

Uniform Guidance

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[https://bsos.umd.edu/research/
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Context

- The Uniform Guidance was first published in December 2013. 8 OMB Circulars (A-XXX) were combined into one document to guide the federal government in authorizing federal funds grants, cooperative agreements, and contracts.
- UG was amended in December 2014, and August 2020, and was significantly updated on April 24, 2024. The effective date for the final revisions is October 1, 2024. (F&A agreements determine some effective dates)
- This presentation is based on the publication in the Federal Register dated April 22, 2024
- See - <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>

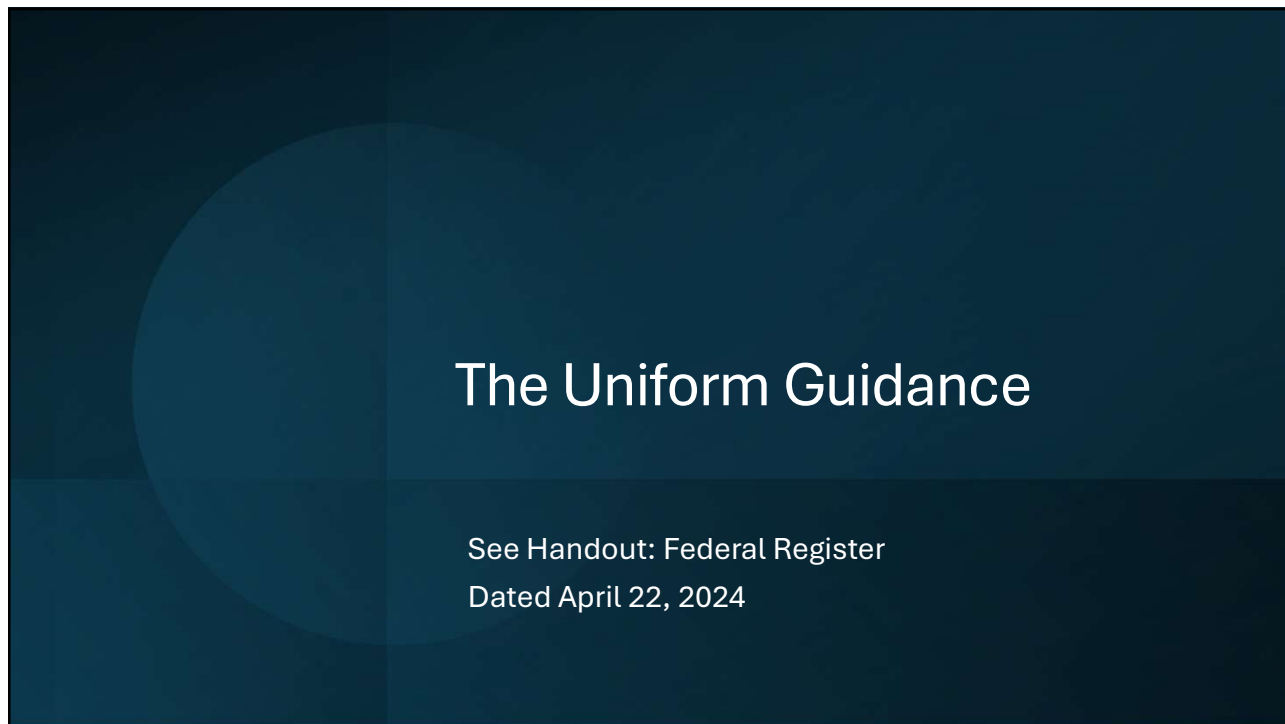
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Highlights of Changes

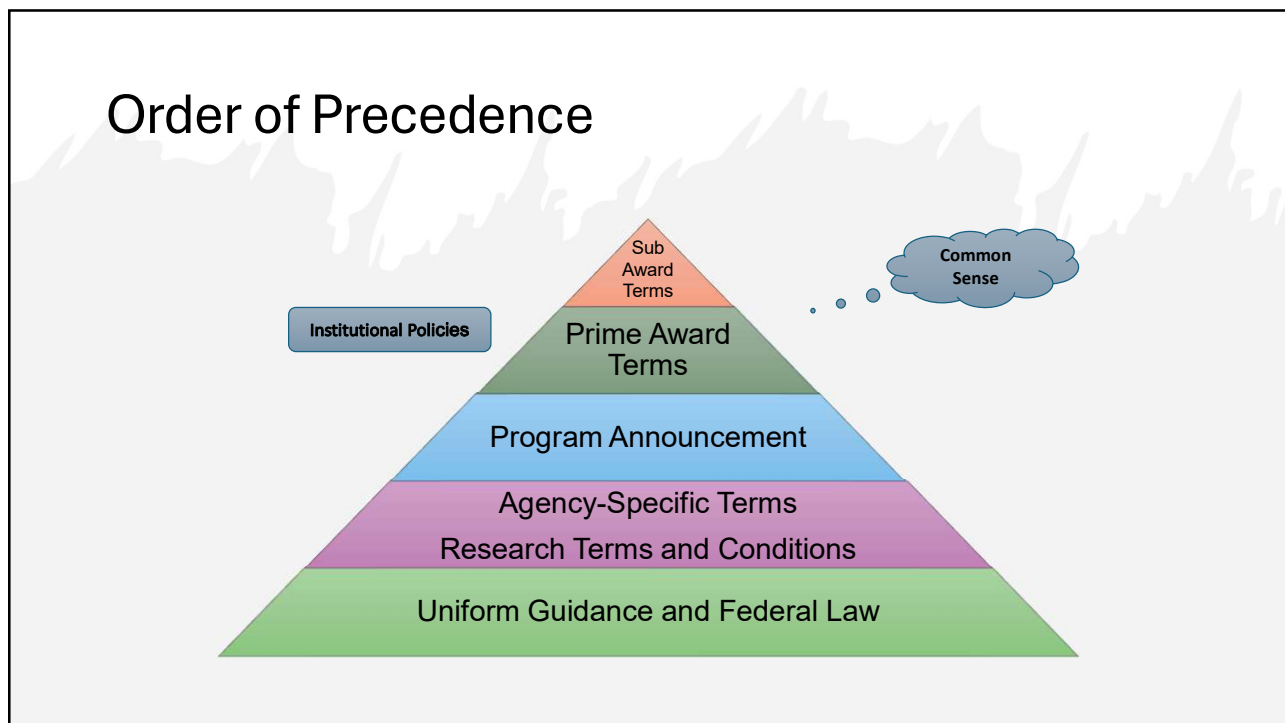


- Increasing the Single Audit Act audit threshold increased from \$750,000 to \$1 million
- The threshold for determining the definition of equipment was increased from \$5,000 to \$10,000.
- Section 200.314 “Supplies” was modified to increase the threshold from \$5,000 to \$10,000 when determining what can be retained by recipients.
- Costs that can be counted within the MTDC base for subawards from \$25,000 to \$50,000. This also changes the calculation of F&A on budgets.
- Increased the de minimis indirect cost rate to 15 percent of MTDC
- Removed the “simplified acquisition threshold” cap for fixed amount subawards currently in place
- In section 200.407, OMB has removed ten items from the prior written approval requirements

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2 CFR Part 200 – Uniform Guidance Structure

SUBPART A, 200.1 – Acronyms & Definitions

SUBPART B, 200.100+ – General Provisions

SUBPART C, 200.200+ – Pre-Award Requirements

SUBPART D, 200.300+ – Post-Award Requirements

SUBPART E, 200.400+ – Cost Principles

SUBPART F, 200.500+ – Audit Requirements

Appendices – I-XII

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Important Note for Your Review: Appendix I Full Text of Notice of Funding Opportunity

- Program Description
- Federal Award Information
- Eligibility Information
 - Eligible Applicants
 - Cost Sharing or Matching
 - Other required
- Application and Submission Information
- Application Review Information

See page 99



Significant changes were made to this section to simplify the requirements and make them easier to understand!

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Subpart A Acronyms and Definitions

Begins on page 1

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Highlights of Changes - Definitions



- Expansion of “intangible property”
- Expansion of “special purpose equipment” to include associated software.
- New definitions: “participant”
- Replace “F&A” with “indirect costs”
- Expanded definition of “Improper Payments” and “Prior Approval”
- New definition added for “Questioned Costs”
- “Non-federal entity” replaced with recipient and sub-recipient

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Subpart B General Provisions

Begins on page 11

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Applicability

§200.100 Purpose

- (a) (1) Federal awarding agencies must not impose additional or inconsistent requirements, except as provided in §§200.102 Exceptions and 200.211 Information contained in a Federal award, or unless specifically required by Federal statute, regulation, or Executive Order.

§200.101 General applicability to Federal agencies.

- (a)(1) Subparts A through F apply to Federal agencies that make Federal awards to non-Federal entities. As provided in paragraph (a)(2), subparts A through E may also apply to Federal agencies that make Federal awards to other entities.

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Should vs. Must / “OR”

200.101 (a)

- (3) Throughout subparts A through F, the word “must” indicates a requirement. The words “should” or “may” indicate a recommended approach and permit discretion.
- (4) Throughout subparts A through E, when the word “or” is used between the terms “recipient” and “subrecipient,” any requirements or recommendations in the relevant provisions of this part apply to the recipient, the subrecipient, or both, as applicable. The use of “or” between recipient and subrecipient does not mean that applicable requirements or recommendations only apply to one of these entities unless the context clearly indicates otherwise.

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Grants, Contracts, Cooperative Agreements?

§200.101

- What sections apply to GRANTS?
- What sections apply to CONTRACTS?
- What sections apply to COOPERATIVE AGREEMENTS?



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Applicability Table

• This chart is from the Aug 2020 version of the Uniform Guidance and was removed from the October 2024 version. It is provided here for informational purposes only.

The following portions of this Part	Are applicable to the following types of Federal Awards and Fixed-Price Contracts and Subcontracts (except as noted in paragraphs (d) and (e) of this section):	Are NOT applicable to the following types of Federal Awards and Fixed-Price Contracts and Subcontracts:
Subpart A - Acronyms and Definitions	- All	
Subpart B - General Provisions, except for §§ 200.111 English Language, 200.112 Conflict of Interest, 200.113 Mandatory Disclosures	- All	
§§ 200.111 English Language, 200.112 Conflict of Interest, 200.113 Mandatory Disclosures	- Grant Agreements and cooperative agreements	- Agreements for loans, loan guarantees, interest subsidies and insurance. - Procurement contracts awarded by Federal Agencies under the Federal Acquisition Regulation and subcontracts under those contracts.
Subparts C-D, except for §§ 200.203 Requirement to provide public notice of Federal financial assistance programs, 200.303 Internal controls, 200.331-333 Subrecipient Monitoring and Management	- Grant Agreements and cooperative agreements	- Agreements for loans, loan guarantees, interest subsidies and insurance. - Procurement contracts awarded by Federal Agencies under the Federal Acquisition Regulation and subcontracts under those contracts.
§ 200.203 Requirement to provide public notice of Federal financial assistance programs	- Grant Agreements and cooperative agreements - Agreements for loans, loan guarantees, interest subsidies and insurance	- Procurement contracts awarded by Federal Agencies under the Federal Acquisition Regulation and subcontracts under those contracts.
§§ 200.303 Internal controls, 200.331-333 Subrecipient Monitoring and Management	- All	
Subpart E - Cost Principles	- Grant Agreements and cooperative agreements, except those providing food commodities - All procurement contracts under the Federal Acquisition Regulations except those that are not negotiated	- Grant agreements and cooperative agreements providing foods commodities. - Fixed amount awards. - Agreements for loans, loans guarantees, interest subsidies and insurance. - Federal awards to hospitals (see Appendix IX Hospital Cost Principles).
Subpart F - Audit Requirements	- Grant Agreements and cooperative agreements - Contracts and subcontracts, except for fixed price contracts and subcontracts, awarded under the Federal Acquisition Regulation - Agreements for loans, loans guarantees, interest subsidies and insurance and other forms of Federal Financial Assistance as defined by the Single Audit Act Amendment of 1996	- Fixed-price contracts and subcontracts awarded under the Federal Acquisition Regulation.

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Effective Dates

- Preamble: The effective date for the final guidance is October 1, 2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to October 1, 2024, but they are not required to do so. For agencies applying the final guidance before October 1, 2024, the effective date of the final guidance must be no earlier than June 21, 2024.
- Some clauses (supply/equipment threshold, MTDC base, etc) ONLY apply when your institution re-negotiates its indirect cost rate agreement.

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Mandatory Disclosures



§200.113

An applicant, recipient, or subrecipient of a federal award must promptly disclose whenever, in connection with the federal award (including any activities or subawards thereunder), it has **credible evidence** of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations.

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Subpart C Pre-Award Requirements

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Notices of funding opportunities



§200.204, Notices of funding opportunities:

The Federal agency must announce specific funding opportunities for Federal financial assistance that will be openly competed. The term openly competed means opportunities that are not directed to one or more specifically identified applicants.

See Appendix 1 on page 99 for complete details

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Federal agency review of merit



§200.205, Federal awarding agency review of merit of proposals:

Unless prohibited by Federal statute, the Federal agency must design and execute a merit review process of applications for discretionary Federal awards. The objective of a merit review process is to select recipients most likely to be successful in delivering results based on the program objectives as outlined in section § 200.202.

This process must be described or incorporated by reference in the FOA

See Appendix 1

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Federal agency review of risk

§200.206, Federal awarding agency review of risk posed by applicants:

In addition to use of the OMB-designated databases, Federal awarding agencies must have a framework for evaluating the risks posed by applicants prior to receipt of a federal award.

Items that may be considered by Federal awarding agencies include:

- Financial stability
- Quality of management systems
- History of performance
- Reports and findings from audits performed under Subpart F
- Applicant’s ability to effectively implement statutory, regulatory or other requirements

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Never Contract with the Enemy

§200.215: “Never Contract with the Enemy Provision”

Establishes a requirement that federal awarding agencies and recipients and subrecipients are subject to this provision of the 2 CFR Part 183 National Defense Authorization Act. The covered contracts, grants, and cooperative agreements include those:

- That are expected to exceed \$50,000 within the period of performance
- Are performed outside the United States and its territories
- Are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities.

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Prohibition on telecom and surveillance or services



§200.216: Prohibition on certain telecommunications and video surveillance services or equipment or services.

(a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

- Procure or obtain
- Extend or renew a contract to procure or obtain
- Enter into a contract to procure or obtain specific equipment, services, or systems

(c) For the purposes of this section, “covered telecommunications equipment or services” also include systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system

See Public Law 115-232, section 889 for additional information

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Whistleblower protections



§ 200.217

An employee of a recipient or subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 U.S.C. 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract minimums (including the competition for or negotiation of a contract) or grant.

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Performance Measurement

§200.301 Performance Measurement

Emphasizes “Performance measurement” leading with language stating that federal awarding agencies must measure the recipient’s performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices.

The Federal agency should clearly communicate the specific program goals and objectives in the Federal award, including how the Federal agency will measure the achievement of the goals and objectives, the expected timeline, and information on how the recipient must report the achievement of program goals and objectives ...

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Financial management

§200.302, Financial management

(a) All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. See § 200.450.

Funds must be separately accounted for and identified by source of funds. Expenditures must have appropriate supporting documentation.

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Financial management cont'd

(b) The recipient's and subrecipient's financial management system must provide for the following (see §§ 200.334, 200.335, 200.336, and 200.337)

(1) Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification **must** include, as applicable, the Assistance Listings title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.

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Financial management cont'd

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §200.328 Financial reporting and 200.329 Monitoring and reporting program performance.

(3) Maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

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Financial management cont'd

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls.

(5) Comparison of expenditures with budget amounts for each Federal award.

(6) Written procedures to implement the requirements of §200.305 Payment.

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.

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Internal Controls

§200.303

The recipient and subrecipient must:

- Establish and maintain effective internal controls
- Comply with Federal statutes, regulations, & terms and conditions
- Evaluate and monitor compliance
- Take prompt action on audit findings
- Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information.



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Cost Sharing

§200.306, Cost sharing

- Stipulates that voluntary committed cost sharing is not expected under Federal research proposals and may not be used as a factor during the merit review of the proposal
- Cost sharing may only be considered when required by regulation and transparent in the notice of funding opportunity!



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Cost Sharing Continued

- (1) Are verifiable in the recipient's or subrecipient's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for achieving the objectives of the Federal award;
- (4) Are allowable under subpart E;
- (5) Are not paid by the Federal Government under another Federal award,
- (6) Are provided for in the approved budget when required by the Federal agency; and
- (7) Conform to other applicable provisions of this part.

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Voluntary cost sharing

- **COMMITTED:** Means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the Federal award on the part of the non-Federal entity and that becomes a binding requirement of the Federal award.
- **UNCOMMITTED:** any time or money spent beyond what was promised, which therefore does not have to be accounted for in effort reports and F&A calculation or reported to the sponsor.

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IHE Voluntary Uncommitted Cost Sharing

- 200.306(k) For institutions of higher education (IHE), voluntary uncommitted cost sharing should be treated differently from mandatory or voluntary committed cost sharing. Voluntary uncommitted cost sharing should not be included in the organized research base for computing the indirect cost rate or reflected in any allocation of indirect costs. Voluntary uncommitted cost sharing includes faculty-donated additional time above that agreed to as part of the award. See OMB memorandum M-01-06, dated January 5, 2001, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs.

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Revision of budget and program plans



§200.308

(a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process.

(b) Recipients are required to report deviations from budget or project scope or objective and request prior approvals from Federal awarding agencies for budget and program plan revisions.

d) The Federal agency or pass-through entity must review the request for budget or program plan revision and should notify the recipient or subrecipient whether the revisions have been approved within 30 days of receipt of the request.

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Revision of budget and program plans



§200.308 (f) Revisions Requiring Prior Approval

A recipient or subrecipient must request prior written approval from the Federal agency or pass-through entity for the following program and budget-related reasons:

- (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 key personnel (including employees and contractors) that are identified by name or position in the Federal award.

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Revision of budget and program plans

- (3) The disengagement from a project for more than three months, or a 25 percent reduction in time and effort devoted to the Federal award over the course of the period of performance, by the approved project director or principal investigator.
- (4) The inclusion, unless waived by the Federal agency, of costs that require prior approval in accordance with subpart E as applicable.
- (5) The transfer of funds budgeted for participant support costs to other budget categories.

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Revision of budget and program plans cont'd

(g) Waiver of certain prior approvals. Except for the requirements listed in paragraphs (f)(1) through (10), the Federal agency is authorized to waive other cost-related and administrative prior written approval requirements contained in subparts D and E.

Waivers may authorize recipients to:

- (1) Incur project costs 90 calendar days prior to the award. Pre-award costs must be charged to the initial budget period
 - (2) Initiate a one-time extension of the period of performance by up to 12 months
 - (3) Carry forward unobligated balances
- ...and more

See Research Terms & Conditions (RTC)

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Property Standards and Equipment



§ 200.313 Equipment

Definition: Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$10,000.

(d)(1) Property records must be maintained that include:

- Description of the property
- Serial number or identification number
- Source of funding (including FAIN)
- Title holder
- Acquisition date
- Cost of property
- Percentage of Fed participation in the project cost
- Location, use condition of property
- Disposition data

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§ 200.313 Equipment

- (a) Title. Title to equipment acquired under the Federal award will vest upon acquisition in the recipient or subrecipient subject to the conditions of this section.
- This title must be a conditional title unless a Federal statute specifically authorizes the Federal agency to vest title in the recipient or subrecipient without further responsibility to the Federal Government (and the Federal agency elects to do so).
- A conditional title means a clear title is withheld by the Federal agency until conditions and requirements specified in the terms and conditions of a Federal award have been fulfilled.

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§ 200.313 Equipment - Continued

(c) Use

- (1) The recipient or subrecipient must use equipment for the project or program for which it was acquired and for as long as needed, whether or not the project or program continues to be supported by the Federal award.
- (2) During the time that equipment is used on the project or program for which it was acquired, the recipient or subrecipient must also make the equipment available for use on other programs or projects supported by the Federal Government, provided that such use will not interfere with the purpose for which it was originally acquired.

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§ 200.313 Equipment - Continued

- (3)...the recipient or subrecipient must not use equipment acquired with the Federal award to provide services for a fee that is less than a private company would charge for similar services unless specifically authorized by Federal statute.
- (4) When acquiring replacement equipment, the recipient or subrecipient may either trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.

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Supplies



§200.314 Supplies,

Title to supplies acquired under the Federal award will vest upon acquisition in the recipient or subrecipient.

When there is a residual inventory of unused supplies exceeding \$10,000 in aggregate value at the end of the period of performance, and the supplies are not needed for any other Federal award, the recipient or subrecipient may retain or sell the unused supplies.

Unused supplies means supplies that are in new condition, not having been used or opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies.

The Federal agency or pass-through entity is entitled to compensation in an amount calculated by multiplying the percentage of the Federal agency's or pass-through entity's contribution

Must not use the supplies... to provide services ... for a fee that is less than private companies charge for equivalent services...

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General Procurement Standards

- §200.318
 - (a) *Documented procurement procedures.* The recipient or subrecipient must maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services.
 - (b) *Oversight of contractors.* Recipients and subrecipients must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. See also § 200.501(h).
 - (c) *Conflicts of interest.* (1) The recipient or subrecipient must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.

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General Procurement Standards



§200.318

(d) *Avoidance of unnecessary or duplicative items.* Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.

(e) *Procurement arrangements using strategic sourcing.* When appropriate for the procurement or use of common or shared goods and services, ... are encouraged to enter into State and local intergovernmental agreements or inter-entity agreements for procurement transactions.

(f) *Use of excess and surplus Federal property.* ..Encouraged to use excess and surplus Federal property instead of purchasing new equipment and property when it is feasible and reduces project costs.

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Procurement
Methods

§ 200.320

There are three types of procurement methods described in this section:

- informal procurement methods (for micro-purchases and simplified acquisitions);
- formal procurement methods (through sealed bids or proposals); and
- noncompetitive procurement methods.

For any of these methods, the recipient or subrecipient must maintain and use documented procurement procedures

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Procurement
Methods

UG Clause	Procurement Type	Acquisition Threshold	Requirements	Reference
200.320(a)(1)	Micro-purchase (informal)	\$10,000 (Oct 2024) Set by the FAR at 48 CFR part 2, subpart 2.1, unless a higher threshold is requested by the non-Fed entity and approved by the cognizant agency for indirect costs OR the non-Fed entity sets a lower rate per institutional policy.	(ii) no competitive pricing or rate quotations if price is based on research, experience, purchase history, etc.	UG 200.1; 29/1 FAR 28 CFR 2, 2.1
	Micro-purchase (informal)	up to \$50,000; (iv) Non-fed entity may self-certify a threshold up to \$50k on an annual basis. Cert must include justification, identification of the threshold, supporting documentation.	(ii) no competitive pricing or rate quotations if price is based on research, experience, purchase history, etc.	UG 200.320(a)(1)(ii) UG 200.320(a)(1)(iv)
	Micro-purchase (informal)	over \$50,000; (v) Non-fed entity must get permission to exceed \$50k micro-purchase threshold from their cognizant agency for indirect costs.	(ii) no competitive pricing or rate quotations if price is based on research, experience, purchase history, etc.	
200.320(a)(2)	Simplified Acquisition (informal)	Higher than micro-purchase threshold (as defined above), lower than Simplified Acquisition Threshold (\$250k, Nov 2020).	price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Fed entity	UG 200.1; 29/1 FAR 28 CFR 2, 2.1
200.320(b)(1)	Sealed Bid (formal)	Greater than the simplified acquisition threshold or a value below the simplified acquisition threshold set by the non-Fed entity.	public advertising including realistic and complete specification; two or more bidders; selection can be made principally on the basis of price. Issued as a firm fixed-price contract.	
200.320(b)(2)	Proposals (formal)	Greater than the simplified acquisition threshold or a value below the simplified acquisition threshold set by the non-Fed entity.	public advertising which identifies all evaluation factors and their relative importance; adequate number of bidders; non-Fed entity must have a written method for conducting technical evals and making selections; contract choice must consider price and other factors considered.	
200.320(c)	Non-competitive procurement		ONLY used if one or more of the following applies: - does not exceed micro-purchase threshold; - only available from single source; - public exigency or emergency will not allow time for competitive solicitation; - Fed awarding agency expressly authorizes non-competitive procurement; - after solicitation of sources, competition is inadequate.	

(c) University of Maryland Updated 09/16/2024

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Financial Reporting

§ 200.328

(a) The Federal agency must require only OMB-approved government-wide data elements on recipient financial reports

(c) The recipient or subrecipient must submit financial reports as required by the Federal award. Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period.

(d) The final financial report submitted by the recipient must be due no later than 120 calendar days after the conclusion of the period of performance. A subrecipient must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance.

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Performance Reporting

§200.329, Monitoring and reporting program performance

(a) The recipient and subrecipient are responsible for the oversight of the operations of the award, including compliance and performance

(b) The federal agency must require the recipient to relate financial data and accomplishments to performance goals and objectives of the award

(c)(1) performance reports are due no less than annually, no more frequently than quarterly.

- Annual reports are due 90 days after the reporting period.
- Final reports are due no later than 120 days after the period of performance.
- Subs must submit their final reports no less than 90 days after the period of performance.

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Subrecipient and Contractor determinations



§ 200.331

The pass-through entity is responsible for making case-by-case determinations to determine whether the entity receiving Federal funds is a subrecipient or a contractor.

The Federal agency does not have a direct legal relationship with subrecipients or contractors of any tier; however, the Federal agency is responsible for monitoring the pass-through entity's oversight of first-tier subrecipients. (Privity of Contract)

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Subrecipient and contractor determinations

§200.331

(a) Subrecipients. A subaward is for the purpose of carrying out a portion of the Federal award and creates a Federal financial assistance relationship with a subrecipient

(b) Contractors. A contract is for the purpose of obtaining goods and services for the recipient's or subrecipient's use and creates a procurement relationship with a contractor.

What the document is called does not matter; the relationship is the basis for determining which requirements are applicable.

Defined case-by-case basis.

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Requirements for pass-through entities



§200.332

(a) Verify that the subrecipient is not excluded or disqualified in accordance with § 180.300. Verification methods are provided in § 180.300, which include confirming in SAM.gov that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving Federal funds.

(b) Ensure that every subaward is clearly identified to the subrecipient as a subaward

Subrecipients are entitled to their Federally-negotiated IDC rate. If they don't have one, PTEs can either:

- negotiate a rate between the PTE and subrecipient
- use the de minimis IDC rate

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Evaluating subrecipient risk to determine appropriate monitoring

- 200.332(c) The pass-through entity must evaluate each subrecipient's fraud risk and risk of noncompliance to determine the appropriate subrecipient monitoring. PTE should consider:
 - Prior experience with same or similar subawards
 - Results of previous audits
 - Whether new or substantially changed personnel or systems
 - Extent and results of Federal awarding agency monitoring
- 200.332(d) Consider imposing specific conditions
- 200.332(e) Monitor the activities of the sub as necessary to ensure the subaward is used for authorized purposes

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More on Subrecipients



- §200.333 Fixed amount subawards
With prior written approval from the Federal agency, the recipient may provide subawards based on fixed amounts up to \$500,000. Fixed amount subawards must meet the requirements of § 200.201.

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Record Retention and Access

§ 200.334

- Record retention requirements.
- The recipient and subrecipient must retain all Federal award records for three years from the date of submission of their final financial report...
- Records to be retained include but are not limited to, financial records, supporting documentation, and statistical records.

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Termination



§200.340

(a) The Federal award may be terminated in whole or in part as follows:

- (1) By the Federal agency or pass-through entity if the recipient or subrecipient fails to comply with the terms and conditions of the Federal award;
- (2) By the Federal agency or pass-through entity with the consent of the recipient or subrecipient, in which case the two parties must agree upon the termination conditions. These conditions include the effective date and, in the case of partial termination, the portion to be terminated;
- (3) By the recipient or subrecipient upon sending the Federal agency or pass-through entity a written notification of the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated.
- (4) By the Federal agency or PTE pursuant to the terms and conditions of the Federal award, including, to the extent authorized by law, if an award no longer effectuates the program goals or agency priorities.

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Closeout

§ 200.344

b) A recipient must submit all reports (financial, performance, and other reports required by the Federal award) no later than 120 calendar days after the conclusion of the period of performance.

A subrecipient must submit all reports (financial, performance, and other reports required by a subaward) to the pass-through entity no later than 90 calendar days after the conclusion of the period of performance of the subaward (or an earlier date as agreed upon by the pass-through entity and subrecipient)

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Subpart E Cost Principles

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Cost principles for budgeting, expensing and forecasting

This section reviews the costing principles associated with the administration of sponsored research. The principles should be followed at all stages of the oversight of the research enterprise. At the proposal stage we use costing principles for budgeting, at the award stage we use the costing principles for expensing and forecasting.

The costing principles apply to all stages and to all award mechanisms – grants, contracts and cooperative agreements.

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Cost Principles

§200.400, Policy guide

- The application of these cost principles is based on the fundamental premises that:
 - (a) The recipient and subrecipient are responsible for the efficient and effective administration of the Federal award through sound management practices.
 - (b) The recipient and subrecipient are responsible for administering Federal funds in a manner consistent with Federal statutes, regulations, and the terms and conditions of the Federal award.
 - (c) The recipient and subrecipient, in recognition of their unique combination of staff, facilities, and experience, are responsible for employing organization and management techniques necessary to ensure the proper and efficient administration of the Federal award.

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Cost Principles – Allowability criteria

§200.403 Factors affecting allowability of costs.

§200.404 Reasonable costs.

§200.405 Allocable costs

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62

Factors affecting allowability of costs



§200.403

- Except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under Federal awards.
- Be necessary and reasonable for the performance of the award
- Conform to any limitations or exclusions set forth in these principles or the Federal award as to types or amount of cost items
- Be consistent with policies and procedures
- Be accorded consistent treatment
- Be determined in accordance with GAAP
- Not be included as a cost or used to meet cost sharing of any other federally financed program
- Be adequately documented

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Factors affecting the allowability of costs



Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period. At its discretion, the Federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods. See § 200.308(g)(3).

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Reasonable costs

§200.404

A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost.

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Reasonable costs

§200.404

In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is generally recognized as ordinary and necessary for the recipient's or subrecipient's operation or the proper and efficient performance of the Federal award;
- (b) The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining;
- (c) Market prices for comparable costs for the geographic area;
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the recipient or subrecipient, its employees, its students or membership (if applicable), the public at large, and the Federal Government; and
- (e) Whether the cost represents a deviation from the recipient's or subrecipient's established written policies and procedures for incurring costs.

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66

Allocable cost

§200.405

(a) Allocable costs in general. A cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received.

(1) Is incurred specifically for the federal award

(2) Benefits both the federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles of the subpart

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Allocable cost

§200.405

(c) Limitation on charging certain allocable costs to other Federal awards. A cost allocable to a particular Federal award may not be charged to other Federal awards (for example, to overcome fund deficiencies or to avoid restrictions imposed by Federal statutes, regulations, or the terms and conditions of the Federal awards.

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Allocable Costs

- §200.405 (d) Direct cost allocation principles.
 - If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost **MUST** be allocated to the projects based on proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved..., cost may be allocated or transferred to benefitted projects on any reasonable basis.
 - Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

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Prior written approval

§200.407

The reasonableness and allocability of certain costs under Federal awards may be difficult to determine. To avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the recipient may seek the prior written approval of the Federal agency (or, for indirect costs, the cognizant agency for indirect costs) before incurring the cost.

The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that cost unless prior approval is specifically required

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Prior written approval



§200.407

Items requiring prior approval

- ~~§ 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5);~~
- (a) § 200.306 Cost sharing;
- (b) § 200.307 Program income;
- (c) § 200.308 Revision of budget and program plans;
- ~~§ 200.311 Real property;~~
- ~~§ 200.313 Equipment;~~
- (d) § 200.333 Fixed amount subawards;
- ~~§ 200.413 Direct costs, paragraph (c);~~
- (e) § 200.430 Compensation—personal services, paragraph (h);
- (f) § 200.431 Compensation—fringe benefits;
- ~~§ 200.438 Entertainment costs;~~
- (g) § 200.439 Equipment and other capital expenditures;
- (h) § 200.440 Exchange rates;
- (i) § 200.441 Fines, penalties, damages and other settlements;
- (j) § 200.442 Fund raising and investment management costs;
- (k) § 200.445 Goods or services for personal use;
- (l) § 200.447 Insurance and indemnification;
- ~~§ 200.454 Memberships, subscriptions, and professional activity costs, paragraph (c);~~
- (m) § 200.455 Organization costs;
- ~~§ 200.456 Participant support costs;~~
- (n) § 200.458 Pre-award costs;
- (o) § 200.462 Rearrangement and reconversion costs;
- ~~§ 200.467 Selling and marketing costs;~~
- ~~§ 200.470 Taxes (including Value Added Tax); and~~
- (p) § 200.475 Travel costs.

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Limitation on allowance of cost

§200.408

Statutory requirements may limit the allowability of costs. Any costs that exceed the maximum amount allowed by statute may not be charged to the Federal award. Only the amount allowable by statute may be charged to the Federal award.

e.g.,


Salary caps

Statutorily limited indirect cost rates


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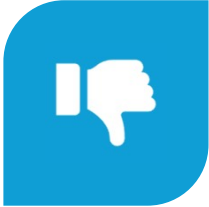
Unallowable costs



SPECIFICALLY IDENTIFIED IN THE AWARD AS BEING UNALLOWABLE.



SPECIFICALLY IDENTIFIED IN THE UNIFORM GUIDANCE AS BEING UNALLOWABLE.



DOES NOT MEET THE CRITERIA LISTED IN THE UNIFORM GUIDANCE TO BE ALLOWABLE.

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Sample unallowable costs

- Alcoholic Beverages
- Bad Debts
- Contingency Provisions
- Contributions and Donations
- Entertainment
- Fines and Penalties
- Fundraising Costs
- Goods or Services for Personal Use
- Interest on Borrowed Capital
- Lobbying Costs
- Social Memberships

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Direct and Indirect Costs

§ 200.412

Classification of costs.

There is no universal rule for classifying certain costs as direct or indirect costs. A cost may be direct for some specific service or function but indirect for the Federal award or other final cost objective. Therefore, each cost incurred for the same purpose in like circumstances must be treated consistently either as a direct or an indirect cost to avoid possible double-charging of Federal awards.

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Direct Costs

§200.413, Direct costs.

General. 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. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

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Direct Costs

§200.413 Direct costs.

- (a) General. 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.
- (b) Application to Federal awards. The association of costs with a Federal award determines whether costs are direct or indirect. Costs charged directly to a Federal award are typically incurred specifically for that Federal award

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Cost Principles – Administrative Costs as Direct Costs



§200.413, Direct costs.

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

- (1) Administrative or clerical services are integral to the project or activity
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) the costs are not also recovered as indirect costs

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Indirect (F&A) costs – See also Appendix III to Part 200

§200.414, Indirect costs.

For major Institutions of Higher Education (IHE) and major nonprofit organizations, indirect (F&A) costs must be classified within two broad categories: “Facilities” and “Administration.”

“Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.

“Administration” is defined as general administration and general expenses such as the director's office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities” (including cross allocations from other pools, where applicable).

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Indirect Costs



§200.414, Indirect Costs

§200.414(f). *De minimis rate*. Recipients and subrecipients that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15 percent of modified total direct costs (MTDC).

This expands the option to all nonfederal entities where currently it is only available to recipients with no previously negotiated indirect cost rate.

No documentation will be required to justify the de minimis indirect cost rate. BUT: once elected, the recipient must use the de minimis rate for all federal awards until they choose to receive a negotiated rate.

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Considerations for selected items of cost.

§200.420

This section provides principles to be applied in establishing the allowability of certain items involved in determining cost.

These principles apply whether or not a particular item of cost is properly treated as a direct cost or indirect (F&A) cost.

Failure to mention a particular item of cost, including as an example in certain sections, is not intended to imply that it is either allowable or unallowable.

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Selected items of cost – Order of Precedence

§200.420 In case of a discrepancy between the provisions of a specific Federal award and the provisions in this section, the Federal award governs.

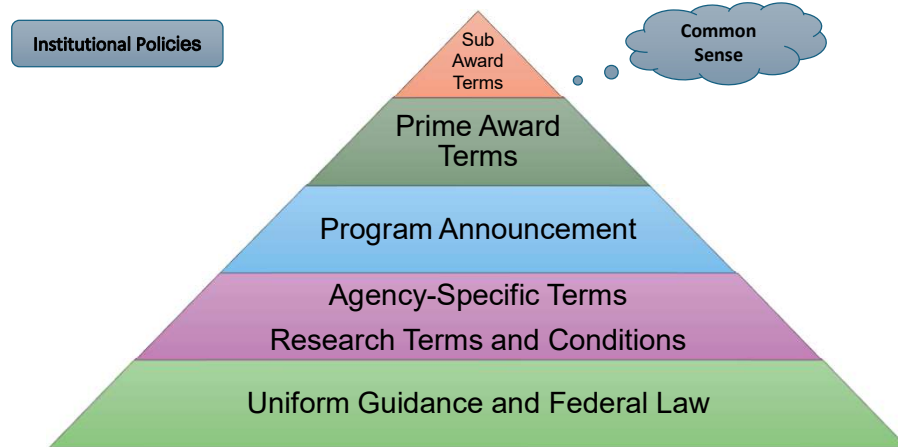
Refer to the Order of Precedence

****Check award document for impact on expenses****

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Order of Precedence



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Review of Underlying Cost Principles

At every stage of the oversight and monitoring of sponsored programs administration we must ALWAYS ask ourselves the same questions (repeatedly):

- Is the item ALLOWABLE?
- Is it ALLOWABLE as a DIRECT COST?
- Is it ALLOWABLE as an F&A COST?

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**§200.423 Alcoholic beverages.
Costs of alcoholic beverages are unallowable.**



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**Compensation – personal services, fringe
benefits**

§200.430

Costs of compensation are allowable to the extent that they satisfy the specific requirements of this Part, and that the total compensation for individual employees:

- (1) Is reasonable for services rendered and conforms to the established written policy of the recipient or subrecipient consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment in accordance with the non-Fed entity's policies and procedures

Compensation is considered reasonable when it is consistent with that paid for similar work in other activities of the non-Federal entity.

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Compensation – personal services

§ 200.430

(i)(3) Intra-Institution of Higher Education (IHE) consulting by faculty should be undertaken as an IHE responsibility 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 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.

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Compensation – personal services

200.430(i)(4) Extra service pay typically represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay results from Intra-IHE consulting, it is subject to the same requirements of paragraph (b) of this section. It is allowable if all of the following conditions are met:

- (i) The IHE establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.
- (ii) The IHE 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 definition may be described in appointment letters or other documentation.
- (iii) The supplementation amount paid is commensurate with the IBS pay rate and additional work performed. See paragraph (i)(2) of this section.
- (iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the IHE.
- (v) The total salaries charged to Federal awards, including extra service payments, are subject to the standards of documentation as described in paragraph (g).

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Conferences

§200.432

A conference means an event whose primary purpose is to disseminate technical information beyond the recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award

The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed.

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Entertainment Costs

§200.438, Entertainment costs.

(a) Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in a Federal award.

(b) Prizes. Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the Federal award. Federal agencies should refer to OMB guidance in M-10-11 “Guidance on the Use of Challenges and Prizes to Promote Open Government,” issued March 8, 2010, or its successor.

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Equipment and other capital expenditures



§200.439 (see §200.1 for definitions)

The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are allowable as direct costs, but only with the prior written approval of the Federal agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$10,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

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Materials and supplies costs

§200.453

(a) Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

(b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.

(c) 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.

(d) Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

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Participant support costs



§200.456

§200.1 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.

The classification of items as participant support costs must be documented in the recipient's or subrecipient's written policies and procedures and treated consistently across all Federal awards.

*As noted in the definition of Modified Total Direct Cost (MTDC), participant support costs are excluded from indirect (F&A) costs. See page 8/2

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Recruiting costs

§200.463 (d)

Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost.

Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award.

For these costs to be directly charged to a Federal award, they must:

- Be critical and necessary for the conduct of the project;
- Be allowable under the applicable cost principles;
- Be consistent with the recipient's cost accounting practices and established written policy; and
- Meet the definition of “direct cost” as described in the applicable cost principles

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§ 200.471 Telecommunication costs and video surveillance costs.

- (a) Costs incurred for telecommunications and video surveillance services or equipment such as phones, internet, video surveillance, cloud servers are allowable except for the following circumstances:
- (b) Obligating or expending covered telecommunications and video surveillance services or equipment or services as described in [§ 200.216](#) to:
 - (1) Procure or obtain, extend or renew a contract to procure or obtain;
 - (2) Enter into a contract (or extend or renew a contract) to procure; or
 - (3) Obtain the equipment, services, or systems.

[[85 FR 49570](#), Aug. 13, 2020]

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§ 200.472 Termination costs



Termination of a Federal award generally gives rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the Federal award not been terminated. Cost principles covering these items are set forth in this section. They are to be used in conjunction with the other provisions of this part in termination situations.

- See 200.472 (1) – (6) for what costs are allowable
- (6)(b) Closeout Costs. Administrative costs associated with the closeout activities of a Federal award are allowable. The recipient or subrecipient may charge the Federal award during the closeout for the necessary administrative costs of that Federal award

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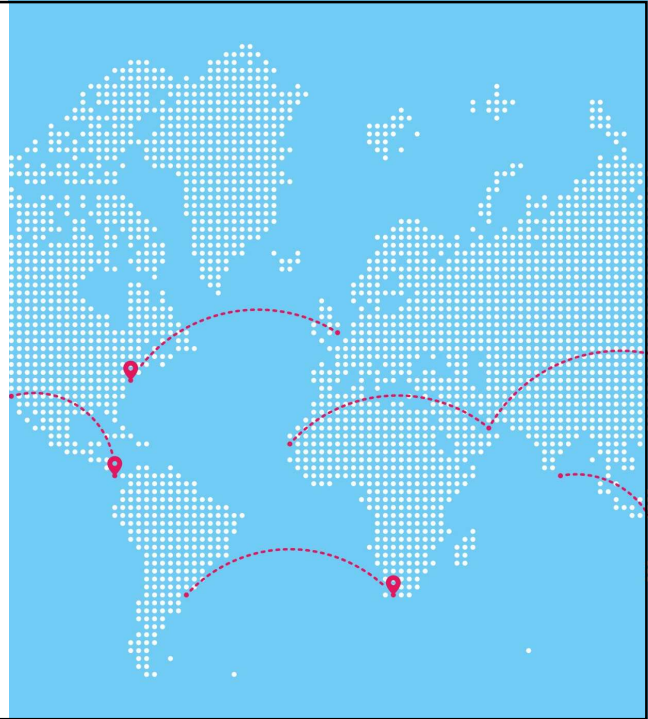
96

Travel

§200.475

(a) General. 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 recipient or subrecipient. These 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 to an entire trip and not to selected days of the trip.

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Travel - continued

(b) 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 recipient in its regular operations as the result of recipient's written travel policy. In addition, 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 the recipient's established written policy.

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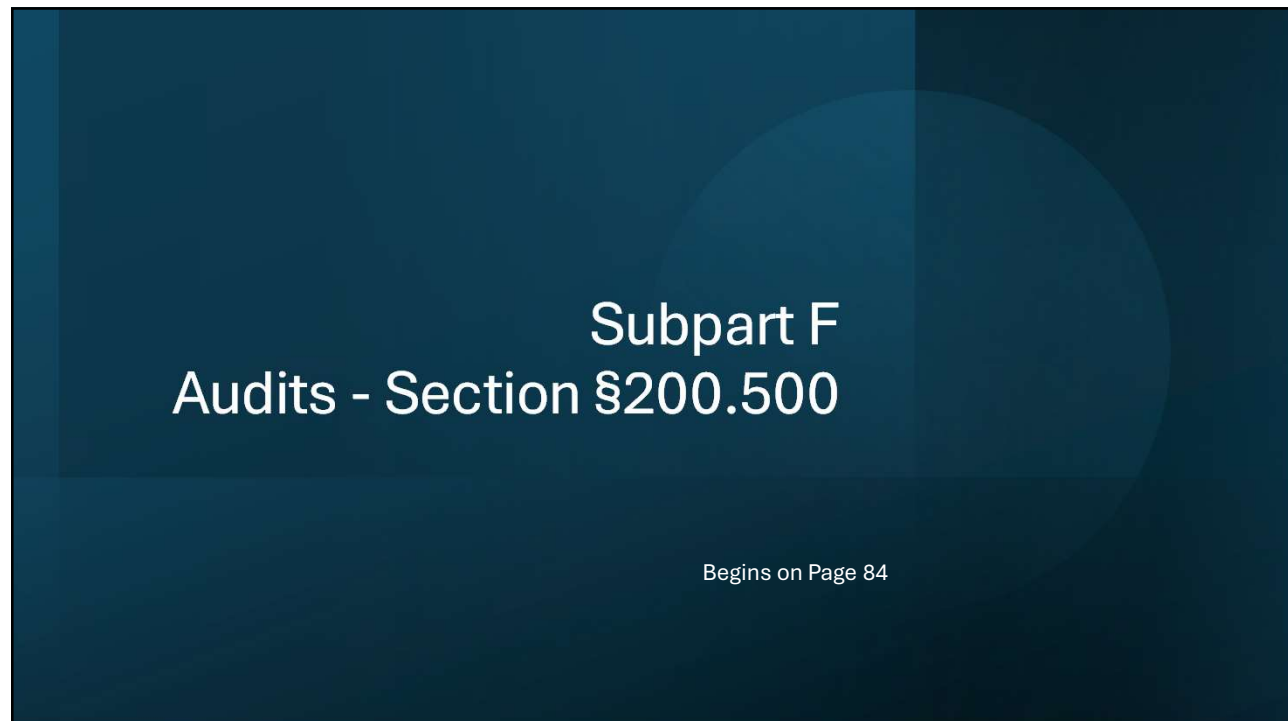
Travel - continued

200.475(c) Dependents.

- (1) Temporary dependent care costs (dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care are allowable provided that these costs:
 - (i) Are a direct result of the individual's travel to a conference for the Federal award;
 - (ii) Are consistent with the recipient's or subrecipient's established written policy for all travel; and
 - (iii) Are only temporary during the travel period.
- (2) Travel costs for dependents are unallowable, except for travel of six months or more with the prior approval of the Federal agency.

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Audit Requirements



§200.501

Audit Required. A non-Federal entity that expends \$1,000,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program specific audit conducted for that year in accordance with the provisions of this part.

See details for the election of a program specific audit.

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Auditee responsibilities

§200.508 The auditee must:

Prepare appropriate financial statements, including the schedule of expenditures of Federal awards

Promptly follow up and take corrective action on audit findings

Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed

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References

- Link to BSOS website with link to new UG (Rebecca has to upload the new UG first)
- Link to Procurement Grid
- Link to eCFR

103



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Assistant Vice President

Ann M Holmes, amholmes@umd.edu
Retired Senior Assistant Dean

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Subcontracting on Sponsored Agreements:

Distinguishing Characteristics of Subawards, Contracts, and Consulting Agreements

SUBAWARD

Subaward

The agreement to an eligible non-Federal organization to carry out part of a Federal award received by the pass-through entity. (§200.1)

Indicative characteristics:

- Subrecipient performance is measured against whether the objectives of the Federal program are met; i.e., if the subrecipient scope is not completed, the prime grant scope is judged to be incomplete;
- Subrecipient has responsibility and authority for programmatic decision making on their section of the research;
- Subrecipient organization uses the funds to carry out a program within the organization as compared to providing goods or services for a program.

Result of subaward classification:

- Subrecipient is responsible for adhering to applicable program compliance requirements (i.e., Uniform Guidance, agency regulations, terms of the Federal award, etc.); and
- Intellectual property (IP) and copyright are retained by the subawardee organization.
- Subrecipient PI may author or be a co-author on publications relating to the scope of work.
- On project budgets calculated on an MTDC basis, only the first \$25,000 of each subaward is subject to F&A.

CONTRACT/ PURCHASE ORDER

Contract

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. (§200.1)

Indicative characteristics:

- Provides the goods or services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the research project

Result of contractor classification:

- Are not subject to monitoring or reporting requirements of the prime award.
- Are subject to the monitoring and reporting requirements in the contract or purchase order issued by the University;
- Effort is considered “work for hire” and therefore IP is owned by the funding organization, not necessarily the individual or entity who created it.

CONSULTANT

Consultant

Categorized as a contractor relationship. An individual or company retained to provide professional advice or services on a project for a fee.

Indicative characteristics:

- A company or an individual who is a bona fide consultant (expert advisor) who pursues this line of business for themselves;
- Are paid for their time at a daily or hourly fixed rate.

Result of contractor classification:

- A contract is issued; see result of contractor classification above. This applies for consulting firms and individual consultants.



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Uniform Guidance Procurement Rules
(Oct 2024)

UG Clause	Procurement Type	Acquisition Threshold	Requirements	Reference
200.320(a)(1)	Micro-purchase (informal)	\$10,000 (Oct 2024) Set by the FAR at 48 CFR part 2, subpart 2.1, unless a higher threshold is requested by the non-Fed entity and approved by the cognizant agency for indirect costs OR the non-Fed entity sets a lower rate per institutional policy.	(ii) no competitive pricing or rate quotations if price is based on research, experience, purchase history, etc.	UG 200.1; 29/1 FAR 28 CFR 2, 2.1
	Micro-purchase (informal)	up to \$50,000 ; (iv) Non-fed entity may self-certify a threshold up to \$50k on an annual basis. Cert must include justification, identification of the threshold, supporting documentation.	(ii) no competitive pricing or rate quotations if price is based on research, experience, purchase history, etc.	UG 200.320(a)(1)(ii) UG 200.320(a)(1)(iv)
	Micro-purchase (informal)	over \$50,000 ; (v) Non-fed entity must get permission to exceed \$50k micro-purchase threshold from their cognizant agency for indirect costs.	(ii) no competitive pricing or rate quotations if price is based on research, experience, purchase history, etc.	
200.320(a)(2)	Simplified Acquisition (informal)	Higher than micro-purchase threshold (as defined above), lower than Simplified Acquisition Threshold (\$250k , Nov 2020).	price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Fed entity	UG 200.1; 29/1 FAR 28 CFR 2, 2.1
200.320(b)(1)	Sealed Bid (formal)	Greater than the simplified acquisition threshold or a value below the simplified acquisition threshold set by the non-Fed entity.	public advertising including realistic and complete specification; two or more bidders; selection can be made principally on the basis of price. Issued as a firm fixed-price contract.	
200.320(b)(2)	Proposals (formal)	Greater than the simplified acquisition threshold or a value below the simplified acquisition threshold set by the non-Fed entity.	public advertising which identifies all evaluation factors and their relative importance; adequate number of bidders; non-Fed entity must have a written method for conducting technical evals and making selections; contract choice must consider price and other factors considered.	
200.320(c)	Non-competitive procurement		ONLY used if one or more of the following applies: - does not exceed micro-purchase threshold; - only available from single source; - public exigency or emergency will not allow time for competitive solicitation; - Fed awarding agency expressly authorizes non-competitive procurement; - after solicitation of sources, competition is inadequate.	