



U.S. DEPARTMENT OF  
**ENERGY**

Office of  
Science

# Introducing the Supercircular: 2 CFR 200 and Its Impact on Us

Presented by the Office of Grants and Contracts Support

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# Today's Agenda

- Introduction: Mike Zarkin
- Merit Review: Gene McGeehan
- Cost Principles: Maggie Young
- Prior Approval: Gene McGeehan
- Q&A: Everyone



# The Basics

What	The Supercircular aka The Omnicircular aka 2 CFR 200 aka “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”
When	December 26, 2013
Where	The <i>Federal Register</i>
Who	Office of Management and Budget / Office of Federal Financial Management COFAR: Council on Financial Assistance Reform (a subset of the CFO Council)
Why	<ol style="list-style-type: none"><li>1. Streamline our guidance for Federal awards to ease administrative burdens</li><li>2. Strengthen oversight of Federal funds to reduce risks of waste, fraud, and abuse</li></ol>



# Regulation

- 2 CFR 200 is a regulation
- Force of law
- Violations render an action moot
- No criminal penalties
- Civil penalties
- Controlled by OMB's Office of Federal Financial Management
  
- Statutes always trump regulations
  - Authorizing acts (DOE Organization Act, Energy Policy Act(s)...
  - Appropriations

# Years and Years of Changes

- 1977: Federal Grants and Cooperative Agreements Act
- 1986: Florida Demonstration Project
- 1988: Federal Demonstration Project, Phase II
- 1996: Federal Demonstration Project, Phase III
- 1999: Federal Financial Management Improvement Act
- 2002: Federal Demonstration Project, Phase IV
- 2004-2005: OMB Circulars move to Title 2, CFR
- 2005: Grants.gov and SF-424
- 2008: Federal Demonstration Project, Phase V
- 2008: Standard Research Terms and Conditions
  - Effort began in 2005
- 2010: RPPR (Research Performance Progress Report)
  - Effort began in 2007
- 2014: 2 CFR 200



# Consolidation



# Uniformity

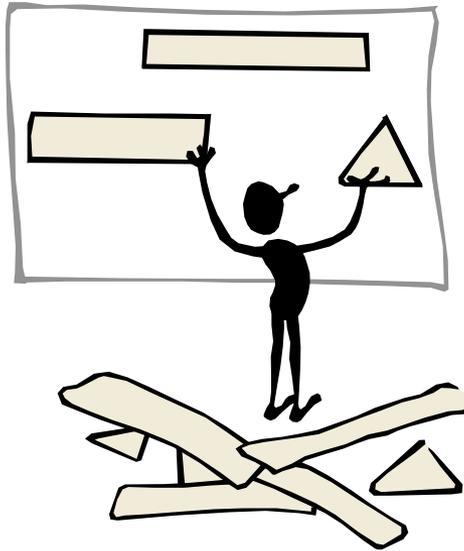
- 200.100, Purpose: 2 CFR Part 200 establishes uniform administrative requirements, cost principles, and audit requirements for all types of non-Federal entities
- Federal awarding agencies must not impose additional or inconsistent requirements, unless
  - Requirement based on Federal statute, regulation, or Executive Order,
  - OMB permits an exception in accordance with 200.102, or
  - OMB approves information in the Federal award in accordance with 200.210



# What is a grant

- A grant is a gift
    - Best efforts
    - No deliverables
    - No risk of litigation
    - Flexible
  - A grant is a contract
    - Legally enforceable
    - Reduced to writing
    - Terms and conditions
    - Assurances and certifications
- 
- Nothing in the Supercircular resolves this tension.
  - A grant is a binding relationship between the Government and the recipient.
  - It doesn't have the stringencies of a procurement contract in which the vendor must deliver goods and services.
  - A grant is for a public purpose, rather than an acquisition which is to meet a direct Government need
    - But the money isn't "free."

# Major Changes



# Conflict of Interest

- The Federal awarding agency must establish conflict of interest policies for their Federal awards
- The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency (or pass-through entity) in accordance with applicable Federal awarding agency policy
  - Waiting to see what will come from MA for DOE's implementation
  - May need to create our own standard

# Mandatory Disclosures

- Non-Federal entities (and applicants) must disclose all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award
- Big question: What do you want to do with this information?



# Low-risk Recipients

- Auditees that meet all of the following conditions for each of the preceding two audit periods qualify as low-risk auditees:
  - Single audits performed annually
    - On-time data form and reporting package to Federal Audit Clearinghouse
    - Entities that have biennial audits do not qualify as low-risk auditees
  - Auditor's opinion unmodified:
    - If the financial statements were prepared in accordance with GAAP
    - Schedule of expenditures of awards.
  - No GAGAS material weaknesses
  - No substantial doubt about ability to continue as a going concern
  - In either of the preceding two years:
    - No Type A programs with material weakness in internal control deficiencies
    - No questioned costs that exceeded five percent
    - No modified opinion on a major program
- These standards are uniform across the government. We cannot apply our own.



# Certifications and Representations

- Federal agencies given new authority
- May require recipients to certify their compliance with statutory and regulatory requirements once a year
- Recipients with history of non-compliance may be required to certify more frequently
  
- Would you want to do this?
- When?



# Time and Effort Reporting

- This is of critical importance at universities!
- 2 CFR 200 requires internal control systems to verify and validate costs
  - Systems must be reasonable
  - Prevent charging more than 100% of time
  - Allocate effort across different objectives
- No requirement for particular forms, timecards, activity reports, certifications, or the like...as long as the system of internal controls works



# Computers Are Not Equipment

- A computing device is a supply if the acquisition cost is the lesser of
  - The capitalization level established by the non-Federal entity for financial statement purposes
  - Or \$5,000
- Regardless of the length of its useful life
- Computers are lumped in with materials and supplies

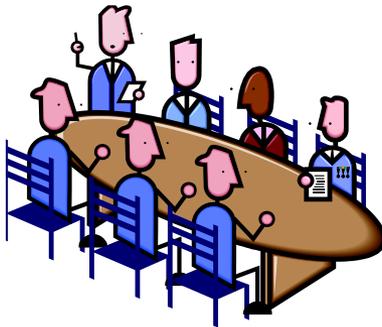


# Supplies and Equipment

- A residual inventory of \$5,000 or less of supplies at the end of a supported project belongs to the awardee.
  - No strings attached
  - No further obligation to the government
- Title to equipment acquired under an award vests with the recipient:
  - Equipment must be used for the authorized purpose of the project until funding for the project ends, or until the property is no longer needed for the project
  - Cannot take a mortgage against the equipment without agency approval
  - Must be used and disposed of in accordance with award requirements
    - At the end of an award, we may let the recipient keep the equipment and use it for other projects
    - If the equipment is worth \$5,000 or less, it belongs to the recipient with no strings attached
- Title to equipment is a “conditional title,” like the lien a mortgage holder has on a house



# Merit Review



# What's New?

- For the first time ever, there is a government-wide regulation requiring merit review **systems** for **competitive grant programs**
- There must be a **system**
- The regulation is silent about the merit review standards
- The regulation is silent about any exceptions to a system



# Merit Review: The Regulation

For competitive grants or cooperative agreements, unless prohibited by Federal statute, the Federal awarding agency must design and execute a merit review process for applications. This process must be described or incorporated by reference in the applicable funding opportunity (see Appendix I to this Part, Full text of the Funding Opportunity.) See also § 200.203 Notices of funding opportunities



# Merit Review: OMB's Comments

- The proposed guidance required that unless prohibited by Federal statute for competitive grants and cooperative agreements, Federal awarding agencies must design and execute a merit review process for applications. This section left the design of the process to the Federal awarding agencies in order to leave as much flexibility as possible to incorporate the requirements of specific programs.
- This reform was received positively in the proposal, with the comment that it should be separated out from the financial risk review discussed in the following section. The COFAR (Council on Financial Assistance Reform) considered the feedback and recommended the suggested change in organization.



# Merit Review and Cost Sharing

- The Regulation

- Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

- OMB Comments

- Cost Sharing or Matching clarifies policies on voluntary committed cost sharing to ensure that such cost is only solicited for research proposals when required by regulation and transparent in the notice of funding opportunity. It may never be considered during the merit review.



# Impact on Us

- This is not a change for research programs: we've been doing merit review forever
- We cannot consider cost sharing during merit review
  - Don't ask your reviewers to comment about it
  - Cost share must be authorized by regulation (it isn't) and mentioned in the FOA if you want reviewers to consider it
  - Cost share is not the same as an "institutional commitment"
- Merit review is now mandatory: don't think of trying to avoid it



# Cost Principles



# What's New?

- The basics are unchanged
  - Costs must be: reasonable; allocable; given consistent treatment in accordance with generally accepted accounting principles (GAAP); and must conform to any award limitations or exclusions.
- There are changes in the fine details
  - Eased standards for record keeping for time and effort
  - Allows administrative and clerical support to be charged directly rather than pooled into indirect costs
  - Employee morale costs are not permitted, but employee welfare costs are
  - New authorization for family friendly costs
- Clarified points
  - When are audit costs allowable
  - What recruitment costs can be paid
- Created something new
  - Universal *de minimis* indirect cost rate of 10%

# Direct and Indirect (F&A) Costs

- 200.413 Direct charging of administrative and clerical staff costs may occur if:
  - Are integral to a project or activity
  - Can be specifically identified with the project or activity
  - Costs are explicitly included in the budget
  - Have prior written approval from the Federal awarding agency
  - Costs are not recovered as indirect costs
- **NOTE:** This is a serious change that impacts our conference grants. The proposals may now specify an amount of administrative or clerical support.

# Indirect (F&A) Costs

- 200.414 Federal Agency Acceptance of Negotiated Indirect Cost Rates (new)
  - Negotiated rates **must** be accepted by all Federal awarding agencies
  - Pass-through entities also **must** accept the negotiated rate
  - Any non-Federal entity that has never had a negotiated indirect cost rate may use a *de minimis* rate of 10% of modified total direct costs. Any non-Federal entity with a federally negotiated indirect cost rate may apply for a one-time extension of their current negotiated indirect cost rate(s) for a period of up to four years.
    - This extension will be subject to the review and approval of the cognizant agency for indirect costs. If an extension is granted the non-Federal entity may not request a rate review until the extension period ends.



# Negotiating Indirect (F&A) Costs

- The rate agreement is always negotiated by the *cognizant agency*, the agency that provides the largest amount of Federal funding
- For Institutions of Higher Education, rates are only negotiated by the Department of Health and Human Services or the Office of Naval Research
- DOE is cognizant for some small businesses—and the Carnegie Institute of Washington
  - If we are cognizant, direct the questions to the Contracting Officer who signed the award
  - Do not offer any comments about indirect costs

# Selected Items of Cost

- 200.421 Advertising and public relations costs
  - Allowable
    - Recruitment of personnel for the performance of the award
    - Program outreach and other specific purposes
    - Addition of costs relating to advertising and public relations relating to program outreach and other specific costs necessary to meet the requirements of the Federal award.
  - Unallowable
    - Costs of meetings, conventions, and other related events
    - Costs of meeting rooms, hospitality suites, etc.
    - Salaries and wages of employees participating in the set up and exhibits
    - Promotional items, gifts, etc.
    - Costs of advertising solely to promote non-Federal entity



# Selected Items of Cost

- 200.422 – Advisory Councils
  - Allowable costs – that benefit a Federal award with prior approval from the Federal awarding agency
- 200.423 – Alcoholic Beverages
  - Unallowable
- 200.425 – Audit Services
  - Allowable
  - Non-Federal entity exempt from single audit requirement when total Federal awards in a fiscal year are less than \$750,000
  - Allows costs of a financial statement audit for a non-Federal entity that doesn't currently have a Federal award to be included in the indirect cost pool as part of a cost allocation plan or indirect cost proposal.
  - Clarification of Generally Accepted Government Auditing Standards (GAGAS) are included in the compliance supplement



# Selected Items of Cost

- 200.428 – Collections of Improper Payments (new)
  - The costs incurred by a non-Federal entity to recover improper payments are **allowable** as either direct or indirect costs, as appropriate
- 200.431 – Fringe Benefits
  - Severance pay
    - Recommends that **prior approval** by the Federal awarding agency or cognizant agency be given before an indirect cost is charged to the Federal award for abnormal or mass severance pay
  - Family friendly leave
    - Inclusion of family-related leave among the examples of types of leave that **may be allowed** according to the non-Federal entity's written policies



# Selected Items of Cost

- 200.432 – Conferences
  - Requires conference hosts/sponsors to exercise **discretion** and **judgment** in ensuring that conference costs are appropriate, necessary and managed in a manner that **minimizes costs** to the Federal award
  - Clarifies the limits on the types of gatherings for which these costs are allowable. In addition, the language clarifies that the costs of identifying, but not providing, locally available dependent care options for attendees are allowable. The result is that non-Federal entities have clear limits around conference spending which should limit these costs appropriately.



# Selected Items of Cost

- **200.433 – Contingency Provisions**
  - Part of a budget estimate of future costs (typically of large construction project, IT systems), or other items
  - Must be explicitly subject to agency **approval at time of award**
  - Costs must be allowable
  - Amounts must be included in award
  - Must retain records to verify costs
  - Funds would not be drawn down unless in accordance with all the other applicable provisions of this guidance
  
- **200.434 – Contributions and Donations**
  - The value of a donated item, whether it is a good or building, may not be charged to a Federal award, either as a direct or indirect cost
  - The value of donated services maybe used to meet cost sharing or matching requirements



# Selected Items of Cost

- 200.435 – Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals and Patent Infringements
  - Streamlined language for consistency
  - Whistleblower Protection Act is mentioned
  - If found not guilty – how legal costs and/or claims by defendant are handled
- 200.437 – Employee Health and Welfare costs
  - Reference to “morale” removed. Limited to Health and Welfare as established in the non-Federal entity’s documented policies
  - “Costs incurred in accordance with the non-Federal entity’s documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are **allowable**”
  - Costs must be equally charged to all activities/projects of the non-Federal entity



# Selected Items of Cost

- 200.438 – Entertainment Costs
  - Unallowable unless:
    - Costs have programmatic purpose and are authorized in the approved budget of the Federal award or
    - **Prior written approval** has been received from the Federal awarding agency for the costs
- 200.439 – Equipment and Other Capital Expenditures
  - Allowable
    - Special purpose equipment of  $\geq$ \$5,000 has the prior written approval of the Federal awarding agency or pass-through entity
    - Disposal fees, if the Federal awarding agency instructs the non-Federal entity to dispose of or transfer the equipment



# Selected Items of Cost

- **Equipment and Other Capital Expenditures, cont.**
  - Includes improvements to land, buildings, or equipment which materially increase their value or useful life and is unallowable, except
    - With prior written approval from the Federal awarding agency or pass-through entity
- **200.440 – Exchange Rates (new)**
  - **Allows** for cost increases from fluctuations in exchange rates
    - Subject to availability of funds
    - Non-Federal entity must provide proof (adequate documentation from commonly used sources) in effect at the time of the expenses
    - The non-Federal entity must receive **written prior approval** from the Federal awarding agency
    - Federal awarding agency must make sure that adequate funds are available to cover currency fluctuations in order to avoid violating the Anti-Deficiency Act



# Selected Items of Cost

- 200.441 – Fines, Penalties, Damages and other Settlements
  - Includes Tribal law violations (new)
  - “Alleged violations” and not just “violations” are **unallowable**
    - Unless they directly result from complying with the terms of a Federal award or are approved in advance by the Federal awarding agency (change in language)
- 200.446 – Idle Facilities and Idle Capacity
  - Language clarified
  - They are necessary to meet fluctuations in workload including workload of information technology systems; or
  - Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen, usually not to exceed one year



# Selected Items of Cost

- 200.447 – Insurance and Indemnification
  - Generally **allowable**
  - Medical malpractice insurance is **not allowed** unless on a research award involving human subjects
- 200.448 – Intellectual Property
  - Costs related to securing patents and copyrights are **allowable**. Such examples are:
    - Cost of preparing disclosures and documents and any other patent costs in connection with filings and prosecution of a US patent application where title or royalty-free license is required by the Federal government
    - General counseling services related to patent and copyright matters, such as advice on laws, regulations, clauses, and employee intellectual property agreements



# Selected Items of Cost

## Intellectual Property, cont.

- Costs related to securing patents and copyrights are **unallowable**. Such examples are:
  - Cost of preparing disclosures, reports, and other documents, and of searching the art to make disclosures not required by a Federal award
  - Costs in connection with filing and prosecuting any foreign patent application or any US patent application where the Federal award doesn't require conveying title or a royalty-free license to the Federal government
- **Royalties and other costs for use of patents and copyrights**
  - Is **allowable** if:
    - The Federal government already has a license or the right to free use of the patent or copyright
    - The patent or copyright has been judged to be invalid or has been administratively determined to be invalid
    - It is unenforceable
    - It has expired

# Selected Items of Cost

- 200.454 – Memberships, subscriptions, and professional activity costs
  - Costs for non-Federal entity normal membership in business, technical, professional organizations are **allowable**
  - Costs for non-Federal entity subscriptions to business, professional and technical periodicals are **allowable**
  - Costs of membership in civic or community organization are **allowable with prior written approval** by the Federal awarding agency or pass-through entity
  - Membership in social or country clubs **unallowable**
  - Costs of membership whose primary purpose is lobbying is **unallowable**



# Selected Items of Cost

- 200.455 – Organization Costs
  - Includes costs such as brokers' fees, organizers or management consultants, attorneys, accountants
  - Now **unallowable** for all entities unless receiving specific approval from the Federal awarding agency (new)
- 200.456 – Participant Support Costs –
  - **Allowable as direct costs with prior written approval** of the Federal awarding agency
    - Stipends
    - Subsistence allowances
    - Travel allowances
    - Registration fees paid to on behalf of participants and trainees (but not employees) in connection with conferences, or training projects



# Selected Items of Cost

- 200.460 – Proposal Costs
  - Proposal costs should **normally** be treated as indirect (F&A) costs and allocated currently to all activities of the non-Federal entity.
  - Allocable only to the current accounting period
- 200.461 – Publication and Printing Costs
  - Clarifies that non-Federal entities **may charge** the Federal award **prior to closeout** for the costs of publication or sharing of research results, **if the costs are not incurred during the period of performance of the Federal award.**



# Selected Items of Cost

- 200.463 – Recruiting Costs

- “Special emoluments, fringe benefits, and salary allowances” that do not meet the test of reasonableness or do not conform with established practices of the entity are **unallowable**
- Clarifies that when relocation costs are incurred for the recruitment of a new employee that has been funded all, or partially as a **direct cost** to the Federal award, and the newly hired employee resigns for reasons within the employee’s control within **12 months after hire**, the non-Federal entity will be required to refund or credit only the Federal share of the relocation costs to the Federal government
- Visa Costs
  - Associated **visa costs**, when critical skills are needed for a specific award, **are allowable**



# Selected Items of Cost

- 200.464 – Relocation Costs of Employees
  - Limits (what was previously unlimited) amount of time for which a Federal award may be charged for costs of an employee’s vacant home to a **max of six months**
- 200.470 – Taxes
  - **Allowable** for states, local governments and Indian Tribes:
    - Gasoline taxes
    - Motor vehicle fees
    - Other user fees for benefits provided to the Federal Government
- 200.471 – Termination Costs
  - Deleted reference to limiting allowable indirect costs to only a portion of termination costs
  - Some costs are **allowable**, including settlement expenses



# Selected Items of Cost

- 200.474 – Travel Costs
  - Provides that **temporary dependent care costs** that result directly from travel to conferences and meet specified standards are **allowable**
  - Provides language that provides, under specific and limited circumstances, a family-friendly policy that should allow for individuals with dependent care responsibilities to better balance their responsibilities to both their families and the Federal award. (new)



# Can they use the award to pay for it?

- See if the cost is allowable:
  - Consult applicable authorities:
    - Cost Principles (2 CFR 200)
    - Grant Agreement (award)
    - Program statute/regulations/guidelines
    - Internal policies
  - Ask internal experts
- Always look at the other factors
  - Is the cost allocable to the project?
  - Is the cost reasonable? Would a prudent person pay it?
  - Is the cost consistently treated? Would the recipient pay this out of its own funds?

# Prior Approval



# What's New?

- Not much
- Awardees still need to request prior approval in writing **before** making some changes
  - They will still get this wrong!
  - We will still work with them to retroactively approve things
- There is a new list of subjects about which prior approvals may be requested
  - For the most part, this is not a program office issue
  - But we will usually see the questions before Chicago does
  - For most items on the list, asking for prior approval provides defensive paperwork
    - This isn't too big of a deal for universities and our regular research partners
    - This is a big deal for smaller recipients and for non-research programs

# Prior Approval: The Basics

- Some changes to an award require that the Federal agency approve the change **in writing**.
- A request for this change must be made
  - In advance
  - In writing
  - By an authorized institutional representative
- The Federal agency must respond
  - In a reasonable time
  - In writing
  - By an authorized representative
- Many requests that come from the PI to the Program Office need to go through the Prior Approval channel



# Prior Approval: The Regulation

Recipients are required to report deviations from budget or project **scope or objective**, and request prior approvals from Federal awarding agencies for budget and program **plan** revisions, in accordance with this section.

For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons:

- 1) Change in scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- 2) Change in a key person specified in the application or the Federal award.
- 3) 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 PI.
- 4) Inclusion of certain costs
- 5) The transfer of funds budgeted for participant support costs.
- 6) Unless described in the application and funded in the approved Federal funds award, the subawarding, transferring or contracting out of work under a Federal award.
- 7) Changes in the amount of approved cost-sharing or matching provided by the non-Federal entity. (Cost-sharing is not required by research).



# What if They Change The Budget?

- A change in the budget by itself doesn't require prior approval
- A change in the budget might indicate a change in scope
- A change in scope always requires prior approval
- Changing a line item by 25% is the customary benchmark of when a change in budget looks like it might be a change in scope
  - This comes from the explicit statement that a change of 25% in a key person's effort requires prior approval
  - A 25% change in effort would require a 25% change in that person's salary charge to the award



# Waiving Prior Approval

- All prior approvals except change in scope MAY BE WAIVED
  - Waivers may include
    - Pre-award costs of 90 days
    - One-time extension of 12 months
    - Carryover requests
- For research awards, all of these are waived
- Rebudgeting may be restricted if the Federal share of the project exceeds the Simplified Acquisition Threshold (\$3,000) and the cumulative amount of rebudgeting exceeds 10% of the total budget.
  - Gives agencies ability to restrict rebudgeting in excess of thresholds
  - Research grants typically permit rebudgeting under FDP
  - Research grants permit rebudgeting under standard terms/conditions
  - Other types of grants do not usually permit rebudgeting
- All other changes to budgets do not require prior approval.



# And now, something completely different

- Sometimes, an applicant or awardee isn't sure if a cost **should** be allowable
- Sometimes, their auditors aren't too sure
- The regulation has a new provision to allow everyone to feel more comfortable
- Applicants and awardees can now ask the awarding agency for an opinion about a particular cost or planned activity
- Our opinion won't replace the auditor's determination
- But it lets people feel better
- The question, and our answer, need to go through the proper channels for prior approvals



# Prior Approval: The Regulation, Part II

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this Part:



# The List of Things We May Be Asked To Approve

- (a) § 200.201 Use of grant agreements (including fixed amount award(s).
- (b) § 200.306 Cost sharing or matching;
- (c) § 200.307 Program income;
- (d) § 200.308 Revision of budget and program plans;
- (e) § 200.332 Fixed amount sub-awards;
- (f) § 200.413 Direct costs, paragraph (c);
- (g) § 200.430 Compensation - personal services, paragraph (h);
- (h) § 200.431 Compensation – fringe benefits;
- (i) § 200.438 Entertainment costs;
- (j) § 200.439 Equipment and other capital expenditures;
- (k) § 200.440 Exchange rates;
- (l) § 200.441 Fines, penalties, damages and other settlements;
- (m) § 200.442 Fund raising and investment management costs;
- (n) § 200.445 Goods or services for personal use;
- (o) § 200.447 Insurance and indemnification;
- (p) § 200.454 Memberships, subscriptions, and professional activity costs, paragraph (c);
- (q) § 200.455 Organization costs;
- (r) § 200.456 Participant support costs;
- (s) § 200.458 Pre-award costs;
- (t) § 200.462 Rearrangement and reconversion costs;
- (u) § 200.467 Selling and marketing costs;
- (v) § 200.474 Travel costs



# Comments about easing fears and doubts

- OMB notes that Prior Written Approval provides both Federal agencies and non-Federal entities with a one-step comprehensive list of the circumstances under which non-Federal entities should seek prior approval from the Federal agency.
- In response to comments, the Council on Financial Assistance Reform (COFAR) recommended the title of this section be changed from “Advance Understanding” to more closely mirror the language used in the guidance. In addition, a list of instances of sections that discuss conditions under which prior approval is required is included to ensure that these requirements are transparent and to reduce burden by providing both Federal agencies and non-Federal entities a complete listing of where all these types of requirements may be found.



# Examples

- 1. Four months of pre-award costs.** The first three months would not need to be approved but the fourth month would need to be reviewed and approved.
- 2. A request to rebudget a large amount from another direct cost category to purchase a piece of equipment.** The request would need to be reviewed and approved by the Federal agency.
- 3. A no-cost extension other than the first.** The grantee would need to submit a formal request countersigned by the grantee's business official. The request should include the reason for the extension, what the grantee plans to accomplish during the extension, and how much funds are available to be used during the extension.



# Examples

- 4. Changing a Principal Investigator (PI) on a grant.** The grantee would need to submit a formal request countersigned by the business official. The request should state the new PI, his/her CV, and other support. The PM will need to review the request and to assure that new PI is capable of replacing the old PI.
- 5. Transferring the grant to a new institution.** The grantee will need to submit a formal request, a Financial Federal Report that indicates how much money will be transferred to the new grantee organization and a new application. The PM will review the new application to make sure that the work can be completed at the new institution.



# Examples

- 6. Adding a sub-contract to the grant.** The grantee would need to submit a formal request stating the adding of the new institution, how much funds will be given to the sub-contract, and what work will be done by the sub-contract. The PM will need to review the request to make sure that it doesn't show a change of scope from the original application that was reviewed and approved for funding.
- 7. Changing or reducing effort for key personnel.** It is up to the PM to make sure if there is a change of key personnel that the new key person can do the work intended for the old key person. And if the key person's time/effort is reduced significantly that the scope of the work can be completed as originally indicated in the application.



# Any Questions?



# Thank You!

- Feel free to send any additional questions to the presenters
  - Mike Zarkin: [michael.zarkin@science.doe.gov](mailto:michael.zarkin@science.doe.gov)
  - Gene McGeehan: [edward.mcgeehan@science.doe.gov](mailto:edward.mcgeehan@science.doe.gov)
  - Maggie Young: [margaret.young@science.doe.gov](mailto:margaret.young@science.doe.gov)
- We plan presentations about other subjects in the future

