



Uniform Guidance Implications on the Grant Award Process: A Case Study

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Objectives

1. Understand how to apply Uniform Guidance considerations during the pre-award process (i.e., proposal/budget development and award/contract negotiation).
2. How to establish “best practices” during the pre-award stage in order to comply with Uniform Guidance requirements.



The Case

In late December 2105, Universidad del Turabo was tasked with developing a new proposal to form a “consortium”, as the next step in the history of the Samuel P. Massie Chair of Excellence Program (Award No. DE-NA0000672), sponsored by the U.S. Department of Energy.

Universidad del Turabo (UT) proposes to lead a collaborative effort among Hispanic-serving institutions (HSI’s) and two national laboratories to increase the pipeline of graduates ready to pursue a career in energy systems. The overall goal is to prepare a diverse workforce, trained in various aspects of energy systems, ready for employment, as scientists or engineers, with DOE/NNSA national laboratories, their contractors, and other companies in the energy sector. Energy systems (ES) refers to the infrastructure, technologies, and procedures to generate, store, and distribute energy for the use by individual consumers and by industry.



The Case (continuation)

U.S. Department of Energy conditions:

- Must consist of five (5) Hispanic-serving institutions, with one being a 2-year college.
- In addition to Turabo in Puerto Rico, select one (1) additional institution in Puerto Rico.
- Universidad del Turabo, given the experience of over 15 years in the implementation of the Massie Chair program, will lead the consortium efforts, and serve as a “pass through” entity, for all funding to be approved.



Partner Selection

This task was delegated to the UT Principal Investigator and Co-Investigator.

- Miami Dade College (2-year institution)
- University of Puerto Rico – Mayaguez (additional HSI in Puerto Rico)
- University of Texas at El Paso
- University of New Mexico, Albuquerque
- Sandia National Laboratories (SNL) in Albuquerque, NM
- National Energy Technology Laboratory (NETL) in Morgantown, West Virginia



Proposal Development

Once again, Universidad del Turabo (UT), took the lead on this matter. The PI & Co-PI identified all contacts at corresponding institutions. The Sponsored Research and Programs Office (SRPO) at UT was involved since the beginning of the process, and hence also identified all Sponsored Research contacts at each participating institution.

UT lead budget negotiations, with the support of SRPO, with each institution and national laboratory individually, and as group. This was important to provide “consistency” issues within the overall budget (responsibility of UT as the lead institution).

The proposal development process was initiated in January 2016, with the final proposal and budget being submitted to the Department of Energy on **May 13th, 2016**.



Budget Negotiations with Sponsor:

Application of Uniform Guidance Requirements

2-Tier Process: Program Officer and Grants Management/Contract Specialist Officer

Program Officer cleared all proposal documents and budget and forwarded to corresponding Grants Officer (GO) on **July 12th, 2016**.

On **July 19th, 2016** feedback from GO:

“I have reviewed the documentation provided to me last week and have provided my feedback below. In order for the grant packages that were submitted to be considered complete and adequate for processing, items that identified as not including supporting documentation, errors, and inadequate justifications need to be submitted or corrected. Note that it is the responsibility of the Program Office and Prime recipient (UT) to review all documentation (including the subs) to ensure that supporting documentation has been submitted, justifications are adequate, no errors, and verify proposed costs before the package is submitted to the Grants Management Specialist. Note that I will send a separate email regarding UT’s pre-award and post-award responsibilities associated with sub-awardees. What the NA-APM Financial Assistance Team is looking for when we receive grant packages is if all required documentation has been submitted, and if the budget, justifications, and technical review explains the costs and if the costs can be verified. This answers the questions for us as to whether **the costs are reasonable, allowable, allocable, and necessary in accordance with 2 CFR 200 requirements.**”



Budget Negotiations with Sponsor: Subawardee/Subrecipient Considerations

Also on **July 19th, 2016** feedback from GO:

“I am required to do a risk review of Universidad del Turabo and use the attached form to document my review. Does UT have a process in place for performing a risk review of the subs (just the schools)? You need to inform us that you have performed a risk review of the proposed subawardees. Attached is the **2 CFR 200.331** requirements for pass-through entities.”

UT had to proceed to perform the required “risk review” for all subawardees. In order to perform the “risk review” Universidad del Turabo relied on SUAGM’s/UT policy:

“Negotiation, Administration and Monitoring Subawards and Inter-campus Agreements of Sponsored Programs Policy” (VPFA-AVPSPFM-08.01)



Budget Negotiations with Sponsor:

(Subawardee/Subrecipient Considerations Continuation)

UT's Policy: "Negotiation, Administration and Monitoring Subawards and Inter-campus Agreements of Sponsored Programs Policy" (VPFA-AVPSPFM-08.01) is based on the Federal Demonstration Partnership's (FDP) Sub-Award Forms.

See http://sites.nationalacademies.org/PGA/fdp/PGA_063626

At this stage (pre-award), in order to comply with the provisions set forth in **2 CFR 200.331**, each consortium partner completed attachments #2 - #5, specifically:

- #2: Sub Recipient Commitment Form (SOW, certification of F&A, fringe benefits, Human or Animal Subjects, COI, Cost Sharing, Debarment & Suspension, and Audit Status.
- #3: A-133 Audit Questionnaire
- #4: Sub-Award Contacts Form
- #5: Sub Recipient and Vendor Determination Form.

UT was then capable of certifying to the sponsor that a "Risk Assessment" had been diligently performed.



Budget Negotiations with Sponsor:

(Compensation)

§200.430 Compensation—personal services.

(a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. 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 the services rendered and **conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities.**



Budget Negotiations with Sponsor:

(Compensation Continuation)

GO request: Where can these rates be verified? Please provide either a copy of salaries from the Human Resources (HR) Office or a salary rate structure where each proposed position and salary can be verified.

Are the key personnel's salaries based on last year's salaries?

Please provide a website where the Graduate Student and Undergraduate Student salary can be verified.

Each consortium partner was required to submit, either web links from the HR salary structure or provide a copy of said salary structure, for sponsor verification. This was all submitted to the sponsor by the lead or prime recipient, UT.



Budget Negotiations with Sponsor: (Stipends)

§200.75 Participant support costs.

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.

GO/Program Officer Request: What is the basis of the cost of **\$800/week stipend**? What is the cost derived from and where is the documentation or reference supporting this claim? Budget justification states to include the basis for calculation of the stipends. Where can these rates be verified? Does UT have a price list or something that provides stipend costs?



Budget Negotiations with Sponsor:

(Stipends Continuation)

Justification. The stipend rate (given that it is not a salary, but rather a monetary assistance for the intern) has been established based on the following assumptions to cover student time commitments, meals and incidental expenses as follows:

1. The equivalent of a “Student in Training” pay rate has been considered from the Human Resources pay rate scale: $\$1,972 \div 4 \text{ weeks} = \$493/\text{week}$. A complete list of Human Salary rates is provided for the Salaries Budget Category. It should be noted that an “equivalent of salary” is being issued since this is not work for hire, rather a student in research training.
2. Meals at \$8.00/Breakfast; \$10/Lunch; \$12/Dinner = $\$30/\text{day} \times 7 = \$210/\text{week}$, as established by the SUAGM Institutional Reimbursement Policy for Meals and Millage (form attached)
3. Incidentals at \$97/week
4. **Total Weekly Stipend** = $\$493 + \$210 + \$97 = \$800/\text{week}$. Based on the fact that this is a consortium proposal, costs for summer intern stipends are consistent among all consortium partners.



Budget Negotiations with Sponsor:

(Materials and Supplies)

The proposed costs for Material and Supplies fall within the small purchases threshold between \$3,501-\$149,999 in which price and rate quotes must be obtained from an adequate number of qualified sources. This is discussed under **2 CFR 200.320(b)**. A cost or price analysis is not needed for small purchases; however, a statement about the reasonableness of the proposed costs should be provided. In addition, the budget justification states to provide an itemized list for each category of Other Direct Costs providing estimated quantity, unit price, and total cost. Please complete the attached material and supplies attachment.

Each consortium partner, except UPR-M since they provided the detailed list in their budget justification, was required to complete the sponsor attachment form at this stage.



Budget Negotiations with Sponsor:

(Materials and Supplies)

The proposed costs for Material and Supplies fall within the small purchases threshold between \$3,501-\$149,999 in which price and rate quotes must be obtained from an adequate number of qualified sources. This is discussed under **2 CFR 200.320(b)**. A cost or price analysis is not needed for small purchases; however, a statement about the reasonableness of the proposed costs should be provided. In addition, the budget justification states to provide an itemized list for each category of Other Direct Costs providing estimated quantity, unit price, and total cost. Please complete the attached material and supplies attachment.



Each consortium partner, except UPR-M since they provided the detailed list in their budget justification, was required to complete the sponsor attachment form at this stage.

Budget Negotiations with Sponsor:

(Consultant Services)

Consultant Services fall within the small purchase threshold. For Small purchases between **\$3,501-\$149,999**, price and rate quotes must be obtained from an adequate number of qualified sources. This is discussed under **2 CFR 200.320(b)**. A cost or price analysis is not needed for small purchases; however, a statement about the reasonableness of the proposed costs should be provided. A letter of support from the vendor is included in the package; however, **UT needs to provide a statement about the reasonableness of the proposed costs.**

External Evaluator at \$15,000/year.

* UT certified that the basis is reasonable based on past experience for similar services.



Budget Negotiations with Sponsor:

(Facilities & Administrative Costs or Indirect Costs)

GO Request/Statement: UTEP includes participant costs in the MTDC. This is unallowable and needs to be removed from the MTDC. According to UTEP's guidance on 2 CFR 200, for F&A costs participant support costs must be excluded from the MTDC when calculating F&A under the following website

<http://research.utep.edu/Portals/99/Doc/toolstemplatesother/refmaterials/Uniform%20Guidance%20Highlights.pdf> . This is discussed in **2 CFR 200.68, Appendix III.**

Appendix III. C. 2. Indirect (F&A) costs must be distributed to applicable Federal awards and other benefitting activities within each major function (see section A.1, Major functions of an institution) on the basis of modified total direct costs (MTDC), consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subaward (regardless of the period covered by the subaward). MTDC is defined in §200.68 Modified Total Direct Cost (MTDC).

The F&A Costs for this institution were adjusted by reducing participant support costs from the Direct Cost base.



Budget Negotiations with Sponsor:

(Facilities & Administrative Costs or Indirect Costs cont.)

2 CFR 200.414 Indirect (F&A) costs: Federal agencies are to accept established negotiated indirect rates and if an applicant organization has never established an indirect cost rate and/or does not have a negotiated Federal indirect cost rate agreement, a '*de minimis*' indirect cost rate of 10 percent (10%) of modified total direct costs (MTDC) will be allowed. It also discusses the requirements when established rate are not used:

c) Federal Agency Acceptance of Negotiated Indirect Cost Rates.

(1) The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency **may use a rate different** from the negotiated rate for a class of Federal awards or a single Federal award **only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on documented justification as described in paragraph (c)(3) of this section.**

(2) The Federal awarding agency head or delegate must notify OMB of any approved deviations.

(3) The Federal awarding agency must implement, and make publicly available, the policies, procedures and general decision making criteria that their programs will follow to seek and justify deviations from negotiated rates.



Budget Negotiations with Sponsor:

(Facilities & Administrative Costs or Indirect Costs cont.)

The 2 CFR 200.414 link briefly discusses pass through entities, but provides the reference to the entities requirements under **2 CFR 200.331** which can be accessed at http://www.ecfr.gov/cgi-bin/retrieveECFR?n=se2.1.200_1331.

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes: (xiii) Indirect cost rate for the Federal award (including if the '*de minimis*' rate is charged per §200.414 Indirect (F&A) costs).

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a '*de minimis*' indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f) of this part.



CASE OUTCOME

Award number **DE-NA0003330** was received on **August 25, 2016**, totaling **\$5,720,205.81**; for a 3-year period starting on **October 1st, 2016**.

Project: CONSORTIUM FOR INTEGRATING ENERGY SYSTEMS IN ENGINEERING AND SCIENCE EDUCATION

Fully Funded in the amount of **\$3,810,523.04**; the difference \$1,909,682.77 is the amount that stays at DoE's National Labs (SNL and NETL) to receive summer interns (undergraduates, graduates and faculty) throughout the duration of the project.



BEST PRACTICES

1. Be sure to have on hand all investigator and sponsored research officers contact information.
2. Be prepared to negotiate on short notice, with partners and sponsor.
3. Document, document, document!
4. Use the Uniform Guidance in the pre-award stage just as if you are being audited.
5. Have a copy of the Uniform Guidance readily available at all times.



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