

# Capstone Report: Observations on the OMB COVID-19 Flexibilities

REPORT PREPARED BY COTTON & COMPANY LLP

NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL

August 3, 2021  
OIG 21-6-003





## AT A GLANCE

Capstone Report: Observations on the OMB COVID-19 Flexibilities

Report No. OIG 21-6-003

August 3, 2021

### WHY WE ISSUED THIS REPORT

In response to the Coronavirus Disease 2019 (COVID-19) pandemic, the Office of Management and Budget (OMB) issued, and various federal agencies (including the National Science Foundation) implemented, three memoranda providing temporary administrative flexibilities for federal financial assistance awards. We engaged Cotton & Company LLP (C&C) to conduct 10 audits of award recipients' implementation of the COVID-19 flexibilities. The objectives of these audits included determining whether the audited entities used the administrative flexibilities authorized by OMB and, if so, whether the entities were complying with the associated guidelines. We then engaged C&C to write a capstone report communicating any common themes, findings, lessons learned, and issues related to the temporary administrative flexibilities identified while conducting the audits. Specifically, the goal of this report is to create a body of work that the federal government can use to inform future decisions in the event of another national emergency that warrants the use of these (or similar) administrative flexibilities. We are issuing this report as a routine activity.

### OVERALL OBSERVATIONS

NSF award recipients used the COVID-19 flexibilities to continue performing essential research and services during the COVID-19 pandemic and were generally prudent in their stewardship of federal resources. Although the auditors found that recipients generally complied with relevant guidance, the report identifies three common themes observed during the course of the ten COVID-19 flexibility audits: recipients were not always able to implement the flexibilities due to insufficient time and/or guidance; recipients were hesitant to use the flexibilities based on available guidance and federal funding sources; and recipients did not consistently track or monitor their use of the flexibilities, as they were not required to.

### OVERALL CONCLUSIONS

The report suggests that the following items be considered when implementing future administrative flexibilities: recipients might have been less hesitant to use the flexibilities if the guidance had been clearer and reduced opportunities for inconsistent interpretation; recipients may have used the flexibilities more effectively if they had been able to implement the flexibilities in a more timely and consistent manner; and recipients could have more effectively monitored federal spending during the pandemic if federal agencies had required recipients to formally track the use of implemented flexibilities as well as flexibility-related spending.

FOR FURTHER INFORMATION, CONTACT US AT [OIGPUBLICAFFAIRS@NSF.GOV](mailto:OIGPUBLICAFFAIRS@NSF.GOV).




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**MEMORANDUM**

**DATE:** August 3, 2021

**TO:** Teresa Grancorvitz  
Office Head and Chief Financial Officer  
Office of Budget, Finance and Award Management

**FROM:** Mark Bell   
Assistant Inspector General  
Office of Audits

**SUBJECT:** Audit Report No. 21-6-003, Capstone Report: Observations on the OMB COVID-19 Flexibilities

This memorandum transmits the Cotton & Company LLP (C&C) capstone report related to observations on the Office of Management and Budget (OMB) Coronavirus Disease 2019 (COVID-19) flexibilities. We engaged C&C to conduct 10 audits of award recipients' implementation of the COVID-19 flexibilities. The objectives of these audits included determining whether the audited entities used the administrative flexibilities authorized by OMB and, if so, whether the entities were complying with the associated guidelines. We then engaged C&C to write a capstone report communicating any common themes, findings, lessons learned, and issues related to the temporary administrative flexibilities identified while conducting the audits. Specifically, the goal of this report is to create a body of work that the federal government can use to inform future decisions in the event of another national emergency that warrants the use of these (or similar) administrative flexibilities. We are issuing this report as a routine activity.

We provided a draft of this report to NSF management for review on July 23, 2021. NSF provided us with comments and suggestions on July 28, 2021, which we considered and incorporated into the report.

We thank your staff for the assistance that was extended to the auditors during the reporting process. If you have any questions regarding this report, please contact Ken Lish at 703.292.7100 or [OIGpublicaffairs@nsf.gov](mailto:OIGpublicaffairs@nsf.gov).

Attachment

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## COVID-19 FLEXIBILITY AUDITS

In response to the Coronavirus Disease 2019 (COVID-19) pandemic, the Office of Management and Budget (OMB) issued, and various federal agencies (including the National Science Foundation) implemented, three memoranda providing temporary administrative flexibilities for federal financial assistance awards. Recognizing the need to ensure NSF award recipients properly implemented these flexibilities, the NSF Office of Inspector General engaged Cotton & Company LLP to conduct ten audits of the implementation of the COVID-19 flexibilities at the award recipient level.

The objectives of these audits included determining whether the audited entities used the administrative flexibilities authorized by OMB and, if so, whether the entities were complying with the associated guidelines, as summarized in [Appendix I](#).

## WHY WE WROTE THIS CAPSTONE

The NSF OIG engaged Cotton & Company to write a capstone report communicating any common themes, findings, lessons learned, and/or issues related to the temporary administrative flexibilities. Specifically, the goal of this report is to create a body of work that the federal government can use to inform future decisions in the event of another national emergency that warrants the use of these (or similar) administrative flexibilities.

## REPORT OBSERVATIONS

NSF award recipients used the COVID-19 flexibilities to continue performing essential research and services during the COVID-19 pandemic and were generally prudent in their stewardship of federal resources. Although the auditors found that recipients generally complied with relevant guidance, the report identifies three common themes observed during the course of the ten COVID-19 flexibility audits:

- Recipients were not always able to implement the flexibilities due to insufficient time and/or guidance.
- Recipients were hesitant to use the flexibilities based on available guidance and federal funding sources.
- Recipients did not consistently track or monitor their use of the flexibilities, as they were not required to.

## REPORT CONCLUSIONS

The report suggests that the following items be considered when implementing future administrative flexibilities:

- Recipients might have been less hesitant to use the flexibilities if the guidance had been clearer and reduced opportunities for inconsistent interpretation.
- Recipients may have used the flexibilities more effectively if they had been able to implement the flexibilities in a more timely and consistent manner.
- Recipients could have more effectively monitored federal spending during the pandemic if federal agencies had required recipients to formally track the use of implemented flexibilities as well as flexibility-related spending.

## ADDITIONAL INFORMATION

For additional context to support the auditors' observations and conclusions, the report also includes:

- A table identifying which flexibilities were used by the ten audited entities; a summary of the COVID-19 flexibilities granted by OMB; and a description of how, or why, each flexibility was, or was not, used by the audited institutions in [Appendix II](#).
- A list of effective recipient practices for monitoring future flexibility compliance in [Appendix III](#).
- Auditee responses to an OMB flexibility survey conducted during the COVID-19 flexibility audits to identify potential uses of the flexibilities in [Appendix IV](#).

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## **Abbreviations**

<b>CARES Act</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>CFR</b>	Code of Federal Regulations
<b>COVID-19</b>	Coronavirus Disease 2019
<b>NOFO</b>	Notice of Funding Opportunity
<b>OMB</b>	Office of Management and Budget
<b>PPE</b>	Personal Protective Equipment
<b>PI</b>	Principal Investigator
<b>SAM</b>	System for Award Management

## BACKGROUND

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In response to the Coronavirus Disease 2019 (COVID-19) pandemic, the Office of Management and Budget (OMB) issued, and various federal agencies (including the National Science Foundation) implemented, three memoranda that provided temporary administrative flexibilities, referred to as COVID-19 flexibilities, for federal financial assistance awards. The NSF Office of Inspector General engaged Cotton & Company LLP (Cotton & Company, or we) to conduct ten audits of NSF award recipients' implementation of the COVID-19 flexibilities. The objectives of these audits included determining whether the audited entities used the administrative flexibilities granted by OMB, and, if so, whether the entities were complying with the associated guidelines. Additional details regarding the objectives, scope, methodology, and results of the COVID-19 audits are included in [Appendix I](#).

The NSF OIG then engaged Cotton & Company to write a capstone report communicating any common themes, findings, lessons learned, and/or issues related to the COVID-19 flexibilities. Specifically, the goal of the report is to create a body of work that the federal government can use to inform future decisions in the event of another national emergency that warrants the use of these (or similar) administrative flexibilities.

## WHAT WE LEARNED

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NSF award recipients used the COVID-19 flexibilities to continue performing essential research and services during the COVID-19 pandemic, as summarized in [Appendix II](#), and were generally prudent in their stewardship of federal resources. Specifically, we noted that the flexibilities were appropriately used by award recipients to:

- Continue employing and paying salaries to individuals unable to perform work due to COVID-19-related shutdowns.
- Donate N95 respirator masks, gloves, and other personal protective equipment (PPE) purchased with federal funds to hospitals across the country.
- Purchase air purifying systems, sanitizing materials, no-touch tools, and other PPE to help ensure the health and safety of employees performing federally sponsored research.
- Donate computing cluster processing resources at an NSF major facility to support COVID-19 vaccine-related research activities.
- Allow employees to change or cancel trips booked with federal funding so that they could safely return home and/or avoid unnecessary travel.

Although the audited recipients generally complied with relevant COVID-19 flexibility guidance and developed some effective practices for monitoring their compliance, as summarized in [Appendix III](#), we identified three common themes affecting whether and how recipients used the flexibilities, as detailed below:

## RECIPIENTS WERE NOT ALWAYS ABLE TO IMPLEMENT THE FLEXIBILITIES

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The COVID-19 flexibilities were issued at the height of the pandemic during a time where both the federal government and award recipient communities were transitioning to

remote work and devoting significant time and resources to addressing immediate pandemic-related issues. Although recipients appreciated having the COVID-19 flexibilities available to provide administrative relief, many believed that they did not have sufficient time and/or guidance to implement the flexibilities.

**I. *Recipients did not have sufficient time or resources to implement the flexibilities.***

Because the COVID-19 flexibilities were only available for a short window of time, varied based on the implementation approach of each federal agency, and were granted without an implementation period in the midst of a global pandemic, recipients did not believe they had a sufficient amount of time or resources to implement the flexibilities. Further, some of the flexibilities required recipients to demonstrate their compliance with requirements that the recipients were not prepared to meet while simultaneously trying to ensure the health and safety of their employees. Because implementing and monitoring compliance with these flexibilities required time and resources that the recipients needed to meet other COVID-19 priorities, many recipients were unable to implement the flexibilities. For example, one audited institution noted that the lack of time it had to implement M-20-26 resulted in its COVID-19 flexibility-related audit finding. (See the [M-20-26 Section of Appendix II](#) for additional details.)

**II. *Recipients did not believe they had access to sufficient, timely guidance.***

Because OMB required federal agencies to issue their own guidance regarding whether and how recipients should implement the COVID-19 flexibilities, recipients did not believe they had access to sufficient, timely guidance that would allow them to ensure they were able to appropriately implement the flexibilities granted by each agency. Further, because federal agencies were not always timely in publishing comprehensive agency-specific guidance,<sup>1</sup> many recipients were unable to implement the flexibilities and/or relied on guidance published by non-regulatory bodies. For example, one audited institution stated that, because it was unsure how to implement Flexibility 7 of M-20-17, it relied on non-federal guidance published by a research association. (See the [M-20-17 Section of Appendix II](#) for additional details.) Further, one institution noted that it was unable to effectively implement Flexibility 1 of M-20-26 as it was unsure what it meant to “exhaust other available funding sources”. (See the [M-20-26 Section of Appendix II](#) for additional details.)

## **RECIPIENTS WERE HESITANT TO USE THE FLEXIBILITIES**

Each audited recipient stated that it implemented one or more of the COVID-19 flexibilities; however, many noted that they were hesitant to use those flexibilities because of the risks associated with implementing inconsistent federal guidance and the uncertainty regarding the availability of federal funding sources.

**I. *Recipients were averse to taking on the risks associated with implementing guidance that was not consistent between federal agencies.***

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<sup>1</sup> Regarding NSF specifically, the agency was very timely in implementing the COVID-19 flexibilities after the flexibilities were granted by OMB. Specifically, NSF issued implementing guidance for OMB memos M-20-17, M-20-20, and M-20-26 within 4, 1, and 7 days, respectively, of the issuance of the OMB memoranda.

Because OMB's COVID-19 flexibility memoranda authorized federal awarding agencies to implement the flexibilities themselves, award recipients were hesitant to take on the risks associated with reviewing and tracking compliance with a variety of unclear and/or inconsistent guidance issued by multiple federal agencies. Further, many state governments and other funding agencies also produced guidance that impacted spending during the pandemic that recipients were required to consider. The additional risk of non-compliance and the increased administrative burden caused by this inconsistent implementation made many award recipients hesitant to use the flexibilities. For example, many audited institutions noted that they implemented Flexibilities 4 and/or 8 of OMB M-20-17, but continued to require the same prior approvals necessary before the pandemic to limit their risk of non-compliance. (See the [M-20-17 Section of Appendix II](#) for additional details.)

**II. *Recipients were concerned that they would not have sufficient funding to achieve federally funded research objectives.***

Because the federal flexibility guidelines stated that recipients should not assume that additional federal funds would be available, recipients were required to determine whether allowing the use of the flexibilities would negatively impact their ability to achieve their federally funded research objectives. If additional funds were not available, allowing personnel to use federal funds to cover costs not normally chargeable to federal awards could result in a shortage of funds available to carry out the research activities necessary to accomplish the objectives of the award. As a result, recipients were often hesitant to use the flexibilities. For example, one audited institution elected not to allow costs allowable under Flexibility 7 of OMB M-20-17 to be charged to sponsored projects because they did not want to limit the funding available for the researchers to complete sponsored research activities. (See the [M-20-17 Section of Appendix II](#) for additional details.)

**RECIPIENTS DID NOT CONSISTENTLY TRACK OR MONITOR USE OF THE FLEXIBILITIES**

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Although each audited recipient stated that it implemented one or more of the COVID-19 flexibilities, many recipients were unable to verify whether the flexibilities were actually used as recipients were not required to establish policies for implementing and/or monitoring the use(s) of the flexibilities.

**I. *Recipients were not required to formally implement the flexibilities.***

Because COVID-19 flexibility guidance did not require recipients to develop internal policies or procedures for implementing these flexibilities, recipients did not always undergo a formal implementation; instead, they simply informed personnel that the flexibilities existed. As a result, only those recipients that developed formal memoranda and policies outlining how to implement the flexibilities were able to verify whether the flexibilities were used and support that flexibility usage was appropriately monitored. For example, one audited institution indicated that it implemented Flexibility 5 of M-20-17 by notifying departments that the flexibility existed, but was unable to verify whether or not the flexibility was actually used and/or how its usage was monitored. (See the [M-20-17 Section of Appendix II](#) for additional details.)



**II. Recipients were not required to track whether or how they used the flexibilities.**

Because the COVID-19 flexibility guidance did not require recipients to specifically track the use of these flexibilities, many recipients were unable to identify COVID-19 flexibility related expenses within their accounting systems. As a result, only those recipients that elected to track their use of the flexibilities were able to specifically identify costs related to the flexibilities and support that they incurred the costs in compliance with flexibility guidelines. Further, these recipients were able to remove unanticipated pandemic-related expenses from NSF awards when they received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding or other funding awarded to cover pandemic-related costs, allowing personnel to use federal research funds for their original purpose. For example, one institution that used Flexibility 6 of OMB M-20-17 to charge COVID-19 related expenses to NSF awards was able to reimburse NSF for COVID-19 related expenses after it received CARES Act funding to cover those costs. (See the [M-20-17 Section of Appendix II](#) for additional details.)

## **WHAT WE CONCLUDED**

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Based on the results of our audit activities, we arrived at the following conclusions for consideration in the event of another national emergency that warrants the use of these (or similar) administrative flexibilities:

**I. Recipients might have been less hesitant to use the flexibilities if they had access to more comprehensive guidance.**

Specifically, the federal government and recipient communities could benefit from:

- More comprehensive and precise guidance from both OMB and federal agencies regarding expenses that recipients may incur.
- The establishment of an OMB Frequently Asked Questions website or other similar forum<sup>2</sup> that would allow recipients to request insight into the treatment of expenses that were not specifically addressed within the existing guidance.
- Additional insight from federal agencies outlining expectations and/or next steps for recipients that used grant funds to cover costs not normally chargeable to federal awards and that, as a result, no longer have sufficient funding available to achieve the original award objectives.

**II. Recipients may have been able to use the flexibilities more effectively if they had been able to implement the flexibilities in a more timely and consistent manner.**

Specifically, the federal government and recipient communities could benefit from:

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<sup>2</sup> A similar example would be the guidance OMB has provided related to the Payment Integrity Information Act of 2019, published on Max.gov and within the [Council of the Inspectors General on Integrity and Efficiency \(CIGIE\) Guidance for Payment Integrity Information Act Compliance Reviews, November 2020](#).

- The establishment of federal guidance regarding the implementation and use of emergency administrative flexibilities prior to the occurrence of another emergency that may warrant the use of these flexibilities.
- Consistent implementation of any future flexibilities across federal agencies.

**III. *Recipients could have more effectively monitored federal spending during the pandemic if federal agencies had required recipients to formally track the use of implemented flexibilities as well as flexibility-related spending.***

Specifically, the federal government and recipient communities could benefit from recipients being required to:

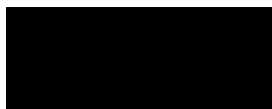
- Establish formal policies and procedures for implementing future administrative flexibilities and tracking their use and being able to specifically identify when a flexibility was used on any given award.
- Establish a mechanism to specifically track all expenses associated with flexibility-related spending.

#### **CAPSTONE REPORT OBJECTIVES AND METHDOLOGY**

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Cotton & Company wrote this report to communicate common themes, findings, lessons learned, and issues identified related to the temporary administrative flexibilities granted by OMB as a result of conducting the ten COVID-19 OMB flexibility audits, as described in [Appendix I](#). This work was performed under Order No. 140D0421F0352 and was conducted in accordance with the American Institute of Certified Public Accountant's (AICPA's) *Statements on Standards for Consulting Services*.

COTTON & COMPANY LLP



Megan Mesko, CPA, CFE  
Partner  
July 30, 2021

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**APPENDIX I: COVID-19 AUDITS BACKGROUND**

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## COVID-19 AUDITS BACKGROUND

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In response to the COVID-19 pandemic, OMB issued memoranda that provided temporary administrative flexibilities for federal financial assistance awards. Subsequently, NSF published a variety of additional guidance for NSF awardees regarding how to implement these flexibilities. Specifically, we considered the following guidance when performing the COVID-19 flexibility audits:

- [M-20-17 Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#)
- [NSF Implementation of OMB Memorandum M-20-17](#)
- [M-20-20 Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus \(COVID-19\)](#)
- [NSF Implementation of OMB Memorandum M-20-20](#)
- [M-20-26 Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#)
- [NSF Implementation of OMB Memorandum M-20-26](#)
- [NSF's Important Notice No. 146: NSF Letter to Community Regarding COVID-19](#)
- [NSF's Impact on Existing Deadline Dates](#)
- [NSF's Impact on Existing Solicitations](#)
- [NSF Guidance on the Effects of COVID-19 on Human Subjects Research](#)
- [NSF Guidance on the Effects of COVID-19 on Vertebrate Animal Research](#)
- [NSF Guidance for Major Facilities and Contracts Regarding COVID-19](#)
- [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF Proposers and Awardees](#)
- [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF SBIR and STTR Grantees](#)
- [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF Major Facility Cooperative Agreement Recipients](#)
- [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for REU Sites, RET Sites, IRES Sites, and Similar Activities](#)
- [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF Panelists](#)

Recognizing the need to ensure NSF award recipients properly implemented these flexibilities, the NSF OIG Office of Audits engaged Cotton & Company LLP to conduct ten limited-scope performance audits to determine whether NSF award recipients used the administrative COVID-19 flexibilities authorized by OMB and, if so, whether they were complying with the associated guidelines. To complete each limited-scope performance audit, we performed the following general steps:

- Gained an understanding of the audit requirements.
- Gained an understanding of applicable federal and NSF criteria, including the memoranda and other guidance that OMB and NSF published in response to the COVID-19 pandemic.

- Issued an OMB flexibilities survey designed to enable the audit team to gain an understanding of whether and how each entity implemented the administrative flexibilities that OMB issued, and NSF implemented, in response to the COVID-19 pandemic.
  - See the OMB flexibilities survey and auditee responses in [Appendix IV](#).
- Requested, obtained, and reviewed files to ensure we had sufficient, appropriate documentation to schedule applicable interviews and select our audit sample.
- Gained an understanding of whether and how recipients implemented the COVID-19 flexibilities that OMB issued and NSF implemented.
- Brainstormed and executed a series of data analytic tests aimed at identifying expenses that recipients incurred in accordance with the COVID-19 flexibilities, or that we identified as high risk for other related reasons.
- Judgmentally selected transactions to test based on the results of our data analytic tests.
- Reviewed recipients' supporting documentation and requested additional documentation as necessary to ensure that we obtained sufficient, appropriate evidence to enable us to assess the allowability of each sampled transaction.
- Reported the audit results.

Within the limited scope of our testing, we were able to gain an understanding of each recipient's implementation of the COVID-19 flexibilities and only identified one instance in which a recipient did not comply with the associated guidelines.<sup>3</sup> The results of each audit are available on NSF OIG's website, as follows:

**Table 1: Results of Audits of the Implementation of OMB COVID-19 Flexibilities**

Report No.	Recipient
<a href="#">21-1-005</a>	University of Alaska Fairbanks (UAF)
<a href="#">21-1-006</a>	University of Kentucky Research Foundation (UKRF)
<a href="#">21-1-009</a>	University of New Mexico (UNM)
<a href="#">21-1-010</a>	State University of New York at Stony Brook (SUNY)
<a href="#">21-1-011</a>	Florida International University (FIU)
<a href="#">21-1-012</a>	Florida State University (FSU)
<a href="#">21-1-013</a>	University of Wisconsin – Madison (UW-Madison)
<a href="#">21-1-014</a>	California Institute of Technology (Caltech)
<a href="#">21-1-015</a>	University of Central Florida (UCF)
<a href="#">21-1-018</a>	University of Michigan (UM)

*Source:* Auditor's summary of audited recipients.

<sup>3</sup> See the *Audit Finding Related to COVID-19 Flexibilities* section of NSF OIG Report No. OIG 21-1-014.

**APPENDIX II: HIGHLIGHTS OF RECIPIENTS' USE OF THE OMB FLEXIBILITIES**

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### HIGHLIGHTS OF RECIPIENT'S USE OF THE OMB FLEXIBILITIES

The ten audited institutions indicated that they implemented the following COVID-19 flexibilities:

OMB Memo	Flexibility Granted	Caltech	FIU	FSU	SUNY	UCF	UAF	UKRF	UM	UNM	UW-Madison
M-20-17	1 Flexibility with System for Award Management (SAM) registration									✓	
	2 Flexibility with application deadlines	✓	✓				✓			✓	✓
	3 Waiver for Notice of Funding Opportunities (NOFOs) publication										
	4 No-cost extensions on expiring awards	✓	✓			✓	✓			✓	
	5 Abbreviated non-competitive continuation requests	✓					✓				
	6 Allowability of salaries and other project activities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	7 Allowability of costs not normally chargeable to awards	✓			✓	✓	✓	✓	✓	✓	✓
	8 Prior approval requirement waivers						✓			✓	✓
	9 Exemption of certain procurement requirements										
	10 Extension of financial, performance, and other reporting	✓	✓		✓	✓	✓				✓
	11 Extension of currently approved indirect cost rates			✓	✓			✓			✓
	12 Extension of closeout		✓				✓				✓
	13 Extension of Single Audit submission										
M-20-20	1 Donations of medical equipment and other resources purchased/funded under federal financial assistance in support of the COVID-19 response	✓			✓		✓				✓
M-20-26	1 Extension of allowability of salaries and other project activities through September 30, 2020	✓	✓		✓	✓	✓	✓		✓	
	2 Extension of Single Audit submission and COVID-19 emergency acts fund reporting through December 31, 2020										

## **M-20-17: Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations**

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On March 19, 2020, OMB issued Memorandum M-20-17 to provide agencies with short-term relief for administrative, financial management, and audit requirements under 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, without compromising the accountability requirements for federal financial assistance grants. Specifically, Appendix A of this memorandum included 13 administrative relief exceptions for the COVID-19 crisis, or flexibilities, which were available to and implemented by the audited entities, as follows:

### **1. Flexibility with System for Award Management (SAM) registration. (2 CFR § 200.205)**

*Awarding agencies can relax the requirement for active System for Award Management (SAM) registration at time of application in order to expeditiously issue funding. At the time of award, the requirements of 2 CFR § 200.205, Federal awarding agency review of risk posed by applicants, continue to apply. Current registrants in SAM with active registrations expiring before May 16, 2020 will be afforded a one-time extension of 60 days.*

- One of the ten audited recipients implemented this flexibility. This recipient submitted its SAM registration in June 2020, rather than April 2020, when it was originally due.

### **2. Flexibility with application deadlines. (2 CFR § 200.202)**

*Awarding agencies may provide flexibility with regard to the submission of competing applications in response to specific announcements, as well as unsolicited applications. As appropriate, agencies should list specific guidance on their websites and/or provide a point of contact for an agency program official.*

- Five of the ten audited recipients implemented this flexibility to provide their Principal Investigators (PIs) with additional time to update, edit, and/or submit proposals.

### **3. Waiver for Notice of Funding Opportunities (NOFOs) Publication. (2 CFR § 200.203)**

*For competitive grants and cooperative agreements, awarding agencies can publish emergency Notice of Funding Opportunities (NOFOs) for less than thirty (30) days without separately justifying shortening the timeframe for each NOFO. Awarding agencies would still be required to document and track NOFOs published for less than thirty (30) days under this emergency waiver.*

- None of the ten audited recipients implemented this flexibility, as NOFOs do not apply to NSF awards.



**4. No-cost extensions on expiring awards. (2 CFR § 200.308)**

*To the extent permitted by law, awarding agencies may extend awards which were active as of March 31, 2020 and scheduled to expire prior or up to December 31, 2020, automatically at no cost for a period of up to twelve (12) months. This will allow time for recipient assessments, the resumption of many individual projects, and a report on program progress and financial status to agency staff. Project-specific financial and performance reports will be due 90 days following the end date of the extension. Awarding agencies will examine the need to extend other project reporting as the need arises.*

- Five of the ten audited recipients implemented this flexibility to enable their PIs to request no-cost extensions that allowed the PIs to achieve their project objectives. However, all five recipients stated that they did not make any changes to their process for requesting no-cost extensions. Accordingly, despite implementing this flexibility, the recipients still required the PIs to obtain prior approval for no-cost extensions, as required previously.

**5. Abbreviated non-competitive continuation requests. (2 CFR § 200.308)**

*For continuation requests scheduled to come in from April 1, 2020 to December 31, 2020, from projects with planned future support, awarding agencies may accept a brief statement from recipients to verify that they are in a position to: 1) resume or restore their project activities; and 2) accept a planned continuation award. Awarding agencies should post any specific instructions on their website. Awarding agencies will examine the need to extend this approach on subsequent continuation award start dates as recipients have an opportunity to assess the situation.*

- Two of the ten audited recipients implemented this flexibility by ensuring grant managers were aware that the flexibility was available to them; however, neither recipient was aware of any instances in which its personnel used the flexibility.

**6. Allowability of salaries and other project activities. (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)**

*Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Awarding agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. Awarding agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances based on subsequent progress reports and other communications with the grantee. Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services.*

- All ten audited recipients implemented this flexibility to continue charging salaries and benefits to active federal awards. While only three of the institutions were able to identify the costs associated with the use of this flexibility, we determined that the audited entities used this flexibility to cover costs associated with salaries and fringe benefits paid to employees who:
  - Performed professional development activities because they were unable to perform grant-related work remotely.
  - Were unable to perform work at major facilities sponsored by NSF as a result of COVID-19 working conditions.

**7. Allowability of Costs not Normally Chargeable to Awards. ([2 CFR § 200.403](#), [2 CFR § 200.404](#), [2 CFR § 200.405](#))**

*Awarding agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award without regard to 2 CFR § 200.403, Factors affecting allowability of costs, 2 CFR § 200.404, Reasonable costs, and 2 CFR § 200.405, Allocable costs. Awarding agencies may allow recipients to charge full cost of cancellation when the event, travel, or other activities are conducted under the auspices of the grant. Awarding agencies must advise recipients that they should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel. Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records, to substantiate the charging of any cancellation or other fees related to interruption of operations or services. As appropriate, awarding agencies may list additional guidance on specific types of costs on their websites and/or provide a point of contact for an agency program official.*

- Eight of the ten audited recipients implemented this flexibility to charge NSF grants for costs associated with the cancellation of events, travel, and other activities that were necessary and reasonable for the performance of NSF awards. While only three of these institutions were able to identify the costs associated with the use of this flexibility, we determined that the audited recipients appear to have appropriately used these flexibilities to cover expenses associated with:
  - The purchase of face masks, no-touch tools, sanitizing materials, COVID-19 testing fees, and air-purifying systems to enable employees to continue performing work on grant-related projects.
  - Nonrefundable registration fees for cancelled conferences.
  - Irrecoverable travel expenses, including airfare, lodging, and food to allow employees to safely return home and/or avoid unnecessary travel.

- Materials and supplies purchased to enable employees to work remotely.
  - Lodging and other travel costs incurred as a result of employees being quarantined in foreign countries while unable to return to the US, or as a result of employees being forced to return to the US early.
  - Uninstalled equipment and equipment sent to individuals' home addresses.
- Two of the ten audited recipients elected not to implement this flexibility as they were concerned that using NSF funding to cover these expenses would result in the PIs not having sufficient funding to complete the NSF award research objectives.
  - One institution stated that, because it was not sure how to implement this flexibility, it reached out to various research associations for assistance and guidance.
  - One institution removed all costs charged to NSF awards under this flexibility after receiving Coronavirus Aid, Relief, and Economic Security (CARES) Act funding awarded to cover COVID-19 related expenses.

**8. Prior approval requirement waivers. (2 CFR § 200.407)**

*Awarding agencies are authorized to waive prior approval requirements as necessary to effectively address the response. All costs charged to Federal awards must be consistent with Federal cost policy guidelines and the terms of the award, except where specified in this memorandum.*

- Three of the ten audited recipients implemented this flexibility by ensuring the PIs were aware that the flexibility was available to them. However, all three of these recipients stated that they did not make any changes to their process for obtaining prior approval due to the risks associated with implementing guidance that was not consistent between federal agencies. Accordingly, despite implementing this flexibility, the recipients still required the PIs to follow their standard procedures for obtaining prior approval.

**9. Exemption of certain procurement requirements. (2 CFR § 200.319(b), 2 CFR § 200.321)**

*Awarding agencies may waive the procurement requirements contained in 2 CFR § 200.319(b) regarding geographical preferences and 2 CFR § 200.321 regarding contracting small and minority businesses, women's business enterprises, and labor surplus area firms.*

- None of the ten audited recipients implemented this flexibility.

**10. Extension of financial, performance, and other reporting. (2 CFR § 200.327, 2 CFR § 200.328)**

*Awarding agencies may allow grantees to delay submission of financial, performance and other reports up to three (3) months beyond the normal due date. If an agency allows such a delay, grantees will continue to draw down Federal funds without the timely submission of these reports. However, these reports must be submitted at the end of the postponed period. In addition, awarding agencies may waive the requirement for recipients to notify the agency of problems, delays or adverse conditions related to COVID-19 on a grant by grant basis (200 CFR 200.328(d)(1)).*

- Six of the ten audited recipients implemented this flexibility to allow their PIs to take advantage of the automatic postponement of programmatic reporting deadlines.

**11. Extension of currently approved indirect cost rates. (2 CFR § 200.414 (c))**

*Awarding agencies may allow grantees to continue to use the currently approved indirect cost rates (i.e., predetermined, fixed, or provisional rates) to recover their indirect costs on Federal awards. Agencies may approve grantee requests for an extension on the use of the current rates for one additional year without submission of an indirect cost proposal. Agencies may also approve grantee requests for an extension of the indirect cost rate proposal submission to finalize the current rates and establish future rates.*

- Four of the ten audited recipients implemented this flexibility to request additional time to submit their Negotiated Indirect Cost Rate Agreement proposals to their cognizant agencies.

**12. Extension of closeout. (2 CFR § 200.343)**

*Awarding agencies may allow the grantee to delay submission of any pending financial, performance and other reports required by the terms of the award for the closeout of expired projects, provided that proper notice about the reporting delay is given by the grantee to the agency. This delay in submitting closeout reports may not exceed one year after the award expires.*

- Three of the ten audited recipients implemented this flexibility to provide their PIs with additional time to submit final project reports and project outcome reports.

**13. Extension of Single Audit submission. (2 CFR § 200.512)**

*Awarding agencies, in their capacity as cognizant or oversight agencies for audit, should allow recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of the date of the issuance of this memorandum that have fiscal year-ends through June 30, 2020, to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 - Audit Requirements, to six (6) months beyond the normal due date. No further*

*action by awarding agencies is required to enact this extension. This extension does not require individual recipients and subrecipients to seek approval for the extension by the cognizant or oversight agency for audit; however, recipients and subrecipients should maintain documentation of the reason for the delayed filing. Recipients and subrecipients taking advantage of this extension would still qualify as a "low-risk auditee" under the criteria of 2 CFR § 200.520 (a) - Criteria for a low-risk auditee.*

- None of the ten audited recipients implemented this flexibility, as each recipient indicated it was able to submit its Single Audit report by the applicable due date.

### **M-20-20: Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)**

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On April 9, 2020, OMB issued Memorandum M-20-20 to allow agencies to marshal all legally available federal resources to combat the COVID-19 crisis. Specifically, in accordance with the authority in 2 CFR § 200.102(a), *Exceptions*, OMB issued a class exception that allows federal awarding agencies to repurpose their federal assistance awards to support the COVID-19 response, as consistent with applicable laws. Although this memorandum did not contain an appendix with titles for the exceptions, the flexibilities described in the memorandum were available to and implemented by the audited recipients, as follows:

#### **Donations of medical equipment and other resources purchased/funded under federal financial assistance in support the COVID-19 response.**

*As an example of this flexibility, agencies may allow recipients to donate medical equipment (including, but not limited to, personal protective equipment, medical devices, medicines, and other medical supplies) purchased with Federal assistance funds to hospitals, medical centers, and other local entities serving the public for COVID-19 response. This class exception also extends to the donation of other resources (such as labor, supplies, and contract services) funded under Federal financial assistance to support COVID-19 emergency response activities. To exercise these exceptions, Federal awarding agencies must engage with their respective legal counsel to ensure that any such donation or repurposing of funds as permitted here complies with all legal requirements associated with such funding, including but not limited to compliance with the purpose of the appropriations and any restrictions in programmatic statutes, appropriations, and fiscal laws. Federal awarding agencies and recipients must maintain appropriate records and documentation of these exceptions. Federal awarding agencies must advise recipients that they should not assume additional funds will be available should the donations or repurposing of funds result in any type of shortage.*

- Four of the ten audited recipients implemented this flexibility to allow the donation of personal protective equipment, including N95 respirator masks and gloves to hospitals and other medical centers to support COVID-19 emergency response activities.

- One of the four recipients that implemented this flexibility also requested and received approval to donate computing cluster processing resources at an NSF major facility to support COVID-19 vaccine-related research activities.

### **M-20-26: Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations**

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On June 18, 2020, OMB issued Memorandum M-20-26 to provide an extension of the *Allowability of salaries and other project activities* item (item 6 in M-20-17), with additional restrictions, through September 30, 2020. It also provided an extension of Single Audit submissions (item 13 in M-20-17) through December 31, 2020, to provide recipients with a responsible transition to normal operations. Specifically, Appendix A of this memorandum included two administrative relief exceptions for the COVID-19 crisis, or flexibilities, which were available to and implemented by the audited recipients, as follows:

#### **1. Allowability of Salaries and Other Project Activities. (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)**

*Awarding agencies may allow recipients to continue to charge salaries and benefits to active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Awarding agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. Awarding agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances based on subsequent progress reports and other communications with the grantee. Under this flexibility, payroll costs paid with the Paycheck Protection Program (PPP) loans or any other Federal CARES Act programs must not be also charged to current Federal awards as it would result in the Federal government paying for the same expenditures twice. Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services. Due to the limited funding resources under each federal award to achieve its specific public program goals, awarding agencies must inform recipients to exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs (such as rent renegotiations) during this pandemic period in order to preserve Federal funds for the ramp-up effort. Recipients should retain documentation of their efforts to exhaust other funding sources and reduce overall operational costs.*

- Seven of the ten audited recipients implemented this flexibility to continue charging salaries and benefits to active federal awards consistent with their policy of paying salaries under unexpected or extraordinary circumstances. Although seven recipients stated that they had implemented this flexibility, each indicated using different methodologies to “exhaust other available funding sources to sustain its workforce” or “implement necessary steps to save overall

operational costs,” as required for charging salary costs to active federal awards after the expiration of M-20-17 and the implementation of M-20-26. Further, one audited entity noted that its COVID-19 flexibility-related finding<sup>4</sup> was the result of OMB not providing a sufficient amount of time or guidance to allow it to meet the requirements set in M-20-26.

**2. Extension of Single Audit Submission and COVID-19 Emergency Acts Fund Reporting. (2 CFR § 200.512)**

*Awarding agencies, in their capacity as cognizant or oversight agencies for audit, may allow recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of March 19, 2020 that have normal due dates from March 30, 2020 through June 30, 2020 to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 - Audit Requirements, up to six (6) months beyond the normal due date. Audits with normal due dates from July 31, 2020 through September 30, 2020 will have an extension up to three (3) months beyond the normal due date. No further action by awarding agencies is required to enact this extension. This extension does not require individual recipients and subrecipients to seek approval for the extension by the cognizant or oversight agency for audit; however, recipients and subrecipients should maintain documentation of the reason for the delayed filing. Recipients and subrecipients taking advantage of this extension would still qualify as a “low-risk auditee” under the criteria of 2 CFR § 200.520 (a) Criteria for a low-risk auditee. Additionally, in order to provide adequate oversight of the COVID-19 Emergency Acts funding and programs, recipients and subrecipients must separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards and audit report findings.*

- None of the ten audited recipients implemented this flexibility.

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<sup>4</sup> See the *Audit Finding Related to COVID-19 Flexibilities* section of NSF OIG Report No. OIG 21-1-014.

**APPENDIX III: EFFECTIVE RECIEPIENT PRACTICES FOR MONITORING COMPLIANCE**



**EFFECTIVE RECIPIENT PRACTICES FOR MONITORING COMPLIANCE**

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Each recipient will need to implement any future administrative flexibilities in the manner that best fits its grant management environment; however, we did identify a number of recipient practices that appeared to be effective in monitoring the use of the COVID-19 flexibilities. Although this does not represent an exhaustive list of the solutions or practices recipients used to address the risks associated with incurring costs during a national emergency, recipients may want to consider the following when implementing any future flexibilities:

- I. Establishing a dedicated website to consolidate all communications, policies, directives, and/or tools related to the use of any federally granted flexibilities.
- II. Developing policies, memoranda, and/or other recipient-specific guidance that outline whether and how personnel may use each flexibility.
- III. Tracking costs charged to federal awards under the administrative flexibilities granted by each federal agency. Procedures could include:
  - a. Assigning unique project numbers or account codes within the recipient's accounting systems that personnel can use to track unusual or unexpected expenses that they incurred as a result of the national emergency and that are allowable under the administrative flexibilities.
  - b. Creating an administrative flexibility payroll account code that personnel can use to track salary and benefit costs incurred for employees who are unable to work as a result of the national emergency.
- IV. Developing monitoring procedures to ensure that travelers use travel credits to benefit the award(s) to which they charged the original travel expense, or, in cases in which travelers use credits to benefit other project(s), ensure that the travelers transfer the original travel expense to the appropriate funding source.
- V. Establishing a centralized monitoring body responsible for ensuring that the recipient's implementation and use of the flexibilities is consistent and compliant with relevant guidelines. This body could be responsible for:
  - a. Functioning as a separate point of contact to provide consistent guidance on implementing and using the administrative flexibilities.
  - b. Serving as a primary point of contact with regulatory bodies to ensure consistent communication across the organization.
  - c. Monitoring and approving costs incurred as a result of the national emergency.
- VI. Creating a central repository for personnel to report both financial and non-financial impacts of the national emergency on federal projects and to encourage personnel to report these impacts in the project reports they submit to each relevant agency.

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**APPENDIX IV: SUMMARY OF OMB FLEXIBILITY SURVEY RESULTS**

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**OMB FLEXIBILITY SURVEY RESULTS**

The ten audited institutions provided the following responses to the survey provided during the COVID-19 flexibility audits:

During the COVID-19 Pandemic, has your organization...	Caltech	FIU	FSU	SUNY	UCF	UAF	UKRF	UM	UNM	UW-Madison
Issued any subawards to grantees with expired SAM.gov registrations?										
Rescinded and resubmitted grant proposals as a result of extended proposal deadlines?					✓					
Made any changes to its ACM\$ draw-down methodology?										
Submitted more no-cost extension requests than it typically does in an average 6-month period?	✓	✓				✓	✓		✓	✓
Established a new policy for charging salaries to projects during unexpected or extraordinary circumstances?	✓	✓		✓		✓	✓	✓	✓	✓
Allowed salaries, stipends, and benefits to continue to be charged even if the personnel were unable to conduct the research?	✓	✓	✓	✓		✓	✓	✓	✓	✓
Allowed researchers to continue to perform on-campus research?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Allowed researchers to perform sponsored research off-campus?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Allowed personnel to perform research during the academic year that would typically be performed during a summer month?	✓		✓			✓		✓	✓	✓
Issued any additional guidance regarding how employees should track or certify effort while the campus was closed?	✓			✓		✓	✓	✓	✓	✓
Issued any guidance limiting an employee's ability to book NSF sponsored travel?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Required students and/or employees to cancel previously planned trips?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Established a new policy for charging costs associated with the cancellation of events or travel?	✓	✓		✓		✓	✓	✓	✓	
Received any travel credits that related to airfare, lodging, or other travel expenses charged to NSF funding sources?	✓	✓	✓		✓	✓	✓	✓	✓	✓

During the COVID-19 Pandemic, has your organization...	Caltech	FIU	FSU	SUNY	UCF	UAF	UKRF	UM	UNM	UW-Madison
Hosted any on-campus NSF Research Experience for Undergraduate (REU) programs/activities?							✓	✓	✓	
Been required to cancel or re-schedule any NSF REU programs/activities?		✓	✓	✓			✓	✓	✓	✓
Been required to adapt previously planned NSF REU programs/activities to a virtual format?	✓	✓		✓			✓	✓	✓	✓
Been required to quarantine any students scheduled to participate in an NSF REU program?							✓	✓		
Been required to cancel or re-schedule any non-REU NSF sponsored on-campus events?		✓	✓				✓	✓		✓
Used NSF funding to sponsor virtual conferences or other virtual events/programs?	✓	✓				✓	✓	✓	✓	✓
Been required to incur any unusual travel costs to ensure students/employees were able to return to the U.S. after performing NSF sponsored travel (such as extended travel times due to lack of flight availability/quarantine requirements, or costs incurred to charter an aircraft)?						✓		✓		
Used NSF funding to purchase COVID-19 related goods/services (such as PPE, cleaning services, etc.) to allow students/employees to continue performing research?	✓	✓	✓	✓	✓	✓				✓
Changed the scope or objectives of any of the research being performed on any of your NSF Awards?				✓		✓		✓		✓
Rebudgeted any NSF award participant support cost funding?	✓	✓				✓	✓	✓	✓	✓
Issued any additional subaward agreements to perform NSF Award research?						✓	✓	✓	✓	✓
Allowed employees to incur costs greater than 90 days before an NSF grant became effective?						✓	✓			
Issued any guidance regarding authority to rebudget funding during the Pandemic?				✓		✓	✓		✓	
Made any changes to its procurement policies or procedures?						✓				✓
Used NSF funding to purchase equipment?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Continued to perform annual inventory reporting?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

During the COVID-19 Pandemic, has your organization...	Caltech	FIU	FSU	SUNY	UCF	UAF	UKRF	UM	UNM	UW-Madison
Applied indirect costs using a provisional negotiated indirect cost rate?	✓				✓					
Made any changes to the manner in which it identifies and classifies direct/indirect costs?										
Implemented any additional flexibilities related to submitting final project reports or other grant close-out procedures as a result of COVID?					✓					✓
Issued any subawards to grantees performing research on NSF sponsored awards who did not have a Single Audit Report published for the most recent audit year?						✓				✓
Used NSF funding to purchase COVID-19 related goods/services (such as PPE, cleaning services, etc.) that were donated to hospitals, medical centers, and/or other local entities serving the public for COVID-19 response?	✓			✓		✓				✓
Donated any medical equipment purchased with NSF funds prior to March 2020 to hospitals, medical centers, and/or other local entities serving the public for COVID-19 response?						✓				
Received a Paycheck Protection Program loan or any Coronavirus Aid, Relief, and Economic Security (CARES) Act program funding?		✓	✓		✓	✓	✓	✓	✓	✓
Provided any guidance to subawardees regarding how personnel costs can/should be billed during the Pandemic?						✓				
Identified and exhausted all non-federal funding sources to sustain your workforce before claiming costs for salaries that did not directly benefit NSF awards?	✓	✓		✓	✓	✓	✓		✓	
Implemented any steps to save overall operational costs (such as rent renegotiations)?		✓	✓		✓	✓	✓	✓	✓	✓
Implemented any changes in response to the updated solicitation guidance included in NSF 18-515, 18-584, 20-545, 20-546, or 20-562?	✓			✓		✓	✓	✓	✓	

During the COVID-19 Pandemic, has your organization...	Caltech	FIU	FSU	SUNY	UCF	UAF	UKRF	UM	UNM	UW-Madison
Received any NSF awards to perform research that involves human-subjects prior to receiving Institutional Review Board (IRB) approval?		✓								
Received any NSF awards to perform research that involves vertebrate animals prior to receiving approval from an Institutional Animal Care and Use Committee (IACUC)?										
Operated an NSF sponsored major facility?	✓	✓	✓	✓	✓	✓				✓
Allowed any Principal Investigators to disengage from an NSF Award for more than 3 months?										✓
Changed the cost-sharing requirements previously established for any NSF awards?										
Encumbered any real property with federal funds?										
Provided resources or oversight of any NSF Small Business Innovation Research Program (SBIR) or Small Business Technology Transfer (STTR) Awards?				✓	✓					✓
Expenses associated with fines, penalties, or other damages?										
Fund-raising expenses?										
Costs of housing (e.g. depreciation, maintenance, utilities, furnishings, rent), housing allowances or personal living expenses?										
Insurance or indemnification expenses?										
Costs of memberships in civic or community organizations?										
Costs associated with selling and marketing (other than costs allowed under 2 CFR §200.421 Advertising and public relations)?										
Dependent care costs for trips greater than 6 months?										
Costs of entertainment, amusement, diversion or social activities (with programmatic purpose)?										
Severance payments to foreign nationals that exceed the amounts customary in the US?										
Salary earned at a rate higher than an employee's established institutional base salary?										
Unbudgeted administrative salary costs?										

During the COVID-19 Pandemic, has your organization...	Caltech	FIU	FSU	SUNY	UCF	UAF	UKRF	UM	UNM	UW-Madison
Costs incurred to purchase real property or to perform construction activities related to improving capital assets?					✓					
Costs incurred to allow employees to perform research or otherwise work from home?	✓			✓		✓		✓		✓

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**APPENDIX V: GLOSSARY**



### **§ 200.205 FEDERAL AWARDING AGENCY REVIEW OF RISK POSED BY APPLICANTS.**

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*(a) Prior to making a Federal award, the Federal awarding agency is required by 31 U.S.C. 3321 and 41 U.S.C. 2313 note to review information available through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information, such as Federal Awardee Performance and Integrity Information System (FAPIIS), Dun and Bradstreet, and “Do Not Pay”. See also suspension and debarment requirements at 2 CFR part 180 as well as individual Federal agency suspension and debarment regulations in title 2 of the Code of Federal Regulations...*

**APPENDIX II TO PART 200—CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS, SECTION (I) DEBARMENT AND SUSPENSION** *(Executive Orders 12549 and 12689)*—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), “Debarment and Suspension.” The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

### **§ 200.202 REQUIREMENT TO PROVIDE PUBLIC NOTICE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS.**

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*(a) The Federal awarding agency must notify the public of Federal programs in the Catalog of Federal Domestic Assistance (CFDA), maintained by the General Services Administration (GSA). (1) The CFDA, or any OMB-designated replacement, is the single, authoritative, governmentwide comprehensive source of Federal financial assistance program information produced by the executive branch of the Federal government. (2) The information that the Federal awarding agency must submit to GSA for approval by OMB is listed in paragraph (b) of this section. GSA must prescribe the format for the submission. (3) The Federal awarding agency may not award Federal financial assistance without assigning it to a program that has been included in the CFDA as required in this section unless there are exigent circumstances requiring otherwise, such as timing requirements imposed by statute.*

*(b) For each program that awards discretionary Federal awards, non-discretionary Federal awards, loans, insurance, or any other type of Federal financial assistance, the Federal awarding agency must submit the following information to GSA: (1) Program Description, Purpose, Goals and Measurement. A brief summary of the statutory or regulatory requirements of the program and its intended outcome. Where appropriate, the Program Description, Purpose, Goals, and Measurement should align with the strategic goals and objectives within the Federal awarding agency’s performance plan and should support the Federal awarding agency’s performance measurement, management, and reporting as required by Part 6 of OMB Circular A–11; (2) Identification of whether the program makes Federal awards on a discretionary basis or the Federal awards are prescribed by Federal statute, such as in the case of formula grants. (3) Projected total amount of funds available for the program. Estimates based on previous year funding are acceptable if current appropriations are not available at the time of the submission; (4) Anticipated Source of Available Funds: The statutory authority for funding the program and, to the extent possible,*

agency, sub-agency, or, if known, the specific program unit that will issue the Federal awards, and associated funding identifier (e.g., Treasury Account Symbol(s)); (5) General Eligibility Requirements: The statutory, regulatory or other eligibility factors or considerations that determine the applicant's qualification for Federal awards under the program (e.g., type of non-Federal entity); and (6) Applicability of Single Audit Requirements as required by Subpart F — Audit Requirements of this part.

### **§ 200.203 NOTICES OF FUNDING OPPORTUNITIES.**

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*For competitive grants and cooperative agreements, the Federal awarding agency must announce specific funding opportunities by providing the following information in a public notice:*

*(a) Summary Information in Notices of Funding Opportunities. The Federal awarding agency must display the following information posted on the OMB-designated governmentwide Web site for finding and applying for Federal financial assistance, in a location preceding the full text of the announcement: (1) Federal Awarding Agency Name; (2) Funding Opportunity Title; (3) Announcement Type (whether the funding opportunity is the initial announcement of this funding opportunity or a modification of a previously announced opportunity); (4) Funding Opportunity Number (required, if applicable). If the Federal awarding agency has assigned or will assign a number to the funding opportunity announcement, this number must be provided; (5) Catalog of Federal Financial Assistance (CFDA) Number(s); (6) Key Dates. Key dates include due dates for applications or Executive Order 12372 submissions, as well as for any letters of intent or pre-applications. For any announcement issued before a program's application materials are available, key dates also include the date on which those materials will be released; and any other additional information, as deemed applicable by the relevant Federal awarding agency.*

*(b) The Federal awarding agency must generally make all funding opportunities available for application for at least 60 calendar days. The Federal awarding agency may make a determination to have a less than 60 calendar day availability period but no funding opportunity should be available for less than 30 calendar days unless exigent circumstances require as determined by the Federal awarding agency head or delegate.*

*(c) Full Text of Funding Opportunities. The Federal awarding agency must include the following information in the full text of each funding opportunity. For specific instructions on the content required in this section, refer to Appendix I to Part 200—Full Text of Notice of Funding Opportunity to this part. (1) Full programmatic description of the funding opportunity. (2) Federal award information, including sufficient information to help an applicant make an informed decision about whether to submit an application. (See also §200.414 Indirect (F&A) costs, paragraph (b)). (3) Specific eligibility information, including any factors or priorities that affect an applicant's or its application's eligibility for selection. (4) Application Preparation and Submission Information, including the applicable submission dates and time. (5) Application Review Information including the criteria and process to be used to evaluate applications. See also §200.205 Federal awarding agency review of risk posed by applicants. See also 2 CFR part 27. (6) Federal Award Administration Information. See also §200.210 Information contained in a Federal award.*

**§ 200.308 REVISION OF BUDGET AND PROGRAM PLANS.**

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*(a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include either the Federal and non-Federal share (see §200.43 Federal share) or only the Federal share, depending upon Federal awarding agency requirements. It must be related to performance for program evaluation purposes whenever appropriate.*

*(b) 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.*

*(c) 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 the 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 principal investigator. (4) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles of this part or 45 CFR Part 74 Appendix E, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or 48 CFR Part 31, “Contract Cost Principles and Procedures,” as applicable. (5) The transfer of funds budgeted for participant support costs as defined in §200.75 Participant support costs to other categories of expense. (6) Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment or general support services. (7) Changes in the amount of approved cost-sharing or matching provided by the non-Federal entity. No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB. See also §§200.102 Exceptions and 200.407 Prior written approval (prior approval).*

*(d) Except for requirements listed in paragraph (c)(1) of this section, the Federal awarding agency are authorized, at their option, to waive prior written approvals required by paragraph (c) this section. Such waivers may include authorizing recipients to do any one or more of the following: (1) Incur project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the Federal awarding agency. All costs incurred before the Federal awarding agency makes the Federal award are at the recipient’s risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive a Federal award or if the Federal award is less than anticipated and inadequate to cover such costs). See also §200.458 Preaward costs. (2) Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs (d)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify 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 Federal award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior Federal awarding agency approval when: (i) The terms and conditions of the Federal award prohibit the extension. (ii) The extension requires additional Federal funds. (iii) The extension involves any change in the approved objectives or scope of the project. (3) Carry forward unobligated balances to subsequent periods of performance. (4) For Federal awards that support research, unless the Federal awarding agency provides otherwise in the Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in paragraph (d) are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (d)(2) applies.*

*(e) The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.*

*(f) All other changes to non-construction budgets, except for the changes described in paragraph (c) of this section, do not require prior approval (see also §200.407 Prior written approval (prior approval)).*

*(g) For construction Federal awards, the recipient must request prior written approval promptly from the Federal awarding agency for budget revisions whenever paragraph (g)(1), (2), or (3) of this section applies. (1) The revision results from changes in the scope or the objective of the project or program. (2) The need arises for additional Federal funds to complete the project. (3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in Subpart E—Cost Principles of this part. (4) No other prior approval requirements for budget revisions may be imposed unless a deviation has been approved by OMB. (5) When a Federal awarding agency makes a Federal award that provides support for construction and non-construction work, the Federal awarding agency may require the recipient to obtain prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.*

*(h) When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in the application, unless the Federal awarding agency indicates a letter of request suffices.*

*(i) Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency must review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency must inform the recipient in writing of the date when the recipient may expect the decision.*

### **§ 200.403 FACTORS AFFECTING ALLOWABILITY OF COSTS.**

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*Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part. (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b). (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.*

### **§ 200.404 REASONABLE COSTS.**

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*A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state and other laws and regulations; and terms and conditions of the Federal award. (c) Market prices for comparable goods or services for the geographic area. (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal government. (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.*

### **§ 200.405 ALLOCABLE COSTS.**

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*(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost: (1) Is incurred specifically for the Federal award; (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.*

*(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.*

*(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.*

*(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.*

*(e) If the contract is subject to [the Cost Accounting Standards], costs must be allocated to the contract pursuant to the Cost Accounting Standards [CAS]. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.*

#### **§ 200.407 PRIOR WRITTEN APPROVAL (PRIOR APPROVAL).**

*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 (a) §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5); (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 subawards; (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; and (v) §200.474 Travel costs.

### **§ 200.319 COMPETITION.**

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*(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.*

### **§ 200.321 CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS.**

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*(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.*

*(b) Affirmative steps must include: (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists; (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources; (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises; (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.*

### **§ 200.327 FINANCIAL REPORTING.**

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*Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.*

**§ 200.328 MONITORING AND REPORTING PROGRAM PERFORMANCE.**

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*(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also §200.331 Requirements for pass-through entities.*

*(b) Non-construction performance reports. The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site). (1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report. (2) The non-Federal entity must submit performance reports using OMB-approved governmentwide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB: (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal 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. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement. (ii) The reasons why established goals were not met, if appropriate. (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.*

*(c) Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.*

*(d) Significant developments. Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the*



*following types of conditions become known: (1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. (2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.*

*(e) The Federal awarding agency may make site visits as warranted by program needs.*

*(f) The Federal awarding agency may waive any performance report required by this part if not needed.*

#### **§ 200.414 (C) FEDERAL AGENCY ACCEPTANCE OF NEGOTIATED INDIRECT COST RATES.**

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*(1) The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or a single Federal award only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate based on documented justification as described in paragraph (c)(3) of this section. (2) The Federal awarding agency head or delegate must notify OMB of any approved deviations. (3) The Federal awarding agency must implement, and make publicly available, the policies, procedures and general decision making criteria that their programs will follow to seek and justify deviations from negotiated rates. (4) As required under §200.203 Notices of funding opportunities, the Federal awarding agency must include in the notice of funding opportunity the policies relating to indirect cost rate reimbursement, matching, or cost share as approved under paragraph (e)(1) of this section. As appropriate, the Federal agency should incorporate discussion of these policies into Federal awarding agency outreach activities with non-Federal entities prior to the posting of a notice of funding opportunity.*

#### **§ 200.343 CLOSEOUT.**

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*The Federal agency or pass-through entity will close-out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity. This section specifies the actions the non-Federal entity and Federal awarding agency or pass-through entity must take to complete this process at the end of the period of performance.*

*(a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.*

*(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.*

*(c) The Federal awarding agency or pass-through entity must make prompt payments to the non-Federal entity for allowable reimbursable costs under the Federal award being closed out.*

*(d) The non-Federal entity must promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that is not authorized to be retained by the non-Federal entity for use in other projects. See OMB Circular A-129 and see §200.345 Collection of amounts due for requirements regarding unreturned amounts that become delinquent debts.*

*(e) Consistent with the terms and conditions of the Federal award, the Federal awarding agency or pass-through entity must make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.*

*(f) The non-Federal entity must account for any real and personal property acquired with Federal funds or received from the Federal government in accordance with §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.329 Reporting on real property.*

*(g) The Federal awarding agency or pass-through entity should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports.*

#### **§ 200.512 REPORT SUBMISSION.**

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*(a) General. (1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. (2) Unless restricted by Federal statutes or regulations, the auditee must make copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.*

*(b) Data Collection. The FAC [Federal Audit Clearinghouse] is the repository of record for Subpart F—Audit Requirements of this part reporting packages and the data collection form. All Federal agencies, pass-through entities and others interested in a reporting package and data collection form must obtain it by accessing the FAC. (1) The auditee must submit required data elements described in Appendix X to Part 200—Data Collection Form (Form SF-SAC), which state whether the audit was completed in accordance with this part and provides information about the auditee, its Federal programs, and the results of the audit. The data must include information available from the audit required by this part that is necessary for Federal agencies to use the audit to ensure integrity for Federal programs. The data elements and format must be approved by OMB, available from the FAC, and include collections of information from the reporting package described in paragraph (c) of this section. A senior level representative of the auditee (e.g., state controller, director of finance, chief executive officer, or chief financial officer) must sign a statement to be included as part*

*of the data collection that says that the auditee complied with the requirements of this part, the data were prepared in accordance with this part (and the instructions accompanying the form), the reporting package does not include protected personally identifiable information, the information included in its entirety is accurate and complete, and that the FAC is authorized to make the reporting package and the form publicly available on a Web site. (2) Exception for Indian Tribes. An auditee that is an Indian tribe may opt not to authorize the FAC to make the reporting package publicly available on a Web site, by excluding the authorization for the FAC publication in the statement described in paragraph (b)(1) of this section. If this option is exercised, the auditee becomes responsible for submitting the reporting package directly to any pass-through entities through which it has received a Federal award and to pass-through entities for which the summary schedule of prior audit findings reported the status of any findings related to Federal awards that the pass-through entity provided. Unless restricted by Federal statute or regulation, if the auditee opts not to authorize publication, it must make copies of the reporting package available for public inspection. (3) Using the information included in the reporting package described in paragraph (c) of this section, the auditor must complete the applicable data elements of the data collection form. The auditor must sign a statement to be included as part of the data collection form that indicates, at a minimum, the source of the information included in the form, the auditor's responsibility for the information, that the form is not a substitute for the reporting package described in paragraph (c) of this section, and that the content of the form is limited to the collection of information prescribed by OMB.*

*(c) Reporting package. The reporting package must include the: (1) Financial statements and schedule of expenditures of Federal awards discussed in §200.510 Financial statements, paragraphs (a) and (b), respectively; (2) Summary schedule of prior audit findings discussed in §200.511 Audit findings follow-up, paragraph (b); (3) Auditor's report(s) discussed in §200.515 Audit reporting; and (4) Corrective action plan discussed in §200.511 Audit findings follow-up, paragraph (c).*

*(d) Submission to FAC. The auditee must electronically submit to the FAC the data collection form described in paragraph (b) of this section and the reporting package described in paragraph (c) of this section.*

*(e) Requests for management letters issued by the auditor. In response to requests by a Federal agency or pass-through entity, auditees must submit a copy of any management letters issued by the auditor.*

*(f) Report retention requirements. Auditees must keep one copy of the data collection form described in paragraph (b) of this section and one copy of the reporting package described in paragraph (c) of this section on file for three years from the date of submission to the FAC.*

*(g) FAC responsibilities. The FAC must make available the reporting packages received in accordance with paragraph (c) of this section and §200.507 Program-specific audits, paragraph (c) to the public, except for Indian tribes exercising the option in (b)(2) of this section, and maintain a data base of completed audits, provide appropriate information to*

*Federal agencies, and follow up with known auditees that have not submitted the required data collection forms and reporting packages.*

*(h) Electronic filing. Nothing in this part must preclude electronic submissions to the FAC in such manner as may be approved by OMB.*



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