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**February 2013 COGR Meeting Thursday Morning Presentation - Cynthia Hope/Jim Luther**

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# Proposed OMB Uniform Guidance Cost Principles

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# Agenda - Subchapter F: Cost Principles

- Background and Overview
- Good, Bad, Unknown
- Compensation – Personal Services
- F&A

# Background and Overview

- Cost Principles – Subchapter F (Pages 72 -135)
  - General themes
    - Allocability, Reasonableness, Consistency remains
  - Terminology Inconsistency:
    - Grants, coop agreements, contracts, etc.
    - Non-profit, Educational Universities, etc.

# Good

- Eliminated for grants/cooperative agreements (not clear on contracts)
  - Appendix A - CASB's Cost Accounting Standards
  - Appendix B - CASB's Disclosure Statement (DS 2)
- Computers: non-capital computers can be direct charged if allocable; does not need to be “solely dedicated” (Pg123/C-31)
- Travel Cost: Temporary dependent care costs – allowable but must be consistent & only for the time period of travel, etc. (Pg134/C-53(C))

# Bad

- MTDC Exclusions: Awarding agency can make determination (Pg83/616e)
- Eliminated (C4): Where the purchase of equipment... under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment ...

# Unknown

- Eliminated: “The dual role of students engaged in research and the resulting benefits to sponsored agreements are fundamental to the research effort...”
- Direct Charge of Admin and Clerical Personnel (Pg79/615(d))
  - Removed “Major Project” and “greater than routine level” but retained “explicitly included in the budget”
- Meetings: Allowable if “purpose is the dissemination of technical information beyond the recipient entity” (Pg123/C-32)
- Unused Materials or Supplies: residual inventory (including computers) <\$5k may be retained (Pg123/C-31(6))
- Sponsor use of negotiated F&A rates: Inconsistency as to whether OMB must approve (Pg24/204(B)) and Pg80/616(1))
- Equipment definition now includes Software Costs: useful life >1 year and exceeds the lesser of cap level or \$5k (Pg109/C18(B))

# Compensation – Personal Services

- Compensation – Personal Services (OMB A-21 J.10 moved to C10 (page 89))
  - Inconsistent “nods” to previous responses and OIGs
- Related and Incidental Activities:
  - Added language to allow for “developing and maintaining protocols...managing substances...managing project-specific data (Pg90)
- Eliminated:
  - J.10.c(1)f: requirement for “independent internal evaluation”
  - Examples of Acceptable Methods for Payroll Distribution
- “Extra Service Pay” (Pg91/8(b))
  - Requires definition of full time “workload” (Pg91/8(b)(2))



# Compensation – Personal Services

- Standards for Documentation of Personnel Expenses (Pg93/(9))
  - “Effort certification”
- Employees working solely on one award require semiannual certification (Pg93/(9)(B))
- “Certified reports” ...
  - “Reports may be integrated with or separate from the payroll distribution system; where integrated, duplication of records should not be necessary.” (Pg93/(9)(C))
- Significant changes identified in a timely manner...short-term fluctuations (one to two months) need not be considered...
- If based on budgets, “Distribution percentages are revised at least quarterly” - what documentation needed?

# F&A Costs Identification and Assignment

- Rate extensions: rates can be extended for up to 4 years (Pg83/616(e))
  - No clarity on type of rate extension
- Indirect cost rate: Institutions can use 10% rate without rate calculation for up to 4 years (Pg83)(616(e))
- Utility Cost Adjustment / Special Cost Studies
  - Eliminated but research space can be weighted with “effective square footage” with relative utilization index or sub-building metering (Pg 200/IV(B)c)

# F&A Costs Identification and Assignment

- Eliminated
  - Lease-purchase analysis (J.26b(1))
  - Documentation to support use of reimbursed depreciation
  - “Institutions should not change their accounting or cost allocation methods... if the effect is to: (i) change the charging of a particular type of cost from F&A to direct, ...” (G.8(d))
- Negotiation and approval of indirect rates:
  - “Determinations should include a description of any adjustments, the actual amount, both dollar and percentage adjusted, and the reason for making adjustments”