

LUTHER COLLEGE

POLICIES AND PROCEDURES

Department:	Financial Services
Subject:	Uniform Grant Regulations for Principal Investigators of Federal Awards
Date Issued:	February 16, 2021
Approved By:	Reviewed at Cabinet, Approved by President, February 17, 2021

I. Purpose

The purpose of this policy is to inform Principal Investigators (PIs) of the administrative requirements and cost principles for Federal awards. The current administrative requirements and cost principles are outlined in the Office of Management and Budget (OMB) Uniform Grant Guidance. The Uniform Grant Guidance is applicable for all Federal awards issued after December 26, 2014. Specific awarding agencies may have requirements and restrictions in addition to those included in the Uniform Grant Guidance.

II. Administrative Requirements

Procurement Compliance – In compliance with Uniform Grant Guidance in Title 2 Code of Federal Regulation (C.F.R.) Grants and Agreements, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, it is the policy of Luther College to adhere to these requirements. For procurement, all non-Federal entities must follow 2 CFR Part 200 Subpart D Subsections §200.318 General procurement standards through §200.326, and Appendix II to Part 200-Contract Provisions for Non-Federal Entity Contracts Under Federal Awards. These standards are accessible online at:

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

General procurement standards (2 CFR §200.318)

- The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and standards. Where State and/or local requirements conflict with Federal requirements, the strictest requirement, will be followed.

Debarment and suspension (2 CFR 180)

- *OMB Guidelines to Agencies on Government wide Debarment and Suspension* govern debarment and suspension. These regulations restrict awards, sub-awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from, or ineligible for participation in Federal assistance programs or activities. It is a requirement to check for suspended or debarred parties before awarding work for all covered transactions. Debarred or suspended parties may be found by searching the System for Award Management (SAM) for exclusion records, active or excluded at www.sam.gov documentation of the results of searches must be retained with procurement and grant records.

Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms. (§200.321)

- (a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- (b) Affirmative steps must include:
 - (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5)

Contract provisions (§200.326)

The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

Cost Sharing – the portion of project costs not paid by Federal funds

- Required shared costs must meet all of the following criteria:
 - Are verifiable from College records
 - Are not included for more than one award
 - Are necessary and reasonable for accomplishing program objectives
 - Are allowable costs (see cost principles below)
 - Are not Federally funded
- Unrecovered indirect costs—or overhead costs not reimbursed by Federal award—may be included with prior approval from awarding agency
- Volunteer services may be counted if services are a necessary part of approved project
 - If a third party organization is contributing an employee's services, they should be valued at the employee's normal rate of pay plus reasonable benefits

Program Income – gross income earned by the College that is directly generated by a federally supported activity or earned as a result of the Federal award during the period of performance

- The College is encouraged to earn income to defray costs whenever possible
- Absent specific guidance from an awarding agency, program income should be added to a Federal award and used to achieve program objectives under the conditions of the award
- Unless the awarding agency specifies otherwise, there are no Federal requirements governing the disposition of income earned after the period of performance for an award

Revision of Budget and Program Plans – deviations from approved budget, project scope, or project objective

- For non-construction awards, PIs must request prior approval from awarding agency for any of the following changes:
 - Change in the scope or objective of a program
 - Change in a key person specified in award agreement or application
 - A project break lasting more than three months or resulting in a greater than 25% reduction in time devoted to the project
 - Inclusion of new costs that require prior approval (see cost principles below)
 - The use of participant support budget—budget for stipends, allowances, and registration fees for participants or trainees who are not employees—for other purposes
 - Subawarding or subcontracting project work not included in application or agreement
 - Change to the approved cost share budget
- Awarding agencies may allow the College to do any of the following without prior approval, especially for awards supporting research:
 - Incur program costs up to 90 days prior to the award start date
 - Initiate a one-time extension of the period of performance for up to 12 months
 - Carry forward unobligated balances from one period to the next
- Unless a budget transfer will change the scope of the project, impact participant support budget, or trigger costs requiring prior approval, prior approval should not be necessary for budget transfers not expected to exceed 10% of the total budget for the period
- When requesting approval for budget revisions, PIs must use the same format used in the original proposed budget application

Equipment – tangible property having a useful life of more than one year and a per-unit acquisition cost of greater than \$5,000

- When equipment funded by a Federal award is no longer needed for the original project or for other activities currently or previously supported by a Federal agency, the College must request disposition instructions from the awarding agency if required by the terms and conditions of the award
 - There is no further Federal obligation for equipment with a fair value of less than \$5,000
 - The requirements for Federally funded equipment apply to equipment that is donated by a Federal agency; contact OFS if you are the recipient of donated equipment

Procurement – the procurement requirements included in the Uniform Grant Guidance are consistent with the requirements of the College’s standard bidding policy

III. Cost Principles (2 CFR Part 200 Subpart E)

- Except where otherwise authorized by statute, costs must meet the following criteria in order to be allowable:
 - Be necessary and reasonable for the performance of the award
 - Conform to any limitations or exclusions set forth in the Uniform Grant Guidance or the Federal award
 - Be consistent with policies and procedures that apply uniformly to both Federally financed activities and College financed activities

- Be treated consistently—for example, a cost that is included as part of an indirect cost allocation in one Federal award cannot be treated as a direct cost for another Federal award
 - Not be included as a cost charged to another Federal award or as a cost used to meet a cost share budget
 - Be adequately documented
- A cost is reasonable if it would be incurred by a prudent person under the same circumstances, with consideration given to:
 - Whether the cost is of a type generally recognized as ordinary and necessary for the College
 - Market prices for comparable goods or services in the area
 - Whether the cost represents a deviation from the College’s established practices and policies
- Costs that are specifically unallowable include:
 - Costs incurred by advisory councils or committees
 - Alcoholic beverages
 - Alumni activities
 - Bad debts and collection costs
 - Commencement and convocation costs
 - Contingency amounts for project scope changes, unforeseen risks, or extraordinary events
 - Entertainment costs
 - Fines, penalties, or damages
 - Fundraising costs
 - Costs of goods or services for personal use by College employees
 - Lobbying costs
 - Student activity costs
- Allowable compensation costs
 - Must be reasonable for the services rendered and be consistently applied to both Federal and non-Federal activities
 - Must follow an appointment made in accordance with College rules and written policies
 - As a general rule, compensation for a faculty member must not exceed the faculty member’s College base salary
 - Compensation charged to a Federal award must be based on records that accurately reflect the work performed
 - Compensation must not exceed 100% of an individual’s compensated activities—in other words, an individual must not be paid for more than full time work
- Allowable fringe benefit costs
 - Must be reasonable and required by law or College policy
 - The College’s written policy for retirement benefits excludes compensation outside of an employee’s base College contract
- Allowable materials and supplies costs
 - Must be necessary to carry out an award
 - A computing device can be charged to an award as a direct cost provided that it is essential to the project, even if it is not solely dedicated to the project
- Allowable travel costs
 - Must be necessary and consistent with College travel policies
 - Travel costs for dependents are unallowable except for travel of greater than six months with prior written approval

- Airfare costs in excess of the least expensive fare are unallowable except when extra accommodations would:
 - Require circuitous routing
 - Require travel during unreasonable hours
 - Excessively prolong travel
 - Result in additional costs that would offset transportation savings
 - Offer accommodations not adequate for traveler's medical needs
 - Non-commercial air travel is unallowable
- Allowable advertising costs
 - Costs to recruit personnel required for performance of an award
 - Costs to procure goods or services necessary for performance of an award
 - Costs to dispose of scrap or surplus material acquired in the performance of an award
 - Program outreach that is necessary
- Allowable equipment costs
 - Prior approval is required for purchases of equipment in excess of \$5,000
- Allowable participant support costs
 - Prior approval is required for participant support costs
- Allowable professional service costs
 - Professional service costs are allowable but determinations should be based on the following considerations:
 - The scope of the service rendered in relation to the service required
 - The necessity for contracting the service given the in-house capabilities of the College
 - The impact of Federal awards on College operations
 - The proportion of Federal work to College work performed by the contractor
 - Whether the service could be performed more economically by direct employment
 - The qualifications of the service provider
 - The adequacy of the service agreement
- Other allowable costs
 - Costs of memberships in professional organizations or subscriptions to professional periodicals
 - Publication and printing costs
 - Rental costs
 - Costs incurred for freight, express, cartage, postage, and other transportation services relating to purchased goods
- Indirect costs
 - Allocated indirect costs are allowable based on the College's negotiated indirect cost rate
 - The current College negotiated rate is 41.5% of direct salaries and wages not including fringe benefits and is valid through May 31, 2024.

IV. Federal Award Compliance Questions

- The complete Uniform Grant Guidance is available at:
<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#sec-200-75>

- Additional guidance can be found with the awarding agency for a specific Federal award
- For assistance with Federal award compliance questions, please contact the Office for Financial Services