

Research Terms and Conditions Overlay to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR § 200

June 4, 2015

These Research Terms and Conditions implement the requirements of the [Uniform Guidance](#), issued by the U.S. Office of Management and Budget, as it applies to research and research-related grants made by the Federal awarding agencies specified below to institutions of higher education and non-profit organizations. While the Uniform Guidance outlines provisions that are specific to research, these terms and conditions:

- Incorporate the entire Uniform Guidance by reference, clarifying or supplementing select provisions where appropriate and consistent with government-wide research policy.
- Apply to an award when included as part of the award or when incorporated in the award by reference.

In addition to these Research Terms and Conditions, recipients also must review the following companion resources:

- Appendix A, Prior Approval Matrix, which will be finalized upon completion and approval of this document.
- Appendix B, Subaward Requirements Matrix, which will be finalized upon completion and approval of this document.
- Appendix C, National Policy Requirements Matrix, which will be finalized upon completion and approval of this document.

The agencies participating in this activity include the: U. S. Department of Commerce/National Oceanic and Atmospheric Administration and National Institute of Standards and Technology; U.S. Department of Energy; U.S. Environmental Protection Agency; National Aeronautics and Space Administration; National Science Foundation; U.S. Department of Health and Human Services/National Institutes of Health; U.S. Department of Agriculture/National Institute of Food and Agriculture; U.S. Department of Transportation/Federal Aviation Administration; and U.S. Department of Homeland Security.

Clarity is provided only for the specific Uniform Guidance provisions that are noted in the following table. Unless noted below, the Uniform Guidance provisions apply to these Research General Terms and Conditions as written in 2 CFR § 200. Recipients must also refer to Agency-Specific Requirements, which will be finalized upon completion and approval of this document.

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<i>Subpart A – Acronyms and Definitions</i>	<i>Subpart A – Acronyms and Definitions</i>
<p>§200.17 Cluster of programs.</p> <p><i>Cluster of programs</i> means a grouping of closely related programs that share common compliance requirements. The types of clusters of programs are research and development (R&D), student financial aid (SFA), and other clusters. “Other clusters” are as defined by OMB in the compliance supplement or as designated by a state for Federal awards the state provides to its subrecipients that meet the definition of a cluster of programs. When designating an “other cluster,” a state must identify the Federal awards included in the cluster and advise the subrecipients of compliance requirements applicable to the cluster, consistent with</p>	<p>§200.17 Cluster of programs.</p> <p>All awards issued that include these Research Terms and Conditions as part of the award or incorporate them in the award by reference meet the definition of “Research and Development (R&D)” at 2 CFR § 200.87. As such, auditees should identify them as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA). The</p>

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<p>§200.331 Requirements for pass-through entities, paragraph (a). A cluster of programs must be considered as one program for determining major programs, as described in §200.518 Major program determination, and, with the exception of R&D as described in §200.501 Audit requirements, paragraph (c), whether a program-specific audit may be elected.</p>	<p>auditor should test the awards for compliance as instructed in Part V, Clusters of Programs. It is recognized that some awards may have another classification for purposes of indirect costs. The auditor is not required to report this disconnect (i.e., the award is classified as R&D for Federal Audit Requirement purposes but non-research for indirect cost rate purposes), unless the auditee (IHEs and non-profit entities) is charging indirect costs at a rate other than the rate(s) specified in the award document(s).</p>
<p>§200.38 Federal award.</p> <p><i>Federal award</i> has the meaning, depending on the context, in either paragraph (a) or (b) of this section:</p> <p>(a)(1) The Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in §200.101 Applicability; or</p> <p>(2) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in §200.101 Applicability.</p> <p>(b) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (b) of §200.40 Federal financial assistance, or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.</p> <p>(c) Federal award does not include other contracts that a Federal agency uses to buy goods or services from a contractor or a contract to operate Federal Government owned, contractor operated facilities (GOCOs).</p> <p>(d) See also definitions of Federal financial assistance, grant agreement, and cooperative agreement.</p>	<p>§200.38 Federal award.</p> <p>As used throughout these Research Terms and Conditions, the term "award" means this specific agreement.</p>
<p>§200.77 Period of performance.</p> <p><i>Period of performance</i> means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award (see §§200.210 Information contained in a Federal award paragraph (a)(5) and 200.331 Requirements for pass-through entities, paragraph (a)(1)(iv)).</p>	<p>§200.77 Period of performance.</p> <p>“Period of Performance” has the meaning given in 2 CFR §200.77, with the additional clarification that the term includes any extension of the end date of the award, such as a no-cost extension authorized by 2 CFR §200.308, paragraph (d)(2).</p>
<p>§200.86 Recipient.</p> <p><i>Recipient</i> means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients. See also §200.69 Non-Federal entity.</p>	<p>§200.86 Recipient.</p> <p>The term “recipient” means the organization that received this award.</p>
<p>§200.93 Subrecipient.</p> <p><i>Subrecipient</i> means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.</p>	<p>§200.93 Subrecipient.</p> <p>The term “subrecipient,” as defined in 2 CFR § 200.93 includes the types of organizations shown for the Federal awarding agency in Appendix B of these Research Terms and</p>

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	Conditions.
Subpart B – General Provisions	Subpart B – General Provisions
<p>§200.102 Exceptions.</p> <p>(a) With the exception of Subpart F— Audit Requirements of this Part, OMB may allow exceptions for classes of Federal awards or non-Federal entities subject to the requirements of this part when exceptions are not prohibited by statute. However, in the interest of maximum uniformity, exceptions from the requirements of this part will be permitted only in unusual circumstances. Exceptions for classes of Federal awards or non-Federal entities will be published on the OMB Web site at www.whitehouse.gov/omb.</p> <p>(b) Exceptions on a case-by-case basis for individual non-Federal entities may be authorized by the Federal awarding agency or cognizant agency for indirect costs, except where otherwise required by law or where OMB or other approval is expressly required by this part.</p> <p>(c) The Federal awarding agency may apply more restrictive requirements to a class of Federal awards or non-Federal entities when approved by OMB, or when, required by Federal statutes or regulations except for the requirements in Subpart F—Audit Requirements of this part. A Federal awarding agency may apply less restrictive requirements when making fixed amount awards as defined in Subpart A—Acronyms and Definitions of this part, except for those requirements imposed by statute or in Subpart F—Audit Requirements of this part.</p> <p>(d) On a case-by-case basis, OMB will approve new strategies for Federal awards when proposed by the Federal awarding agency in accordance with OMB guidance (such as M–13–17) to develop additional evidence relevant to addressing important policy challenges or to promote cost-effectiveness in and across Federal programs. Proposals may draw on the innovative program designs discussed in M–13–17 to expand or improve the use of effective practices in delivering Federal financial assistance while also encouraging innovation in service delivery. Proposals submitted to OMB in accordance with M–13–17 may include requests to waive requirements other than those in Subpart F—Audit Requirements of this part.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75880, Dec. 19, 2014]</p>	<p>§200.102 Exceptions.</p> <p>Any request by the recipient for waiver or deviation from any provision of either these Research Terms and Conditions or the Agency Specific Requirements shall be submitted to the awarding agency's designated representative identified in the agency specific requirements. Any request by the recipient for a waiver or deviation from any special condition attached to this award shall be submitted to the cognizant awarding agency official for this particular award (usually the Grants Officer or Contracting Officer who signed the award on behalf of the awarding agency). The Federal awarding agency shall review the request and notify the recipient whether the request to deviate has been approved within 30 calendar days from the date of receipt of the deviation request. If the deviation request is still under consideration at the end of 30 calendar days, the Federal awarding agency shall inform the recipient in writing of the date when the recipient may expect the decision.</p>
<p>§200.110 Effective/applicability date.</p> <p>(a) The standards set forth in this part which affect administration of Federal awards issued by Federal awarding agencies become effective once implemented by Federal awarding agencies or when any future amendment to this part becomes final. Federal awarding agencies must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB. For the procurement standards in §§200.317-200.326, non-Federal entities may continue to comply with the procurement standards in previous OMB guidance (superseded by this part as described in §200.104) for one additional fiscal year after this part goes into effect. If a non-Federal entity chooses to use the previous procurement standards for an additional fiscal year before adopting the procurement standards in this part, the non-Federal entity must document this decision in their internal procurement policies.</p> <p>(b) The standards set forth in Subpart F—Audit Requirements of this part and any other standards which apply directly to Federal agencies will be effective December 26, 2013 and will apply to audits of fiscal years</p>	<p>§200.110 Effective/applicability date.</p> <p>See FAQ 200.110-6 of the <i>Frequently Asked Questions for The Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200</i> (located at https://cfo.gov/cofar) regarding Effective Dates and Grace Period for Procurement.</p>

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beginning on or after December 26, 2014. [78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75882, Dec. 19, 2014]	
<p>§200.112 Conflict of interest.</p> <p>The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.</p>	<p>§200.112 Conflict of interest.</p> <p>See FAQ 200.112-1 of the <i>Frequently Asked Questions for The Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200</i> (located at https://cfo.gov/cofar) regarding Conflict of Interest.</p>
<p>Subpart C—Pre-Federal Award Requirements and Contents of Federal Awards</p>	<p>Subpart C—Pre-Federal Award Requirements and Contents of Federal Awards</p>
<p>§200.200 Purpose.</p> <p>(a) Sections 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts through 200.208 Certifications and representations prescribe instructions and other pre-award matters to be used in the announcement and application process.</p> <p>(b) Use of §§ 200.203 Notices of funding opportunities, 200.204 Federal awarding agency review of merit of proposals, 200.205 Federal awarding agency review of risk posed by applicants, and 200.207 Specific conditions, is required only for competitive Federal awards, but may also be used by the Federal awarding agency for non-competitive awards where appropriate or where required by Federal statute.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75882, Dec. 19, 2014]</p>	<p>§200.200 Purpose.</p> <p>These Research Terms and Conditions:</p> <p>(a) Do not implement 2 CFR § 200 Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards because Subpart C addresses pre-award matters that are not appropriate for award terms and conditions.</p> <p>(b) Do not implement 2 CFR § 200.207, Specific Conditions because implementation of that section is appropriately addressed in award-specific terms and conditions on a case-by-case basis, rather than in these Research Terms and Conditions.</p>
<p>§200.210 Information contained in a Federal award.</p> <p>A Federal award must include the following information:</p> <p>(a) <i>General Federal Award Information.</i> The Federal awarding agency must include the following general Federal award information in each Federal award:</p> <ol style="list-style-type: none"> (1) Recipient name (which must match the name associated with its unique entity identifier as defined at 2 CFR 25.315); (2) Recipient's unique entity identifier ; (3) Unique Federal Award Identification Number (FAIN); (4) Federal Award Date (see §200.39 Federal award date); (5) Period of Performance Start and End Date; (6) Amount of Federal Funds Obligated by this action; (7) Total Amount of Federal Funds Obligated; (8) Total Amount of the Federal Award; (9) Budget Approved by the Federal Awarding Agency; (10) Total Approved Cost Sharing or Matching, where applicable; (11) Federal award project description, (to comply with statutory requirements (e.g., FFATA)); 	<p>§200.210 Information contained in a Federal award.</p> <p>Unless otherwise specified in the award, for awards that support research, submission of performance reports is deemed sufficient to demonstrate the outcomes achieved by the project.</p>

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<p>(12) Name of Federal awarding agency and contact information for awarding official,</p> <p>(13) CFDA Number and Name;</p> <p>(14) Identification of whether the award is R&D; and</p> <p>(15) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).</p> <p>(b) <i>General Terms and Conditions</i> (1) Federal awarding agencies must incorporate the following general terms and conditions either in the Federal award or by reference, as applicable:</p> <p>(i) Administrative requirements implemented by the Federal awarding agency as specified in this part.</p> <p>(ii) National policy requirements. These include statutory, executive order, other Presidential directive, or regulatory requirements that apply by specific reference and are not program-specific. See §200.300 Statutory and national policy requirements.</p> <p>(2) The Federal award must include wording to incorporate, by reference, the applicable set of general terms and conditions. The reference must be to the Web site at which the Federal awarding agency maintains the general terms and conditions.</p> <p>(3) If a non-Federal entity requests a copy of the full text of the general terms and conditions, the Federal awarding agency must provide it.</p> <p>(4) Wherever the general terms and conditions are publicly available, the Federal awarding agency must maintain an archive of previous versions of the general terms and conditions, with effective dates, for use by the non-Federal entity, auditors, or others.</p> <p>(c) <i>Federal Awarding Agency, Program, or Federal Award Specific Terms and Conditions</i>. The Federal awarding agency may include with each Federal award any terms and conditions necessary to communicate requirements that are in addition to the requirements outlined in the Federal awarding agency's general terms and conditions. Whenever practicable, these specific terms and conditions also should be shared on a public Web site and in notices of funding opportunities (as outlined in §200.203 Notices of funding opportunities) in addition to being included in a Federal award. See also §200.206 Standard application requirements.</p> <p>(d) <i>Federal Award Performance Goals</i>. The Federal awarding agency must include in the Federal award an indication of the timing and scope of expected performance by the non-Federal entity as related to the outcomes intended to be achieved by the program. In some instances (e.g., discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with Federal awarding agency policy). Where appropriate, the Federal award may include specific performance goals, indicators, milestones, or expected outcomes (such as outputs, or services performed or public impacts of any of these) with an expected timeline for accomplishment. Reporting requirements must be clearly articulated such that, where appropriate, performance during the execution of the Federal award has a standard against which non-Federal entity performance can be measured. The Federal awarding agency may include program-specific requirements, as applicable. These requirements should be aligned with agency strategic goals, strategic objectives or performance goals that are relevant to the program. See also OMB Circular A– 11, Preparation, Submission and Execution of the Budget Part 6 for definitions of strategic objectives and performance goals.</p> <p>(e) Any other information required by the Federal awarding agency.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75882, Dec. 19, 2014]</p>	

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<p>§200.211 Public access to Federal award information.</p> <p>(a) In accordance with statutory requirements for Federal spending transparency (e.g., FFATA), except as noted in this section, for applicable Federal awards the Federal awarding agency must announce all Federal awards publicly and publish the required information on a publicly available OMB-designated governmentwide Web site (at time of publication, <i>www.USAspending.gov</i>).</p> <p>(b) Nothing in this section may be construed as requiring the publication of information otherwise exempt under the Freedom of Information Act (5 U.S.C 552), or controlled unclassified information pursuant to Executive Order 13556.</p>	<p>§200.211 Public access to Federal award information.</p> <p>Reporting potentially classifiable information:</p> <p>(a) This award is intended for unclassified, publicly releasable research. The recipient will not be granted access to classified information. The awarding agency does not expect that the results of the research project will involve classified information.</p> <p>(b) If, however, in conducting the activities supported under this award, the principal investigator (PI) is concerned that any of the research results involve potentially classifiable information that may warrant Government restrictions on the dissemination of the results, the PI should promptly notify the awarding agency's program official, or the person identified in the Agency Specific Requirements</p>
<p><i>Subpart D—Post Federal Award Requirements Standards for Financial and Program Management</i></p>	<p><i>Subpart D—Post Federal Award Requirements Standards for Financial and Program Management</i></p>
<p>§200.300 Statutory and national policy requirements.</p> <p>(a) The Federal awarding agency must manage and administer the Federal award in a manner so as to ensure that Federal funding is expended and associated programs are implemented in full accordance with U.S. statutory and public policy requirements: including, but not limited to, those protecting public welfare, the environment, and prohibiting discrimination. The Federal awarding agency must communicate to the non-Federal entity all relevant public policy requirements, including those in general appropriations provisions, and incorporate them either directly or by reference in the terms and conditions of the Federal award.</p> <p>(b) The non-Federal entity is responsible for complying with all requirements of the Federal award. For all Federal awards, this includes the provisions of FFATA, which includes requirements on executive compensation, and also requirements implementing the Act for the non-Federal entity at 2 CFR part 25 Financial Assistance Use of Universal Identifier and Central Contractor Registration and 2 CFR part 170 Reporting Subaward and Executive Compensation Information. See also statutory requirements for whistleblower protections at 10 U.S.C. 2409, 41 U.S.C. 4712, and 10 U.S.C. 2324, 41 U.S.C. 4304 and 4310.</p>	<p>§200.300 National policy requirements.</p> <p>The national policy requirements are contained in Appendix C of these Research Terms and Conditions.</p> <p>Should an applicable national requirement be missing from the matrix, recipients and subrecipients are nevertheless responsible for compliance with applicable national policy requirements.</p>
<p>§200.301 Performance measurement.</p> <p>The Federal awarding agency must require the recipient to use OMB-approved standard information collections when providing financial and performance information. As appropriate and in accordance with above mentioned information collections, the Federal awarding agency must require the recipient to relate financial data to performance accomplishments of the Federal award. Also, in accordance with above mentioned standard information collections, and when applicable, recipients must also provide cost information to demonstrate cost effective practices (e.g., through unit cost data). The recipient's performance should be measured in a way that will help the Federal awarding agency and other non-Federal entities to</p>	<p>§200.301 Performance measurement.</p> <p>For awards that support research, there is a standard information collection method (i.e., the Research Performance Progress Report) for performance that does not relate financial information to performance data. Therefore, there is no such requirement.</p>

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<p>improve program outcomes, share lessons learned, and spread the adoption of promising practices. The Federal awarding agency should provide recipients with clear performance goals, indicators, and milestones as described in §200.210 Information contained in a Federal award. Performance reporting frequency and content should be established to not only allow the Federal awarding agency to understand the recipient progress but also to facilitate identification of promising practices among recipients and build the evidence upon which the Federal awarding agency’s program and performance decisions are made.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75883, Dec. 19, 2014]</p>	
<p>§ 200.305 Payment.</p> <p>(a) For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205 “Rules and Procedures for Efficient Federal-State Funds Transfers” and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.</p> <p>(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302 Financial management paragraph (b)(6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved standard governmentwide information collection requests to request payment.</p> <p>(1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.</p> <p>(2) Whenever possible, advance payments must be consolidated to cover anticipated cash needs for all Federal awards made by the Federal awarding agency to the recipient.</p> <p>(i) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer and must comply with applicable guidance in 31 CFR part 208.</p> <p>(ii) Non-Federal entities must be authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as they like when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).</p> <p>(3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per §200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market</p>	<p>§200.305 Payment.</p> <p>2 CFR § 200.305 governs the Federal awarding agency’s and recipient’s responsibilities concerning payments, with the following clarifications:</p> <p>(b)(1) Payments will be made in advance, subject to the conditions described in 2 CFR § 200.305(b)(1) unless the Federal awarding agency provides otherwise in the agency-specific terms and conditions or the award document.</p>

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financing or Federal loans, and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

(4) If the non-Federal entity cannot meet the criteria for advance payments and the Federal awarding agency or pass-through entity has determined that reimbursement is not feasible because the non-Federal entity lacks sufficient working capital, the Federal awarding agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency or pass-through entity must advance cash payments to the non-Federal entity to cover its estimated disbursement needs for an initial period generally geared to the non-Federal entity's disbursing cycle. Thereafter, the Federal awarding agency or pass-through entity must reimburse the non-Federal entity for its actual cash disbursements. Use of the working capital advance method of payment requires that the pass-through entity provide timely advance payments to any subrecipients in order to meet the subrecipient's actual cash disbursements. The working capital advance method of payment must not be used by the pass-through entity if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the subrecipient to meet the subrecipient's actual cash disbursements.

(5) Use of resources before requesting cash advance payments. To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

(6) Unless otherwise required by Federal statutes, payments for allowable costs by non-Federal entities must not be withheld at any time during the period of performance unless the conditions of §§200.207 Specific conditions, Subpart D—Post Federal Award Requirements of this part, 200.338 Remedies for Noncompliance, or one or more of the following applies:

(i) The non-Federal entity has failed to comply with the project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award.

(ii) The non-Federal entity is delinquent in a debt to the United States as defined in OMB Guidance A-129, "Policies for Federal Credit Programs and Non-Tax Receivables." Under such conditions, the Federal awarding agency or pass-through entity may, upon reasonable notice, inform the non-Federal entity that payments must not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

(iii) A payment withheld for failure to comply with Federal award conditions, but without suspension of the Federal award, must be released to the non-Federal entity upon subsequent compliance. When a Federal award is suspended, payment adjustments will be made in accordance with §200.342 Effects of suspension and termination.

(iv) A payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.

(7) Standards governing the use of banks and other institutions as depositories of advance payments

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under Federal awards are as follows.

(i) The Federal awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the non-Federal entity. However, the non-Federal entity must be able to account for the receipt, obligation and expenditure of funds.

(ii) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

(8) The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply.

(i) The non-Federal entity receives less than \$120,000 in Federal awards per year.

(ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.

(iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(iv) A foreign government or banking system prohibits or precludes interest bearing accounts.

(9) Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services, Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interested earned on federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another federal agency payment system. The remittance must be submitted as follows:

(i) For ACH Returns:

Routing Number: 051036706

Account number: 303000

Bank Name and Location: Credit Gateway—ACH Receiver St. Paul, MN

(ii) For Fedwire Returns*:

Routing Number: 021030004

Account number: 75010501

Bank Name and Location: Federal Reserve Bank Treas NYC/Funds Transfer Division New York, NY

(* Please note organization initiating payment is likely to incur a charge from your Financial Institution for this type of payment)

(iii) For International ACH Returns:

Beneficiary Account: Federal Reserve Bank of New York/ITS (FRBNY/ITS)

Bank: Citibank N.A. (New York)

Swift Code: CITIUS33

Account Number: 36838868

Bank Address: 388 Greenwich Street, New York, NY 10013 USA

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<p>Payment Details (Line 70): Agency Name (abbreviated when possible) and ALC Agency POC: Michelle Haney, (301) 492-5065</p> <p>(iv) For recipients that do not have electronic remittance capability, please make check** payable to: “The Department of Health and Human Services.”</p> <p>Mail Check to Treasury approved lockbox: HHS Program Support Center, P.O. Box 530231, Atlanta, GA 30353-0231</p> <p>(** Please allow 4-6 weeks for processing of a payment by check to be applied to the appropriate PMS account)</p> <p>(v) Any additional information/instructions may be found on the PMS Web site at http://www.dpm.psc.gov/.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75883, Dec. 19, 2014]</p>	
<p>§200.306 Cost sharing or matching.</p> <p>(a) Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity. See also §§200.414 Indirect (F&A) costs, 200.203 Notices of funding opportunities, and Appendix I to Part 200—Full Text of Notice of Funding Opportunity.</p> <p>(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:</p> <ol style="list-style-type: none"> (1) Are verifiable from the non-Federal entity's records; (2) Are not included as contributions for any other Federal award; (3) Are necessary and reasonable for accomplishment of project or program objectives; (4) Are allowable under Subpart E—Cost Principles of this part; (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs; (6) Are provided for in the approved budget when required by the Federal awarding agency; and (7) Conform to other provisions of this part, as applicable. <p>(c) Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.</p> <p>(d) Values for non-Federal entity contributions of services and property must be established in accordance with the cost principles in Subpart E—Cost Principles. If a Federal awarding agency authorizes the non-Federal entity to donate buildings or land for construction/facilities acquisition projects or long-term use,</p>	<p>§200.306 Cost sharing or matching.</p> <p>This article implements 2 CFR § 200.306. The allowability and valuation of third party in-kind and recipient contributions toward cost sharing or matching is in accordance with 2 CFR § 200.306 with the following clarification:</p> <p>(c) The recipient may include unrecovered indirect costs as part of cost sharing or matching without prior approval.</p>

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<p>the value of the donated property for cost sharing or matching must be the lesser of paragraphs (d)(1) or (2) of this section.</p> <p>(1) The value of the remaining life of the property recorded in the non-Federal entity's accounting records at the time of donation.</p> <p>(2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the value described in (1) above at the time of donation.</p> <p>(e) Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.</p> <p>(f) When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs at either the third-party organization's approved federally negotiated indirect cost rate or, a rate in accordance with §200.414 Indirect (F&A) costs, paragraph (d), provided these services employ the same skill(s) for which the employee is normally paid. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donated services so that reimbursement for the donated services will not be made.</p> <p>(g) Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.</p> <p>(h) The method used for determining cost sharing or matching for third-party-donated equipment, buildings and land for which title passes to the non-Federal entity may differ according to the purpose of the Federal award, if paragraph (h)(1) or (2) of this section applies.</p> <p>(1) If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.</p> <p>(2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges. See also §200.420 Considerations for selected items of cost.</p> <p>(i) The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:</p> <p>(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as</p>	

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<p>amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.</p> <p>(2) The value of donated equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation.</p> <p>(3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.</p> <p>(4) The value of loaned equipment must not exceed its fair rental value.</p> <p>(j) For third-party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity.</p> <p>(k) For IHEs, see also OMB memorandum M-01-06, dated January 5, 2001, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs. [78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75883, Dec. 19, 2014]</p>	
<p>§200.307 Program income.</p> <p>(a) <i>General.</i> Non-Federal entities are encouraged to earn income to defray program costs where appropriate.</p> <p>(b) <i>Cost of generating program income.</i> If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.</p> <p>(c) <i>Governmental revenues.</i> Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.</p> <p>(d) <i>Property.</i> Proceeds from the sale of real property, equipment, or supplies are not program income; such proceeds will be handled in accordance with the requirements of Subpart D—Post Federal Award Requirements of this part, Property Standards §§200.311 Real property, 200.313 Equipment, and 200.314 Supplies, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.</p> <p>(e) <i>Use of program income.</i> If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.</p> <p>(1) <i>Deduction.</i> Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal</p>	<p>§200.307 Program income.</p> <p>2 CFR § 200.307 governs the Federal awarding agency’s and recipient’s responsibilities concerning payments, with the following clarifications:</p> <p>(c) <i>Governmental revenues.</i> (1) The Patent and Trademark Laws Amendments, 34 USC §§ 200-212, apply to inventions made under an award for performance of experimental, developmental, or research work.</p> <p>(2) Unless the terms and conditions for the Federal award provide otherwise, recipients shall have no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award. However, no scholarship, fellowship, training grant, or other funding agreement made primarily to a recipient for educational purposes will contain any provision giving the Federal awarding agency rights to inventions made by the recipient.</p> <p>(e) <i>Use of program income.</i> This article implements § 200.307(e). The use and disposition of program income is in accordance with §200.307, and, unless the Agency-Specific Requirements specify otherwise, the following clarifications and supplements to §200.307 apply:</p> <p>(i) The additive method of §200.307(e)(2) will be used to dispose of program income.</p>

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<p>award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.</p> <p>(2) <i>Addition.</i> With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in paragraph (e) of this section) program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.</p> <p>(3) <i>Cost sharing or matching.</i> With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.</p> <p>(f) <i>Income after the period of performance.</i> There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also §200.343 Closeout.</p> <p>(g) Unless the Federal statute, regulations, or terms and conditions for the Federal award provide otherwise, the non-Federal entity has no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements” is applicable.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]</p>	
<p>§200.308 Revision of budget and program plans.</p> <p>(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.</p> <p>(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.</p> <p>(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:</p> <p>(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).</p> <p>(2) Change in a key person specified in the application or the Federal award.</p> <p>(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.</p> <p>(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 75 Appendix IX, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or 48</p>	<p>§200.308 Revision of budget and program plans.</p> <p>(a) The budget plan is the financial expression of the project or program as approved during the award process. The approved budget includes the Federal share of project costs and that portion of the non-Federal share of project costs, if any, that the recipient and the Federal awarding agency formally agree upon as cost sharing (see OMB Memorandum M-01-06, <i>Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs</i>, January 5, 2001 available at: http://www.whitehouse.gov/omb/memoranda/m01-06.html)</p> <p>(1) The total amount of Federal funds authorized is reflected on the award notice and notice of amendments signed by the authorized official of the Federal awarding agency (usually a Grants Officer or Contracting Officer). The Federal awarding agency is not liable for any obligations, expenditures, or commitments that require any amount in excess of the presently available Federal funds authorized. Any</p>

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<p>CFR Part 31, “Contract Cost Principles and Procedures,” as applicable.</p> <p>(5) The transfer of funds budgeted for participant support costs as defined in §200.75 Participant support costs to other categories of expense.</p> <p>(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, including fixed amount subawards as described in §200.332 Fixed amount subawards. This provision does not apply to the acquisition of supplies, material, equipment or general support services.</p> <p>(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 an exception has been approved by OMB. See also §§200.102 Exceptions and 200.407 Prior written approval (prior approval).</p> <p>(8) The need arises for additional Federal funds to complete the project.</p> <p>(d) Except for requirements listed in paragraph (c)(1) of this section, the Federal awarding agency is authorized, at its 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:</p> <p>(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 Pre-award costs.</p> <p>(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:</p> <p>(i) The terms and conditions of the Federal award prohibit the extension.</p> <p>(ii) The extension requires additional Federal funds.</p> <p>(iii) The extension involves any change in the approved objectives or scope of the project.</p> <p>(3) Carry forward unobligated balances to subsequent periods of performance.</p> <p>(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.</p> <p>(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.</p>	<p>commitments, obligations, or expenditures in excess of that amount of Federal funds will be made at the recipient's risk. The receipt of any prospective funding is contingent upon the availability of funds, satisfactory performance, continued relevance to the program objectives, and will be at the sole discretion of the Federal awarding agency. The recipient will be responsible for any and all termination costs it may incur should prospective funding not become available. No legal liability will exist or result on the part of the Federal Government for payment of any portion of the remaining funds which have not been made available under the award. Notifications affecting the funding or notice of non-availability of additional funding for prospective years will be made only by the Grants Officer, Contracting Officer, or other authorized official of the Federal awarding agency.</p> <p>(c) The recipient must obtain the prior written approval of the Federal awarding agency before making any of the following project changes:</p> <p>(1) A change in scope or objectives of the project as stated in the approved application or approved modifications thereto, such as a change in the phenomenon(a) under study, even if there is no associated budget revision.</p> <p>(2)(3) The disengagement or change of the Principal Investigator/Project Director (PI/PD). If the approved PI/PD severs his or her connection with the recipient or otherwise relinquishes active direction of the project (either permanently or for a continuous period of more than 3 months or a 25 percent reduction in time devoted to the project), then the recipient must either:</p> <p>(i) Appoint a replacement PI/PD with the approval of the awarding agency;</p> <p>(ii) Seek and receive prior approval from the awarding agency for the reduction of time devoted to the project; or</p> <p>(iii) Relinquish the award (in which case the award will be terminated by mutual agreement, in accordance with §200.339).</p> <p>(4) All prior approvals required in Subpart E—Cost Principles of this part or 45 CFR Part 75 Appendix IX, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or</p>

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<p>(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)).</p> <p>(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.</p> <p>(1) The revision results from changes in the scope or the objective of the project or program.</p> <p>(2) The need arises for additional Federal funds to complete the project.</p> <p>(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.</p> <p>(4) No other prior approval requirements for budget revisions may be imposed unless an exception has been approved by OMB.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]</p>	<p>48 CFR Part 31, “Contract Cost Principles and Procedures,” except those waived in in §200.407 Prior written approval (prior approval) must be obtained.</p> <p>(5) Transfer funds allotted for participant support costs to other categories of expense.</p> <p>(6) The transfer, by contract or other means, of a significant part of the research or substantive programmatic effort, unless described in the approved application or approved modifications to the award. The recipient must submit a justification, a description of the scientific/technical impact on the project, and a budget estimate to the cognizant Federal awarding agency official. (See §200.332 under §200.407 Prior written approval, regarding prior written approvals for fixed amount subawards.)</p> <p>(d) The recipient is authorized to do any one or more of the following:</p> <p>(1) Incur pre-award costs 90 calendar days prior to award (or more than 90 calendar days with the prior approval of the Federal awarding agency). Preaward expenditures prior to funding of an increment within a multiple-year project, including any optional years, are not subject to this limitation or approval requirement. All costs are incurred 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 an award or if the award is less than anticipated and inadequate to cover such costs).</p> <p>(2)(i) Initiate a one-time extension of the final end date of the period of performance of up to 12 months unless one or more of the following conditions applies:</p> <p>(A) The agency-specific requirements of the award prohibit the extension</p> <p>(B) The extension requires additional Federal funds.</p> <p>(C) The extension involves any change in the approved objectives or scope of the project.</p> <p>(ii) For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised end date at least 10 days before the final end date of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.</p>

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	<p>(3) Carry forward unobligated balances to subsequent funding periods. Any unobligated balance of funds which remains at the end of any funding period, except the final funding period of the project, shall be carried over to the next funding period, and may be used to defray costs of any funding period of the project in addition to the current year's funding. Since the carryover of unobligated balances is automatic, no separate or specific awarding agency prior approval shall be required to authorize use of the funds.</p> <p>(4) Transfer amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa.</p> <p>(h)(1) The recipient must provide revised budget information to the Federal awarding agency if there are any significant changes in the size or scope of the project or in the originally negotiated total estimated cost for the project period.</p> <p>(2) To request approval for budget revisions, the recipient shall use the budget forms that were used in the application unless the Federal awarding agency states in its Agency-Specific Requirements that a letter of request suffices.</p> <p>(i) Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency shall 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 shall inform the recipient in writing of the date when the recipient may expect the decision.</p>
<p><i>Subpart D—Post Federal Award Requirements</i> <i>Property Standards</i></p>	<p><i>Subpart D—Post Federal Award Requirements</i> <i>Property Standards</i></p>
<p>§200.313 Equipment.</p> <p>See also §200.439 Equipment and other capital expenditures.</p> <p>(a) Title. Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:</p> <p>(1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.</p>	<p>§200.313 Equipment.</p> <p>(a) Unless the agency-specific requirements specify otherwise, title to all equipment purchased or fabricated with Federal awarding agency or recipient cost sharing funds, as direct costs of the project or program, shall vest in the recipient upon acquisition, subject only to the following conditions:</p> <p>(1) The Federal awarding agency may require that title be transferred to the Federal Government or a third party if the</p>

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<p>(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.</p> <p>(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.</p> <p>(b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section.</p> <p>(c) <i>Use.</i> (1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:</p> <p>(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then</p> <p>(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.</p> <p>(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.</p> <p>(3) Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.</p> <p>(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.</p> <p>(d) <i>Management requirements.</i> Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:</p> <p>(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.</p> <p>(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.</p> <p>(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.</p>	<p>project or program for which the equipment was purchased is transferred to another recipient. In any such case, the Federal awarding agency will notify the recipient of the intent to transfer title within 120 days following the expiration or termination of the project and paragraph 2 CFR § 200.313(e)(3) then applies.</p> <p>(2) As long as the Federal Government continues to support the project or program for which the equipment was purchased, the recipient:</p> <p>(i) Must use the equipment in that project or program, unless it no longer is needed for that project or program. The recipient may not encumber the equipment without the approval of the Federal awarding agency.</p> <p>(ii) Must use the equipment in accordance with 2 CFR § 200.313(c). In accordance with 2 CFR § 200.313(c)(3), the recipient shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.</p> <p>(iii) May, when acquiring replacement equipment, use the equipment that is being replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment, as authorized by 2 CFR § 200.313(c)(4).</p> <p>(3) The recipient must:</p> <p>(i) Account for the equipment in accordance with 2 CFR § 200.313(d); and</p> <p>(ii) Continue to account for the equipment after the cessation of Federal support for the project or program for which the equipment was purchased, in a manner that ensures that:</p> <p>(A) equipment purchased under the award is not later included as a contribution toward cost sharing under another Federal award; and</p> <p>(B) depreciation or use charges for the equipment are not later included in any proposal for indirect or Facilities and Administrative costs.</p> <p>(b) The recipient shall specify in any cost-type subaward whether title to equipment purchased or fabricated under the subaward vests in the recipient or subrecipient. If title vests in</p>

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<p>(4) Adequate maintenance procedures must be developed to keep the property in good condition.</p> <p>(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.</p> <p>(e) <i>Disposition</i>. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:</p> <p>(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.</p> <p>(2) Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.</p> <p>(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.</p> <p>(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]</p>	<p>the subrecipient, it must be subject to the conditions specified in paragraph (a) of this article. The recipient shall also require each subrecipient to specify, in any lower-tier, cost-type subaward that the subrecipient awards, whether title to equipment purchased or fabricated under that lower-tier subaward vests in the subrecipient making the subaward or in the lower-tier subrecipient.</p> <p>(c) Expenditures for acquisition or improvement of special purpose and general purpose equipment, as defined in 2 CFR § 200.89 and 200.48 are allowable as direct costs of the project in accordance with 2 CFR § 200.439 of these Research Terms and Conditions.</p>
<p>§200.315 Intangible property.</p> <p>(a) Title to intangible property (see §200.59 Intangible property) acquired under a Federal award vests upon acquisition in the non-Federal entity. The non-Federal entity must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in §200.313 Equipment paragraph (e).</p> <p>(b) The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.</p> <p>(c) The non-Federal entity is subject to applicable regulations governing patents and inventions, including governmentwide regulations issued by the Department of Commerce at 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements."</p>	<p>§200.315 Intangible property.</p> <p>2 CFR § 200.315 specifies the Government's and recipient's rights and responsibilities concerning intangible property. For copyrights, patents and inventions, and data that are generated or acquired under the award, there are the following clarifications:</p> <p>(a) The Federal awarding agency does not waive the Federal Government's rights concerning data first produced under the award, as described in 2 CFR § 200.315(d).</p> <p>(b) The award shall be subject to the Patents Rights (Small Business Firms and Nonprofit Organizations) clause at 37 CFR 401.14 and the following:</p> <p>(1) In each instance where the term "contract" or "contractor" is used in the clause, those terms shall be read as</p>

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<p>(d) The Federal Government has the right to:</p> <p>(1) Obtain, reproduce, publish, or otherwise use the data produced under a Federal award; and</p> <p>(2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.</p> <p>(e) Freedom of Information Act (FOIA).</p> <p>(1) In response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under a Federal award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and the non-Federal entity must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the Federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the Federal agency and the non-Federal entity. This fee is in addition to any fees the Federal awarding agency may assess under the FOIA (5 U.S.C. 552(a)(4)(A)).</p> <p>(2) Published research findings means when:</p> <p>(i) Research findings are published in a peer-reviewed scientific or technical journal; or</p> <p>(ii) A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law. “Used by the Federal Government in developing an agency action that has the force and effect of law” is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.</p> <p>(3) Research data means the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This “recorded” material excludes physical objects (e.g., laboratory samples). Research data also do not include:</p> <p>(i) Trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information which is protected under law; and</p> <p>(ii) Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]</p>	<p>“award” and “recipient,” respectively.</p> <p>(2) In each instance where the term “Federal Agency,” “agency,” or “funding Federal agency” is used in the clause, the term shall be read to mean the awarding agency for the award.</p> <p>(3) Under paragraph (g) of the clause, the title shall read “Contracts and Subawards Under the Award” and, in that paragraph, “subcontract” and “subcontractor” shall be read as “contract” or “subaward.”</p> <p>(4) Under subparagraph (g)(2) of the clause, if a contract or subaward is to be made to any organization other than a non-profit organization or small business firm, as defined in paragraph (a) of the clause, the recipient shall contact the cognizant awarding agency official to ascertain the appropriate patent clause.</p> <p>(c) See the agency-specific requirements of the award for the point of contact for communications on matters relating to the clause.</p>
<p>Subpart D—Post Federal Award Requirements Procurement Standards</p>	<p>Subpart D—Post Federal Award Requirements Procurement Standards</p>
<p>§200.318 General procurement standards.</p> <p>(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.</p> <p>(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.</p> <p>(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No</p>	<p>§200.318 General procurement standards.</p> <p>See FAQ 200.318-1 of the <i>Frequently Asked Questions for The Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200</i> (located at https://cfo.gov/cofar) regarding Equipment and A-110 Screening Procedures.</p>

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<p>employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.</p> <p>(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.</p> <p>(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.</p> <p>(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.</p> <p>(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.</p> <p>(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.</p> <p>(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.212 Suspension and debarment.</p> <p>(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.</p> <p>(j)(1) The non-Federal entity may use a time and material type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and material type contract means a contract whose cost to a non-Federal entity is the sum of:</p> <p>(i) The actual cost of materials; and</p>	

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<p>(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.</p> <p>(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.</p> <p>(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.</p>	
<p>§200.320 Methods of procurement to be followed.</p> <p>The non-Federal entity must use one of the following methods of procurement.</p> <p>(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.</p> <p>(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.</p> <p>(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.</p> <p>(1) In order for sealed bidding to be feasible, the following conditions should be present:</p> <p>(i) A complete, adequate, and realistic specification or purchase description is available;</p> <p>(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and</p> <p>(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.</p> <p>(2) If sealed bids are used, the following requirements apply:</p> <p>(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publically advertised;</p> <p>(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define</p>	<p>§200.320 Methods of procurement to be followed.</p> <p>See FAQ 200.320-2 of the <i>Frequently Asked Questions for The Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200</i> (located at https://cfo.gov/cofar) regarding Methods of Procurement-Sole Source for Research.</p>

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<p>the items or services in order for the bidder to properly respond;</p> <p>(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;</p> <p>(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and</p> <p>(v) Any or all bids may be rejected if there is a sound documented reason.</p> <p>(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:</p> <p>(1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;</p> <p>(2) Proposals must be solicited from an adequate number of qualified sources;</p> <p>(3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;</p> <p>(4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and</p> <p>(5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.</p> <p>(e) [Reserved]</p> <p>(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:</p> <p>(1) The item is available only from a single source;</p> <p>(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;</p> <p>(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or</p> <p>(4) After solicitation of a number of sources, competition is determined inadequate.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]</p>	
<p>§200.328 Monitoring and reporting program performance.</p> <p>(a) <i>Monitoring by the non-Federal entity.</i> The non-Federal entity is responsible for oversight of the</p>	<p>§200.328 Monitoring and reporting program performance.</p> <p>Unless approved by the Office of Management and</p>

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<p>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 <i>entities</i>.</p> <p>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).</p> <p>(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.</p> <p>(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:</p> <p>(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.</p> <p>(ii) The reasons why established goals were not met, if appropriate.</p> <p>(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.</p> <p>(c) <i>Construction performance reports</i>. 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.</p> <p>(d) <i>Significant developments</i>. 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:</p> <p>(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.</p>	<p>Budget, the Federal awarding agency shall utilize the Research Performance Progress Report format for use in reporting all research and research related activities.</p> <p>The recipient’s responsibilities for programmatic monitoring and reporting are as stated in 2 CFR § 200.328, with the following additions and clarifications:</p> <p>(a) Publications. The recipient is expected to publish or otherwise make publicly available the results of the work conducted under the award. An acknowledgment of awarding agency support must appear in any publication (including World Wide Web pages, of any material, whether copyrighted or not, based on or developed under this project, and, is orally acknowledged during all news media interviews, including popular media, such as radio, television, and news magazines as follows:</p> <p>(1) The acknowledgment will be: “This material is based upon work supported by the [name of awarding agency(ies) under Award No. [recipient should enter the awarding agency(ies) award number(s)].”</p> <p>(2) For all materials, except scientific articles or papers published in scientific journals, the disclaimer will be: “Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the [name(s) of awarding agency(ies)].”</p>

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<p>(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.</p> <p>(e) The Federal awarding agency may make site visits as warranted by program needs.</p> <p>(f) The Federal awarding agency may waive any performance report required by this part if not needed.</p>	
<p><i>Subpart D—Post Federal Award Requirements Subrecipient Monitoring and Management</i></p>	<p><i>Subpart D—Post Federal Award Requirements Subrecipient Monitoring and Management</i></p>
<p>§200.332 Fixed amount subawards.</p> <p>With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.</p>	<p>§200.332 Fixed amount subawards.</p> <p>See §200.407 regarding prior written approvals for fixed amount subawards.</p>
<p><i>Subpart D—Post Federal Award Requirements Closeout</i></p>	<p><i>Subpart D—Post Federal Award Requirements Closeout</i></p>
<p>§200.343 Closeout.</p> <p>The Federal awarding 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.</p> <p>(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 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.</p> <p>(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.</p> <p>(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.</p> <p>(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 are 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.</p> <p>(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.</p> <p>(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</p>	<p>§200.343 Closeout.</p> <p>Unless otherwise specified in the Agency-Specific requirements:</p> <p>(a) The non-Federal entity must submit, no later than 120 calendar days after the end date of the period of performance, all financial, performance, and other reports 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.</p> <p>(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 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.</p>

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<p>Property trust relationship and 200.329 Reporting on real property.</p> <p>(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.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]</p>	
<p><i>Subpart E—Cost Principles</i> <i>General Provisions for Selected Items of Cost</i></p>	<p><i>Subpart E—Cost Principles</i> <i>General Provisions for Selected Items of Cost</i></p>
<p>§200.400 Policy guide.</p> <p>The application of these cost principles is based on the fundamental premises that:</p> <p>(a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.</p> <p>(b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.</p> <p>(c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.</p> <p>(d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.</p> <p>(e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered. See §200.56 Indirect (facilities & administrative (F&A)) costs.</p> <p>(f) For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees (including pre- and post-doctoral staff) contributing to the completion of Federal awards for research must be recognized in the application of these principles.</p> <p>(g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award. See also §200.307 Program income.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]</p>	<p>§200.400 Policy guide.</p> <p>See also FAQ 200.400-2 of the <i>Frequently Asked Questions for The Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200</i> (located at https://cfo.gov/cofar) regarding Dual Role of Students and Post-Doctoral Staff.</p>
<p>§200.407 Prior written approval (prior approval).</p> <p>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</p>	<p>§200.407 Prior written approval (prior approval).</p> <p><i>The Federal awarding agency hereby approves the inclusion of certain costs for which the agency’s prior</i></p>

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<p>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:</p> <ul style="list-style-type: none"> (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) §200.311 Real property; (f) §200.313 Equipment; (g) §200.332 Fixed amount subawards; (h) §200.413 Direct costs, paragraph (c); (i) §200.430 Compensation—personal services, paragraph (h); (j) §200.431 Compensation—fringe benefits; (k) §200.438 Entertainment costs; (l) §200.439 Equipment and other capital expenditures; (m) §200.440 Exchange rates; (n) §200.441 Fines, penalties, damages and other settlements; (o) §200.442 Fund raising and investment management costs; (p) §200.445 Goods or services for personal use; (q) §200.447 Insurance and indemnification; (r) §200.454 Memberships, subscriptions, and professional activity costs, paragraph (c); (s) §200.455 Organization costs; (t) §200.456 Participant support costs; (u) §200.458 Pre-award costs; (v) §200.462 Rearrangement and reconversion costs; (w) §200.467 Selling and marketing costs; (x) §200.470 Taxes (including Value Added Tax); and (v) §200.474 Travel costs. <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]</p>	<p>approval is required by 2 CFR § 200.407. Unless otherwise specified in the Agency Specific Requirements, agency approval is granted for the recipient to:</p> <p>§200.306 Cost sharing or matching</p> <p>(c) The recipient may include unrecovered indirect costs as part of cost sharing or matching without prior approval.</p> <p>(d)(2) If a Federal awarding agency authorizes the non-Federal entity to donate facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching, the non-Federal entity may use the current fair market value of the donated property, even if, at the time of donation, it exceeds the value of the remaining life of the property recorded in the non-Federal entity's accounting records.</p> <p>§200.307 Program income</p> <p>(c) Recipients shall have no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award. However, no scholarship, fellowship, training grant, or other funding agreement made primarily to a recipient for educational purposes will contain any provision giving the Federal awarding agency rights to inventions made by the recipient.</p> <p>(e)(2) The additive method of §200.307(e)(2) will be used to dispose of program income.</p> <p>§200.308 Revision of budget and program plans</p> <p>(d)(1) Incur pre-award costs 90 calendar days prior to award (or more than 90 calendar days with the prior approval of the Federal awarding agency). Preaward expenditures prior to funding of an increment within a multiple-year project, including any optional years, are not subject to this limitation or approval requirement. All costs are incurred 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 an award or if the award is less than anticipated and inadequate to cover such costs).</p> <p>(d)(2)(i) Initiate a one-time extension of the final end date of the period of performance of up to 12 months unless one or more of the following conditions applies:</p>

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- (A) The agency-specific requirements of the award prohibit the extension.
 - (B) The extension requires additional Federal funds.
 - (C) The extension involves any change in the approved objectives or scope of the project.
 - (ii) For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised end date at least 10 days before the final end date of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.
 - (d)(3) Carry forward unobligated balances to subsequent funding periods. Any unobligated balance of funds which remains at the end of any funding period, except the final funding period of the project, shall be carried over to the next funding period, and may be used to defray costs of any funding period of the project in addition to the current year's funding. Since the carryover of unobligated balances is automatic, no separate or specific awarding agency prior approval shall be required to authorize use of the funds.
 - (d)(4) Transfer amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa.
- §200.332 Fixed amount subawards**
Unless otherwise specified in the Agency-Specific Requirements, the non-Federal (pass-through) entity may provide subawards based on fixed amounts, provided that the subawards meet the requirements for fixed amount awards in § 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.
- §200.413 Direct costs, paragraph (c)**
Direct charge the salaries of administrative and clerical staff if all conditions in 2 CFR §200.413 are met.
- §200.430 Compensation—personal services, paragraph (h)**
 - (h)(ii) Directly charge payments of Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) and not include them in the records described in paragraph (i) of 2 CFR §200.430.
 - (h)(3) Include charges for Intra-IHE faculty consulting on

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sponsored agreements that exceed a faculty member's base salary, but only in unusual cases where: (a) consultation is across departmental lines or involves a separate or remote operation; and (b) the consulting work is in addition to the faculty member's regular departmental load.

§200.439 Equipment and other capital expenditures

(b)(1) Direct charge capital expenditures for general purpose equipment. Prior written approval, however, is required for capital expenditures for buildings and land as a direct charge.

(b)(2) Unless otherwise specified in the Agency-Specific Requirements, the requirement to obtain prior approval for special purpose equipment over \$5,000 is waived.

§200.447 Insurance and indemnification

(a) Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable.

§200.456 Participant support costs

Unless otherwise specified in the Agency-Specific Requirements, include participant support costs such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

§200.458 Pre-award costs

See §200.308(d)(1) above regarding pre-award costs.

Prior approval is required for the following:

§200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5)

(b)(5) Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the Federal awarding agency or pass-through entity.

§200.306 Cost sharing or matching

(h)(2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for



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land may be allowed, provided that the Federal awarding agency has approved the charges.

§200.307 Program income

(e)(3) *Cost sharing or matching.* With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award.

§200.311 Real property

(c)(3) *Disposition.* Prior approval is required for non-Federal entity to transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency.

§200.313 Equipment

(a)(2) *Title.* In accordance with §200.313, the non-Federal entity must not encumber the property without approval of the Federal awarding agency or pass-through entity.

(c)(1) *Use.* Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency.

§200.430 Compensation—personal services, paragraph

(h)

(h)(2) Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

§200.431 Compensation—fringe benefits

(i)(2)(ii) Measurement of costs of abnormal or mass severance pay by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Federal Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Prior approval by the Federal awarding agency or cognizant agency for indirect cost, as appropriate, is required.

(i)(4) Severance payments to foreign nationals employed by the non-Federal entity outside the United States, to the

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extent that the amount exceeds the customary or prevailing practices for the non-Federal entity in the United States, are unallowable, unless they are necessary for the performance of Federal programs and approved by the Federal awarding agency.

(i)(5) Severance payments to foreign nationals employed by the non-Federal entity outside the United States due to the termination of the foreign national as a result of the closing of, or curtailment of activities by, the non-Federal entity in that country, are unallowable, unless they are necessary for the performance of Federal programs and approved by the Federal awarding agency.

§200.438 Entertainment costs

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

§200.439 Equipment and other capital expenditures

(b)(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity.

§200.440 Exchange rates

Prior approval of exchange rate fluctuations is required when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project.

§200.441 Fines, penalties, damages and other settlements

Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.

§200.442 Fund raising and investment management



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costs

(a) Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency.

§200.445 Goods or services for personal use

(b) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.

§200.447 Insurance and indemnification

(b)(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the Federal awarding agency has specifically required or approved such costs.

§200.454 Memberships, subscriptions, and professional activity costs, paragraph (c)

(c) Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.

§200.455 Organization costs

Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the Federal awarding agency.

§200.462 Rearrangement and reconversion costs

Special arrangements and alterations costs incurred specifically for a Federal award are allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity.

§200.467 Selling and marketing costs



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	<p>Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under §200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.</p> <p>§200.470 Taxes (including Value Added Tax)</p> <p>(c) For many countries an exemption of this tax for research exists. Consequently, requesting this cost is unallowable for research grants involving such countries as a performance site.</p> <p>§200.474 Travel costs</p> <p>(a) Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.</p> <p>(c)(2) Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency.</p> <p>Consult the Agency-Specific Requirements and award documents regarding additional prior approval requirements.</p>
<p>§200.430 Compensation—personal services.</p> <p>(a) <i>General.</i> Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:</p> <ol style="list-style-type: none"> (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable. <p>(b) <i>Reasonableness.</i> Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other</p>	<p>§200.430 Compensation—personal services.</p> <p>See §200.407 regarding prior written approvals for compensation—personal services.</p>

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<p>activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.</p> <p>(c) <i>Professional activities outside the non-Federal entity.</i> Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:</p> <ol style="list-style-type: none"> (1) Non-Federal entity activities, and (2) Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis. <p>(d) <i>Unallowable costs.</i> (1) Costs which are unallowable under other sections of these principles must not be allowable under this section solely on the basis that they constitute personnel compensation.</p> <p>(2) The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply.</p> <p>(e) <i>Special considerations.</i> Special considerations in determining allowability of compensation will be given to any change in a non-Federal entity's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.</p> <p>(f) <i>Incentive compensation.</i> Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.</p> <p>(g) <i>Nonprofit organizations.</i> For compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof, determination must be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs. This may include director's and executive committee member's fees, incentive awards, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost-of-living differentials.</p> <p>(h) <i>Institutions of higher education (IHEs).</i> (1) Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards. Among such conditions are the following:</p>	

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<p>(i) Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.</p> <p>(ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.</p> <p>(2) <i>Salary basis.</i> Charges for work performed on Federal awards by faculty members during the academic year are allowable at the IBS rate. Except as noted in paragraph (h)(1)(ii) of this section, in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of faculty at an institution. IBS is defined as the annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.</p> <p>(3) <i>Intra-Institution of Higher Education (IHE) consulting.</i> Intra-IHE consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.</p> <p>(4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (b) above. It is allowable if all of the following conditions are met:</p> <p>(i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.</p> <p>(ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.</p> <p>(iii) The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed. See paragraph (h)(2) of this section.</p> <p>(iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the non-Federal entity.</p> <p>(v) The total salaries charged to Federal awards including extra service pay are subject to the Standards of</p>	

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<p>Documentation as described in paragraph (i) of this section.</p> <p>(5) <i>Periods outside the academic year.</i> (i) Except as specified for teaching activity in paragraph (h)(5)(ii) of this section, charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.</p> <p>(ii) Charges for teaching activities performed by faculty members on Federal awards during periods not included in IBS period will be based on the normal written policy of the IHE governing compensation to faculty members for teaching assignments during such periods.</p> <p>(6) <i>Part-time faculty.</i> Charges for work performed on Federal awards by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.</p> <p>(7) <i>Sabbatical leave costs.</i> Rules for sabbatical leave are as follow:</p> <p>(i) Costs of leaves of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the IHE has a uniform written policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all related activities of the IHE.</p> <p>(ii) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution during the base period must be reasonable in relation to the IHE's actual experience under its sabbatical leave policy.</p> <p>(8) <i>Salary rates for non-faculty members.</i> Non-faculty full-time professional personnel may also earn "extra service pay" in accordance with the non-Federal entity's written policy and consistent with paragraph (h)(1)(i) of this section.</p> <p>(i) <i>Standards for Documentation of Personnel Expenses (1)</i> Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:</p> <p>(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;</p> <p>(ii) Be incorporated into the official records of the non-Federal entity;</p> <p>(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);</p> <p>(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;</p> <p>(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and</p> <p>(vi) [Reserved]</p> <p>(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.</p> <p>(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:</p>	

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<p>(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;</p> <p>(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and</p> <p>(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</p> <p>(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.</p> <p>(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.</p> <p>(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.</p> <p>(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.</p> <p>(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.</p> <p>(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, "rolling" time studies, case counts, or other quantifiable measures of work performed.</p> <p>(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:</p> <p>(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;</p> <p>(B) The entire time period involved must be covered by the sample; and</p> <p>(C) The results must be statistically valid and applied to the period being sampled.</p> <p>(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.</p> <p>(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in</p>	

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<p>lower costs to Federal awards than a system which complies with the standards.</p> <p>(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.</p> <p>(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.</p> <p>(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.</p> <p>[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]</p>	
<p>§200.439 Equipment and other capital expenditures.</p> <p>(a) See §§200.13 Capital expenditures, 200.33 Equipment, 200.89 Special purpose equipment, 200.48 General purpose equipment, 200.2 Acquisition cost, and 200.12 Capital assets.</p> <p>(b) The following rules of allowability must apply to equipment and other capital expenditures:</p> <p>(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.</p> <p>(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.</p> <p>(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465 Rental costs of real property and equipment.</p> <p>(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.</p> <p>(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.</p> <p>(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.</p>	<p>§200.439 Equipment and other capital expenditures.</p> <p>Unless otherwise specified in the Agency-Specific Requirements, the requirement to obtain prior approval for special purpose equipment over \$5,000 is waived.</p>

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<p>(7) Equipment and other capital expenditures are unallowable as indirect costs. See §200.436 Depreciation. [78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]</p>	
<p>§200.447 Insurance and indemnification.</p> <p>(a) Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable.</p> <p>(b) Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:</p> <p>(1) Types and extent and cost of coverage are in accordance with the non-Federal entity's policy and sound business practice.</p> <p>(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the Federal awarding agency has specifically required or approved such costs.</p> <p>(3) Costs allowed for business interruption or other similar insurance must exclude coverage of management fees.</p> <p>(4) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation (see §200.431 Compensation—fringe benefits). The cost of such insurance when the non-Federal entity is identified as the beneficiary is unallowable.</p> <p>(5) Insurance against defects. Costs of insurance with respect to any costs incurred to correct defects in the non-Federal entity's materials or workmanship are unallowable.</p> <p>(6) Medical liability (malpractice) insurance. Medical liability insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques. Medical liability insurance costs must be treated as a direct cost and must be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.</p> <p>(c) Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in the Federal award. However, costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.</p> <p>(d) Contributions to a reserve for certain self-insurance programs including workers' compensation, unemployment compensation, and severance pay are allowable subject to the following provisions:</p> <p>(1) The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, must not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such factors as the non-Federal entity's settlement rate for those liabilities and its investment rate of return.</p>	<p>§200.447 Insurance and indemnification.</p> <p>See §200.407 regarding prior written approvals for Insurance and Indemnification.</p>

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<p>(2) Earnings or investment income on reserves must be credited to those reserves.</p> <p>(3)(i) Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverages will normally be limited to the value of claims:</p> <p>(A) Submitted and adjudicated but not paid;</p> <p>(B) Submitted but not adjudicated; and</p> <p>(C) Incurred but not submitted.</p> <p>(ii) Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.</p> <p>(4) Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the non-Federal entity. If individual departments or agencies of the non-Federal entity experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.</p> <p>(5) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund or unrestricted account), refunds must be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer and debt interest, if applicable, chargeable in accordance with applicable Federal cognizant agency for indirect cost, claims collection regulations.</p> <p>(e) Insurance refunds must be credited against insurance costs in the year the refund is received.</p> <p>(f) Indemnification includes securing the non-Federal entity against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the non-Federal entity only to the extent expressly provided for in the Federal award, except as provided in paragraph (c) of this section.</p>	
<p>§200.456 Participant support costs.</p> <p>Participant support costs as defined in §200.75 Participant support costs are allowable with the prior approval of the Federal awarding agency.</p>	<p>§200.456 Participant support costs.</p> <p>See §200.407 regarding prior written approvals for participant support costs.</p>
<p>§200.458 Pre-award costs.</p> <p>Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.</p>	<p>§200.458 Pre-award costs.</p> <p>See §§200.308 and 200.407 regarding prior written approvals for pre-award costs.</p>
<p>§200.470 Taxes (including Value Added Tax).</p> <p>(a) For states, local governments and Indian tribes:</p> <p>(1) Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal</p>	<p>§200.470 Taxes (including Value Added Tax).</p> <p>For many countries an exemption of this tax for research exists. Consequently, requesting this cost should be unallowable for research grants involving such countries as a</p>

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<p>programs.</p> <p>(2) Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits provided to the Federal Government are allowable.</p> <p>(3) This provision does not restrict the authority of the Federal awarding agency to identify taxes where Federal participation is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the cognizant agency for indirect costs may accept a reasonable approximation thereof.</p> <p>(b) For nonprofit organizations and IHEs:</p> <p>(1) In general, taxes which the non-Federal entity is required to pay and which are paid or accrued in accordance with GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for:</p> <p>(i) Taxes from which exemptions are available to the non-Federal entity directly or which are available to the non-Federal entity based on an exemption afforded the Federal Government and, in the latter case, when the Federal awarding agency makes available the necessary exemption certificates,</p> <p>(ii) Special assessments on land which represent capital improvements, and</p> <p>(iii) Federal income taxes.</p> <p>(2) Any refund of taxes, and any payment to the non-Federal entity of interest thereon, which were allowed as Federal award costs, will be credited either as a cost reduction or cash refund, as appropriate, to the Federal Government. However, any interest actually paid or credited to a non-Federal entity incident to a refund of tax, interest, and penalty will be paid or credited to the Federal Government only to the extent that such interest accrued over the period during which the non-Federal entity has been reimbursed by the Federal Government for the taxes, interest, and penalties</p> <p>(c) Value Added Tax (VAT) Foreign taxes charged for the purchase of goods or services that a non-Federal entity is legally required to pay in country is an allowable expense under Federal awards. Foreign tax refunds or applicable credits under Federal awards refer to receipts, or reduction of expenditures, which operate to offset or reduce expense items that are allocable to Federal awards as direct or indirect costs. To the extent that such credits accrued or received by the non-Federal entity relate to allowable cost, these costs must be credited to the Federal awarding agency either as costs or cash refunds. If the costs are credited back to the Federal award, the non-Federal entity may reduce the Federal share of costs by the amount of the foreign tax reimbursement, or where Federal award has not expired, use the foreign government tax refund for approved activities under the Federal award with prior approval of the Federal awarding agency.</p>	<p>performance site.</p>