Allowable Costs Under the Uniform Guidance

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2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

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Referred to as the Uniform Guidance, UG, super-circular

Applies to Federal Assistance mechanisms (grants & cooperative agreements)

Focuses on internal controls and outcomes, rather than prescribing specific processes.

Harmonizes the practices of the grant-giving Federal Agencies

Delineates requirements (must) and recommendations (should)
2 CFR 200
(Uniform Guidance)

Supercedes multiple OMB circulars
2CFR200

Applies to all assistance awards – Grants & Cooperative Agreements

Applies to all proposals, new awards, and incremental awards after effective date of 2CFR200

Applies to contracts for cost principals only
Navigating 2 CFR 200

Subpart A: Acronyms and Definitions
Subpart B: General Provisions
Subpart C: Pre-award Requirements
Subpart D: Post-award Requirements
Subpart E: Cost Principles
Subpart F: Audit Requirements
Appendices

Hitchhiker's Guide to the Uniform Guidance (Jennifer Shambrook, University of Central Florida)
Is this cost allowable?

- Necessary and Reasonable for the performance of the award
- Allocable to the performance of the award
- Consistent with policies and procedures that apply uniformly to federal and nonfederally funded activities
- Assigned according to relative benefits.
### Is this a Direct or Indirect Cost?

<table>
<thead>
<tr>
<th>Direct Costs (200.413)</th>
<th>F&amp;A/Indirect (200.414)</th>
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</thead>
<tbody>
<tr>
<td>• Identifiable and readily assignable to a specific project or activity</td>
<td>• Cannot easily be identified or allocated to an individual project</td>
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<tr>
<td>• Included in award budget or sponsor approval for re-budgeting</td>
<td>• Benefits multiple activities in proportions not readily determined</td>
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Administrative Costs

Salaries of administrative or clerical staff
- Normally indirect cost (rather than as a direct charge), since administrative costs are incorporated into indirect cost rate
- Exception ONLY allowed for if certain conditions are met

Office supplies, postage, local telephone costs, and memberships
- Normally indirect cost (rather than as a direct charge)
- Exceptions ONLY for atypical purpose or circumstances (CAS 502)

Other questionable costs
- Proposal preparation costs
- Follow your Institution’s policy regarding what is treated as direct versus indirect costs.
Salaries for Administrative and Clerical Staff (200.413(c))

- Normally treated as indirect
- Costs are not also recovered as indirect costs
- May be treated as direct if all of the following criteria are met:
- Explicitly written into the budget and approved by the awarding agency or have prior approval
- Integral to the project or activity
- Individuals can be specifically identified to the project or activity
2 CFR 200.330-332 Subawards

§200.331 Requirements for pass-through entities

• Requires flow through of required data elements
• Requires acceptance of subrecipient’s negotiated F&A rate – if no negotiated rate, then use 10% de minimis rate or negotiate a rate not less than de minimis rate

§200.332 Fixed amount subawards

• Requires agency prior approval
• Limited to $150K or less
• Prior approval may be inferred if included in proposal submission
• FAQ .332-1: Acceptable to have more than one fixed amount subaward with the same subrecipient, but each must have distinct scope of work
§200.430 Compensation – personal services

- (i) Standards for documentation of personal expenses
  - Charges must reflect actual work performed and records must be supported by internal controls
- No requirement for activity/effort reports
- No examples of acceptable methods for payroll distribution
- Emphasizes written policies and processes to review after-the-fact
§200.453 – Materials and supplies costs including costs of computing devices

- (c) Permits computing devices to be charged as a direct cost if essential and allocable, but not solely dedicated, to performing a project

§200.456 – Participant support costs

- Now an exclusion when calculating the MTDC base

§200.461 – Publication and printing costs

- May be charged to award before award closeout if costs were not incurred prior to award end date
Equipment 2CFR200.439

- General purpose equipment is not allowed
- Special purpose is allowed
- Unit cost of over $5,000
- Have prior written approval of the Federal awarding agency
- Remember to plan for any cost associated with installing or maintaining the equipment
Conferences 2CFR200.432

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.

Costs may include:

- Rental of facilities
- Speakers’ fees
- Costs of meals and refreshments
- Local transportation
- Identifying (but not providing) locally provided dependent care
Travel 2CFR200.474

- Reasonable and consistently applied
- Least expensive air-fare
- Lodging and subsistence
- Dependent care costs
- Allocable and necessary to the Federal award
- Fly America Act
Seek prior approval (200.308)

- Report deviations from budget or project scope
- Changes in key personnel
- Disengagement from the project more than 3 months
- 25% reduction in the time devoted to the project
- Transfer of funds designated for participant support costs
- Subawarding
- Changes in cost-sharing
- Need for additional Federal funds
Unallowable Costs

Unallowable Activities

• Fundraising
• Alumni Activities
• Lobbying
• Public Relations

Unallowable Transactions

• Alcoholic Beverages
• Advertising
• Fines & Penalties
• Entertainment
Cost sharing or matching means the portion of project costs not paid by Federal funds.

Must meet the same criteria for allocability and allowability as other costs.
Prior written approval required

2CFR200.407

(non-exhaustive)

- Pre-award costs
- Fixed price subawards
- Participant support costs
- Entertainment costs
- Equipment
Audits of States, Local Governments, and Non-Profit Organizations

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<thead>
<tr>
<th>Single Audit Act</th>
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<tr>
<td>Establishes audit requirements for entities receiving $750K or more in federal funds per year</td>
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<td>Does not apply to for-profit or foreign entities</td>
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<td>Audits typically conducted on an annual basis</td>
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<td>Risk-based approach</td>
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Questions?