**OSPA Grant Coordinator Meeting Handout**

**11-19-15**

**Uniform Guidance - Prior Written Approvals**

**2 CFR 200.407**

The Uniform Guidance requires prior written approval of the Federal awarding agency for the items listed below. The award documents, terms and conditions, and sponsoring agency regulations must be reviewed to determine if the sponsor has waived one or more of these prior approval requirements.

**(a) §200.201(b)(5) Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts:** For fixed price awards, changes in principal investigator, project leader, project partner, or scope of the project/program.

**(b) §200.306(c) Cost sharing or matching:** Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with prior approval.

**(c) §200.307(c) Program income:** *Cost sharing or matching.* With prior approval, program income may be used to meet the cost sharing or matching requirement of the Federal award.

**(d) §200.308(c) Revision of budget and program plans:** For non-construction Federal awards-

(i) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(ii) Change in a key person specified in the application or the Federal award.

(iii) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(iv) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E.

(v) The transfer of funds budgeted for participant support costs to other categories of expense.

(vi) Unless described in the application and funded in the approved Federal award, the subawarding, transferring or contracting out of any work under a Federal award.

(vii) Changes in the amount of approved costsharing or matching.

(viii) The need arises for additional Federal funds to complete the project.

**(e) §200.311(c) Real property:** *Disposition.* When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions.

**(f) §200.313(c) Equipment:** *Use.* (1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval.

**(g) §200.332 Fixed amount subawards:** With prior written approval, a pass-through entity may issue subawards based on fixed amounts up to the Simplified Acquisition Threshold ($150K), provided that the subawards meet the requirements for fixed amount (a.k.a. fixed price) awards in §200.201.

**(h) §200.413(c) Direct costs:** 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 conditions in §200.413(c) are met.

**(i) §200.430(h) Compensation—personal services:** *Institutions of higher education (IHEs)-*

Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed Institutional Base Salary) must either be specifically provided for in the Federal award budget or receive prior written approval.

Intra-IHE consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to Institutional Base Salary (IBS). However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.

**(j) §200.431(i)(2)(ii) Compensation—fringe benefits:** Costs of abnormal or mass severance pay.

**(k) §200.438 Entertainment costs:** Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose.

**(l) §200.439(b) Equipment and other capital expenditures**:

(1) Capital expenditures for general purpose equipment, buildings, and land.

(2) Capital expenditures for special purpose equipment.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life.

**(m) §200.440(a) Exchange rates:** Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding. Prior approval of exchange rate fluctuations is required only when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project.

**(n) §200.441 Fines, penalties, damages and other settlements:** Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations.

**(o) §200.442(a) Fund raising and investment management costs:** Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval.

**(p) §200.445(b) Goods or services for personal use:** Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses.

**(q) §200.447(b)(2) Insurance and indemnification:** Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property.

**(r) §200.454(c) Memberships, subscriptions, and professional activity costs:** Costs of membership in any civic or community organization.

**(s) §200.455 Organization costs:** Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization.

**(t) §200.456 Participant support costs:** Participant support costs as defined in §200.75 Participant support costs.

**(u) §200.458 Pre-award costs:** Pre-award costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

**(v) §200.462(a) Rearrangement and reconversion costs:** Costs incurred for special arrangements and alterations incurred specifically for a Federal award.

**(w) §200.467 Selling and marketing costs**: Costs of selling and marketing any products or services of the non-Federal entity when necessary for the performance of the Federal award.

**(x) §200.470(c) Taxes (including Value Added Tax):** Value Added Tax (VAT) - To the extent that such credits accrued or received by the non-Federal entity relate to allowable cost, these costs must be credited to the Federal awarding agency either as costs or cash refunds. If the costs are credited back to the Federal award, the non-Federal entity may reduce the Federal share of costs by the amount of the foreign tax reimbursement, or where Federal award has not expired, use the foreign government tax refund for approved activities under the Federal award with prior approval.

**(y) §200.474(a) Travel costs:** Travel costs of government officials covered by §200.444 are allowable with the prior written approval when they are specifically related to the Federal award.

**Prior Approval**

“Prior Approval” is the written approval of a specific cost on a particular federal award by an official of the Federal awarding agency who is authorized to grant such approval. This authorized official is usually the Grants Official assigned to the award. While communicating with the Program Officer or other federal officials may be helpful or even a required preliminary step, official prior written approval must be granted by the Grants Official.

Written approval may be in the form of an award document, amendment, e-mail or memo from the Grants Official indicating approval. Verbal approval during a phone or in-person conversation does not constitute written prior approval.

**Revision of Budget and Program Plans:**

Federal awarding agencies are authorized to waive some of prior written approvals in §200.308. In addition to the prior approval requirements noted above, prior approval should be requested whenever there is a question on the allowability of an unusual cost.

**For Federal awards that support research, the following actions may be taken without prior approval,**

**UNLESS the Federal awarding agency provides otherwise in the award or in the awarding agency's regulations:**

1. Incur project costs up to 90 calendar days before the Federal awarding agency makes the federal award (i.e. start date of award).
2. Initiate a one-time extension of the period of performance by up to 12 months provided:
3. The terms and conditions of the Federal award do not prohibit the extension.
4. The extension does not require additional Federal funds.
5. The extension does not involve a change in the objectives or scope of the project.
6. ISU notifies the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the award.
7. The extension is not merely for the purpose of using unobligated balances.

3. Carry forward unobligated balances to subsequent periods of performance.