

**“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance) effective December 26, 2014.**

Impact

Uniform Guidance (CFR 200, effective on 12/26/2014) is impacting how the UW addresses everything from overhead on sub-awards to cost share. PIs should not expect that requests for waivers on indirect cost rates will be granted. All grant proposals need 2 week review period to make sure we are in compliance with federal standards. Greater oversight of budgeting and spending is required.

Principal Investigator

The PI ensures that the budget and expenditures are consistent with the Uniform Guidance throughout the life of the project from the proposal stage to award closeout. This includes ensuring that all direct costs are reasonable and allocable and that any direct charging of costs generally supported as F&A or other costs requiring such, have prior sponsor approval. The PI is responsible for ensuring adequate internal controls are in place to reasonably ensure compliance with this policy. Further, the PI is responsible for covering the costs determined to be unallowable. See [GIM2](#)

Background

Per [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (2 CFR Chapter I, Chapter II, Part 200 Uniform Guidance), federal cost principles must be applied uniformly to all federal awards and must be consistent with policies and procedures that apply to both federal awards and other activities of the University, including non-federally supported programs. Along with the general provisions of Uniform Guidance, these cost principles are also subject to agency- and announcement-specific restrictions as well as the terms and conditions of the federal award.

Cost principles are those factors that are used to assess allow allowability of costs. These principles state that costs must be necessary, reasonable and allocable, and conform to limitations set out by regulation and the award itself. Additionally, a cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same

purpose in like circumstances has been allocated to the Federal award as an indirect cost (F&A).

As §200.412 of the Uniform Guidance states, “There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances as a direct or indirect (F&A) cost in order to avoid double-charging of federal awards.”

### University Policy

All direct costs charged to a sponsored program must be necessary, reasonable, and allocable to the particular program and be incurred within the limitations set out by the sponsored award document and sponsor specific requirements, which may include seeking approval prior to charging certain costs to the award.

Any cost that is considered an F&A cost, such as administrative or clerical services, cannot be directly charged to a federally funded sponsored program unless certain conditions are met to justify the direct charging of the cost and prior sponsor approval is sought and obtained, consistent with the sponsor’s definition of prior approval.

Cost that are normally recovered under F&A may be directly charged to non-federally sponsored programs if permitted by the sponsor’s policies, award terms and conditions, or are otherwise approved by the sponsor.

Any costs that are proposed or incurred as cost-share in support of the sponsored program must also follow these cost principles (see [GIM21](#)). The programmatic lead of the sponsored program (Principal Investigator) shall put into place adequate internal controls to reasonably ensure that all expenditures associated with the sponsored program are consistent with this policy (see [GIM2](#)). Costs determined to be unallowable, through the audit process, by the sponsor, by the pass-through entity, by Grant and Contract Accounting (GCA) post-award compliance monitoring, or other body with oversight regarding sponsored program expenditures, become the responsibility of the PI for payment from alternative sources.

This policy and associated procedures are consistent with the Cost Accounting Standards (CAS) as disclosed on the University’s Disclosure Statement (DS-2), which describes the University’s cost accounting practices.

### Responsibilities

Administrator/Grant Manager/Fiscal Specialist:

Provides administrative support by applying principles of financial management to perform such functions as record keeping, auditing, analysis, budgeting, payroll, travel, purchasing and other types of fiscal operations that support adherence to this costing policy.

Department Chair, Department Head:

Ensures the PI has the necessary administrative support, staff, space, equipment and other resources to conduct the project as proposed and approved by the Department.

Principal Investigator:

The PI ensures that the budget and expenditures are consistent with the Uniform Guidance throughout the life of the project from the proposal stage to award closeout. This includes ensuring that all direct costs are reasonable and allocable and that any direct charging of costs generally supported as F&A or other costs requiring such, have prior sponsor approval. The PI is responsible for ensuring adequate internal controls are in place to reasonably ensure compliance with this policy. Further, the PI is responsible for covering the costs determined to be unallowable. See [GIM2](#).