TO: Executive Vice Presidents, Chancellors, Vice Presidents, Vice Chancellors,
Vice Provosts, Deans, Directors and Heads of Schools, Divisions, Departments
and Offices

FROM: Suresh V. Garimella, Executive Vice President for Research and Partnerships
Ken L. Sandel, Senior Director of Sponsored Program Services

DATE: August 7, 2014

RE: Requirements, Cost Principles, and Audit Requirements for Federal Awards

Effective December 26, 2014, the rules related to federally-sponsored awards are changing.
Institutions of Higher Education, the Federal Government’s Office of Management and Budget,
its other non-federal partners (state, local governments and nonprofit organizations) and the audit
community have been working together to streamline the Federal Government’s guidance on
Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards.
These modifications are a key component of a larger Federal effort to more effectively focus
Federal resources on improving performance and outcomes while ensuring the financial integrity
of taxpayer dollars. The Federal Government is referring to this effort as Uniform Guidance.

Since being informed of the changes, we have been undertaking many efforts to understand the
extent of the changes, to understand how they will affect our research programs, and to develop
an implementation plan. Our efforts to date are summarized in this document.

What is the Uniform Guidance?
The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal
Awards (Uniform Guidance) was issued in final form on December 26, 2013. This final
guidance supersedes and streamlines requirements from eight separate OMB Circulars into one
document. Included in the new guidance along with definitions are uniform administrative
requirements for pre and post award, cost principles, and audit requirements. For Purdue’s grant
administration the Uniform Guidance will supersede OMB Circulars A-110, A-21, and A-133.
The overarching goal is that the reform of OMB guidance will improve the integrity of financial
management and operations of Federal programs while strengthening accountability of Federal
dollars by improving policies that protect against fraud and waste.

When does it go into effect?
The Administrative Requirements and Cost Principles detailed within the Uniform Guidance will
apply to new and incrementally funded awards effective December 26, 2014. The Audit
Requirements detailed within the Uniform Guidance will apply to audits of fiscal years
beginning on or after December 26, 2014. For Purdue, that is July 1, 2015 – June 30, 2016.
What is Purdue doing regarding implementation?
After the final Uniform Guidance (UG) was issued, a working group was established with representatives from Sponsored Program Services, Comptroller, Business Management, and Procurement. This working group meets monthly to stay up to date regarding ongoing issues and clarifications related to the UG. Purdue also remains engaged as a participating university in the Council on Governmental Relations (COGR) and the Federal Demonstration Partnership (FDP) in working to analyze and understand the potential impacts of the UG.

Resolved issues and Purdue actions taken to date:
- Proposals with project period start dates of 12/26/14 or later will exclude F&A on all participant support costs regardless of sponsor.
- For subcontractors with no existing federally negotiated indirect cost rate, a de minimus indirect cost rate of 10% will be paid directly to subcontractors on projects starting after 12/26/14. Purdue will continue to apply full indirect cost recovery on the first $25,000 of a subcontract.
- Current processes for computer purchases and clerical/administrative charges on grants will not change based on the language in the UG.
- Closeout policies will not need to be amended to comply with new regulations.

Outstanding issues still being investigated, discussed, or awaiting further clarification:
- Procurement
- Fixed price awards
- Program income
- Equipment
- Depreciation
- Standard Terms and Conditions
- Terminal vacation leave
- Subrecipient monitoring processes
- Effort reporting alternatives

How can I learn more?
There are many reference materials available (see Related Links). COGR and FDP have partnered to create white papers on various UG topics, and a link to those is provided. Additional information about the UG is available on the Council on Financial Assistance Reform (COFAR) website where you can find background information, FAQs, and links to the UG and supplemental materials.

OMB expects to release further clarification on outstanding items toward the end of August. We will keep you updated as further guidance becomes available.

Related Links:
SPS website
Uniform Guidance (2 CFR 200)
COFAR
FAQs
FDP/COGR White Paper