

HHS Uniform Administrative Requirements

PART 75—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS

Direct Costs and Indirect (F&A) Costs (§75.412-419)

Direct costs are costs that can be identified specifically with a particular award, project or program, service, or other organizational activity or that can be directly assigned to such an activity with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or program. Indirect costs (also known as "facilities and administrative costs") are costs incurred for common or joint objectives that cannot be identified specifically with a particular project, program, or organizational activity. Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that usually are treated as indirect costs. The organization is responsible for presenting costs consistently and must not include costs associated with its indirect rate as direct costs.

Revision of Budget and Program Plans (§75.308)

In general, the PI/PD may make changes in the methodology, approach, or other aspects of the project/program objectives. However, the recipient must obtain prior approval from the GMO for a proposed change in scope. A change in scope occurs when the recipient proposes to change (or changes) the objectives, aims, or purposes identified in the approved application, such as shifting the research emphasis from one disease area to another, changing the service area, applying a new technology (e.g., changing assays from those approved to a different type of assay), changing the approved design under a construction grant, eliminating a primary care delivery site, or making budget changes that cause a project to change substantially from that which was approved. Also see the indicators specified below. The recipient must make the initial determination of whether a proposed change would be considered a change in scope and should consult with the GMO as necessary.

In addition to explicit changes in the objectives, aims, or purposes identified in the approved grant application, post-award changes that are clear indicators of a change in scope or that are likely to be considered a change in scope include, but are not limited to, the following:

- Any change from the approved use of animals or human subjects.
- Transfer of the performance of substantive programmatic work to a third party through a subaward, contract, or any other means, if the authority for such

activities is not included in the approved application. If the third party is a foreign component, this type of action always requires OPDIV prior approval.

- Significant rebudgeting, whether or not the particular expenditures require prior approval. Significant rebudgeting occurs when, under a grant with a Federal share exceeding \$100,000, cumulative transfers among direct cost budget categories for the current budget period exceed 25 percent of the total approved budget (which includes direct and indirect costs, whether chargeable to Federal funds or required matching or cost sharing) for that budget period or \$250,000, whichever is less.
- Incurrence of research patient care costs if costs in that category were not previously approved by the OPDIV or if a recipient wants to rebudget funds out of the research patient care category.
- Purchase of a unit of general-purpose or special-purpose equipment exceeding \$25,000.

Equipment (§75.320)

When the recipient no longer needs the equipment, it may use the equipment for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original HHS awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of HHS's share in the cost of the original project or program to the current fair market value of the equipment. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the HHS awarding agency; such instructions must be issued to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern:

1. If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse the HHS awarding agency an amount computed by applying to the sales proceeds the percentage of HHS share in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the HHS share \$500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.
2. If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the HHS awarding agency by an amount which is computed by applying the percentage of the recipient's share in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
3. If the recipient is instructed to otherwise dispose of the equipment, the recipient will be reimbursed by the HHS awarding agency for such costs incurred in its disposition.
4. If the recipient's project or program for which or under which the equipment was acquired is still receiving support from the same HHS program, and if the HHS awarding agency approves, the net amount due may be used for allowable costs of that project or program. Otherwise the net amount must be remitted to the HHS awarding agency by check.

Retention Requirements for Records (§75.361)

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. The only exceptions are the following:

1. If any litigation, claim, financial management review, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
2. Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
3. When records are transferred to or maintained by the HHS awarding agency, the 3-year retention requirement is not applicable to the recipient.
4. Indirect cost rate proposals, cost allocations plans, etc., as specified in Sec. 74.53(g).

Period of performance and availability of funds (§75.309)

(a) A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in §75.461) and any costs incurred before the HHS awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity. Funds available to pay allowable costs during the period of performance include both Federal funds awarded and carryover balances.

(b) A non-Federal entity must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the final Federal Financial Report (FFR). This deadline may be extended with prior written approval from the HHS awarding agency.

Remarks (The Section 4 AT Act grant award notice specifies that the funds are available for a 24-month period. The following is an example found in the FY17 Award Notice with the grant year beginning on October 1, 2016.)

1. The State Grant for Assistive Technology award to your state has been approved for the current period of the fiscal year in the amount shown above. Award levels represent FY 2017 funding under the current Continuing Resolution (PL 114-254) through April 28, 2017. The period for obligation of funds is through September 30, 2018. The liquidation of the obligations and drawdown from PMS must be completed by December 30, 2018.