

Planning Committee:
Andrew Bean,
Cookie Bryant-Gawthrop
Jackie Butram
Amanda Hamaker
Jessica Lawrence
Beth Siple
Mike Szczepanski



**Hot Topics
in Research
Administration
Program**

Program Sponsored by:

Mike Ludwig

Chris Martin

Howie Zelaznik

April 4, 2014

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Office of the Vice
President for Research

PURDUE
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Today's Agenda

Peter Dunn, Research Integrity Officer

Topic 1: Responsible Conduct Of Research
Approach Taken At Purdue

Mike Ludwig, Director, Sponsored Program Services

Topic 2: Challenges And Opportunities With
The New OMB Uniform Grant
Guidance Effective 12/26/14

Research Integrity and the Responsible Conduct of Research

PETER DUNN

RESEARCH INTEGRITY OFFICER

Agenda

Feedback from the Fall 2013 Hot Topics session indicated an interest in learning more about how Purdue addresses two related issues:

- ❖ Research Integrity/Research Misconduct
- ❖ Requirements for Training in the Responsible Conduct of Research

Research Integrity – What is it?

- ❖ A core value and critical personal responsibility of everyone who conducts research or engages in scholarship.
- ❖ Difficult to find concise definitions – in general, it is the behavior we expect from a virtuous scholar.
- ❖ A number of sources give a general sense of what such behavior should include.

Purdue's *Statement on Integrity and Code of Conduct*

“At Purdue, integrity is indispensable to our mission. We act with honesty and adhere to the highest standards of moral and ethical values and principles through our personal and professional behavior. We demonstrate our understanding of these values and principles and uphold them in every action and decision. Trust and trustworthiness go hand in hand with how we conduct ourselves, as we sustain a culture that is based upon ethical conduct. We expect our actions to be consistent with our words, and our words to be consistent with our intentions. We accept our responsibilities, share leadership in a democratic spirit, and subject ourselves to the highest standards of public trust. We hold ourselves accountable for our words and our actions.”

[http://www.purdue.edu/purdue/about/integrity_statement.html]

Purdue's *Policy on Research Misconduct*

“Integrity with regard to discovery, scholarly investigation, and the recording and reporting of these activities, is a core principle of academic life and is essential to scientific and scholarly progress. The proper conduct of scientific and scholarly research serves the best interests of the University community and society. Hence, a commitment to truth, objectivity, and honesty should guide everyone engaged in research at the University. Those participating in scientific or scholarly research are expected to maintain careful research records, to establish and follow well-defined protocols consistent with all state, federal, and University guidelines, and to report discoveries, observations, and scholarly and artistic activities accurately and fairly.”

[<http://www.purdue.edu/policies/ethics/iiia2.html>]

“Integrity in Scientific Research: Creating an Environment That Promotes Responsible Conduct” **

- ❖ “For a scientist, integrity embodies above all the individual’s commitment to intellectual honesty and personal responsibility. It is an aspect of moral character and experience.”
- ❖ “For an institution, it is a commitment to creating an environment that promotes responsible conduct by embracing standards of excellence, trustworthiness, and lawfulness and then assessing whether researchers and administrators perceive that an environment with high levels of integrity has been created.”

**2002 Institute of Medicine Report

Research Misconduct

2000 OSTP Federal Research Misconduct Policy defines violations of Research Integrity, which are called Research Misconduct, as

- ❖ Fabrication, Falsification, or Plagiarism in proposing, performing, or reviewing research, or in reporting research results; when this action:
 - ❖ Represents a significant departure from accepted practices of the relevant research community;
 - ❖ Is committed intentionally, knowingly, or recklessly; and
 - ❖ The allegation is proven by a preponderance of evidence.
- ❖ The definition goes on to assert that Research Misconduct does not include honest error or differences of opinion.
- ❖ Purdue adopted this definition in Policy III.A.2 (2008).

Research Integrity

- ❖ Implicit in the Federal definition of Research Misconduct is the concept that Research Integrity includes a ***commitment to ensuring and preserving the accuracy and completeness of the research record***, where this record encompasses *proposals, lab data records, peer review, and submissions to the scientific/scholarly literature.*

Why Must Research Integrity Be a Core Value?

- ❖ All researchers/scholars rely on the accuracy and completeness of the research record, and, therefore, share a responsibility to preserve and protect it.
- ❖ Accurate and complete records of research are essential to preserve public trust in science and scientists.
- ❖ Once the research record has been corrupted, it's accuracy and integrity can never be completely restored.

Is Research Misconduct Common?

- ❖ Studies to date indicate consistently that Research Misconduct occurs, but is a rare event.
- ❖ However, Research Misconduct is often difficult to detect and there are many disincentives to reporting Research Misconduct.
- ❖ As a result, we really don't know.
- ❖ Most common allegations and findings of Research Misconduct:
 - ❖ Plagiarism (#1)
 - ❖ Data fabrication or falsification through image manipulation
- ❖ Why? Availability of strong forensic tools to detect!

A Truly Egregious Example --

THE CHRONICLE of Higher Education

Research

[Home](#) [News](#) [Faculty](#) [Research](#)

think«

October 8, 2012

Japanese Fraud Case Highlights Weaknesses in Scientific Publishing

Yoshitaka Fujii faked nearly 200 medical studies over two decades. How was he able to avoid detection for so long?

By David McNeill

An excerpt --

“The evidence was overwhelming. After checking 212 original papers, Dr. Sumikawa’s committee concluded that just three were authentic and 172 were fraudulent. They could find no evidence either way for 37 other papers. Among the methods that Dr. Fujii had supposedly used to examine the impact of medication on postoperative nausea, he repeatedly cited experiments that had never taken place, at hospitals where he had never worked.”

Reporting Allegations of Misconduct

- ❖ Confidentiality is critical
- ❖ Respondent is considered innocent until found to guilty.
- ❖ Check the facts
- ❖ In confidence, bring your concern to the attention of someone who has the training, tools, and authority to resolve the suspicions; this is generally not a labmate or a spouse or a departmental secretary, etc.
- ❖ At Purdue, allegations of research misconduct should be brought to the attention of the Research Integrity Officer (RIO) or the Provost (who will inform the RIO).

Response to allegations

Federal regulations identify detailed “due process procedures” to address allegations of research misconduct. A peer review, not a legal proceeding.

- ❖ Presumption of innocence
- ❖ Confidentiality
- ❖ The accused (respondent) will be informed of the allegation and given a chance to respond
- ❖ Initial assessment
- ❖ Inquiry: determination if the allegation merits further investigation
- ❖ Investigation: determination if more likely than not that research misconduct occurred

Responsible Conduct of Research – History

- ❖ Gradually, over time, Graduate Schools, departmental graduate programs, and individual faculty have begun to recognize that exposing students to the literature of a discipline and training them in the mechanics of conducting research is NOT sufficient preparation for a productive and successful career in research and scholarship.
- ❖ Trainees (students and postdoctoral researcher/scholars) also need to develop a sense of community with other researcher/scholars, a sense of personal responsibility to others (because the decisions made by individuals impact others), and an understanding of the standards and expectations of practicing researcher/scholars.
- ❖ This extra preparation is the focus of education in the Responsible Conduct of Research (RCR).
- ❖ As a result of this growing appreciation for the additional dimension of education in responsible conduct, individual graduate programs and Graduate Schools began to require formal education in RCR.
- ❖ This gradual evolution has been hastened by the addition of requirements from federal sponsors of research and graduate education.

Responsible Conduct of Research - History

❖ NIH:

- ❖ 1989-1991 – NIH requires plan for formal training in the ethical and responsible conduct of research (RCR) as component of all training grant applications.
- ❖ 2000 – HHS-Office of Research Integrity attempts to extend requirement for RCR education to all NIH-funded projects. Didn't follow procedures for new regulation and were forced to withdraw the requirement.
- ❖ 2009 – NIH issues NOT-OD-10-019 updating and extending RCR requirement so that it applies to all NIH funded training awards.
- ❖ **“NIH requires that all trainees, fellows, participants, and scholars receiving support through any NIH training, career development award (individual or institutional), research education grant, and dissertation research grant must receive instruction in responsible conduct of research.”**

Responsible Conduct of Research – History cont'd

❖ NSF:

- ❖ 2008 – America COMPETES Act adds new requirement that all trainees (undergraduate, graduate student, postdoctoral) supported from NSF funds must receive training in the ethical and responsible conduct of research. Implemented as a requirement for a grantee Institutional Training Plan which will be enforced for all NSF funded trainees.

❖ USDA:

- ❖ 2013 – USDA National Institute of Food and Agriculture (NIFA)
 - ❖ **“The responsible and ethical conduct of research (RCR) is critical for excellence, as well as public trust, in science and engineering. Consequently, education in RCR is considered essential in the preparation of future scientists. By accepting a NIFA award the grantee assures that program directors, faculty, undergraduate students, graduate students, postdoctoral researchers, and any staff participating in the research project receive appropriate training and oversight in the responsible and ethical conduct of research and that documentation of such training will be maintained. Grantees are advised that the documentation of the training are subject to NIFA review upon request.”**

RCR – Purdue Implementation

❖ NIH Training Grants

- ❖ Training grant PI proposes an RCR Training Plan in their application. If funded, a report on implementation of the RCR Training Plan is required in each annual and final report.
- ❖ Some NIH Training grant PIs have included requirements to complete one of the CITI program's online RCR courses and/or completion of GRAD 61200 and/or participation in departmental seminars/discussion as elements of their RCR Training Plan.
- ❖ NIH monitors through reports submitted by PI.

RCR-Purdue Implementation

❖ NSF Grants

- ❖ Purdue established a Training Plan for NSF trainees
 - ❖ Undergraduates complete a special CITI online RCR course
 - ❖ Graduate Students and Postdoctoral scholars complete one of the regular CITI online RCR courses and must also complete some form of supplementary, face-to-face discussion-based RCR training specified by the graduate program or postdoctoral mentor.
- ❖ Cookie Bryant-Gawthrop's research compliance group monitors completion of the CITI online courses.

❖ USDA-NIFA

- ❖ Requirement indicates explicitly that completion of one of the CITI online RCR courses will satisfy requirement.
- ❖ Cookie Bryant-Gawthrop's research compliance group monitors completion of the CITI online courses.

RCR Training: Options available at Purdue

- ❖ GRAD 61200: Responsible Conduct of Research
 - ❖ 1 credit graduate course, taught in 8-week format (2hrs/week), class size capped at 30
 - ❖ Four sections offered every Spring and Fall semester; will be offered in Summer 2014 for first time.
 - ❖ Attendance mandatory (course grade), completion of a CITI online RCR course required
 - ❖ Attempt to review/introduce core concepts through combination of online RCR course, readings in required text, and class lectures.
 - ❖ Application of core concepts practiced through discussion of case studies
- ❖ Other departmental courses
- ❖ Graduate School sponsors series of RCR Workshops each semester (Assoc. Dean Linda Mason coordinates)

Questions?

Break

Hot Topics in Research Administration Program

**The New OMB
Uniform Grant
Guidance**

**Challenges and
Opportunities**



Mike Ludwig, Director of Sponsored Program

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THE NEW OMB UNIFORM GRANT GUIDANCE

“ To deliver on the promise of a 21st Century government that is more efficient, effective, and transparent, the Office of Management and Budget (OMB) is streamlining the Federal government’s guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”

This is the opening statement of the Uniform Guidance and summarizes nicely the challenge all of us involved in Federal grant administration (awarding agencies, recipients, and auditing organizations) have in front of us with the opportunity to implement the most comprehensive effort ever to improve processes to apply for, obtain, and manage Federal awards.

THE BIG PICTURE

- Ongoing engagement / advocacy with OMB/COFAR and other Federal officials
- Late June: Agency Plans and refocus, as needed
- December 26, 2014: Implement

SOME QUICK BASICS

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements ... OR

Uniform Guidance ... OR

UniGuide ... OR ...

UG ... OR

OmniGuidance ... OR

2 CFR, Chapter 1, Chapter 2, Part 200, et al. ... OR

2 CFR, Part 200 ...

SOME QUICK BASICS

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-award Requirements & Contents of Federal Awards
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendices – I Funding Opportunities
II Contract Provisions
III Indirect Costs (F&A)

THE TENSION

METRICS

METRICS

METRICS

METRICS

METRICS



VS.



METRICS

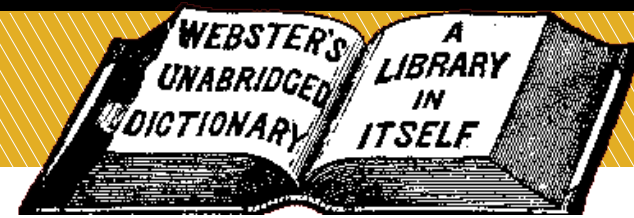
METRICS

METRICS

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METRICS

DEFINITIONS



200.67 *Micro-purchase* – Current threshold set at \$3000.

200.68 *Modified Total Direct Cost (MTDC)* – excludes participant support costs, rental costs (not rental of facilities) and Other items may only be excluded when necessary to avoid a serious inequity in the distribution of IDC and with approval of the cognizant agency for indirect costs.

200.80 *Program Income* – includes license fees and royalties on patents and copyrights.

SUBPART B: 200.110

200.110 *Effective/applicability date*

- Uniform implementation date of 12/26/14 for all Subparts, except Subpart F, which will be effective the first FY beginning after 12/26/14
- Generally speaking, the UG will be applicable for new awards and for incremental funding awarded on or after 12/26/14
- Open question remains on how dates apply to negotiating new F&A rates and continuing awards

SUBPART B: 200.112

200.112 *Conflict of interest*

- Requires Federal awarding agencies to establish a conflict of interest policy for Federal awards
- Requires a disclosure to the awarding agency of potential conflicts of interest in accord with that agency's policy
- Institutions should monitor Agencies Implementation

SUBPART C: 200.203

200.203 *Notices of funding opportunities*

- Must be available for 60 days for most program announcements
- But, no less than 30 days under a special determination by the awarding agency

SUBPART C: 200.210

200.210 *Information contained in a Federal award*

- Requires the awarding agency to incorporate general terms and conditions either in the award or by reference
- Working with Agencies to develop new Research Terms & Conditions

SUBPART D: 200.301

200.301 *Performance measurement*

- The Federal awarding agency must require the recipient to use OMB-approved government-wide standard information collections when providing financial and performance information
- As appropriate and in accordance with the information collections, the funding agency must require recipient to relate financial data to performance requirements of the federal award and must provide cost information to demonstrate cost effective practices (e.g. unit cost data)
- **Concern: Raises concern over how the “must” language will be interpreted and implemented by the Agencies**

SUBPART D: 200.303

200.303 *Internal controls*

- Requires recipients to have internal controls in compliance with guidance in “Standards for Internal Control in the Federal Government” and “Internal Control Integrated Framework” issued by COSO
- COFAR clarified in the recent FAQ release that there is no expectation or requirement that internal controls be documented or evaluated prescriptively to these guidelines
- Provided as source documents for best practices

SUBPART D: 200.306

200.306 *Cost sharing or matching*

- Clarifies that voluntary committed cost sharing cannot be used as a factor in the merit review of applications unless specified in the notice of funding opportunity
- If voluntary committed cost sharing is encouraged, the funding announcement must clearly state the criteria for how voluntary committed cost sharing is considered in the merit review process
- Clarifies voluntary committed cost sharing that was not committed in the project budget does not need to be included in the organized research base for calculation of the F&A cost rate

SUBPART D: 200.307

200.307 Program income

- The definition of Program income (200.80) includes “license fees and royalties on patents and copyrights”. This definition is consistent with the definition provided in A-110
- A-110 included an exclusion that recipients were under no obligation to the Federal Government in regards to program income for licensing/royalty revenue unless the terms and conditions of the award stated otherwise
- The Uniform Guidance has no such exclusion and therefore requires revenue generated from license fees and royalties during the period of performance of the award to be treated as program income

SUBPART D: 200.308

200.308 *Revisions of budget and program plans*

- Includes a prior approval requirement for the “disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the project director”
- This better reflects that project directors can be away from campus and remain engaged in the project at the proposed levels

SUBPART D: 200.313

200.313 *Equipment*

- Property records must contain “percentage of Federal participation in the project costs for the Federal award under which the property was acquired
- Records must contain “use” of the equipment.
- **Concern: These changes are not clear and raise a number of questions**
- **Creates added burden to keep additional data elements and additional cost to modify systems to capture those data elements**

SUBPART D: 200.319

200.319 *Competition*

- Prohibits the use of statutorily imposed state or local geographical preferences in the procurement
- This could create conflict for public universities having to follow State laws, which may require such considerations

SUBPART D: 200.320

200.320 *Methods of procurement to be followed*

- A prescriptive list of 5 procurement methods are provided
New category of “micro-purchase” which appears to allow purchases of up to \$3,000 without competition
- Implication is that purchases over \$3,000 would have to be competitive in some way
- **Concern: This could have implications on procurement card programs and bid thresholds at many Universities**
- **Seems to be a prime prospect for metrics**

SUBPART D: 200.330

200.330 *Vendor vs. subrecipient classification*

- Nice clarification that pass-through entity gets to determine the classification
- Each agency may supply and require pass-through entities to comply with additional guidance to support their classifications

SUBPART D: 200.331

200.331 *Requirements for pass-through entities*

- Sponsors (agency and pass-through) obligated to honor subrecipient's negotiated F&A rate
- Subrecipients without a negotiated rate can get an automatic 10% MTDC F&A rate or can negotiate a rate with the pass-through entity
- Agency prior approval required before using a fixed price subawards
- New limit on size of fixed price subawards (\$150K)

SUBPART D: 200.331

200.331 *Requirements for pass-through entities*

- New mandatory list of 13 data elements that have to be included in each subaward
- Clarification that if you want reports from your subrecipient, you must include the requirement in your subaward
- Increase in number of subrecipients without audit reports (threshold raised from \$500K per year in federal expenditures to \$750K)
- Pass-through entities required to use Federal Audit Clearinghouse to verify audit reports (also 200.521)

SUBPART D: 200.331

200.331 *Requirements for pass-through entities*

- Explicit obligation to assess risk of each potential subrecipient, but options for how to do that risk assessment (“may include consideration of such factors as...)
- Explicit lists of mandatory and optional factors to be included in subrecipient monitoring
- New obligation to review financial/performance reports
- No audit review/management decision relief at this time
- The time period to issue a management decision is 6 months from acceptance of the audit report in the FAC (200.521)

Q&A ON SUBRECIPIENT MONITORING

Mandatory Obligations

- Subaward used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and condition of the subaward, and performance goals are achieved.
- Reviewing financial and programmatic reports required by the pass-through entity
- Following up and ensuring timely and appropriate action on all deficiencies pertaining to the subaward detected through audits, on-site reviews, and other means
- Issuing an audit management decision (per 220.521)

Optional Based on Risk

- Provide subrecipient training and technical assistance on program-related matters
- On-side reviews of subrecipient programmatic operations
- Arranging for agreed-upon-procedures audits (200.425)
- Verify that subrecipient is audited if such is required (200.501)
- Consider whether the results of subrecipient audits, on-site reviews, or other monitoring indicate adjustments to pass-through entity's records
- Consider taking enforcement action against non-compliant subrecipient (200.338)

Subpart E: 200.407

200.407 *Prior Written Approval*

“Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs.”

- Do not confuse with standard prior approval requirements
- Identifies those “sensitive” areas where institution may not feel 100% comfortable

Subpart E: 200.413

200.413 *Direct Costs (c) Clerical & Admin Salaries*

“ The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
4. The costs are not also recovered as indirect costs.”

- Removal of “major project” and “unlike circumstances” requirements
- Recognition of administrative workload

SUBPART E: 200.414

200.414 *Indirect (F&A) costs*

- (g) Allows a one-time extension of Federally negotiated F&A rates for up to four years
 - Subject to the review and approval of the cognizant agency for indirect costs.
 - If an extension is granted the non-Federal entity may not request a rate review until the extension period ends.
 - At the end of the extension, the non-Federal entity must negotiate a new rate.

SUBPART E: 200.415

200.415 *Required certifications*

“ By signing this report, I certify to the best of my knowledge and belief that the report 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 criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729–3730 and 3801–3812). ”

- Extremely strong language may find opposition
 - “...signed by an official who is authorized to legally bind the non-Federal entity”
- May require signature authority/delegation at institution

SUBPART E: 200.419

200.419 Cost Accounting Standards

- The maintenance of the DS-2 is still with us
- Threshold increased to \$50 million
- Prescriptive update process –
 - “ An IHE must file amendments to the DS–2 to the cognizant agency for indirect costs six months in advance of a disclosed practices being changed to comply with a new or modified standard, or when practices are changed for other reasons. An IHE may proceed with implementing the change only if it has not been notified by the Federal cognizant agency for indirect costs that either a longer period will be needed for review or there are concerns with the potential change within the six months period.”

Subpart E: 200.430

200.430 Compensation – personal services

Preamble is very informative

- Demonstrates that COFAR adjusted regulations based on IHE input and tried to balance with regulator's perspective
- **More flexibility** but a requirement to “comply with a **stringent framework of internal control objectives and requirements**”
- Acknowledges that many entities may continue to rely on existing procedures and systems

Subpart E: 200.430

200.430 Compensation – personal services

More Flexibility...

- No requirement for “activity/effort reports”, removed reference to “certification/certify”
- Eliminated
 - J.10.c(1)f: requirement for “independent internal evaluation”
 - Examples of acceptable Methods for Payroll Distribution

Subpart E: 200.430

200.430 Compensation – personal services

More Flexibility...(continued)

- Added concept of IBS
 - (ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred

Subpart E: 200.430

200.430 *Compensation – personal services*

More Flexibility...(continued)

- Allowable activities:
 - Added language to allow for “developing and maintaining protocols”.... “managing and securing project-specific data, coordinating research subjects...”
- Also added
 - (2) For records which meet the standards ...not be required to provide additional support or documentation for the work performed...

Subpart E: 200.430

200.430 Compensation – personal services

...But stringent framework of internal controls...

- “Control” or “Internal Control” is mentioned 16 times in the preamble
- “This final guidance requires non-Federal entities to comply with a stringent framework of internal control objectives and requirements.”
 - Reasonable Assurance that charges are accurate, allowable, & properly allocated

Subpart E: 200.430

200.430 Compensation – personal services

...But stringent framework of internal controls...(continued)

- Emphasis on written policies and “consistent definition of work covered by IBS”
- Continued focus on “processes to review after-the-fact” / Must reflect the work performed

SECTION (I) - STANDARDS FOR DOCUMENTATION

Section (i) is “Standards for Documentation of Personnel Expenses”

- Charges must reflect actual work performed and records must be
 - Supported by internal controls & Incorporated into official records
 - Reasonably reflects total activity & Encompass federal and other activities on an integrated basis (can use subsidiary records)
 - Support the employees wages among cost objectives
 - Budget estimates are allowable if
 - System produces reasonable approximation
 - Significant changes are incorporated in timely manner (1 – 2 months)
 - Entities internal controls support after-the-fact review

For non-Federal entity that do not meet these standards, the Federal government may require personnel activity reports

Subpart E: 200.430

200.430 Compensation – personal services

Where to from here?

- Changes look promising but details are not clear on auditor interpretation, specifically as it relates to Internal Controls.
- Changes should be considered in light of Internal Control standards (COSO). How are your written policies?
- FDP Project Certification may inform/drive the discussion.
- Wait for OIG audit and hope you are not first.....

Subpart E: 200.431

200.431 a(3)(i) *Fringe Benefits*

“ When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable as indirect costs in the year of payment.”

- Would require a significant change in accounting for unused leave
- Handle as accrual via fringe benefit

SUBPART E: 200.436

200.436 *Depreciation*

- Depreciation on cost sharing and matching
 - (c) “The computation of depreciation must be based on the acquisition cost of the assets involved... 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”
 - This new rule makes depreciation on matching/cost sharing contributions to construction and major instrumentation unallowable. (See 2/12/14 FAQ)
- ***Does this apply only to contributions made after 12/26/14?***

SUBPART E: 200.436

200.436 *Depreciation* – (continued)

- (c) “... the acquisition cost will exclude:”
 - ...(4) “Any asset acquired solely for the performance of a non-Federal award.”
 - Previously, depreciation on equipment charged directly to non-Federal awards was excluded up until expiration of the non-Federal awards.

Subpart E: 200.449

200.449 *Interest*

- No longer a specific requirement for a lease/purchase analysis but,
 - (c)(4) “The non-Federal entity limits ... interest costs to the least expensive alternative. For example, a capital lease may be determined less costly than purchasing through debt financing, in which case reimbursement must be limited to the amount of interest determined if leasing had been used.”

Subpart E: 200.451

200.451 *Losses on Other awards or contracts*

“ ... Also, any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable. All losses are not allowable indirect (F&A) costs and are required to be included in the appropriate indirect cost rate base for allocation of indirect costs.”

- New wording since A-21
- Seems to conflict with 200.306 Cost Sharing section

Subpart E: 200.453

200.453 *Materials, supplies, & cost of computing devices*

- Connected with 200.94 which is definition of supplies –
 - “ *Supplies* means all tangible personal property other than those described in § 200.33 Equipment. 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.”
- Acknowledgement of computing devices as a supply cost

Subpart E: 200.474

200.474 (c) (1) *Travel Costs*

“ 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 ”

- May require change to Travel Policy
- Consistency with all funds

APPENDIX III B.4.

Appendix III B. 4. *Operation and Maintenance Expenses*

- No longer an automatic 1.3% Utility Cost Adjustment (UCA) for 65 universities. Instead,
- A utility cost adjustment of up to 1.3% may be included, per two computation alternatives...
 - “Where space is devoted to a single function and metering allows unambiguous measurement of usage related to that space, costs must be assigned to the function located in that space.”
 - Relative energy utilization index (REUI) applied to research laboratory space.

APPENDIX III C.8.

Appendix III C. 8. *Limitation on Reimbursement of Administrative Costs - (for Universities)*

- b. “Institutions should not change their accounting or cost allocation methods if the effect is to change the charging of a particular type of cost from F&A to direct, or to reclassify costs, or increase allocations from the administrative pools identified in paragraph B.1 of this Appendix to the other F&A cost pools or fringe benefits.”
- And, consistency requirements are still around
 - 200.403(d) “A cost may not be assigned to a Federal award as a direct cost if any other costs incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost”
 - This requirement is repeated in other sections

SUMMARY

1. **Stay informed** of the Updates on the implementation of the Uniform Guidance!
2. **Take advantage** of the resources made available!
3. There is **a lot of work going on** to assess and recommend best practice alternatives for universities and other research organizations.
4. If we **do our part**, we just might be able to stake a claim in the accomplishments of a 21st Century government that is more efficient, effective, and transparent!