

**NORTHERN ARIZONA UNIVERSITY**

**UNIFORM GUIDANCE (2 CFR 200)**

**COMPREHENSIVE REFERENCE GUIDE (04/10/2015)**

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<p>Administrative Costs</p> <p>Closeout</p> <p>Compensation</p> <p>Computer Devices</p> <p>Conferences</p> <p>Conflict of Interest</p> <p>Cost Sharing</p> <p>Effective Date</p> <p>Entertainment</p> <p>Exchange Rates</p> <p>Internal Controls</p> <p>Memberships</p> <p>Participant Support</p> <p>PI Disengagement</p> <p>Pre-Award Costs</p> <p>Prior Approvals</p> <p>Procurement</p> <p>Proposal Costs</p> <p>Publication</p> <p>Subawards</p> <p>Taxes (VAT)</p> <p>Travel</p> <p>Visas</p> <hr/> <p>NAU General Announcement: Uniform Guidance</p> <p>Quick Reference Guide</p> <p>Principal Investigator Reference Guide</p> <p>Frequently Asked Questions</p> <p>NAU UG Updates: OGCS, PAASFC, Comptroller</p>	<p>The Uniform Guidance is effective for new Federal awards and selected funding increments (incorporating the Uniform Guidance) with award dates of December 26, 2014 or later.</p> <p>Federal awards received before December 26, 2014 and their funding increments must continue to follow the requirements in OMB A-21, A-110, and A-133, unless formally modified to cite the Uniform Guidance.</p> <p>Please consult the Uniform Guidance (2 CFR 200) for the full text; the Quick Reference Guide for an overview of the Uniform Guidance; the Principal Investigator Reference Guide for the most important things a faculty investigator should know about the Uniform Guidance; or the Frequently Asked Questions.</p> <p><u>Note</u></p> <p>In some cases, the definitions or text within this Guide have been abbreviated or paraphrased for clarity.</p>	<p>Office of Management and Budget (OMB)</p> <p>Council on Financial Assistance Reform (COFAR)</p> <p>Council on Government Relations (COGR)</p> <p>2 CFR 200: Uniform Guidance (12/2013)</p> <p>2 CFR 200: Joint Interim Final Rule Implementing the Uniform Guidance (12/2014)</p> <p>COFAR Frequently Asked Questions (11/2014)</p> <p>NIH Frequently Asked Questions</p> <p>NSF Frequently Asked Questions</p> <p>NCURA FRA: <i>Overview of the OMB Circulars (including the Uniform Guidance) for Financial Administrators</i></p>

<p><b>Administrative &amp; Clerical Salaries; Office Supplies</b></p> <p><b>Subpart A: Acronyms and Definitions</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions</b></p> <p><b>200.413 Direct costs.</b> Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.</p> <p><b>200.56 Indirect (F &amp; A) costs</b> Indirect (F&amp;A) costs are those costs incurred for a common or joint purpose benefitting more than one cost objective.</p> <p><u>Note</u> Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.</p> <p><b>Text</b></p> <p><b>200.412 Classification of costs.</b> There is no universal rule for classifying certain costs as either direct or indirect (F&amp;A) under every accounting system. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&amp;A) cost in order to avoid possible double-charging of Federal awards.</p> <p><b>200.413 Direct costs.</b> The salaries of administrative and clerical staff should normally be treated as indirect (F&amp;A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:</p> <p>(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> <p><b>Explanation</b> There are three significant changes from the discussion of administrative and clerical salaries in OMB Circular A-21. First, the Uniform Guidance eliminates the <i>major project</i> standard as a prerequisite for the direct charging of administrative and clerical salaries; second, a new criterion has been added, which requires administrative or clerical services to be <b>integral</b> to the project or activity; and, third, the costs require prior approval, either as part of the approved budget or a written approval if the expense is proposed after award.</p> <p><b>NAU defines “integral” as (1) essential, vital, or fundamental to meeting project or activity goals and objectives; and (2) a minimum of 10% FTE (e.g. one morning or afternoon each week) budgeted for each year of employment on the sponsored project -- unless there are documentable special circumstances.</b></p>
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**Note**

Typically, office supplies (“general purpose” supplies) are treated as indirect costs, however, such costs may be directly charged if they support the project’s scope of work and are allowable, allocable, reasonable, and consistently treated in like circumstances.

Contact OGCS prior to including them in a proposal budget or PAASFC before incurring these expenses after award.

**Application**

**Agency prior approval is required to directly charge administrative costs.**

These costs must be explicitly included in the proposal and awarded budget or receive agency prior written approval, if requested after award.

If administrative and clerical salaries are necessary for the successful completion of the scope of work and meet the criteria for direct costing, then they should be included in the proposal budget with a justification that addresses the four criteria for direct costing. In particular, Federal proposals must explain how the administrative support is “integral” to the success of the project.

**Note**

Programmatic Salary 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.” Thus, these programmatic costs may be direct charged using the same underlying requirements as other types of direct costs, and are **not** subject to the extra approval requirements required of administrative and clerical costs. They are still subject to all regular costing requirements (e.g., allocable, reasonable, and allowable by terms of the award, and incurred within award period).

**Comments on Agency Implementation Plans/Policies (to be added)**

**Related NAU Policies/Procedures:**

OGCS Checklist for Direct Charging Administrative Salaries to Sponsored Projects (including guidance)

PAASFC Management: Indirect Costs

PAASFC Statement: Direct Charges of General Purpose Costs to Federal Grants

**Non-Federally Sponsored Projects**

Direct charging of administrative or clerical salaries to a non-Federally sponsored project is appropriate if the services directly benefit the sponsored project, however, some non-Federal sponsors may have specific requirements for direct charging of administrative costs. Check the terms and conditions of the award to determine if your non-Federal projects have adopted the Uniform Guidance or the “integral” requirement.

<p><b>Closeout</b></p> <p><b>Subpart D: Post Federal Award Requirements</b></p>	<p><b>Definitions</b></p> <p><b>200.16 Closeout</b> Closeout is the process of ensuring that all applicable administrative actions and all required work of the Federal award have been completed.</p> <p><b>Text</b></p> <p><b>200.343 Closeout</b> The Federal agency will close-out the Federal award when it determines that all applicable administrative actions and all required work have been completed.</p> <ul style="list-style-type: none"> <li>(a) The University must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award.</li> <li>(b) The University must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance.</li> <li>(c) The Federal awarding agency should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports.</li> </ul> <p><b>Explanation</b> The Uniform Guidance requires final billing to the sponsor within the 90 day closeout period. While closeout has always been required within 90 days after the end date of the project, final billings have been honored beyond 90 days.</p> <p><u>Note</u> NIH and NSF have extended the closeout period to 120 days. It is unlikely, however, that further extensions will be granted. In fact, the two agencies have begun to deny access to the NIH Payment Management System (PMS) and the NSF Award Cash Management System (ACMS) at the end of 120 days, which effectively ends late billings.</p> <p><b>Application</b> <b>Agency prior approval is required to extend the closeout period.</b></p> <p>If there are programmatic reasons for extending the award and funds are available to continue the project or if there are extenuating circumstances prohibiting award closeout within the 90 or 120 day period, contact OGCS to request a no cost extension from the sponsoring agency.</p> <p>Purchases of equipment and computing supplies made within the last 3 to 6 months of an award should receive additional scrutiny.</p> <p><u>Note</u> Subrecipients should be required to submit all final billings, reports, and any other paperwork prior to the end of the University's period of performance, but no later than 50 days following the end of the prime award.</p>
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	<p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  PAASFC Management: Project Completion  CMP 405-02: Capital Purchases Near Fiscal Year End</p>
<p><b>Compensation – Personal Services: General</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions</b></p> <p><b>200.430 Compensation—personal services.</b></p> <p><b>Reasonableness.</b> Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the University.</p> <p><b>Institutional Base Salary (IBS).</b> IBS is defined as the annual compensation paid by the University for an individual’s appointment, whether that individual’s time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for NAU.</p> <p><b>Text</b></p> <p><b>200.430 Compensation—personal services.</b>  Compensation for personal services includes all remuneration for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries.</p> <p>The costs of compensation are allowable if:</p> <ol style="list-style-type: none"> <li>(1) they are reasonable for the services rendered and conform to the University’s established written policies consistently applied to both Federal and non-Federal activities;</li> <li>(2) they follow an appointment made in accordance with the University’s rules or written policies and meet the requirements of Federal statute, where applicable; and</li> <li>(3) they are determined and supported as provided in the Standards for Documentation of Personnel Expenses, when applicable. (See below.)</li> </ol> <p><b>Institutions of higher education (IHEs).</b> Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.</p> <p><b>Salary basis.</b> Charges for work performed on Federal awards by faculty members during the academic year are allowable at the Institutional Base Salary (IBS) rate. In no event will charges to Federal awards exceed the proportionate share of the IBS for that period. This</p>

principle applies to all members of faculty at an institution. **Unless there is prior approval by the awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.**

**Standards for Documentation of Personnel Expenses.** Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- (iv) Encompass both Federally assisted and all other activities compensated by the University on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the University; and
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (vii) Budget estimates alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The University's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- (viii) Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities.
- (ix) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

**Explanation**

The updated clause requires the University to comply with a stringent framework of internal control objectives and requirements. More emphasis is placed on written policies and procedures.

	<p>In addition, the Uniform Guidance eliminates the examples of acceptable methods for payroll distribution and creates some ambiguity around long-standing requirements for effort reporting and verification.</p> <p><b>Application</b>  <b>Agency prior approval is required to charge faculty salaries exceeding the proportional share of the IBS covering the time worked on Federal awards.</b></p> <p>In all cases, internal controls must demonstrate that all salary charges are accurate, allowable, and properly allocated.</p> <p>PAASFC is working on a new approach to documenting and verifying compensation on sponsored projects. Until further notice, follow the current procedures for reporting effort.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  PAASFC Policies: Effort Distribution  Conditions of Faculty Service (COFS)  HR 1.09: Conditions of Employment  HR 2.03: Overtime/Fair Labor Standards Act  HR 2.04: Supplemental Compensation</p>
<p><b>Compensation – Personal Services: Incidental Activities</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.430 Compensation—personal services.</b></p> <p><b>Incidental activities.</b> Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in Section (i), Standards for Documentation of Personnel Compensation, to directly charge payments of incidental activities, <b>such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.</b></p> <p><b>Intra-Institution of Higher Education (IHE) consulting.</b> Intra-IHE consulting by faculty is assumed to be undertaken as a University obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for <b>such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.</b></p> <p><b>Extra Service Pay.</b> Extra Service Pay normally represents overload compensation, subject</p>

to institutional compensation policies for services above and beyond IBS. It is allowable if all of the following conditions are met:

- (i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.
- (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. This may be described in appointment letters or other documentations.
- (iii) The supplemental amount paid is commensurate with the IBS rate of pay and the amount of additional work performed.
- (iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the non-Federal entity.
- (v) The total salaries charged to Federal awards including extra service pay are subject to the Standards for Documentation of Personnel Expenses.

**Explanation**

Incidental Activities are short term, often one time assignments.

Intra-institutional consulting by faculty is assumed to be undertaken as a University obligation requiring no compensation in addition to IBS.

Extra Service Pay normally represents overload compensation, subject to University compensation policies for services above and beyond IBS. It is allowable only under extraordinary circumstances.

**Application**

**Agency prior approval is required for incidental activities, intra-institutional consulting, and extra service pay.**

Incidental activities, intra-institutional consulting, and extra service pay must be included in the approved awarded budget or receive prior written approval by the awarding agency.

In addition, agency prior written approval is required for any work increasing compensation above the IBS, e.g. intra-institutional consulting, extra service pay.

If the above activities are to be paid with Federal funds, contact OGCS for review before including them in the proposal budget or PAASFC before incurring these expenses after award.

If the above activities are to be paid with University funds, contact OGCS or PAASFC for guidance about the potential impact on sponsored projects and whether agency approval is required.

**Comments on Agency Implementation Policies/Procedures (to be added)**

**Related NAU Policies/Procedures:**



	<p>PAASFC Management: Overtime Pay for Non-Exempt Classified Staff on Sponsored Projects; Supplemental Pay  Conditions of Faculty Service (COFS)  HR 1.09: Conditions of Employment  HR 2.03: Overtime/Fair Labor Standards Act  HR 2.04: Supplemental Compensation</p>
<p><b>Computing Devices</b></p> <p><b>Subpart A: Acronyms and Definitions</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions</b></p> <p><b>200.20 Computing Devices</b>  Computing devices are machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories for printing, transmitting and receiving, or storing electronic information.</p> <p><b>200.94 Supplies</b>  Supplies means all tangible personal property other than equipment with a useful life of more than one year and a per-unit acquisition cost equal to or greater than \$5,000. A computing device is a supply if the acquisition cost is less than the equipment capitalization level of \$5,000.</p> <p><b>Text</b></p> <p><b>200.453 Materials and supplies costs, including costs of computing devices.</b>  Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.</p> <p><b>Explanation</b>  The Uniform Guidance redefines computers from “non-capital equipment” to supplies, which effectively recognizes the general decrease in the cost of such devices and their everyday value to research projects, both large and small. Nonetheless, such purchases should be justified in the proposal as essential and allocable to the projects paying for the computers. In addition, the direct benefits to the project or activity should be documented during their use.</p> <p>Federal sponsors may impose additional requirements for the purchase and use of these machines, but the positions of individual agencies will not be known until their implementation plans are thoroughly vetted and audited during 2015.</p> <p>The purchase of tablets or “smart phones” is discouraged because of the extra challenges controlling their use.</p> <p><b>Application</b>  <b>Agency prior approval is not required, but the devices must be itemized in the proposal budget and justified as essential and allocable to the project.</b>  In addition, the direct benefits to the project should be documented during the period of</p>

performance.

If desktop or laptop computers are needed to support the project scope of work, then they should be including in the proposal budget and appropriately justified.

PI's are responsible for determining if the devices are essential and allocable to the project.

Notes

Costs may include accessories ("peripherals") for printing, transmitting, receiving, or storing electronic data.

Devices may not be purchased for convenience or preference.

Inventory tags may be affixed to computing devices at the discretion of the department; inventory tagging facilitates accountability, availability for reuse, and appropriate disposal.

There is no change in policy regarding treatment of items over \$5,000. If the acquisition cost of a computer is greater than \$5,000 (and has useful life of more than 1 year), it should be categorized as computing equipment. See the Property Management Manual for more information regarding capital equipment.

**Comments on Agency Implementation Policies/Procedures (to be added)**

**Related NAU Policies/Procedures:**

OGCS Sponsored Project Action Request (SPAR)

PAASFC Statement: Direct Charges of General Purpose Costs to Federal Grants

CMP 430-13 – Materials and Supplies

CMP 430-14 – Non-Capital Equipment

**Non-Federally Sponsored Projects**

Direct charging of computing devices to a non-Federally sponsored project is appropriate, if the computing device directly benefits the sponsored project. Check if the non-Federal sponsor has specific requirements for direct charging of computing devices and address such requirements in the proposal.

<p><b>Conferences</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions</b></p> <p><b>200.432 Conferences</b>  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.</p> <p><b>Text</b></p> <p><b>200.432 Conferences</b>  Allowable conference costs paid by the University 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.</p> <p><b>Explanation</b>  The University must exercise discretion and judgment to ensure that conference costs are appropriate, necessary, and managed in a way that minimizes costs to the Federal award.</p> <p>The cost of <b>identifying, but not providing</b>, locally available dependent-care resources is allowable as a direct cost on a Federal award supporting an extramural conference (attendees must include people from outside NAU).</p> <p><b>Application</b>  <b>Agency prior approval is not required, but some award terms may restrict specific costs.</b></p> <p>Contact OGCS regarding costs to be included in the proposal budget. Contact PAASFC regarding unexpected costs to be incurred during the period of performance.</p> <p>Any costs associated with intra-campus meetings (i.e. a meeting with only NAU attendees) are unallowable as a direct cost on a Federal award.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  CMP 420-02: Food and Refreshments  CMP 420-04: Business Meals</p>
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<p><b>Conflict of Interest</b></p> <p><b>Subpart B: General Provisions</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.112 Conflict of interest.</b> The Federal awarding agencies must establish conflict of interest policies for Federal awards. The University must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity, if a subrecipient, in accordance with applicable Federal awarding agency policy.</p> <p><b>Explanation</b></p> <p>It is the responsibility of each agency to establish COI policies for their awards. Therefore NAU’s responsibilities may depend upon each agency’s standing policies and procedures and its interpretation and implementation of the Uniform Guidance.</p> <p>A <b>technical correction</b> clarifies that this clause refers to procurement conflicts of interest and not to financial conflicts of interest as defined by NIH and NSF (sometimes referred to as “objectivity in research”). Nonetheless, the University must ensure that all purchases by staff and faculty are carried out ethically and in accordance with State and University policies and procedures.</p> <p><b>Application</b></p> <p><b>Prior approval requirements for certain purchases, e.g. capital equipment, are documented elsewhere in the Uniform guidance.</b></p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  PUR 101: Code of Ethics  PUR 102: Conflict of Interest  VPR Policy: Conflict of Interest in Sponsored Projects  HR 1.05: Employment of Relatives</p>
<p><b>Cost Sharing or Matching</b></p> <p><b>Subpart D: Post Federal Award Requirements</b></p>	<p><b>Definitions</b></p> <p><b>200.29 Cost Sharing</b>  Cost sharing or matching means the portion of project costs not paid by Federal funds.</p> <p><b>200.99 Voluntary Committed Cost Sharing</b>  Voluntary committed cost sharing means cost sharing specifically pledged by the University in the proposal or award budget. As such, It becomes a binding requirement of the Federal award.</p>

**Text**

**200.306 Cost sharing and matching**

Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with awarding agency regulations and specified in a notice of funding opportunity. Criteria that may be used to determine who may receive an award must be explicitly described in the notice of funding opportunity.

Shared costs, matching funds, and contributions must be accepted as part of the University's cost sharing contribution, if they are:

- (1) Verifiable from the non- Federal entity's records;
  - (2) Not included as contributions for any other Federal award;
  - (3) Necessary and reasonable for accomplishment of project or program objectives;
  - (4) Allowable under Subpart E— Cost Principles;
  - (5) Not paid by the Federal government under another Federal award;
  - (6) Provided for in the approved budget when required by the Federal awarding agency;
- and
- (7) Conform to other provisions of the Uniform Guidance, as applicable.

**Explanation**

Voluntary committed cost sharing is not expected on Federal research awards. Therefore, cost sharing should not be proposed unless it is deemed critical for the potential success of the project. In all cases, general support of the PI and his or her laboratory should be considered before committing resources to a specific project.

**Note**

A **technical correction** added a reference to OMB M-01-06, 01/05/2001, which excludes Voluntary Uncommitted Cost Sharing from effort reporting. In addition, the announcement clarifies that tuition remission for graduate students is not contingent upon an employer-employee relationship for tax purposes. In effect, this underscores the dual status of students as both students and employees.

**Application**

**If cost sharing is permitted, then agency prior approval is required to use unrecovered indirect costs to off-set the cost-share requirement.**

Do not propose cost sharing without the approval of your Dean and the Vice President for Research.

**Note**

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.

**Comments on Agency Implementation Policies/Procedures (To be added.)**

	<p><b>Related NAU Policies/Procedures:</b> PAASFC Policy: Cost Share</p>
<p><b>Effective Date</b></p> <p><b>Subpart B: General Provisions</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.110 Effective Date</b> The standards, which affect administration of Federal awards issued by Federal agencies, become effective once implemented by Federal agencies or when any future amendment to the Uniform Guidance becomes final. Agencies must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.</p> <p><b>Explanation</b> The Uniform Guidance is effective for new Federal awards and selected funding increments (formally incorporating the Uniform Guidance) with award dates of 12/26/2014 or later.</p> <p>Projects awarded prior to 12/26/2014 that are not modified to incorporate the Uniform Guidance will be managed under the terms and conditions included with the original award (A-21, A-110, A-133, agency provisions, and award terms).</p> <p><u>Note</u> In accordance with revised NIH and NSF policy statements, these agencies will apply the Uniform Guidance to all new awards AND funding increments obligated on or after December 26, 2014.</p> <p><b>Application</b> Review each new award, modification, and increment carefully. Only the award date determines the appropriate controlling regulations, not the date of receipt or the start of the period of performance.</p> <p><b>Comments on Agency Implementation Policies/Procedures (To be added.)</b></p> <p><b>Related NAU Policies/Procedures: (none)</b></p>
<p><b>Entertainment Costs</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.438 Entertainment costs</b> Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the awarding</p>

	<p>agency.</p> <p><b>Explanation</b> Entertainment costs are almost always unallowable. Contact OGCS or PAASFC for guidance before budgeting or incurring expenses.</p> <p><b>Application</b> <b>Agency prior approval is required.</b></p> <p>Such costs must be authorized in the awarded budget or receive agency prior written approval if proposed after award.</p> <p>Itemize entertainment costs in the proposal budget and explain their programmatic purpose in the budget justification.</p> <p><b>Comments on Agency Implementation Policies/Procedures (To be added.)</b></p> <p><b>Related NAU Policies/Procedures:</b> CMP 401-03: Prohibited Transactions CMP 420-02: Food and Refreshments PUR 801-03: Purchases</p>
<p><b>Exchange Rates</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.440 Exchange Rates</b> Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding, and prior approval by the awarding agency.</p> <p>The non-Federal entity is required to make reviews of local currency gains to determine the need for additional federal funding before the expiration date of the Federal award. Adjustments for currency increases may be allowable only when the University provides the awarding agency with adequate source documentation in effect at the time the expense was made, and only to the extent that sufficient Federal funds are available.</p> <p><b>Explanation</b> This clause confirms the allowability of increased Federal funding to adjust for fluctuations in exchange rates, subject to agency approval and the availability of funds. The University is required to regularly review the exchange rate to determine the need for additional funding.</p> <p><u>Note</u> <b>A technical correction</b> clarifies that prior approval is not required every time the exchange rate fluctuates, only when the change results in the need for additional funding or the need to significantly reduce the scope of work.</p>

	<p><b>Application</b>  <b>If the value of an award in foreign currency decreases, then agency prior approval is required to add funding or to change the scope of work.</b></p> <p>Upon receipt of an award made in foreign currency, OGCS should notify the PI and PAASFC about potential issues related to exchange rate fluctuations. PAASFC should estimate and book the value in dollars based upon the exchange rate on the date the award was received. The available amount of funds in U.S dollars should be recalculated annually, at a minimum.</p> <p><b>Comments on Agency Implementation Policies/Procedures (To be added)</b></p> <p><b>Related NAU Policies/Procedures: (to be developed)</b></p>
<p><b>Internal Controls: General</b></p> <p><b>Subpart A: Acronyms and Definitions</b></p> <p><b>Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards</b></p>	<p><b>Definitions</b></p> <p><b>200.61 Internal controls.</b>  Internal controls means a process, implemented by the University, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:</p> <ul style="list-style-type: none"> <li>(a) effectiveness and efficiency of operations;</li> <li>(b) reliability of reporting for internal and external use; and</li> <li>(c) compliance with applicable laws and regulations.</li> </ul> <p><b>200.62 Internal control over compliance requirements for Federal awards.</b> Internal control over compliance requirements for Federal awards means a process implemented by the University designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:</p> <ul style="list-style-type: none"> <li>(a) Transactions are properly recorded and accounted for, in order to: (1) permit the preparation of reliable financial statements and reports; (2) maintain accountability over assets; and (3) demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;</li> <li>(b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and (2) any other Federal statutes and regulations that are identified in the Compliance Supplement; and</li> <li>(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.</li> </ul> <p><b>Text</b></p> <p><b>200.303 Internal controls.</b>  The University must:</p> <ul style="list-style-type: none"> <li>(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the University is managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control</li> </ul>



	<p>in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p> <p>(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.</p> <p>(c) Evaluate and monitor the University’s compliance with statute, regulations and the terms and conditions of Federal awards.</p> <p>(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.</p> <p><b>Explanation</b> A <b>technical correction</b> underscores that the University’s internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” and the “Internal Control Integrated Framework”.</p> <p><b>Application</b> <b>Agency prior approval is not required, but the University’s internal controls should be reviewed regularly and revised, if necessary, to ensure compliance.</b></p> <p>Ensure that the NAU research and sponsored programs community is aware of the increased responsibilities for implementing and maintaining internal controls.</p> <p><b>Comments on Agency Implementation Policies/Procedures (To be added)</b></p> <p><b>Related NAU Policies/Procedures:</b> PAASFC Management CMP 603: Internal Controls</p>
<p><b>Internal Controls: Personally Identifiable Information (PII)</b></p> <p><b>Subpart A: Acronyms and Definitions</b></p> <p><b>Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards</b></p>	<p><b>Definitions</b></p> <p><b>200.79 Personally Identifiable Information (PII).</b> PII means information that can be used to distinguish or trace an individual’s identity. Some information that is considered to be PII is available in public sources. This type of information is considered to be Public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual.</p> <p><b>200.82 Protected Personally Identifiable Information (Protected PII).</b> Protected PII means an individual’s first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother’s maiden name, criminal, medical and financial records, educational transcripts. This does not include PII that is required by law to be disclosed.</p>

	<p><b>Text</b></p> <p><b>200.62 Internal control over compliance requirements for Federal awards.</b> Take reasonable measures to safeguard protected personally identifiable information and other information the awarding agency or pass-through entity designates as sensitive or the University considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.</p> <p><b>Explanation</b> The Uniform Guidance highlights the Federal requirement to protect personally identifiable information. The new emphasis on internal controls means that NAU may have to develop policies and procedures that ensure compliance with Federal rules and regulations pertaining to PII.</p> <p><b>Application</b> <b>Agency prior approval is not required, but the University’s internal controls related to Personally Identifiable Information should be reviewed regularly and revised, if necessary, to ensure compliance.</b></p> <p>Ensure that the NAU research and sponsored programs community is aware of the increased responsibilities to develop, implement, and maintain internal controls related to Personally Identifiable Information.</p> <p>If PII is identified in the proposal and cited in the award, then OGCS should remind the PI about the appropriate procedures for managing such data.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b> PAASFC Management: Confidentiality and Subject Payment</p>
<p><b>Memberships, Subscriptions, and Professional Activity Costs.</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.454 Memberships, subscriptions, and professional activity costs.</b> (a) Costs of the non-Federal entity’s membership in business, technical, and professional organizations are allowable.</p> <p>(b) Costs of the non-Federal entity’s subscriptions to business, professional, and technical periodicals are allowable.</p> <p><b>(c) Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency.</b></p> <p>(d) Costs of membership in any country club or social or dining club or organization are unallowable.</p>

	<p>(e) Costs of membership in organizations whose primary purpose is lobbying are unallowable.</p> <p><b>Explanation</b> Do not propose or charge individual memberships (business, technical, or professional) to a Federal award unless the membership:</p> <ul style="list-style-type: none"> <li>• is required to participate at a conference as a panelist or presenter;</li> <li>• significantly reduces the cost of a conference related to the sponsored project; or</li> <li>• significantly reduces the cost of a periodical related to the sponsored project.</li> </ul> <p>As always, such expenses must be allowable, allocable, and reasonable.</p> <p>Membership fees or dues, such as airline, social, dining and country club dues cannot be charged directly to Federal or non-Federal sponsored projects.</p> <p><b>Application</b> <b>Agency prior approval is required for memberships in civic or community organizations.</b></p> <p>Prior to including membership or similar fees in the proposal budget, consult with OGCS about the appropriateness of the expense. If such fees are an unplanned cost during the award, consult with PAASFC prior to incurring the expense.</p> <p><u>Note</u> The preapproval of the funding agency may be required.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU policies/procedures:</b> PAASFC Statement: Direct Charges of General Purpose Costs to Federal Grants</p> <p><b>Non-Federally Sponsored Projects</b> An individual's membership fees in business, technical, and professional organizations may be charged to non-Federally sponsored projects, but only if there is a direct and documentable benefit to the project or activity.</p>
<p><b>Participant Support Costs</b></p> <p><b>Subpart A: Acronyms and Definitions</b></p>	<p><b>Definitions</b></p> <p><b>200.75 Participant support costs</b> Participant support costs means direct costs for items such as 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.</p>

<p><b>Subpart E: Cost Principles</b></p>	<p><b>Text</b></p> <p><b>200.456 Participant support costs.</b> Participant support costs are allowable with the prior approval of the Federal awarding agency.</p> <p><b>Explanation</b> There have been three significant changes to the treatment of participant support costs under the Uniform Guidance. First, the concept (and definition) of participant support has been extended from NSF to all of the Federal funding agencies. Second, participant support costs are excluded from the MTDC base. Indirect costs should not be charged against expenses for participant support. Third, funds budgeted and approved for participant support activities may not be shifted to other cost categories without specific prior agency written approval.</p> <p>Participant support costs are not routinely allowed on research projects unless the project includes an education or outreach component.</p> <p><u>Note</u> The dual status of student employees means that some employees (full-time and part-time) may be eligible to participate (as participants) in some conferences and training projects.</p> <p><b>Application</b> <b>Agency prior approval is required to include participant support costs in the proposal and awarded budgets or to shift these funds to other cost categories.</b></p> <p>Clearly identify all expenses that will be considered Participant Support in the proposal budget and, upon award, segregate these funds in a line item to which the indirect cost rate will not be applied.</p> <p><b>Comments on Agency Implementation Policies/Procedures (o be added.)</b></p> <p><b>Related NAU Policies/Procedures:</b> PAASFC Management Guidelines: Participant Support Costs CMP 430-19, Participant Expenses</p> <p><b>Non-Federally Sponsored Projects</b> It is unlikely that non-Federally sponsored projects will exclude participant support costs from their TDC or MTDC. Therefore, participant support costs included in proposals to non-Federal sponsors should be charged the full indirect costs allowed by the sponsor.</p>
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<p><b>Pre-Award Costs</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definition</b></p> <p><b>200.458 Pre-Award Costs</b> 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 award where such costs are necessary for efficient and timely performance of the scope of work.</p> <p><b>Text</b></p> <p><b>200.458 Pre-Award Costs</b> Pre-award 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.</p> <p><b>Explanation</b> No change from OMB Circular A-21.</p> <p><b>Application</b> <b>Agency prior written approval is required to incur pre-award costs unless waived by the awarding agency.</b></p> <p>Contact OGCS to submit a request to the awarding agency for approval of pre-award costs.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added.)</b></p> <p><b>Related NAU Policies/Procedure:</b> OGCS Sponsored Project Action Request</p>
<p><b>Principal Investigator Disengagement</b></p> <p><b>Subpart D: Post Award Requirements</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.308 Revision of budget and program plans</b> The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the award process. It may include both the Federal and non-Federal share or only the Federal share, depending upon awarding agency requirements. It must be related to performance for program evaluation purposes whenever appropriate.</p> <p>For non-construction Federal awards, recipients must request prior approvals from awarding agencies for one or more of the following program or budget-related reasons:</p> <p>(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval). (2) Change in a key person specified in the application or the Federal award. (3) The disengagement from the project for more than three months, or a 25 percent</p>

reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The inclusion of costs that require prior approval in accordance with Subpart E – Cost principles.

(5) The transfer of funds budgeted for participant support costs to other categories of expense.

(6) Unless described in the application and funded in the approved award, the subawarding, transferring or contracting out of any work under the award, including fixed-amount awards. This provision does not apply to the acquisition of supplies, materials, equipment, or general support services.

(7) Changes in the approved cost-sharing contribution;

(8) The need for additional funds to complete the project.

No other prior approval requirements for specific items may be imposed unless an exception is approved by OMB.

Except for a change in the scope or objective of the project or program, the Federal awarding agency is authorized, at its option, to waive prior written approvals required by above paragraph. Such waivers may include authorizing recipients to do any one or more of the following:

(1) Incur project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the Federal awarding agency.

(2) Initiate a one-time extension of the period of performance by up to 12 months. For one-time extensions, the recipient must notify the awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior awarding agency approval when:

(i) The terms and conditions of the award prohibit the extension.

(ii) The extension requires additional funds.

(iii) The extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent periods of performance.

Unless the awarding agency provides otherwise in the award or in the agency’s regulations, these three prior approvals are automatically waived for Federal research Awards and recipients need not obtain such prior approvals to incur 90 day pre-award costs, issue one time “no-cost” extensions, or carry over unobligated balances.

The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the

	<p>total budget.</p> <p><b>Explanation</b>  The Uniform Guidance recognizes that a PI can be absent from campus and remain engaged in the project.</p> <p>To remain serving as a Principal Investigator during a period of disengagement, NAU expects the PI to personally and actively manage the project. For example, such continued engagement would not be appropriate if the PI is:</p> <ul style="list-style-type: none"> <li>• Terminated or suspended from employment with the University;</li> <li>• Absent from the project for more than 12 months;</li> <li>• Reduces his or her effort on the project to 0 percent or engages in less than weekly contact with project personnel.</li> </ul> <p><u>Note</u>  200.308, <i>Revision of budget and program plans</i> is reproduced almost verbatim from A-110. It outlines the criteria for requesting budget and program revisions, but, as noted in the text above, the awarding agency may choose to waive approval requirements for all but a change in the Scope of Work or project objectives. For research awards, recipients need not obtain prior approvals to incur 90 day pre-award costs, issue one time “no-cost” extensions, or carry over unobligated balances unless denied by the terms of a specific award or prohibited by agency regulations.</p> <p><b>Application</b>  <b>Agency prior approval is required for PI disengagement (formerly “absence”) from the project for more than 3 months or a 25% reduction in effort.</b></p> <p>Ensure requests for prior approval explain NAU’s policy regarding “disengagement” and demonstrate how the project will continued to be managed in accordance with the award terms.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  PAASFC Policy: Principal Investigator Delegation</p>
<p><b>Prior Approvals</b></p> <p><b>Subpart D:  Post Federal  Award  Requirements</b></p> <p><b>Subpart E:</b></p>	<p><b>Definition (none)</b></p> <p><b>Text</b></p> <p><b>200.407 Prior Approvals</b>  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 non-allocability, the University may seek the prior written approval of the cognizant agency for indirect costs or the awarding agency in advance of the incurrence of special or unusual costs. The request for prior written approval should include the timeframe or scope of the agreement.</p>

<p><b>Cost Principles</b></p>	<p>(a) 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5);  (b) 200.306 Cost sharing or matching;  (c) 200.307 Program income;  (d) 200.308 Revision of budget and program plans;  (e) 200.332 Fixed amount subawards;  (f) 200.413 Direct costs, paragraph (c);  (g) 200.430 Compensation—personal services, paragraph (h);  (h) 200.431 Compensation—fringe benefits;  (i) 200.438 Entertainment costs;  (j) 200.439 Equipment and other capital expenditures;  (k) 200.440 Exchange rates;  (l) 200.441 Fines, penalties, damages and other settlements;  (m) 200.442 Fund raising and investment management costs;  (n) 200.445 Goods or services for personal use;  (o) 200.447 Insurance and indemnification;  (p) 200.454 Memberships, subscriptions, and professional activity costs, paragraph (c);  (q) 200.455 Organization costs;  (r) 200.456 Participant support costs;  (s) 200.458 Pre-award costs;  (t) 200.462 Rearrangement and reconversion costs;  (u) 200.467 Selling and marketing costs; and  (v) 200.474 Travel costs</p> <p><b>Explanation</b>  The costs most likely to require prior approval are:</p> <p><b>200.306 Cost Sharing:</b> Under ordinary circumstances, cost sharing is not expected for research proposals, nor can it be used as a factor in merit review. If cost sharing is permitted, however, then prior approval is required to use unrecovered indirect cost to offset the cost-share requirement.</p> <p><b>200.308 Revision of budget and program plans:</b> If the agencies recognize and approve, in general or on a case by case basis, the concept of “expanded authorities” from A-110, then there may be fewer requirements for prior approvals under 200.308. In any case, a number of requirements for prior approval are likely to remain – 1) a change in the approved Scope of Work, 2) a change in the Key Personnel, 3) the transfer of participant support funds, 4) changes in the approved cost-sharing contribution, and 5) the need for additional funds to complete the project.</p> <p><b>200.332 Fixed amount awards:</b> Prior approval is required to issue fixed-amount subawards up to \$150,000, including both direct and indirect costs.</p> <p><b>200.413 Direct costs – Administrative and Clerical salaries:</b> These costs must be explicitly included in the proposal budget (and awarded budget) or receive the prior written approval of the awarding agency.</p>
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	<p><b>200.430 Compensation – personal services:</b> Incidental activities for which supplemental compensation is allowable under written institutional policy must either be specifically provided for in the awarded budget or receive prior written approval from the funding agency.</p> <p><b>200.438 Entertainment Costs:</b> In general, the costs of entertainment are unallowable. If specific costs, that might otherwise be considered entertainment, have a programmatic purpose, they may be authorized either in the approved award budget or with the prior written approval of the funding agency.</p> <p><b>200.439 Equipment and other capital expenditures:</b> 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 funding agency.</p> <p><b>200.454 Memberships, subscriptions, and professional activity costs:</b> Costs of membership in any civic or community organization are allowable only with the prior written approval of the funding agency.</p> <p><b>200.456 Participant support costs:</b> Participant support costs are allowable with prior written approval of the funding agency.</p> <p><b>200.458 Pre-award costs:</b> Pre-award 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 prior written approval of the funding agency.</p> <p><b>200.474 Travel costs:</b> Travel costs for dependents are unallowable, except for travel of duration of six months or more with the prior approval funding agency. Individual agencies or awards may require prior approval for any foreign travel.</p> <p><b>Application</b> Consult with OGCS before including any of the above costs in a proposal budget and PAASFC prior to expending funds in these areas if the specific costs have not received prior approval.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b> See the OGCS and PAASFC websites for specific information about proposing and managing these costs.</p>
<b>Procurement</b>	The OMB has agreed to a grace period for the implementation of the procurement standards for the first full fiscal year following December 26, 2014, i.e. FY 2016, beginning July 1, 2015. Consequently, the new procurement standards will not become effective

<p><b>Subpart D: Post Federal Award Requirements</b></p> <p><b>200.317 – 200.326</b></p>	<p>until July 1, 2016. Over the course of the next year, NAU will develop procurement procedures consistent with the Uniform Guidance. Follow all current procurement policies and procedures until further notice.</p> <p>For guidance see Contracting and Purchasing Services Policies and Procedures.</p>
<p><b>Proposal Costs</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definition</b></p> <p><b>200.460 Proposal Costs</b> Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity’s bids or proposals.</p> <p><b>Text</b></p> <p><b>200.460 Proposal Costs</b> Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect (F&amp;A) costs.</p> <p><b>Explanation</b> No change from OMB Circular A-21.</p> <p><b>Application</b> <b>Agency prior written approval is required to incur proposal development costs.</b></p> <p>Contact OGCS to submit a request to the awarding agency for approval of proposal costs.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added.)</b></p> <p><b>Related NAU Policies/Procedures:</b> OGCS Frequently Requested Information about Proposal Development and Award Management OGCS Proposal Review Checklist OGCS Sponsored Project Action Request</p>
<p><b>Publication and Printing Costs</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p>

<p><b>Subpart E: Cost Principles</b></p>	<p><b>200.461 Publication and printing costs</b>  Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable, however, 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.</p> <p>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 University may charge the award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance.</p> <p><b>Explanation</b>  Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable if they benefit the award.</p> <p><u>Note</u>  Under Uniform Guidance, publication costs are the only expenses which may be directly charged to a Federally sponsored project after the end date of the award.</p> <p><b>Application</b>  <b>No agency prior approval is required, but such costs must be incurred during the period of performance or the 90 or 120 (NIH/NSF) day period between the award end date and final closeout.</b></p> <p>To be eligible for payment, however, invoices must be received and processed prior to the award closeout date. Consequently, such costs should be prepaid prior to the end of the period of performance, whenever possible.</p> <p>If publication and printing costs are anticipated, then include them in the proposal budget.</p> <p>Contact PAASFC prior to the end of the period of performance to ascertain how such costs will be charged.</p> <p><b>Comments on the Agencies Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures (to be developed)</b></p>
<p><b>Subawards: Subrecipient and Contractor Determination</b></p>	<p><b>Definitions</b></p> <p><b>200.92 Subaward</b>  Subaward means an award provided by the University to a subrecipient for the</p>

<p><b>Subpart A: Acronyms and Definitions</b></p> <p><b>Subpart D: Post Federal Award Requirements</b></p>	<p>subrecipient to carry out part of a Federal award. It does not include payments to a contractor (“vendor”) or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that is considered or entitled a subcontract.</p> <p><b>200.93 Subrecipient</b> Subrecipient means a non-Federal entity that receives a subaward from a University to carry out part of a Federal program, but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from an awarding agency.</p> <p><b>200.22 Contract</b> Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used here does not include a legal instrument, even if it is considered a contract, when the substance of the transaction meets the definition of a Federal award or subaward.</p> <p><b>200.23 Contractor.</b> Contractor means an entity that receives a contract as defined in 200.22 Contract.</p> <p><b>Text</b></p> <p><b>200.330 Subrecipient and contractor determinations</b> NAU may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor. Therefore, the University must make case-by-case determinations whether each agreement it makes for the disbursement of Federal funds casts the party receiving the funds in the role of a subrecipient or a contractor.</p> <p>Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the subrecipient:</p> <ol style="list-style-type: none"> <li>(1) Determines who is eligible to receive Federal assistance;</li> <li>(2) Has its performance measured in relation to whether objectives of a Federal program were met;</li> <li>(3) Has responsibility for programmatic decision making;</li> <li>(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and</li> <li>(5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.</li> </ol> <p>Contractors. A contract is for the purpose of obtaining goods and services for the University’s own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the University and a contractor are when the contractor receiving the Federal funds:</p>
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	<p>(1) Provides the goods and services within normal business operations;  (2) Provides similar goods or services to many different purchasers;  (3) Normally operates in a competitive environment;  (4) Provides goods or services that are ancillary to the operation of the Federal program;  and  (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.</p> <p>The substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the University must use judgment in classifying each agreement as a subaward or a procurement contract.</p> <p><b>Explanation</b>  The Uniform Guidance requires increased documentation of the subrecipient at proposal, increases emphasis on risk analysis when issuing a subaward, and increased scrutiny during the period of performance.  Awarding agencies may require recipients to comply with additional guidance to support these determinations.</p> <p><b>Application</b>  <b>Agency prior written approval is required if the subaward is not included in the awarded budget or if the need for a subaward is determined after award.</b></p> <p>Ensure that the process and rationale for deciding to issue either a subaward (subrecipient agreement) or subcontract (vendor agreement) is well documented. This is particularly important when sole sourcing.</p> <p>Until further notice, follow current NAU policies and procedures.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  OGCS Request to Issue a Subcontract  OGCS Subrecipient Commitment Form  OGCS Fair and Reasonable Cost Analysis Form – Subawards under Federal Contracts  OGCS Audit Certification  PUR 303-04: Independent Contractors and Consultants</p>
<p><b>Subawards:  Requirements for  Pass-Through  Entities</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.331 Requirements for pass-through entities.</b>  The University must ensure that every subaward is clearly identified to the subrecipient as</p>

<p><b>Subpart D: Post Federal Award Requirements</b></p>	<p>a subaward and include the following information at the time of the subaward. If any of these data elements change, the changes must be identified in a subsequent subaward modification.</p> <p>Required information includes:</p> <ol style="list-style-type: none"> <li>(1) Federal Award Identification (including if the de minimis rate is charged).</li> <li>(2) All requirements imposed by the University entity on the subrecipient so that the award is used in accordance with Federal statutes, regulations and the terms and conditions of the award.</li> <li>(3) Any additional requirements that the University imposes on the subrecipient in order to meet its own responsibility to the Federal awarding agency, including identification of any required financial and performance reports;</li> <li>(4) An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the University and the subrecipient or a de minimis indirect cost rate of 10%.</li> <li>(5) A requirement that the subrecipient permit the University and auditors to have access to their records and financial statements as necessary to ensure compliance with the requirements of this section.</li> <li>(6) Appropriate terms and conditions concerning closeout of the subaward.</li> </ol> <p><b>Explanation</b> A subrecipient budget, scope of work, and justification should be included in the proposal.</p> <p>Ensure that the all of the required information about the prime award and the expectations for the subaward are included in the proposed and executed agreement.</p> <p>Ensure that the process and rationale for determining the indirect cost rate is well documented. This particularly important if offering a de minimis rate or negotiating another rate with the prospective subrecipient.</p> <p>If the subrecipient does not have a Federally negotiated indirect cost rate, then a “de minimus” rate of 10% should be used or a mutually acceptable rate negotiated.</p> <p>If a Federal agency or program has a published, statutory F&amp;A cap, then that rate should be used by NAU and any subrecipients.</p> <p><b>Application</b> <b>A subrecipient budget, scope of work, and justification should be included in the proposal. If the subaward is not included in the awarded budget or if the need for a subaward is determined after award, then prior written approval from the funding agency is required.</b></p> <p>Until further notice, follow current NAU policies and procedures.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p>
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	<p><b>Related NAU Policies/Procedures:</b>  OGCS Request to Issue a Subcontract  OGCS Subrecipient Commitment Form  OGCS Fair and Reasonable Cost Analysis Form – Subawards under Federal Contracts  OGCS Audit Certification  PUR 303-04: Independent Contractors and Consultants</p>
<p><b>Subawards: Requirements for Pass-Through Entities</b></p> <p><b>Subpart D: Post Federal Award Requirements</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.331 Requirements for pass-through entities.</b>  The University 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 plan. The factors to be considered include:</p> <ul style="list-style-type: none"> <li>• prior experience with the same or similar subawards</li> <li>• results of previous audits</li> <li>• new personnel or systems</li> <li>• results of awarding agency monitoring.</li> </ul> <p>Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.</p> <p>Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Monitoring of the subrecipient must include:</p> <ul style="list-style-type: none"> <li>• reviewing financial and programmatic reports</li> <li>• ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award</li> <li>• issuing a management decision for audit findings pertaining to the Federal award.</li> </ul> <p>If the subrecipient is considered a higher risk, then the following monitoring tools may be useful to ensure accountability and compliance with project requirements and achievement of performance goals:</p> <ul style="list-style-type: none"> <li>• training and technical assistance on project-related matters</li> <li>• on-site reviews of the subrecipient’s operations</li> <li>• engagement of audit services.</li> </ul> <p>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 of \$750,000.</p> <p>Consider whether the results of the subrecipient’s audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the University’s own records.</p>

	<p>Consider taking enforcement action against noncompliant subrecipients.</p> <p><b>Explanation</b> A subrecipient budget, scope of work, and justification should be included in the proposal.</p> <p>Develop a methodology for determining risk prior to issuing the subaward and monitoring performance during the period of performance.</p> <p><b>Application</b> <b>Agency prior written approval is required if the subaward is not included in the awarded budget or if the need for a subaward is determined after award.</b></p> <p>Until further notice, follow current NAU policies and procedures.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b> OGCS Request to Issue a Subcontract OGCS Subrecipient Commitment Form OGCS Fair and Reasonable Cost Analysis Form – Subawards under Federal Contracts OGCS Audit Certification PUR 303-04: Independent Contractors and Consultants</p>
<p><b>Subawards: Fixed Amount Awards</b></p> <p><b>Subpart A: Acronyms and Definitions</b></p> <p><b>Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards</b></p> <p><b>Subpart D: Post Federal Award Requirements</b></p>	<p><b>Definitions</b></p> <p><b>200.45 Fixed Amount Awards</b> Fixed-amount award means a type of grant agreement under which the Federal awarding agency or University provides a specific level of support without regard to actual costs incurred under the Federal award.</p> <p><b>Text</b></p> <p><b>200.332 Fixed Amount Awards</b> With prior written approval from the Federal awarding agency, the University may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold (\$150,000).</p> <p><b>200.201 Use of grant agreements (including fixed amount awards, cooperative agreements, and contracts)</b> Fixed Amount Awards. The following conditions apply to fixed-amount awards: (1) Payments are based on meeting specific requirements of the Federal award. Accountability is based on performance and results. Fixed-amount awards may be used if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award with assurance that the subrecipient will realize no increment above actual cost. (2) A fixed amount award cannot be used in programs which require mandatory cost sharing or match.</p>



	<p>(3) The University must certify in writing to the Federal awarding agency or pass-through entity at the end of the 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 award must be adjusted.</p> <p>(4) Periodic reports may be established for each award.</p> <p>(5) Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the University.</p> <p><b>Explanation</b>  With prior approval, fixed price subawards of up to \$150,000, total of direct and indirect costs, are permissible under the Uniform Guidance. The use of fixed amount awards may be most appropriate for foreign subrecipients because the requirement to document and monitor accounting practices is eliminated in favor of measuring performance and results or for smaller organizations that require advanced payments in order to start work. In general, however, the use of fixed price awards is problematic because of the requirement to certify that the project was completed or that the budgeted level of effort was expended. Otherwise, the amount of the Federal award must be adjusted. This requirement is a significant departure from the requirements for fixed price contracts issued under the FAR because project evaluation is based on both process (expenditure of funds) and product (deliverables) and, effectively, no residuals are allowed.</p> <p>Important! A fixed-amount award is not the same as a fixed-price contract issued under the FAR. Essentially, no residuals are allowed.</p> <p><b>Application</b>  <b>Agency prior written approval is required to issue a fixed-amount subaward.</b></p> <p>Ensure that the scope of work and estimated costs for the fixed-amount subaward are justified in the University’s scope of work and included in the proposed budget.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures:</b>  OGCS Request to Issue a Subcontract  OGCS Subrecipient Commitment Form  OGCS Fair and Reasonable Cost Analysis Form – Subawards under Federal Contracts  OGCS Audit Certification  PUR 303-04: Independent Contractors and Consultants</p>
<p><b>Taxes, including Value Added Tax (VAT)</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions (none)</b></p> <p><b>Text</b></p> <p><b>200.470 Taxes (including Value Added Tax)</b>  In general, taxes which the University is required to pay and which are paid or accrued in accordance with GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for:</p>

	<p>(i) taxes from which exemptions are available to the University directly or which are available based on an exemption afforded the Federal government and, in the latter case, when the Federal awarding agency makes available the necessary exemption certificates, (ii) special assessments on land which represent capital improvements, and (iii) Federal income taxes.</p> <p>Any refund of taxes, and any payment to the University of interest thereon, will be credited either as a cost reduction or cash refund, as appropriate, to the Federal government. Interest will be repaid only to the extent that such interest accrued over the period during which the University was reimbursed by the Federal government for the taxes, interest, and penalties.</p> <p>Foreign taxes charged for the purchase of goods or services (Value Added Tax) that a non-Federal entity is legally required to pay in country is an allowable expense under Federal awards.</p> <p><b>Explanation</b> Taxes are allowable costs, except those for which an exemption is available, e.g. research, special assessments on land, and income taxes.</p> <p>The most significant change is that Value Added Taxes (VAT) are allowable expenses under the Uniform Guidance.</p> <p><b>Application</b> <b>Agency prior approval is not required.</b></p> <p>Include anticipated tax costs in the proposal budget.</p> <p>Ensure that any tax refunds or applicable credits are credited to the awarding agency.</p> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p> <p><b>Related NAU Policies/Procedures: (to be developed)</b></p>
<p><b>Travel</b></p> <p><b>Subpart E: Cost Principles</b></p>	<p><b>Definitions</b></p> <p><b>200.474 Travel</b> 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 University.</p> <p><b>Text</b></p>

**200.474 Travel**

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.

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 University in its regular operations as the result of written travel policies. 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.

Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences is allowable provided that the costs are: (i) a direct result of the individual’s travel for the Federal award; (ii) consistent with the non-Federal entity’s documented travel policy for all entity travel; and (iii) only temporary during the travel period.

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

**Explanation**

The key to complying with the Federal travel guidelines is to consistently follow the travel policies of the University and State of Arizona. If there this a discrepancy between these policies and Federal policies, however, the most restrictive rule is followed. For example, the University travel policy limits the fares for commercial airline travel to “coach, economy or other discounted class” NOT the “basic least expensive unrestricted accommodations class” as stated in the Uniform Guidance.

Travel costs for dependents are always unallowable, except for travel of duration of six months or more with the prior approval of the funding agency.

**Note**

The Uniform Guidance allows for the reimbursement of temporary dependent care expenses that result from travel to conferences. NAU does not have a policy regarding temporary dependent care expenses. Consequently, these costs are not eligible for reimbursement and should not be included in proposal budgets.

**Application**

**Agency prior approval is not required for domestic travel, however, most awarding agencies will require prior approval for international travel.**

Until further notice, follow the current NAU and State of Arizona travel policies and procedures.

**Comments on the Agency Implementation Policies/Procedures (to be added)**

	<p><b>Related NAU Policies/Procedures:</b>  OGCS Sponsored Project Action Request  CMP 420-04 – Business Meals  University Travel Policy &amp; Procedures</p>
<p><b>Visas</b></p> <p><b>Subpart E:  Cost Principles</b></p>	<p><b>Definition (none)</b></p> <p><b>Text</b></p> <p>200.463 Recruiting Costs  Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost. For these costs to be directly charged to a Federal award, they must:</p> <ol style="list-style-type: none"> <li>(1) be critical and necessary for the conduct of the project;</li> <li>(2) be allowable under the applicable cost principles;</li> <li>(3) be consistent with the non-Federal entity’s cost accounting practices and non-Federal entity policy; and</li> <li>(4) meet the definition of “direct cost” as described in the applicable cost principles.</li> </ol> <p><b>Explanation</b></p> <p>The agency implementation plans should clarify the extent to which short-term travel visa costs (as opposed to longer-term, immigration visas) are allowable and can be proposed as a direct cost. Until clarified by the agencies, however, basic visa application and required fees, such as anti-fraud fees, should be treated as allowable direct costs, provided they meet the definition above.</p> <p>As with all allowable recruitment costs, if the employee resigns within 12 months of recruitment, for reasons within his/her control, then the associated relocation costs, including any visa costs, must be removed from the Federal award and coded to the appropriate unallowable expenditure type.</p> <p><b>Application</b></p> <p>Agency prior approval is not required, but, because such visas are classified as a recruiting cost, only the cost of the initial visa is allowable.</p> <p>If needed to support the scope of work for the Federally-funded activity, budget and directly charge these short-term visa fees.</p> <p>A detailed budget justification should address the following criteria:</p> <ol style="list-style-type: none"> <li>(1) the visa is issued for a specific period and purpose;</li> <li>(2) the individual is performing work directly connected to the project or activity; and</li> <li>(3) the work is critical and necessary for the conduct of the project or activity.</li> </ol> <p><b>Comments on Agency Implementation Policies/Procedures (to be added)</b></p>

	<b>Related NAU Policies/Procedures (to be developed)</b>
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