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**February 2013 COGR Meeting - Thursday Morning Presentation Michael Ludwig**

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**PURDUE**  
UNIVERSITY

# Highlights of Administrative Requirements

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# Highlights

## Administrative Requirements

- Good
- Bad
- Unknown

# GOOD

- Pg. 22-26 .203, .204, .206 - More detail regarding requirements for public notice and announcements of funding opportunities, and standard application requirements.
- Pg. 23-24 .204(b)(B) - requires the funding announcement to include any expected limitations to negotiated indirect cost rates or other cost sharing requirements as approved by the agency head and OMB.
- Metric System requirements from A-110 are gone.

# GOOD

- Pg. 30-31 .501 – New guidance on Subrecipient Monitoring and Management
  - (1) and (2) – Definitions of subrecipients and contractors. Reinforces the distinction between a procurement action and a subawardee.
  - (3)(D) - Clarifies that every subrecipient must have a federally approved F&A rate, a rate negotiated between the prime and the subrecipients or a de minimus rate of 10% MTDC.
- Pg. 39 .502 (f)(1) – “Voluntary committed cost sharing is not expected under Federal research proposals and is not to be used as a factor in the review of applications or proposals.”
- Pg. 44 .502(h)(3)(I) – Prohibits agencies from imposing any other prior approval requirements without OMB approval

# BAD

- Pg. 32-34 .501 – New guidance on Subrecipient Monitoring and Management:
  - (c)(5) Other Monitoring guidance is too prescriptive
    - Required
      - A. Analyzing financial and programmatic reports
      - B. Following up and ensuring subrecipients take timely and appropriate action on all deficiencies detected through audits...
      - C. Issuing a management decision for audit findings
    - Depending on risk assessment completed by prime
      - D. Performing on site reviews of subrecipients
      - E. Providing training and technical assistance to subrecipients
      - F. Arranging for agreed upon procedures engagements for the selected items of costs .621 (formerly the J. section of A-21)

# BAD

- Pg. 32-34 .501
  - (6) – Requires a Risk evaluation of subrecipients
  - (7) – Ensure every subrecipient is audited under section .701 (formerly A-133)
  - (8) – Establish audit requirements for for-profit subrecipients
- (d) – Federal agencies shall require pass through entities other than states to comply with all provisions of this guidance which are otherwise directed at Federal agencies when awarding and administering subawards. In other words all of the notification requirements of .401 - .404 are required. **This should not be applicable to Universities.**

# BAD

- Pg. 34-35 .502(a); .502(c)(4) – Agencies shall require recipients to relate financial data to performance accomplishments whenever practical. Recipients shall also provide cost information to demonstrate cost effective practices (e.g., through unit cost data). This would destroy any progress we have made on standard financial reports and looks a lot like Recovery Act reporting.
- Pg. 39 .502 (f)(2) – “Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.” Why is prior approval required?

# BAD

- Pg. 40 .502 (f)(5) – specifically excludes overhead costs as cost sharing when a third party furnishes the services of an employee for the project. Seems inconsistent.
- Pg. 45 .502(h)(9) – “Federal awarding agencies shall require recipients to notify the Federal awarding agency in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient for the project period by more than \$5,000 or 5% of the award”. WOW, new reporting requirement and burdensome.

# BAD

- Pg. 50 .503(d)(5)(B) – When equipment purchased on federal funds is no longer needed for federal projects and the equipment has a fair market value of more than \$5,000, the awarding agency shall have the right to collect the fair market value of the equipment from the recipient. WOW again!

# BAD

- Pg. 50-51 .503(e)(1) – “Title to supplies shall vest in the recipient upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federally-sponsored project or program, the recipient shall retain the supplies for use on non-Federal sponsored activities or sell them, but shall, in either case, compensate the Federal government for its share.”

# BAD

- Pg. 65 .505(d)(2)(B)(i) – “Where the accomplishments of the award can be quantified, a computation of the cost for example, related to units of accomplishment) may be required if that information will be useful.” This is not consistent with Standard reporting initiatives.

# Unknown

- Pg. 25-26 .205, .207 - Requirement that the funding agency evaluate the risk posed by applicants prior to an awarding action. Risk considerations include financial stability, quality of management systems, history of performance, single audit reports, and the applicant's ability to implement statutory, regulatory or other requirements. Also a requirement to notify the recipient if specific actions are taken to alleviate the identified risks. This is not totally new (parts were in A-110 and the FAPIIS Implementation) but the risk evaluation required and notification is new.

# Unknown

- Pg. 28-29 .401 - .404 - Federal Award Notice requirements are provided
- Pg. 43 .502(h)(3)(C) – Is this an opportunity to clarify if a summer research leave by the PI constitutes an absence from the project?
- Pg. 46 .502(i)(3) – “Commercial or for-profit organizations shall be subject to the audit requirements of the Federal awarding agency...”
- Pg. 46 .502(j)(2) – prohibits fees or profits to recipients and subrecipients