accept a rate lower than 10% MTDC via negotiation, or in lieu of their negotiated F&A rate? If a subrecipient requests to establish a rate via negotiation, does the pass-through entity have to establish the rate via negotiation?

If the subrecipient already has a negotiated F&A rate with the Federal government, the negotiated rate must be used. It also is not permissible for pass-through entities to force or entice a proposed subrecipient without a negotiated rate to accept less than the de minimis rate. The cost principles are designed to provide that the Federal awards pay their fair share of the costs recognized under these principles. (See section 200.100(c).) Pass-through entities may, but are not required, to negotiate a rate with a proposed subrecipient who asks to do so.

### [.331-7 Indirect Cost Rates and non-Compliance with Guidance](#)

What should I do if my pass-through entity won't honor my entity's federally negotiated indirect cost rate agreement?

You may wish to remind your pass-through entity of their obligation under the uniform guidance in part 200.331. As with any instance where a non-Federal entity does not comply with the guidance, the pass-through entity will be vulnerable to any of the measures available in sections 200.338-200.342, Remedies for Non-Compliance, depending on the Federal awarding agencies oversight of their Federal award. The COFAR is working with a Coalition of non-Federal entities to evaluate the effectiveness of implementation and the overall impact of the guidance. For information about where to direct inquiries about the Uniform Guidance in general, please see part 200.108.

### [.331-8 Pass-Through Entities That Have Previously Paid Indirect Costs \\*](#)

Can a pass-through entity that paid actual or negotiated indirect costs to a subrecipient prior to the Uniform Guidance now impose the 10 percent de minimis rate on that same subrecipient?

No. The 10 percent de minimis rate is for non-Federal entities that have never received a negotiated indirect cost rate. If a pass-through entity paid negotiated or actual indirect costs to a specific subrecipient in the past, they should continue to negotiate and award indirect costs to that subrecipient in accordance with their prior practice. If a pass-through entity has never awarded or negotiated actual indirect costs with that subrecipient, and the subrecipient does not have a Federally approved indirect cost rate agreement, then the pass-through entity can provide the 10 percent de minimis rate or negotiate a rate with that subrecipient. If the pass-through entity negotiated an approved indirect cost rate with its subrecipient in the past, a de minimis rate cannot be applied.

### [.331-9 Negotiating Indirect Costs with State Agencies \\*](#)

If one department within a state government negotiates indirect costs with a subrecipient that does not have a Federally approved rate, are all departments/agencies within that state government obligated to also negotiate an indirect cost rate with that subrecipient?

No. Each pass-through entity has a separate subaward arrangement with each subrecipient. For example, a State's Health department has negotiated and approved an indirect cost rate to pay indirect costs to a subrecipient. If the State's Transportation department subawards to the same subrecipient, and the State's Transportation department should consider the negotiated rate already provided by the State's Health department. Also, since this subrecipient has received a negotiated indirect cost from the State, it does not have the option of using the de minimis rate because this subrecipient has negotiated an indirect rate with another state department. In the case, where a subrecipient has no federal awards and there is no defined federal cognizance, the awarding of grants to the same subrecipient by other pass through entities must consider consistency and fairness when reviewing indirect costs. Therefore, the State Transportation department has two choices: (i) accept the State Health department's negotiated rate or (ii) negotiate its own rate with the subrecipient. (See §200.331(a)(4)). Therefore, a subrecipient may not have a negotiated indirect cost rate with one State agency and the 10 percent de minimis rate with another State agency within the same State.

### [.331-10 Requirements for Pass-Through Entities. Timing of Subrecipient Risk Assessments \\*](#)

Section §200.331 (b) indicates that pass-through entities must "evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring..." Are pass-through entities required to assess the risk of non-compliance for each applicant prior to issuing a subaward?

No. While section §200.331 (b) requires risk assessments of subrecipients, there is no requirement for pass-through entities to perform these assessments before making subawards. Under the Uniform Guidance, the purpose of these risk assessments is for pass-through entities to determine appropriate subrecipient monitoring. Pass-through entities may use judgment regarding the most appropriate timing for the assessments. Regardless of



the timing chosen, the pass-through entity should document its procedures for assessing risk. Section §200.331 (b) (1) – (4) includes factors that a pass-through entity may consider when assessing subrecipient risk. While section §200.205 imposes requirements for a Federal awarding agency to review the risk posed by applicants prior to making a Federal award, there are no corresponding requirements for a pass-through entity; however, it is a best practice for pass-through entities to evaluate risk prior to making a subaward.

#### [.331-11 Requirements for Pass-Through Entities. Verifying Subrecipients are Audited as Required by Subpart F and Following Up on Subrecipient Findings \\*](#)

Section §200.331 (f) requires that pass-through entities to “verify that every subrecipient is audited as required by Subpart F-Audit Requirements of this part when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.” Additionally, §200.331(d)(2) states that a pass-through entity’s monitoring of subrecipients must include “following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity.” Can a pass-through entity meet these requirements by simply asking the subrecipient to provide written notification to the pass-through entity as to whether a single audit was performed and whether or not that audit disclosed audit findings relating to the subaward provided by the pass-through entity?

Yes. A confirmation from the subrecipient is sufficient. In addition, the pass-through entities can view and verify the Single Audit reporting packages that are now publicly available via the Federal Audit Clearinghouse (FAC) (<https://harvester.census.gov/facweb/>).

Additionally, while the old OMB Circular A-133 provided an option for subrecipients to provide written notification to pass-through entities in situations where single audits did not result in findings, the Uniform Guidance does not include this provision. Instead, subrecipients are now required to include a pass-through entity identifying number on both the Schedule of Expenditures of Federal Awards (SEFA) and the Single Audit Data Collection Form (SF-SAC) to aid the pass-through entity in searching for and identifying the reporting packages of their subrecipients in the FAC.

#### [200.332](#)

##### [.332-1 Fixed Amount Subawards](#)

My institution has a fixed amount subaward issued on an active Federal award and it is over the \$150,000 Simplified Acquisition Threshold; it will continue to be active after 12/26/14. Instead of modifying the subaward, can I give my subrecipient a new fixed amount subaward to cover just this year’s funding so I can stay below the threshold?

It is acceptable to have more than one fixed amount subaward with the same subrecipient if necessary to complete work contemplated under a Federal award. It is expected, however, that each fixed amount subaward will have its own distinct statement of work and be priced for the work and deliverables that will be due under that subaward, and that prior approval of the Federal awarding agency is required for each subaward issued under funding received on or after 12/26/14, as outlined in 200.332. Non-Federal entities having special circumstances, including an unanticipated need to increase a fixed price subaward above the threshold, should consult with their Federal awarding agency for guidance on how to complete the planned scope of work with the least amount of administrative burden.

#### [200.344](#)

##### [.344-1 Closeout for Awards Without a Final Indirect Cost Rate \\*](#)

When a Federal agency needs to complete closeout actions for a Federal award and the recipient does not yet have a final indirect cost rate (it may have a provisional rate or a fixed rate with a carry forward), should the agency closeout the award and then re-open it if a revision is needed?



Yes. The Federal agency should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports using the provisional or fixed rate (See §200.343(g)) (not applicable to government cost type contracts under FAR). The Federal agency should not wait to complete its closeout action until a final rate is established by the cognizant agency for indirect costs. An agency that has a fixed with carryforward rate can close out its awards using these rates because they are considered final as any adjustments are rolled into future indirect cost rates. A Federal agency may reopen an award for adjustment when a final indirect cost rate is issued (See §200.344 (a)(2)). Also note that all adjustments are subject to availability of agency funds.

## 200.400

### .400-1 Fixed Amount Subawards and Profit

Section 200.400(g) states that a non-Federal entity may not “earn or keep any profit resulting from Federal financial assistance, unless expressly authorized by the terms and conditions of the Federal award.” Does that mean that a non-Federal entity cannot retain any unexpended balance on its fixed amount awards and subawards?

No. Section 200.400 (a)(3) provides an exception to this policy for fixed amount awards. See also FAQ .401-1. Provided that the cost of a fixed amount award was determined according to the Uniform Guidance, any residual unexpended balance that remains at the end of a completed award is not “profit” and, therefore, can be retained.

### .400-2 Dual Role of Students and Post-Doctoral Staff

The Uniform Guidance states; “For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees contributing to the completion of Federal awards for research must be recognized in the application of these principles.” Staff in postdoctoral positions engaged in research, while not generally pursuing an additional degree, are expected to be actively engaged in their training and career development under their research appointments as Post-Docs. This dual role is critical in order to provide Post-Docs with sufficient experience and mentoring for them to successfully pursue independent careers in research and related fields. Does 200.400(f) require recognition of the dual role of postdoctoral staff appointed on research grants as, both trainees and employees, when appointed as a researcher on research grants?

Yes, the Uniform Guidance 200.400(f) requires the recognition of the dual role of all pre and post-doctoral staff, who are appointed to research positions with the intent that the research experience will further their training and support the development of skills critical to pursue careers as independent investigators or other related careers. Neither Pre-Docs or Post-Docs need to be specifically appointed in ‘training’ positions to require recognition of this dual role. The requirements and expectations of their appointment will support recognition of this dual role per 200.400(f).

### .400-3 (Previously Q III-3) Profit and Nonprofits

How does the usage of the term “profit” in §200.400(g) apply, if at all, to Federal awards with or performed by nonprofit organizations?

- The guidance in section 200.400(g) states that the non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless expressly authorized by the terms and conditions of the Federal award (with a reference to §200.307 Program income).
- The guidance in 200.400(g) is intended only to make this long-standing requirement explicit for purposes of accountability and oversight. It has always been true that costs under Federal awards must be reasonable, allocable and allowable. By definition, this has always excluded any additional increment for profit beyond cost for non-Federal entities executing Federal awards or subawards.

## 200.401

### .401-1 Fixed Amount Awards and Cost Principles

This section states that cost principles do not apply to capitation awards, scholarships, fellowships, traineeships, other fixed amounts, and fixed amount awards. However, section 200.400 states that cost principles must be used in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price. Can you clarify the application of the cost principles to fixed-price and fixed-rate awards and subawards?

For fixed amount awards described in 200.400 and 200.401, the cost principles should be used as a guide when proposing (pricing) the work that will be performed, but are not formally used as compliance requirements for these types of awards. In other words, the recipient and the Federal agency, or the pass-through entity and the subrecipient, will use the principles along with historic information about the work to be performed to establish the amount that should be paid for the work to be performed. Once the price is established and the fixed amount award or subaward is issued, payments are based on achievement of milestones (e.g., per patient, per procedure, per assay, or per milestone) and not on the actual costs incurred.

## 200.403

### .403-1 Requirement for Compliance with Applicable Laws and Regulations

Section 200.403 does not specify a requirement for compliance with Federal, state, local, tribal, and other laws and regulations. Is this requirement otherwise addressed in the Uniform Guidance?

Yes. Compliance with applicable laws and regulations is included at Sections 200.303 Internal Controls. and 200.404 Reasonable costs.

## 200.413

### .413-1 What Counts as Prior Approval

I have a Federal award that qualifies as a major project or activity and I'm directly charging administrative costs to it. When I receive incremental funding on my project next spring, I understand I am going to now need prior written approval from the Federal awarding agency to continue charging those costs to the new incremental funds. If I list my intention to continue charging those costs in my next continuation progress report and the Federal awarding agency issues my award without making any mention of my request, does that count as prior written approval?

It depends. Non-Federal entities should refer to the terms and conditions of their Federal award or address their questions to the Federal awarding agency awarding official (or pass-through entity if appropriate) to clarify when pre-approval has been granted.

## 200.414

### .414-1 De Minimis Rate and Governments

Is the 10 percent de minimis rate for new organizations which have never negotiated an IDC rate at 200.414 (f) available to governmental organizations or tribal government entities which have never negotiated an IDC rate?

Yes. Provision of the 10 percent de minimis indirect cost rate is conditioned on the non-Federal entity meeting the requirements specified at 200.414 (f). These include limiting availability to organizations that have never received a negotiated indirect cost rate, except for those described in Appendix VII of Part 200, paragraph (D)(1)(b) "governmental department or agency unit that receives more than \$35 million in direct Federal funding must submit its indirect cost rate proposal..." State and local government departments that have never negotiated indirect cost rates with the Federal government and receive less than \$35 million in direct Federal funding per year may use the 10% de minimis indirect cost rate, and must keep the documentation of this decision on file. Federally recognized Indian tribes that have never negotiated an indirect cost rate with the Federal government may also use the 10% and must keep the documentation of this decision on file.

#### .414-2 Indirect Cost Rate Extensions – “Current” and “one-time”

Section 200.414(g) of the Uniform Guidance states: “Any non-Federal entity that has a federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rates for a period of up to four years.”

- What is meant by the term “current negotiated indirect cost rates”?
- What is meant by the term “one-time”?

A current negotiated indirect cost rate is the negotiated rate *in effect (i.e., not expired)* when the non-Federal entity requests a rate extension. Rate extension requests will only be considered once in a rate negotiation cycle. For example, a non-Federal entity with a current negotiated rate for 7/1/15-6/30/16 requests an extension of that rate for 3 years, until 6/30/19. If approved by the cognizant agency for indirect costs, the non-Federal entity is required to submit a proposal and request a negotiation of an indirect cost rate for the period beginning 7/1/19. Assuming these are predetermined rates effective until 6/30/23, the non-Federal entity could then request an extension of the current negotiated rate at the end of this approved period (6/30/23), prior to the submission of a proposal for negotiated rates in the next period. “Current negotiated rates” include only “predetermined” and “final” rates (not “provisional” or “fixed” rates).

#### .414-3 Documentation Required for Extension

Section 200.414(g) allows any non-Federal entity that has a federally negotiated indirect cost rate to apply for a one-time extension of its current negotiated indirect cost rates for a period of up to four years. This extension will be subject to the review and approval of the cognizant agency for indirect costs. Are there any documentation requirements that must be submitted? Are non-Federal entities eligible for multiple four-year extensions?

See FAQ .414-2. The intent of allowing for indirect cost rate extensions is to minimize the administrative burden for the non-Federal entity. As such, documentation requirements to support a four-year indirect cost rate extension should be kept to a minimum. A non-Federal entity can apply for a one-time extension (up to four years) on its most current negotiated rate. Subsequent one-time extensions (up to four years) are available if a renegotiation is completed between each extension request. Once there is a new negotiated indirect cost rate in effect, a non-Federal entity could request a one-time extension on that rate.

#### .414-4 Timing of Request for Extension

When should an institution contact the cognizant agency for indirect costs to request extension of their current negotiated rate?

Such requests should be submitted 60 days prior to the due date of the next proposal for indirect costs, but cognizant agencies for indirect costs can accept extension requests submitted later than that on a case by case basis.

#### .414-5 Extensions and Fixed-Rates with Carry-Forward

How might an organization with negotiated fixed rates with carry-forward effectively use the option for an extension of a current negotiated rate provided by 200.414(g)?

A fixed-rate with carry-forward agreement cannot be extended. If a non-Federal entity with a fixed-rate with carry-forward agreement would like to take advantage of the flexibilities in this provision of the Uniform Guidance, it would need to first negotiate a final or predetermined rate, which could then be extended, subject to the approval of the cognizant agency. The carry-forward for the last fixed year would have to be resolved in accordance with cognizant agency for indirect cost procedures.

#### .414-6 (Previously Q IV-3) Extensions and Old Rates, Shorter Extensions

Can an entity extend their rate for up to 4 years even if it's a really old rate (say 10 years ago)? Can they only extend for 4 years? What about 3 years or 2 years?

- Uniform Guidance in section 200.414 states that any non-Federal entity with a federally negotiated indirect cost rate may apply for a one-time extension for a period of up to 4 years. The extension is subject to the review and approval of the cognizant agency for indirect costs.
- Requests for extensions may be for periods of less than 4 years. The extension period is subject to the review and approval of the cognizant agency for indirect costs.

#### .414-7 Extensions of Final Rates

May a non-Federal entity apply for a one-time extension of federally negotiated indirect cost rates per section 200.414(g), when rates are based on the provisional/final indirect cost rate method?

Yes. The non-Federal entity must have a current federally negotiated final indirect cost rate to apply for an extension of indirect cost rates. If the final rates are based on the latest applicable audit and completed fiscal year under 2 CFR 200 (beginning on or after December 26, 2014), they are considered current for this purpose and may be used to apply for an extension. For example, if a non-Federal entity's fiscal year is calendar, and rates are finalized based on the audit received by the end of September with the costs incurred through the previous December, the organization could apply for a one-time extension when submitting the final rate proposal for FYE December 31, 2015. In this example, the non-Federal entity can request an extension covering fiscal year(s) 2016 through 2019. Note, however, that Federal agencies may not approve rate extensions of final rates for any non-Federal entity that has cost reimbursement contracts. All one-time extensions of federally negotiated indirect cost rates are subject to the review and approval of the cognizant agency for indirect costs.

#### .414-8 (Also applicable to 200.331) Federally negotiated indirect cost rates – voluntary under-charging or waiving IDC

Section 200.414(c) says "The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate...only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on documented justification." For pass-through entities, FAQ .331-6 says "If the subrecipient already has a negotiated F&A rate with the Federal government, the negotiated rate must be used. It also is not permissible for pass-through entities to force or entice a proposed subrecipient without a negotiated rate to accept less than the de minimis rate." However, some non-Federal entities voluntarily choose to not charge indirect costs for certain Federal programs or choose to charge less than their full negotiated rate, to allow a greater share of the Federal program funds to be used for the direct program costs. Can Federal awarding agencies and pass-through entities permit this practice when it is truly voluntary?

Yes. If a non-Federal entity receiving a direct Federal award or a subrecipient voluntarily chooses to waive indirect costs or charge less than the full indirect cost rate, Federal awarding agencies and pass-through entities can allow this. The decision must be made solely by the non-Federal entity or subrecipient that is eligible for IDC reimbursement, and must not be encouraged or coerced in any way by the Federal awarding agency or pass-through entity.

#### .414-9 De Minimis Rate and Breaks in Federal Relationship

Our organization previously had a negotiated indirect cost rate. However, all federal awards expired causing a break in our relationship with the federal government. During the break in relationship our negotiated indirect cost rate expired. Our organization has now received a new federal award. Are we eligible to receive the 10 percent de minimis rate?

No. Organizations that experience a break in federal relationship are not eligible to receive the 10 percent de minimis rate upon receipt of a new award. The availability of the de minimis rate is specifically limited to a non-Federal entity that has never received a negotiated indirect cost rate (200.414(f)). It is expected that organizations that have experience developing and negotiating rates have adequate resources to develop a new indirect rates.

#### [.414-10 De Minimis Rate and Period of Applicability](#)

If an organization elects the 10 percent de minimis rate at the beginning of an award, is the de minimis rate applicable to the period of performance of the award?

The de minimis rate may not be applicable during the entire period of performance of an award. A non-Federal entity may use the 10 percent de minimis rate indefinitely until it elects to negotiate an indirect cost rate, which the non-Federal entity may apply to do at any time. Indirect cost rates are generally negotiated based on a non-federal entity's fiscal year (not the period of performance of an award). Therefore, the de minimis rate may not be applicable during the entire period of performance of an award.

Awarding agencies are not required to reissue awards issued prior to the effective date of the indirect cost negotiation agreement. Accordingly, the de minimis rate may be applicable to the period of performance of the award if the total award amount is known and made available to the organization at the time of award.

#### [.414-11 De Minimis Rate and non-Federal entity with Single Function](#)

Can a non-Federal entity conducting a single function, which is predominately funded by Federal awards elect to charge the 10% de minimis rate if they currently charge all costs as direct costs to Federal programs?

No, the 10% de minimis rate must only be used to pay for overhead costs that are not directly charged to Federal awards. If all costs are charged directly to the Federal award (e.g., space costs, utility and administrative costs) then the recipient should not also charge the 10% de minimis rate. As described in 2 CFR section 200.403, costs must be consistently charged as either indirect or direct cost, but may not be doubled charged or inconsistently charged as both.

#### [.414-12 Providing Proof of Indirect Costs for De Minimis Rate \\*](#)

Does a non-Federal entity that uses the 10 percent de minimis indirect cost rate need to provide documentation to prove that its indirect costs are at least 10 percent of its organization's modified total direct costs?

No. A non-Federal entity that has never received a negotiated indirect cost rate and that uses the 10 percent de minimis rate does not need to provide proof of its indirect costs. The 10 percent de minimis rate was designed to reduce burden for small non-Federal entities(See also .414-11 above). The non-Federal entity has to report in its SEFA whether it has elected to use the 10% de minimis rate for its Federal programs (see §200.510(b)(6)).

#### [.414-13 Is the De Minimis rate the de facto rate? \\*](#)

Many pass-through entities are willing to pay only the 10 percent of modified total direct costs (MTDC) to subrecipients. Is the 10 percent de minimis rate meant to be the de facto indirect cost rate?

No. The 10 percent de minimis rate is not meant to be the de facto indirect cost rate. OMB established it to reduce the burden for smaller, less experienced non-Federal entities by not requiring them to negotiate an indirect cost rate.

Pass-through entities must recognize:

- 1) An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or,
- 2) If no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient or the 10 percent de minimis rate.

#### [.414-14 Verifying an Indirect Cost Rate \\*](#)

Can a non-Federal entity verify if its organization ever had a negotiated indirect cost rate with the Federal government?

Yes. The non-Federal entity can contact and check with the Federal agency that was likely to have been the cognizant agency for indirect costs for its previous Federal awards. See §414.15 for additional information on Federal cognizant agency contacts. The non-Federal entity can also check with the Federal awarding agencies.

#### [.414-15 – Documentation Required for Negotiating an Indirect Cost Rate \\*](#)

Do Federal agencies have guidelines regarding documentation requirements for negotiating an indirect cost rate?

Yes. Federal agencies vary in their documentation requirements for negotiating indirect cost rates. In addition to documentation requirements in 2 CFR Part 200, Appendices III, V, VI, and VII (applicable to Institutions of Higher Education (IHEs) and state/locals non-Federal entities), Federal awarding agencies may require additional documentation for negotiating indirect cost rates. A non-Federal entity should consult with its cognizant agency for indirect costs regarding documentation requirements.

Here are links to some Federal agencies' guidance on indirect cost rates:

- U.S. Department of Labor: <https://www.dol.gov/oasam/boc/dcd/np-comm-guide.htm>. See page II-4 and Section III.
- U.S. Department of Health and Human Services: <https://rates.psc.gov/>
- U.S. Department of the Interior: <https://www.doi.gov/ibc/services/finance/indirect-cost-services>
- National Science Foundation: <https://www.nsf.gov/bfa/dias/caar/docs/idcsubmissions.pdf>
- U. S. Department of Education : Cost Allocation Guide for State and Local Governments

<https://www2.ed.gov/about/offices/list/ocfo/fipao/guideigcwebsite.pdf>

- U.S. Department of Agriculture: National Institute of Food and Agriculture (NIFA): <https://nifa.usda.gov/indirect-costs>
- USAID: <http://www.usaid.gov/work-usaid/resources-for-partners/indirect-cost-rate-guide-non-profit-organizations>

#### [200.415](#)

##### [.415-1 Authorization to Legally Bind the non-Federal entity](#)

This section requires certain financial reports and payment requests to be signed by someone who is “authorized to legally bind the non-Federal entity.” How should a non-Federal entity determine who has that authority?

It is up to the non-Federal entity to determine how best to establish the authority to legally bind the non-Federal entity.

#### [200.425](#)

##### [.425-1 Audits not Required in Accordance with Single Audit](#)

Under Provisions for Selected Items of Costs Section 200.425(a) Audit services limits allowable costs for audit services to a proportionate share of the cost of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 as implemented under the Uniform Guidance. Would other audit costs, for example an internal audit division or legislative audit, be allowable?

Yes, internal audit costs of the non-Federal entity are allowable when they support the Single Audit process. Therefore, the cost of internal audit reviews of the non-Federal entity's internal control effectiveness and

efficiency to assure ongoing compliance with the Uniform Guidance and the terms of Federal award are allowable under Section 200.425(a).

No, legislative audit costs, which are generally requested by the State government and not related to the Single Audit process, are not allowable.

#### [.425-2 Financial Statement Audit](#)

Would a non-Federal entity that is required to have an audit conducted under the Single Audit Act and 2 CFR 200 Subpart F be able to allocate the cost for the entity's financial statement audit as an allowable cost consistent with section 200.425(a)?

Yes. Section 200.514(b) requires that the Single Audit must include a determination of whether the financial statements of the auditee are presented in accordance with generally accepted accounting principles. Therefore, the costs of auditing the financial statements are allowable for non-Federal entities subject to the requirements of the Single Audit Act.

#### [.425-3 Performance Audits](#)

State governments, and other non-Federal entities, perform audits that are not required by the Single Audit Act or Subpart F, such as Performance Audits. Are these costs allowable under the Uniform Guidance section 200.425(a)?

No. The costs of audits that are not required by the Single Audit Act or Uniform Guidance Subpart F are not allowable under section 200.425(a)

#### [.425-4 Financial Statement Audits by Entities Exempted from Single Audit and Subpart F](#)

If a non-Federal entity is exempted from the requirements of the Single Audit Act and Subpart F, would it be permissible to charge the costs of a financial audit under section 200.425?

Yes. The costs of a financial statement audit, including those performed under GAGAS, by an entity exempted from the Single Audit Act, are not fully equivalent to audits conducted in accordance with the Single Audit Act Amendments of 1996. Accordingly, the costs of such financial statement audits are not prohibited by section 200.425 and inclusion of a proportionate share of the cost of these audits may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.

#### [.425-5 Internal Audit Functions](#)

Many non-Federal entities rely on internal audit functions, as a critical component of their program of internal controls, to assure compliance with the terms of awards as required under section 200.303 Internal controls. The costs of internal audit services are not specifically addressed in section 200.425. Are the costs of services of an internal audit function of a non-Federal entity an allowable cost under the Uniform Guidance?

Yes. Internal audit functions and its related costs are allowable. The costs must be appropriately allocated to the indirect cost pool in an indirect cost rate proposal or cost allocation plan.

### [200.430](#)

#### [.430-1 Authorization of Changes to Time and Effort Systems](#)

Section 200.430(a) provides new guidance for the costs of salaries and wages. What processes do non-Federal entities need to follow to be authorized to change their current systems for documenting payroll charges? Can non-Federal entities make incremental changes that reduce burden but maintain the spirit of their current processes? For those institutions that are required to file a DS-2, what is the role of the DS-2 in this process?



Changes to the process through which payroll charges are documented are allowable and can be implemented when the non-Federal entity complies with the guidance in this section, including standards defined in paragraph .430(i) Standards for Documentation of Personnel Expenses. For non-Federal entities that disclose their current process in a DS-2, any change will require a corresponding change in the DS-2. In most cases, this simply means that the non-Federal entity would revise its current DS-2 and provide a high level summary of the processes that meet paragraph (i). The DS-2 should be comprehensive enough to document the non-Federal entity's accounting practices without further information. Non-Federal entities can develop solutions that meet the requirements in paragraph (i) and reduce the burden related to their current process whether they be incremental or more significant, including complete elimination of current systems.

#### [.430-2 Time and Effort and Tribes](#)

In paragraph 200.430(i)(5) regarding compensation for personal services, “For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph 200.430(i)(5)(1) if approved by the cognizant agency for indirect cost.” Please verify tribes will now be required to obtain approval from IBS due to the “If approved by cognizant agency for indirect cost”.

Yes. This is not a policy change.

#### [.430-3 Methods for Documenting Personnel Costs \\*](#)

Is there a requirement for a grantee to get approval from the cognizant agency for indirect costs when it wants to institute new methodologies for documenting personnel costs as defined in §200.430(i)(1)?

No, as long as the new methodology meets the standards identified in §200.430(i)(1), Federal entity is not required to obtain approval from its cognizant agency.

### [200.431](#)

#### [.431-1 Fringe Benefits and Indirect Costs](#)

Will the COFAR consider deleting the requirement in sections 200.431(b)(3)(i) and 200.431(e)(3) that fringe benefits be charged as indirect costs when the non-Federal entity is using a cash basis of accounting?

Yes. Based on the COFAR's recommendation, OMB issued a technical correction in December 2014 of the Uniform Guidance implementing regulations to delete the requirement that indirect costs be used to charge payments of unused leave, worker's compensation, unemployment compensation, severance pay, and similar employee benefits.

#### [.431-2 Charging Payments of Unused Leave to Employees Terminating or Retiring](#)

In accordance with section 200.431(b)(3)(i), can the state, local and Indian Tribal governments using the cash basis of accounting with unfunded/unrecorded leave liabilities charge unused leave (payments to employees that retire or are terminated) directly to Federal programs?

No. Charging all unused leave costs for separating employees in the same manner as it had charged the employees' salary costs (i.e., directly to the activities on which the employees were working at the time of their separation) would result in inequitable distribution of the unused leave costs, because the leave costs were accumulated over the entire period of employment while working on various programs. In addition, having the last program bear the burden of these unbudgeted costs creates an unfair distribution of costs to this program. Therefore, any state, Local or Tribal government using the cash basis of accounting should allocate payments for unused leave, when an employee retires or terminates employment, in the year of payment as a general administrative expense to all activities of the governmental unit or component or, with the approval of the cognizant agency for indirect costs, the costs can be included in fringe benefit rates.



## 200.436

### .436-1 Depreciation and Cost Sharing

Section 200.436(c)(3) states the following is excluded from the acquisition cost of the asset: “Any portion of the cost of buildings and equipment contributed by or for the non-Federal entity, or where law or agreement prohibits recovery.” This would suggest that the depreciation on the institutional/matching/cost sharing contributions to construction and major instrumentation is unallowable for recovery. FAQ .436-2 (previously IV-1) clarifies that this qualification is limited to instances of cost sharing or matching, but the language remains unclear, and could be interpreted inappropriately to reverse longstanding Federal policy allowing institutions to recover through their F&A rates their contributions to construction projects and instrumentation partially funded through Federal awards, unless prohibited by law or agreement. Is depreciation on the institutional contribution allowable, even in cases of cost sharing or matching?

Yes, depreciation on the institutional contribution is allowable, unless law or agreement prohibits recovery. Based on the COFAR’s recommendation, OMB will issue a technical correction to the Uniform Guidance to clarify.

### .436-2 (Previously Q IV-1) Depreciation and Cost Sharing

Per 200.436(c)(3), the acquisition cost of depreciable assets will exclude: “Any portion of the cost of buildings and equipment contributed by or for the non-Federal entity, or where law or agreement prohibits recovery.” Is this qualification limited to instances of cost sharing or matching or does it apply more broadly?

Yes, this qualification is limited to instances of cost sharing or matching as described by 200.436(c) above it, from which it follows. 200.436(c) is copied here with emphasis in bold added: “(c) **Depreciation is computed applying the following rules.** The computation of depreciation must be based on the acquisition cost of the assets involved. **For an asset donated to the non-Federal entity by a third party,** its fair market value at the time of the donation must be considered as the acquisition cost. Such assets may be depreciated or claimed as matching but not both. **For this purpose, the acquisition cost will exclude:** ... (3) Any portion of the cost of buildings and equipment contributed by or for the non-Federal entity, or where law or agreement prohibits recovery;”

## 200.440

### .440-1 Prior Approval for Fluctuations in Exchange Rates

This section requires Federal awarding agency prior approval for fluctuations in exchange rates (for international projects). How can prior approval be obtained when the exchange rate may fluctuate on a daily basis as expenditures occur?

Prior approval is not required every time the exchange rate changes and a Federal award is charged. Approval of exchange rate fluctuations are required only when the change results in the need for additional Federal funding, or the increased costs results in the need to significantly reduce the scope of the project.

## 200.444

### .444-1 Salaries and wages for Tribal Councils

In section 200.444 the guidance now includes language that up to 50% of the salaries and expenses for the tribal council can be included in the indirect cost calculation without documentation. Does this include the Chairman or equivalent?

Yes, provided these expenses are allocable to managing and operating Federal programs.

200.449

[.449-1 Interest Costs for Computer Software Development](#)

For non-Federal entity fiscal years beginning on or after January 1, 2016, interest costs attributable to the portion of software development projects that are capitalized in accordance with GAAP are allowable (200.449(b)(2)). Does this mean that the interest costs will be allowed only for software development projects that are first capitalized in non-Federal entity fiscal years beginning on or after January 1, 2016?

Yes. Allowable interest costs for capitalized software development costs are limited to capital assets acquired on or after the non-Federal entity fiscal years beginning on or after January 1, 2016. This policy is consistent with prior transitions to allow interest expense (200.449(e) & (f)).

200.458

[.458-1 Pre-Award Costs](#)

I want to request pre-award spending in October 2014 for my award that will be funded soon after the Uniform Guidance goes into effect. How can I make sure the costs I incur will be allowed on my grant?

All pre-award spending is incurred at the non-Federal entity's own risk, since the terms and conditions of the Federal award are not yet known. In the event that a non-Federal entity incurs a cost that subsequently is not allowed by that Federal awarding agency's implementation plan, that cost must be removed unless the Federal awarding agency agrees in writing to grant a retroactive approval for that cost in that circumstance.

[.458-2 \(Previously Q IV-2\) Uncommitted Cost Sharing](#)

Uncommitted cost sharing is not discussed in the Uniform Guidance. Is the OMB Clarification of Uncommitted Cost Sharing in OMB M-01-06 dated January 5, 2001 still applicable?

Yes. The OMB Clarification on uncommitted cost sharing is available here:

<http://www.whitehouse.gov/sites/default/files/omb/assets/omb/memoranda/m01-06.pdf>

200.502

[502-1 Basis for determining Federal awards expended](#)

Section 200.502(a) requires that the determination of Federal awards expended must be based on when the activity related to the Federal award occurs. Does this require that this determination be based on accrual accounting and preclude basing this determination on a cash or modified accrual basis consistent with the accounting practice of the non-Federal entity?

No. The non-Federal entity may make this determination consistent with section 200.502 and its established accounting method to determine expenditures including accrual, modified accrual or cash basis.

200.504

[.504-1 Audited Financial Statements not required by Single Audits](#)

If a Federal awarding agency requests audited financial statements from a non-Federal entity that is not subject to Single Audits, are the audited financial statements due 90 days after the end of the non-Federal entity's fiscal year?

No. Aside from stipulating that audits may not be collected more frequently than annually, section 200.504 Frequency of audits, does not specify the deadlines in which audits other than the Single Audit must be submitted. Therefore, similar to performance reports, the Federal awarding agency has the discretion to determine the due date for collecting audited financial statements that is most effective for monitoring award outcomes.

## 200.510

### .510-1 Organizing Content of Schedule of Expenditures of Federal Awards (SEFA) \*

Would a non-Federal entity that organizes its Schedule of Expenditures of Federal Awards (SEFA) by various departments within the entity be compliant with the requirement to list individual Federal programs by Federal Agency in §200.510(b)(1)?

Yes. The intent of the requirement for the SEFA in §200.510(b)(1) to list individual Federal programs by Federal Agency is to organize the schedule in the most readable and useful manner for Federal Agency purposes. Although non-Federal entities may organize the SEFA in an alternate way such as by state agency or departments of an organization, they should ensure that the SEFA is clear and organized.

### 510-2 Subtotals by Agency in the Schedule of Expenditures of Federal Awards (SEFA) \*

Are non-Federal entities required to include subtotals of expenditures by Federal Agency in the SEFA?

No. Including subtotals of expenditures by Federal Agency is not an explicit requirement in the Uniform Guidance; however, including such subtotals is a best practice.

### .510-3 Schedule of Expenditures of Federal Awards. Expenditures Occur in Only One program Within a Cluster of Programs \*

Section §200.510 (b) (1) states that for clusters of programs, the SEFA must “provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name.” If a non-Federal entity has incurred expenditures under only one program within a cluster of programs, must the auditee still identify the expenditure as being a part of cluster of programs and provide the cluster name on the schedule of expenditures of Federal awards?

Yes. Section §200.510 (b) (1) requires the name of the cluster of programs to be provided on the schedule of expenditures of Federal awards, regardless of whether the expenditures were incurred under only one program or multiple programs within the cluster of programs.

## 200.511

### .511-1 Auditee Responsibility for Preparing the Summary Schedule of Prior Audit Findings and Corrective Action Plan \*

Can an auditee fulfill its responsibility (described in §200.511 Audit findings follow-up) to prepare a summary schedule of prior audit findings and a corrective action plan for current year audit findings by having its auditor prepare these documents?

No. An auditor must be independent of the auditee. Section §200.511 states that the auditee must prepare the summary schedule of prior audit findings and the corrective action plan. Therefore, the auditor should not prepare these documents for the auditee. The auditee must submit the corrective action plan on auditee letterhead.

Also, according to §200.511(c), the auditee must prepare the corrective action plan in a document that is separate from the auditor's findings. Therefore, an auditee may not simply reference the “views of responsible officials” section of the findings to fulfill its responsibility for the preparation of a corrective action plan.

The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit

findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

## 200.512

### .512-1 Tribes Opting out of Online Report Publication- Definition of Tribal Entities

In section 200.512 regarding Report Submission, tribes have the option to opt out. If they choose to exercise this option, they are responsible for providing their audit reports to any pass-through entities. When do 'tribal entities' meet the requirements as an Indian tribe and become eligible to opt out? Does this apply to all entities of the tribe? For example, hospitals, clinics, housing authorities, and tribal economic development entities?

This determination is dependent on how the tribal entity is organized and reports under Subpart F of the Uniform Guidance. If the entity is established as part of an Indian tribe that meets the definition of 200.54, accountable to tribal governance, and included with the Indian tribe's reporting under Subpart F; then the Indian tribe's election to opt out under 200.212(b)(2) would include the tribal entity. However, if the organization is established as a nonprofit organization outside of the tribe, it would not meet this definition. For example, a nonprofit organization as defined at 200.70 that files its single audit separately could not elect to opt out under section 200.512(b)(2).

### .512-2 Availability of Reports for Public Inspection

Section 200.512 states "Unless restricted by Federal statute or regulation, if the auditee opts not to authorize publication, it must make copies of the reporting package available for inspection". Please clarify. Does this mean any individual could ask for a financial statement?

As has always been the case under the Single Audit Act, any individual may ask for a non-Federal entity's single audit report (which includes financial statements). A non-Federal entity would be required to determine whether Federal statute provides an exception to the Single Audit Act and furnish the report accordingly.

### .512-3 Waivers for low-risk auditee standards

With regard to section 200.512 issuing financial statements on primarily governmental core activities (excluding economic development activities for example) the reports would be considered modified. A modification to a report results in the auditee not being considered low risk. Previously an auditee could apply for a waiver for low-risk auditee standards; this is no longer available and was not addressed in the Uniform Guidance. An inaccurate high-risk assessment may cause additional burden and challenges for tribes.

The COFAR considered this and found that the waiver process held significant potential for additional administrative burden and inconsistency across government, and that in practice Federal awarding agencies historically received extremely few requests for waivers. As a result, the COFAR recommended eliminating the waiver provision from the Uniform Guidance.

### .512-4 (Previously Q V-1) Application of Option Not to Publish for Tribes

In Section 200.512 paragraph (b)(2) regarding Report Submission, tribes have the option to opt out of authorizing the Federal Audit Clearinghouse (FAC) to make the reporting package publicly available on a Web site. Does this apply to all entities associated with the tribe? For example, would hospitals, clinics, housing authorities, and economic development entities associated with a tribe be permitted to use this option?

This option applies and is limited to entities meeting the definition of "Indian tribe" in section 200.54. However, if a tribe elects this option they are required to provide a copy of their reporting package to pass-through entities and make a copy of their reporting package available for public inspection as required by the Single Audit Act

Amendments of 1996. The impact of the option is the exclusion of the reporting package from public availability on the FAC Web site.

#### [.512-5 \(Previously Q V-2\) Single Audit Accountable Official](#)

In section 200.513 a “Single Audit Accountable Official” is required and will be responsible for overseeing the Single Audit. Can you clarify this position? Is this an additional position on top of the National Single Audit Coordinators in the agency’s Office of Inspector General (OIG)?

- Section 200.513(c)(5) requires Federal awarding agencies to provide OMB the name of a single audit accountable official from among the senior policy officials of the agency and for this official to designate the agency’s key management single audit liaison at a working level to facilitate the agency’s day to day activities related to the single audit process. The responsibilities of these positions as outlined in the section 200.513(c)(5) and (6) are to ensure agency management effectively uses the single audit process to reduce improper payments and improve Federal program outcomes and to hold agency management accountable for doing so through metrics. In addition to improving the agency’s use of the single audit process, the designation of these officials will facilitate interagency coordination to carry out the COFAR’s strong program oversight agenda such as improving audit resolution, single audit metrics, making better use of Federal Audit Clearinghouse data, and revising the Compliance Supplement to focus on the requirements most likely to cause improper payments, waste, fraud, and abuse.
- Since these two new designees relate to management responsibilities and since the OIG is independent of management, these management officials will be organizationally separate from the OIG.
- Some OIGs have a member of their staff designated as the national single audit coordinator who has responsibilities related to the single audit process consistent with the OIG duties under the IG Act. While management and OIG functions are separate, they both have goals related to accountability for Federal awards and effective use of the single audit process. Therefore it is expected that the agency’s single audit accountable official and key management single audit liaison would work together and coordinate with the OIG national single audit coordinator while respecting the independence of the OIG under the IG Act.

#### [200.513](#)

##### [.513-1 Government Wide Audit Quality Project](#)

Section 200.513(a)(3)(ii) of the Uniform Guidance states that a governmentwide audit quality project will be used to determine the quality of single audits and must be performed once every 6 years beginning in 2018 or at such other interval as determined by OMB. Does the 2018 date signify the year that the first study must be performed?

No. The single audit quality project will examine single audit engagements under the Uniform Guidance that are submitted to the Federal Audit Clearinghouse no earlier than 2018 and will, therefore, occur in 2019 or 2020 as determined by OMB.

#### [200.515](#)

##### [.515-1 Compliance with GAAP](#)

Section 200.515(a) requires the auditor to determine whether the financial statements are presented in all material respects in accordance with generally accepted accounting principles (GAAP). If a non-Federal entity does not prepare its financial statements in accordance with GAAP, but rather a special-purpose framework (e.g., cash, modified cash, or regulatory), would an auditor’s report on such a special-purpose framework meet the requirements of section 200.515(a)?

Yes. While using GAAP to prepare financial statements is preferable, some non-federal entities use a special-purpose framework either voluntarily or because they are required to do so by law or regulation. According to AICPA auditing standards, auditors’ reports on any special-purpose framework presentations are required to

include an emphasis of matter paragraph stating that the financial statements are not in accordance with GAAP. While not an opinion per se, such a statement would meet the intent of section 200.515(a). In other cases where a non-Federal entity is using a regulatory basis of accounting for general use purposes, AICPA auditing standards require auditors' reports to include an adverse GAAP opinion, in addition to an opinion on the special-purpose framework being used. This type of report wording would also meet the intent of section 200.515(a). Non-Federal entities and their auditors should note, however, that section 200.520 would preclude low-risk auditee status for non-Federal entities that are using a special-purpose framework if such framework is not required by state law.

## 200.518

### .518-1 Auditing Low-Risk Type A Programs During Implementation of UG Audit Requirements \*

The Uniform Guidance revised step two of the major program determination process by modifying several of the criteria auditors consider when determining whether a Type A program is low risk. For example, under the Uniform Guidance, a Type A program with a significant deficiency could be considered low-risk the following year; under OMB Circular A-133, a Type A program with a significant deficiency was not considered low risk the following year. These criteria changes have increased the number of Type A programs that auditors identify as low risk each year. This change in criteria may significantly increase audit burden for some non-Federal entities in the third year after implementing the Uniform Guidance audit requirements (for example, December 31, 2017, year-ends and other year-ends in 2018). In cases where there is an increase in the number of low-risk Type A programs in the first and second years of applying the Uniform Guidance audit requirements, the number of major programs may significantly increase in the third year. This is because the low-risk Type A programs that were last audited when OMB Circular A-133 was effective will have to be audited as major programs in the third year since they would not have been audited as a major program in at least one of the two most recent audit periods (i.e., the two-year lookback rule in A-133 section 520 (c) (1)).

During the first three years of applying the Uniform Guidance audit requirements (starting with the fiscal year beginning on or after December 26, 2014), can auditors smooth the coverage of low-risk Type A programs by auditing some of them as major programs prior to when they would otherwise be required to be tested (i.e., testing some of them during the first and second years of Uniform Guidance implementation before they are determined not to be low risk because of two-year lookback rule)?

Yes. To avoid a spike in the demand for audit services every third year after implementation, auditors may audit some low-risk Type A programs as additional major programs in the first and second years of implementation before they are determined not to be low risk because of the two-year lookback rule, which would otherwise require them to be audited as major programs in the third year after implementation. However, a low-risk Type A program would not be permitted to be audited more than once in the first three years of applying the Uniform Guidance audit requirements. There is no change to the application of any steps in the major program determination process. Any low-risk Type A programs selected for early major program treatment would be in addition to major programs required to be tested using the 4-step approach as defined in §200.518 of the Uniform Guidance.

The rationale for this approach is that step four of the major program determination process (see §200.518(e)) states that the programs required to be audited as major programs are "[a]t a minimum." Smoothing the timing of auditing low-risk Type A programs during the first three years after implementation would not result in additional cost overall and, therefore, the costs of audit services associated with auditing these low-risk Type A programs in advance would be an allowable cost in accordance with §200.425. In addition, this method allows for a more balanced workload in the initial years of applying the Uniform Guidance audit requirements and it will help ensure audit quality because of a more consistent approach to budgeting and staffing resources.

## Appendix III

### Appendix III-1 Utility Cost Adjustment

Section B.4.c, Operation and maintenance expense, includes guidance on the allocation of utility expenses. All IHEs now are eligible to receive up to a 1.3% utility cost adjustment on the institution's F&A rate. Some of the direction for the allocation utility expense is not clear and could create uncertainty when an institution negotiates their F&A rate with its cognizant agency for indirect costs. If there is a disagreement in interpretation, how should this situation be resolved?

Sections C.11.f, g, and h of Appendix III include processes and procedures for ensuring an objective and fair negotiation of rates. When there are areas of disagreement, IHEs and the cognizant agency for indirect costs should follow the processes and procedures described in sections C.11.f, g, and h, and further work toward resolving disagreements in a collaborative manner. OMB may be consulted when there are questions applicable to the interpretation of the Uniform Guidance.

### Appendix III-2 Utility Costs Adjustment Determination

What is the implementation date of the new Utility Cost Adjustment (UCA) per Appendix III, B.4.c and how will the UCA be determined for IHE already receiving the UCA and IHE not previously provided a UCA?

IHE's currently receiving the 1.3% UCA under the OMB A-21 Circular (prior to the Uniform Guidance) will continue to use the 1.3% until the negotiation of their next submitted proposal for the base years 2016 and beyond. Base year proposals for 2016 and forward must propose the UCA using the new methodology. The new methodology is not required for base year proposals 2015 or earlier for these IHE's.

IHE's not previously receiving the UCA may begin proposing the UCA in accordance with section B.4.c of Appendix III with base year 2014 proposals and forward, subject to negotiation.

### Appendix III – 3 Salaries above the HHS/NIH Statutory Limitation – Inclusion in MTDC Base

Appendix III, A. 1.a.(3) states: *"Only mandatory cost sharing or cost sharing specifically committed in the project budget must be included in the organized research base for computing the indirect (F&A) cost rate or reflected in any allocation of indirect costs. Salary costs above statutory limits are not considered cost sharing."*

Can this be interpreted to imply that the unallowable salary cost above the NIH salary limit does not have to be in the MTDC base? If the unallowable salary does need to be in the MTDC base, which MTDC base does this cost belong to?

No. Policy has not changed in this area. Salary costs above the NIH salary limitation are not cost sharing amounts. These costs are unallowable costs. Unallowable costs must be included in the appropriate MTDC cost base. Therefore the salary in excess of the NIH salary limitation must be included in the appropriate base for the F&A rate calculation according to where the individual effort was performed. These costs may not be considered voluntary uncommitted cost sharing and eliminated from the base. For instance, if an individual works on an NIH supported project, the salary in excess of the NIH limitation related to effort on that project(s) and related costs must be included in the Organized Research base. The effort reporting percentages to this project must be applied to the individual's total salary including the NIH salary limitation excess to determine this allocation to the Organized Research base.

### Appendix III-4 Effective Square Footage and Utility Cost Adjustment Calculation \*

In the IHE Utility Cost Adjustment (UCA) calculations described in section Appendix III B.4.c (ii), if a building has space identified as a single function and that space is separately metered, can the remaining space in the building be allocated using the Effective Square Footage (ESF)?



No. If a building uses sub-metering for the single function space in the UCA calculation, that same building may not use the Effective Square Footage (ESF). Any buildings using this methodology in the UCA calculation become part of the UCA add-on, which in total is subject to a cap of 1.3%. IHEs may not sub-meter and allocate utility costs at a level lower than the building level in their actual cost proposal.

#### Appendix III-5 Effective Square Footage and Utility Cost Adjustment Calculation – Single Function \*

For the calculation of the UCA, can a building be classified as a single function for Organized Research?

No. Organized Research is not applicable as a single function space because space at IHEs should not be 100% Organized Research. This is due to the nature of the activities at an IHE where students are often involved in the research activities or they spend time observing and learning. For example graduate students are generally still in their learning and studying phase, especially in their first two years. Therefore the sharing of research related space by the instruction function must be considered, as well as an IHE's departmental research. Single function space is generally considered for the space in a building used for students only (classrooms, student housing, etc.), a library, or general administration offices.

#### Appendix V

##### Appendix V-1 SWCAP For Tribes

Did this appendix replace Appendix C to Part 225 – State/Local-Wide Central Service Cost Allocation Plans (SWCAP)? If so, why did the Appendix's new title include reference to Indian tribes? SWCAPs have historically been applicable to states and U.S. territories, not Indian tribes.

Yes, Appendix V to part 200 does replace Appendix C to Part 225 and provides guidance on the preparation, submission and approval of Statewide Cost Allocation Plans (SWCAP). Indian tribes are not required to prepare and submit tribe-wide cost allocation plans for reimbursement of indirect costs. Based on the COFAR's recommendation, OMB will issue a technical correction to remove Indian tribe in the title of Appendix V.

#### Previous FAQs – Background on Uniform Guidance

##### I - Process and Background

###### Q I-1: When and why did we begin this process?

- This Uniform Guidance was developed in response to the November 23, 2009 Executive Order 13520 on Reducing Improper Payments and the February 28, 2011 Presidential Memorandum on Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments.
- In those documents, the President directed OMB to work with Executive Branch agencies; state, local, and tribal governments; and other key stakeholders to evaluate potential reforms to Federal grants policies.
- The Council on Financial Assistance Reform (COFAR) was established in October 2011 and has led several efforts to improve delivery, management, coordination, and accountability of Federal grants and cooperative agreements, which includes the development of the Uniform Guidance.

###### Q I-2: How have we engaged stakeholders over the past two years?

- This reform follows OMB's February 1, 2013 Notice of Proposed Guidance (NPG) and February 28, 2012 Advance Notice of Proposed Guidance (ANPG) published in the Federal Register.
- The COFAR also hosted a public webcast on the NPG (available at [cfo.gov/COFAR](http://cfo.gov/COFAR)) and participated in public discussions of the proposed reforms when invited by interested stakeholders.
- The ANPG and NPG each received more than 300 public comments, which are available to the public on [www.regulations.gov](http://www.regulations.gov)



- The process has been led by the COFAR, an interagency council of OMB, the eight largest Federal grant-making agencies and one rotating small grant-making agency. Other Federal grant making agencies have provided input as well.

#### Q I-3: How does this reform complement OMB's work on the Evidence Agenda?

- These reforms complement targeted efforts by OMB and a number of Federal agencies to reform overall approaches to grant-making by implementing innovative, outcome-focused grant-making designs and processes in collaboration with their non-Federal partners as described in OMB Memorandum 13-17, Next Steps in the Evidence and Innovation Agenda.
- The Uniform Guidance will provide a backbone for sound financial management as Federal agencies and their partners continue to develop and advance innovative and effective practices
- OMB plans to work with agencies to examine ways these new flexibilities can be used to support innovative, outcome-focused grants.
- Specifically this reform focuses on performance over compliance for accountability by; (see Q I-7 #2 under What is the Impact of this reform? below)

#### Q I-4: Did OMB hold formal consultations with Indian Tribes?

- In addition to the two formal comment periods and public webcast on the reform, OMB held three conference calls with tribal leaders on February 10, 2012, March 15, 2012, and May 22, 2013.

#### Q I-5: Who will be impacted by this reform?

- This reform will impact Federal agencies, non-Federal entities (states, local governments, Indian tribes, institutions of higher education (IHE), and nonprofit organizations) that receive Federal awards as a recipient or subrecipient, and their auditors. (See expected impact below. Q I-7))

#### Q I-6: Where can I get more information about the policies that are changed? \*\*

- Please visit [www.cfo.gov/grants](http://www.cfo.gov/grants) for more information on the following resources:
  - o A link to a recorded webcast that was broadcast on December 20, 2013.
  - o A link to a recorded training webcast that was broadcast on January 27, 2014.
  - o Crosswalks and side-by-sides that explain where to find revised sections of the old guidance in the Uniform Guidance and show the language from the old guidance next to the new language. These crosswalks and side-by-sides are available at [http://www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs)

#### Q I-7: What is the impact of this reform? How does this reform reduce administrative burden and risk of waste, fraud, and abuse?

- Here is a list of ways that the Uniform Guidance reduces administrative burden and risk of waste fraud and abuse:

##### 1. Eliminating duplicative and conflicting guidance:

- By combining eight previously separate sets of OMB guidance into one, OMB has eliminated about 80 pages (or about 25% of pages) of overlapping duplicative and conflicting provisions of guidance that were developed separately over many years.

☐ Beyond dealing with the administrative burden associated with understanding such guidance, non-Federal entities have faced risks of more restrictive oversight and audit findings that stem from inappropriate applications of the guidance caused by overlapping requirements.

☐ This completes a long-standing goal of co-locating all related OMB guidance into Title 2 of the Code of Federal Regulations.

2. Focusing on performance over compliance for accountability (linking to the OMB Evidence Agenda):

- By expanding options for fixed amount awards based on meeting performance milestones.
- Set the stage for OMB waivers to approve new strategies for innovative program designs that draw on OMB guidance in M-13-17.
- Streamline reporting requirements for salaries and wages to focus on high standards for internal controls with flexibility for non-Federal entities in how they meet the standards. Also includes flexibilities for entities that have approval to try new approaches based on outcomes or to combine funds from multiple programs.

3. Encouraging efficient use of information technology and shared services:

- Updated provisions account for the efficient use of electronic information, as well as the acquisition and use of the information technology systems and shared services that permeate an effective and modern operating environment.
- These provisions encourage non-Federal entities to, whenever practicable, collect, transmit and store Federal award-related information in open and machine-readable formats in accordance with the May 9, 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information.

4. Providing for consistent and transparent treatment of costs:

- Updated policies on indirect cost reduce administrative burden by providing more consistent and transparent treatment governmentwide.
- The provisions set conditions that make transparent agency decisions to use other than approved indirect cost rates, and provide for a de minimis indirect cost rate for those non-Federal entities that have never had a rate and for whom existing requirements to negotiate might be a burden that prevents them from receiving assistance at all or implementing it effectively.
- It also clarifies allowable direct charges for administrative expenses and contingency costs.

5. Limiting allowable costs to make the best use of Federal resources:

- Language is strengthened in certain areas such as conferences, morale, relocations, and student activities to appropriately limit allowable costs under Federal awards.

6. Setting standard business processes using data definitions:

- Updated provisions set the stage for Federal agencies to manage Federal awards via standardized business process and use of consistently defined data elements.
- This will reduce administrative burden on non-Federal entities that must navigate the processes of multiple Federal agencies as they manage information required to implement Federal awards.

7. Encouraging non-Federal entities to have family-friendly policies:

- Provisions in the Uniform Guidance provide flexibilities that, when implemented by non-Federal entity-wide policy, better allow for employees of non-Federal entities to balance their personal responsibilities while maintaining successful careers contributing to Federal awards, resolving an issue that has been identified as one that often prevents women from maintaining careers in science.

8. Strengthening oversight:

- New language requires Federal agencies and pass-through entities to review the risk associated with a potential recipient prior to making an award (including by making better use of available audit information where appropriate).

- It also requires disclosures of relevant conflict of interest or criminal violations, expressly prohibiting profit, requiring certifications by senior officials of the non-Federal entity, and providing Federal agencies with strong remedies to address situations of non-compliance.

#### 9. Targeting audit requirements on risk of waste, fraud, and abuse:

- The Uniform Guidance focuses audits where there is greatest risk of waste, fraud, and abuse of taxpayer dollars.
- It strengthens existing requirements for Federal agencies to rely to the extent possible on the work of the Single Audit before initiating additional audits.
- It improves transparency and accountability by making single audit reports available to the public online and encourages Federal agencies to take a more cooperative approach to audit resolution that will more conclusively resolve underlying weaknesses in internal controls.
- Targets Federal oversight resources where the most Federal dollars are at risk by raising the threshold for the single audit requirement from \$500,000 to \$750,000, covering over 99% of the funds currently covered while eliminating the requirement for about 5,000 entities and saving the government about \$250 million per year.

Q I-8: Why and how did the COFAR reach some of the particular policy recommendations that they did? What are the major differences between the final guidance and the proposed guidance? Can you give us an example of a policy call where the COFAR had to make some tough tradeoffs and share some of the thinking behind the decision? \*\*

- OMB worked with the COFAR to review the many valuable comments on the proposal received from different stakeholders.
- The COFAR recommended improving policies that protect against waste, fraud, and abuse, while reducing unnecessarily burdensome administrative requirements, and so reorients recipients toward achieving program objectives.
- For a complete discussion of the COFAR's policy recommendations, please see the preamble published with the Uniform Guidance at <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrativerequirements-cost-principles-and-audit-requirements-for-federal-awards>.
- The policy outcomes in the Uniform Guidance reflect recommendations from the COFAR to OMB after considering feedback from all stakeholders.
- The COFAR deliberated carefully on each issue, and recognized that in some cases it was impossible to please everyone.
- For example, on the single audit threshold, some stakeholders recommended a higher level, while others recommended a lower one, while all stakeholders agreed that the audit threshold was an important piece of the single audit process.
- Single Audits must be viewed both in terms of how they are performed as well as the broader framework of internal controls in place, particularly those governing the relationships between pass-through entities and subrecipients.
- The COFAR recommended the audit threshold be raised to \$750,000 because that is a level that continues to provide coverage for over 99% of the Federal dollars that are currently covered by the Single Audit, while relieving burden for over 5,000 entities and allowing Federal oversight resources to be targeted where the most Federal dollars are at risk.
- The COFAR considered this reform carefully in the context of the other recommended reforms.
- For more details on this and other specific areas of reform, please visit [www.cfo.gov/grants](http://www.cfo.gov/grants).

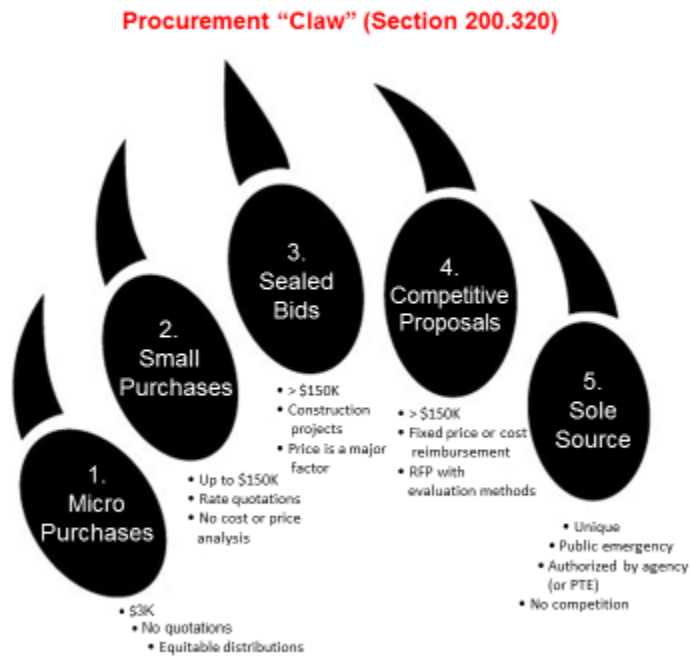
Q I-9: What are the other COFAR priorities this year? \*\*

- The COFAR's highest priority this year is facilitating smooth implementation of the Uniform Guidance.
- For additional information on the COFAR's coming work, please see the presentation available here: <https://cfo.gov/wp-content/uploads/2013/12/2013-12-04-COFAR-Priorities-forPrincipals.pdf>
- For further information about all COFAR activities, please visit [www.cfo.gov/grants](http://www.cfo.gov/grants)

Q I-10: Repones to comments. Beyond the preamble to the Federal Register notice publishing 2 CFR 200 (and the provisions themselves), does OMB plan any further responses to the comments of those who responded to the February 2013 version?

- The preamble constitutes the COFAR’s responses to comments, and this FAQ document will be updated periodically to reflect further COFAR clarifications where needed.

#### Attachment 1: Procurement “Bear claw”



**Procurement "Claw" (Sections 200.317-326)**



## **Appendix C – Compliance Supplement – Cost Principles**

- Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals

Except for the requirements identified below under “Basic Guidelines,” which are applicable to all types of non-Federal entities, this compliance requirement is divided into sections based on the type of non-Federal entity. The differences that exist are necessary because of the nature of the non-Federal entity organizational structures, programs administered, and breadth of services offered by some non-Federal entities and not others.

### **Basic Guidelines**

Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under Federal awards;

1. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under the principles in 2 CFR part 200, subpart E.
2. Conform to any limitations or exclusions set forth in 2 CFR part 200, subpart E or in the Federal award as to types or amount of cost items.
3. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
4. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
5. Be determined in accordance with generally accepted accounting principles (GAAP), except, for State and local governments and Indian tribes only, as otherwise provided for in 2 CFR part 200.
6. Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period.
7. Be adequately documented.

### **Selected Items of Cost**

2 CFR sections 200.420 through 200.475 provide the principles to be applied in establishing the allowability of certain items of cost, in addition to the basic considerations identified above. (For a listing of costs, by type of non-Federal entity, refer to Exhibit 1 of this part of the Supplement). These principles apply whether or not a particular item of cost is treated as a direct cost or indirect (F&A) cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment provided for similar or related items of cost and the principles described in 2 CFR sections 200.402 through 200.411.

## List of Selected Items of Cost Contained in 2 CFR part 200

The following exhibit provides a listing of selected items of cost contained in the cost principles in 2 CFR part 200, subpart E. Several cost items are unique to one type of entity (e.g., commencement and convocation costs are applicable only to IHEs).

The exhibit lists the selected items of cost along with a brief description of their allowability. The reader is strongly cautioned not to rely exclusively on the summary but to place primary reliance on the referenced 2 CFR part 200 text.

<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
Advertising and public relations costs	§200.421		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Advisory councils	§200.422		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Alcoholic beverages	§200.423		Unallowable	Unallowable	Unallowable	
Alumni/ae activities	§200.424		Not specifically addressed	Unallowable	Not specifically addressed	X
Audit services	§200.425		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Bad debts	§200.426		Unallowable	Unallowable	Unallowable	
Bonding costs	§200.427		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Collection of improper payments	§200.428		Allowable	Allowable	Allowable	
Commencement and convocation costs	§200.429		Not specifically addressed	Unallowable with exceptions	Not specifically addressed	X



<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
Compensation for personal services	§200.430	X (related to the salaries of administrative and clerical staff)	Allowable with restrictions; Special conditions apply (e.g., §200.430(i)(5))	Allowable with restrictions; Special conditions apply (e.g., §200.430(h))	Allowable with restrictions; Special conditions apply (e.g., §200.430(g))	X
Compensation – fringe benefits	§200.431	X (related to costs for IHEs)	Allowable with restrictions	Allowable with restrictions; Special conditions apply	Allowable with restrictions	X
Conferences	§200.432		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Contingency provisions	§200.433		Unallowable with exceptions	Unallowable with exceptions	Unallowable with exceptions	
Contributions and donations	§200.434		Unallowable (made by non-Federal entity); not reimbursable but value may be used as cost sharing or matching (made to non-Federal entity)	Unallowable (made by non-Federal entity); not reimbursable but value may be used as cost sharing or matching (made to non-Federal entity)	Unallowable (made by non-Federal entity); not reimbursable, but value may be used as cost sharing or matching (made to non-Federal entity); with restrictions, the value of services may be considered when determining	X

<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
					an entity's indirect cost rate under certain circumstances	
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	§200.435		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Depreciation	§200.436		Allowable with qualifications	Allowable with qualifications	Allowable with qualifications	
Employee health and welfare costs	§200.437		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Entertainment costs	§200.438	X	Unallowable with exceptions	Unallowable with exceptions	Unallowable with exceptions	
Equipment and other capital expenditures	§200.439	X	Allowability based on specific requirements	Allowability based on specific requirements	Allowability based on specific requirements	
Exchange rates	§200.440	X	Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Fines, penalties, damages and other settlements	§200.441	X	Unallowable with exception	Unallowable with exception	Unallowable with exception	
Fund raising and investment management	§200.442	X	Unallowable with exceptions	Unallowable with exceptions	Unallowable with exceptions	

<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
costs						
Gains and losses on disposition of depreciable assets	§200.443		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
General costs of government	§200.444		Unallowable with exceptions	Not specifically addressed	Not specifically addressed	X
Goods or services for personal use	§200.445	X	Unallowable (goods/services); allowable (housing) with restrictions	Unallowable (goods/services); allowable (housing) with restrictions	Unallowable (goods/services); allowable (housing) with restrictions	
Idle facilities and idle capacity	§200.446		Idle facilities - unallowable with exceptions; idle capacity - allowable with restrictions	Idle facilities - unallowable with exceptions; idle capacity - allowable with restrictions	Idle facilities - unallowable with exceptions; idle - capacity allowable with restrictions	
Insurance and indemnification	§200.447	X	Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Intellectual property	§200.448		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Interest	§200.449		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	X
Lobbying	§200.450		Unallowable	Unallowable; Special additional restrictions	Unallowable; Special additional restrictions	X

<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
Losses on other awards or contracts	§200.451		Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)	Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)	Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)	
Maintenance and repair costs	§200.452		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Materials and supplies costs, including computing devices	§200.453		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Memberships, subscriptions, and professional activity costs	§200.454	X	Allowable with restrictions; unallowable for lobbying organizations.	Allowable with restrictions; unallowable for lobbying organizations	Allowable with restrictions; unallowable for lobbying organizations.	
Organization costs	§200.455	X	Unallowable except Federal prior approval	Unallowable except Federal prior approval	Unallowable except Federal prior approval	
Participant support costs	§200.456	X	Allowable with prior approval of the Federal awarding agency	Allowable with prior approval of the Federal awarding agency	Allowable with prior approval of the Federal awarding agency	

<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
Plant and security costs	§200.457		Allowable ; capital expenditures are subject to §200.439	Allowable; capital expenditures are subject to §200.439	Allowable; capital expenditures are subject to §200.439	
Professional service costs	§200.459		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Proposal costs	§200.460		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Publication and printing costs	§200.461		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Rearrangement and reconversion costs	§200.462	X	Allowable (ordinary and normal)	Allowable (ordinary and normal)	Allowable (ordinary and normal)	
Recruiting costs	§200.463		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Relocation costs of employees	§200.464		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Rental costs of real property and equipment	§200.465		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Scholarships and student aid costs	§200.466		Not specifically addressed	Allowable with restrictions	Not specifically addressed	X
Selling and marketing costs	§200.467	X	Unallowable with exceptions	Unallowable with exceptions	Unallowable with exceptions	

<b>Selected Items of Cost - Exhibit 1</b>						
<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Items of Cost Requiring Prior Approval</i>	<i>States, Local Governments, Indian Tribes</i>	<i>Institutions of Higher Education</i>	<i>Nonprofit Organizations</i>	<i>Items of Cost NOT Treated the Same Across Non-Federal Entities</i>
Specialized service facilities	§200.468		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Student activity costs	§200.469		Unallowable unless specifically provided for in the Federal award	Unallowable unless specifically provided for in the Federal award	Unallowable unless specifically provided for in the Federal award	
Taxes (including Value Added Tax)	§200.470		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	X
Termination costs	§200.471		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Training and education costs	§200.472		Allowable for employee development	Allowable for employee development	Allowable for employee development	
Transportation costs	§200.473		Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Travel costs	§200.474	X	Allowable with restrictions	Allowable with restrictions	Allowable with restrictions	
Trustees	§200.475		Not specifically addressed	Allowable with restrictions	Allowable with restrictions	X

## **Appendix D – Expanded Authorities Matrix**

**Research Terms and Conditions Appendix A**  
**Prior Approval Matrix**  
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	Reference	RTC Overlay	NSF	DOE	NIH	USDA NIFA	DOC	NASA
<b>Prior Written Approval (prior approval)*</b>	<b>200.407</b>							
<b>Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts</b>	<b>200.407(a)</b>							
Changes in principal investigator (PI), project leader, project partner, or scope of effort.	200.201(b)(5)	Required	Required	Required	Required	Required	Required	Required
<b>Cost sharing or matching</b>	<b>200.407(b)</b>							
Use of unrecovered indirect costs, including indirect costs on cost sharing or matching.	200.306(c)	Waived	Waived	Waived	Waived	Waived <sup>15</sup>	Waived	Waived
Use of current fair market value to determine the value of non-Federal entity donations of services and property for the purposes of cost sharing or matching.	200.306(d)(2)	Waived	Waived	Waived	Waived	Waived	Waived	Required
Costs of the fair market value of equipment or other capital assets and fair rental charges for land when the Federal award supports activities that require use of equipment, buildings or land.	200.306(h)(2)	Required	Required	Required	Required	Required	Required	Required
<b>Program Income</b>	<b>200.407(c)</b>							
Use of program income during the period of performance (additive method).	200.307(e)(2)	Waived	Waived	Waived	Waived <sup>5</sup>	Waived	Waived	Waived <sup>20</sup>
<b>Revision of budget and program plans</b>	<b>200.407(d)</b>							
Change in the scope or the objective of the project or program.	200.308(c)(1)(i)	Required	Required	Required	Required	Required	Required	Required
Change in PI/PD specified in the application or Federal award.	200.308(c)(1)(ii)	Required	Required <sup>14</sup>	Required	Required	Required	Required	Required
Disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project by the approved PI/PD.	200.308(c)(1)(iii)	Required	Required <sup>14</sup>	Required	Required <sup>6</sup>	Required	Required	Required <sup>21</sup>
Inclusion, unless waived, of costs that require prior approval in accordance with Subpart E -- Cost Principles.	200.308(c)(1)(iv)	Required	Waived <sup>1</sup>	Required	Waived <sup>7</sup>	Required	Required	Required
Transfer of funds budgeted for participant support costs to other categories of expense.	200.308(c)(1)(v)	Required	Required <sup>2</sup>	Required	Waived <sup>8</sup>	Required	Required	Waived <sup>22</sup>
Subawarding, transferring or contracting out any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment or general purpose services.	200.308(c)(1)(vi)	Required	Required	Required	Waived <sup>9</sup>	Waived <sup>16</sup>	Required	Waived
Changes in the approved cost-sharing or matching provided by the non-Federal entity.	200.308(c)(1)(vii)	Required	Required	Required	Required	Waived <sup>17</sup>	Required	Waived
Need for additional Federal funding to complete the project.	200.308(c)(1)(viii)	Required	Required	Required	Required	Required	Required	Required
Incur project costs 90 calendar days before the Federal awarding agency makes the award.	200.308(d)(1)	Waived	Waived	Waived	Waived	Waived	Waived	Waived
Incur project costs more than 90 calendar days pre-award.	200.308(d)(1)	Required	Required	Required	Required	Required	Required	Required
Initiate a one-time extension of the period of performance by up to 12 months.	200.308(d)(2)	Waived	Waived	Waived	Waived	Waived	Waived	Waived
Subsequent no-cost extension or extension of more than 12 months.	200.308(d)(2)	Required	Required	Required	Required	Required	Required	Required
Carry-forward of unexpended balances to subsequent funding periods.	200.308(d)(3)	Waived	Waived	Waived	Waived <sup>10</sup>	Waived	Waived	Waived
Transfer amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa.	200.308(d)(4)	Waived	Waived	Waived	Waived <sup>11</sup>	Waived	Waived	Waived
Rebudgeting among direct cost categories for Federal awards in which the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the approved budget.	200.308(e)	Waived	Waived	Waived	Waived <sup>11</sup>	Waived	Waived	Waived <sup>22, 23</sup>
Transfer of funds between construction and non-construction activities.	200.308(g)(5)	Required	Required	Required	Required	Required	Required	Required
<b>Real Property</b>	<b>200.407(e)</b>							
Encumber real property acquired with Federal funds.	200.311(b)	Required	Required	Required	Required	Required	Required	Required
Transfer of title to the Federal awarding agency or to a third party.	200.311(c)(3)	Required	Required	Required	Required	Required	Required	Required
Special arrangements and alterations costs incurred specifically for a Federal award.	200.462(a)	Required	Required <sup>3</sup>	Required	Waived <sup>12</sup>	Required	Required	Required
<b>Equipment</b>	<b>200.407(f)</b>							
Encumber equipment acquired with Federal funds.	200.313(c)(1)	Required	Required	Required	Required	Required	Required <sup>19</sup>	Waived
<b>Fixed amount subawards</b>	<b>200.407(g)</b>							
Subawards based on fixed amounts up to the simplified acquisition threshold, provided the subawards meet the requirements for fixed amount awards in 200.201.	200.332	Required	Required	Required	Required	Required	Required	Required



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	Reference	RTC Overlay	NSF	DOE	NIH	USDA NIFA	DOC	NASA
<b>Direct Costs</b>	<b>200.407(h)</b>							
Direct charge the salaries of administrative and clerical staff if all conditions in 200.413 are met, excluding 200.413(c)(3).	200.413(c)	Waived	Required	Waived	Waived	Waived	Waived	Waived
<b>Compensation -- personal services, paragraph (h)</b>	<b>200.407(i)</b>							
Directly charge payments of incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary).	200.430(h)(1)(ii)	Waived	Waived	Waived	Waived	Waived	Waived	Waived
Faculty salary in excess of Institutional Base Salary (IBS).	200.430(h)(2)	Required	Required	Required	Required	Required	Required	Required
Intra-IHE faculty consulting on a Federal award that exceed a faculty member's base salary.	200.430(h)(3)	Waived	Waived	Waived	Waived	Waived	Waived	Waived
<b>Compensation -- fringe benefits</b>	<b>200.407(j)</b>							
Severance payments to foreign nationals employed by the non-Federal entity outside the US that exceed the amounts customary in the US.	200.431(i)(4)	Required	Required	Required	Required	Required	Required	Required
Severance payments to foreign nationals employed by the non-Federal entity outside the US due to termination of the foreign national as a result of the closing of, or curtailment of activities by, the non-Federal entity in that country.	200.431(i)(5)	Required	Required	Required	Required	Required	Required	Required
<b>Entertainment costs</b>	<b>200.407(k)</b>							
Inclusion of costs of entertainment, including amusement, diversion, and social activities and any associated costs that have a programmatic purpose.	200.438	Required	Required	Required	Required	Required	Required	Required
<b>Equipment and other capital expenditures</b>	<b>200.407(l)</b>							
Direct charge capital expenditures for general purpose equipment.	200.439(b)(1)	Waived	Waived	Waived	Waived <sup>11</sup>	Waived <sup>18</sup>	Waived	Waived <sup>22, 24</sup>
Direct charge capital expenditures for buildings and land use.	200.439(b)(1)	Required	Required	Required	Required	Required	Required	Required
Direct charge capital expenditures for special purpose equipment over \$5,000.	200.439(b)(2)	Waived	Waived	Waived	Waived <sup>11</sup>	Waived	Waived	Waived <sup>22, 24</sup>
Capital expenditures for improvements to land or buildings which materially increase their value or useful life.	200.439(b)(3)	Required	Required	Required	Required	Required	Required	Required
<b>Exchange rates</b>	<b>200.407(m)</b>							
Exchange rate fluctuations that result in the need for additional Federal funding, or a reduction in the scope of the project.	200.440(a)	Required	Required	Required	Required	Required	Required	Required
<b>Fines, penalties, damages and other settlements</b>	<b>200.407(n)</b>							
Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, State, tribal, local or foreign laws and regulations.	200.441	Required	Required	Required	Required	Required	Required	Required
<b>Fund raising and investment management costs</b>	<b>200.407(o)</b>							
Costs of organized fund raising for the purposes of meeting the Federal program objectives.	200.442(a)	Required	Required	Required	Required	Required	Required	Required
<b>Goods or services for personal use</b>	<b>200.407(p)</b>							
Costs of housing (e.g. depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses).	200.445(b)	Required	Required	Required	Required	Required	Required	Required
<b>Insurance and indemnification</b>	<b>200.407(q)</b>							
Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property.	200.447(b)(2)	Required	Required	Required	Required	Required	Required	Required
<b>Memberships, subscriptions, and professional activity costs, paragraph (c)</b>	<b>200.407(r)</b>							
Costs of membership in any civic or community organization.	200.454(c)	Required	Required	Required	Required	Required	Required	Required
<b>Organization costs</b>	<b>200.407(s)</b>							

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		Reference	RTC Overlay	NSF	DOE	NIH	USDA NIFA	DOC	NASA
	Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization.	200.455	Required	Required	Required	Required	Required	Required	Required
<b>Participant support costs</b>		<b>200.407(t)</b>							
	Transfer of funds into the participant support cost category.	200.456	Waived	Waived <sup>4</sup>	Waived	Required <sup>13</sup>	Waived	Waived	Waived
	Transfer of funds budgeted for participant support costs to other categories of expense.	200.308(c)(1)(v)	Required	Required	Required	Waived <sup>8</sup>	Required	Required	Waived <sup>22</sup>
<b>Pre-award costs</b>		<b>200.407(u)</b>							
	Inclusion of allowable pre-award costs.	200.458	Waived	Waived	Waived	Waived	Waived	Waived	Waived
	Incur project costs 90 calendar days before the Federal awarding agency makes the award.	200.308(d)(1)	Waived	Waived	Required	Waived	Waived	Waived	Waived
	Incur project costs more than 90 calendar days pre-award.	200.308(d)(1)	Required	Required	Required	Required	Required	Required	Required
<b>Rearrangement and reconversion costs</b>		<b>200.407(v)</b>							
	Direct charge special arrangements and alterations costs incurred specifically for a Federal award.	200.462(a)	Required	Required <sup>3</sup>	Required	Waived <sup>12</sup>	Required	Required	Required
<b>Selling and marketing costs</b>		<b>200.407(w)</b>							
	Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under §200.421 Advertising and public relations).	200.467	Required	Required	Required	Required	Required	Required	Required <sup>25</sup>
<b>Taxes (including Value Added Tax)</b>		<b>200.407(x)</b>							
	Use of foreign tax reimbursement for approved activities under the Federal award.	200.470(c)	Required	Required	Required	Required	Required	Required	Required
<b>Travel costs</b>		<b>200.407(y)</b>							
	Inclusion of travel costs for officials covered by 200.444 General costs of government.	200.474(a)	Required	Required	Required	Required	Required	Required	Required
	Travel costs for dependents for travel of duration of six months or more.	200.474(c)(2)	Required	Required	Required	Required	Required	Required	Required
	<b>* Any of the authorities may be over-ridden by a special term or condition of award.</b>								
<sup>1</sup>	Except where specified otherwise in this matrix, the terms and conditions of award, or the applicable program solicitation or award notice.								
<sup>2</sup>	This action requires the prior written approval of the cognizant NSF Program Officer.								
<sup>3</sup>	Rearrangement and reconversion costs under \$25,000 may be approved by grantees.								
<sup>4</sup>	Unless funds are being moved into the "Other" category of participant support.								
<sup>5</sup>	Waived, funds added to the amount available for the project.								
<sup>6</sup>	Required for the PI and any other individuals specifically named in the Notice of Award.								
<sup>7</sup>	Waived, but costs not specifically covered in Subpart F are subject to the NIH Grants Policy Statement (NIHGPS).								
<sup>8</sup>	Waived, unless change in scope. For the purposes of Kirschstein-National Research Service Award (NRSA) programs, this term does not apply. NIH will continue to use the terms trainees, trainee-related expenses, and trainee travel in accordance with NRSA Regulations. Participant support costs are only allowable when identified in specific Funding Opportunity Announcements (FOAs).								
<sup>9</sup>	Waived unless change in scope and except when subrecipient is foreign.								
<sup>10</sup>	Waived except when Notice of Award indicates prior approval is required.								
<sup>11</sup>	Waived unless change in scope.								
<sup>12</sup>	Waived for alterations and renovations costing up to \$500,000, unless change in scope or rebudgeting into A&R exceeds 25% of budget period total. See Rearrangement and Reconversion Costs within NIH Grants Policy Statement Chapter 7.9.1.								

Research Terms and Conditions Appendix A  
Prior Approval Matrix  
December 10, 2018

		Reference	RTC Overlay	NSF	DOE	NIH	USDA NIFA	DOC	NASA
13	Required, participant support costs are only allowable when identified in specific Funding Opportunity Announcements (FOAs).								
14	This also is required for any co-PI/co-PD on the project.								
15	Only if the total amount of indirect costs charged to the project does not exceed the maximum allowed indirect costs or the institution's negotiated indirect cost rate, whichever is less.								
16	Waived except when: 1) subaward(s) would be more than 50% of the total dollars of the award or 2) subaward is to a federal agency. In these situations, prior approval is required.								
17	Except when the change is a reduction in the amount of approved cost-sharing/match in which case prior approval is required.								
18	If the cost of the equipment is appropriately prorated among the activities to be benefitted.								
19	Department of Commerce (DOC) permits non-Federal entities to own equipment upon acquisition without conditions or without obligation to the sponsor at termination of project. DOC permits trade in equipment to buy replacement equipment.								
20	With prior approval, may use to meet cost share requirement.								
21	Applies to PIs and co-PIs.								
22	Waived unless results in a change of scope.								
23	Waived unless total cost share amount is reduced from what was approved in budget.								
24	Waived if the cost of equipment is appropriately prorated among the activities to be benefitted.								
25	Pertains only to items produced under this award in which the Federal share was used for all or part of the development.								

## **Appendix E – Proposed Revisions to the NIH NOA**



<div><b>Recipient Information</b>  1. <b>Recipient Name</b> Association of American Medical Colleges Address Line 1 Address Line 2 City, State, XXXXX-XXXX  2. <b>Congressional District of Recipient</b> 07  3. <b>Employer Identification Number (EIN)</b> XX-XXXXXX  4. <b>Recipient's Unique Entity Identifier</b> XXXXXXXXXXXX  5. <b>Project Director or Principal Investigator</b> Mr. Scott Shipman  6. <b>Authorized Official</b> Mr. Bernard K. Jarvis President email@email.com XXX-XXX-XXXX</div> <div><b>Federal Agency Information</b>  7. <b>Awarding Agency Contact Information</b> Jane Doe Grants Officer Centers for Medicare &amp; Medicaid Services email@email.com XXX-XXX-XXXX  8. <b>Program Official Contact Information</b> John Doe Program Officer Centers for Medicare &amp; Medicaid Servicesemail@email.com XXX-XXX-XXXX</div>	<div><b>Federal Award Information</b>  9. <b>Grant Award Number</b> XXXXXXXXXXXX  10. <b>Federal Award Project Title</b> eConsults/eReferrals: Controlling Costs and Improving Quality at the Interface of Primary Care and Specialty Care  11. <b>Statutory Authority</b> 42 USC 5101 ET SEQ  12. <b>Federal Award Identification Number (FAIN)</b> 90CA1759  13. <b>Catalog of Federal Domestic Assistance (CFDA) Number</b> 93.525  14. <b>CFDA Name</b> State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges  15. <b>Award Action Type</b> Non-Competitive Continuation  16. <b>Is the Award R&amp;D?</b> Yes</div> <div><table><tr><th colspan="3">Summary Federal Award Financial Information</th></tr><tr><td colspan="3">17. Budget Period 10/01/2017 - 09/30/2018</td></tr><tr><td>17a. Amount of Federal Funds Obligated by this Action</td><td>\$</td><td>50,000</td></tr><tr><td colspan="3">18. Period of Performance 10/01/2015 - 09/30/2018</td></tr><tr><td>18a. Total Amount of the Federal Award</td><td>\$</td><td>150,000</td></tr></table> 19. <b>Authorized Treatment of Program Income</b> Additional Costs  20. <b>Grants Management Officer - Signature</b> Karen A Johnson  21. <b>Federal Award Date</b> 09/30/2017</div>	Summary Federal Award Financial Information			17. Budget Period 10/01/2017 - 09/30/2018			17a. Amount of Federal Funds Obligated by this Action	\$	50,000	18. Period of Performance 10/01/2015 - 09/30/2018			18a. Total Amount of the Federal Award	\$	150,000
Summary Federal Award Financial Information																
17. Budget Period 10/01/2017 - 09/30/2018																
17a. Amount of Federal Funds Obligated by this Action	\$	50,000														
18. Period of Performance 10/01/2015 - 09/30/2018																
18a. Total Amount of the Federal Award	\$	150,000														
<div><b>22. Remarks</b> OpDiv Specific</div>																



EXAMPLE 2

Department of Health and Human Services  
Centers for Medicare & Medicaid Services

Notice of Award

Federal Award Information

1. Grant Award Number  
XXXXXXXXXXXX
2. Federal Award Identification Number (FAIN)  
90CA1759
3. Federal Award Project Title  
eConsults/eReferrals: Controlling Costs and Improving Quality at the Interface of Primary Care and Specialty Care
4. Statutory Authority  
42 USC 5101 ET SEQ
5. Catalog of Federal Domestic Assistance (CFDA) Number  
93.525
6. CFDA Name  
State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges
7. Award Action Type  
Non-Competitive Continuation
8. Is the Award R&D?  
Yes

Summary Federal Award Financial Information

9. Budget Period 10/01/2017 - 09/30/2018

9a. Amount of Federal Funds Obligated by this Action \$ 50,000

10. Period of Performance 10/01/2015 - 09/30/2018

10a. Total Amount of the Federal Award \$ 150,000

11. Authorized Treatment of Program Income  
Additional Costs

12. Grants Management Officer - Signature  
Karen A Johnson

13. Federal Award Date  
09/30/2017

Recipient Information

14. Recipient Name  
Association of American Medical Colleges  
Address Line 1  
Address Line 2  
City, State, XXXX-XXXX
15. Congressional District of Recipient  
07
16. Employer Identification Number (EIN)  
XX-XXXXXX
17. Recipient's Unique Entity Identifier  
XXXXXXXXXXXX
18. Project Director or Principal Investigator  
Mr. Scott Shipman
19. Authorized Official  
Mr. Bernard K. Jarvis  
President  
email@email.com  
XXX-XXX-XXXX

Federal Agency Information

20. Awarding Agency Contact Information  
Jane Doe  
Grants Officer  
Centers for Medicare & Medicaid Services  
email@email.com  
XXX-XXX-XXXX
21. Program Official Contact Information  
John Doe  
Program Officer  
Centers for Medicare & Medicaid Services  
email@email.com  
XXX-XXX-XXXX

22. Remarks

OpDiv Specific

## **Appendix F – University Subrecipient Monitoring Documentation**



**HOW TO USE:** The Subrecipient Monitoring Record is used by departments and schools to document subrecipient monitoring efforts and maintain an audit trail. Use of the tracking record is encouraged at all risk levels but especially for medium and high risk subrecipients.

## University of Colorado Denver

PI Name \_\_\_\_\_  
Project# \_\_\_\_\_  
Subcontract # \_\_\_\_\_  
Period of Performance \_\_\_\_\_

## Subrecipient

Institution Name \_\_\_\_\_  
Subrecipient PI \_\_\_\_\_  
Subrecipient Contact \_\_\_\_\_  
Invoicing Frequency: ☐ Monthly ☐ Quarterly

Name and position of the person responsible for overseeing this record: \_\_\_\_\_

### SCHEDULED REPORTING DATES (based on the terms of the grant award)

DATE	COMMENTS	ACTUAL DATE*

\*dates entered as each report is submitted

### INFORMAL PROGRESS REPORTS COMPLETED (These should generally occur at least quarterly)

DATE	COMMENTS	ACTUAL DATE*

### OTHER COMMUNICATIONS

DATE	COMMENTS	ACTUAL DATE*





## Office of Grants and Contracts

UNIVERSITY OF COLORADO DENVER | ANSCHUTZ MEDICAL CAMPUS

### SUBRECIPIENT INVOICE CHECKLIST

The following checklist is a guide for reviewing subrecipient invoices. Complete and maintain the form in the administrative unit file. If there are questions regarding the accuracy and allowability of the expenses invoiced, ask the subrecipient for additional information and **DO NOT APPROVE** the invoice for payment until all items are resolved appropriately. Contact Grants & Contracts for any assistance.

<b>Subrecipient Name:</b>	<b>Subcontract No.:</b>
<b>CU PI Name:</b>	<b>Fiscal Manager:</b>
<b>Date Invoice Received:</b>	<b>Date Invoice Processed:</b>
<b>Final Invoice?</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <b>If "Yes" is it marked "FINAL"?</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <b>If FINAL, PI must initial here to confirm that the technical progress at completion was satisfactory:</b> _____	<b>Invoice Period:</b> _____--_____
<b>Amount Due: \$</b>	<b>Amount Remaining on Subaward: \$</b>

#### PI REVIEW (THIS HIGHLIGHTED SECTION ONLY)

1. Is the invoice accompanied by information as required by the subcontract, e.g., programmatic reports or a summary of subrecipient's progress?	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2. Do the expenses agree with the programmatic plan and are they reasonable in amount based on the work completed to date? Provide a brief description of any review taken to verify subrecipient has performed work as stated in the proposal and subcontract Scope of Work:	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
<b>PI APPROVAL: I have reviewed the invoice and approve of the payments requested.</b>	
<b>Sign:</b> _____ <b>Date:</b> _____	
<b>NOTE: Please sign or e-mail the grants manager indicating approval of the invoice.</b>	

#### GRANT ADMINISTRATOR REVIEW

1. Does the invoice identify the University of Colorado Denver subaward number and make appropriate reference(s) to the University of Colorado Denver as the payor?	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
2. Are the expenses consistent with the subcontract? For example:  A. Were the expenses incurred during the subcontract budget period?  B. Are the expenses consistent with the subcontract budget?  C. For cost reimbursable subcontract, is the amount invoiced based on actual expenses or does it appear to be an allocation of the budget? <b>Cost reimbursable</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

<p><b>subcontracts require invoicing based on actual expenses only.</b></p> <p>D. Are the expenses allowable per the subcontract, prime award and Uniform Guidance? <b>Remember, all prime award restrictions flow down to the subrecipient.</b></p> <p>E. Does the invoice total correctly?</p>	
<p>3. Is the F&amp;A calculated correctly with the agreed upon rate for the subrecipient? <b>Some expenses are exempt from F&amp;A charges. Ensure the F&amp;A calculated agrees with the methodology in the budget and only includes expenses that can be charged F&amp;A.</b></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
<p>4. Is the rate of spending appropriate? Consider these factors:</p> <p>A. The pace of spending is consistent with budgeted amounts per year.</p> <p>B. The pace of spending is slightly greater or less than the budgeted amounts per year.</p> <p>C. Spending far outpaces or severely what was budgeted in the submitted budget.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
<p>5. Is the invoice accompanied by a detailed transaction report from the Subcontractor's General Ledger system for the time period of the invoice? <i>Note: Check the dates on the detailed information to ensure expenses fall within the invoice time period.</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
<p>6. Does the invoice include the signature of subrecipient's institutional officer and contain the following (or a similar) statement: "By signing this invoice, I certify to the best of my knowledge and belief that the invoice is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to the criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
<p>7. <b>If applicable</b>, have any and all additional information requested as a result of prior review activities been received?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>

## **Appendix G – Suspension and Debarment Notice**

## Findings of Research Misconduct

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Notice Number: NOT-OD-19-041

### Key Dates

**Release Date:** December 11, 2018

### Related Announcements

None

### Issued by

National Institutes of Health ([NIH](https://www.nih.gov/))

### Purpose

**SUMMARY:** Findings of research misconduct have been made on the part of Rajendra Kadam, former Ph.D. student in pharmaceutical sciences, University of Colorado, Denver (UCD) (Respondent). Mr. Kadam engaged in research misconduct in research supported by National Eye Institute (NEI), National Institutes of Health (NIH), grants R01 EY018940, R01 EY017533, R24 EY017045, and RC1 EY020361. The administrative actions, including debarment for a period of three (3) years, were implemented beginning on November 13, 2018, and are detailed below.

**FOR FURTHER INFORMATION CONTACT:** Wanda K. Jones, Dr.P.H., Interim Director, Office of Research Integrity, 1101 Wootton Parkway, Suite 750, Rockville, MD 20852, (240) 453-8200.

**SUPPLEMENTARY INFORMATION:** Notice is hereby given that the Office of Research Integrity (ORI) has taken final action in the following case:

Rajendra Kadam, University of Colorado, Denver: Based on an investigation conducted by UCD, the Respondent's admission, and analysis conducted by ORI in its oversight review, ORI found that Mr. Rajendra Kadam, former Ph.D. student in pharmaceutical sciences, UCD, engaged in research misconduct in research supported by NEI, NIH, grants R01 EY018940, R01 EY017533, R24 EY017045, and RC1 EY020361.

ORI found that Respondent engaged in research misconduct by knowingly and intentionally falsifying and/or fabricating data by manipulating LC-MS/MS peak area data to reduce variability and/or alter statistical significance for twenty-six (26) figures and five (5) tables in his Ph.D. thesis and in the following nine (9) published papers:

- *Drug Metab. Dispos.* 41:466-474, 2013 (hereafter referred to as “*Drug Metab. Dispos.* 2013”). Retracted in: *Drug Metab. Dispos.* 43(2):234, 2015 Feb.
- *Mol. Pharm.* 10:2350-2361, 2013 (hereafter referred to as “*Mol. Pharm.* 2013”). Retracted in: *Mol. Pharm.* 12(7):2559, 2015 July 6.
- *Invest. Ophthalmol. Vis. Sci.* 52(8):5387-99, 2011 (hereafter referred to as “*IOVS 2011*”). Retracted in: *Invest. Ophthalmol. Vis. Sci.* 56(3):1678, 2015 Mar 9.
- *J. Control. Release* 172(3):1151-60, 2013 (hereafter referred to as “*J. Control. Release* 2013”). Retracted in: *J. Control. Release* 237:186, 2016 Sep 10.
- *Int. J. Pharm.* 434: 140-147, 2012 (hereafter referred to as “*Int. J. Pharm.* 2012”). Retracted (no date provided by the journal for the retraction notice).

- *Mol. Pharm.* 9:605-614, 2012 (hereafter referred to as “*Mol. Pharm.* 2012”). Retracted in: *Mol. Pharm.* 12(7): 2558, 2015 July 6.
- *J. Pharmacol. Exp. Ther.* 332:1107-1120, 2010 (hereafter referred to as “*J. Pharmacol. Exp. Ther.* 2010”). Retracted in: *J. Pharmacol. Exp. Ther.* 352(2):326, 2015 Feb.
- *Mol. Vis.* 19:1198-1210, 2013 (hereafter referred to as “*Mol. Vis.* 2013”).
- *Curr. Pharm. Biotechnol.* 12(2):285-292, 2011 (hereafter referred to as “*Curr. Pharm. Biotechnol.* 2011”). Erratum in: *Curr. Pharm. Biotechnol.* 17(9):846, 2016 Jun 6.\1\

\1\ While this publication does not cite U.S. Public Health Service (PHS) funding in its acknowledgements, Mr. Kadam was funded through his advisor's NIH funding while performing these experiments.

Specifically, Respondent falsified data included in:

- Figures 3.10 and 3.11 of respondent's thesis (also included as Figures 10 and 11 in *Drug Metab. Disposal.* 2013).
- Figures 5.2-5.7 of respondent's thesis.
- Figures 4.4-4.7 of respondent's thesis (also included as Figures 4-7 of *Mol. Pharm.* 2013).
- Figures 7.4, 7.5, and 7.7 of respondent's thesis (also included as Figures 1-5, 7, and 8 and summarized in Tables 2 and 3 of *IOVS* 2011).
- Figure 6 of *J. Control. Release* 2013.
- Figures 6-7 of *Mol. Vis.* 2013.
- Figure 3 in *Int. J. Pharm.* 2012.
- Figures 3 and 5-7 in *Mol. Pharm.* 2012.
- Figure 6C in *Curr. Pharm. Biotechnol.* 2011.
- Tables 3-5 and Figures 1-5 in *J. Pharmacol. Exp. Ther.* 2010.

Mr. Kadam entered into a Voluntary Exclusion Agreement (Agreement) and voluntarily agreed:

(1) To exclude himself from any contracting or subcontracting with any agency of the United States Government and from eligibility for or involvement in nonprocurement programs of the United States Government referred to as “covered transactions” pursuant to HHS’ Implementation (2 CFR part 376) of OMB Guidelines to Agencies on Governmentwide Debarment and Suspension, 2 CFR part 180 (collectively the “Debarment Regulations”) for a period of three (3) years beginning on November 13, 2018;

(2) to exclude himself from serving in any advisory capacity to PHS including, but not limited to, service on any PHS advisory committee, board, and/or peer review committee, or as a consultant for a period of three (3) years beginning on November 13, 2018; and

(3) as a condition of the Agreement, to request that the following paper be retracted:

- Mol. Vis. 19:1198-1210, 2013.

## Inquiries

Please direct all inquiries to:

Wanda K. Jones  
Office of Research Integrity  
Telephone:240-453-8200

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[Weekly TOC for this Announcement](#)  
[NIH Funding Opportunities and Notices](#)

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