

Prior Approval Requirements for Federal Awards Effective December 26, 2014

The Federal Uniform Guidance contains many of the prior approval requirements included in OMB A-21 and A-110. The list below provides a summary of the major new and key continuing guidances that require Principal Investigators and/or Director's to seek prior approval from NMHU's federally recognized, Office of Research and Sponsored Projects.

The Guidance defines "Prior Approval" as 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. The authorized official is typically a Grants Management Officer who is assigned to the award.

If you have any questions about the new Federal regulations contact NMHU's Grants Manager, Angela Vigil-Juarez at 505-454-3571 or angela_va@nmhu.edu

NEW REGULATIONS		
Awards- Fixed Price	200.201(b)(5)	New guidance allows agencies to issue fixed amount awards where appropriate and in accordance with the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08). In addition, Federal awarding agencies, or pass-through entities (NMHU), as permitted in § 200.332 Fixed Amount Subawards, may use fixed amount awards (see § 200.45 Fixed amount awards) to changes in principal investigator, project leader, project partner, or scope of effort. Prior written approval is required from the Federal awarding agency or pass-through entity.
Cost Sharing or Matching	200.306	Voluntary cost sharing may not be used as part of review criteria unless specified in a notice of funding opportunity. When cost sharing is approved by an institution (NMHU) and accepted by the sponsor it becomes a binding commitment. All shared costs or matching funds, must be accepted by the institution (NMHU) and meet all criteria listed in the 200.306 regulation.
Direct Costs for Administrative and Clerical Salaries	200.413(c)	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: Administrative and clerical and specifically identified, their services are specifically described as integral (necessary) to perform the proposed scope of work, their salaries are included in the proposed budget with a specific justification (e.g., role, FTE, benefits to project, and time period working), and the costs are not recovered as indirect costs. Examples to include might be organizing a conference, managing travel for a large number of participants, or organizing large data sets.
Entertainment Costs	200.438	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 and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

Exchange Rates	200.440	Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding and appropriate documentation of the change in rates. 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. The Federal awarding agency must however ensure that adequate funds are available to cover currency fluctuations in order to avoid a violation of the Anti-Deficiency Act.
Fines, Penalties Damage & Other Settlements	200.441	Costs resulting from a non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency. See also §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.
Fringe Benefits Compensation	200.431	Employment termination payout will not be allowed as a direct charge to federal funds. Also, 200.431(j)(1) states that “fringe benefits in the form of tuition or tuition remission for individual employees are allowable.” And 200.431(j)(3) states that IHEs may offer employees tuition waivers or tuition reductions for undergraduate education...”. This guidance is applicable to graduate level students and the terms “tuition remission: and “tuition waivers/reductions” are interchangeable.
Fund Raising & Investment Management Costs	200.442	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. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are also unallowable except when associated with investments covering pension, self-insurance, or other identified funds. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency. Costs related to the physical custody and control of monies and securities are allowable.
Membership, Subscriptions, & Professional Activity Costs	200.454(c)	Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity (NMHU)..
Organization Costs	200.455	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, are unallowable except with prior approval of the Federal awarding agency.
Participant Costs	200.256	Participant support costs as defined in §200.75 Participant support costs are allowable with the prior approval of the Federal awarding agency.
Program Income	200.307	All awards generating revenue (program income) must use costs in support of the project unless the agency specifies otherwise. Agencies may require accountability (tracking) for income earned after the award ends. In addition, Program income may be used to meet the cost sharing or matching requirement of the Federal award.
Selling & Marketing Costs	200.467	Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under §200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal

		award.
Subawards – Fixed Price	200.332	With prior written approval from the Federal awarding agency, the institution (NMHU) may provide subawards based on fixed amounts up to the <i>Simplified Acquisition Threshold</i> , provided that the subawards meet the requirements for fixed amount awards in §200.201, which is titled as: “Use of Grant Agreements (Including Fixed Amount Awards), Cooperative Agreements, and Contracts.”
Travel Costs	200.474	Travel costs are expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of §200.444: General Costs of Government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity (NMHU) when they are specifically related to the Federal award.

CONTINUING REGULATIONS

Budget & Program Revisions Plans	200.308	Federal awarding agencies are authorized, at their option, to waive prior written approvals required by 200.308 except changes in scope or objective. Prior approval requirements are required on the following changes: <ul style="list-style-type: none"> • Change in the scope of the objective of the project. • Change in key personnel. • Disengagement from the project by the PI or project director for more than three months, or a 25% reduction in time devoted to the project. • Inclusion of costs that require prior approval in accordance with Subpart E. • Transfer funds budgeted for participant support. • The subawarding, transferring or contracting out of any work under a Federal award. • Changes in the amount of approved cost sharing. In addition, prior approval from ORSP is recommended whenever there is a question on the allowability of a cost.
Compensation Personal Services	200.430(h and i)	While the Uniform Guidance does not specify the types of personal compensations, it does address the importance of strong internal controls and provides criteria for recording accurate work performance.
Costs for Rearrangement & Reconversion	200.462	Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable as indirect costs. Special arrangements and alterations costs incurred specifically for a Federal award are allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity. In addition, costs incurred in the restoration or rehabilitation of the non-Federal entity's facilities to approximately the same condition existing immediately prior to commencement of Federal awards, less costs related to normal wear and tear, are allowable

Equipment & Other Capital Expenditures	200.439	<p><u>Unallowable</u>: Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are also unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity.</p> <p><u>Allowable</u>: Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are also allowable.</p> <p>The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.</p>
Insurance & Indemnification	200.447	<p>Costs of insurance (including certain self-insurance programs) required or approved and maintained are allowable. Costs of other insurance in connection with the general conduct of activities are allowable with limitations. Actual losses, which could have been covered by permissible insurance (e.g., self-insurance), are unallowable unless expressly provided for in the Federal award.</p>
Personal Use of Goods and Services	200.445	<p>Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees. In addition, costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.</p>
Pre-Award Costs	200.458 200.308	<p>Pre-award costs incurred more than 90 days prior to the start date of an award are subject to the availability of funding and prior approval by the funding agency.</p>