

# Guam Professional Development Conference

“Trends, Tools,  
and Techniques  
in Today’s  
Financial  
Environment”

September 17 to  
19, 2014

Hotel Nikko  
Guam

## Overview: OMB Super Circular Briefing

Zeny Asuncion-Nace, CGFM,  
CPA

Speakers retain the copyright for all of the following materials. Any replication without written consent is unlawful. Comments and opinions expressed by the speaker do not reflect the positions, opinions or beliefs of the AGA and should not be construed or interpreted as such. The materials contained in this presentation should not be considered to be in the public domain. Speeches and presentation materials here are proprietary works copyright by the individual or entity who presented the materials at the conference. All rights are reserved. The authorized use of materials on this page is limited personal reference by authorized users of the conference materials. Reproduction, redistribution, reuse, reposting or resale by any party in any form, format or media, without the express permission is strictly prohibited.



# Super Circular Briefing: Understanding the Crosswalk

2 CFR Part 200

Uniform Administrative Requirements, Cost Principles,  
and Audit Requirements for Federal Awards

Presented by: Zeny Asuncion-Nace  
University of Guam  
September 18, 2014

# Presidential Memorandum: Executive Order 13520

- President Obama's Executive Order 13520 directed the OMB's reformulation of the various circulars:
- to reduce improper Payments
- To intensify efforts in eliminating payment error, waste, fraud and abuse in major Federal programs
- To call for administrative flexibility

*<http://www.whitehouse.gov/the-press-office/executive-order-reducing-improper-payments>*

# President Obama's Executive Order 13520

- Goal

- ✓ deliver on the promise of a 21st-Century government that is more efficient, effective and transparent

- Result

- ✓ Office of Management and Budget (OMB) streamlined the Federal guidance on-
  - Administrative Requirements
  - Cost Principles
  - Audit requirements

that focus resources on improving 1) performance, 2) outcomes, and 3) financial integrity

# History

- OMB guidance – 1970s
- OMB Circular 102, State and Local governments – 1971
  - Became the “Common Rule” in the 1980s
- OMB Circular A-110, Institutions of Higher Education, Hospitals, and other NPOs – 1976
  - Revised in 1988 and 1993



# History

- Single Audit Act, OMB Circular 133
  - Proposed in 1993, finalized in 1997
- 3 sets of cost principles reissued in 1994
  - OMB A-21 (2 CFR Part 220) for Colleges and Universities
  - OMB Circular A-87 (2 CFR Part 225) for units of the government
  - OMB Circular A-122 (2CFR Part 230) for NPOs other than Colleges and Universities

# Super Circular (single compliance)

- December 26, 2013: OMB issued the long-awaited final rule to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, more commonly known as the “Super Circular.”  
(<https://www.federalregister.gov/>)
- two years in the making
- 8 Federal regulations into a single, comprehensive policy guide
- Goal to better administer over \$600 billion awarded annually

# S.C. supersedes 8 OMB circulars

- S.C. supersedes/streamlines requirements of 8 OMB Circulars:
  1. A-21 - Cost principles for Educational Institutions
  2. A-87 - cost principles for state, local and tribal governments
  3. A-110 - Uniform administrative requirements for NPOs, hospitals, higher education
  4. A-122 - Cost principles of NPOs (excludes A-21)
  5. A-89 - Federal policies for collection, uniform reporting and delivery of information



# S.C. supersedes 8 OMB circulars

- S.C. supersedes/streamlines requirements of 8 OMB Circulars:
  6. A-102 - Consistency/uniformity in managing grants and cooperative agreements
  7. A-133 – or Single Audit Act sets forth standards for consistency and uniformity in the audits of state/local governments, & NPOs expending Federal Awards
  8. the guidance in Circular A-50 on Single Audit Act

# Super Circular effective date

- technically effective as of December 26, 2013
- In practice, Federal agencies have 1 year to implement the OMB - PP&R by December 26, 2014

# Super Circular Major Policy Reforms: OMB 2 CFR Part 200 FR (issued December 26, 2013)

## GOAL:

Reduce Administrative Burden and Waste, Fraud, and Abuse:

1. Eliminating Duplicative and Conflicting Guidance
2. Focusing on Performance over Compliance for Accountability
3. Encouraging Efficient Use of Information Technology and Shared Services
4. Providing For Consistent and Transparent Treatment of Costs

## Super Circular Major Policy Reforms (continued)

5. Limiting Allowable Costs to Make Best Use of Federal Resources

6. Setting Standard Business Processes Using Data Definitions

7. Encouraging Non-Federal Entities to Have Family-Friendly Policies

8. Strengthening Oversight

9. Targeting Audit Requirements on Risk of Waste, Fraud, and Abuse

# Sub Parts of Super Circular

- Sub Part A: Acronyms and Definitions
- Sub Part B: General Provisions
- Sub Part C: Pre-Award Regulations
- Sub Part D: Post-Award Regulations
- Sub Part E: Cost Principles
- Sub Part F: Audit Requirements



# Sub Parts of Super Circular

Only **selected terms** are presented in the following slides due to time limitation. These are chosen by this facilitator because of their impact on recipients or because they have compliance, financial or audit implications.

# **Sub Part A: Acronyms & Definitions**

# Acronyms

- OMB
- FAR
- COFAR
- FAC
- CFDA
- FR
- PII/PPII
- GAO
- MTC
- MDTC
- PTE

# Sub-Part A: Definitions

Sub-Part A combines definitions and key terms from administrative requirements, cost principles, and audit circulars into one single list. Several new terms have been added.

# Sub-Part A definitions

## §200.3 Advance payment

Advance payment tendered by federal or pass-through entity made by check or periodic draw-downs. This is the opposite of reimbursement payments used for high risk recipients and most construction grants. States and other pass-through entities tend to use reimbursement as their default method of payment.



# Sub-Part A definitions

## **§200.18 Cognizant agency for audit**

This term is not new, but note that the cognizant agency for audit may not be same as the cognizant agency for indirect costs.

## **§200.19 Cognizant agency for indirect costs**

**New term.** This is the agency responsible for indirect cost negotiations and approvals, and might not be same as cognizant agency for audit.

# Sub-Part A definitions

## **§200.45 Fixed amount award**

This is an award of a specific, fixed dollar amount without regard to actual costs. It is a funding mechanism that is meant to promote results, rather than compliance. Focus is on results rather than compliance. (See 200.201). This is a new type of award ushered in by OMB Memo 13-17 (July 26, 2013).

# Sub-Part A definitions

## §200.67 Micro-purchase

**New term.** The micro-purchase threshold from Federal Administrative Regulations (FAR) 2.1 is \$3,000. This is a sub-set of small purchases, and all recipients can take advantage of this flexibility. These are purchases of \$3,000 or less that are very informal, require minimal documentation, and do not require formal competition. For example, periodic purchase of office supplies or services that do not exceed \$3,000 would be micro-purchases.

# Sub-Part A definitions

## §200.76 Performance goal

This is a measurable standard promised in your grant proposal that your organization will be held accountable for accomplishing. Failure without good reason could lead to revocation of funding. Both research and program type grant programs that seek to make positive changes in a problem will emphasize the use of performance goals (**final progress report**).



# Sub-Part A definitions

## **§200.79 Personally Identifiable Information (PII); and §200.82 (Protected PII)**

Awarding agencies acting through their regulations and laws are going to require you to protect selected kinds of PII with an articulated process for safeguarding it.

- Alarming frequency and ease in identity theft



# Sub-Part A definitions

## §200.94 Supplies

**(NEW)**. Clarifies the threshold for defining personal property as a supply, and clarifies that computing devices are subject to the less burdensome administrative requirements of supplies (as opposed to equipment).

A computing device is a supply if the acquisition cost is if the cost is less than the lesser of the capitalization threshold established by the non-federal entity for financial statement purposes or \$5,000. (**§200.20**)

# Sub-Part A definitions

## §200.314 Supplies

- (a) NEW Supplies includes computing devices costing less than \$5,000
- Residual value at completion of project, use in other Federal programs; or compensate awarding agency and use for other purposes

# Sub Part B. General Provisions

# Sub Part B. General Provisions

## §200.100 Purpose

- Uniform administrative requirements, cost principles and audit requirements
- Federal awarding agencies must not impose additional or inconsistent requirements

# Sub Part B. General Provisions

## §200.101 Applicability

(b)(1) Non-Federal entities must comply with requirements regardless of whether the entity is a recipient or sub-recipient

Note: “Must” means “required”. “Should” means recommended” or “best practice”. Both terms are used in the Circular from OMB webinar.

*January 27, 2014*



# Sub Part B. General Provisions

## §200.105 Effect on other issuances

- All administrative requirements, program manuals, handbooks and other non-regulatory materials must be superseded upon implementation of this Part.

# Sub Part B. General Provisions

## §200.109 Review Date

OMB will review this part at least every 5 years after  
12/26/2013

# Sub Part B. General Provisions

## §200.110 Effective Date

Federal awarding agencies must implement effective  
12/26/2014

Audit requirements effective for fiscal years beginning after  
12/26/2014

# Sub Part B. General Provisions

## **NEW §200.113 Mandatory Disclosures**

Non-Federal entities must disclose, in a timely manner, in writing to the awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery or gratuity violations.

# Sub Part C. Pre- Award Regulations



# Sub Part C. Pre-Federal Award

## §200.203 Notice of Funding Opportunities

- Provides a standard set of data elements to be provided in all Federal notices of funding opportunities.
- Standardizes information announced for funding opportunities.
- Requires Federal agencies to leave notices open for at least 30 days.

# Sub Part C. Pre-Federal Award

## §200.205 Federal awarding agency review of risk posed by applicants

- (c) Federal awarding agency review of risk posed by applicants
  - (1) Financial stability
  - (2) Quality of management systems
  - (3) History of performance
  - (4) Reports and findings from audits
  - (5) Ability to effectively implement requirements

# Sub Part D. Post-Award Regulations

# Sub Part D. Post-Federal Award

## §200.301 Performance measurement

- Relate financial data to performance accomplishments
- Provide cost information to demonstrate cost effective practices
- Awarding agency to provide clear performance goals, indicators and milestones

# Sub Part D. Post-Federal Award

## §200.303 Internal controls (new section)

Non-Federal entity must:

- (a) Establish and maintain a system of internal control that provides for reasonable assurance that the entity is managing the award in compliance with Federal statutes, regulations and the terms and conditions of the award.
  
- (b) Comply with Federal statutes, regulations and terms and conditions of the award



# Sub Part D. Post-Federal Award

## §200.303 Internal controls (new section)

Non-Federal entity must: (cont.)

(c) Evaluate and monitor compliance

(d) Take prompt action for noncompliance

# Sub Part D. Post-Federal Award

## §200.314 Supplies

- (a) NEW Supplies includes computing devices costing less than \$5,000
- Residual value greater than \$5,000 at completion of project, use in other Federal programs; or compensate awarding agency and use for other purposes

# Sub Part D. Post-Federal Award

## §200.318 General procurement standards

- (a) Must use its own documented procurement procedures which reflect applicable laws and regulations
- (c) (1) Must maintain written standards of conduct covering conflicts of interest

# Sub Part D. Post-Federal Award

## §200.318 General procurement standards

(2) **NEW** If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, must also maintain written standards of conduct covering organizational conflicts of interest.

Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

# Sub Part D. Post-Federal Award

## §200.319 Competition

- (a) Full and open competition
- (b) **NEW** No geographic preferences unless mandated by statute
- (c) Must have written procedures; name brands used only as a description
- (d) **NEW** Pre-qualified vendors: Must ensure lists are current and include enough qualified sources to ensure competition.



# Sub Part D. Post-Federal Award

## §200.320 Methods of procurement to be followed

### (a) NEW Micro-purchase:

- Aggregate dollar amount per purchase < \$3,000 (\$2,000 if subject to the Davis-Bacon Act)
- Distribute equitably among qualified suppliers
- May be awarded without competitive quotes

### (b) Small purchase procedures:

- Up to \$150,000 (Simplified Acquisition Threshold)
- Relatively simple and informal
- Competition is required from adequate number of qualified sources.

# Sub Part D. Post-Federal Award

Greater than \$150,000 (Simplified Acquisition Threshold (SAT), use sealed bids or competitive proposals

(c) Sealed bids:

(1) Required conditions:

- (i) Complete, adequate and realistic specifications
- (ii) Two or more responsible bidders
- (iii) Selection can be made principally on price

(2) Requirements:

- (i) Bids publicly advertised
- (ii) Bids include all information needed for proper response
- (iii) Bids publicly opened
- (iv) Firm fixed price contract awarded
- (v) Bids may be rejected if there is a sound documented reason

# Sub Part D. Post-Federal Award

Use sealed bids when:

- The award will be made on the basis of price and other priced-related factors, and
- It is not necessary to conduct discussions with the responding offerors about their bids

From 48 CFR Part 6.401, Federal Acquisition Regulations

# Sub Part D. Post-Federal Award

## **§200.320 Methods of procurement to be followed**

- (d) Competitive proposals: Used when conditions not appropriate for sealed bids. Requirements:
  - (1) Bids publicly advertised
  - (2) Bids solicited from adequate number of qualified sources
  - (3) Written method for conducting technical evaluations and for selected contractors
  - (4) Contract awarded to proposer most advantageous to the program, with price and other factors considered



# Sub Part D. Post-Federal Award

## §200.320 Methods of procurement to be followed

- (f) Noncompetitive proposals. Solicitation from only 1 source (sole source). Use in following circumstances:
- (1) Item is available only from a single source;
  - (2) Emergency will not permit a delay resulting from a competitive solicitation;
  - (3) Federal awarding or pass-through agency expressly authorizes noncompetitive proposal in response to a written request; or
  - (4) After solicitation, competition is determined inadequate (only 1 proposer)



# Procurement Methods (summary)

- Less than \$3,000: micro purchase procedures (or \$2,000 if subject to Davis-Bacon Act)
- \$3,000 to <\$150,000 – small purchase threshold
  - Simplified Acquisition Threshold (SAT) procedure
- \$150,000 or more
  - Sealed bids
  - Competitive proposals (RFP)
- Non-competitive Proposals
  - Sole Source Procurement

# Sub Part D. Post-Federal Award

**§200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms (NEW).** (A labor surplus area is designated by the Dept. of Labor.)

(a) Non-federal entities must take all necessary affirmative steps to assure minority businesses, women's business enterprises and labor surplus area firms are used when possible

# Sub Part D. Post-Federal Award

## §200.323 Contract cost and price

- (a) **NEW** For procurements over the Simplified Acquisition Threshold, must perform a cost or price analysis before receiving bids or proposals.
- (b) **NEW** Must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed.
- (c) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

# Sub Part D. Post-Federal Award

## §200.328 Monitoring and reporting program performance

- Non-Federal entity must monitor its activities to assure compliance with Federal requirements and that performance goals are being achieved
- Annual reports due 90 calendar days after the reporting period; quarterly or semiannual reports due 30 calendar days after the reporting period



# Sub Part D. Post-Federal Award

## §200.328 Monitoring and reporting program performance (cont.)

- The non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:
  - (1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award.



# Sub Part D. Post-Federal Award

## §200.328 Monitoring and reporting program performance (cont.)

- (2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

# Sub Part D. Post-Federal Award

## **§200.330 Sub-recipient and contractor determinations**

A pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a sub-recipient or a contractor.

# Contractor vs. Sub-recipient

§200.330 (c ):

(c) Use of judgment in making determination. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a sub-recipient or a contractor, 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.

# Monitor or Not? 2 CFR Part 200.330

## Contractor - NO

- Provides goods or services as a normal part of business
- Generally a for-profit business
- Provides similar goods or services to many purchasers
- Operates in a competitive environment
- Provides ancillary goods or services
- Not subject to the regulations

## Sub-Recipient - YES

- Helps carry out the program
- Generally another NPO
- Determines eligibility
- Performance objectives
- Responsible for program decision-making
- Must adhere to regulations
- Funds used to carry out the program rather than providing goods or services

# Sub Part D. Post-Federal Award

## §200.333 Retention requirements for records

- All records pertinent to an award must be retained for 3 years from the date of submission of the final report
- Must be retained through the resolution of any litigation, claim or audit that has begun before the 3 year period
- Can be extended if notified in writing



# Sub Part D. Post-Federal Award

## **NEW §200.335 Methods for collection, transmission and storage of information**

- Should collect, transmit and store award-related information in open and machine-readable formats rather than paper
- No need to print electronic records
- Can scan paper records if there are quality controls, the electronic records can't be changed and are readable

# Sub Part D. Post-Federal Award

- Best Practices:
  - Sort out and dispose of the records you don't need to keep
  - Identify permanent records
  - Keep everything else the length of time required by your state for HR records
    - This is usually the longest time requirement (often 7 years)
  - Consider scanning

# Sub Part D. Post-Federal Award

- **§200.343 Closeout**

- (a) Submit no later than 90 calendar days after the end of the period of performance, all financial, performance and other reports required. Extensions may be approved
- (b) Liquidate all obligations no later than 90 calendar days after the end of the period of performance. May be extended
- (g) **NEW** Awarding agency should complete all closeout actions no later than 1 year after receipt and acceptance of all final reports

# Sub Part D. Post-Federal Award

## §200.344 Post-Closeout adjustments and continuing responsibilities.

(a) The closeout of a Federal award does not affect any of the following.

**NEW** The right of the Federal awarding agency or pass-through entity to disallow costs and recover funds on the basis of a later audit or other review. Awarding agency must make any cost disallowance determination and notify within the record retention period.

# Crosswalk exercises

(locate in the Federal Register)

Group the attendees



# Sub Part E. Cost Principles

# Sub Part E. Cost Principles

## **§200.401 Application**

These principles must be used in determining the allowable costs of work performed by the non-Federal entity under federal awards

## **§200.402 Composition of costs**

The total cost of a Federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

# Sub Part E. Cost Principles

## §200.403 Factors affecting allowability of costs

- (a) Be necessary and reasonable
- (b) Conform to limitations
- (c) Be consistent with other organization activities
- (d) Be treated consistently
- (e) Be determined in accordance with generally accepted accounting principles, as appropriate
- (f) Not be included as cost or match in any other federally funded program (current or prior)
- (g) Be adequately documented

# Sub Part E. Cost Principles

## What is reasonable?

### §200.404 Reasonable Costs

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

# Sub Part E. Cost Principles

## What is reasonable?

### §200.404 Reasonable Costs (continued)

Guidelines for determining reasonable cost:

- a) Whether the cost is ordinary and necessary for operation of the organization or the proper and efficient performance of the award.
- b) The restraints imposed by such factors as: sound business practices, arms length bargaining, federal state and other laws and regulations, and terms and conditions of the Federal award
- c) Market prices for comparable goods or services for the geographic area.
- d) Whether the individuals concerned acted with prudence in the circumstances.
- e) Significant deviations from the established practices and policies regarding the incurrence of costs (need to be documented)



# Arms length bargaining

A **transaction** in which the buyers and sellers of a product act independently and have no relationship to each other. The concept of an **arm's length transaction** is to ensure that both parties in the deal are acting in their own self interest and are not subject to any pressure or duress from the other party.

# Sub Part E. Cost Principles

## §200.405 Allocable Costs

A cost is allocable to a particular Federal award or cost objective, if the goods or services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received.

Any cost allocable to an Federal award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

# Sub Part E. Cost Principles

- **NEW §200.407 Prior Written Approval**

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cost. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required

(a) – (v) list of sections in 2 CFR Part 200 requiring prior approval

# Sub Part E. Cost Principles

## **NEW §200.410 Collection of unallowable costs**

- (a) Costs which are determined to be unallowable either as direct or indirect, must be refunded (including interest).



# Sub Part E. Cost Principles

## §200.411 Adjustment of previously negotiated indirect (F&A) cost rates containing unallowable costs

If a negotiated indirect cost rate is determined to contain unallowable costs:

- The Federal government will require repayment including interest (**NEW**) of the unallowable costs charged to a past period.
- For rates that are to be used currently or in the future unallowable costs will be removed and rates adjusted.



# Sub Part E. Cost Principles (Direct and Indirect)

## **NEW §200.412 Classification of costs**

There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system.

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&A) cost.

# Sub Part E. Cost Principles (Direct and Indirect)

## §200.413 Direct Costs (how to determine)

- (a) Direct costs are those that can be easily and accurately assigned to a specific award
- (c) **NEW** Salaries of administrative and clerical staff should normally be treated as indirect. Direct charge only if all of the following are met:
  - (1) Integral to the project,
  - (2) Specifically identified with the project,
  - (3) Explicitly included in the budget or have prior written approval and,
  - (4) Not recovered as indirect.

# Sub Part E. Cost Principles (Direct and Indirect)

## §200.414 Indirect Costs

- (a) Major nonprofits (receive  $>$  \$10 million in direct federal funding) must classify indirect costs as Facilities and Administration (F&A)
- (c) Negotiated rate must be accepted by all Federal agencies
- (d) Pass-through are subject to the requirements in §200.331
- (e) Appendix IV Cost allocation plans for nonprofits; Appendix V & VI Cost allocation plans for units of government

# Sub Part E. Cost Principles (Direct and Indirect)

## §200.414 Indirect Costs (cont.)

(f)**NEW** Any non-Federal entity that has never negotiated an IDCR may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.



# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.420 Considerations for selected items of cost.

- Cost principles apply to direct and indirect costs
- Failure to mention a particular cost does not imply allowable or unallowable. Its treatment should be based on that of similar items
- When there is a discrepancy between the principles in 2 CFR Part 200 and the provisions of a specific Federal award, the award governs.



# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.421 Advertising and Public Relations

- (a) Advertising – magazines, newspapers, radio and television, direct mail, exhibits, electronic transmittals
- (b) Allowable advertising:
  - (1) Recruitment of personnel
  - (2) Procurement of goods and services
  - (3) Disposal of scrap or surplus material
  - (4) Program outreach necessary for the award

# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.421 Advertising and Public Relations (cont.)

(c) Public relations – community relations, maintaining the image of the entity, promoting understanding by the community

(d) Allowable public relations:

- (1) Specifically required by the award
- (2) Communicating accomplishments of the award
- (3) Conducting general liaison such as funding opportunities

# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.421 Advertising and Public Relations (cont.)

(e) Unallowable:

- (2) Meetings and conventions, including displays, meeting rooms, salaries
- (3) Promotional items and memorabilia
- (4) Advertising and public relations designed solely to promote the entity

# Sub Part E. Cost Principles (Selected Items of Cost)

## **NEW §200.432 Conferences**

Definition: meeting, retreat, seminar, symposium, workshop or event to disseminate technical information beyond the non-Federal entity

Allowable costs (appropriate, reasonable and necessary) paid by the host:

- Facility
- Speaker fees
- Meals and refreshments
- Local transportation
- Cost of identifying but not providing dependent care resources



# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.434 Contributions and donations

- (a) Unallowable from the non-Federal entity to other entities
- (b) Donated property and services cannot be charged to an award but may be claimed as in-kind
- (d) Services donated (in-kind) must be supported by the same methods used to support the allocability of employees



# Sub Part E. Cost Principles

## (Selected Items of Cost)

### §200.437 Employee health and welfare costs

(a) Costs in accordance with documented policies for improvement of working conditions, employer-employee relations, health and performance are allowable

- **NEW** Costs for improvement of morale specifically excluded

# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.438 Entertainment Costs

Costs of entertainment are unallowable, except:

When entertainment has a programmatic purpose and is authorized either in the approved budget\* or with prior written approval

\*Note this is the **only place** in these regulations where an approved budget provides approval.

# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.442 Fund raising and investment management costs

(a) Costs of fund raising including financial campaigns, solicitation of gifts, etc., are unallowable.

**NEW** Fund raising costs for the purposes of meeting federal program objectives are allowable with prior written approval.

# Sub Part E. Cost Principles

## (Selected Items of Cost)

### §200.453 Materials and supplies costs, including computing devices

- (a) Costs for materials and supplies necessary to carry out an award are allowable.
- (b) **NEW** Charging computing devices as direct costs is allowable for devices that are essential and allocable, but not solely dedicated to the performance of the award.

# Sub Part E. Cost Principles (Selected Items of Cost)

## **§200.472 Training and education costs.**

The cost of training and education provided for employee development is allowable.



# Sub Part E. Cost Principles

## (Selected Items of Cost)

### §200.474 Travel costs

- (a) Costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied consistently.
- (b) **NEW** Documentation must justify:
- (1) Participation is necessary for the federal award; and
  - (2) Costs are reasonable and consistent with entity policy

# Sub Part E. Cost Principles (Selected Items of Cost)

## §200.474 Travel costs (cont.)

- (c) (1) **NEW** Temporary dependent care costs resulting from travel to conferences are allowable provided that:
- (i) Costs are a direct result of travel;
  - (ii) Costs are consistent with the travel policy; and
  - (iii) Costs are temporary during the travel period

# Sub Part E. Cost Principles

## (Selected Items of Cost)

### §200.474 Travel costs (cont.)

#### (d) Commercial airfare:

- (1) Costs in excess of the basic least expensive unrestricted class are unallowable except when they would:
  - (i) Require circuitous routing;
  - (ii) Require travel during unreasonable hours;
  - (iii) Excessively prolong travel;
  - (iv) Result in additional costs; or
  - (v) Not be adequate for traveler's medical needs (medical needs must be documented)

# Sub Part E. Cost Principles (Selected Items of Cost)

## **§200.475 Trustees**

Travel and subsistence costs of trustees (or directors) at educational institutions and nonprofit organizations are allowable.



# Webcast – COFAR and OMB working together

Training Webcast for free:

<http://news-rac.berkeley.edu/2014/01/cofar-posts-training-webcast-on-federal.html>

Uniform Guidance 1/27/2014 Training Webcast:

- [COFAR Training Intro](#) (11 minutes)
- [COFAR Training Administrative Requirements](#) (85 minutes)
- [COFAR Training Cost Principles](#) (35 minutes)
- [COFAR Training Audit Requirements](#) (50 minutes)



Presented by:  
Zeny Asuncion-Nace

---

University of Guam

Email: [znace@uguam.uog.edu](mailto:znace@uguam.uog.edu)

# Thank you to our platinum sponsors



**Deloitte.**

