



**WISCONSIN**  
UNIVERSITY OF WISCONSIN-MADISON

# **Financial Management Meeting**

## **December 9, 2014**

# Agenda

- 9:30 a.m.      Welcome & Introductions**
- 9:35 a.m.      Office of Management and Budget**
- Uniform Guidance Kim Moreland (30 minutes)
- 10:05 a.m.      Accounting Services Updates**
- Capital Equipment Inventory Update Matt Griffith and Brenden Hedberg  
(25 minutes)
- 10:30 a.m.      Other Topics or adjourn**

# Office of Management & Budget

- Uniform Guidance
  - Kim Moreland

# The Uniform Guidance: A Top Ten List

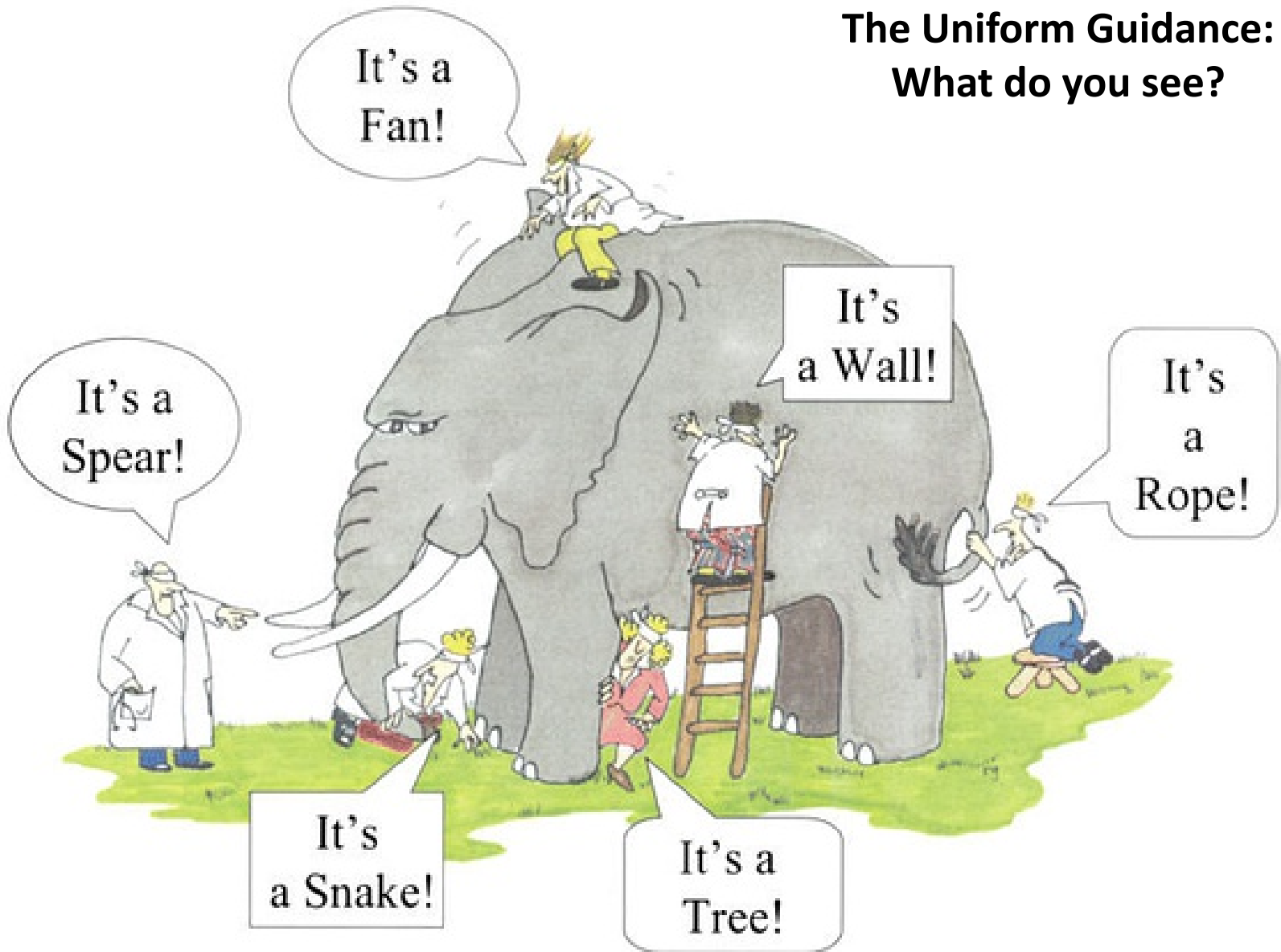
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2 CFR PART 200—UNIFORM ADMINISTRATIVE  
REQUIREMENTS, COST PRINCIPLES, AND AUDIT  
REQUIREMENTS FOR FEDERAL AWARDS

FMM

DECEMBER 9, 2014

**The Uniform Guidance:  
What do you see?**



# What is the Uniform Guidance (UG!)?

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- ❖ OMB's consolidation of circulars for costing, administration and audit of Federal awards
  - 2 CFR 200 replaces 8 circulars and applies to universities, state and local governments, nonprofits, native tribes
  - Issued on December 26, 2013
  - Effective largely on December 26, 2014
- ❖ Biggest change in Federal regulations in 50 years
- ❖ Some good news, some new administrative burdens
- ❖ Each Federal agency will implement a slightly different version of the UG
- ❖ UG is still being interpreted and clarified

# #1 – Subawards 200.330-332

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## ❖ Highlights

- More prescriptive requirements
  - Perform a risk assessment of the subrecipient
  - Add a lengthy list of elements to the subaward terms
  - Establish a monitoring plan for the subrecipient
    - Financial review
    - Programmatic review!
- Must use subrecipient's negotiated F&A rate or provide a 10% MTDC “de minimis” rate

## ❖ Possibility of delays in issuing subawards

## #2 – Closeout 200.343

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### ❖ No stated change for recipient, but...

- All reports due “no later than 90 calendar days after the end date of the period of performance”
  - *New emphasis on progress reports*
- New circumstances
  - Pressure on agencies (OMB 7/2012 Controller Alert)
  - Changes in NIH and NSF financial reporting – award by award
  - Enforcement through 90 days for cash draw
  - Frustration over progress reports
- Closeout is the focus of a new FDP/COGR (Federal Demonstration Partnership/Council on Governmental Relations) working group



## #3 – Fringe Benefits 200.431

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- ❖ *When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable as indirect costs in the year of payment.*
- ❖ OMB issued a clarification in the Aug. 29 FAQ's
  - Will soon issue a clarification of the clarification
- ❖ UW will migrate to a fringe benefit component for unused terminal leave
  - Long process that requires multiple Federal interactions.

## #4 – Effort Reporting 200.431

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- ❖ Did NOT eliminate effort reporting
  - Appears OMB was constrained by OIGs
  - UW will request relief from quarterly reporting for classified staff
- ❖ Requires adherence with internal controls
  - No specific guidance on acceptable standards for internal controls
- ❖ Any significant changes will require auditor input over time

# #5 – Procurement 200.317-326

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- ❖ Significant problems with procurement and property
- ❖ Requires use of specific procurement methods
  - Highly prescriptive
  - Derived from state government circular
- ❖ Micro-purchase – exempt from competitive bid if purchase is \$3,000 or less
- ❖ OMB has now provided a grace period before implementation
- ❖ No changes in UW purchasing policy at this point

# #6 – Prior Approvals

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- ❖ New emphasis on agency prior approvals can slow down research activities
  - Not clear that Federal agencies have adequate staffing to respond quickly
  
- ❖ Examples where prior approval is required:
  - Unrecovered F&A as cost sharing
  - Charging administrative salaries
  - Participant support costs on research awards
  - Unusual cost items
  - Research Terms and Conditions

## 200.413 Direct Costs (c)

# # 7 – Clerical & Admin Salaries

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- ❖ “The salaries of administrative and clerical staff should *normally be treated as indirect (F&A) costs*. Direct charging of these costs may be appropriate only if all of the following conditions are met:
  1. Administrative or clerical services are **integral** to a project or activity;
  2. Individuals involved can be specifically identified with the project or activity;
  3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
  4. The costs are not also recovered as indirect costs.”
- ❖ PIs may include these costs in proposal budgets now with a strong justification. Approval is NOT automatic.

200.430 Compensation

## #8 – Allowable Activities - Salaries

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- ❖ Allowable activities. These functions are normally direct cost items if they are directly related to a Federal award:
  - delivering special lectures about specific aspects of the activity; writing reports and articles
  - developing, maintaining protocols (humans, animals, etc.)
  - managing substances/chemicals
  - managing and securing project-specific data
  - coordinating research subjects
  - participating in appropriate seminars
  - consulting with colleagues and graduate students
  - attending meetings and conferences
  
- ❖ UW guidance is under development

# #9 – Computing Devices

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- ❖ *Computing devices* means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. (200.20)
  - A supply is an item with an acquisition cost less than \$5,000
- ❖ In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. (200.453)
- ❖ UW Guidance has been released. PIs can include these costs with a justification in proposal budgets

# #10 – Implementation at UW

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## ❖ Applicability of the UG

- New awards issued after 12/26/14
- New award increments after 12/26/14
- Other awards depending upon agency decisions

## ❖ UW Guidance is being drafted

## ❖ See [www.rsp.wisc.edu/UG/](http://www.rsp.wisc.edu/UG/) for more information







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# Accounting Services

# Update on FY15 Capital Equipment Physical Inventory

UW-Madison Property Control

12/9/2014

# Background

- UW-Madison invested significant resources into performing a full 100% physical inventory in FY14.
- Through this effort, we learned of some deficiencies in our property-related processes and controls.
- In direct response, our leadership chartered an APR team to address the deficiencies.
- This APR team will consider, among other topics, whether or not inventories should continue going forward and in what format.
- As a stop-gap measure, Property Control is conducting a one-time, limited scope inventory this year before our annual LAB audit.

# Objective

- Conduct an inventory at 6 departments with concentration of federal-funded items.
- Departments to complete by January 2015:

#	Department	# of Items	NBV	NBV Federal Funded	% of NBV Federal Funded
1	L&S- Physics	13,498	\$29M	\$27M	33%
2	Grad School- Space Sci & Engr	1,297	\$7M	\$6M	8%
3	CALS- Biochemistry	966	\$8M	\$4M	5%
4	L&S- Chemistry	2,106	\$7M	\$3M	4%
5	COE- Engineering Physics	857	\$3M	\$3M	4%
6	Pharmacy (PILOT TEST)	376	\$4M	\$2M	2%
	<b>TOTAL</b>	<b>19,100</b>	<b>\$58M</b>	<b>\$45M</b>	<b>56%</b>
	DOIT (CANCELLED)	656	\$22M	\$3M	4%
	ALL OTHERS	26,897	\$118M	\$32M	40%
	<b>GRAND TOTAL</b>	<b>46,653</b>	<b>\$198M</b>	<b>\$80M</b>	<b>100%</b>

# Approach

- Property Control requests DPAs complete a physical inventory of their capital equipment.
- Property Control provides DPAs with scanners, inventory lists, training, and technical support.
  - Phase 1: Property Control gives DPA barcode scanners and requests that they scan items.
  - Phase 2: Property Control sends DPA a paper list of un-scanned items for a final search. If DPA cannot find items, Property Control removes them from inventory as lost. If items are found later, Property Control will restore them to inventory.

# Progress To Date

#	Action by UW-Madison Property Control	Phase 1 Status	Phase 2 Status
	<b><u>Coordinate Departmental Inventories:</u></b>		
1	L&S- Physics	<b><i>Completed</i></b>	By Jan 2015
2	Grad School- Space Sci & Engr	<b><i>Completed</i></b>	By Dec 2014
3	CALS- Biochemistry	<b><i>Completed</i></b>	<b><i>Completed</i></b>
4	L&S- Chemistry	By Dec 2014	By Jan 2015
5	COE- Engineering Physics	<b><i>Completed</i></b>	By Jan 2015
6	Pharmacy (PILOT TEST)	<b><i>Completed</i></b>	<b><i>Completed</i></b>

# Results To Date

#	Department	# of items	# found in same location	# found in new location	# not found	# remain to find
1	L&S- Physics	13,498	8,504	1,452	-	3,542
2	Grad School- Space Sci & Engr	1,297	1,143	49	-	105
3	CALS- Biochemistry	966	815	141	10	-
4	L&S- Chemistry	2,106	-	-	-	2,106
5	COE- Engineering Physics	857	384	126	-	347
6	Pharmacy (PILOT TEST)	376	333	40	3	-
	<b>TOTAL</b>	<b>19,100</b>	<b>11,179</b>	<b>1,808</b>	<b>13</b>	<b>6,100</b>

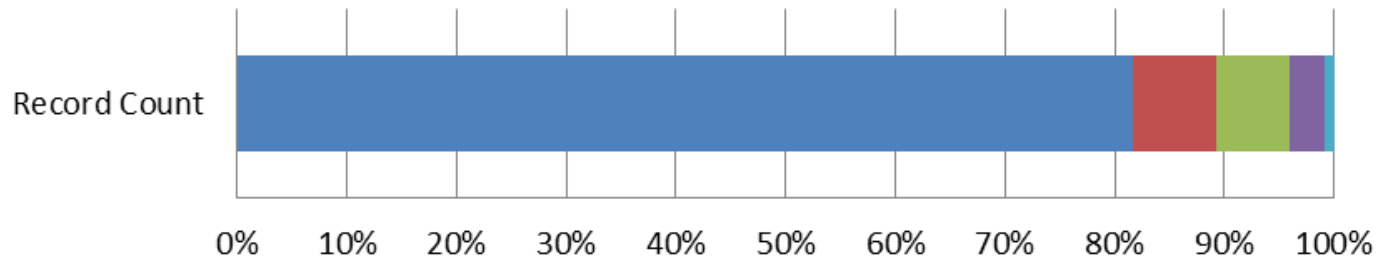


# A Closer Look at Pharmacy (1 of 3)

- Pharmacy's inventory took six weeks.
- Pharmacy found 99% of their items.
  - Found 90% during Phase 1- Scanning.
  - Found 9% during Phase 2- Final Search.
- We received feedback throughout.
- We incorporated feedback into our messaging and deliverables to other departments.
- Pharmacy's overall assessment was very positive.

# A Closer Look at Pharmacy (2 of 3)

## Pharmacy Holdings After Inventory Completion



**Inventory Result:**

	Record Count
■ Phase 1- Item Scanned- Same Location	303
■ Phase 1- Item Scanned- New Location	28
■ Phase 2- Item Found- Same Location	25
■ Phase 2- Item Found- New Location	12
■ N/A- Item Added After Inventory	3

- **Red** and **purple** bars represent items that **changed locations** since the inventory last year.
- Location changes **would not have been identified** pre-audit without this effort.

# A Closer Look at Pharmacy (3 of 3)

Items Pharmacy Did Not Find:							
#	Status	Inventory#	Asset Tag	Description	Acq Date	Fed Funded Acq Cost	Total Acq Cost
1	Lost	U0463416	U009264	SPECTROPHOTOMETER	07/10/1980	\$ -	\$ 11,250
2	Lost	U0541205	N/A	COUNTER	11/02/1987	\$ -	\$ 9,900
3	Lost	U0629914	U009324	ANALYZER	06/08/1999	\$ -	\$ 11,000
						\$ -	\$ <b>32,150</b>

- The items listed above represent **losses** since the inventory last year.
- These losses **would not have been identified** pre-audit without this effort.

# Questions?

# Future Financial Management Meetings

Rooms 1106 & 1108, 21 N Park Street

9:30-11:30AM

## 2015

February 10

April 14

June 9

August 11

October 13

December 8