

PI QUICK REFERENCE GUIDE

UNIFORM GUIDANCE – MAJOR CHANGES AFFECTING PROPOSAL BUDGETS, CHARGING OF DIRECT COSTS and PRIOR APPROVAL REQUIREMENTS

(Volume 1, Version 1 – December 25, 2014)

The Office of Management and Budget (OMB) combined many federal circulars into a single guidance document (known as Uniform Guidance, or [2 CFR Part 200](#)) that can be used by all agencies. These new regulations are applicable to awards received on or after December 26, 2014. The CSU thanks the University of California, University of Minnesota and Council on Government Relations for their resources that contributed largely to this document.

The Principal Investigator (PI) is responsible for: Understanding funding opportunity guidelines when applying for extramural funding and complying with university policies regarding the review and approval of proposal submissions and any applicable compliance requirements. The PI is responsible for the management and integrity of research and sponsored project design, conduct, and reporting; complying with applicable university and sponsor rules and regulations during the day-to-day operations of the project; carrying out the project's financial plan as presented in the funded proposal and consulting with sponsored programs office to make changes to that plan following a prescribed set of policies and procedures; and managing, monitoring, and ensuring the integrity of any collaborative relationships (subrecipients).

The Sponsored Programs Office (SPO) is responsible for: Working collaboratively with the PI throughout the development, submission and subsequent award (or declination) of proposals. During the term of the award SPO will provide support and assistance to the PI on administration, compliance and fiscal management of grants and contracts, while ensuring the funds are expended in accordance with the terms and conditions of the funding agency and applicable university, auxiliary organization and CSU policies.

7 CHANGES THAT WILL ROCK YOUR WORLD!

Proposal Budget & Direct Cost Highlights

1. [Administrative/clerical and programmatic salary costs](#)
2. [Computing devices](#)
3. [Participant support costs](#)
4. [Publication and printing costs](#)
5. [Visa costs](#)
6. [PI absences](#)
7. Other costs
 - a. [Equipment/capital expenditures](#)
 - b. [Subrecipient monitoring](#)
 - c. [Fixed-rate subawards](#)
 - d. [F&A costs](#)

Prior Approval Requirements Summary

1. [Pre-award costs](#)
2. [Administrative and clerical salary costs](#)
3. [Participant support costs](#)
4. [Cost share](#)
5. [Fixed-price subawards up to \\$150K](#)
6. [PI absences](#)
7. [Program income](#)

More information you need to know...

- We may require more information/justification as a result of an increased focus on [INTERNAL CONTROLS](#) in the new Uniform Guidance.
- Increased importance of timely submission of progress & final [REPORTS](#).
- The Procurement Standards in the Uniform Guidance represent a major change from prior federal guidelines (OMB Circular A-110). The Office of Management and Budget has agreed to postpone the requirement for compliance with the UG Procurement Standards to give institutions across the nation time to evaluate procurement systems, policies and procedures. The effective date for compliance with the [UG Procurement Standards](#) (2 CFR 200.317 – 200.326) will be July 1, 2016.
- We may continue to update this document as the Uniform Guidance (2 CFR 200) is implemented and new information becomes available.

<p>CHARGING ADMINISTRATIVE/ CLERICAL AND PROGRAMMATIC SALARY COSTS</p> <p>Applicable Uniform Guidance (UG) Sections: 200.413 200.430</p>	<p>Administrative and clerical salaries (in certain circumstances) AND programmatic salary cost may be included in competitive proposal budgets.</p> <p>Administrative and Clerical Salaries In general, administrative and clerical salaries should still not be direct charged, but the rules governing “major project or activity” exceptions have been removed and replaced by the following criteria, all of which must be met:</p> <ol style="list-style-type: none"> 1. Administrative or clerical services are integral to a project or activity; 2. Individuals involved can be specifically identified with the project or activity; 3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and 4. The costs are not also recovered as indirect costs. <p>If all of these requirements are met, PIs will need to add a detailed justification statement to proposals to facilitate the required agency approval. If the cost is not included and justified in proposed budget approved by the federal agency, prior sponsor approval is required to add administrative support during the post-award management of the project.</p> <p>Programmatic Salary Costs Costs related to protocol development and maintenance, managing substances/chemicals, managing and securing project-specific data, and coordination of research subjects are allowable direct costs when they are “contributing and directly related to work under an agreement.” These programmatic costs may be direct charged using the same underlying requirements as other types of direct costs and are subject to all regular costing requirements (e.g., allocability, reasonableness, allowable by terms of the award, incurred within award period).</p> <p><i>** PIs are responsible for determining whether or not the individual is integral. Integral should mean that the individual has a significant role to the project and a nominal amount of effort is necessary to be contributed in order for the project to be completed.</i></p>
<p>COMPUTING DEVICES (UNDER \$5,000 UNIT COST)</p> <p>Applicable UG Sections: 200.33 200.48 200.89 200.439 200.453C</p>	<p>Computing devices can be included on competitive proposal budgets</p> <p>Computing devices under \$5,000/unit may be direct charged to the project or activity under the following circumstances:</p> <ul style="list-style-type: none"> • The machines are <u>essential</u>* and allocable to the project in that they are necessary to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. • The project does not have reasonable access to other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference. • Items costing more than \$5,000 per unit are considered equipment and follow federal equipment rules for when they can be direct charged. (SEE 200.33, 200.48, 200.89, 200.439) <p><i>* PIs are responsible for determining whether or not the device is “essential” and to what extent the cost of the device is allocable to the sponsored project. PIs should maintain documentation that describes how the proposed computing device meets the above requirements. This information should be included in the budget justification of the cost proposal and also submitted to the post-award administration when the cost is incurred.</i></p>
<p>REVISION OF BUDGET AND PROGRAM PLANS: PI ABSENCE</p>	<p>PI Absence Allowed UG recognizes that a PI can be absent from campus and remain engaged in the project.</p> <p>Requiring Prior Approval: A reduction in PI’s effort of 25% or more or disengagement from the project for more than three months still requires prior approval.</p>

<p>PUBLICATION & PRINTING COSTS</p> <p>Applicable UG Section: 200.461</p>	<p>Post award charging of printing or publication costs</p> <p>Costs related to publication or sharing of research results can be charged to a federal award after the period of performance but before the end of the closeout period or timeframe defined by each campus.</p>
<p>PARTICIPANT SUPPORT COSTS</p> <p>Applicable UG Sections: 200.75 200.456</p>	<p>Participant support costs can be included for agency approval on competitive proposal budgets.</p> <p>After UG implementation, participant support costs (see 200.75) are allowable with agency prior approval. This includes stipends* or subsistence allowances, travel allowances**, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects. Participant support costs are not routinely allowed on research projects but can be charged if the project includes an education or outreach component and the agency approves such costs.</p> <p>These costs should be explicitly listed in the proposal budget or approved by the funding agency after the award has been made. Rebudgeting of funds earmarked for participant support costs requires prior approval.</p> <p>* If the “stipend” payment qualifies as wages or consulting fees, it cannot be budgeted as participant support. This should be determined at the pre-award proposal stage and should be budgeted under the appropriate budget category (personnel or consultant).</p> <p>** Travel allowance does not include travel reimbursements – travel reimbursements are budgeted under the travel budget category.</p>
<p>VISA COSTS</p> <p>Applicable UG Section: 200.463D</p>	<p>Short-term, travel visa costs can be included on competitive proposal budgets.</p> <p>Consistent with CSU policy, short-term visas that are issued for a specific period and purpose and can be clearly identified as directly connected to work performed on a Federal award may be directly charged. The visas must be critical and necessary (direct benefit) the project and be allowable by the agency. Typically, these visas allow employees and students to engage in field research or attend meetings in foreign locations, or allow foreign visitors to visit the University in support of the project. Long-term visa costs, such as those that enable employment at the University (for example “J” and “H1B” visas) are unallowable as direct charges.</p>
<p>COST SHARING OR MATCHING</p> <p>Applicable UG Section: 200.306</p>	<p>Unless cost sharing is explicitly required in the funding announcement (mandatory), it is not allowed without prior authorization in accordance with campus policy. Under Federal research proposals, voluntary committed cost sharing is not expected and cannot be used as a factor during the merit review of applications or proposals.</p> <p>Using the unrecovered indirect costs (when solicitation limits recovery of indirect costs to less than the full negotiated rate) to offset cost-share component in proposals that require mandatory cost-sharing calls for agency prior approval. If this is included in proposal budgets, it must be specifically requested via the budget justification section.</p> <p>Prior approval is required if the cost share commitment will not be met. Similar to grant-funded expenditures, cost share should be expended for the purpose for which it was proposed.</p>
<p>MEMBERSHIPS, SUBSCRIPTIONS AND PROFESSIONAL ACTIVITY</p> <p>Applicable UG Section: 200.306</p>	<p>Limited changes in this section, except for the following that was previously unallowable.</p> <p>Costs of membership in any civic or community organization are allowable with prior approval by the federal awarding agency or pass-through entity.</p>

<p>EQUIPMENT & CAPITAL EXPENDITURES</p> <p>Applicable UG Sections: 200.13 200.33 200.310-316</p>	<p>There is no material change from the current policy, however some highlights of the requirements related to equipment and capital expenditures are included for quick reference.</p> <p>General-purpose equipment is unallowable as a direct cost, except with the prior written approval of the federal awarding agency or pass-through entity.</p> <p>Use: Federally funded equipment must be used by the campus with the following order of priority:</p> <ol style="list-style-type: none"> 1. The program or project for which it was acquired as long as needed, whether or not the project or program continues to be funded by a federal award; 2. Activities under a federal award from the federal agency that funded the original project; 3. Activities under a federal award from other federal agencies, including consolidated equipment for information technology systems. <p>Disposition: When equipment acquired under a federal award is no longer needed (within the useful life of the asset) for the original project or program or for other activities currently or previously supported by a federal awarding agency (as indicated above), the campus must request disposition instructions from the federal awarding agency if required by the terms and conditions of the federal award. If the campus is authorized or required to sell the property by the federal agency, proper sales procedures must be followed to ensure the highest possible return.</p>
<p>FACILITIES & ADMINISTRATIVE COSTS (F&A) AND F&A ON SUBAWARDS</p> <p>Applicable UG Section: 200.331</p>	<p>There is no change to CSU's recovery of its Federally Negotiated F&A Rate and in particular, in instances where CSU is a subawardee. The subrecipient's negotiated F&A rate or an alternative rate as described below must be used for all subawards included in competitive proposals.</p> <p>If the subrecipient has a current federally negotiated F&A rate agreement, the negotiated rate must be used. It is not permissible to force or entice a proposed subrecipient without a negotiated F&A rate to accept less than the 10% de minimis rate. PIs may not negotiate or agree to lower rates with their subrecipients without prior approval from the campus sponsored programs office.</p> <p><i>Exception: If a federal program has a published statutory F&A cap, that rate must be used both by CSU and all of its subrecipients.</i></p>
<p>FIXED-PRICE/RATE SUBAWARDS</p> <p>Applicable UG Section: 200.332</p>	<p>Agency prior approval is required to enter into fixed price subawards, which may not exceed \$150K/total costs.</p> <p>Agency prior approval is required to enter into a fixed price subaward rather than a cost-reimbursement subaward. The TOTAL value of each fixed price subaward may not exceed \$150K. Fixed-price subawards are most commonly used for foreign subrecipients. To expedite agency approval, PIs should add a justification statement to proposals contemplating a fixed price subaward. This type of statement is not needed for cost-reimbursable subawards.</p>
<p>PRE-AWARD COSTS</p> <p>Applicable UG Section: 200.209</p>	<p>Now requires sponsor written approval – if not stated in agency guidelines. 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, in compliance with campus policy.</p>
<p>PROGRAM INCOME</p> <p>Applicable UG Sections: 200.307</p>	<p>Prior approval must be secured –if a project generates program income and the PI wishes to use it in support of the project to supplement the award amount.</p>

Subawards	
<p>FIXED-PRICE/AMOUNT AWARDS</p> <p>Applicable UG Sections: 200.201</p>	<p>PIs should be advised that if a fixed-price subaward is desired, it should be articulated in the budget and justification of the proposal. Alternatively, approval from the federal awarding agency can be obtained after the award is received. (Note: This will most likely delay issuing the subaward.) Campuses have generally made the decision about what type of agreement to issue to subawardees at the award stage, this is no longer an option without PRIOR SPONSOR APPROVAL.</p> <p>§ 200.201 (New) Certification of completion at end of fixed subaward: The (subawardee) non-federal entity must certify in writing to (CSU) the 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 (subaward) must be adjusted.</p>
<p>REQUIRED INFORMATION</p> <p>Applicable UG Sections: 200.330</p>	<ul style="list-style-type: none"> • PIs will only need to be informed of § 200.330’s revised language on those campuses where PIs make subrecipient/contractor determinations for disbursement from federal awards. In that case, the campus’s SPO must communicate § 200.330’s criteria for making such determinations to the PI and must ensure that the PI documents and certifies how each determination is made. • PIs should be informed that they cannot terminate a subaward and should work with the sponsored programs office to issue a notice of termination. Additionally, if the termination was due to the non-federal entity’s non-compliance, the notification must state that the termination may affect future applications. • PIs should be informed of § 200.340’s new reporting requirements, which could result in information about a PI’s poor performance or failure to comply with federal law or the terms and conditions of the award being disseminated to other federal agencies. • PIs should be informed of the mandatory requirement to carefully monitor and accurately report on the performance of their subrecipients. They also need to understand that poor performance of their subawardees will be reported via the federal website, which is viewable by the general public.
<p>SUBRECIPIENT MONITORING</p> <p>Applicable UG Sections: 200.305</p>	<p>PIs should be informed of new certifying language on subaward invoices. Emphasis should be placed on understanding that the award could be at risk if invoices are signed authorizing payment of funds to a subrecipient without thoughtfully evaluating the subrecipient’s progress prior to payment.</p> <p>The PI should be informed if the campus issues a management decision to a subrecipient as a result of an audit conducted by the campus. Monitoring by the campus should include review of financial and programmatic reports required.</p> <p>§ 200.305 requires payment of subawardees’ invoices, for cost reimbursable subawards, to be paid within 30 days of receipt of invoice — “When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.”</p>

Internal Control

“Internal Control” is one of the most frequently repeated phrases in the Uniform Guidance. In the Uniform Guidance, OMB clearly emphasizes the importance of Internal Controls by [defining them](#), clearly identifying source documentation for best practices and including internal controls in the post-award management standard requirements.

NOTE: Acceptable audits in previous years should not be relied upon as an indication that internal controls are sufficient.

- Effective internal controls help mitigate risks of waste, fraud and abuse.
- Campuses will be updating current internal controls to comply with the Uniform Guidance, especially where it explicitly states that internal controls are required.
- PIs should familiarize themselves with campus internal control best practices and take necessary steps to comply.
- The consequences of noncompliance, as stated in § 200.338, may include withholding funds, cost disallowances, suspension or termination of the award, and could affect future funding to you and/or to the campus. Inform PIs on the new explicit personally identifiable information (PII) requirement. "Personally identifiable information" (PII), as used in U.S. privacy law and information security, is information that can be used on its own or with other information to identify, contact or locate a single person, or to identify an individual in context.
- PII is any information about an individual maintained by an agency, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial and employment information.
- For more information on Internal Controls, visit the CSU Chancellor's Office Audit & Advisory Services webpage (<http://www.calstate.edu/audit/internalcontrols.shtml>).

Financial Management and Technical Reporting

PIs should expect changes in the campus guidelines and system configuration to properly account, record and report program activities. PIs will be responsible for the following:

- Increased importance of timely progress reporting including the reporting of both significant positive and negative impacts on projects.
- In addition, federal guidelines are moving toward stricter rules for award closeout. Final financial reports (and other technical reports) must be submitted on time, which requires PI to closely monitor expenditures especially toward the end of the award performance period.
- Working closely with sponsored programs administrators to review the award activities and make the necessary changes in a timely manner.
- Working with sponsored programs administrators to respond to agency questions and/or denial of expenditures (and related fund drawdown) submitted after the permitted closeout period.
- Knowledge of any new campus policies and guidelines that may change the way awards are managed.
- Understanding the certification and how their actions could legally affect the institution or an individual at the institution.
- Identifying sources of actual and potential program income at the proposal stage during the campus proposal clearance process.
- Knowing the potential adverse impact of buying items in bulk or purchasing supplies toward the end of an award.

Related FAQ for consideration by PIs who frequently purchase computers on federal grants (from the Council on Financial Assistance Reform [\(COFAR\) FAQs](#) published in response to questions about the Uniform Guidance and part of the UG by reference):

Q: Are computers or computing devices to be factored in to the residual inventory of unused supplies?

A: Per § 200.94, a computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

Sample Justification Statements –

This is ONLY provided as a sample for you to consider in developing justifications for your cost proposals – to be most effective, it should be modified to comply with your campus policies and to fit your specific proposal. You are encouraged to modify or add statements as appropriate for your campus. If campuses develop successful justification statements, they may be shared here.

<p>CHARGING ADMINISTRATIVE AND CLERICAL AND PROGRAMMATIC SALARY COSTS 200.413 200.430</p>	<p>“This award includes management of 15 subawards. This volume and the tight timeline of the project mandate more extensive monitoring than the services routinely provided by the department. A XX% time program assistant is needed to oversee the subrecipients’ activities, including working with SPA to perform risk assessment and subrecipient monitoring, ensuring timely delivery and review of invoices, acquiring progress reports and ensuring their review, resolving mid-project issues, monitoring compliance approvals, ensuring timely payments, and handling subaward modifications. We are therefore requesting agency approval for a [List % time appointment here] [List position title here] as an administrative cost allowed under 2 CFR 200.413.”</p>
<p>FIXED PRICE/RATE SUBAWARDS 200.332</p>	<p>“The subaward to [Name the subrecipient here] documented in this proposal meets the criteria described in Subpart C- 200.201(b). [insert campus here] requests prior agency approval of a fixed price Subaward. [insert campus here] will consider the fixed price subaward approved if an award is made and contrary guidance from the agency is not included in the award notice.”</p>